Spektrix Insights Report 2019
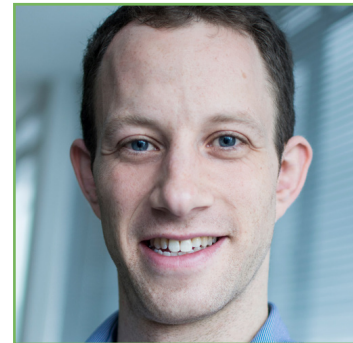
SPEKTRIX

FOREWORD

At Spektrix, we believe that opportunities for people to experience arts and cultural events are fundamental to a high quality of life and the health of our communities. It is our mission to enable the vital organizations presenting these events to engage and deepen relationships with the broadest range of audiences.

With this mission in mind, I am pleased to introduce the first edition of the Spektrix Insights Report. Building on our benchmark reports released in 2015 and 2017, the Insights Report delivers new and deeper analysis on effectively engaging and deepening relationships with audiences. It features new data including online device usage and accessible online booking, and a number of concrete examples of organizations demonstrating best practice in audience engagement and revenue generation. We also hope you will gain useful perspective and insights from valued industry partners, and from our own expert consultants.

Nearly 12 years ago I co-founded Spektrix on the idea that cloud-based software paired with expert consultative support could bring significant advantages for arts organizations looking for effective ticketing, marketing and fundraising technology. Today we work with 400 clients across the United Kingdom, the Republic of Ireland, Canada and the United States using the same system concepts, and thereby generating a powerful amount of aggregate data and inspirational best practice.

From the foundation of our data and the success stories that came out of it, we want to share insight, expertise and best practice with the entire sector. I hope you are inspired by what you find.

MICHAEL NABARRO
CO-FOUNDER AND CEO

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SPEKTRIX

Executive Summary

The Spektrix Insights Report is a look into the consumer transaction data of up to 343 arts organizations that use the Spektrix ticketing, marketing, and fundraising CRM system. Focused on metrics for audience engagement, revenue management and customer and donor experience, it includes a quantitative analysis of more than 25 million items purchased across the Spektrix system in 2018. This analysis is placed within the wider context drawn from our economic landscape, the arts sector and other related industries such as retail. It includes a range of examples from the organizations that sit in the top 10% of our key metrics.

OUR FINDINGS

Against a challenging economic backdrop for arts organizations[1], there are positive signs of resilience and investment in future-looking strategies. Yet there is a great deal to learn from one another as we see considerable variance between organizations.

LOYALTY IS A REAL GROWTH AREA

- Encouraging loyal audiences remains an area with sizeable uplift potential:
  - On average, 56% of transactions recorded by an organization in 2018 were made by patrons who were new to that organization.
  - Proportions of returning buyers and frequent bookers are largely unchanged since last reported in 2017.

MAKE IT PERSONAL

- Customization yields results:
  - On average, targeted segmentation roughly doubles email marketing engagement.
  - Microtargeting based on recent patron behavior has shown to increase engagement by 20 times in some cases.

MOBILE IS THE FUTURE

- New insight into patron and donor behavior finds the move to online, and specifically mobile, is dramatic:
  - 60% of transactions are made online.
  - 46% of visits to our Spektrix online purchase path are on mobile phones.
- Even as online transactions become more prevalent, in-person contact remains an important channel for higher-value transactions. On average, these are 40% larger than online transactions, likely due to in-person cultivation of major gifts and group sales – but the pattern is also evident in everyday transactions.
  - Donations with ticket sales are more than six times more likely when a transaction occurs online. However, they are worth almost double in value when made in person or on the phone.
  - Online upselling of supplementary items occurs 1.7 times more often than in person and over the phone. However, in-person upselling represents 35% more in value.

UNMET DEMAND FROM AUDIENCES

- There appears to be considerable unmet demand for wheelchair-accessible seats available for online booking:
  - Only 15% of United Kingdom and Republic of Ireland organizations had one or more online bookings which included a wheelchair hold last year.
  - On average, in the United Kingdom and Republic of Ireland, 4% of bookings including wheelchair access needs occurred online – nearly five times lower than in the United States and Canada where equal access to online booking is mandated by law.

UNTAPPED OPPORTUNITIES

- Yield management metrics indicate some organizations are leaving vital revenue on the table. Those that implement a strategy to maximize revenue on high-demand events, and tend to have an upward trend in their prices as the show approaches, can make an extra 10% or more on their original base price.

CONSIDERATIONS

These findings paint a complex picture of patron behavior and expectations, but also show some useful common factors for successfully connecting with audiences and building effective revenue.

- **Patrons expect a customized approach.** Whether it is what they are booking, the channel they are using, the emails they click on, or what they choose to support with donations, a one-size fits all approach is often less than half as effective as a custom approach.

- **Customer and donor context matters.** A focus on customizing offers, donation asks and communications based on audience members' interests is effective; approaches that also take into consideration people's immediate context are even more so. Cues like device usage, recent website visits, in-person visits and basket abandonment can help organizations design relevant and effective engagement triggers.

- **Investing in technological tools is important, but only part of the picture.** Thanks to the continued move to online transactions, applying effective audience engagement and revenue-generating tools online (and in particular on mobile) is more important than ever. However, investing in the customer- and donor-facing team's ability to connect with audiences in person and on the phone yields major gains in revenue and engagement that technology is hard pressed to match.

APPENDIX

1 U.K. - Consumer confidence reached a five-year low in early 2019 and retail sales have again decreased year over year. In the U.S. the middle class has seen stagnating real wages (after inflation) for many years, and lower-income families have seen their real wages drop.

In the following pages of the report you will explore data and success stories that we hope will inspire you at your organization.

INTRODUCTION TO THE DATA

This report includes aggregate data primarily from January 1-December 31, 2018, gathered across up to 343 performing arts organizations from the United States, Canada, the United Kingdom and the Republic of Ireland. This large aggregate data set comes directly from our Spektrix client databases, and gives a unique quantitative view of key performance metrics from across regions and disciplines.

For each of the metrics included, we have defined a way to measure consistently across the whole data set, and then looked at average percentages rather than raw figures to make the data points comparable across differing sizes and types of organizations. Where appropriate, we have also drawn comparisons between different organization types (these are defined in the "About this Report" section on page 60) and global regions, where this may have a direct impact on the success metrics.

HOW TO READ THIS REPORT

This report has been structured into five sections to guide you through the data and analysis. In each, you will find an introduction to the metrics and why they're important measurements, including the **Key Findings** from our analysis. We then share some **Success Stories** from organizations that are operating in the highest 10% for that metric, showing how their average compares to the full average of the data set. We share some **Considerations** for assessing your own organization's performance against the averages for the data set. In each section, we include **Industry Insight** from a professional consultant who specializes in that area. If you would like to **Benchmark** your organization's performance more fully, we also provide more in-depth data at the end of each section.

Understanding Audience Loyalty

Performing arts audiences are always made up of a mix of loyal patrons and new recruits. As the balance between these two groups has important implications for growing audiences, achieving artistic and community missions, and allocating marketing budgets, we explore key metrics on:

- **First-time patrons**[1]

- **Returning patrons**
  who purchased in 2016 and returned in 2018 (or 2017)

- **Frequent bookers**
  who attended more than once in 2018

KEY FINDINGS

26% of patrons who purchased 2016 returned in 2018; 31% returned in 2017.

On average, **56% of patrons in 2018 were first-timers.**

24% of patrons were frequent bookers, attending more than once in 2018[2].

In contrast, **organizations in the highest 10% for these metrics were almost twice as successful than the average.**

These metrics are largely **unchanged from our last report in 2017.**

THE PRESSURE IS ON

In the context of stagnant or negative growth in many consumers' real purchasing power[3], the sector also exists within an environment in which audiences have never had more choice about their discretionary spending. Brand loyalty has declined[4] across the retail sector. Meanwhile, leisure-time options proliferate[5], with in-home options the fastest-growing part of the sector. Adding to the challenge, many funders[6] and organizations are focused on encouraging attendance by new and more diverse audiences, often from the same demographics hit hardest by the economic forces in play. Against the backdrop of these challenges, the steady performance of loyalty measures is reassuring.
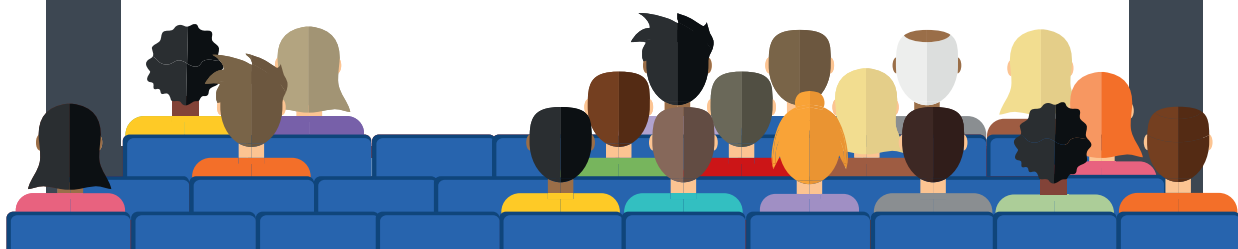
ENCOURAGING LOYALTY

RETURNING PATRONS

PATRONS RETAINED FROM 2016

26%
AVERAGE

45%
AVERAGE FOR TOP 10% OF ORGANIZATIONS
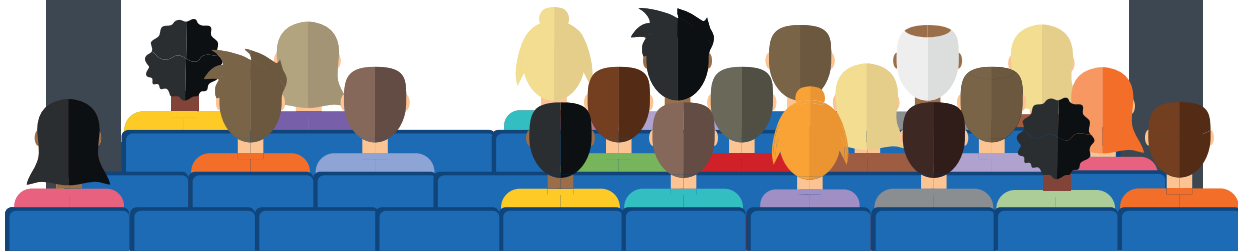
FREQUENT BOOKERS

PATRONS ATTENDING MORE THAN ONCE

24%
AVERAGE

44%
AVERAGE FOR TOP 10% OF ORGANIZATIONS

THREE STAND-OUT ORGANIZATIONS IN OUR DATA SET SHARE HOW A CREATIVE AND DEDICATED FOCUS ON LOYALTY PAYS OFF FOR THEM

THE OCTAGON THEATRE
YEOVIL, SOMERSET, UK

A modern 600+ capacity theater and visual arts gallery hosting a broad program of drama, dance and musicals.

To build on their success with existing loyal patrons, The Octagon Theatre introduced a "no strings attached" rewards program in 2018 called "Here's to You." For the program, they offer free tickets and extra on-the-day surprises to selected patrons based on their previous booking behavior and levels of engagement. "Here's to You" is helping them encourage loyal patrons to attend more "risky" shows outside of their normal booking preferences, and to build a relationship with the venue.

They've seen immediate results from this program, including:

- Greater crossover between genres
- Greater crossover between their two municipal venues
- Increased reattendance overall
- Higher membership uptake
- Pre-show dining numbers increased

The "Here's to You" program is clearly branded and communicated but, as it requires no sign-up, anyone has the potential to be included. Engagement has increased beyond attendance, staff recognize loyal customers on a first-name basis and patrons are so delighted they send thank-you cards for the theater's generosity and great recommendations.

Due to the program's immediate success, The Octagon Theatre have ambitious plans to develop it further.

ENSEMBLE THEATRE
CINCINNATI, OHIO, USA

A 182-seat theater dedicated to producing world and regional premieres of works that often explore compelling social issues.

