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<https://doi.org/10.1057/s41599-025-05167-2>

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# Influence of the service marketing mix on audience decision-making in Mongolian performing arts

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This study investigates how the service marketing mix influences audience decision-making in Mongolian performing arts sector. Since performing arts are a significant component of the service sector, the study provides insights into how audience preferences interact with service marketing mix elements in this unique context. Using a quantitative approach, primary data were collected from 275 attendees at two major performing arts organizations in Mongolia during February 13–14, 2023. Data analysis was conducted using R 4.2.3. statistical software, with partial least squares path modeling (PLS-PM) employed to assess the impact of service marketing mix elements. The graded response model (GRM) was used for scale validation and to establish the PLS-PM model prior to regression analysis. The study's empirical findings reveal that product, promotion, and process positively and significantly influence audience decision-making, whereas price, place, personnel, and physical evidence have a negative impact. To enhance marketing effectiveness, organizations should prioritize elements with significant positive effects while addressing those with negligible or negative influences. Performing arts organizations can directly apply these findings by refining their promotional strategies, optimizing processes, and developing customized products to better align with audience preferences. This research advances the understanding of the service marketing mix dynamics in the Mongolian performing arts sector and contributes to the literature by offering methodological rigor, context-specific analysis, and practical recommendations for the performing arts practitioners.

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## Introduction

Consumer behavior—the study of how individuals decide to purchase goods and services—requires understanding the time, effort and money invested (Schiffman and Wisenblit, 2019). This understanding is crucial for marketers to create effective strategies in competitive environments (Wagner et al., 2020). Organizations can develop clearer and more effective marketing plans by gaining a deeper understanding of consumer behavior and the purchase decision process. Therefore, it is crucial to study and comprehend the factors that influence an individual's purchasing decisions. This understanding can help companies improve their products and services, target customers more efficiently, and assess how consumers perceive their products relative to those of their competitors (Stankevich, 2017).

In general, consuming cultural products, particularly those related to the arts such as museums, performing arts, and cinema, involves subjectivity (Becker, 2023). Motivation, which inspires individuals to attend performances, lies at the core of consumer behavior. These motivations are often influenced by social groups, personal interests, or even the desire to be seen as sophisticated and cultured. Consumer behavior is a complex and intriguing topic within the performing arts sector, providing insight into the reasons behind individuals' decisions to attend performances. This involves understanding how individuals interact with and respond to various forms of art, and how they make decisions based on factors such as the type and quality of performances, as well as ticket prices.

Consumer decision-making is a systematic process that customers undergo to make a purchasing decision (Ali and Anwar, 2021). An important consideration for performing arts organizations is understanding the factors that influence audience decision-making when attending performances. Audience decisions are influenced by a range of factors, including economic, cultural, and social ones. Therefore, understanding audience preferences and motivations is critical for developing a successful marketing plan. Audiences tend to spend less time searching for specific performances or shows, are highly engaged during performances, and base their decision to attend future performances on their overall concert experience. Therefore, marketers must develop innovative strategies, provide high-value services, and create marketing tactics that enhance customer satisfaction and motivate attendance (Hanaysha, 2018). Understanding how various marketing approaches and strategies can impact audience decision-making is an essential component for performing arts organizations. This knowledge helps them attract potential customers to performances and foster loyalty.

A traditional marketing mix element (4P) is a set of adjustable marketing variables that a company can modify and combine to elicit a positive response from its intended market (Kotler et al., 2016). The 4Ps are a crucial component in decision-making and evaluation. Researchers have examined how the 4Ps influence customer decision-making in various fields, including retail, tourism, banking, consumer goods, and food industries. However, there is limited literature on its impact in the fields of culture and art, particularly performing arts. Moreover, previous research has primarily focused on the traditional marketing mix of product, price, place, and promotion (4Ps). To create an effective and comprehensive marketing strategy, performing arts organizations must understand the connection between audience decision-making and the service marketing mix, which includes additional elements such as people, process, and physical evidence (7Ps). Investigating the impact of the service marketing mix on audience decision-making is crucial. An organization's success depends on the effective implementation of its marketing mix and strategies (Abeck, 2017). This study hypothesizes that the elements of the service marketing mix, product, price, place, promotion, people,

process, and physical evidence have a positive influence on audience decision-making when selecting classical music performances.

Mongolia's cultural landscape uniquely blends its rich nomadic heritage with modern influences, creating a distinctive environment for the performing arts. Traditional art forms, such as throat singing, the folk long song, and the Morin Khuur, are deeply rooted in the country's history and reflect its profound connection to nature and spirituality (NSO, 2020). These traditional elements coexist with contemporary artistic expressions, resulting in a vibrant cultural mix. Despite this strong cultural foundation, the performing arts sector in Mongolia remains underexplored in academic literature (Nomin, 2024). Research on audience behaviors, marketing strategies, and sectoral development is particularly lacking (MOC, 2021). Specifically, there is a notable deficiency in studies examining how the service marketing mix influences consumer behavior in the performing arts, highlighting a critical research gap. While most existing literature focuses on the traditional 4Ps model, few studies investigate how the extended service marketing mix impacts audience decision-making in cultural settings. Furthermore, the limited research on the Mongolian performing arts scene, particularly regarding classical music performances, underscores the necessity of this study. By examining Mongolian audiences' decision-making processes, this research seeks to address this gap and provide significant empirical contributions to performing arts marketing. The study extends the literature on consumer behavior and service marketing mix by applying these concepts to the performing arts sector, offering valuable insights into the role of marketing strategies in shaping audience choices. Additionally, it provides practical implications for performing arts organizations, enabling them to design more effective marketing strategies customized to their target audiences. The remainder of the paper is structured as follows: literature review, methodology, results, discussion, conclusion, managerial implications, limitations and future research perspectives.

## Literature review

The literature review addresses a wide range of topics, including performing arts in Mongolia, consumer decision-making, and the service marketing mix (7Ps), to explore how these elements influence audience decision-making in the Mongolian performing arts sector. The study's framework is presented at the end of this section.

