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### **Museums in the context of globalization**

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abstrakt | abstract ▷

Museums operate in the context of globalization as other organizations do. This paper will analyze opportunities and threats posed by globalization to museums and critically evaluate the requirement of new strategic initiatives according to the philosophy of Porter's five forces in the light of the development of globalization. Briefly, "five forces" means five key influences from existing competitors, new competitors, customers, suppliers and substitutes. According to the philosophy of Porter's five forces, the stronger the forces, collectively, the less likely the industry is to be profitable in the long term, conversely, the weaker the forces the greater the opportunity for high levels of profit in the competitive environment. This Porter's model is actually a marketing tool which is commonly used in industry world. But, the idea of Porter's five forces could be critically introduced into non-profit organizations including museums so as to make museums better performance. Museums would have more to gain than to lose by thinking on a broader basis and reaching out to an increasingly diverse, transnational and virtual museum customers.

Muzea se pohybují v kontextu globalizace stejně jako jiné instituce. Tento článek analyzuje příležitosti a hrozby, které do muzeí vnáší globalizace, a také kriticky zhodnocuje požadavek na nové strategické iniciativy, které by byly v souladu s filozofií Porterova modelu pěti sil ve světle vývoje globalizace. Pět silami se myslí pět klíčových vlivů – stávající konkurence, nová konkurence, zákazníci, dodavatelé a substitute. Tato filozofie říká, že čím silnější jsou síly, tím méně je pravděpodobné, že průmysl bude v dlouhodobém horizontu prosperovat. Slabší síly naopak poskytují větší příležitost k velkému zisku v konkurenčním prostředí. Tento Porterův model je vlastně marketingový nástroj, který se běžně používá ve světě průmyslu. Porterova myšlenka pěti sil by mohla být zavedena v neziskových organizacích (včetně muzeí), muzea by tak více prosperovala. Mohla by více získat než ztratit a přitáhnout tak rozmanitější, nadnárodní a virtuální muzejní zákazníky.

Li Ailing – Chen Yunfa

# Museums in the Context of Globalization

## 1 Introduction

Every organization is affected by the external environment; it is obviously essential that the organization is aware of the changes of environment and is prepared to respond to them. Consequently, identifying and evaluating developments in the organization's external environment is critical to manage its internal operations and employees (Morris, 2002; Mullins, 1996). Globalization, it is the inexorable integration of markets, nation-states and technologies to a degree never witnessed before, which is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before (Muller, 2002). Great economic interdependence among nations has been coupled with a greater sense of interconnectedness, as information technologies readily convey ideas and images throughout the world (Baughn and Buchanan, 2001). In any event, globalization could be positive and negative to different organizations, museums included. It has been critically discussed how globalization poses impact on museums in some literatures (Prosler, 1996; Ashley, 2009; Mason, 2013).

## 2 Analysis of opportunities and threats posed by globalization

### 2.1 Opportunities

Museum, as cultural organization, is particularly subject to the influence of politics, unlike many other service organizations (Mclean, 2003). Politics is one important element of environment, it could greatly influence the activities of an organization (Ferris, 1991; Garfinkel and Lee, 2000). Therefore, decision-making in museums is often politically driven (Gamble and Gibson, 1999). Since China has entered the World Trade Organization (WTO), the philosophy of politics

in China is getting closer to the mainstream of the world. A number of policy of international accords have been established, which reduce barriers of communications and trade including trade in cultural industries (Baughn and Buchanan, 2001). The globalization could build positive political environment in which the museum could launch more diverse exhibitions and service for people, from hometown in China or other countries.

Museum's development tends to be related to the rate of economic growth (Mclean, 2003). From this information it should be possible to assess the strength of the public's purchase power, and thus the levels of discretionary income (the disposable income available after the basic necessities). Globalization is likely to cause economy boom in the world (China included), accordingly, cultural consumption tends to increase dramatically. As a result, more people tend to visit museum, and buy museum cultural product. Museum could participate more on economic activities to generate income through catering, gift shopping, educational activities, creating partnership between tourism and museum agencies for instance. Museum, as a cultural institution, could be increasingly regarded as a significant infrastructural support to economic activity. Furthermore, museum could collect more funds from government, donation, sponsorship, patronage, membership, public fund bodies, and attract more volunteers. Globalization is actually helpful for museums to develop more diverse segments of visitors and raise funds through different channels, locally, nationally and internationally. In addition, globalization could drive competition through which cost could be reduced, accordingly, the average cost of activities for museum could be decreased. The falling cost of communication and travel has fostered exchanges between museum professionals in the world.

