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MARKETING RESOLUTIONS FOR 2010: EIGHT ACTIONS FOCUSED ON THE BOTTOM LINE

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It's the most wonderful time of the year - and the busiest - especially in the world of performing arts, museums, and other cultural organizations. Even before the fall season of events launched, marketing and external affairs professionals turned their attention to holiday blockbusters. Now, as winter arrives, the ballet world welcomes *The Nutcracker*, museums highlight holiday-themed exhibits from around the world, zoos light up the night with family-friendly activities, symphonies focus on holiday pops programs, and theater audiences applaud Tiny Tim's blessing in *A Christmas Carol* to name a few.

While the rest of the world experiences a post-holiday slow down, marketing professionals in the arts and culture sector will get even busier. There are some encouraging signs regarding the economic recovery, yet we are far from being out of the woods. The new reality is that senior management professionals are being asked to heroically achieve better results with fewer resources.

In this issue of *Arts Insights*, we will explore eight important New Year's resolutions on which to focus early in 2010 that could help lay the foundation for successful growth in revenues and audience participation. These resolutions take into account how to produce the best results in light of smaller budgets, reduced staff, and scarce resources.

ACKNOWLEDGE, THANK, ENTICE

Blockbuster programming offered throughout the holiday season typically brings in new buyers. Many of these patrons bought tickets because they wanted to experience seasonal joy with friends or family. Sometimes they tend to have very little knowledge of the organization that is presenting the program. This means it can be tough to get them to buy a non-holiday cultural experience, as they are not yet fully invested in the organization or its future.

Over the years, arts and culture leaders have watched patrons rotate through the organization with sporadic participation. The January/February 2009 issue of *Symphony Magazine* presented insight into churn patterns in the symphony world, for example. According to the article, *Into Thin Air* by Rebecca Winzenried, "57 percent of ticket buyers for the 2006-07 season were new to orchestras — a seemingly successful measure for getting people in the door — but 55 percent of customers from the previous season did not return."

Can patron churn be slowed? *Symphony Magazine* offers a strategy in the “killer offer.” It suggests that you acknowledge that the patron recently attended, thank them for doing so, AND put an offer in front of them with a discount that they can’t resist. This will give these new patrons a low-risk way to experience different types of programming. The key, however, is in knowing who they are, welcoming them back quickly, and effectively cultivating the relationship. Taking the time to incorporate this strategy will both give you an opportunity to let these new patrons know how valued they are by your organization and get them on the path of long-term buying.

SOCIALIZE AND MAKE NEW FRIENDS

Social networking continues to be a trend worth considering. Facebook, Twitter, YouTube and others are becoming more important factors in the marketing mix. While there is much excitement around these new forms of social media that create an online community of “friends,” the main question is “can they really help to grow future audiences and increase revenue?”

The New York Times reported on November 11, 2009 that the Off Broadway musical “Fela!” generated 18 million impressions and \$40,000 in ticket sales through its Facebook campaign. This was all done on a budget of \$4,400. While results like these are great, not all social networking efforts are yielding the same results.

Much like e-mail marketing, the approach to social networking is one where a relationship is cultivated by engaging “friends” in a dialogue about their general experience while strategically presenting offers to entice them to attend. Remember, people have fun with their friends and often delight in making connections through them. Being seen as a “friend” first will allow your organization to become the one they look to for additional information, special offers, and the expansion of their own social networks. When a patron experiences these additional ways to be connected to your organization their view of it can be enhanced, and they may be more willing to interact (e.g. subscribe/join) when you ask them to.

REMEMBER YOUR LOYAL SUPPORTERS

While it is exciting and invigorating to make new friends, do not turn your back on your already established circle. Often the long-term patron or member is the one who gets the least attention from us, because we believe that they always will renew and/or attend. However, it might not be as easy as we sometimes think, particularly during challenging economic times.

In a December 1, 2009 memo posted on the ArtsJournal.com web site on December 10, 2009 from the League of American Orchestras, the unique audience for live classical music has declined by 13% since 2002. The memo goes on to point out that baseline population growth is no longer enough to counter declining arts and culture participation rates.

Typically, an in-house mailing list performs at a much higher rate and with a lower cost per sale than externally acquired lists. At a time when budgets are being cut and there are fewer marketing people on the team to get the job done, it is necessary to invest in the tools required to best understand who is in the existing resource database and what their buying patterns indicate about their potential. This allows for the right sales messages to be presented to the right patrons at the right time, thus keeping renewal numbers high and re-inviting lapsed buyers to return.

INVITE EARLY AND OFTEN

It sounds easy enough to say “the more time you have to sell, the more you will sell.” But when interacting with both your loyal patron base and new friends, you must continue to get offers to them early and often.

Buying history, for example, can help inform what new offers could be created for past attendees. Typically patrons buy packages and programs that are similar to what they have previously experienced. Think about how to best draw connections for them through an integrated marketing effort, as they may not realize which packages and programs relate to those that they have attended in the past.