**Performing arts in Mongolia.** The National Academic Theatre of Opera and Ballet of Mongolia and the Mongolian State Philharmonic are the two principal performing arts institutions in Mongolia. Both institutions were established in the 1960s. In 1990, Mongolia transitioned to democracy, bringing new challenges to Mongolian society. Cultural and arts institutions, including performing arts organizations, struggled due to limited funding, insufficient resources, and inadequate facilities to sustain their activities. Furthermore, the market and audience size declined (ACM, 2011). Following the severe recession, performing arts organizations entered a new phase of development under cultural policies implemented since 1996 (MOC, 2021). Mongolia is rich in cultural traditions and heritage, including the Morin Khuur, Khoomei, Tsur, Tuuli, Epic, and traditional folk music and dance, which serve as sustainable cultural resources. The main objective of cultural marketing policy is to promote and market these unique cultural products locally and internationally (Gantumur, 2016). Performing arts organizations were initially unfamiliar with the concept of marketing, as marketing

departments were only recently established. As a result, the understanding of marketing was initially limited to simply advertising performances and concerts to the public (Narantsatsral, 2017). A study revealed that audiences often missed event due to a lack of information (Baasanjargal and Natsagdorj, 2020). These organizations need to bridge the gap with their audiences by implementing effective marketing efforts, building stronger connections, reaching potential customers, and gaining deeper insight into market needs. To address these gaps, organizations have embraced marketing and customer research, developing appropriate programs, plans, and strategies (Academic Theater of Opera and Dance, 2013). Furthermore, the use of social and digital marketing has become essential in improving service, promotion, and accessibility, especially since nearly 80% of the population has access to digital media (Kemp, 2023).

**Consumer decision-making.** Understanding the reasons behind consumer behavior and purchasing decisions has always been a crucial topic in marketing. This knowledge helps marketers develop effective marketing strategies and remain competitive in the marketplace. Marketers are required to investigate a range of factors, including economic, social, cultural, and psychological factors, to better understand how consumer motivation and decision-making vary among products (Stankevich, 2017). There are numerous definitions of consumer decision-making. The broadest definition is the process of selecting among alternatives based on specific considerations. In the arts, it is also important to understand the conditions under which audiences decide to attend events (Becker, 2023).

Individuals make purchasing decisions in their daily lives to satisfy their needs and wants. Similarly, arts consumers become aware of their desires, which can be triggered by external influences such as advertisements or word of mouth, or by internal stimuli such as a desire for an enjoyable and pleasant weekend (Kotler and Scheff, 2009). Subsequently, the arts audience seeks additional information, often drawing from personal experiences. Various sources may be consulted, including public sources, commercials, and recommendations, as well as insights from family, friends, or colleagues (Hill et al., 2018). Decision-making for arts events is more complex, often involving groups rather than individuals, where decisions may be shared or influenced collectively (Kotler, 2003). Purchasing a ticket is not merely transactional—audiences attend live performances to observe artists, enjoy real-time experiences, and appreciate the venue's ambiance, staging, and design (Dominique, 2000). After attending an event, audiences evaluate their experiences. If the experience meets their expectations, they are more likely to attend future performances and recommend them to others (Kolb, 2013). However, if customers' experiences fail to meet their expectations, they may share negative feedback with the public, potentially causing harm to arts organizations. Therefore, marketers of arts organizations must consider all influencing factors, especially the marketing mix, which organizations can directly control to influence audience choices and re-attendance.

Currently, the understanding of audience decision-making in the performing arts is limited. This knowledge gap is a crucial area of exploration that could assist marketers in formulating more effective strategies for attracting and retaining customers (Han and Kang, 2020). Identifying key factors in audience behavior, establishing strategic managerial responses, and understanding post-purchase influence are all essential (Cacovean et al., 2021).

Scholars use theoretical perspectives to understand the diverse factors influencing audience decision-making in the arts and performing arts sector. For example, one of the most commonly used theoretical frameworks is the Theory of Planned Behavior

(Ajzen and Driver, 1992), which highlights how attitudes, subjective norms, and perceived behavioral control shape decision-making, particularly in service-based contexts. Similarly, Lovelock et al. (2011) service quality framework aligns with the 7Ps model, emphasizing both tangible and intangible factors. The Service Quality Models (SERVQUAL) is also widely used to assess satisfaction, focusing on venues, performances, and customer service. In the performing arts, organizations often involve audiences directly during the service process, making elements such as personnel and processes particularly influential (Akroush, 2011). However, previous studies have not sufficiently examined how these key elements impact audience decisions. In Mongolia, where traditional and contemporary values coexist, personnel and process may play an even greater role. Given that this is one of the first empirical and fundamental marketing studies in the field of performing arts in Mongolia, this research aims to examine how audiences evaluate the service marketing mix components and how these affect their decisions. This research is grounded in the service marketing mix (7Ps) framework, which provides a robust theoretical foundation for the study. The 7Ps framework is widely accepted in service marketing literature and has been successfully applied to various contexts, including the performing arts, hospitality, and other experience-based industries. The 7Ps framework is particularly suitable for analyzing audience decision-making in the Mongolian performing arts sector for several reasons. First, performing arts are inherently service-driven, where intangible experiences, interpersonal interactions, and the overall environment significantly influence audience perceptions and decisions. Second, the framework's inclusion of people, process, and physical evidence aligns well with the unique cultural expectations and values in Mongolia, where human interactions and cultural authenticity play a critical role. In this study, the 7Ps framework provides a structured approach to evaluate how each marketing mix element—product, price, place, promotion, people, process, and physical evidence—impacts audience decision-making. By grounding this study in this framework, it offers a sound theoretical contribution while addressing practical needs in Mongolia's performing arts sector.

**Service marketing-mix (7Ps).** The elements of the traditional marketing mix, known as the 4Ps, were originally developed by McCarthy in the 1960s. These 4Ps consist of product, price, place, and promotion. Companies need to control and administer these components to fulfill customers' needs and wants while providing suitable solutions to meet the desires and requirements of their target markets. For businesses, companies, and organizations, the 4Ps represent a group of controllable elements that the companies can use to address both the short and long-term needs of customers while also maximizing their profits (Wichmann et al., 2022).

The consumer goods industry differs from the service sector due to the contrast between tangible goods and intangible services. In the field of service organizations, the 4Ps were found to be insufficient due to their specific characteristics. Therefore, Booms and Bitner (1981) introduced an expansion to create the seven Ps, which include three additional elements: people, process, and physical evidence. These 7Ps constitute a service marketing mix, which serves primarily and effectively in contemporary service marketing paradigms (Batat, 2022). The extended marketing mix is also commonly applied in the performing arts sector and is expected to influence audience decision-making.

**Product/Service.** A product is any tangible or intangible offering that fulfills customer needs (Kotler and Armstrong, 2018).

