

# **Business Relationships Within The Visual Arts Industry – An Elementary Cross-Cultural Comparison**

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## **Abstract**

This paper examines business relationships in the visual arts industry in the USA and Australia. It provides an interesting comparison between the two countries in regards to the role such relationships play in the operations of the three types of art galleries chosen, namely well-established, emerging and non-profit galleries. The qualitative research study undertaken through personal interviews addresses questions regarding the nature and importance of business relationships that exist in visual arts organisations in both countries. Further, the differences and similarities that exist in the roles that established and potential business and marketing relationships play in both countries, including factors explaining these differences and similarities, are investigated. Such factors include trust, commitment, dependency, activities, and government funding. The interaction of such factors in market positioning, selection of target markets and conduct of business are also examined.

**Key Words:** Relationships, Visual Arts, Cross-Cultural, Business Strategies.

## **Introduction**

This paper examines business and marketing relationships in the visual arts industry in the USA and Australia. It provides an interesting comparison between the two countries in regards to the role such relationships play. Specifically, the paper focuses on relationships in arts organisations dealing with cultural and artistic outputs as visual arts. The nature and importance of business relationships as well as the factors that contribute to their success are highlighted.

This paper firstly introduces the nature of visual arts and visual arts organisation. Secondly, it provides a brief discussion of central concepts in business-to-business marketing, specifically IMP theory. Thirdly, it examines the literature available on the role of organisational relationships in the visual arts industry seeking evidence of previous research into the application of relationship

marketing theory in the visual arts industry. The discussions will also examine the literature on cultural organisations. Following a description of the methodology, the findings of this study will be presented. Conclusions and future research proposition form the last part of this paper.

## **Background**

### *Defining Relationships*

The importance of relationships in business markets has been well established in the literature (Anderson et al 1987; Spekman 1988; Dabholkar, Johnston & Cathey 1994, Ford 1997). The nature and role of these relationships has been discussed in many different contexts and industries, for example, showing their dependence on the environment in which the interaction takes place (Hallen and Sandstorm 1991; Ford 1997). To date the nature and role of marketing relationships in the visual arts industry has been researched to a lesser extent. The aim in this paper is to further the application of business-to-business relationship theory to visual arts marketing.

While it is difficult in the literature to find an explicit definition of relationships in business, Mattsson (1995) notes that exchange is central to the concept of marketing and that an exchange relationship implies that there is a “specific individual dependency” between the buyer and the seller. He states that the exchange relationship is characterised by mutual dependency and interaction over time between the two parties.

Hakansson and Snehota (1995) concurred with Mattsson, in defining a relationship as a "mutually orientated interaction between two reciprocally committed parties that are long term in nature". There is also an understanding that they contribute significantly to both parties in terms of value and ultimately profitability (McDowell & Ford 2001). This long-term view leads to closeness between the parties. These relationships also tend to involve a complex pattern of interaction between the parties resulting in the fact that the focus of the parties becomes, as much an issue of relationship management rather than purely transaction management.

When defining relationships the interaction is central and this interaction leads us to the concept of relationship atmosphere (Hallen and Sandstrom 1991; Roehrich and Spencer 2001; Sutton-Brady 2001). Business-to-business relationships are assumed to include various dimensions including among others trust, commitment, cooperation, power dependency and adaptations. The IMP project (1982) put forward five atmosphere dimensions; these were power/dependence, trust/opportunism closeness/distance, cooperation /conflict and expectations. It has been shown in research over the years that these dimensions can exist to a greater or lesser extent in different dyadic relationships (Sutton-Brady 2002). Some definitions will be put forward at this point to allow the analysis which is to follow.

In any business relationship the balance of power and the degree of dependence or interdependence will help shape the atmosphere of the exchange processes that lead to the evolution of relationships (Hallen, Johansson & Seyed-Mohammed 1991; Emerson, 1962 as cited in Gaski (1984). Power can be regarded as the ability of one party to influence the actions of the other Gaski (1984). The perceived balance of power is what is important, since it is not the use/exercise of the power within the relationship but the knowledge that it exists, which can change the actions of the parties.