The globalization could bring opportunities for museum through changing socio-cultural

environment. Lifestyle and values in society are changing. People, young people particularly, tend to consume instead always deposit in banks. It is a tendency for young people to consume spirit goods (cultural product) in leisure time besides consume physical goods. It could raise opportunity for museum to increase visitation and other museum consumption. Globalization could drive people increase the level of education, it could help museum employ more qualified (well-educated) staff. In addition, migration in the context of globalization could help museum attract diverse segment of visitors and convey culture through offering cultural products, cultural exhibitions and souvenir for instance.

Globalization could offer an opportunity for museum to adopt and use new technology. New developments in environmental controls, security mechanisms, preservation techniques and digitalized documentation, are of significant benefit for the collection of museum. Computers also enable the time-consuming and repetitive job of market research to be simplified with market research software. Along with globalization, Information and communication technology (ICT) is widely being used in developing countries (Baliamoune-Lutz, 2003). Information and communication technology can help museum design a vivid, high quality exhibition. Many museums in the west make the most of ICT to develop exhibition and service (Mahoney, 1995; Dussek, 2002; Smith, 2004; Muller, 2004). The technology of website could help museum build its own website to deliver online exhibition and service (Muskovac, 2004), develop online interactive education activities, offer access to museum anytime for people all over the world. An increasing number of global visitors do not arrive on museum doorstep, but access collections through websites. Museum could no longer be local physical building but global virtual space, play more important role in the area of education and entertainment. Actually, all over the world, digitization projects are turning hidden collections into visible global assets (Muller, 2002). Accordingly, through website, Museum could attract more visitors and convey more cultural image to people in the world while museum could interact and exchange ideas with people, and learn something new from and cooperate to develop business with other museums in the world, in order to ensure continuous improvement.

Globalization could actually pose opportunities to museum in the changing environment

comprising political-legal, economic, socio-cultural and technological factors. Museums have benefited from aspects of the global market. Free trade, internet and cheaper international travel have helped museums achieve recognition as a place of communication between cultures. However, it is argued that market deregulation and free trade principles are fostering an environment in which economically strong countries and corporations dominate local, national and international business (Muller, 2002).

## 2.2 Threats

Globalization could cause political conflict between countries, the cooperation between the museum and other organizations in the world could be hampered. And also, globalization could make policy of museum changeable, it could cause uncertainty of policy (employment law, health & safety regulation, public expenditure controls, funding regulation for instance). Museum could feel somewhat difficult in making long-term decision because of uncertainty of political environment.

Globalization could cause economic instability (dramatic flux of interest and inflation rates for example), this situation could directly influence museum routine business (buying collection, selling cultural goods, international travel, touring exhibition abroad for example), and reduce museum consumer confidence. In addition, labour cost and energy cost could be increased. Globalization could drive population flow quicker, it could need the museum pay more attention to museum market, invest more to offer new exhibition and service to meet the new segment of visitors. In a global economy that thrives of mass production and consumerism, museums worldwide tend to be remarkably resistant to a standardization of products and brands (Muller, 2002). Global market could challenge museum. Many businesses sell their products through offering 'experiences' and successfully brand their products, sometimes using museum display techniques and ideas in their overall strategies. The corporate world is more advanced than museum in communicating its products across lines of ethnicity, language, nationality, gender and religion. The director of museum is usually accustomed to running the museum in professional role instead of economic managerial role, the philosophy of management of museum is challenged.

Globalization could change socio-cultural environment, change values, lifestyles, consumer tastes and preference. Globalization could actually standardize consumer culture. The fear of global cultural monopolies could be logical. Barber (1996) notes, the ability to produce and globally promote images, symbols, and ideologies conveys the power to shape the values and emotional ties underlying consumer choices. It is a fact that more and more Chinese, particularly young people, tend to consume western cultural products (American products particularly). Consequently, there is a difficulty for museum to attract more visitors (in particular, young Chinese) to consume local traditional cultural exhibits and cultural products. It could be more intense to compete for cultural market share between museum and other organizations.

The demand of new technology could increase the cost of museum. The changing technology is reshaping museum. Digital objects, online visitors and virtual communication redefine museological premises. Ownership could become a major issue for museum because of the increase in international travel and the accessibility of vast new amounts of historical records and related data. Other organizations that could be existing competitors or potential entrants to museum, also use new advanced technology to produce competitive cultural product to compete for the market share with museum.

