

# Arts and Cultural Marketing – Croatian Theoretical and Practical Experiences

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## **Abstract**

This paper examines the role of the arts and cultural marketing in the Republic of Croatia. The present study has two objectives: the first is to analyze the status of the existent theoretical basis and to empirically establish the degree to which the arts and cultural marketing has been implemented – or has failed to be implemented – in the Republic of Croatia; the second is to establish what can be done to facilitate and accelerate the implementation of the arts and cultural marketing in the conditions existing in Croatia. Contemporary tendencies in the developed market economies have demonstrated that various foundations, donations, sponsorships of economic entities (cause-related marketing), and individuals are the most generous financing sources. Inter alia, this paper depicts the way in which the arts and cultural marketing, as an element of the arts and cultural management in Croatia, is incorporated into the everyday practice of the arts and cultural organizations.

## **Keywords**

Arts and cultural product, Croatia, marketing, nonprofit marketing

## **Introduction**

According to Colbert (2001) the arts and cultural marketing is the art of reaching those market segments likely to be interested in the product while adjusting to the product the commercial variables – price, place and promotion – to put the product in contact with a sufficient number of consumers and to reach the objectives consistent with the mission of the cultural organization. Nevertheless, marketing did not begin to develop significantly among the arts and cultural organizations until the 1980s with the publication of *Marketing the Arts*, by Mowka, Dawson and Prieve (1980). What has been happening in the Republic of Croatia since then? In this paper, we shall attempt to analyze the status of the theory and practice of the arts and cultural marketing in Croatia. It is important to note that 25 years ago the author published his first paper thematic of the arts and cultural marketing (Meler, 1979), which was also the first of its kind in Croatia (and in former Yugoslavia, as well). Since then, however, there have been no significant changes in the theory and practice of the arts and cultural marketing in Croatia.

Like other transitional countries, the Republic of Croatia has suffered its share of tribulations, compounded by the consequences of war, primarily reflected in relatively large decreases in production, GDP, public income, employment, salaries and living standard. An empirical review of the current practice in Croatia clearly demonstrates a substantial decline in management with

regard to the developed market economies as well as other European countries also affected by the transition process. Above all, this has resulted from the lack of market orientation in the former system, and from the system's unresolved proprietary relations. In such a situation, strategic economic managerial models are actually incompatible, and the basic postulate of market orientation and competition, manifested in the compulsion economy, is almost entirely dysfunctional. All of this resulted in an autarchic and inconsistent "short-winded" economy that, from the dynamic point of view, consisted of a sequence of smaller or greater, generally unsuccessful, stabilization interventions into the increasingly disproportional metastasized tissue of the economy. In addition to the economy, technological development was also lagging considerably. The economy itself was governed by a monopolistic and oligarchic structure directed and controlled by a domineering State, with hardly any possibility of asserting or re-examining its position on the domestic market, let alone the foreign.

At the same time however - although there has been no concrete research conducted - it can be asserted and empirically concluded that only around 10 per cent of all economic entities in Croatia perform their business operations according to the actual marketing concept principles. It is in fact very difficult to empirically establish to which extent is such a situation a remnant of the former system and to which a result of subjective, and even inconsistent, non-acceptance of marketing. There were certain methodological limitations of an exclusively objective nature in preparing this paper. Namely, at the state level no research has been conducted since the country's independence in 1991 that could provide results objectively illustrating the situation regarding the implementation of the arts and cultural marketing in Croatian economic entities. With regard to these facts, we shall foremost try to present an account of the current level of implementing nonprofit marketing in Croatia, of which the arts and cultural marketing is a component part.