Tangible values refer to goods and products that are distinguished by their brand, quality, design features, and packaging (Akbar and Hoffmann, 2020). In contrast, intangible values refer to services characterized by their unique experiences (Akroush, 2011). In the performing arts sector, concerts and performances serve as the core products. The quality of performances significantly impacts audience satisfaction and re-attendance. Product quality and reputation are key factors in retaining and attracting audiences (Sønning, 2024). If the audience's experience meets their expectations, they are more likely to attend performances regularly and become loyal members. Based on the literature review, the following hypothesis was formulated:

**H1:** Product has a positive influence on audience decision-making.

**Price.** Price refers to the value offered to customers when purchasing, possessing, or utilizing a good or service. It also encompasses the policies and practices that service organizations use to establish the cost of an exchange (Akroush, 2011). In service organizations, price is an essential factor in evaluating quality since there are no tangible indicators to measure quality (Singh et al., 2022). When deciding among service providers, customers tend to pay more attention to price than other characteristics (Peter and Donnelly, 2013). This is because they consider the value of their effort, money, and energy based on their past experiences before making a repeat purchase. Price has historically been identified as one of the key elements affecting purchasing decisions. This concept also applies to the performing arts discipline, where the cost of admission tickets is a major barrier to participation in artistic activities (Cacovean et al., 2021). Performing arts organizations offer free tickets and discounted admission tickets and subscriptions to attract new audiences, maintain consistent visitor numbers, increase audience numbers, and boost audience loyalty (D'Astous et al., 2009). The literature review served as the basis for developing the following hypothesis:

**H2:** Price positively influences audience decision-making.

**Place.** In both goods and service organizations, the place or distribution channel refers to how the product or service is delivered to the consumer (Park, 2020). In the performing arts field, place encompasses various aspects of the location, including the venue, parking, building, facilities, and seating capacity (Byrnes, 2022). When venues are far from the audience's location, they tend to spend more time traveling. Moreover, location has a significant positive impact on audience decision-making (Liberato et al., 2024). The distance and travel time affect participation, making location a key factor in attendance decisions. According to the literature review, one of the main obstacles to participating in performing arts activities is a lack of time. Therefore, the location and distribution of the event are crucial factors in audience decision-making (Park, 2020). Based on the literature review, the following hypothesis was formulated:

**H3:** Place positively influences audience decision-making.

**Promotion.** Promotion is how service organizations communicate with and influence target audiences (Wirtz and Lovelock, 2022). Products and services provided by an organization are ineffective if customers are unaware of them. Promotion can be categorized into sales promotion, direct marketing, advertising, public relations, and personal selling (Akbar and Hoffmann, 2020). In the context of performing arts marketing strategy, promotion plays a crucial role in engaging current audiences and addressing the interests of potential customers. Promotion strategies are selected based on the target audience, with public

relations being the most widely used technique in the field (McDonald and Harrison, 2002). Based on the literature review, the following hypothesis was formulated:

**H4:** Promotion has a positive impact on audience decision-making.

**Personnel.** In service organizations, employees are referred to as personnel, and they play a significant role in the delivery of services (Xu et al., 2023). Their performance, attitude, and quality have a direct impact on customer satisfaction. Therefore, it is important to ensure that the service staff's performance is of high standards. Customer ratings of the service are influenced by the staff's performance (Byrnes, 2022). According to the literature, employees of a service organization can have a significant impact on audience decision-making through their interactions and communication with audiences (Coman et al., 2023), the establishment of strong connections, and prompt problem resolution (Neil et al., 2008). Based on this, the following hypothesis was stated:

**H5:** Personnel have a positive influence on audience decision-making.

**Process.** Process refers to the flow of activities and operations performed during the delivery of services, which create a value proposition in the minds of customers (Salloum and Ajaka, 2013). Studies have shown that customer purchasing decisions in the service industry are significantly impacted by the process (Preko and Gameti, 2014). Audience perceptions of events are shaped by their experiences during the service process. These experiences influence future purchasing decisions (Byrnes, 2022). Technology has significantly transformed the delivery of services, even in the performing arts sector, making it easier to connect with younger and more educated audiences (Akbar and Hoffmann, 2020; Colbert and Rentschler, 2009). Based on the literature review, the following hypothesis was proposed:

**H6:** Process has a positive influence on audience decision-making.

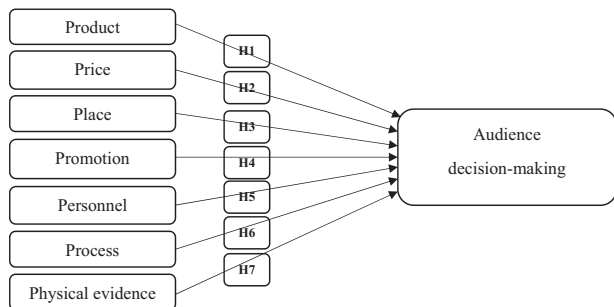
**Physical evidence.** This section describes the tangible elements that contribute to creating a positive and functional atmosphere for a service organization (Akroush, 2011). Customers often find it difficult to evaluate the quality of services due to their intangible nature, so they use the service environment as a substitute for quality. The physical atmosphere has a significant impact on customers' future purchasing decisions (Zeithaml et al., 2013). Performing arts organizations rely heavily on the management of performance spaces, including stage design, lighting, and hall decor. These elements must be carefully coordinated to ensure a profound experience for the audience (Caraba and Cosma, 2021). Therefore, effectively controlling the service and environment is essential for marketing performance (Courvoisier and Courvoisier, 2007). Based on the literature review, the following hypothesis was generated:

**H7:** Physical evidence has a positive impact on audience decision-making.

Based on previous studies (Phusist, 2015; Day, 1983), the researchers propose the following conceptual framework (Fig. 1) to assess the impact of the service marketing mix on audience decision-making in Mongolia.

## Methodology

**Research design.** The study employed a quantitative research approach. Quantitative research is often regarded as an objective method that seeks to uncover an external reality, independent of personal biases or observations (Rovai et al., 2014). This



**Fig. 1 Conceptual framework of the study (source: authors' construction).** The framework illustrates each element of the 7Ps as independent variables, with audience decision-making as the dependent variable.

deductive approach enabled the study to test predefined hypotheses and assess the relationship between the service marketing mix elements and audience decision-making in the Mongolian performing arts field. Additionally, quantitative research allows for the collection of data from a large sample, enhancing the generalizability of the findings. Compared to qualitative or mixed methods, a purely quantitative approach was deemed the most efficient way to statistically assess the extent of these relationships, ensuring the reliability and validity of the results (Hummel-Rossi et al., 2017). A survey instrument with well-structured questionnaires was administered after an in-depth review of the prior literature. The questionnaire consisted of three sections: demographics, service marketing mix, and audience decision-making. In addition to demographic data, the study evaluated variables related to the service marketing mix and audience decision-making using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Twenty-eight items were adapted from Phusist (2015) to evaluate the service marketing mix across seven dimensions: product, price, place, promotion, personnel, process, and physical evidence. Additionally, 14 items from Day (1983) were adapted to assess audience decision-making.