In simple terms cooperation is the willingness by both parties to work towards common benefits, or as put forward by Hallen and Sandstrom (1991) “an attitude towards work in common”, this work in common they see as “tit-for-tat” which inevitably gives benefit to both parties (at some stage). Competition on the other hand implies “a lack of will to cooperate towards joint goals” (Hallen and Sandstrom 1991). Competition is not necessarily a negative influence on the relationship; however it may cause conflict in certain cases, which is counter-productive in the development of the relationship.

Understanding, in the context of business relationships, is defined by Hallen and Sandstrom (1991), as the willingness to grasp the situation and conditions of the other party. One

requirement for understanding to emerge in a relationship is that each party must have the desire to gain as much knowledge about the other as is possible. The information required concerns all aspects of doing business with the party and may even include other parties and the demands they place on the way business is carried out. Blakenburg-Holm and Johansson (1994) refer to mutual understanding as a willingness of the exchange partners to recognise each other's goals and condition. The idea of mutual understanding is enhanced by the notion of support. Parties supporting each other are seen to build trust and create a common perspective that facilitates a sense of understanding (Anderson & Weitz 1989).

Commitment manifests itself in the investment and adaptations the parties make to each other and also in the perceptions each has of the other's degree of commitment to the future of the relationship. Ford (1980) states that the development of a relationship is dependent on the perceptions of commitment held by each party. Commitment may be shown by investment of time or money in the relationship or it may also be just a willingness to make changes and work towards mutual goals and benefits. Commitment in business-to-business marketing is considered an essential ingredient for successful long-term relationships: it is described as a kind of lasting intention to build and maintain a long-term relationship (Walter, Mueller and Helfert 2000).

Trust is considered to be one of the basic concepts in the social exchange framework (Blankenburg-Holm & Johanson 1994). Often valued as being inversely related to opportunism, Williamson (1992) believes that trust, in a relationship, is only warranted when the expected gain from placing oneself at risk to another is positive. In the literature the concept of trust has been explored, in recent times, quite extensively (Dwyer, Schurr and Oh 1987; Young 1992; Morgan and Hunt 1994). Moorman, Deshpande & Zaltman (1993) define trust as a willingness to rely on the behaviour of an exchange partner in whom one has confidence. Trust in a relationship is considered to be built up over time as a result of previous behaviour and future expectations (Schurr & Ozane 1985; Dwyer Schurr and Oh 1987; Anderson and Weitz 1987; Anderson and

Narus 1990; Young 1991; Morgan & Hunt 1994; Doney & Cannon 1997; Blois 1999); and therefore, close and continuing relationships are seen as being vital in generating trust (Young 1991). It is seen as a crucial factor in the shift from discrete market transactions to continuous exchange relationships (Dwyer Schurr and Oh 1987). Trust is also considered to have a central role in the development of relationship marketing, that is, in the sum total of all activities that are intended to establish, develop and maintain exchange relationships with clients (Morgan and Hunt 1994).

This literature search provides a valuable context in which to now examine the existence and nature of business relationships in the visual arts industry.

### ***Arts and Culture***

The concept of culture is a critical construct in the study of anthropology and the behavioural sciences. Culture can be described as “the integrated sum total of learned behavioural traits that are manifest and shared by members of a society”, and “the manifestation of these behavioural traits, such as institutions and artifacts” (Wadia 1965). Tylor (1891) described culture as a complex sum total including knowledge, belief, art, morals, law, customs and any other traits that are acquired by humans as part of society. "The arts" traditionally includes elements such as music, literature, poetry, dance, drama, and visual art, film-making, story-telling, festivals, journalism, publishing, television, radio, and some aspects of design (Throsby 2001). Cultural products often have some public good and merit good characteristics (Evans 2000). Hence, government assistance is often provided to cultural organisations to ensure their survival as they are perceived as important to the public. Stegemann and Thompson (2005) support that cultural products by definition are "creative" and not mass produced. In fact, it is an intrinsic element of a creative product is that it must be different from other creative products. A visual arts product starts off with a creative idea, which is expressed through means such as painting or sculpture by

the artist. The artwork is usually presented to the general audience through art galleries, exhibitions and auctions.

