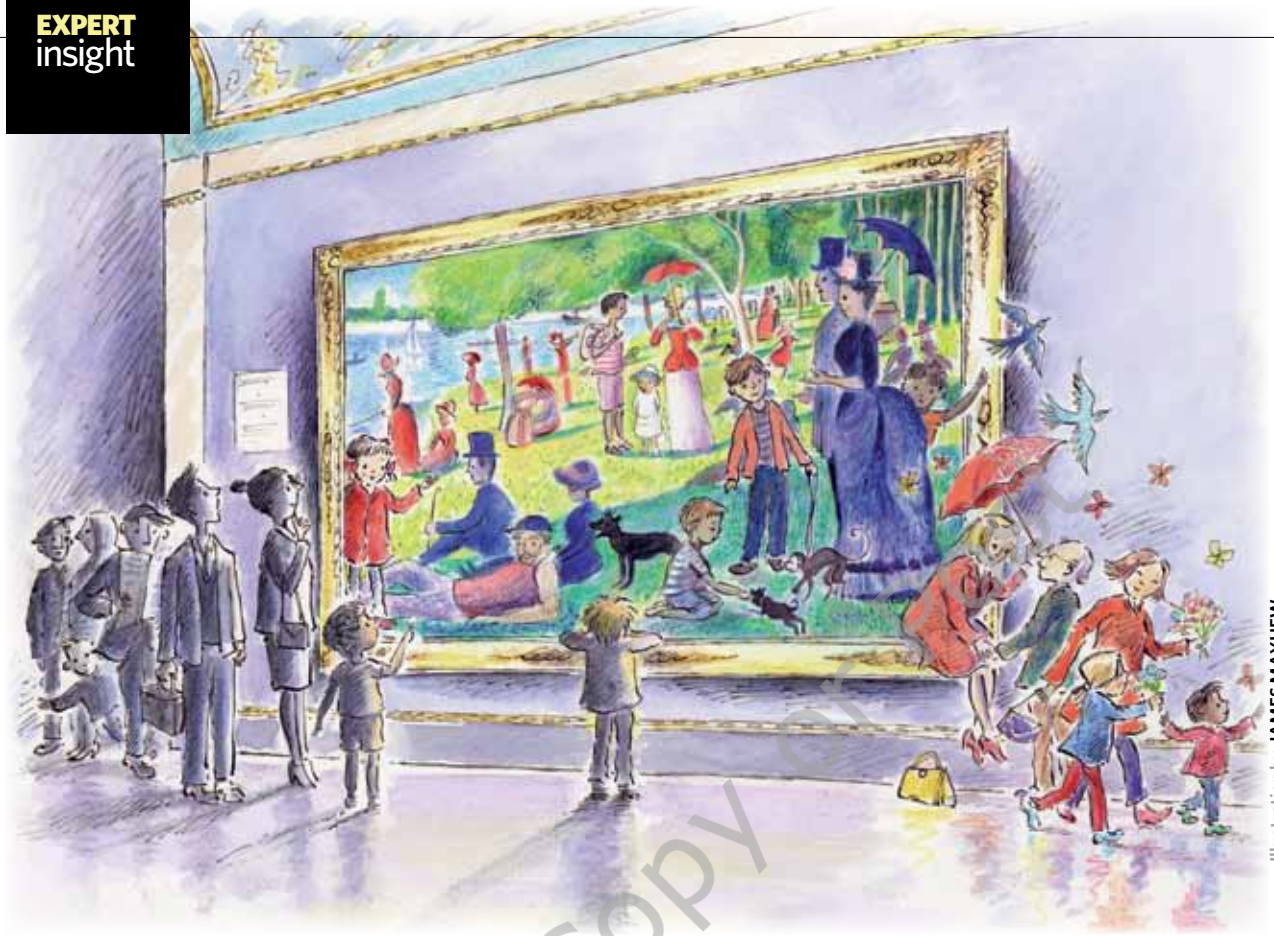

Illustration by JAMES MAYHEW

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THE ART OF CUSTOMER EXPERIENCES