**Data collection and participants.** Most Mongolian performing arts organizations are based in the capital, Ulaanbaatar. The Mongolian State Philharmonic Theatre and the National Academic Theatre of Opera and Ballet are the most prominent and efficient organizations. The study's participants were audiences who attended three performances scheduled for 2023: "Classical Music Concert-L.V. Beethoven and W.A. Mozart" on January 27th at the Mongolian State Philharmonic Theatre, "Rhapsody Romantic Night Concert" on February 13th at the Mongolian State Philharmonic Theatre, and "Swan Lake by P.I. Tchaikovsky" on February 14th at the National Academic Theatre of Opera and Ballet. The research employed a random sampling method, ensuring that each person had an equal chance of being selected from the population. The sample was selected based on a set of randomly generated numbers corresponding to the seat numbers in the concert halls. The survey questionnaires were distributed to the selected audience members upon arrival and collected immediately after the performances. The research survey for this study was reviewed and approved by the Mongolian State Philharmonic Theatre and the National Academic Theatre of Opera and Ballet in accordance with ethical guidelines. Informed consent was obtained from all participants prior to their involvement in the research.

The sample size was calculated by using the following formula:

$$n = N / (1 + Ne^2), \tag{1}$$

where "n" represents the sample size, "N" is the total number of audience members, and "e" denotes the margin of error (set at

5%). Accordingly, the minimum sample size was calculated to be 272 using the formula  $272 = 852 / (1 + 852 \cdot 0.05^2)$ , as a total of 852 people attended the performances ( $N = 852$ ). A sufficient number of participants, 275 in total, completed the survey for further analysis based on the sample size calculation (Eq. 1).

**Data analysis procedure.** The literature suggests that the 7 constructs (7 Ps) of the service marketing mix influence the audience's decision-making. To test a construct's consistency with its items, polytomous item response theory (IRT) was performed to confirm the final model. During the IRT procedure, a graded response model (GRM) (Samejima, 1997) for Likert-type response scales and an explanatory factor analysis (EFA) were applied separately to each variable block to identify the latent constructs of the theoretical model. Variables with a factor loading below the minimum threshold of 0.4 were excluded from the construct (Comrey and Lee, 2016), except for Promotion 5, to avoid creating single-item constructs. This exclusion was necessary to avoid including weak items that could distort the construct's ability to reliably measure the latent variable. Although some items were removed, the overall validity of the model was preserved by carefully ensuring that the remaining items accurately represented the theoretical constructs, and multi-dimensional models were used where one-dimensionality could not be achieved. GRM estimated an item discrimination parameter, reflecting the reliability of each item. Low discrimination values indicate potential reliability issues. Additionally, McDonald's hierarchical omega was calculated instead of Cronbach's Alpha to measure the internal reliability of each variable block. This approach avoids overly restrictive assumptions, ensuring more accurate reliability estimates for each construct. The reasoning behind this choice is that the assumptions of Cronbach's alpha such as equal factor loadings and uncorrelated errors are very restrictive and often violated (Hayes and Coutts, 2020; Flora, 2022). McDonald's omega reflects the percentage of variance explained by a general factor that influences all items in the total scale scores. For certain constructs, such as Promotion, Physical Evidence, and Decision-Making, one-dimensionality could not be achieved due to a large number of items or structural issues. Therefore, a multidimensional model with two factors was fitted, and the factor with the largest sum of squared loadings was reported.

In the second step of the analysis, Partial Least Squares Path Model (PLS-PM) regression was performed to measure the relationship between the factors of the service marketing mix and audience decision-making. The main principles of the PLS technique for principal component analysis were described by Wold in 1966, with the first analytical tool for blocks of variables developed in 1975. The entire algorithm was published in the 1980s (Wold, 1985). Lohmöller (1989) made further developments, while Chin (2009) and Tenenhaus et al. (2005) advanced its applications to path models. In PLS-PM, the relationship between a construct and its items can be modeled in either a formative or reflective way, which is advantageous compared to other models (Hwang and Cho, 2020). The literature supports both formative models (Arnett et al., 2003; Fornell et al., 1996; Hsu et al., 2022) and reflective modeling (Diamantopoulos, 1999). The present study used the formative approach. To evaluate the overall model fit, a global goodness-of-fit (GoF) criterion was calculated as proposed by Tenenhaus et al. (2004). The GoF measure is the geometric mean of the average variance extracted (AVE) and the average  $R^2$ , which were also reported. According to Cohen (2013), an  $R^2$  value greater than 0.35 is considered large, while a GoF value greater than 0.36 indicates a good global fit (Wetzels et al., 2009). To assess the model's discriminant validity, the Fornell and Larcker criterion was applied

**Table 1 Demographic profile of respondents.**

Variables	Categories	Frequency	Percentage
Age	16-24	10	3.6
	25-34	62	22.5
	35-44	72	26.2
	45-54	74	26.9
	55-64	35	12.7
	Above 64	22	8
Gender	Male	109	39.6
	Female	166	60.4
Education level	Medium	27	9.8
	Post medium	34	12.4
	Specialized vocational education	31	11.3
	High	146	53.1
	Post-high	37	13.5
Marital status	Single	44	16
	Married	192	69.8
	Divorce/Widowed	21	7.6
	Other	18	6.5
Monthly income	Can live on it very well and can also save	10	3.6
	Can live on it but save little	89	32.4
	Just enough to live on it but cannot save	55	20
	Sometimes cannot make ends meet	101	36.7
	Not known/no answer	20	7.3
	Lower than 200.000 MNT	187	68.0
Monthly expenditure for leisure activities and entertainment	201.000-400.000 MNT	42	15.3
	401.000-600.000 MNT	32	11.6
	601.000-800.000 MNT	11	4.0
	More than 801.000 MNT	3	1.1

(Fornell and Larcker, 1981). Discriminant validity refers to whether each construct in the model is distinct and not highly correlated with other constructs. This is important because if constructs are too similar, it becomes difficult to differentiate their influences on audience decision-making. The Fornell and Larcker criterion states that the square root of the AVE for each construct should be greater than its correlations with other constructs, ensuring that each construct explains more variance than it shares with others. Chin (2009) proposed using bootstrapping to test parameters. This involves drawing at least 500 samples from the original data and estimating path coefficients for each sample. The mean and standard error of the parameters are computed across all samples. Only path coefficients at least twice their respective standard errors were considered statistically significant. To estimate PLS-PM regression and the GRM models, the packages SEMinR and mirt were applied using R 4.2.3 software (R Foundation, 2024). First, an EFA was performed, followed by a graded response model to create the latent constructs, and finally, a PLS path model was fitted.