Arts organisations have to balance between achieving creative missions and satisfying audience needs in order to survive (Rentschler 1999). Hence, arts organisations worldwide have become more marketing oriented, developed marketing strategies, especially positioning strategies, and more focused marketing communications strategies. This is a complex process because a visual arts product consists of a multitude of entities which include for the visual arts - the artist, the gallery and the sponsor (Stegemann and Thompson 2005). The bringing together of such a diverse set of entities involves a huge responsibility on the part of the presenting art gallery to effectively direct such a multifarious relationship marketing exercise. Hence, relationships between art organisations such as galleries and artists, business customers, sponsors and government bodies have a huge impact on the success of the galleries, especially with regard to the awareness level and image of all parties (Thompson 2005).

### ***Relationships in the Arts Industry***

In searching the arts business/marketing literature, some previous research has been detected.

There is a significant body of research on relationships with customers, specifically with regard to loyalty, image and the importance of retaining customers, (Slater 2004; Webber 2004, Paswan and Troy 2004; Webber 2004). Fillis (2002) states that marketing within the arts industry must not be viewed as transaction based but “viewed as a longer-term relationship building philosophy”.

Heaney and Heaney (2003) discuss the need for a loyal core of customers to maintain profitability; their focus is very much on the economic impact of long term relationships. They stress that to build loyalty in this industry there is a need for consistently high-quality products. Considerable work has also been presented on relationship marketing and network analysis as it pertains to sponsorship in the arts (Erickson and Kushner 1999; Olkkonen and Tuominen 2005; Thompson 2005). Although it is clear that within the general arts industry the importance and

criticality of relationships with customers/audiences has been recognised, less attention within the literature has been placed on business relationships in the visual arts industry specifically. There is clearly an understanding that there are benefits in “developing close and longer-term relationships between artist, gallery and audience as customer” (Fillis 2002). There would however be merit in researching this relationship further.

It may appear obvious that a close relationship between a gallery and its supplying artist would be beneficial to both parties especially in terms of the artist providing good quality product, and the gallery providing services that foster the loyalty of customers. Both factors are critical for the profitability of the businesses of both gallery owner and artist. Stegemann and Sutton-Brady (2005) identified the importance of this relationship in a small sample of Australian visual arts organisations. But scope exists to provide further linkage between relationship marketing theory and its application to practice in the visual arts industry, both in Australia and internationally. This study fulfils this goal by providing a comparison of some aspects of the visual arts industries of Australia and the USA.

Based on the discussions which have proceeded, the research questions framing this study are:

1. What is the nature of the relationships that are evident in visual arts organisations in both countries?
2. How important are business relationships in the visual arts industry?
3. What are the differences and similarities that exist in the role relationships play in both countries?
4. Which factors explain these differences and similarities?

## **Research Methodology**

In order to address these research questions, a qualitative study was undertaken, focussing on a number of visual arts organisations in Sydney, Australia and Los Angeles/New York, USA. For research efficiency, these cities were chosen, as they represent a significant cultural presence in each of these two countries.



The organisations range from those well-established galleries with later career artists to galleries supporting younger/emerging artists and a number of non-profit galleries. The three types chosen are diverse in nature as well as lending themselves to consistent comparisons in both Australia and US. The prime source of data was personal interviews with key marketing personnel from the art galleries. The selection of galleries of each in these countries was based on a convenience sample of well-established, emerging and non-profit galleries.

Recognising that this study only be able to address these research questions in an exploratory manner, a qualitative approach was considered most appropriate for this study. This research strategy utilised a case study approach in that “it attempted to examine a contemporary phenomenon in its real life context” (Yin 1981). In carrying out this research, data from various sources was utilised. This research strategy is aligned with a case study approach in that “it attempts to examine a contemporary phenomenon in its real life context” (Yin 1981). Eisenhart (1989) reaffirms that this is the best approach and is well suited to areas for which existing theories seem inadequate, as we have pointed out this is the case for the arts industry and is supported by Fillis (2002) who posits that there is no “established and accepted construct of arts marketing”.

To aid the interview process a questionnaire was prepared as a guide. As McCracken (1988) points out the use of a questionnaire is sometimes regarded as discretionary in qualitative research interviews but in the context of a “long interview it is indispensable”. Its function is to guide the interviewer and make sure all issues are covered. It is however just a guide and clearly allows the scope of the interview to be ever-expanding. (McCracken 1988)

Once the interviews were completed data was transcribed to allow for a detailed analysis of the emerging themes and issues. For the purposes of this work-in-progress paper we will present three case studies from the overall project. The three cases presented are chosen to cover the three

categories of gallery as outlined above and to allow for comparison within the discussion section of the paper.