## **Problems Relating to Implementing Nonprofit Marketing in Croatia**

All the changes that have affected Croatia's economic life, such as the transformation of economic subjects in the privatization process, market orientation, and organizational restructuring of the economy, will inevitably have their toll on the operation of extraeconomic activities as well. This pertains, first and foremost, to creating a more integrated and organized market orientation, and also to facilitating substantial and high-quality changes in management and governance, marketing, and in the organization of extraeconomic activities. Focus should especially be placed on the implementation of modern business methods and business decision-making in the activities of extraeconomic subjects. This in particular refers to establishing an entrepreneurial behavior modality and a problem-solving marketing approach in achieving target-user satisfaction, and to carrying out the organizational restructuring of extraeconomic subjects. In this, marketing is the gravitational center of the entrepreneurial efforts of these subjects, and as such may also contribute to accelerating their qualitative growth.

The inferior economic efficiency of extraeconomic subjects with regard to economic subjects in Croatia can easily be established empirically. It results primarily from the fact that the motivation of direct actors in extraeconomic subjects is considerably lower than in economic activities. The reason for this lies in the basic difference between the two subjects. These differences are manifested in proprietary relations and income – that is, in profit, earning and distribution – and especially in the ability to implement state-of-the-art management and marketing techniques, and eventually entrepreneurship. Extraeconomic subjects can achieve improved efficiency by realizing one or both of the following goals: (Meler, 2003)

- By privatizing extraeconomic subjects in all possible segments, and making them market-oriented;
- By generating a higher portion of income from the market, with only a smaller part from the national budget.

Budgetary financing should naturally be substituted to a considerable extent by financing based on the income earned through an exchange of “products” on the market. The budgetary financing of extraeconomic subjects should, therefore, be regarded merely as a transitional solution in comparison to other solutions that would be capable of striking a greater balance between the state-based and market-based financing of these activities..

An institution’s nonprofit character, however, does not imply that it will conduct its activity free of charge and may not compensate for its service from its beneficiaries. Principally, the institution may compensate for its services from its users and thus even entirely remunerate all expenditures accrued by its activity and institutional operations. In such a case, the institution may need neither a national budget subsidy nor a financial support claim from its founding fathers. Whether the institution will ask the beneficiaries for the compensation of its services and to which an extent will the institution’s incomes earned from such pay-ins cover its expenditures depends on the character of the activity it conducts, legal provisions, and founder’s decision. However, in the framework of nonprofit marketing in Croatia, this does not of course pertain exclusively to institutions but also to all other nonprofit subjects, such as associations, foundations and various organizations that indeed have a considerably different function modality, and in which the level of implementing marketing principles in business transactions is regularly extremely low. However, it is worth emphasizing that some changes in the nonprofit sector have occurred in Croatia. First of all, the nonprofit sector has begun to play a significantly more important role in social development. A different way of thinking has also resulted in the privatization of certain social activity subjects, as well as the emergence of entrepreneurship in this human activity domain. Society, through its legislature and its very modest but growing share in financing individual social activities has begun to recognize the importance of these activities, corresponding with the aspirations already exhibited in the developed Western market economies. (Meler, 2005)

The basic problems in the functioning of the so-called nonprofit sector in Croatia are as follows:

- Inadequate legal framework and a continuing paternalistic attitude of the State toward nonprofit organizations;
- Lack of funding and lack of an appropriate State policy of promoting donations;
- Lack of transparency and professionalism, sometimes present on both sides.

As a follow-up to the above, we are of the opinion that it would be necessary to first achieve the following :

1. The far greater development of a market-oriented economy and the far greater role of marketing as a way of organizing economic and extraeconomic activities;
2. Legal and normative regulation for the functioning of nonprofit organizations;
3. A higher level of marketing education for all involved in nonprofit organization operations (primarily stakeholders);
4. A marketing-oriented approach to problem solving in nonprofit organizations, based on the theoretical knowledge of nonprofit marketing, on benchmarking, and self-learning behavior of non-profit organizations.