**Results**

**Demographic.** The demographic profile of respondents (as shown in Table 1) indicates that the largest group falls within the 45-54 age range (26.9%).

The smallest percentage is represented by the age group of participants aged between 16-24 (3.6%), indicating a low presence

of younger audiences in the performing arts. This age distribution suggests that the sample may not fully capture the preferences of younger audiences, which could limit the generalizability of the findings, particularly in understanding how to engage this demographic in the performing arts. Females made up the majority of respondents (60.4%), while males constituted 39.6% of the sample. The majority of the respondents (53.1%) reported having a high level of education. A significant proportion (69.8%) were married. Regarding monthly income, 36.7% (101 respondents) reported occasional difficulty covering expenses, while only 3.6% (10 respondents) stated that they could live comfortably and save. This high percentage of respondents reporting financial strain highlights potential socio-economic challenges that may skew the findings, particularly in relation to price sensitivity. Out of the total respondents, 187 (68%) indicated spending up to 200,000 MNT (approximately 55 euros) on monthly leisure activities and entertainment. Conversely, only 3 respondents (1.1%) reported spending more than 801,000 MNT (around 217 euros).

**Explanatory factor analysis (EFA) and item response theory (IRT).** Table 2 presents the loadings of the EFA, the Kaiser-Meyer-Olkin (KMO) and Bartlett’s test results, and the discrimination parameters from the GRM in IRT analysis. To remove an item from a construct, both the loading and discrimination parameter patterns were considered. The KMO values (greater than 0.5) and the Bartlett’s test results (*p*-values below 0.05) suggest substantial correlation in the data and confirm that the variables measured their intended constructs.

The product construct was determined by the repertoire/agenda, the popularity of the artists, and the quality of the performance. The price construct was defined by affordability and the price-value ratio. With regards to the venue of the performance, the most relevant factors were comfort and ease of access. Promotion was primarily characterized by the gathering of information from digital media and TV/radio sources. Personnel were described as prompt in communication and quick in problem solving. The process construct focused on starting performances on time and ensuring they were well-organized. For physical evidence, the atmosphere and physical design were identified as the most significant factors. The decision-making criteria were streamlined from 14 items to the 6 most relevant, including the date and place of the performance, quality, price, types and genres of the program, and attending with company (family/friends).

**PLS-PM regression: hypothesis testing.** The study analyzed the relationship between the service marketing mix elements (independent variables) and audience decision-making (dependent variable) using PLS-PM regression analysis. Certain items namely Price 3, Place 1, Personnel 1, Process 2, and Decision-Making 1 were excluded from the final model due to their lesser weight and negative impact on the model’s fit.

Figure 2 provides a graphical representation of the parameter estimates from the PLS-PM regression analysis. To enhance clarity, straight arrows indicate positive path coefficients, while dashed arrows denote negative coefficients. The thickness of each line reflects the strength of the relationship. Model fit indices suggest good overall fit ( $R^2 = 0.556$ , AVE for all constructs = 0.627, Goodness of Fit = 0.590). Without the exclusion of some items (Table 2), the Goodness of Fit would have dropped significantly to 0.207 ( $R^2 = 0.606$ , AVE for all constructs = 0.341).

Table 3 presents the reliability coefficients and results of the Fornell and Larcker test for discriminant validity. The square root of the AVE values is shown on the diagonal, while construct correlations are displayed in the lower triangle.

**Table 2 Explanatory factor analysis (EFA) and graded response model (GRM) results.**

Construct	Item	Description	KMO <sup>b</sup> /Bartlett test	Discrimination parameter	Excluded	Omega hierarchical
Product	Product1	Repertoire/agenda	0.636/Chi <sup>2</sup> = 123 <i>p</i> < 0.001	1.574		0.67
	Product2	Conductor		-0.319	X	
	Product3	Popularity of artists/Performers		1.355		
	Product4	Quality of Performance		1.458		
	Product5	Augmented products		0.361	X	
Price	Price1	Affordability	0.674/Chi <sup>2</sup> = 226 <i>p</i> < 0.001	8.159		0.85
	Price2	Good value for money		1.758		
	Price3	Discounts		0.748		
	Price4	Cheaper prices		1.102	X	
Place	Place1	Venues are sufficient	0.650/Chi <sup>2</sup> = 168 <i>p</i> < 0.001	1.401		0.81
	Place2	Easy to find		2.696		
	Place3	Comfortable		2.339		
	Place4	Parking lots		0.616	X	
Promotion <sup>a</sup>	Promotion 1	Membership card	0.567/Chi <sup>2</sup> = 72.8 <i>p</i> < 0.001	0.139	X	0.66
	Promotion 2	Redeemed voucher		0.187	X	
	Promotion 3	Discounted prices		0.203	X	
	Promotion 4	Information from TV/radio		3.560		
	Promotion 5	Information from digital platforms		0.608		
Personnel	Personnel1	Employees are friendly	0.641/Chi <sup>2</sup> = 104 <i>p</i> < 0.001	1.373		0.65
	Personnel2	Greeting/talking promptly		2.012		
	Personnel3	Problem solving quickly		1.456		
Process	Process1	Starts on time	0.645/Chi <sup>2</sup> = 299 <i>p</i> < 0.001	16.768		0.94
	Process2	Date and time		1.869		
	Process3	Well-organized		1.855		
Physical evidence <sup>a</sup>	Physical Evidence1	Environment and atmosphere	0.525/Chi <sup>2</sup> = 37.6 <i>p</i> < 0.001	3.455		0.87
	Physical Evidence2	Staging, lighting, acoustic		-0.172	X	
	Physical Evidence3	Interior design		1.347		
	Physical Evidence4	Decoration		0.432	X	
Decision-making <sup>a</sup>	Decision_making1	Date of concert	0.819/Chi <sup>2</sup> = 1190 <i>p</i> < 0.001	1.574		0.84
	Decision_making2	Environment/place		4.272		
	Decision_making3	Quality of Performance		1.800		
	Decision_making4	Distance to home		0.518	X	
	Decision_making5	Advertisement		0.962	X	
	Decision_making6	Ticket Price		1.713		
	Decision_making7	Types/Genres/Program		1.947		
	Decision_making8	Parking convenience		0.653	X	
	Decision_making9	Going with family/friends		1.362		
	Decision_making10	Prefer recorded music		0.410	X	
	Decision_making11	Prefer other cultural events		0.459	X	
	Decision_making12	dressing up purposeless		0.296	X	
	Decision_making13	Social activity/meet with others		0.947	X	
	Decision_making14	Not enough time to attend		0.000	X	

<sup>a</sup>Multidimensional, the factor with the largest sum of squared loadings and the related omega was reported.