### **Art Galleries in Australia and the US**

In this research, the researchers identified and compared three different types of art galleries in both countries, namely well-established, emerging and non-profit galleries.

#### ***'Well-Established' Galleries***

The well-established galleries discussed in this paper are located in Sydney and New York. These galleries are situated in high traffic areas with a large number of tourists frequenting the galleries. They employ about 5 staff members and usually have 1 to 2 interns. The art work is contemporary focusing on established artists presenting paintings and sculptures. Their turnovers are well in excess of US\$1 million, and they don't show any signs of struggles. Hence, these galleries don't receive any funding from government bodies neither do they foster any relationships with them. Both galleries see their overall objective to establish the galleries as premier leading contemporary at the upper end of the market art galleries representing already well-established artists, which they endeavour to take to the next level. Ultimately, the objective is to make a profit.

There are numerous relationships that are intentionally built and nurtured whereas the relationships with the artists are seen as the most important ones. While the gallery in Sydney only represents 13 artists, the New York gallery has more than 150 artists, which are supplemented by its Masters collection. Though, the galleries receive abundant applications most of the artists have been found by the galleries. Relationships in the main are built through the staff establishing the bridge between the artists and the market. The relationships with artists are long-term, and they are solely represented by the gallery.

Their artists are regularly presented in opening shows. The US gallery usually finances the marketing communications efforts and therefore has control over them. They found expensive

glossy catalogues sent to regular purchasers as an excellent tool to promote their artists. The relationship is described as follows “..we have a really good relationship with our artists, which is something that we’ve always felt is very important, because without that you don’t bring in the good artists with respect and establish strong ties with your clients, and I think that’s definitely a plus for the gallery”.

There is a high level of commitment from both sides, as the gallery invests into the artists to take them to museums level. For example, the gallery promotes their promising artists through publishing catalogues and books on their art work. Certainly, due to the high number of artists there are different types of relationships that vary with respect to effort and time invested into them. “There are some artists that we are extremely committed to, to getting pieces in, and we kind of build these personal relationships with the artists as well, so we want to nurture that, as well, and then there’s some artists that we just – they send their pieces and that’s it”.

Relationships with artists are seen as exclusive, and though, there is no written contract the artists would not want to jeopardise their relationship with the gallery. Power is seen as fairly balanced in terms of one party provides the venue as well as network and the other party the artwork. There is no use of power in the relationship, but mutual respect.

Their Australian counterpart’s artists contribute 50% to marketing communications cost, which usually only consists of leaflets sent out to customers. However, there is more room for the artists to partly determine how pro-active they would like to be, and how elaborated the marketing campaign is going to be. So, adaptations are made to for each exhibition to suit the individual artist. As the gallery only represents a small number of artists, and most exhibitions are solo exhibitions, there is also a high level of trust in the artist’s commitment and quality of the art work. This gallery concurs that the quality of the product is important with respect to the relationship with artists. Though, many of them have to be built up and groomed. The relationships are seen by the gallery at least as mutually beneficial; the artists want to see their

work exhibited in a gallery with a good image, good & stable client base, and good relationships.

The motivation for the relationships is mostly of financial nature.

The Australian gallery's client base includes about 25 major business clients such as architects and interior designers who buy art work for their clients. A strong mutual relationship has been built to satisfy the needs of all parties. On contrary in the US, business customers such as interior designers are especially not targeted, as they seem to ruin sales due to their lack of knowledge and lack of money.

Sponsorships are not actively sought, and there is an emphasis on being in control over the business and opening shows. In Australia, the gallery has used ad-hoc sponsors in the past. However, it didn't work in their favour, as it wants to keep the focus on the art work, and not on wine etc., so no long-term relationships exist with sponsors. The US gallery has used sponsors only at rare occasions such as insurance brokers and champagne companies, where there has been a fit between the art gallery's core business and the sponsor.