Of course, the approach specific to marketing culture and the arts does not consider all the arts and cultural organizations, only those that are market-oriented. For others, the traditional approach is quite adequate. (Colbert, 2001)

## **Prior Theoretical Considerations in the Arts and Cultural Marketing in Croatia**

From the existing National Activity Classification in Croatia (Official Gazette, 2003), it is very difficult to determine which exactly are the activities classified as the arts and cultural activities. Namely, culture and the arts are classified in Section 92: Recreational, cultural and sports activities. In addition to culture and the arts, this section comprises the following activities as well:

- 92.1 Motion picture industry and video industry
- 92.2 Radio and television industry
- 92.3 Other entertainment activities
  - 92.31 Artistic and literary creative work and the performing arts
  - 92.32 Activities of facilities providing cultural performances
  - 92.33 Activities of fairs and amusement parks
  - 92.34 Other entertainment activities
- 92.4 Activities of newspaper agencies
- 92.5 Libraries, archives, museums and other cultural activities
- 92.6 Sports activities
- 92.7 Other recreational activities

It is surprising that artistic and literary creative work and the performing arts have been classified in the category “Other entertainment activities” together with the activities of fairs and amusement parks. This fact alone gives evidence to the unmistakable shortcomings of Croatia’s current National Activity Classification.

To provide a clearer overview of the arts and cultural activities in Croatia, we shall make use of an older but, in our opinion, more practical classification (Marković, 1977):

a) Stage and musical activities:

1. drama theatre, opera, ballet, and related artistic activities;
2. orchestral, chamber, soloist, instrumental, creative and performing activities.

b) Other cultural and artistic activities: literary creative work, literary criticism, translating and other related activities;

3. art of painting, plastic arts, applied and other visual arts activities.

It should be noted that the arts and cultural marketing is primarily directed to satisfying various types of needs while respecting possible interactions in the surrounding environment. Similar to economic subjects, the arts and cultural organizations convert their “production” factors into products, which individuals or a broader societal public then consume thus carrying through their demand for such products.

We can speak of marketing in the arts and cultural organizations, because to a lesser or greater extent, it is possible to speak of the market, or rather, to the market in these organizations. Marketing in the arts and cultural organizations (or enterprises) should focus foremost on

solving the problems of exchange inherent to this specific type of market. Namely, "... when an organization (and consequently an arts and cultural organization – Author's note) is trying to expand or modify its exchange relations towards other, it is faced with the marketing-problem. (Kotler, 1975)

Marketing objectives in the arts and cultural organizations are mainly of a qualitative nature, whereas in economic activities they are usually quantitative. The result of labor in the arts and cultural organization is a sort of "product" which can directly or indirectly meet the needs of people. The products of the arts and cultural organization are not intended for the organization's reproduction but for various modalities of exchanges through the market. The products of the arts and cultural organization serve to meet certain specific needs of people – needs that are mostly qualitative and have a pronounced immaterial (intangible) component. In other words, this means that the products of the arts and cultural organizations should also possess an appropriate use value to engage in exchange relations.

The modalities for exchanging the products of the arts and cultural organizations are predefined within the existing social relations, and ultimately by the place and role that the arts and cultural organizations assume within the overall economic mechanism. The exchange basis is the "product worth" of the arts and cultural organizations, which can be defined in a rather large variety of ways. In any event, during the exchange process almost every arts and cultural organization will experience a defect in exchange values, that is, in the quantitative relations of use values being exchanged. This is reflected in the increasingly adverse economic positions of the majority of the arts and cultural organizations with regard to enterprises, the subjects of economic activities.

The result of labor in the arts and cultural organizations is, nevertheless, called the arts and cultural product, despite the arts and cultural activities generally being categorized as intangible or non-productive services, that is, services that do not directly contribute to creating the domestic product and the national income. On the other hand, in terms of marketing, we should not take the standpoint of the offer of the arts and cultural organizations, but rather the standpoint of the demand for the concrete results of their labor – that is, the standpoint of the arts and cultural product consumer. By placing ourselves in the position of the arts and cultural product consumer, we shall see that on the market the consumer finds a set of tangible and intangible elements working together in unity to meet the consumer's needs.