<sup>b</sup>Kaiser-Meyer-Olkin test for measuring sampling adequacy.

Fornell and Larcker’s (1981) criterion supports discriminant validity, as the square root of the AVE for each construct exceeds the correlations between that construct and others. Additionally, the square root of all AVE values exceeds 0.707, indicating strong adequacy, as the average explained variance surpasses 50%. The reliability coefficients for all main constructs exceed 0.7, confirming sufficient reliability. These results suggest that the constructs in the model are stable and reliable measures of the underlying theoretical concepts.

Table 4 presented the PLS-PM regression coefficients, bootstrap estimations using 1000 samples, other statistics, and hypothesis testing results. A coefficient was deemed significant if the bootstrap estimate was at least twice the respective standard error. The variance inflation factor (VIF) indices were below the threshold of 3, indicating no significant multicollinearity between items within the same construct.

According to Table 4, the variable with the greatest influence on audience decision-making was Product (*B* = 0.725; *t* = 10.69;

*p* < 0.001), followed by Promotion/Information gathering (*B* = 0.226; *t* = 3.38; *p* < 0.001) and Process (*B* = 0.132; *t* = 2.02; *p* = 0.044). These factors had a positive and statistically significant impact on decision-making. Specifically, audience decision-making was strongly influenced by Product (including the repertoire, artist popularity, and performance quality), Promotion (information available through TV, radio, and social media), and Process (timeliness and organization of the concert). In contrast, Price had a negative impact on decision-making (*B* = -0.106; *t* = -1.05; *p* = 0.295). Although this result was not statistically significant, it suggests that price affordability or the price-value ratio could influence decision-making indirectly, particularly when other factors such as value perception or leisure priorities come into play. Interestingly, Physical Evidence, Personnel, and Place had no discernible influence on decision-making. This unexpected result implies that factors like venue quality and customer service, typically significant in service environments, may be secondary to the core product (the performance itself) in this context.

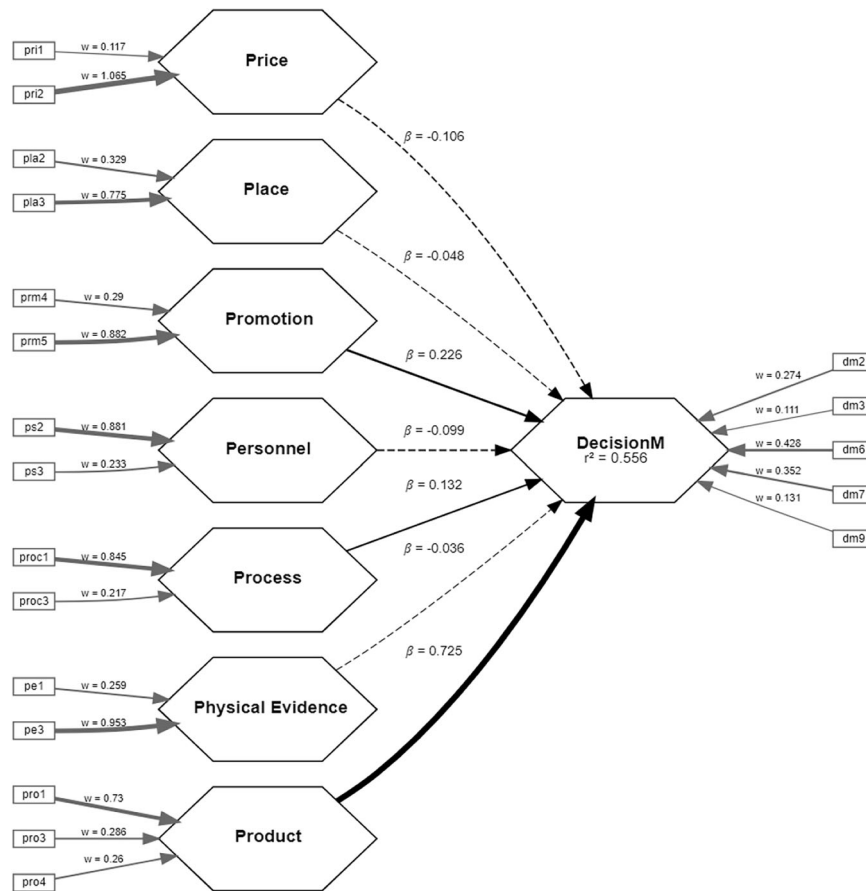


Fig. 2 PLS-PM regression analysis. Final PLS-PM regression model and its path coefficient estimates. (source: authors' own calculation).

Table 3 Reliability and Fornell and Larcker test of discriminant validity.

Constructs	Reliability coefficient	Product	Price	Place	Promotion	Personnel	Process	Physical evidence	Decision-making
Product	0.767	<b>0.729</b>							
Price	0.754	0.513	<b>0.792</b>						
Place	0.863	0.571	0.654	<b>0.872</b>					
Promotion	0.734	0.270	0.463	0.403	<b>0.775</b>				
Personnel	0.783	0.309	0.369	0.416	0.461	<b>0.810</b>			
Process	0.875	0.184	0.487	0.542	0.472	0.424	<b>0.884</b>		
Physical evidence	0.625	-0.266	-0.189	-0.277	-0.053	-0.145	-0.089	<b>0.717</b>	
Decision-making	0.852	0.708	0.374	0.428	0.372	0.232	0.256	-0.205	<b>0.735</b>

The bold values represent the square root of the average variance extracted ( $\sqrt{AVE}$ ) for each construct. According to the Fornell and Larcker criterion, discriminant validity is established when the square root of the AVE for a construct is greater than its correlations with all other constructs. The bold values in the diagonal meet this requirement, indicating that each construct is distinct from the others, thus supporting discriminant validity.

Table 4 Parameter estimates of the independents in the PLS-PM regression on decision-making.