As described above, relationships with non-arts companies are not pursued, instead the focus is on relationships with other art galleries both private and public are very important. In Australia, especially relationships with state galleries are extremely significant to them. For example, there are cooperative arts exhibition with other art galleries like the National Gallery, where they lend art work to them, which is organised from the art collectors. It helps to build the image of the gallery and the artists, which also benefits the gallery. This type of relationship is one-sided with respect to commitment and power, as state galleries do not reciprocate. The US gallery has close relationships with other independent art galleries worldwide that carry the same gallery name. The combined portfolio of artists is represented throughout all these galleries. These galleries also share the same vision and show a high degree of commitment as well as a good level communication, which is crucial for customer satisfaction as well as for building relationships with the artists. Though, there is room to improve the level of communication and to build a more

consistent code of conduct as well as brand image. Further, there numerous relationships with estates for masterpieces.

The Australian gallery shows some involvement with community art galleries and groups. They also support the education system, e.g. prizes for schools. A future aim is to build a group called “Friends” of the gallery. Community groups, art schools etc. are more pro-active, and come to the gallery. The US gallery does not foster any relationships with community groups at this stage.

With respect to evaluating the various relationships, the Australian gallery relies on their stable of artists and concluded with evaluation, *“it’s a wonderful thing in the art world! Any other industry, of course you need to have all that, but of course in the art world you just go around calling everyone darling all day!”*

There is an understanding in the US that relationships are to be evaluated even it is only concerned with monitoring the gallery’s inventory regarding turnover rates/shelf life at this stage. Interestingly, this gallery sees other art galleries as main competition, while their Australian counterpart sees its competition in form of the consumer dollar in general.

### ***Emerging Artists’ Galleries***

The two galleries classified as those supporting emerging artists are in Sydney and Los Angeles. Both galleries are small companies with less than 3 employees specialising in contemporary art supporting emerging artists. They organise several exhibitions each year. In terms of profitability both are surviving, but commented on how it is a struggle.

In terms of business relationships to get a clear picture we asked them about their relationships with several different parties. In both cases no relationships exist with government bodies, as no funding is received, in the Australian case while funding does exist for the Arts it is considered not worth the effort, while the respondent in the U.S. laughed and reminded us that government funding for the arts is almost unthinkable in the US, *“You’re in America, Government funding for the Arts?”*

It is an understanding that the crucial relationships in the industry may be with artists, who are supplying the product and can therefore be seen in a true sense as suppliers.

In the case of the Australian gallery, it is felt that having lots of different artists is their key to success. In essence, there is not an exclusive arrangement with the artists. It is felt by the owner that having relationships with a variety of artists helps to establish the galleries image. The quality of the product is important with respect to the relationship with artists. Though, many of them have to be built up and groomed.

Artists are seen as contributing to the relationship by adding friends and family members, who bring further potential customers to the art gallery. Artists and the gallery share the advertising cost, and the decision on how much to spend depends on the artist's requirements. The owner controls of the marketing activities, e.g. type, layout, etc., but artists contribute to it. He commented on how he tries to keep the relationships balanced and neutral, and avoids power and one-sided dependency situations, as he believes that every party has something to offer. He clearly feels that there is a mutual dependency in most of his relationships. They only achieve a positive outcome if every party pulls their weight; they cooperate and work together due to their different strengths and weaknesses. There is no sole representation right, and artists have the freedom to exhibit their work in other galleries. As he supports the emerging artists, helps to improve their skills and manages them, they show a high level of loyalty, and are happy to be represented by his gallery. *"I try to get past just purely how the economic relationship of something with an artist. I still try and keep that relationship there regardless, even if they're not selling a lot, or didn't sell a lot. It's still important to keep that friendly relationship there, because they will talk to other artists."*

Artists are equally interested in building a long-term relationship with art galleries. Though, he does encourage artists to broaden their horizons, and get exposure with other art galleries, which also improves the image of the gallery.

The situation in the American gallery is very different on a number of levels. They have a smaller number of artists with whom they form long term relationships. There is a definite belief the image of the gallery is created by these artists. This gallery demands loyalty *“All I ask is that they are loyal”*. There is a lot of discussion about dependency in this case but it is clearly a mutual dependency from the owner’s perspective. She clearly feels that the artist is the one with power; *“..it’s his work that makes my job work, and he could – if he leaves me, I don’t have him. I mean, it’s about the art. It’s really about the art. If I have bad art here, it doesn’t matter what kind of salesperson I am, I wouldn’t succeed.”* However she does believe that the artists don’t exercise their power hence the feeling of mutuality.