Regardless of the type of arts and cultural products in question, their use value is reflected in the ability to meet the secondary (auxiliary) needs of the arts and cultural product consumer by creating a diverse range of esthetical experiences. For example, the appreciation of works of art is a perceptual process; it does not entail the mere consumption of a product in a process that gradually strips the product of its physical and material integrity. It should be noted that it is essential for the arts and cultural organizations to realize the following tasks through marketing:

- a) research into the demand for the arts and cultural product,
- b) the development of the appropriate arts and cultural products to meet identified needs,
- c) the adequate funding of programs of the arts and cultural organizations, and
- d) the creation of an image appropriate to the environment in the arts and cultural organisation operates.

The marketing program, that is, the marketing-mix elements of the arts and cultural organizations, are in principle identical to those of economic entities. The differences, however, lie in the following:

- a) the specific characteristics of the individual elements;
- b) the mutual combination (structure) of the elements.

The above reasons make it necessary to identify these distinctions in each arts and cultural organization, and to recognize the concrete character of an organization's marketing program by presenting it through an active approach to the carriers of demand. For example, the artistic product does not exist to fulfill a market need. Its *raison d'être* is independent of the market, which is what makes it a particular marketing challenge. Instead of seeking to meet consumers' needs by offering them a product they desire, the arts manager seeks consumers who are attracted to the product. (Colbert, 2003)

The marketing program is defined by determining and coordinating its component parts, which, in the case of the arts and cultural organizations include the following:

- a) the arts and cultural product,
- b) the price of the arts and cultural product,
- c) the sales and distribution of the arts and cultural product,
- d) the promotion of the arts and cultural product.

Briefly, this means that the marketing-mix is needed to determine or "single out" a certain arts and cultural product, form the right price for it, organize the way it will be sold and distributed to end consumers, and define the forms of promotional activities (advertising, publicity and public relations, sales promotion, and possibly personal selling for the arts and cultural product concerned).

The most earnest question the arts and cultural organizations need to ask is which arts and cultural product should they choose. Namely, it is not an easy task to choose among the existing arts and cultural products; the existing but outdated ones; the existing but remade ones; and the new ones. To facilitate this decision, a marketing research should be conducted previously to first identify what type of arts and cultural products are in demand on the market, what type the competition has to offer, and then to shape an arts and cultural product for the arts and cultural organization in question, taking into account current esthetic and artistic criteria. Certainly, from the standpoint of the subjects of the arts and cultural product offer, it is never about one single product, but rather a number of products combined to create the product mix of a given arts and cultural organization. Depending upon the type of arts and cultural organization in question the product mix will be given a specific name, as for example "repertoire" in theatrical activities and "publishing schedule" in the publishing activities. The breadth of this type of product mix is determined by a specific number of lines of arts and cultural products (such as opera, drama, ballet in the theatre), and its depth in the number of individual arts and cultural products contained in each product line (for example, the number of various theatrical performances in the theatre's repertoire). It should be underlined that research provides the only proper way to create a product mix of optimum structure – that is, a product mix having both the appropriate breadth and depth to satisfy the diverse needs of the arts and cultural product consumer – on the one hand, and to achieve, by direct or indirect means, the appropriate financial performance of the arts and cultural organization, on the other hand.

With regard to the above and considering the survey results, it is essential to periodically submit the existing programs of the arts and cultural organizations to critical review by art counsels and similar bodies, and to modify the programs, as required, in accordance to the objectives set out. The arts and cultural organizations should also carry out a product policy. This, for example, means that when an arts and cultural product becomes outdated, or when the demand for such