A Service Model for Cultural Excellence

By BEATRIZ MUÑOZ-SECA

In Leipzig, a 19th century cotton mill has been transformed into an epicenter of contemporary art. Known as the Spinnerei, more than 100 artists live and work in this converted complex, which features galleries, engraving workshops, architecture studios and even a cinema. It is also the scene of British artist Jim Whiting's Bimbotown Parties, mixing music and performance with samples of European art. Also in Leipzig, visitors can sleep in the "Paris Syndrome" hotel designed by the artist Jun Yang and installed in the Museum of Contemporary Art; in staying there, guests become part of the artwork.

Meanwhile, in New York City, the Times Square Alliance saw local businesses teaming up with art galleries during the Armory Arts Week 2011, opening up outdoor spaces to public sculptures and bringing local artists to the attention of a wider audience.

These are just two examples of what a growing number of cultural institutions around the world are doing in response to radically changing circumstances.

With cash-strapped governments under intense pressure to cut their spending, institutions that rely on public funding are feeling the pinch as one of their prime sources of

Cultural institutions, like businesses, need to seek new paths to guarantee their future survival. This article presents an approach that can help such institutions enhance their economic development.

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funding is fast drying up.

What's more, demand for traditional fare is dwindling as public tastes swing in new directions.

This combination of factors requires that cultural institutions, like their business counterparts, seek new paths to guarantee their future survival.

This article presents an approach that can help such institutions enhance their economic development. It involves the creation of a new business model, and is based on a conception of service aimed at providing a full customer experience.

Although for the purposes of this article I am focusing on cultural institutions per se, the operational framework I propose, and the consequent lessons, apply equally to any service enterprise looking to transform its offer, in order to sustain itself economically and enhance its appeal.

The Need for Change

In this era of economic crises, nearly everyone is struggling with a scarcity of resources, but perhaps none more so than cultural institutions. In places where the cultural scene relies heavily on public funding – such as continental Europe – these institutions are suffering from huge cuts as government bodies have slashed their budgets. Some are considering sponsorship to make up for shortfalls, but even in the United States where this is frequently employed, sponsorship money is also getting harder to come by.

Along with the funding crisis, there is a perception problem. Rightly or wrongly, the arts – whether paintings, plays, music or literature – have become perceived as elite pursuits far removed from everyday lives. As more people adopt an attitude of cutting back on extras, maintaining the arts and cultural activities as the preserve of an elite few will only speed their demise.

Indeed, there are clear indications that this is already happening (see **Exhibit 1**). From North America to Europe, the numbers of those patronizing the arts and cultural events are falling in comparison with other leisure-time activities. This applies to museums and historical monuments, and is particularly low for opera and ballet.

Those who do patronize the arts and cultural events are aging and, in the United States at least, disproportionately White, even though Hispanics, African-Americans and Asians are on course to represent half the total U.S. population. Similar trends can be observed in Spain, where growing numbers of immigrants do not appear to be proportionately reflected in their participation in the arts and cultural events.

EXECUTIVE SUMMARY

Culture, that intrinsic expression of humankind, has somehow grown remote from the general public. Arts and cultural institutions, just like their business counterparts, urgently need to find new audiences, meet changing demands and consider their business models afresh. The whole sector needs to reinvent itself, says the author. But how?

Beatriz Muñoz-Seca recommends that arts and cultural institutions focus not so much on their products as on creating richer customer service experiences. To that end, she proposes the Service Activity Sequence – an operational framework for designing a customer experience and bringing several complementary players together to produce an integrated customer experience.

Using various examples drawn from the author's own research on arts and cultural institutions around the world, this article urges everyone to try new approaches, before today's radically changing social and economic factors dictate the decline of our shared cultural patrimony.

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> A service experience should expose customers to a wider set of interrelated activities, situations and events, all designed to enhance their understanding and propel them toward complementary activities.