Audience loyalty has always been a core aspect of Ensemble Theatre Cincinnati's business strategy, and ensuring patrons feel compelled to return has been critical to the organization's success for more than 30 years.

In recent years, Ensemble Theatre has increased its focus on loyalty by developing a strategic visual guideline (loyalty ladder) to facilitate the movement of audiences along a deliberate path from ticket-buyer to reattender to subscriber.

- Beginning with retention efforts the team actively encourages reattendance through generous, segmented and timely offers to upcoming shows.
- Patrons who have attended multiple times are moved up the loyalty ladder and are targeted as potential subscribers.

Reorienting to a strategy that focuses more heavily on current audiences and incentivizing reattendance has meant increasing the amount of time and budget devoted to audience loyalty.

- Ensemble Theatre has added multiple touchpoints with audience members, including both mail and email. They have carefully planned these to be timely, to engage the audience member based on where they are on the loyalty ladder and to incentivize their next move.
- They have revamped marketing budgets to accommodate the associated communications costs and staff time.
- With relatively minor extra investment, retention is now seen as a vital and intrinsic part of the marketing strategy.

> " The vast majority of our strategies surrounding audience retention have been made possible by using technology which allows us to segment, track and action our plans. An integrated email platform has had a major impact on audience loyalty.

JOCELYN MEYER
DIRECTOR OF MARKETING & COMMUNICATIONS

NEW WOLSEY THEATRE
IPSWICH, SUFFOLK, UK

A 400-seat regional nonprofit producing theater that presents high-quality, diverse and accessible work.

As public investment was gradually diminishing, the team at New Wolsey Theatre identified a need to increase patron-generated income to continue to thrive. After working closely with TRG Arts to analyze patron data with a particular focus on booking behavior and spend, they identified a huge potential to pursue a more strategic approach to patron loyalty.

In 2014, they reshaped their business model to ensure patron loyalty was at the center of their operation and to drive change systematically across the whole organization. The vision they developed for working – with audiences at the center of everything they do – has inspired a new way of operating that they now embrace.

The New Wolsey's strategy for success:

- Break down the entire database into segments that reflect where patrons are in terms of an overall loyalty "ladder," from first-time attender or lapsed booker right through to advocate (subscriber, member and/or high-level donor).

- Segment not only on commonly used recency/frequency/value rules, but also on patron engagement across different metrics – e.g. member AND subscriber, single ticket buyer AND donor – to get a better picture of overall loyalty.

- Identify the most important touchpoints to move audience members progressively up the ladder.

- Train every team member to upgrade and re-engage patrons.

CONSIDERATIONS

- Organizations that plan for and prioritize developing relationships with their audiences are seeing success in audience loyalty metrics. **What can your organization do today to plan for loyalty?**

- It's often estimated that marketing to new patrons may cost between five to 25 times[7] as much as retaining patrons. **How does your approach to loyalty impact your marketing expenses and targets?**

- Many funders and organizations prioritize new audience development over audience loyalty, but a balance is always going to be the most effective strategy. **What plans do you have in place to encourage reattendance of hard-won new audiences?**

BENCHMARK DATA

% OF RETAINED PATRONS, AVERAGES VS. HIGHEST 10% BY ORGANIZATION TYPE

TOP 10% AVG. RETENTION 2018   COHORT AVG. RETENTION 2018
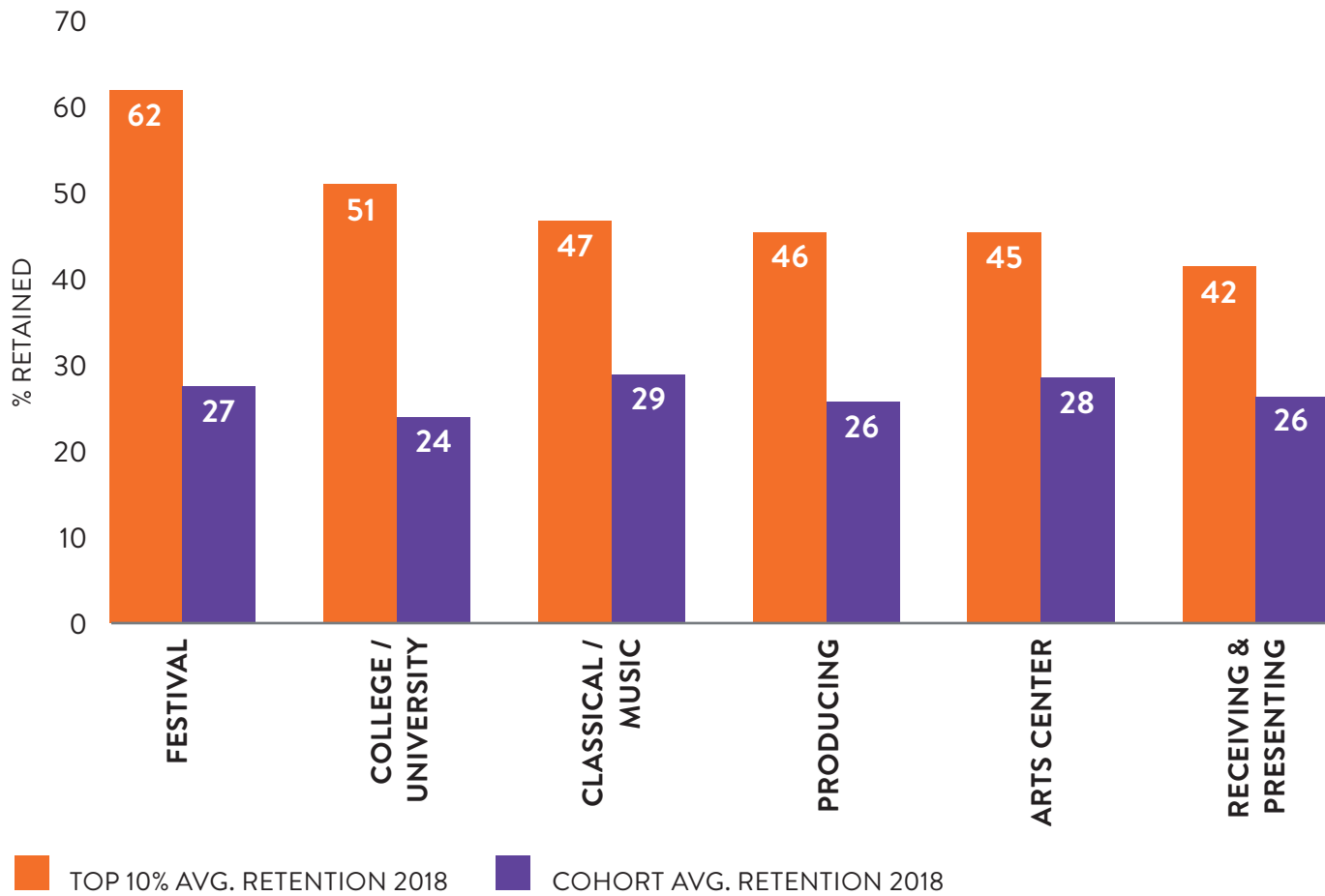
FREQUENCY OF REATTENDING PATRONS

THIS GRAPH REPRESENTS THE PERCENTAGE OF REATTENDING PATRONS PER ORGANIZATION TYPE. EACH ORGANIZATION TYPE SHOWS THE PERFORMANCE OF THE TOP 10% (ON THE LEFT) VS. THE AVERAGE FOR THAT TYPE (ON THE RIGHT).

1   2   3+   NUMBER OF VISITS
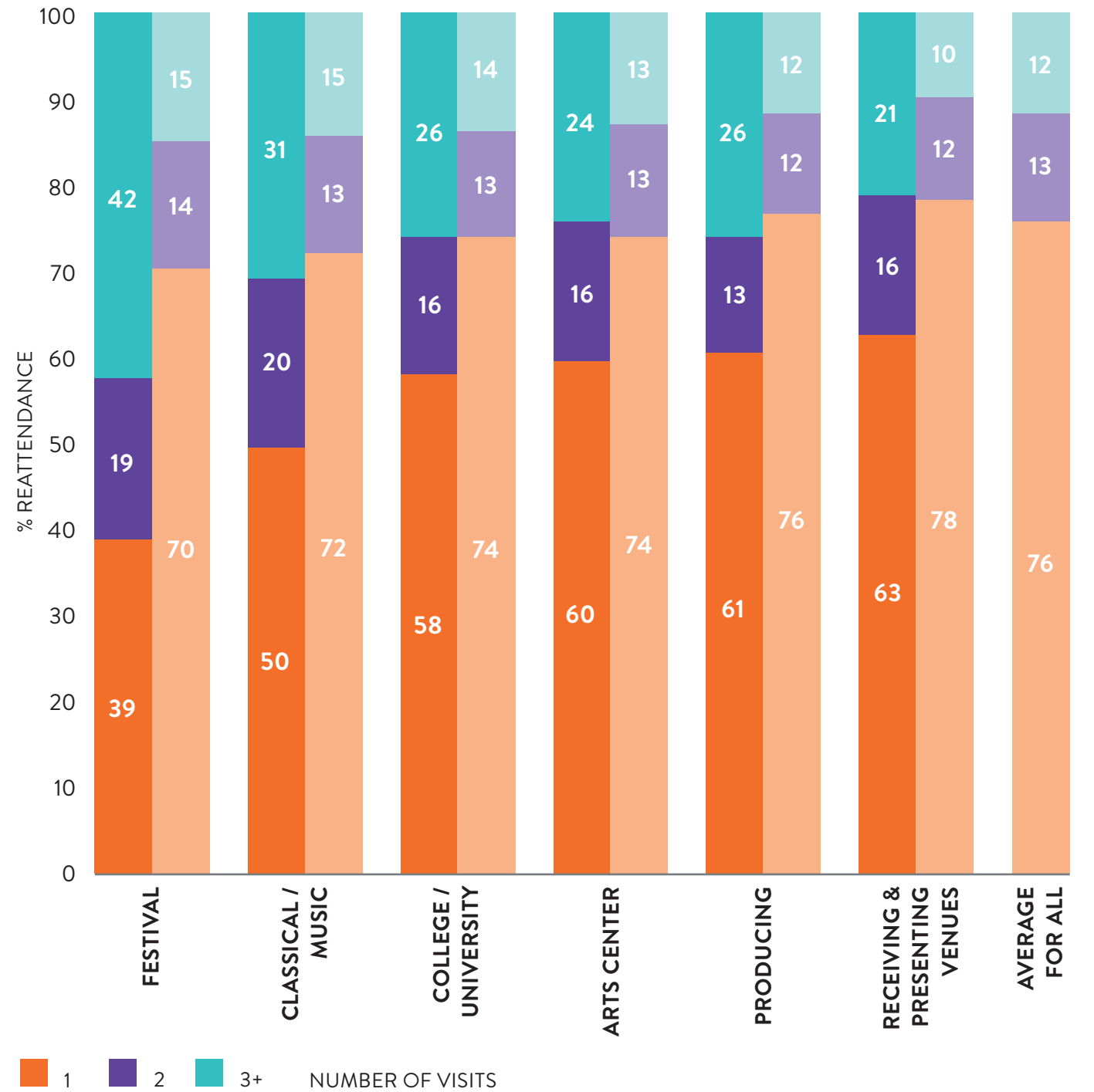
industry insight:
TRG Arts

TRG Arts (The Results Group for the Arts) is an international, data-driven consulting firm that teaches arts marketers, fundraisers and executive leaders a patron- and loyalty-based approach to increasing sustainable revenue. David Brownlee, Director of International Strategy, responds to our findings:

If you're reading this report, the chances are you are interested in and comfortable with data. Great. But don't forget that to improve loyalty in your organization you need to have an impact on people, not figures.

At TRG Arts we use a gloriously cheesy dating analogy when we look at the customer journey from prospecting and first-time attendance to philanthropy and major giving. Think of the first time someone visits you as a first date that could lead to a loving relationship that could last a lifetime. But first you have to make the first date extra special. And then you have to invite them back swiftly and purposely for a second date.

