



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.

Revenue Maximization

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 management¹**
- **Secondary spend at the time of purchase**

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 items² 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.

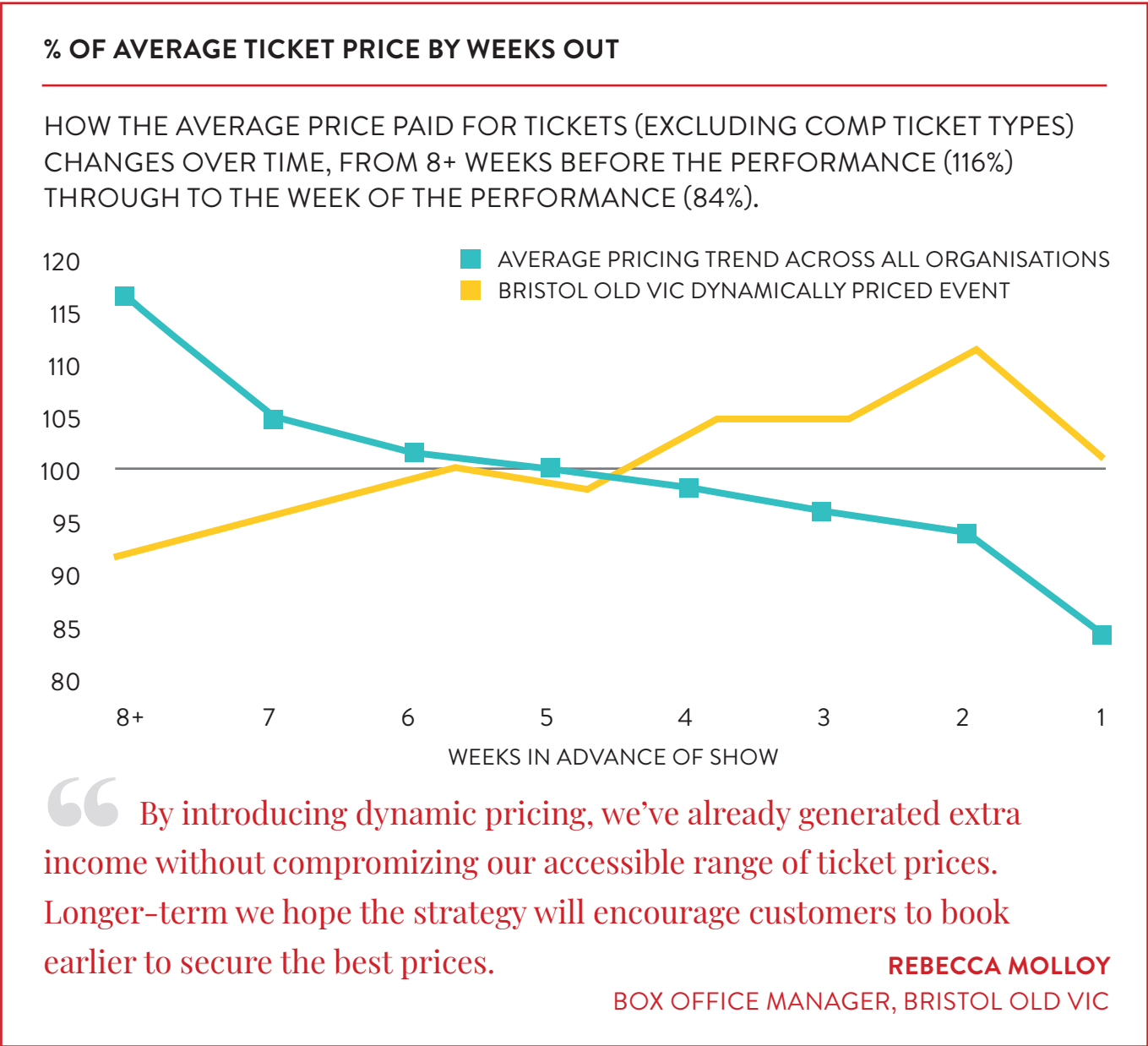
MAKING THE MOST OF THE MOMENT

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-ons³. 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 years⁴.

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:



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

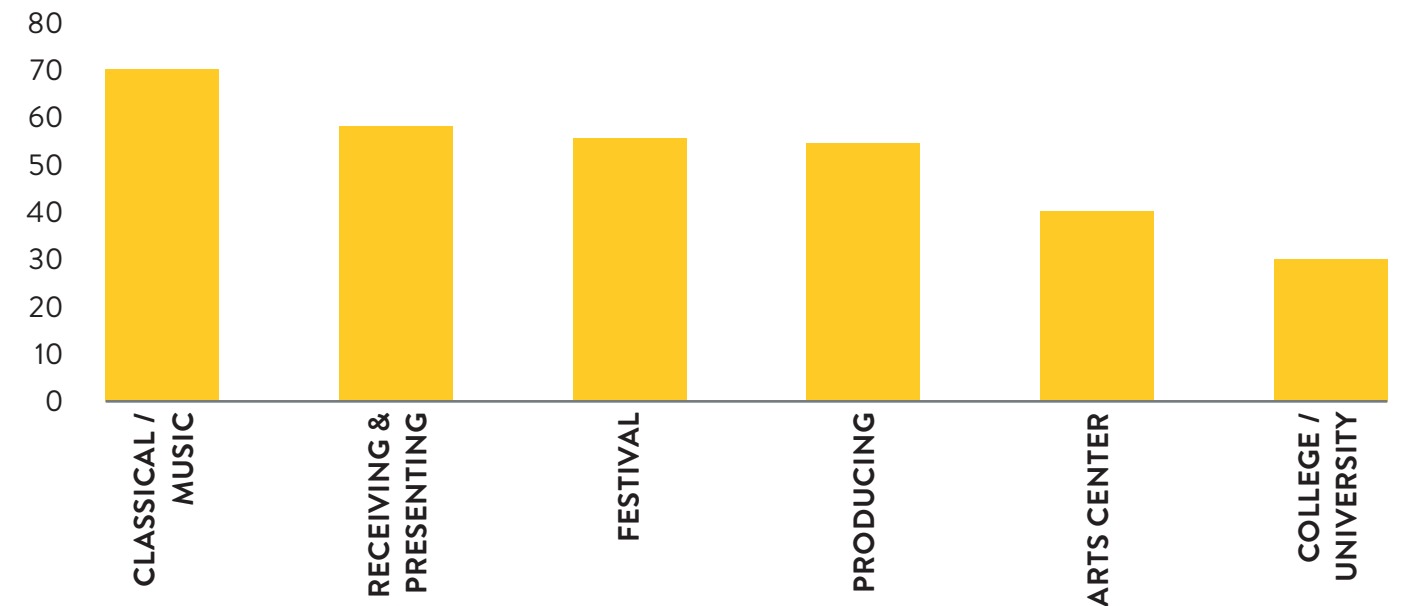
CONSIDERATIONS

- 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

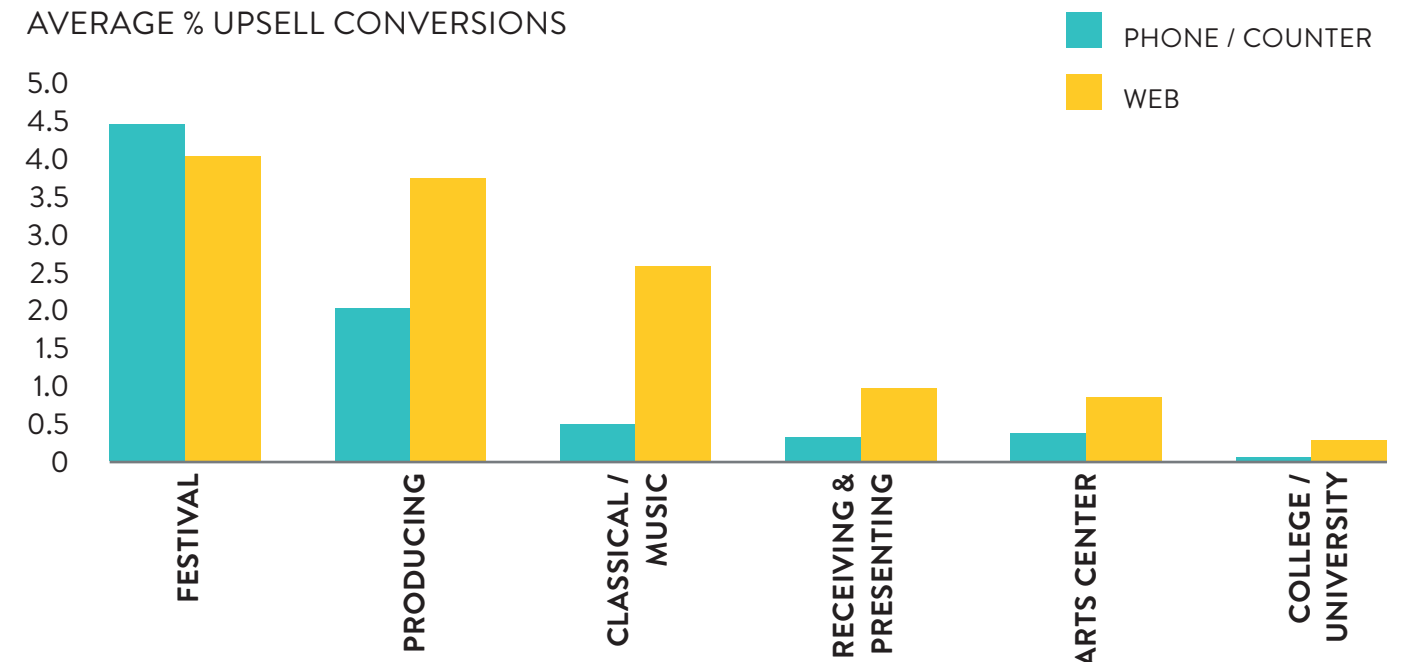
ON AVERAGE, PATRONS ARE BOOKING 50 DAYS IN ADVANCE OF THE PERFORMANCE

AVERAGE OF DAYS



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

AVERAGE % UPSELL CONVERSIONS



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-neareports-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.