Data for Internet use, on the other hand, shows the opposite trend, with much higher levels of participation in listening to or downloading digital music, viewing artwork or publishing their own artistic creations online.

Clearly, what's on offer is not scratching where customers itch. A change is in order.

Broadening Your Appeal

In light of this reality, the cultural world urgently needs to get back to its roots of being an intrinsic expression of a person and a society, which creates cohesion and fosters development at personal, social as well as economic levels. To reclaim this vital purpose, cultural institutions need to broaden their appeal.

But getting more people to take up your offer involves more than solving a simple supply-versus-demand conundrum. Make no mistake: An immediate increase in demand may take some of the sting out of sudden funding cuts – for a time – but it will never fully cover the sector's longer term needs.

Instead, I believe a better solution lies in treating culture as a "service experience."

By this, I'm talking about more than "payment for services rendered." Such a limited definition discounts other key dimensions of service, such as educating your customers, developing their sensibilities and a greater appreciation for your offer, and piquing their curiosity for more. This, too, is part of performing a service.

Under this dynamic understanding, clients are effectively transformed by the service encounter. This leads them to engage in problem defining and problem solving in collaboration with the service provider, through a two-way process that the academics C.K. Prahalad and Venkat Ramaswamy have called "co-creation."

A service experience for a cultural institution, therefore, should expose customers to a wider set of interrelated activities, situations and events, all designed to enhance their understanding and propel them toward complementary activities. This implies that institutions and enterprises will need to join forces with others to provide this fully integrated experience.

Enhancing Your Offer

Unfortunately, research shows that service design in cultural organizations tends to focus almost exclusively on the technical requirements for delivering a good performance – such as lighting, acoustics and staging – rather than on providing augmented

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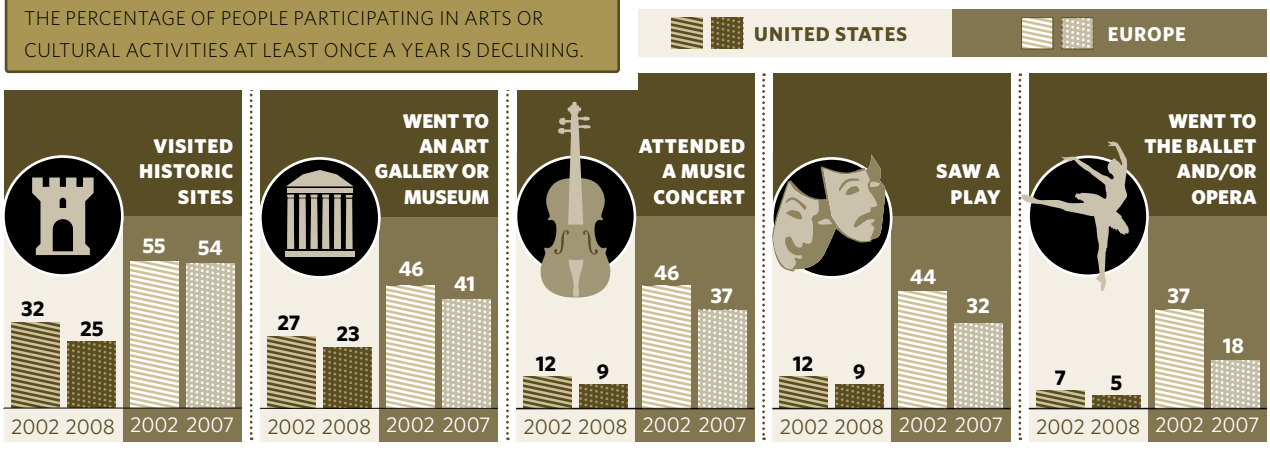
EXHIBIT 1

Cultural Decline

THE PERCENTAGE OF PEOPLE PARTICIPATING IN ARTS OR CULTURAL ACTIVITIES AT LEAST ONCE A YEAR IS DECLINING.



SOURCE: Adapted from U.S. Surveys of Public Participation in the Arts and Eurobarometer Surveys