There are great examples of arts organizations who have gone beyond the stage of admitting they have a problem with churn to actually having a plan to do something about it by following four simple steps:

1. **Assess the size of the loyalty problem**
2. **Agree on one metric you want to change and start there**
3. **Set simple, cross-departmental actions to improve performance, and**
4. **Get on with it!**

Once done, review performance against targets, celebrate and repeat.

Find out more about TRG Arts at **www.trgarts.com**

APPENDIX 1

1   We use the term "patron" here to refer to any individual who makes a financial transaction. Most often this is a ticket purchase but it can also include merchandise or donations.

2   Organizations that do well with returning patrons also tend to do well with frequent bookers, though the two metrics are based on different data sets.

3   https://www.epi.org/publication/charting-wage-stagnation/

4   https://www.forbes.com/sites/kathleenkusek/2016/07/25/the-death-of-brand-loyalty-cultural-shifts-mean-its-gone-forever/

5   https://www2.deloitte.com/uk/en/pages/press-releases/articles/leisure-sector-grows-to-117-billion.html

6   https://www.artscouncil.org.uk/how-we-make-impact/diversity

7   https://hbr.org/2014/10/the-value-of-keeping-the-right-customers

Asking
for Donations

The importance of individual philanthropy to the arts sector's bottom line continues to increase. In this section, we focus on the important first stage of the donor pipeline and the critical base of every donor pyramid, donations under $50/£50/€50[1].

Specifically, we look at metrics on:

- **Donations under $/£/€50 made as add-ons to ticket purchases**

- **The effectiveness of various channels for donations under this threshold**

KEY FINDINGS

Less than 2% of phone or in-person transactions include donations, while **13% of online transactions do.**

Donations made by phone or in person are **nearly double online donations as a percentage of basket value (15% vs. 8%).**

Training frontline staff on asking for donations **has led to up to a five-times increase in phone or in-person donation rates.**

Average rates in the U.S. and Canada are 6% online and less than 1% in person or by phone. **However, some organizations in this region see 20%+ online conversion rates.**

PROVING THE RULES

Relative levels of subsidy, individual, corporate and trust and foundation support for the arts varies considerably between the U.S., Canada, the U.K., and Ireland. Nevertheless, arts organizations in each of these regions find themselves confronted with shifts from historic reliance on larger institutional funders, such as corporations or government bodies, to a greater need to attract individual donors to meet fundraising targets. At the same time, individual giving itself is in flux, showing an increase in total year-over-year contributions, while the number of donors is in decline[2].

In this environment, a focus on bringing new donors into an organization at an introductory level may help to preserve and grow this valuable funding category. Two commonly held rules of thumb for successfully soliciting donations from individuals are "don't ask, don't get" and "people give to people"[3]. Our data bears both of these out. Organizations that prioritize asking for donations – and in particular utilize sales teams to do so – are seeing impressive results in converting ticket buyers into donors. Yet, in-person or phone asks are not always possible, with the vast majority of transactions in our data set occurring online (see Section 4), so finding ways to effectively ask for donations online cannot be ignored.

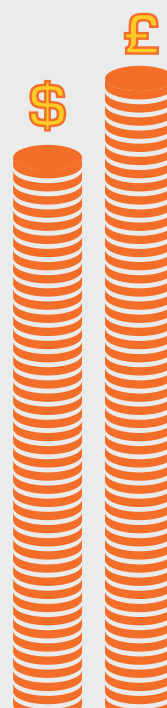## TOP ORGANIZATIONS' AVERAGE DONATION CONVERSION RATES

12% ACHIEVED IN PERSON OR BY PHONE

30% ACHIEVED ONLINE

6x MORE ONLINE TRANSACTIONS CONTAIN DONATIONS
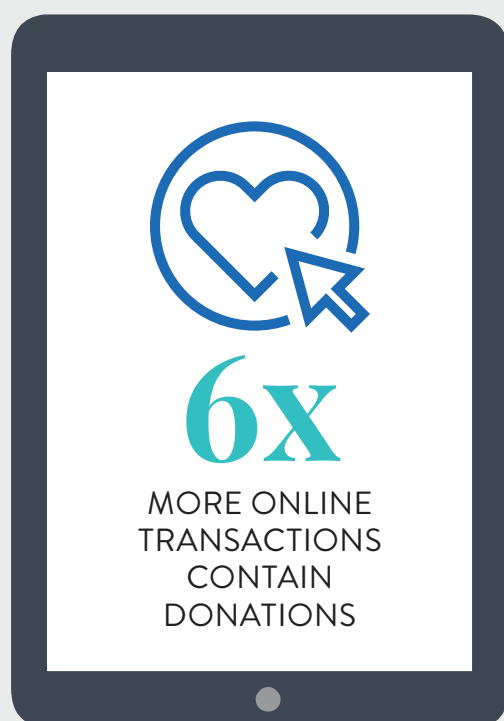
HOWEVER, PHONE OR COUNTER TRANSACTIONS ARE **1.9X** MORE LUCRATIVE

$ = £

RAISING THE GAME

THREE OF THE STAND-OUT ORGANIZATIONS IN OUR DATA SET HAVE MADE STRIDES IN INCREASING THEIR LOW-LEVEL DONATIONS FROM TICKET BUYERS.

OCTAGON THEATRE
BOLTON, GREATER MANCHESTER, UK

Octagon Theatre in Bolton focuses on producing world-class theater for the audiences of North West England. Since opening in 1967, the theater has undergone many changes, and in 2018 announced funding for a major capital development of their building.

The need to raise more than £1.5 million toward their capital project compelled Octagon to dramatically overhaul their approach to fundraising. In late 2018, they brought together senior leadership, fundraisers and front-facing staff members to set shared fundraising goals, generate compelling messages, and openly address staff reservations around "making the ask." The result of this: Customer-facing teams are now motivated, skilled and empowered to ask for donations at sales points, specifically over the phone and at the box office counter, with the following achieved in just a few months:

- Phone sales with donations increased from 2% to 10%.

- In-person sales with donations increased from 8% to 32%.

- Online sales with donations increased from 8% to 11%.

- Octagon have raised 50% of their capital target.

- They have engaged thousands of first-time donors.

- Fundraising is now in every staff member's job description and discussed during performance reviews.

Octagon's initial need to convert patrons to low-level donors became the catalyst for a total step-change. The organization-wide commitment to fundraising has set them up for long-term success and ongoing donor support.

SAFFRON HALL
SAFFRON WALDEN, ESSEX, UK

Saffron Hall is a 740-seat performance space built on the grounds of the local high school. Opened in 2013, this award-winning music venue combines world-class events with dedicated school and community programs.

When implementing a donation ask at sales points, it is sometimes difficult to know how much to ask for. Saffron Hall took a purposeful approach to determining this: They examined their members' online spending patterns and found that they tended to purchase large numbers of tickets at season launch times each year. This informed the team's decision to set the donation ask at 5% of the total basket value. They also tweaked the wording of their ask multiple times until they were satisfied that the message was both compelling and transparent.

Their ask has been hugely effective – a whopping 35% of their online sales include a donation worth on average 4.6% of the overall basket value.

Saffron Hall

What's on   Visit   Support   Participate   News   About

Saffron Hall relies on the support of donations to sustain our work. Your generosity will make a difference.

Saffron Hall's Learning & Participation Activities

Will you help give thousands of young people the chance to experience great culture by adding a donation of 5% of your order?

Amount: £   2.00

[Continue with donation]   [Continue without donating]

ACTOR'S EXPRESS
ATLANTA, GEORGIA, USA

Actor's Express, housed in a flexible 145-seat modular black box space, seeks to challenge and reflect contemporary human experiences in an inclusive environment.

Though donation add-ons to ticket sales are less common in the U.S., Actor's Express sees 24% of online ticket sales include a donation – a rate far above the global average of 13%. Here's how they do it in their own words:

" Adding donations on checkout is a lucrative source of revenue for Actor's Express. Some ticket buyers add a significant annual fund donation when they purchase a subscription or ticket, but most ticket buyers use our "Give Us $2" option. We simply added a donation screen that every patron goes through upon checkout that says "Donate $2 to support AE! Even the smallest donation has a big impact". This brings in around $5,000 for us annually.
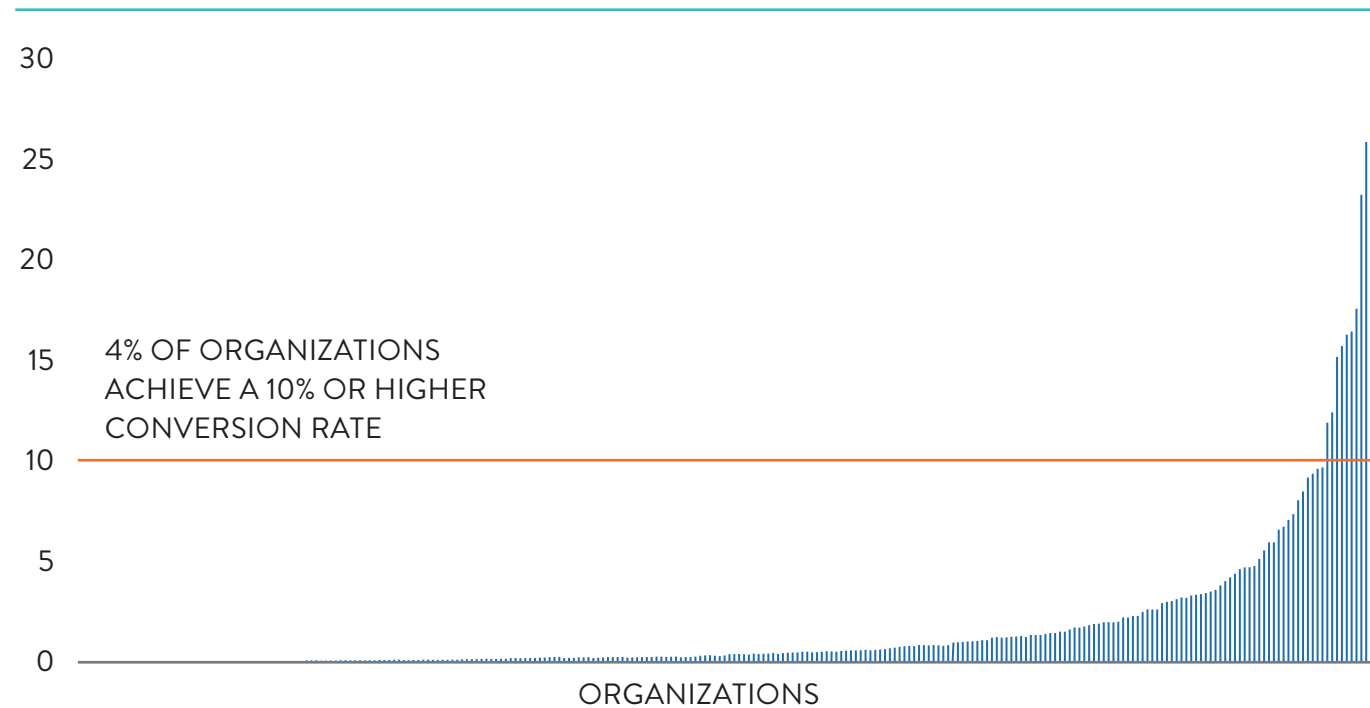
KRISTEN GWOCK SILTON
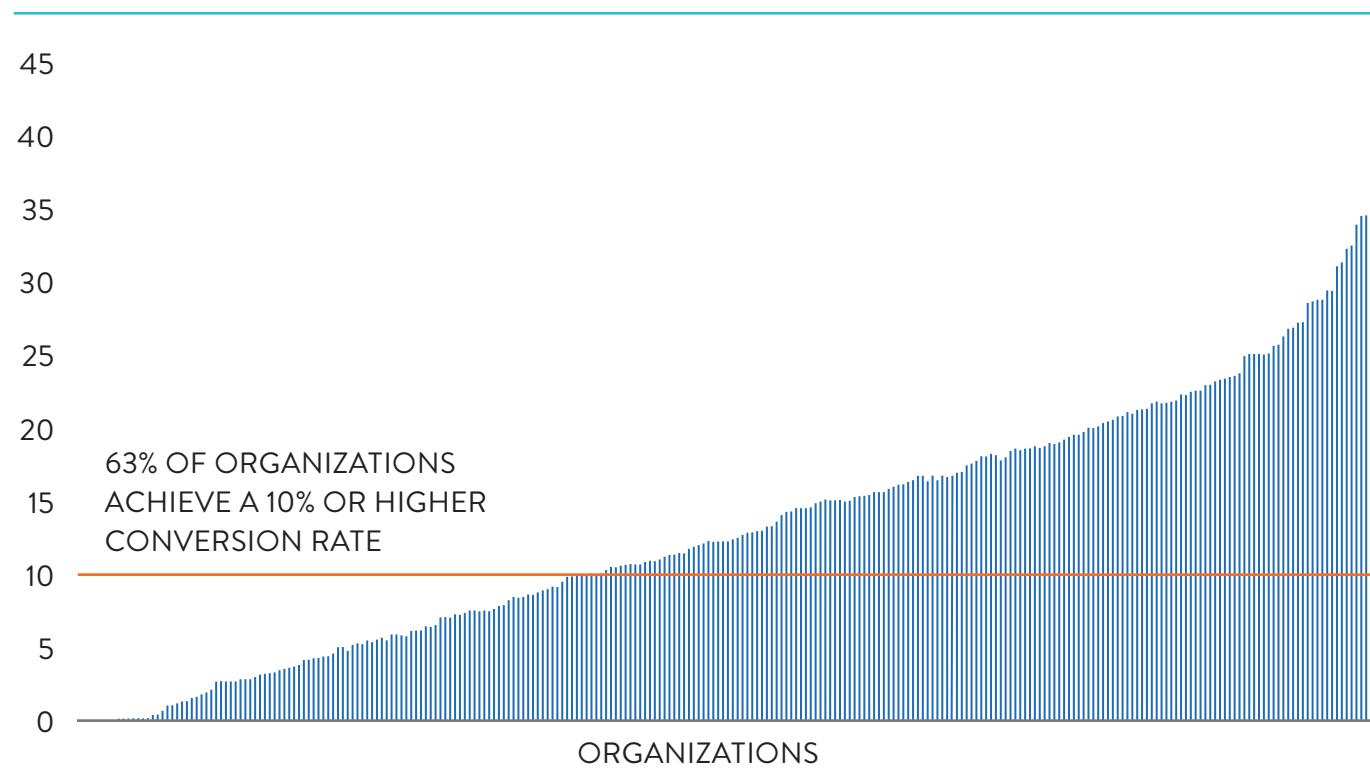MARKETING AND DEVELOPMENT DIRECTOR