Independents	Path coefficient	Bootstrap estimation	Standard error	t-statistic	p-value	VIF <sup>a</sup>	Supported?
Product	0.725	0.716	0.067	10.69	<0.001	1.318	H1: Yes
Price	-0.106	-0.091	0.087	-1.05	0.295	1.542	H2: No
Place	-0.048	-0.045	0.082	-0.55	0.583	1.482	H3: No
Promotion	0.226	0.220	0.065	3.38	<0.001	1.078	H4: Yes
Personnel	-0.099	-0.083	0.054	-1.54	0.125	1.208	H5: No
Process	0.132	0.131	0.065	2.02	0.044	1.739	H6: Yes
Physical evidence	-0.036	-0.04	0.053	-0.75	0.454	1.003	H7: No

<sup>a</sup>VIF values were calculated for all items separately and the maximum value was reported.

## Discussions on findings

The study's results supported the first hypothesis (H1), demonstrating a positive influence of the product on audience decision-making. This finding aligns with prior research (Xu et al., 2023), which highlights the critical role of a performing arts organization's product in influencing attendance, satisfaction, and reputation. Elements such as the quality of performances, the repertoire, and the identity of artists significantly influence audience decisions. In the Mongolian context, classical and traditional performances hold substantial cultural value and resonate deeply with audience preferences, distinguishing these findings from Western studies, which often emphasize modern or contemporary performances. This cultural specificity adds a unique perspective, highlighting the importance of traditional performances in Mongolian performing arts. In contrast, the results did not support H2, which posited a positive influence of price on audience decision-making. The findings indicate that price changes do not have a statistically significant relationship with audience decisions, possibly due to subsidized tickets or discounts that reduce financial constraints. Additionally, the limited diversity in pricing tiers in Mongolian performing arts organizations may diminish price sensitivity as a factor. These findings contradict previous research (Cacovean et al., 2021), which identified price as a significant determinant of purchasing decisions. In the Mongolian context, traditional values and cultural appreciation may outweigh price considerations, emphasizing the need for further investigation of the interplay of cultural and economic factors in shaping audience choices. H3, which hypothesized a significant impact of Place on audience decision-making, was not supported. This finding diverges from studies (Streed, 2020; Liberato et al., 2024) emphasizing the importance of venue accessibility in influencing attendance. The lack of significance could be attributed to the centralized nature of performing arts events in Ulaanbaatar, where most venues are easily accessible. Moreover, Mongolia's nomadic history and societal emphasis on mobility may reduce the perceived importance of venue distance. However, rural audiences facing logistical barriers might be underrepresented, potentially masking broader impacts of place on attendance. Conversely, the analysis supported H4, indicating that promotion has a positive and significant influence on audience decision-making. This aligns with previous research, which emphasizes promotion as a critical marketing strategy (Byrnes, 2022). To effectively promote Mongolian performing arts to audiences, it is important to recognize and adapt to cultural nuances while still retaining traditional promotion methods. This is particularly important given the strong influence of traditional values and social community on audiences. Promotional campaigns may need to be adjusted to align with these cultural nuances, which are highly valued. The personnel variable did not have a positive influence on audience decision-making; therefore, the research results did not support H5. The study suggests that changes in employee behavior or performance may not have a significant influence on audience decision-making. This contradicts previous research (Coman et al., 2023; Neil et al., 2008), which proposed that service employees significantly influence audience decision-making through interactions, communication, creating connections, and swift problem solving. In this study, the limited role of personnel in influencing decisions might stem from audiences prioritizing the quality of the performances over their interactions with staff. Additionally, the low visibility of front-line staff and rigid organizational structures may reduce the perceived importance of personnel in shaping the audience's overall experience. While the statistical analysis did not reveal a substantial association, the traditional emphasis on interpersonal relationships and community may still play a critical role in audience decisions. The study supported H6, demonstrating that the process variable has a positive and statistically significant impact on audience decision-making. This finding aligns with previous research, which has shown that the purchasing decisions of customers in the service industry are

significantly influenced by well-organized and efficient processes (Preko and Gameti, 2014). For example, organizing events with clear dates and punctual starting times positively impacts audiences, particularly in a busy city, as it ensures that their time is not wasted. The study did not support H7, indicating that physical evidence does not significantly influence audience decision-making. This finding challenges the notion that the physical environment has a substantial influence on an individual's purchasing decisions (Zeithaml et al., 2013), which has been deemed important for performing arts institutions. Unlike studies that highlight the physical environment as a major factor, this study suggests that Mongolian audiences place less emphasis on the physical setting, prioritizing cultural and performance-related factors instead. Although the coefficient for physical evidence was positive, its lack of statistical significance suggests that changes in the physical appearance or presentation of a product or service may not be strongly linked to changes in audience decision-making. Despite positive responses to aspects like lighting, acoustics, and interior design, the lack of a significant relationship may reflect a reduced emphasis on venue esthetics compared to other elements, such as performance quality or ticket affordability. Nevertheless, it remains essential for performing arts organizations to foster a pleasant atmosphere, a welcoming environment, and a strong brand identity that aligns with the preferences and cultural values of the Mongolian audience. While previous studies have emphasized factors such as price, physical evidence, and venue accessibility as major determinants of audience decision-making, this research highlights the importance of cultural specificity in these areas. The limited influence of price and location in the Mongolian context suggests that traditional values, community ties, and historical factors play a greater role in shaping audience preferences. This divergence underscores the need for a more culturally contextualized approach to understanding consumer behavior in the performing arts. Future research could further explore how cultural values influence the relative importance of different marketing factors in various cultural settings.

## Conclusion

The aim of this study was to investigate the impact of the service marketing mix (7P) on audience decision-making in the Mongolian performing arts sector. Data were collected from 275 audience members who attended three performances: "Classical Music concert-L.V. Beethoven and W.A.Mozart" on January 27th, 2023 at the Mongolian State Philharmonic Theatre, "Rhapsody romantic night concert" on February 13th, 2023 at the same venue, and "Swan Lake by P.I.Tchaikovsky" on February 14th, 2023 at the National Academic Theatre of Opera and Ballet. Partial Least Squares Path Model regression was employed to evaluate the impact of the service marketing mix, with data analyzed using R 4.2.4. software.

The findings reveal that the elements of the service marketing mix exert varying degrees of influence on audience decision-making in Mongolian performing arts. Specifically, product quality and promotional efforts demonstrate a positive and significant impact, underscoring the importance of delivering compelling performances, effective communication, and efficient organizational processes. Conversely, the lack of significant influence from price, place, personnel, and physical evidence highlights the need for further investigation into the unique cultural and contextual factors shaping audience preferences in Mongolia.