a product begins to decline, it is time to modify the product. Although classical Greek tragedies, as the arts and cultural product of a theatre, should not and cannot become obsolete, if the demand for them does nevertheless drop, the conclusion is that an individual partial element of the otherwise complex arts and cultural product has become outdated and requires modification. This could entail a change in the approach to directing the piece, or changes to the scenography, the performers, the stage setting and so on. Following this, the demand should begin to pick up again. Of course, for this to happen, it is essential to identify what has caused the arts and cultural product to become obsolete, and which are the newly emerged requirements of the immediate consumers with regard to the product. It should also be noted that interventions to the product alone do not always suffice, making it often essential to carry out interventions in other elements of the marketing-mix belonging to the individual arts and cultural products. Providing the arts and cultural product fails to arouse the interest of consumers despite the modifications effected, it is not recommended to pursue the matter any further, but rather to temporarily or permanently remove the product from the product mix (by taking it off the theatre's repertoire, for example).

Kotler and Andreasen (1997) cite an interesting example of the Buffalo Philharmonic, faced with the problem of animating the public, an issue that also concerns other symphony orchestras performing serious music. Surveys conducted with the potential audience revealed that relative non-consumers exist because they refuse to accept the common practice of formal dress for concerts – requiring additional expenses for clothes – and the solemn deportment during the concerts. Equipped with this knowledge, the Buffalo orchestra went about changing the entire way it performs its concerts. Orchestra section members began playing shirt-sleeve chamber music programs at neighborhood art fairs and other local outdoor events. Contact was made with local primary and secondary schools. The orchestra itself even performed at halftime at a Buffalo Bills football game.

Carrying out an optimum product policy is important for the arts and cultural organizations, because the arts and cultural products are not on the market for the purposes of the exchange process. Instead their job is, in the long run, to contribute to creating and improving financial performance in the arts and cultural organizations, by direct or indirect means, across the entire economic system. The work and activity of the arts and cultural organization should create additional value for every dollar invested in culture, yielding a return of the same amount in the very least.

With regard to prices, a distinction should be made between the following cases of pricing the arts and cultural products:

1. The arts and cultural product has an economic price,
2. The arts and cultural product has a non-economic price,
  - a) It has a specific non-economic price,
  - b) It is a free-of-charge cultural product.

In the majority of cases, we consider the price of the arts and cultural product on the market to be non-economic, that is, the arts and cultural value of the product does not coincide with its market value. This is because the arts and cultural organizations are not exclusively market oriented, as stated earlier. It is, however, obvious that in forming the prices of their products (even though these prices are most often non-economic by nature as mentioned above), the arts and cultural organizations need to take into account certain market factors such as:

1. the stage of the arts and cultural product's life cycle,
2. arts and cultural product differentiation,
3. the purchasing style of the consumers of the arts and cultural product,
4. the elasticity of the arts and cultural product price, and possibly,
5. the competition.

The life cycle stage of the arts and cultural product impacts on the formation of higher prices in the life cycle's early stages, and on the formation of lower prices in the decline stage for a given arts and cultural products. Price differentiation for the arts and cultural products should be carried out for two fundamental reasons:

1. to reduce the demand for the arts and cultural products of ambiguous cultural value (by increasing the price of the products),
2. to eliminate the effects of elitism by differentiating the price for individual segments of the arts and cultural product consumers (in theatres, for example, this refers to special ticket prices for school children, group attendances, and so on), taking into account that elitism in culture can only be the result of the natural differentiation of people, and no other.

The price elasticity of the arts and cultural products is represented in the relations resulting from changes in demand caused by changes in prices, viewed in relative terms. This is a very significant indicator, because it can be used in forming adequate prices, in identifying the special features of the demand for certain arts and cultural products, and ultimately in judging the quality (the artistic and cultural value) of the arts and cultural products for the greatest circle of consumers. Accordingly the arts and cultural organization should immediately intervene with changes to the various elements of the market-mix (by enhancing promotional activities, improving the organization of selling, and so on).

