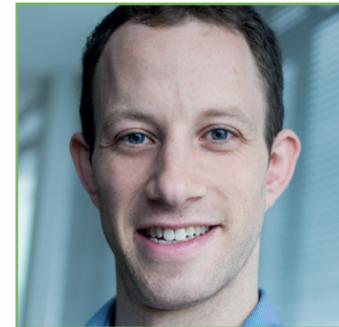




Spektrix Insights Report 2019



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

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 organizations¹, 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 patrons¹**
- **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 2018².

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 power³, the sector also exists within an environment in which audiences have never had more choice about their discretionary spending. Brand loyalty has declined⁴ across the retail sector. Meanwhile, leisure-time options proliferate⁵, with in-home options the fastest-growing part of the sector. Adding to the challenge, many funders⁶ 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

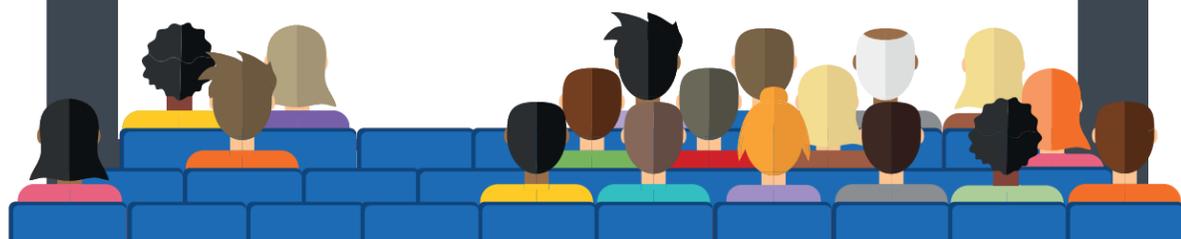
PATRONS ATTENDING MORE THAN ONCE

24%

AVERAGE



44%

AVERAGE FOR
TOP 10% OF
ORGANIZATIONSTHREE STAND-OUT ORGANIZATIONS IN OUR DATA SET
SHARE HOW A CREATIVE AND DEDICATED FOCUS
ON LOYALTY PAYS OFF FOR THEMTHE 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:

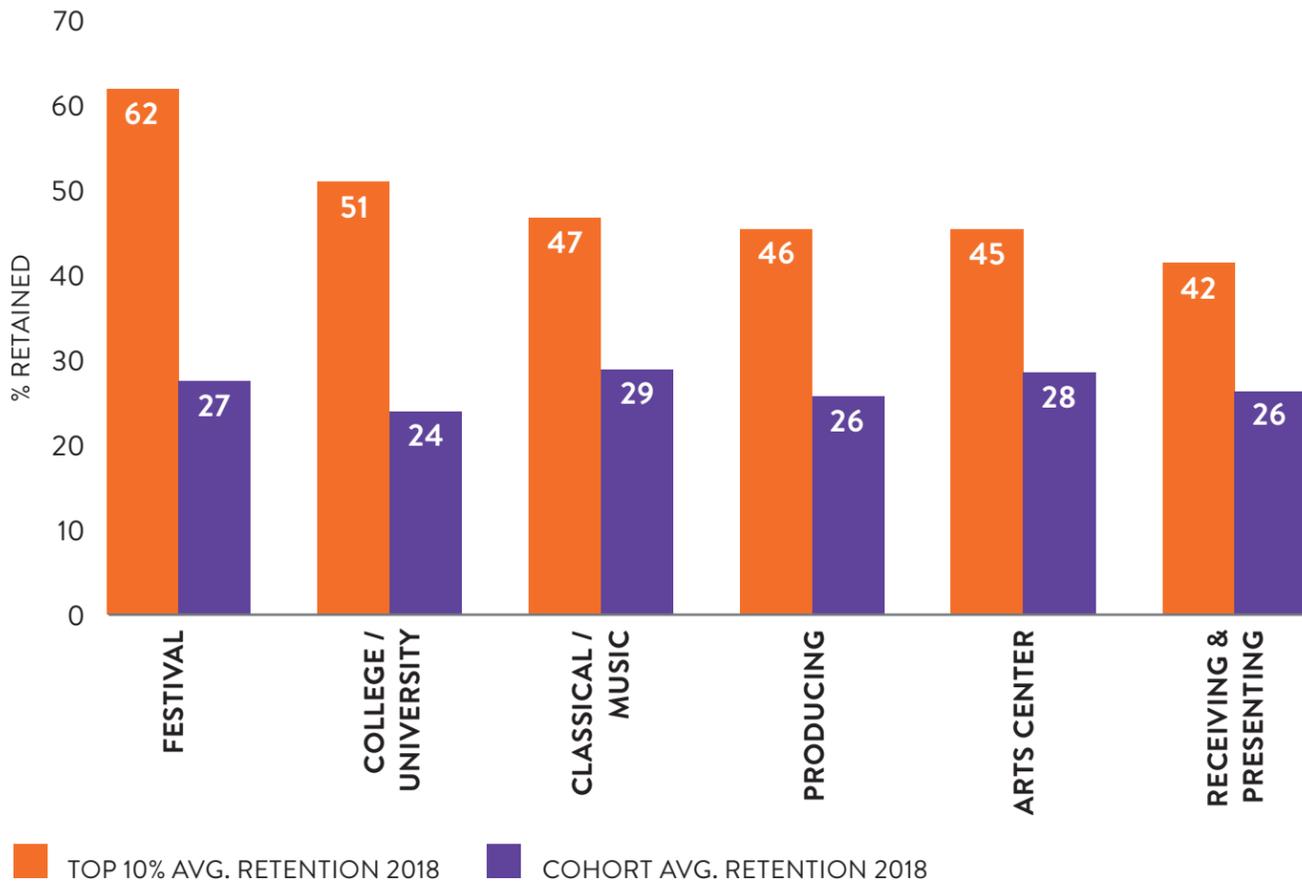
- Break down the entire database into segments that reflect where patrons are in terms of an overall loyalty "ladder," from first-time attender or lapsed booker right through to advocate (subscriber, member and/or high-level donor).
- Segment not only on commonly used recency/frequency/value rules, but 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 times⁷ 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?**