CONSIDERATIONS

- The pressure is on to increase donations from individuals, to identify new donors and maximize the effectiveness of lower-level giving. **Is your organization doing all it can?**

- Training and engaging sales teams and other audience-facing staff in fundraising has proven benefits. **Is your leadership demonstrating the importance of fundraising to your entire organization?**

- An increasing majority of transactions are now made online, so we can't rely on the in-person ask anymore. The same methodology used for other marketing messages can be helpful: refine, test and repeat. This can help you identify the messages and ask amounts that find the most valuable balance for your organization between higher donation rates and larger donation amounts. **How is your organization optimizing your online ask?**

BENCHMARK DATA

% AVERAGE BASKETS WITH DONATIONS – PHONE/COUNTER

4% OF ORGANIZATIONS ACHIEVE A 10% OR HIGHER CONVERSION RATE

ORGANIZATIONS

% AVERAGE BASKETS WITH DONATIONS – WEB

63% OF ORGANIZATIONS ACHIEVE A 10% OR HIGHER CONVERSION RATE

ORGANIZATIONS

Spektrix *insight:*

Anne Wareing, a Senior Consultant who specializes in fundraising at Spektrix, shares her experience of donor motivations.

As consumers in a digital age, we're constantly bombarded with online advertising, and are keenly sensitive to messages that speak to us personally versus those that show no understanding of our context or preferences.

While the data shows 13% of all online transactions contain a donation, organizations are leaving money on the table when it comes to online asks. We know this because personal interactions (on the phone or face-to-face), while substantially fewer in number, yield proportionally higher donations.

An online ask can be based on the event for which someone is purchasing tickets, what events they've previously attended, the value of what they're purchasing at that moment, where they live, and plenty of other behavioral and demographic factors. Address specific patron groups (consider the New Wolsey Theatre examples in Section 1), and describe how their gift will impact your organization. This may give you license to ask for more than a generic request with no particular group in mind. A higher ask may also be appropriate when based directly on the value of items already in a patron's basket.

As consumers, we expect to understand what we're paying for, and this is no less true for donors. So ask yourself: Would your audiences donate *more* if they knew that their donations were supporting something specific, especially if it felt personal to them?

APPENDIX 2

1   Based on current exchange rates these values are roughly similar and this threshold approximates a common entry-level donation.

2   https://blog.philanthropy.iupui.edu/2018/07/12/fewer-americans-are-giving-money-to-charity-but-total-donations-are-at-record-levels-anyway/ U.K.: https://www.cafonline.org/about-us/publications/2018-publications/uk-giving-report-2018

3   https://generosityresearch.nd.edu/assets/17632/generosity_and_philanthropy_final.pdf

Effective Emails

In a crowded marketing landscape, connecting with patrons can be difficult and expensive. For this reason, email marketing - with an ROI that is reportedly four times more effective than any other channel[1] - remains the cornerstone of the marketing mix. In order to better understand how emails are performing, we explore key metrics on:

- **Open and click-through rates on segmented and non-segmented emails**

CUSTOMIZATION IS VITAL

In general, emails in our data set are doing well, substantially outperforming the average open rate and nearly doubling the click-through rate in an all-industry benchmark recently published by the Direct Marketing Association[3]. Unsurprisingly, segmented emails perform almost twice as well again.

Many models for patron and donor segmentation exist, but perhaps the most common are geographic, demographic, behavioral and attitudinal/psychographic, both singularly and in combination[4]. While there can be value in complex models, simple can still be effective. The aggregate data and stories from the highest performing organizations in our data set prove this. They've improved ROI by employing relatively straightforward behavioral segmentation models based on historical patron and donor data.

	% AVERAGE OPEN RATE	% AVERAGE CLICK RATE
ALL EMAILS	27	4
SEGMENTED	39	8
DMA BENCHMARK	18	2
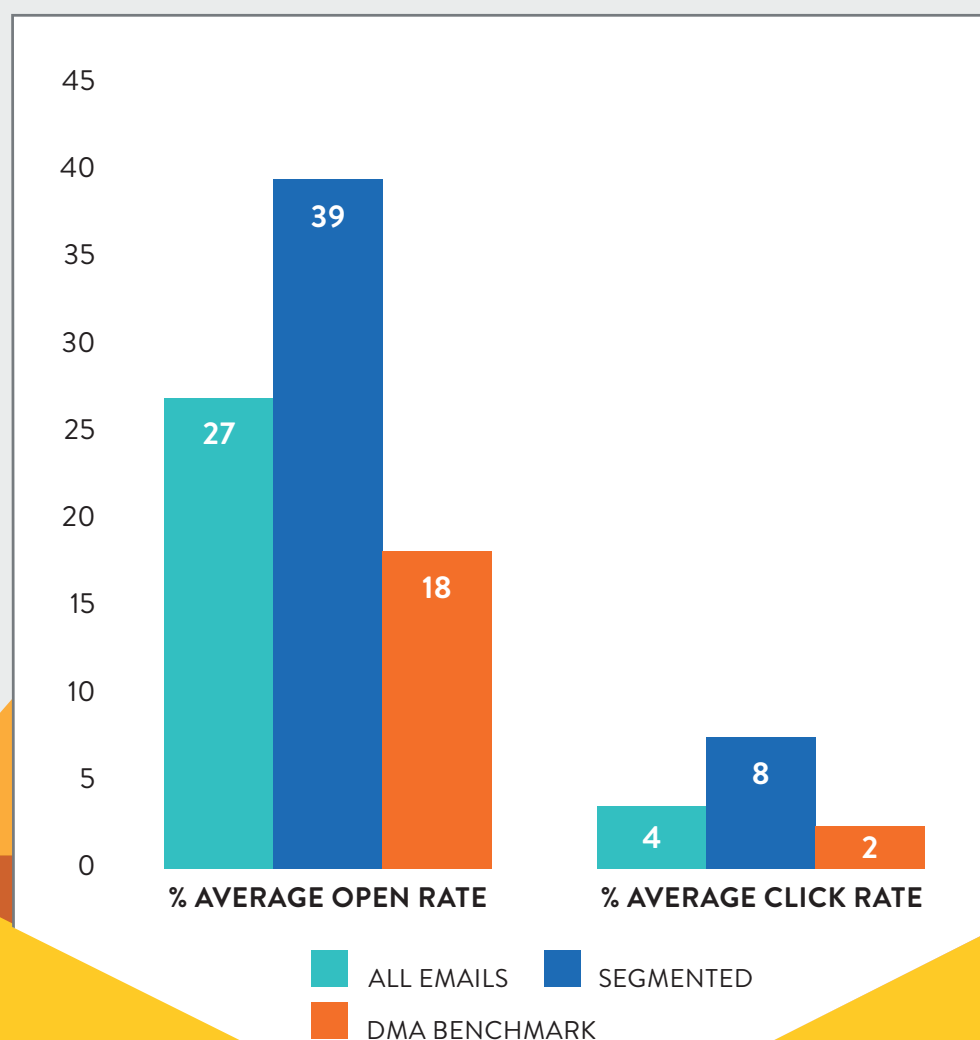
ONE SIZE DOES NOT FIT ALL

TWO ORGANIZATIONS THAT PERFORM IN THE HIGHEST 10% OF THE DATA SET FOR OPEN AND CLICK-THROUGH RATES SHARE A SIMILAR APPROACH TO BEHAVIORAL AND CONTEXTUAL SEGMENTATION. HERE ARE SOME HIGHLIGHTS:

LUMINATO
TORONTO, ONTARIO, CANADA

Luminato is Toronto's international arts festival dedicated to performance, visual art, music, theater, dance and programming that cuts across traditional art forms.

Luminato builds highly targeted and personalized emails into their marketing strategy. This has yielded impressive results:

- Highly targeted emails sent to as few as 50 people can achieve open rates of as high as 80%.
- Launch emails are sent to patrons based on past booking behavior, highlighting the events that are most relevant to them and often sharing an associated early-bird offer. These types of emails consistently achieve open rates of more than 50%.

Luminato's campaign success can be attributed to some key principles in their email approach:

- Customer segmentation is based on patrons' attendance and purchasing behavior (for example, patrons who booked several tickets within a particular event genre during the previous season).
- Customer segmentation is based on potential benefit to the patron (e.g. patrons who have booked an event in one space might want to see the other show in that space on the same evening).
- Campaigns are personal, relevant and contextually specific.
- All communications are prioritized so that patrons are never bombarded with many emails at once and only receive the most important messages (even if they technically meet the criteria for others too).
- Targeted offers are included in emails as they encourage engagement and build a reciprocal relationship.

Achieving consistently high email open rates takes a steadfast commitment to fostering individual relationships with patrons by drilling down into CRM data. This commitment has to be shared by the whole marketing and communications team because nurturing a more personal relationship with patrons requires carefully controlled communications.

LONE TREE ARTS CENTER
DENVER, COLORADO, USA

Lone Tree Arts Center hosts a wide variety of concerts, plays and events. The venue includes a grand entry hall space for events and exhibitions, a 500-seat main stage theater and an adaptable 225-seat event hall.