The selling and distribution of the arts and cultural product is aimed at making the product available to the consumer, having the consumer purchase the product, and ultimately having the consumer satisfy his need through the product. As selling the arts and cultural products is not the only source of income – on the contrary, it is one of the less significant sources of income – this results in the considerably small amount of attention focused on this function of marketing in the arts and cultural organizations, which has its adverse effects viewed from the overall social aspect. Namely, being successful in selling a certain arts and cultural product on the market means that, among other things, the arts and cultural organization, through its program, has been successful in meeting the present demand, and in doing so has justified its existence and its social role. Care should be taken, however, to avoid negating the above by commercializing the arts and cultural product at all costs.

Selling the arts and cultural products can be carried out:

- a) directly (without intermediaries),
- b) indirectly (through intermediaries).

Which form of selling to use will, to the greatest extent, depend upon the type of arts and cultural activity. Direct selling is applied almost exclusively to the products of theatrical and musical activities, whereas the other activities generally use indirect selling. The distribution of the arts and cultural products has the task of making these products as available as possible to the immediate consumers. A method that should be applied more frequently is the distribution of the arts and cultural products in the working and home environment of consumers, such as organizing theatrical performances in companies and schools, or organizing exhibitions in



libraries, hotels, restaurants and so on. The same can apply to the sales of the arts and cultural products in large settings (theatrical performances in large halls or open spaces) to make the products more easily available to the larger number of consumers. Also in a great number of cases, we can speak of primary and secondary distribution channels, the latter pertaining to the distribution of products through the media (TV, radio, etc.) aimed at indirectly impacting on the actual consumers, and more importantly on the potential consumers of arts and cultural product to increase the consumption of the product in general.

The principle of selling complementary products alongside the basic arts and cultural products (cross selling) is increasingly gaining the attention of the subjects of the arts and cultural activities. For example, in addition to viewing the exhibits at museums and galleries, visitors are provided the opportunity of buying catalogues, brochures, souvenirs, works of art, etc. For example, an art museum may include a library, restaurant, bookshop, great hall, art school, and public education programs; a ballet may own a building and operate a car park. (Rentschler, 1998)

The promotion of the arts and cultural products is yet another element of the marketing-mix of the arts and cultural organization that has been considerably neglected. Although promotional activities involving publicity and public relations are regularly used in the Republic of Croatia, advertising and sales promotion, on the other hand, are not applied at all, despite the fundamental role of advertising in making the market aware of the arts and cultural products and their quality (artistic and cultural values) and properties.

Publicity as a form of free advertising for the purposes of promotion is used almost exclusively, although it is well known that the publicity offered to the arts and cultural organizations by the media are in the form of various columns in daily newspapers and magazines, or even special television and radio shows, which, due to diverse objective and subjective reasons, do not enjoy a wide following of potential arts and cultural product consumers. That is why the arts and cultural organizations should begin to make regular use of even the most basic forms of advertising in their daily practice. Also promotional activities can be used with great efficiency in demarketing individual arts and cultural products; an activity which needs to be carried out by the arts and cultural organizations to eliminate pulp, trash and other similar socially unacceptable occurrences in the arts and cultural activities.

Based on the above, it should be emphasized that the arts and cultural marketing should inevitably realize the following: (Mejon, 2004)

- determining which of the arts and cultural products, services or ideas offered are demanded by a specific market
- establishing certain quantifiable marketing objectives
- developing an arts and cultural product for which there is a demand
- communicating and distributing the arts and cultural product
- determining whether the objectives have been met.

This process will be successful if the organization adopts a marketing strategy that is oriented towards building loyalty - that is, a solid and long-lasting relationship with consumers. Such a relationship is influenced by several factors: the organization's reputation, the quality of its products and the relation between price and quality, the type of public that it attracts, and the level of trust among its employees. All of these variables affect consumer satisfaction.