For new friends, consider presenting direct program suggestions for them. Give them insight into why they might want to choose one program or package over another. You can even create an “Introduction” that gives them a sampling of all that your organization has to offer.

Throughout the selling cycle, remember to test and track results, monitor who is responding, and use that information to help structure all subsequent direct response efforts. Think about each market segment and what the correct messages and timing for them might be. Doing this will give you the information you need to tailor sales messages for those who have not yet purchased, creating new opportunities for your product to resonate with them.

USE ALL OF YOUR TOOLS

As marketers, our tool boxes are full of creative ideas. While social networking is perhaps the newest and shiniest, other options are still essential to deliver a large portion of revenue. Don't forget about other modes of marketing – direct mail, telemarketing, print and electronic media advertising, e-mail, and so on.

All the tools in the tool box need to be mobilized and factored in during the planning and implementation process. As non-traditional marketing methods like social networking are delivering sales of just a few percentage points, if any, time and money should be allocated based on expected revenue results by source. If direct mail traditionally results in 60% of sales, consider how you're going to invest the resources to ensure that you reach that benchmark. Or if you are considering changing the marketing mix, analyze your assumptions so that you can support your decisions for the reallocation of resources.

In the planning stage, do the research to help you set an expense budget and associated revenue projections tied to each of your tools. Review not only the results but whether each effort is producing at the expected rate based on the allocated expense. Results that produce higher or lower than plan should be analyzed for the reasons why. Capitalize further on successes and/or minimize shortfalls. Ultimately, planning, tracking, and adjusting how you use all of your tools will help you expend your resources in the most cost-effective, success-oriented way.

CREATE A “STOP DOING” LIST

Finishing priority projects that add to the bottom line is as important as not getting caught up in time consuming projects that neither reinforce the patron experience nor help to sell tickets. How are you spending your time?

In addition to the “To Do” list, the idea of a “Stop Doing” list has been around for a long time, but within the last ten years the latter has been made popular by management guru Jim Collins, author of *Good to Great* and co-author of *Built to Last*. Collins speaks of “the necessary discipline to discard what does not fit ... to cut out what might have already cost days or even years of effort.” He goes on to say that this is what “distinguishes the truly exceptional artist and marks the ideal piece of work, be it a symphony, a novel, a painting, a company or, most important of all, a life.”

Stop Doing lists are empowering and should be shared with the leadership team. Explain the rationale for why things are on the list and recommend that all team members make their own lists as well.

PICK THE BEST TEAM NOW

The marketing professionals that are going to deliver the best results in this economy are the ones who surround themselves with the best team. Even in this time of smaller budgets and reduced staff, marketers need to rely on good strategic partners to help them get priority projects done - from designers to telemarketers to printers to consultants.

As 2010 approaches, two factors should be addressed as soon as possible. The first is related to budgeting. Make sure the marketing budget has been built to accommodate all needed partners. This may require making tough decisions regarding allocations. Use the “Stop Doing” list to help guide the process on what should stay and what should go.

The second factor is related to timing. Partners generally are able to produce a more comprehensive strategy when they are brought in early in the planning phase. This also helps them understand how their part factors into the overall marketing plan - its objectives, tactics, and associated deadlines. Seeking their expertise early gives you more time to put the best roadmap together and gets you more bang for your buck.

PLAY THE PRICING GAME

The 2009 year so far has already surpassed 2008's record for domestic ticket sales in the movie industry according to the *New York Times* December 21, 2009 report on statistics from Box Office Mojo. How has it done so well while competing against DVD, on-demand, video games, and other forms of media entertainment? Mainly by raising prices and offering premium add-ons that cost more, like 3-D versions of hit movies. While 2009 movie attendance rates are up slightly from last year, they are down 12% from the decade peak reached in 2002.

Arts and culture marketers can take a page out of Hollywood's playbook, but the key is customizing the strategy for each market. On December 10, 2009, The National Endowment for the Arts released the *2008 Survey of Public Participation in the Arts* regarding attendance rates for all art forms. The top line finding was that all arts groups have experienced "notable" declines in attendance within the study period of 2002-2008.

Market research and planning is the way to best deal with the reality of lower participation. To play the pricing game correctly, audience research must be done early to determine high and low thresholds for price sensitivity within your specific market. After prices are established, carefully study what the patron base is communicating back to you through their purchase patterns. Which tickets are they buying and at what price? What new offers and price points were most successful? The answers may surprise you and guide you to better decisions about the future.

CONCLUSION

Using detailed knowledge of your patron base to make informed decisions on pricing and programs, assembling the best possible team, and concentrating your energy on priority projects that significantly impact the bottom line can be simple ways to help you cut costs and increase revenue. But inviting participation, engaging social networks, creating excitement around programs, and thanking people for joining your family will also reap long-term rewards. With 2010 right around the corner, marketing activities are not going to slow down. In fact, it may become harder to make tough decisions if resources continue to diminish. Now is the time to get started on your New Year's resolutions. Good luck!

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