Having long recognized the power of targeted emails, the team at Lone Tree take a data-driven approach to customer segmentation. They consider this the most valuable tool in their kit and their goal is for patrons to only receive emails that feel truly relevant to them. To support this effort, they refer to crossover analysis reports and segmentation models that reveal patrons' areas of interest and their relationships to the organization through their past behavior. The data findings help them stay consistent in their approach across channels, gain a deeper understanding of their patron base, make informed, efficient use of resources, and speak personally to patrons. This data-driven insight helps them to:

- Constantly check their own assumptions about patrons. They interrogate events that have had the greatest attendee overlap, examining scenarios where the data confirms or challenges their assumptions.

- Take a unified approach to marketing across channels outside of email while keeping the message consistent. First, they tend to send a direct mail postcard to advertise headline shows. Next, they send follow-up emails a few days later – a "one-two punch" of communication that's proven effective. They then use the same list to run targeted ads on social media.

- Tailor content based on split-testing, specifically focusing on subject lines to learn what grabs readers' attention.

Off the back of this, Lone Tree perform well above our data set average, with a 59% open rate and a 44% click-through rate.

" We always test subject lines. I've been surprised at some of the cheesier subject lines that have won out, but clearly they work!

LEIGH CHANDLER
MARKETING DIRECTOR

CONSIDERATIONS

- While email marketing is relatively inexpensive, successful segmentation and communication strategies can take time to refine. Measuring what matters will help you know if this is time well spent. **Have you set targets for your email communication on open rates, click-throughs, and/or resulting sales?**

- Our success stories and outside research[5] suggest that sending email in context to the receiver, not just on the timeline of the sender, drastically improves open and click-through rates. **What can your organization do to use available functionality in your CRM and email marketing systems to reach out in a way that truly connects with the recipient, both in tone and content?**

- What's next for segmentation? Is your organization utilizing segmentation principles for fundraising? Have you considered combining behavioral and context-specific segmentation with demographic or attitudinal/psychographic segmentation models? **How much existing knowledge of your patrons is based on assumptions and how much is based on data?**

FULL BENCHMARK

OPEN AND CLICK RATES FOR ALL ORGANIZATIONS

CLICK RATE   OPEN RATE
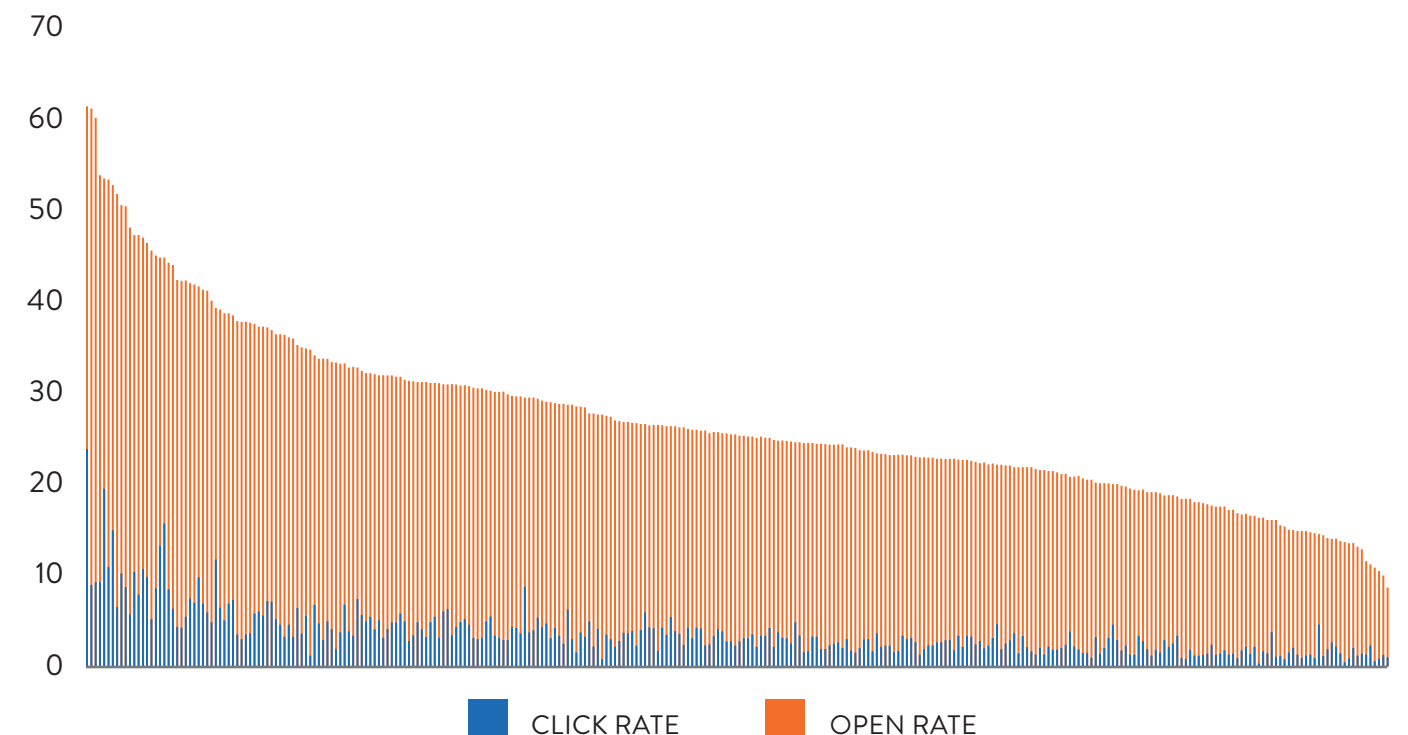
industry insight:
JCA Arts Marketing

JCA Arts Marketing works with North American cultural organizations to help them increase revenue, boost attendance and grow patron value. With consulting and software services, the JCA Arts Marketing team helps arts organizations across all genres use data-driven audience insights to craft effective marketing strategies.

Jamie Alexander, Senior Manager at JCA Arts Marketing, shares her thoughts on what segmentation really means to arts marketers.

For arts marketers, the ultimate goal of segmentation should be relationship building. It's about thinking about your patrons' distinct characteristics and interests and providing them with relevant and personalized information to keep them engaged with your organization.

The first step of an effective segmentation strategy is to have a deep understanding your patrons' behavior—and the easiest way to do that is to start digging into your patron data in your database. You'll start to see patterns about how your audience behaves, and you can group individuals with similar behaviors into "cohorts." You can then craft messages and customer journeys, tailored to each cohort, that guide them to deeper levels of engagement at your organization.

Once you start segmenting to meet your audience's needs, you'll not only see that your marketing efforts are more efficient, but you'll also find a more engaged audience.

For more segmentation tips, view our Segmentation Guide for arts marketers[6].

APPENDIX 3

1   Direct Marketing Association (DMA) and Demand Metric, "2016 Response Rate Report."

2   To make this comparable across the data set we have defined segmented emails as any email that has been sent to less than 10% of all patrons who have a "yes to email" contact preference. We have excluded pre- and post-show emails from these segmented emails.

3   DMA's Email benchmarking report 2018. https://dma.org.uk/article/email-benchmarking-report-2018

4   https://www.qualtrics.com/uk/experience-management/brand/market-segmentation/

5   https://www.criteo.com/insights/email-open-rates/

6   https://www.jcainc.com/products-services/the-segmentation-guide/

Optimizing the Online Experience

Global trends continue toward a greater use of digital devices for all financial transactions. We have reached the point where we see mobile phones dominate while the use of personal computers for online transactions begins to decline.

To better understand just how critical online transactions have become and the devices used to make them, we explore key metrics on:

- **Most utilized and effective channels for all transactions**
- **The devices visitors use to access our iframes**[1]

KEY FINDINGS

ON TRANSACTION CHANNELS

60% of transactions were online in 2018, up from 53% in 2016 and 43% in 2014. This average rises to 82% for organizations doing particularly well in this area.

However, **transactions made by phone or in person are on average 40% higher in value than those made online.**

GOOGLE ANALYTICS ON ONLINE DEVICE USAGE

For online visits to our iframes, **almost half (46%) of users are on mobile devices,** while only 38% of visits are on personal computers.

When looking at the average rate of patrons converting from a visit to our iframe to a confirmed transaction, **personal computers top the list at 28%; mobile conversion rates are only 16%.**

> " At Supercool, we're seeing more and more organizations put accessibility at the forefront of their digital strategy. Focusing on an accessible code structure and clear design is a great foundation for building a website that everyone can access. But as technologies develop and audiences grow, we're seeing more organizations invest continually in their websites, keeping them up-to-date and developing new features that help their audiences.

KATE MROCZKOWSKI
HEAD OF STRATEGY, SUPERCOOL

E-commerce continues to increase as a proportion of spending across the economy, now representing 12% of all retail sales in the United States and 18% in Great Britain[2]. Our data analysis suggests that the arts sector is ahead of the curve given the dominance of online transactions across the data set, with 60% of transactions occurring online. Yet, despite online's dominance, person-to-person transactions are on average worth 40% more in revenue. This is likely due to in-person cultivation of major gifts and group sales, but the pattern also applies to everyday transactions (as seen in Sections 2 and 5).

The general term "online" can describe the use of any device, such as traditional personal computers, tablets, or mobile phones. When comparing the use of these devices, the performance of our data set is in line with all-industry trends, and the story is clear: We have reached the point where mobile phones rule[3].

Though dominant for browsing, mobile phones still lag behind personal computers for transaction conversion rates[4]. This pattern – browsing on mobile phones but buying on personal computers – confirms consumers' self-reported behavior[5]. Yet, if organizations performing in the highest 10% for mobile phone conversion rates are any indication, mobile optimization will become more important in the future.

16% MOBILE AVERAGE CONVERSION RATE

35% AVERAGE CONVERSION RATE IN HIGHEST 10% OF DATA SET

46% OF PATRONS ARE USING A MOBILE DEVICE
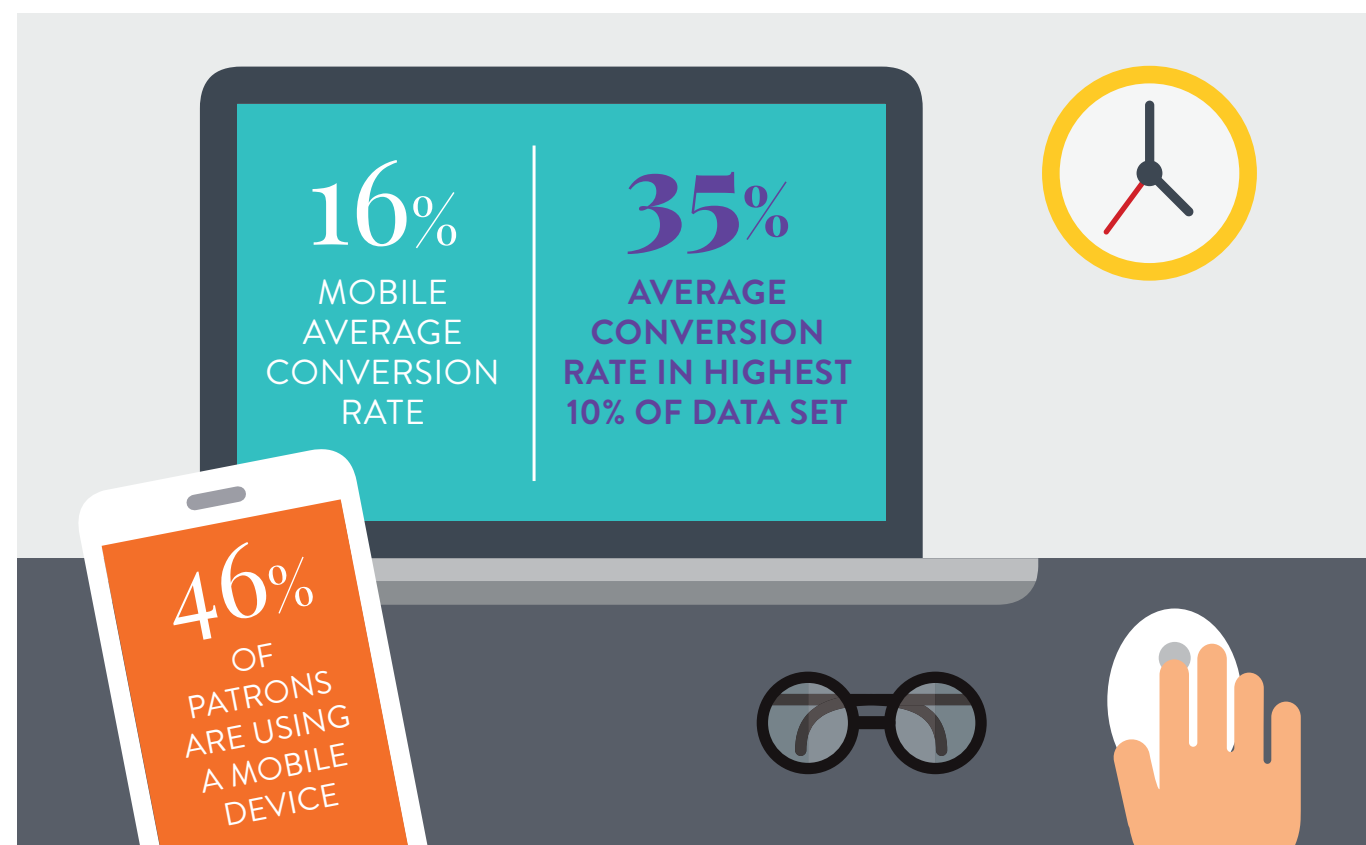
MAKING MOBILE MAKE SENSE

TWO ORGANIZATIONS THAT ARE MAXIMIZING MOBILE CONVERSION RATES DESCRIBE WHAT IT TAKES TO IMPLEMENT A DEVICE-FIRST MINDSET.