## 3 Evaluation of the requirement of new strategic initiatives

Globalization does pose opportunities and threats to museum from all aspects of political/legal, economic, socio-cultural and technological environment. This paper tries to introduce the idea of Porter's five forces to discuss the requirement of new strategic initiatives for museums in the context of globalization. Briefly, "five forces" means five key influences from existing competitors, new competitors, customers, suppliers and substitutes. According to the philosophy of Porter's five forces, the stronger the forces, collectively, the less likely the industry is to be profitable in the long term, conversely, the weaker the forces the greater the opportunity for high levels of profit in the competitive environment. This Porter's model is actually a marketing tool which is commonly used in industry world. But, Porter's

idea could be introduced into non-profit organizations including museum world. Museums need to cope with the competition so as to achieve better performance. Accordingly, new strategic initiatives are required to reduce forces of existing competitors, potential entrants, substitutes, buyers (customers) and suppliers.

### 3.1 Significance and advantages

#### 3.1.1 Significance and advantage by employing new strategic initiatives to reduce the force of existing competitors

Museums worldwide are competing for visitation, fund, income, objects to add to the collection, volunteers, for status, or for a number of other criteria (McLean, 2003). The main existing competitors of museum could include cinemas, parks, entertainment centers, exhibition centers, education sectors, research sectors, cultural work collectors, cultural product producers and sellers. Museum operates in the leisure industry, accordingly, the main competition come from other leisure products. The general trend is for more home-based activities, with more direct competition coming from out-of-home activities such as retailing and leisure centers, heritage attractions, and theme parks. Parks, learning from museum, are combining education and entertainment by offering educational and cultural experience. These themed environments – which offer a leisure outing for the family (often including shopping and food with the entertainment) – are attractive and enticing, and are often more relaxing and easier environments to enjoy than museum. The competitors exist not only in the user market but also in other relevant market. The most obvious competition will be for funds, where a number of organizations will be competing for a limited supply of grants or sponsorship income. There may also be competition for other resources, such as volunteer labour or donations of equipment, or even objects.

Museum should employ new strategic initiatives, for example, adjust its marketing mix (Sandell and Janes, 2007), offer high quality exhibition and service, convenient place to deliver (distribute) its exhibition and service, set competitive price policy,

conduct effective and efficient promotion activities, in order to reduce the force of existing competitors so that museum could maintain or even increase its market share, develop more visitors and attract more resource.

#### 3.1.2 Significance and advantage by employing new strategic initiative to reduce the force of new entrant

The main new entrants could include entertainment centers, exhibition centers and cultural product producers, etc. In order to reduce the force of new entrants, museum could lobby for favourite policy from government, establish good relationship with government, school, tourism sectors, media, public foundation, community and other public, build loyal visitors and loyal cultural product customers, control over local cultural product distribution channels. Quality uncertainty is a distinct feature of cultural goods (Kretschmer, Klimis and Cho, 1999), moreover, cultural industries contain high degrees of demand uncertainty, and performance criteria can be ambiguous (Foster, 2002; Bielby and Bielby, 1994). The value of social ties might vary as a function of environmental factors (DiMaggio & Louch, 1998; March & Shapira, 1987). People prefer to do what other people do, particularly in areas where the quality of goods is uncertain (Banerjee, 1992; Bikhchandani, Hirshleifer and Welch, 1992; Shiller, 1995; Abrahamson and Rosenkopf, 1997). Control over distribution channels becomes more critical for organizations seeking to reduce uncertainty over the outcome of investments (Hirsh, 2000). Accordingly, the new strategic approaches could be essential to increase the cost of new entrants, so that museum might place barriers to entry, in order to maintain its current market share, ensure stability of museum.

#### 3.1.3 Significance and advantage by employing new strategic initiative to reduce the force of substitutes

A number of modern and alien cultural program and cultural products (TV program and popular western publication for instance) and living exhibition in zoos (or parks) could be the main substitute products of natural history museum. Natural history museum could use more collections and new technology

to develop vivid interactive exhibition to meet the need of targeted segments of visitors, satisfy people. In addition, museum could conduct more promotion activities to make museum products more understandable and trustworthy, build loyal museum consumers. Museum could apply the new strategic initiatives to reduce the threat of substitutes in order to safeguard its position in the market, maintain its market share.

#### 3.1.4 Significance and advantage by employing new strategic initiative to reduce the bargaining power of suppliers and buyers (customers)

The suppliers of museums mainly include collection suppliers, fund suppliers (such as governments, foundation, sponsorship, patronage, membership, volunteer), equipment suppliers. The buyers of museums mainly include visitors (onsite visitors and online visitors, individual and group) and other cultural product consumers. Museum could develop public relations, use approach of contract, develop more channels of supplies and product distribution, offer quality product, so that museum could reduce the bargaining power of suppliers and buyers. Accordingly, museum could politically, socially and economically benefit, keep sustainable development.