## Practical Experience in Implementing the Arts And Cultural Marketing in Croatia

The level of implementing the arts and cultural marketing in the Croatian social fabric, is indeed minimal. The basic reasons for this lie primarily within the arts and cultural subjects, that is, the arts and cultural organizations. These reasons also include the failure to adequately categorize nonprofit activities, the failure to adequately implement marketing principles in economic subjects, and finally the almost total lack of knowledge in the arts and cultural organizations regarding the modalities of implementing marketing. As there has been no recent research into this matter, the paper has analyzed the existent situation using the descriptive method, whereas the inductive method was applied to demonstrate the trends in implementing the arts and cultural marketing in Croatia. Crucial preconditions to implementing the arts and cultural marketing in Croatia involve solving the country's economic issues in the greatest extent possible, and achieving substantial and of course, positive results in the application of conventional marketing. Evidently, none of these prerequisites have been realized in Croatia.

The main reason for the emergence of marketing in the arts and cultural activities was clearly their level of inefficiency. For a long time, these activities were almost exclusively under state patronage. In an attempt to improve their efficiency and their performance two parallel processes are being applied. The first process involves the partial privatization of these activities, and the second one, the introduction of market (exchange) relations and modern administrative and management methods, which imply marketing as well. Although the former process has already been initiated in Croatia, it is developing at a very slow pace. With regard to the present circumstances, the latter process will need to be carried out with considerably greater intensity. However, not only in Croatia, but, for example in the United States as well, the nonprofit performing arts industry, along with many performing arts organizations around the world, are facing crises on a variety of fronts. Accordingly, arts organizations must learn new ways to attract the resources they need to sustain their mission and quality. Arts managers must improve their skills in increasing and broadening their audience base, improving accessibility to various art forms, and learning how to better meet the needs of specific audience segments and contributors. To accomplish this, they must develop a better understanding of their own business and of the interests, attitudes, and motivations of their customers. They must professionalize their marketing and management skills and learn to be accountable to all their publics. Then they can create offerings, services, and messages to which the target audience will enthusiastically respond, without compromising their artistic integrity. (Scheff and Kotler, 1996)

## Conclusion

Based on the above, admittedly short outline it is evident that, despite certain inconsistencies and categorial dilemmas, the theory of the arts and cultural marketing in Croatia is keeping abreast of its counterpart in developed market economies. It is another case, however, with regard to the “beginner” status – the most appropriate word to describe the present situation – of the arts and cultural organizations in Croatia in the practical application and implementation of the arts and cultural marketing.

Marketing can play a pivotal role in improving managerial practices and in increasing the income earned by nonprofit organizations. As a broad strategic function permeating an organization, marketing assists in linking the organization to its external environments — its customers, funding sources, competitors, regulatory agencies and other relevant audiences. Contemporary

tendencies in the developed market economies have demonstrated that various foundations, donations, sponsorships of economic entities (cause-related marketing), and individuals are the most generous financing sources. *Inter alia*, this paper depicts the way in which the arts and cultural marketing, as an element of the arts and cultural management in Croatia, is incorporated into the everyday practice of the arts and cultural organizations.

Only by meeting the above prerequisites will it be possible to make a breakthrough in securing a more prospective future for the nonprofit sector in Croatia, as an unquestionably important part of omnisocial development. We do not belong to those possessing a "marketing supremacy syndrome," that is, to those who fully "believe that each organization type is connected to marketing" (Luck, 1974), but we nevertheless agree with the notion that marketing – that is, marketing logic and a marketing-oriented way of thinking – is lacking, especially in Croatian conditions, in spite of the organization modality of economic or extraeconomic activities we have mentioned. Crucial preconditions to implementing the arts and cultural marketing in Croatia involve solving the country's economic issues in the greatest extent possible, and achieving substantial and of course, positive results in the application of conventional marketing. Evidently, none of these prerequisites have yet been realized in Croatia. In certain aspects, the arts and cultural marketing represents the socialization of marketing as a business concept as well as a type of life and behavioral philosophy. The arts and cultural marketing thus represents the operationalization and instrumentalization of a clearly essential interaction between marketing and society, which is evidently still very significantly lacking in Croatia.

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