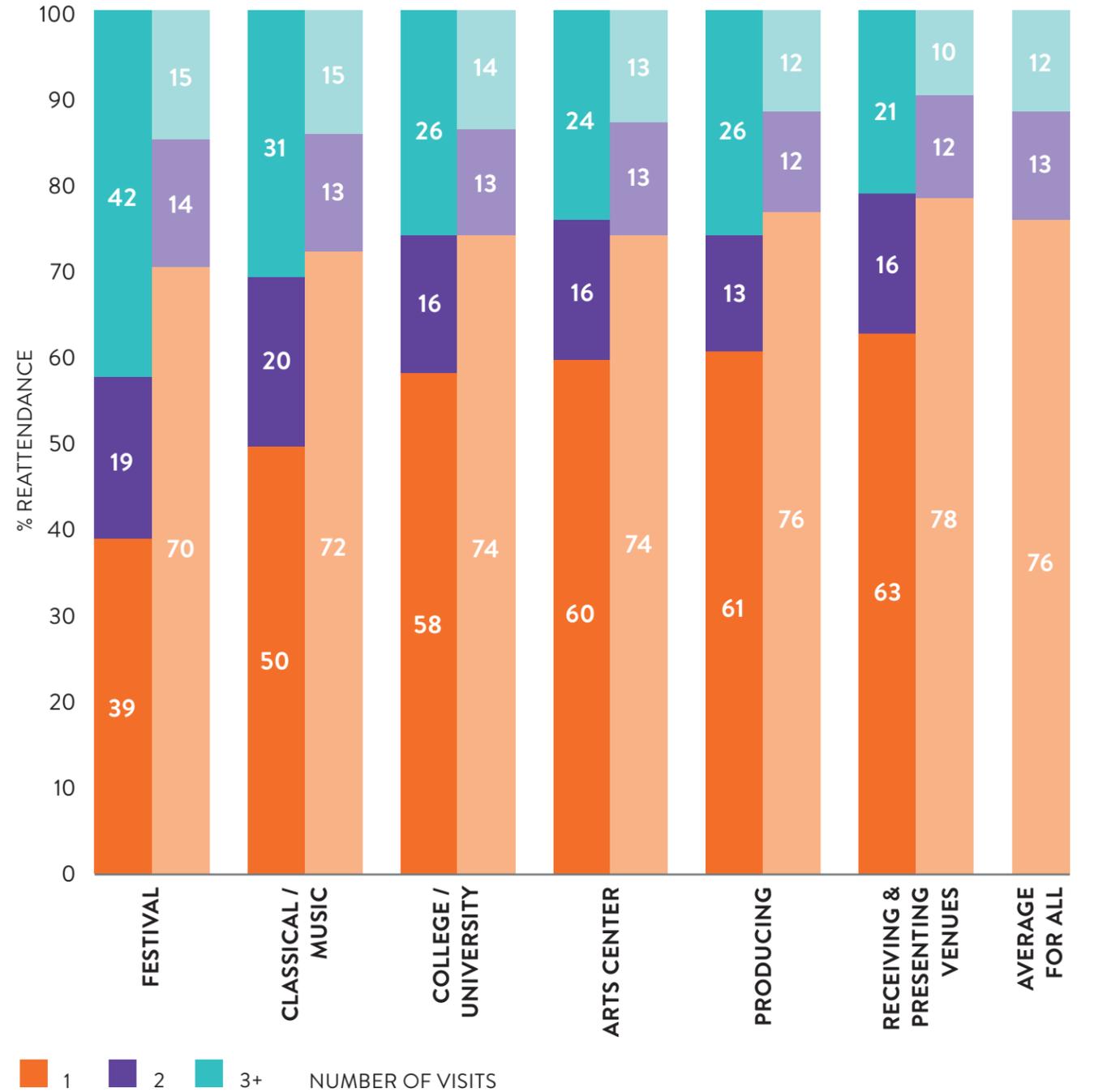
BENCHMARK DATA

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



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).



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>

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.