TRAVERSE
EDINBURGH, MIDLOTHIAN, UK

Scotland's new writing theater, the Traverse, champions creative talent by placing powerful and contemporary theater at the heart of cultural life. With two custom-built and versatile performance spaces, the Traverse's home in Edinburgh's city center holds an iconic status as the theatrical heart of the Edinburgh Festival Fringe every August.

Responding to clear patron demand for a website that would work across all devices (the Traverse saw a 27% conversion rate on mobile phones in 2018, well above the average of 16%), the Traverse continues to reinvest in its digital profile and launched its new website in April 2019 with user experience at the heart of its design. The site, built by Supercool[6], enables multiple browsing and search functions to allow patrons to easily find an event in a way that suits them. The layout responds dynamically to the device, ensuring a seamless experience across personal computer, tablet and mobile phone. The new website also has a "guest" style checkout path, allowing patrons to continue with their purchases without needing to log in.

To further respond to Fringe festival-goers' specific needs, the site will switch to "Festival mode" in time for festival booking. This specific area of the site is designed to increase the visibility of the festival program while providing extra information and easy navigation of festival shows to a specific section of the Traverse's audience.

The Traverse team members now feel equipped to extend the same high level of service they offer in person in the theater to their digital interactions with their audiences.

> " The new user-focused site will allow Traverse to take its online marketing campaigns from efficient to intelligent, improving ticket sales and ROI.

VICTORIA MURRAY
HEAD OF COMMUNICATIONS

CLEVELAND PUBLIC THEATRE
CLEVELAND, OHIO, USA

CPT's mission is to "raise consciousness and nurture compassion through groundbreaking performance and life-changing education programs." They are a professional nonprofit theater company that develops new, adventurous work and nurtures Northeastern Ohio artists — particularly those whose work is inventive, intelligent, and socially conscious. CPT's acclaimed education programs engage youth and adults in creating new works that speak to contemporary issues and empower participants to work for positive change in the community.

CPT is the only organization in our data set seeing better conversion rates on mobile phones and tablets than on personal computers. They achieve this by keeping the purchase path simple and easy to navigate with clear calls to action, and employ an express checkout and dynamic sizing.

Since approaching the redevelopment of their website in 2015, mobile access (especially on phones and tablets) has been a high priority for the CPT team. As an organization that values inclusivity, their drive to make booking seamless for all patrons is central to their mission.

Before they began their website redevelopment, they were already seeing a high number of ticket purchases happening on mobiles or tablets, and CPT knew their patrons' desire to book on these devices would only increase with time. With the support of their web developer, Go Media[7], the team tested relentlessly, recruiting staff members to try booking journeys across different devices, user personas and more. The result is an ever-improving, easy-to-navigate and attractive website that works just as well on a mobile phone as it does on a personal computer.

> " As Cleveland Public Theatre, we're a theater for all, so looking at the customer experience for someone who has never been to a theater before was important.
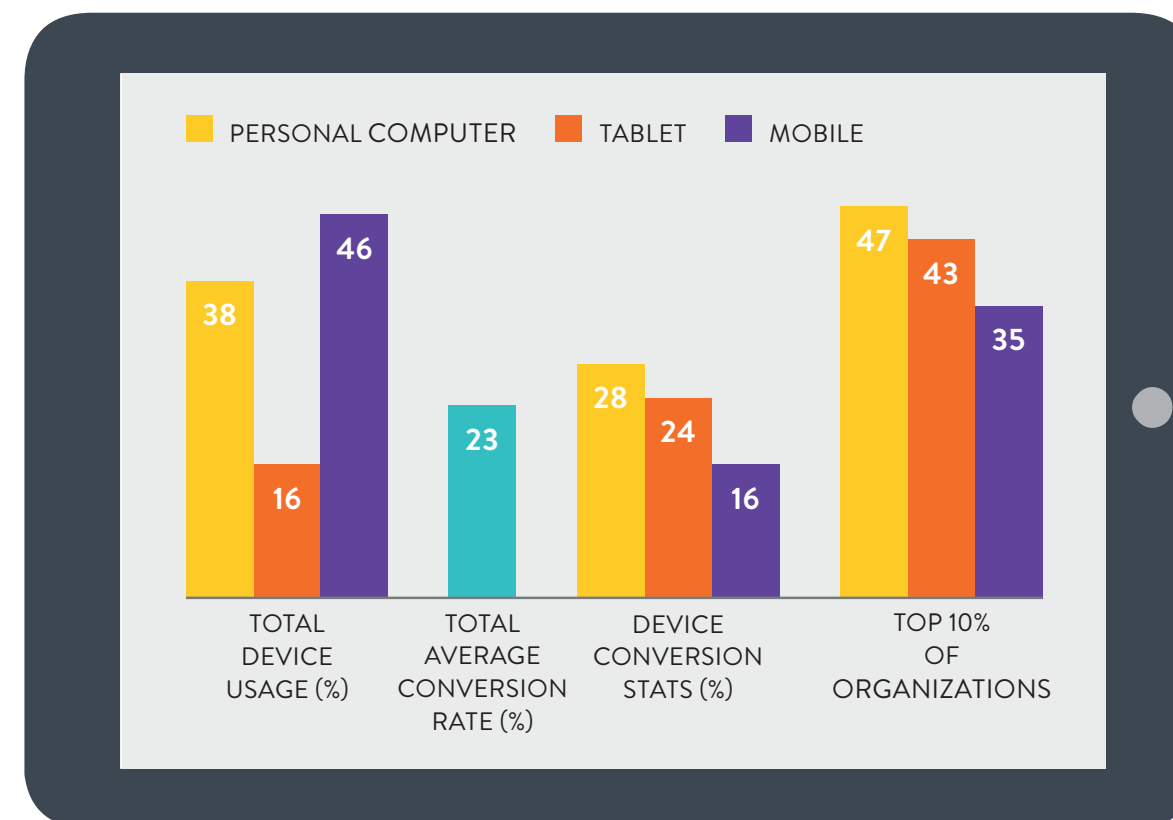
CAITLIN LEWINS
DIRECTOR OF AUDIENCE ENGAGEMENT AND MEDIA RELATIONS

CONSIDERATIONS

- Mobile has moved from simply one of many concerns to a key critical revenue channel. Organizations with exceptional mobile conversion rates describe being in partnership with their web agencies and investing time and resources in an iterative approach to design, with patrons at the center of all decisions. **Does your organization's approach prioritize a mobile revenue strategy?**

- An approach like the one above might involve a new way of budgeting for web development — as a regular expense rather than a one-time investment every three to six years. **Does your organization's partnership with your web development agency allow flexibility in a rapidly changing online environment?**

- Even as online sales account for 60% of all transactions, in-person and phone transactions are worth 40% more in revenue on average. Many organizations are making plans to increase the accessibility of these sorts of transactions online while others are staffing up development and sales teams to increase valuable human-to-human interactions where possible. **What is your organization's approach?**

BENCHMARK DATA

Legend: PERSONAL COMPUTER, TABLET, MOBILE

	PERSONAL COMPUTER	TABLET	MOBILE
TOTAL DEVICE USAGE (%)	38	16	46
TOTAL AVERAGE CONVERSION RATE (%)	23		
DEVICE CONVERSION STATS (%)	28	24	16
TOP 10% OF ORGANIZATIONS	47	43	35

industry insight:
Capacity Interactive

Capacity Interactive is a digital marketing consulting firm that partners with arts and cultural organizations across the United States and internationally. They help clients engage audiences, build community, and market smarter. Yosaif Cohain, Vice President, Analytics at CI, discusses the importance of investing in website optimization on a regular basis.

Having an optimized website that drives more conversions is an item atop any arts marketer's wish list. Website optimization is not a one-time task, but rather an ongoing process centered around patrons and guided by data. The first half of website optimization is about infrastructure and requires having the right tools in place. The second half is in the organization's mindset – that we must design for patrons above all others, that we will commit to learning and improving, and that we need a dedicated budget for continual website improvements.

Using a suite of free tools – customized Google Analytics solutions for quantifying website performance and learning about user behavior, Hotjar for gaining insights by polling users and watching screen recordings of their sessions, and Google Optimize for running A/B tests on the website – data creates the feedback loop we need to take action and improve the website in a repeated manner. This is website optimization.

For most organizations, the starting focus should be mobile optimization. Yet within mobile, many components can be addressed (e.g. landing pages, page load times, site navigation, the purchase path, etc.). Where does one begin? The answer lies in your data.

APPENDIX 4

1 An iframe is a technology that allows a page on the internet to be embedded inside of another – in this case, displaying the Spektrix transaction (ticket, voucher or membership sale or a donation) interface on your website.

2 https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf; https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc

3 https://blog.globalwebindex.com/trends/device-usage-2019

4 Our aggregate Google Analytics data set tracks conversions from the point a visitor hits a Spektrix iframe. We have looked specifically for entering iframes for purchasable items (tickets, donations, merchandise, memberships, gift vouchers), and visitors that then go on to make a purchase. These conversion rates will likely be higher than typical Google Analytics conversion rates as they cannot track from the moment a visitor hits the website but take as a starting point a page where the visitor has shown a higher propensity to make a purchase. Equally, they are not comparable to basket abandonment rates as the visitor has not necessarily put an item in the basket.

5 https://advantec.co.uk/ecommerce-consumer-behaviour-survey-2017/#q5

6 Find out more about Supercool at https://supercooldesign.co.uk/about

7 Find out more about Go Media at https://gomedia.com

8 Find out more about Capacity Interactive at https://capacityinteractive.com

Online for everyone?

While 60% of all transactions in our data set now happen online, this rate seriously lags behind for at least one subset of audiences: bookers of wheelchair-hold seats[1].

In the U.K. and the Republic of Ireland, only 15% of organizations in the data set have sold one or more wheelchair-accessible held seats online last year. On average, just 4% of transactions including wheelchair holds in the U.K. and the Republic of Ireland are sold online – a rate five times lower than in the U.S. and Canada, where venues are required by law to provide the same opportunity to book wheelchair-accessible seats as standard seats.

The lack of accessible booking options has a negative effect on bookers with access needs. To illustrate this, a recent survey from Attitude is Everything[2] – a U.K. charity devoted to improving deaf and disabled people's access to live music – found that 73% of respondents had felt discriminated against when trying to book[2].