Another category of relationships, seen as crucial in this industry, is the relationships that can exist with business people. The Australian gallery has actively been establishing long-term relationships with professionals such as interior designers and architects. It is very much a service oriented relationship, where he keeps in permanent contact with these customers through constant product updates, and resale strategies and through meetings with them. *“it’s more service, long-term service oriented and choice and all of those things, rather than just a one-off quick sale”*. The professional clients’ gain is achieved through the changing contemporary art from young artists and associations that have been built. The American gallery does have a small number of business clients but does not actively pursue this market; as a result there are fewer long-term relationships and no apparent relationship building or development.

In Australia there are cooperative relationships with other art galleries in which artists’ work can be shown in or lent to other gallery. This cooperation was not evident in the American gallery.

In the Australian case there are quite a few community art groups like painting societies, who are interested in establishing relationships with art galleries. Initially, they depend on art galleries at an exhibition level, as they are in need of venues of a commercial nature to promote themselves. This gallery sees it as a good way to source new young artists, who may become long-term artists,

and a mutually beneficial situation is achieved. Relationships they have with art schools and universities are considered important relationships. They organise art shows for them, and this is seen a good source for young artists. It is a quite community-focussed gallery. “Yeah, from a local point of view, you definitely become seen as being part of the local arts community”

The American gallery is community-focussed as well. However they do not build relationships with any specific organisations rather provide scholarships for the local community. *“I also like the idea of using the Gallery and using art to establish, to give back to the community”.*

### ***Non profit’ Galleries***

Both these non-profit organisations were initially set-up to provide space for artists to exhibit and pay for that space. They both have only a small workforce and their survival depends largely on the services of a number of volunteers. The American gallery is a cooperative where all artists work together for the good of the overall gallery. The Australian gallery has moved away from charging artists for space and now chooses the artists to exhibit and supports those artists.

In terms of relationships with government organisations the two galleries are totally disparate. The reply from the American gallery was consistent with the commercial emerging artist’s gallery *“they think they should be self-sustaining, that the market system should take care of it”*. In other words there is no funding available. The Australian relationships with government are clearly opportunist in nature. *“The government relationships are generally based on finding funding opportunities for us”*. They rely heavily on funding from government to keep the gallery going, there is a clear sense of dependency evident in the relationship establishment and maintenance. This is a result of the non-profit nature of the gallery, these relationships are seen as vitally important. *“The former attitude of the gallery was very much one of a dependency on public funding, and a fear that you had to stay within a certain confine to be able to continue to have that.”* This attitude has changed to a more aggressive one with government bodies, where the



gallery stands up for their ideas. They still depend on government funding; however, they come from a position of strength now, and are not begging anymore.

The relationships both galleries had with artists were interesting. The Australian gallery builds only short-term relationships with its artists. It believes in nurturing them and then having them move on. *“We don’t necessarily see ourselves as ever having a stable of artists that belong to us, because we can’t provide them with a career, but we can provide them with a lot of the things that allow them to get a career.”*

The supportive nature of the relationships has benefits for both parties and is seen as mutually beneficial. An ongoing dialogue is established in the form of a mutual information exchange and updates. The artists are promoted to other art galleries both nationally and internationally.

Though, the artists do not belong to the art gallery, their career is promoted by the gallery through passing on their work to other collections and exhibitions.

The American gallery works more on a cooperative basis with the artists, where the artists pay for space and help in running the gallery. However similar to the Australian gallery they see themselves as nurturing the artist and hope that they will move on to bigger and better things.

There is a clear commitment evident as both parties work towards a common goal of selling the art work and working to make the artist famous.

The Australian gallery has managed to attract some valuable sponsors such as an alcoholic beverage company that contributes spirits and bar/wait staff. They also advertise the shows, and identify themselves as sponsors in glossy magazines. This relationship has developed into a loyal long-term relationship, which was initiated by the beverage company approaching the gallery, as it was interested in cooperation. No such sponsorship arrangements existed in the case of the American gallery.