### 3.2 Disadvantages

#### 3.2.1 Increase cost

The globalization could make the competitive environment more changeable and complicated. Museum might largely increase cost in employing new strategic approaches to reduce the Porter's five forces. For example, museum might need much more financial support in employing new technology to produce quality physical exhibitions and online exhibitions in order to reduce the force of existing competitors and lay barriers to potential entrants.

#### 3.2.2 Increase risk of investment

To reduce five forces in the competitive environment, museum would invest more, for example, in applying new technology to produce online exhibition, conducting a variety of promotion activities, producing more differentiated products. However, it is not necessary to be successful while museum

employ new strategic initiatives. There is no logical or empirical way in which anyone can know the future (Spender and Brownlie, 1995), success might depend on contextual factors not considered, such as decision difficulty or degree of conflict (Nutt, 2000; Nutt, 2002). Because of the complicated competitive environment, museum would take somewhat high risk in the development of investment to make museum more competitive.

### 3.2.3 Conflict in implementing new strategic initiatives

The manager and staff lack experience in develop new business, hence, there might be difficulties in implementing new strategic initiatives to reduce the forces in the competitive environment and strengthen the force of museum. For example, in order to build more virtual audience all over the world, museum has to use Electronic Document/Records Management (ERM/EDM) technology to develop its online exhibition. However, the ERM/EDM technology could change organizational culture (Gamble and Gibson, 1999), challenge the existing organizational values, e.g., formality and informality, central control and individual autonomy (Meijer, 2001). It has been argued that increased competition has intensified the speed of change in museums (Mclean, 2003). Consequently, some conflict could occur in managing a series of changes in museum. Moreover, ownership will be a major issue because of the accessibility of vast amounts of historical records and related data (Muller, 2002), which could cause political, economical, cultural and technological conflicts.

## 4 Conclusion

Globalization poses both opportunities and threats to museum. In order to survive the competitive environment, museum should employ new strategic initiatives to reduce the forces of existing competitors, potential new entrants, substitutes, suppliers and buyers (customers) although the new strategic approaches might cause disadvantages besides advantages. Museum should be careful to manage the new strategic initiatives. Globalization means that museum needs to expand its horizon beyond its local

communities and appeal to a far wider audience and traditional cultural consumers. Museum need find ways to be increasingly understandable to visitors and cultural product consumers from very different backgrounds. Museum has to compete in the competitive environment without losing its distinctiveness and credibility. Museum would have more to gain than to lose by thinking on a broader basis and reaching out to an increasingly diverse, transnational and virtual museum customers.

## 5 Recommendation

### 5.1 Develop website

Museum could establish its own website through which museum could launch its exhibitions and services, deliver a variety of information. This approach could allow museum strengthen its distribution channel of products, improve promotion, reach and appeal to wider and farther audience and local cultural product consumers. Museum could conduct online interactivities and purchases online, and research museum market by processing feedback of museum's stakeholder through its website. Museum could not only contact with audience and cultural product consumers, but also reach a variety of museum supporters including government, public foundation, sponsorship, patronage, membership, donators and volunteers. Museum could build new audience, maintain loyal audience, and attract a variety of resources through its website. British Museum of Natural History website could attract about 7.7 million visitors each year and help to attract a great amount of income and volunteers (www.nhm.ac.uk).

### 5.2 Establish friends organizations

Museum could establish its friends organizations in other places, other countries particularly. This approach could maintain loyal customers far from museum, and help to raise fund through membership, donation, sponsorship, patronage, attract volunteers. British Museum of Natural History establishes its friends organization in Washington D.C., which has been very helpful in attracting visitors and resources for the museum (www.nhm.ac.uk).

### 5.3 Develop international cooperation

Museum should place great efforts to develop international cooperation between museum and foreign organizations (museums particularly). This approach could allow museum take advantage of getting more up-date international information, advanced technology, foreign fund and distribution channels of the museum products and services. For example, international cooperation of research program and international touring exhibition, which are very appropriate choices of international cooperation for museum. British Museum of Natural History has developed a series of high-quality cooperative touring exhibitions seen by over 15.3 million visitors in 65 countries around the world in the past 15 years (www.nhm.ac.uk). Accordingly, it is significant for museum to develop international business to build diverse audiences and attract more resources in the global context. ■

#### Keywords:

museum; globalization; influence; operate; Porter's five forces

#### Klíčová slova:

muzeum, globalizace, vliv, působení, Porter – pět sil

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