This study significantly contributes to the existing literature by providing insights into audience decision-making in the performing arts, particularly in a distinct cultural setting. Combining methodological rigor with practical recommendations, it offers a foundation for enhancing marketing strategies and fostering

audience engagement. Aligning marketing efforts with cultural values and audience expectations can help organizations strengthen public connections and reinforce the performing arts' role in cultural identity and community cohesion. These findings also offer valuable guidance for similar industries in emerging markets. Furthermore, this research advances understanding of consumer behavior, audience decision-making, and the service marketing mix, contributing to the emerging field of performing arts marketing in Mongolia.

**Theoretical implications.** This study contributes to the literature by applying the 7P framework product, price, place, promotion, personnel, process, and physical evidence to the context of Mongolian performing arts, providing insights into how these elements influence audience decision-making. The findings reveal that not all elements of the 7P framework carry equal weight in this cultural setting. Product quality, promotion, and process demonstrate the most significant positive impact, suggesting that in the performing arts sector, particularly in culturally rich environments like Mongolia, audience decision-making is driven more by the quality and presentation of the performance and the effectiveness of promotional efforts than by traditional concerns such as pricing or venue convenience. Moreover, the limited influence of price, place, personnel, and physical evidence challenges conventional applications of the 7P framework in other sectors and regions, highlighting the need for context-specific adaptations. By emphasizing the unique cultural factors shaping audience preferences, this study underscores the importance of integrating cultural values into the marketing strategies of performing arts organizations.

**Managerial implications.** This study highlights that certain components of the marketing mix significantly influence audience decision-making, while others do not. The positive influence of the product on audience decision-making underscores the need for organizations to prioritize creating unique, high-quality performances that cater to audience preferences. Developing repertoires that blend classical and traditional Mongolian works could capitalize on the country's rich cultural heritage, enhancing audience appeal. The findings suggest that price, affordability, and perceived value play a nuanced role. The limited effect of cheaper prices and affordability on decision-making may reflect the audience's limited income and leisure spending. To address this, organizations should implement flexible pricing strategies, such as discounts, loyalty programs, or tiered pricing, to attract diverse audience segments while ensuring value for money. Strategies like early bird discounts or exclusive packages can encourage repeat attendance and broaden accessibility. Accessibility and location emerged as critical factors. With only two major performing arts organizations in Ulaanbaatar, logistical issues like high traffic and limited parking may negatively impact the audience experience. Ensuring venues are accessible and offering solutions, such as parking facilities, is essential to meet audience expectations. Promotional strategies also play a significant role. While traditional promotion methods remain effective, the increasing use of digital and social media in Mongolia (with over 80% of the population being active users) presents significant opportunities. Performing arts organizations should leverage social media to engage audiences through live streams, polls, behind-the-scenes content, and targeted advertisements customized to local spending habits. Clear communication about upcoming performances and the benefits of attending can further enhance engagement. Personnel factors, such as employee friendliness and problem-solving, did not significantly influence audience decision-making. However, aligning personal strategies with Mongolian cultural values is essential for improving the overall audience experience. Efficiency and punctuality, which are highly valued, should be emphasized in

operational processes. Physical evidence, though not a significant factor in audience decision-making, remains important for maintaining a pleasant atmosphere, a welcoming environment, and a strong brand identity. Marketers should adopt a holistic marketing strategy that prioritizes impactful elements like product quality, efficient processes, and effective promotions while maintaining attention to price, place, personnel, and physical evidence as essential components of organizational operations. Despite the lack of significant relationships for some factors, their intrinsic value within marketing and management frameworks warrants continued attention. These elements contribute to broader consumer perceptions and organizational positioning. Managers should adopt a proactive approach, anticipating trends and leveraging opportunities for organizational growth and sustainability.

**Limitations and future research perspectives.** One limitation of this study was the sample size of the audiences who attended the three specific performances, which may not have been sufficient to draw generalized conclusions. This was due to several constraints, including time limitations, the timing of major events in the organizations' calendars, and the practical challenges of conducting research within a specific performance period. While this affected the study's scope, it also provides an opportunity for future research to expand the respondent pool. By including a broader range of performances and audiences, future studies could enable more robust, scientifically confirmed correlations between the components of the marketing mix and audience decision-making. Additionally, another opportunity for future research lies in applying the 7Ps framework to other art categories beyond the performing arts. By broadening the research to include different art sectors, researchers could uncover more nuanced insights into audience behavior from a marketing perspective, enhancing the generalizability of the model and offering a more comprehensive understanding of audience behavior across the arts. Furthermore, while this study acknowledged the potential value of integrating the theory of planned behavior (TPB) to explore the psychological factors influencing audience decisions, its primary focus was on the impact of the service marketing mix within the context of Mongolian performing arts. Future research could build upon this work by incorporating TPB to deepen the understanding of the underlying factors shaping audience choices. The inclusion of additional theoretical perspectives, such as TPB, would contribute to a more comprehensive exploration of audience behavior in the performing arts industry.

#### Data availability

The datasets generated during and analyzed during the current study are available from the corresponding author Zoljargal Ulziibadrakh on reasonable request.

Received: 18 April 2024; Accepted: 29 May 2025;

Published online: 13 June 2025

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### Acknowledgements

The authors gratefully thankful for all the support from the Doctoral School of Management and Business, Faculty of Economics and Business, University of Debrecen, Hungary. This work is supported by the University of Debrecen.

### Author contributions

Zoljargal Ulziibadrakh: conceptualization; data curation; formal analysis; methodology; resources, software, visualization, writing—original draft. Kovács Sándor: data curation, formal analysis, validation, visualization, review, and editing. Zoltán Szakály: conceptualization, formal analysis, funding acquisition, investigation, supervision, validation, review, and editing.

### Funding

Open access funding provided by University of Debrecen.

### Competing interests

The authors declare no competing interests.

### Ethical approval

This study was conducted in accordance with the principles of the Declaration of Helsinki. Approval was granted by the Research Ethics Committee of the Faculty of Business and

Economics at the University of Debrecen (Date: 04/01/2023, No. GTK-KB 003-01/2023). The approval covered all procedures involving human participants in this research. As data collection took place in Mongolia, ethical approval was obtained from an approval body located in Hungary, as part of the research conducted at the University of Debrecen.

### Informed consent

Informed consent was obtained from all respondents in written form on the same day as the survey collection (February 13–14, 2023) at performances held by the Mongolian State Philharmonic Theatre and the National Academic Theatre of Opera and Ballet. Before participation, all respondents were fully informed about the nature and purpose of the research. They received clear explanations regarding the study's objectives, procedures, data usage, confidentiality measures, and their rights as participants. Each participant provided written consent before completing the survey, confirming their voluntary participation and understanding of the study. The survey was completed anonymously and voluntarily, and respondents were assured they could withdraw without any consequences.

### Additional information

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