Given how important it is to provide similar services for access bookers online, we highlight one organization determined to get this right.

CHICHESTER FESTIVAL THEATRE
CHICHESTER, WEST SUSSEX, UK

Chichester Festival Theatre is one of the U.K.'s flagship theaters. The venue has two main performance spaces: the Festival Theatre, a large playhouse with a thrust stage, and the Minerva, a more intimate studio space. CFT productions often play to sold-out houses and many transfer to the West End.

For CFT, striving to be accessible is grounded in four key goals:

- Enable everyone to access and enjoy live entertainment, drama, music and dance.
- Take reasonable steps to ensure that the physical features of the Grade II* listed theater, and the theater's practices, policies and procedures, are accessible to everyone.
- Make best use of technology to enable and assist disabled patrons using their services.
- Ensure that all patrons are treated equally, feel valued and experience high levels of satisfaction.

CFT's access membership program allows patrons to self-select their specific requirements when coming to the theater. This makes it easier for patrons to attend repeatedly and helps front-facing staff to be aware and supportive of all attendees. Already, they are seeing 15% of wheelchair-user spaces being booked online.

Patrons with access memberships had long been asking for the ability to book their tickets online without having to contact the box office directly. After seeing some examples of other successful programs providing online booking for people with access requirements, the team at CFT made it a priority for their organization to offer this. Before setting up the online booking process with their agency, Supercool[3], they held several focus groups to test and refine the process. This highlighted some key areas around simplicity and communication.

In February 2018, CFT opened online booking to wheelchair users and their companions, as well as people who need to be able to see captions or a British Sign Language interpreter, or have more general access requirements. Patrons can log into the CFT website and select seats specifically allocated for them (these do not appear as bookable to the general public). In addition, logging in to the site allows these patrons to receive the booking discounts they're entitled to. This gives them the freedom to make their own selections, rather than the venue prescribing when and how those patrons can book. It also ensures that specific seats are designated for people who need them for access purposes.

›

Chichester Festival Theatre does not make any assumptions about a patron's familiarity with booking online, as for some this may be the first time they have bought their own tickets on any theater's website. As such, they provide access members with a comprehensive step-by-step booking guide on the CFT website, as well as large-print and audio versions of their brochure.

Here are some key lessons CFT learned:

- Communication is key
- Don't make assumptions – ask
- Keep it simple
- Allow choice for all patrons on how they would like to book

Below: CFT developed their website to include clear signposting so patrons know whether any accessible seating is still available, even if the rest of the auditorium is sold out.
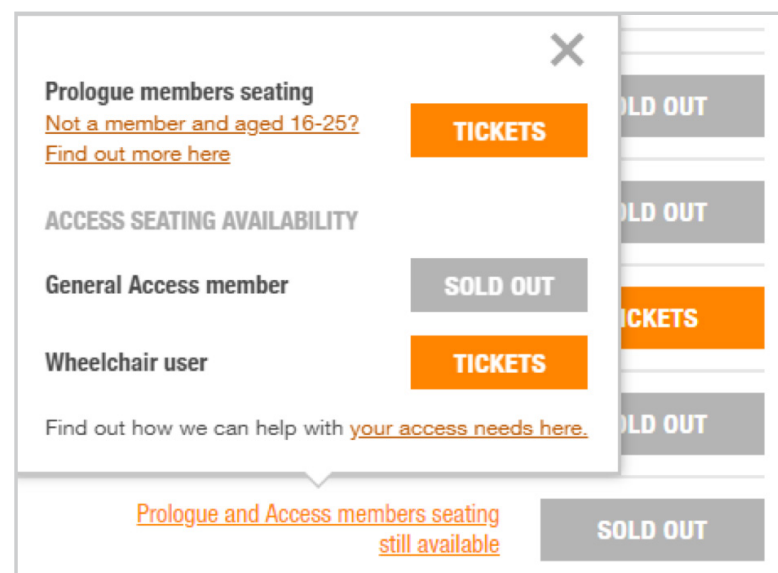
> " I wanted to congratulate you on your new [access] online booking process, which was wonderfully efficient. The online guide for access members was very helpful, and I am hugely impressed by the care you have taken in constructing the system and supporting your access bookers. A big thank you to all concerned.

ONLINE ACCESS BOOKER AT CFT

APPENDIX 4 : SPOTLIGHT

1   Wheelchair users represent only a fraction of audience members with access needs. The Spektrix system concept "wheelchair locks" allowed us to measure this one area across the data set.

2   A recent survey of more than 300 deaf and disabled live music-goers from Attitude is Everything found that 79% of respondents had been put off buying gig tickets due to problems booking for their access needs, 73% had felt discriminated against when trying to book and 11% had considered legal action. http://www.attitudeiseverything.org.uk/resources/publications/state-of-access-report-2018

Attitude is Everything improves Deaf and disabled people's access to live music by working in partnership with venues, audiences, artists and the music industry to implement a Charter of Best Practice across the U.K. You can find out more on their website at http://www.attitudeiseverything.org.uk/

3   https://supercooldesign.co.uk/about

Revenue Maximization

KEY FINDINGS
TICKET SALES OVER TIME
On average, **ticket prices are lower the closer you get to the performance. This is due to a combination of last-minute discounting and/or higher priced seats selling out earlier.**
Patrons book, on average, **50 days in advance of the performance.**
SECONDARY SPEND
43% of organizations make supplementary items[2] available to patrons.
On average, organizations achieve a 2.3% upsell rate on the phone or in person, and a **4.1% upsell rate online.**
Successful transactions with supplementary items see **basket values increase by 35%** on average.

One of the key issues for performing arts managers is the challenge of finite, time-sensitive and inflexible inventory. Empty seats are unsellable the moment the curtain goes up, and it is rarely possible to create more seats or performances when demand is high.

In this section, we look at metrics for two strategies that can help arts organizations maximize revenue despite these inventory constraints. They are:

- **Yield management[1]**

- **Secondary spend at the time of purchase**

MAKING THE MOST OF THE MOMENT

Maximizing income from each booking through yield management and upselling allows organizations to improve financial stability by efficiently increasing revenue without substantially increasing the expense. These strategies also share the benefit of offering patrons the chance to customize their experience.
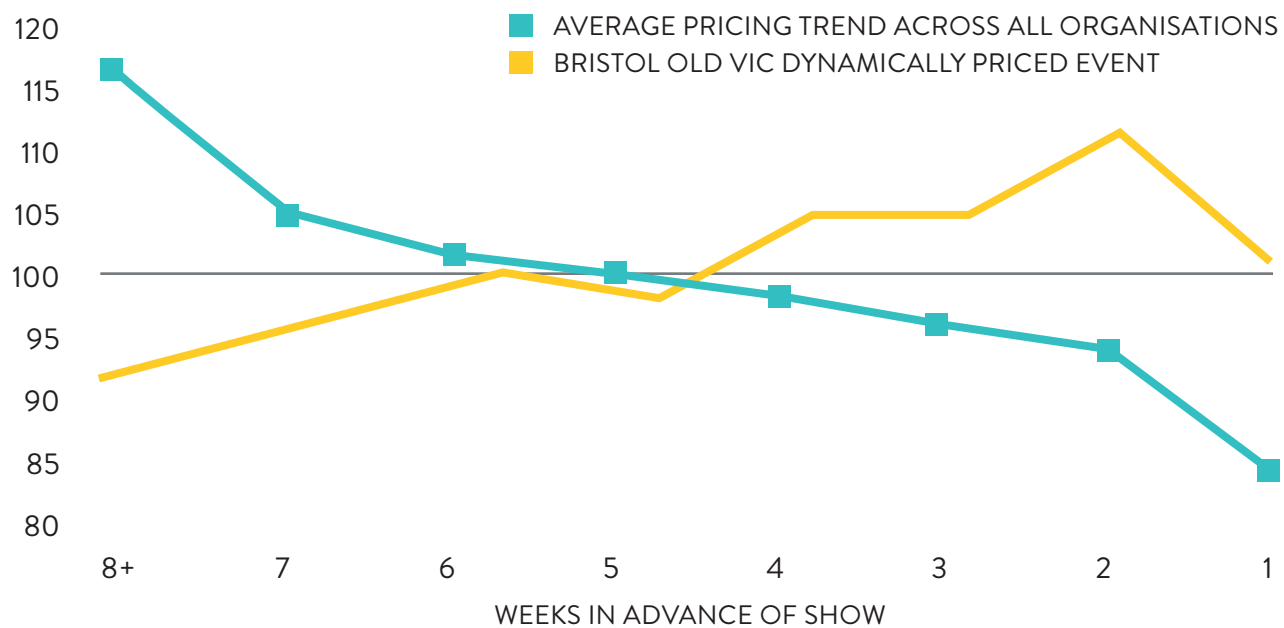
Consumers have grown to expect a variety of price options and the ability to tailor their experience with special add-ons[3]. Personalized recommendations, variable and changing price points, and prompts to purchase supplementary items are all commonplace across other industries (such as retail and tourism), and have been gaining traction within the performing arts sector over the last few years[4].

Recent studies in the U.S.[5] and the U.K.[6] gave "socializing" and "to be entertained," respectively, as top answers to audience surveys on motivations to attend arts events. Clearly, there is mutual value in meeting patron expectations with supplementary items. Equally, by managing inventory with variable pricing and availability strategies which respond dynamically to demand, organizations can keep a variety of choices available to patrons. This can push price-conscious customers to particular performances with greater availability, and make the most out of performances that are selling well.

IDEAS FROM THE FIELD:

% OF AVERAGE TICKET PRICE BY WEEKS OUT

HOW THE AVERAGE PRICE PAID FOR TICKETS (EXCLUDING COMP TICKET TYPES) CHANGES OVER TIME, FROM 8+ WEEKS BEFORE THE PERFORMANCE (116%) THROUGH TO THE WEEK OF THE PERFORMANCE (84%).

Legend:
- AVERAGE PRICING TREND ACROSS ALL ORGANISATIONS
- BRISTOL OLD VIC DYNAMICALLY PRICED EVENT

WEEKS IN ADVANCE OF SHOW

" By introducing dynamic pricing, we've already generated extra income without compromising our accessible range of ticket prices. Longer-term we hope the strategy will encourage customers to book earlier to secure the best prices.

REBECCA MOLLOY
BOX OFFICE MANAGER, BRISTOL OLD VIC

BRISTOL OLD VIC
BRISTOL, UK

Built in 1766, Bristol Old Vic is Britain's oldest working theater and produces some of the most cutting-edge theater in the U.K.

Bristol Old Vic had organization-wide buy-in to the idea of dynamic pricing when they kicked it off midway through 2018. They immediately started to see tangible results on this (see graph on page 54).

They make small, incremental increases to prices based on the popularity of the event and the rate the seats are selling. Sales are checked weekly, and the team meets once per month to make adjustments if they feel it won't reduce the rate of sales.

MERCURY THEATRE
COLCHESTER, ESSEX, UK

The Mercury is a highly respected 499-seat regional theater staging a broad mix of classics and new writing as well as working extensively within the local community.

Mercury Theatre is achieving an average 40% conversion rate for upsell items, which is well over the 2.3% average across the data set. The item that has proved the most successful is pre-paid car parking. The patron gets a cheaper rate without the inconvenience of having to wait to pay for parking, while the theater gets to keep a cut of the income.

Other higher-value upsells are also on offer: celebration packages for birthdays, anniversaries, Valentine's Day; show-specific merchandise bundles; pre-orders for custom themed cocktails. These are all designed to enhance the patron's experience and make their time at the theater more special.

All of these options are actively upsold with their related event(s) at checkout and offered again via follow-up communications such as pre-show emails.

" The main aim with all of the items is to increase customer spend and make their visit special and straightforward. It also helps us to cut down on lines by having items pre-ordered. We've made good progress in this area but have plans to do more.

CAROL RAYNER
HEAD OF OPERATIONS

CURRAN THEATER
SAN FRANCISCO, CALIFORNIA, USA

Built in 1922, the Curran has housed some of the biggest productions in theater history and has maintained a reputation over the course of its life as one of the premier live entertainment venues in North America.