In Australia there is a close relationship with community groups where there are synergies between the groups. There is a very tight relationship amongst the shops in the shopping mall;

they all promote each other to increase awareness and traffic. Schools are actively sought out, as they are part of their audience education building. Information material is sent to teachers and free classes are conducted. The art gallery has also formed relationships with people involved in arts in general like people who write about visual arts, and want to voice social commentaries. This idea of relationships with the community and education did not exist in the gallery interviewed in the US.

Overall in the non-profit galleries, the relationships in the US all revolved around the artist while in Australia there was a much broader range of relationships. Both galleries however were conscious of the importance of relationships for their success, it was really just the range of relationships that differed.

## **Conclusion**

The results presented in this paper highlight the nature of the business relationships that exist between different participants in the visual arts industry. Furthermore, the results provide a summary of the differences and similarities of goals, methods of operation and other operational factors between various visual arts organisations. The nature of the various business relationships existing between visual arts and other organisations, and the role they play in both countries, have also been examined. Finally and most interestingly, it provides a clear picture of the factors which impact upon the differences and similarities identified in this research.

In both countries there is a high level of trust between well-established galleries and artists, as the galleries rely on the artist's commitment and quality of work; and the artists rely on adequate support and representation. Though in Australia, galleries usually have a large percentage of loyal business customers who trust that the gallery will have artwork that they can buy from every show. In the US, there is a clear understanding specifically not to target business customers. If disappointed frequently, artists are likely to establish relationships with other galleries, which ensures that galleries keep a balance of power. Non-profit organisations and other galleries are

under less pressure as most exhibitions show multiple artists, and customers' expectations are less demanding. These galleries are more forgiving and patient, and recognise that their artists are emerging artists who have to be supported and groomed.

In Australia, the level of cooperation is mainly related to marketing communications activities, and expenses are usually shared, whereas the US galleries plan and execute the marketing communications efforts, as they usually finance them. Non-profit organisations have no funding for marketing communication efforts and rely on the good will of public relations. Further, the non-profit galleries and those promoting young talents usually establish themes, and support the artists to create related art pieces. Art galleries supporting the emerging artists often leave the choice up to the artists, and make adaptations to fit the work and theme. A total systems approach is inevitable for all galleries in order to convey a sound brand image.

The overriding difference evidenced between non-profit organisations in Australia and the USA is the nature and role of relationships with government organisations, and the funding these organisations provide. The flow-on effect of the lack of funding in the USA manifests itself in the relationships these organisations are forced to have with other parties to maintain profitability.

Unlike their Australian counterparts, American galleries are strongly market orientated and as result of this market orientation, are extremely conscious of the need of long-term relationships with their artists. Additionally, little or no evidence of sponsorship could be found in American and US art galleries interviewed. Maintaining long-term relations was also heavily influenced by the strong competitive nature of the market in both countries.

Similarities include the long-term relationships which they have with their artists, as well as the relationships with architects and designers in Australia. Most organisations are also very aware of the importance of relationships to the success of their business. The mutual dependence between parties is also in evidence in both countries as is the sense of commitment to maintaining good

relationships. While in some cases there is a perception of power, exercising this power is not seen as an option. The notion of cooperation is prevalent throughout all cases.

This competitive paper clearly answers a much needed focus on business relationships in the arts industry. This focus, in essence, makes the theoretical contribution of this paper, as it provides a rich cross-cultural comparison of the nature and role of relationships in both countries, and their influencing factors. In addition, by increasing the understanding of the nature and characteristics of relationships in this particular industry, it offers practitioners a means to better utilise their relationships for the success of their business.

### **Limitations and Future Research**

Two limitations will be noted. Firstly, the visual arts industry has not extensively been researched, and endless research opportunities exist in how to build and manage relationships, which have been supported by this qualitative paper. Further research should examine the factors required in this industry to build successful business relationships, and increase the competitive advantage of art galleries. This research is extremely interesting and makes a valuable contribution as a result of the specificity of the industry.

Secondly, despite the earlier acknowledgement that the international comparisons and contrasts of the cultural situations in both countries are limited, this paper nonetheless makes a significant contribution to the research in this sphere. Opportunities further exist for examining cross-cultural comparisons; the authors plan to extend the research into Europe to see which similarities and differences exist.

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