The Curran offer ticket exchange protection at the point of booking as their only upsell. This achieves an 8% conversion rate. Patrons are made aware that, as they are not subscribers who get free ticket exchanges, this additional $5 item will allow them the flexibility to change their date. The main success The Curran cites is the win-win nature of being patron friendly by offering this flexibility while increasing revenue for the company. The exchange protection isn't refundable, so whether the venue staff end up with the extra work of processing an exchange or not, the revenue is realized. Ultimately, it allows patrons to book tickets more impulsively, knowing there is less stress about being locked into a date if they are purchasing well in advance.

" Think outside the box. We first thought offering ancillary items wouldn't apply to us because we don't sell parking or classes or the like. But realizing we could use the Spektrix upsell functionality for something less obvious turned out to be perfect for us.

GRIFFEN HERRERA
DIRECTOR OF TICKETING & CUSTOMER SERVICE

CONSIDERATIONS

- Yield management can be complex, but most organizations are doing it in some form. This is often by discounting tickets or pre-empting popular performances and applying a higher price list. **Could you be doing more to extend this to adjusting pricing upwards where audience demand allows for it?**

- Knowing that the majority of audience members are visiting to socialize and have a great trip out, in addition to engaging with the art, organizations want to build and sell a great experience for the audience. In some instances your available options for upselling may seem limited – for example where the venue doesn't have a restaurant. **Might there be an opportunity to partner with local restaurants?** This can have the added value of leveraging philanthropic relationships or increasing reach through mutual marketing efforts.
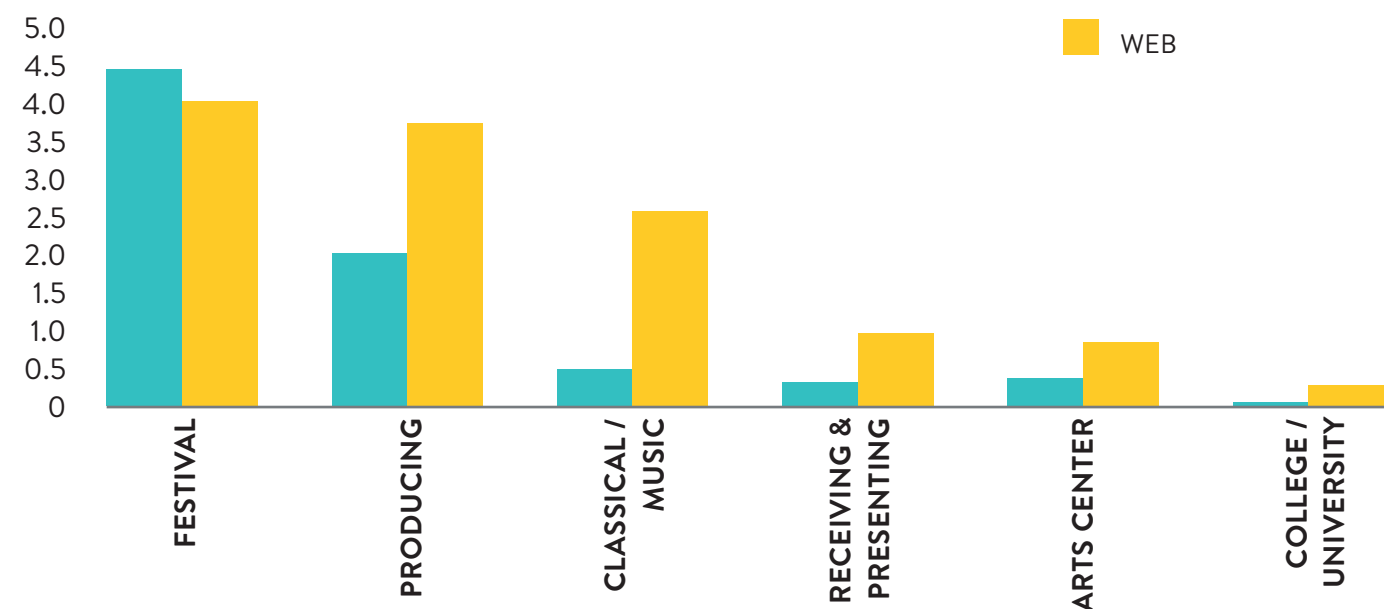
BENCHMARK DATA

ON AVERAGE, PATRONS ARE BOOKING 50 DAYS IN ADVANCE OF THE PERFORMANCE

AVERAGE OF DAYS
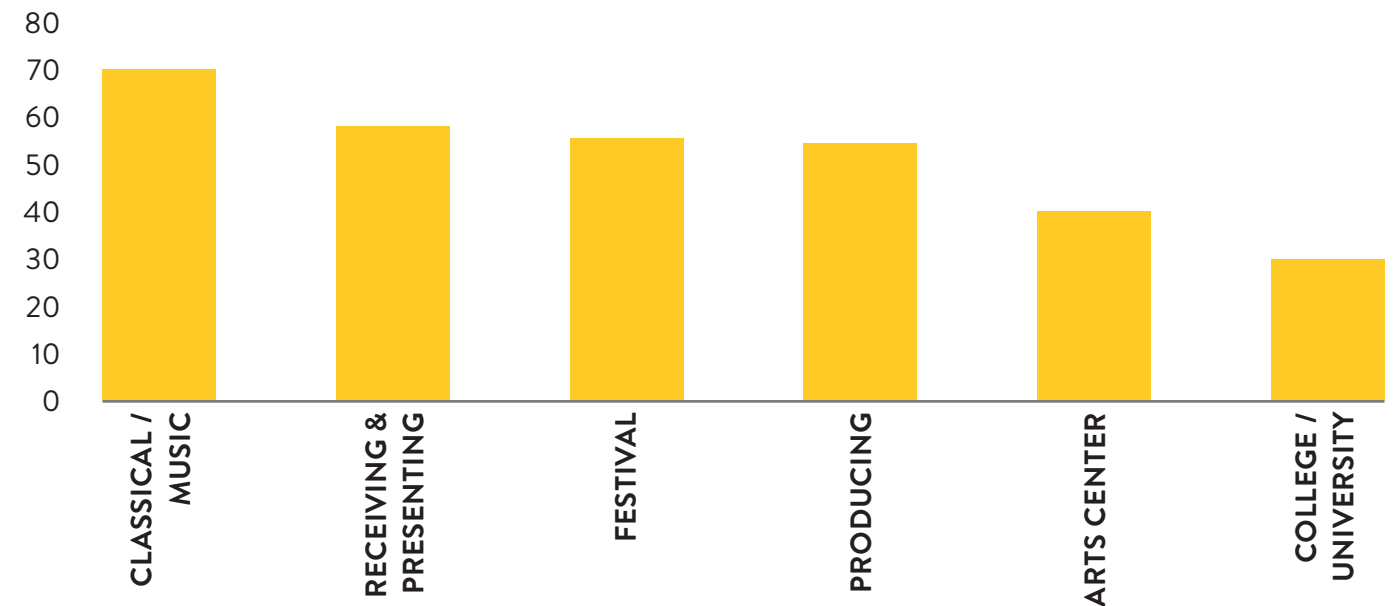
NUMBER OF BASKETS THAT CONTAIN MAIN EVENT TICKETS WITH AN UPSELL ITEM(S)

AVERAGE % UPSELL CONVERSIONS

PHONE / COUNTER
WEB

industry insight:
Baker Richards

Baker Richards is a leading international provider of consulting services and software for the cultural sector, working in the areas of admissions pricing, segmentation, memberships, subscriptions and donations, sales forecasting and primary research. Director and Principal Tim Baker shares his thoughts on our findings:

The key trend from the analysis of the majority of organizations is that yield (average income per ticket sold) reduces the closer you get to a performance – a very common problem with theaters, especially.

The reduction in yield seen in the trend line chart could be a result of last-minute discounting, but most often it is because the best seats sell first, leaving only cheaper and less desirable seats for those who book later. This means that the stronger the demand for a performance, the less income you get for each additional ticket sold, as people are forced to buy cheaper seats; the very opposite of what you want to achieve when you have strong demand! In an ideal world – where your objective is to maximize income rather than sell tickets quickly – instead of all of the most expensive seats selling first, you should have optimized your price range so that (some) customers are choosing lower prices. Your last remaining seat should always be at the highest price and it shouldn't sell until the curtain is about to go up! This is what we call "Pricing on the Threshold of Pain," which means that all your prices are always at the upper edge of what audiences are willing to pay, thus ensuring you have maximized the income available from the market. The organizations that are "bucking the trend" in this data set and are striving to maximize this income are much closer to exploiting an optimum pricing strategy. Find out more at www.baker-richards.com

APPENDIX 5

1   Yield management is a strategy based on tight management of inventory to even out demand over time and maximize revenue.

2   Supplementary items include pre-show dining, programs, merchandise or other items available to add on to the ticket sale at the time of purchase.

3   https://www.academia.edu/31556203/Competitive_Revenue_Management_Model_Using_Dynamic_Pricing_for_Theater_Seats_Management

4   https://www.artsprofessional.co.uk/magazine/feature/when-selling-out-bad-news

5   https://www.arts.gov/news/2015/surprising-findings-three-new-nea-reports-arts

6   https://www.artsprofessional.co.uk/magazine/286/article/why-audiences-attend

About this Report

ORGANIZATIONAL CLASSIFICATIONS

For some benchmarking statistics we have grouped the organizations in our data set into cohorts so that the data is comparable for similar types of organizations. They are as follows:

- **Arts Center** – multi artform.
- **Classical/Music** – including opera, orchestras, concert halls.
- **Festival** – majority of programming occurs during a condensed time period, normally annual/biennial cycle.
- **Producing** – primary programming is of resident company, artistic output is produced in-house.
- **Receiving & Presenting Venues** – majority if not all programmed events produced externally.
- **College/University** – schools/colleges/universities that predominantly focus on music and drama (e.g. conservatories or drama schools), where the mission is mainly to showcase student work.

ABOUT THE AUTHORS

SARAH FROST
CLIENT INSIGHT MANAGER

Sarah is serious about data and using it to help make great things happen in the arts. She works frontline on strategic initiatives with organizations that use Spektrix, supporting them to leverage data for decision making and to monitor their success. Sarah has a detailed understanding of the sector's challenges and ambitions, and using her Spektrix and data know-how has helped make a real difference for many organizations. She has previously worked in arts and publishing marketing roles and is based in our Manchester office.

LIV NILSSEN
SECTOR STRATEGY LEAD

Liv brings 15 years' experience in performing arts management and fundraising in both the U.S. and the U.K. to the global Spektrix team. Her role is to ensure that we have the biggest impact on the arts and cultural sector as possible. She is the Co-author of our *Boldly Compliant - GDPR* series and is always looking to further understand the world from our clients' perspectives, share learnings and make connections that help realize and even grow their ambitions.

ABOUT SPEKTRIX STRATEGIC CONSULTATION

Strategic Consultation

The combination of our people, software tools and extensive industry experience puts us in a unique position to consult with our clients on a wide range of topics. The areas we support range from strategic to tactical and from one-off workshops to long-term projects. We often focus on business change supported by best practice use of our software. The service is available to all of our clients and there is no extra cost for accessing it.

Support and Training

We're on hand to help our clients seven days a week with their use of Spektrix and getting the most out of our tools.

What's next?

Would you like to speak to us about anything you have read in this report?

If you're an organization that's not using Spektrix, book a call with one of our expert team members to explore how your organization shapes up against your industry peers. **Click here** to book a slot or call (646) 741-4337.

If you're an organization already using Spektrix and would like to explore how you can take the insights from this report and make changes within your organization, please visit our Support Center where you can access our consultative support, contact us via **support@spektrix.com** or call (646) 569-9097 or 1-800-961-5971. All our consultative support is included at no extra cost.

For partners, press or sector questions please contact us at **hello@spektrix.com** to explore opportunities for utilizing the data.