

Into Thin

Air

A wide-ranging new study examines why first-timers don't come back—and what we can do about it.

by Rebecca Winzenried

JUDY IS NOT A HAPPY CAMPER. SHE'S JUST BEEN TO an orchestra concert for the first time since she was a kid and the experience wasn't quite what she imagined. The music was enjoyable, but parking was a hassle, she'd missed dinner because of a late workday, and there wasn't time to get a snack or drink either before the concert or at intermission. Plus, she'd already been stuck with the price of tickets for an earlier concert that she had to miss because of work. The orchestra refused to make an exchange and she's been bombarded with calls to buy a season subscription or make a donation. Her mailboxes—real and virtual—are being flooded with similar messages.



Martin Kon, head of Oliver Wyman's general management consulting office in New York and leader of the company's global media and entertainment practice, makes a point during the "churn" session at the League Conference in Denver.

Judy is not the real name of our disgruntled concertgoer, because Judy is not a real person. Hers is a composite story, drawn from real-life comments gathered during a sweeping new study, called the Audience Growth Initiative, which focused on barriers that keep first-time classical-music ticketbuyers from becoming concert regulars. The phenomenon is known as audience churn, and research compiled by the international management consulting firm Oliver Wyman, in collaboration with nine orchestras across the country, has found a stunning churn rate among newcomers like Judy: Over the course of two years, more than half did not return from one season to the next; and 90 percent of first-time ticketbuyers churned in comparison to dedicated concertgoers. Stemming and reversing the tide calls for a big shift in strategy, a re-examination of long-established marketing practices, and fresh assessment of the orchestra's relationship to single-ticket buyers vs. subscribers.

Orchestras have long recognized the need to attract new audiences, to help expand the patron base for the future. The hard part, it was assumed, was getting new people in the door. Once they experienced a concert, the feeling was that they would be so moved by the musical experience that they would want to know more, trying out subscription packages and becoming donors. Never assume. In early 2007, Ed Cambron, vice president of marketing and public relations at The Philadelphia Orchestra, came across an interesting blip in his analysis of box-office sales since the Kimmel Center for the Performing Arts opened in 2001. The orchestra, it seemed, was actually doing pretty well at attracting first-time attendees to its new home; the problem was getting them to come back. Was it an isolated situation, Cambron wondered? Knowing that orchestras had identified the

concept of churn among subscribers, but hadn't necessarily zeroed in on single-ticket buyers, he brought up the subject with marketing colleagues. Some preliminary checking found corresponding trends at the New York Philharmonic and Atlanta Symphony Orchestra. "We get new people, no problem, but we don't necessarily pass the audition," says Charles Wade, vice president for marketing and audience engagement at the Atlanta Symphony Orchestra. What to do about concertgoers who actually make it to the concert hall, only to disappear into thin air? It was an intriguing question for Martin Kon, who leads the global media and entertainment practice at Oliver Wyman and heads its New York offices. Kon had studied the problem of churn in other industries, from theme parks to mobile phone services, and saw some parallels that weren't immediately obvious to orchestras. "It's all about

understanding what makes customers behave the way they do. What is it that customers value, and what's important to them that causes them to leave, or to come back again?" Kon asks. "This is the same thing that can be done, amusingly enough, with theme parks, retail banking, telecommunications, or airlines. What is it about the experience that will make someone decide to buy an annual pass to Six Flags or Disneyland, or fly Virgin Atlantic vs. British Airways, or decide to subscribe to the orchestra? Yes, the people are different and the product is a little different, but the actual concept is not dissimilar."

Kon had been approached by Jack McAuliffe, president of Engaged Audiences LLC, on behalf of a group of senior-level orchestra marketing professionals that included Cambron and Wade. (McAuliffe formed this group among colleagues with whom he had worked during his tenure as vice president and chief operating officer with the League of American Orchestras.) The timing was serendipitous, as members of the Oliver Wyman team had been looking at taking on a large-scale pro bono project. Here was something with potentially far-reaching implications for orchestras in communities across the

A page from Oliver Wyman's "churn" presentation outlines ways to meet and exceed audience expectations.

Defining a new and comprehensive value proposition for "Unconverted trialists"

Repertoire	Music information	Social experience	Exchanges	Access	Relationship building	Compelling offers
						
<i>Don't surprise me: I want pieces that 'ring a bell'</i>	<i>Initiate me: Really? Interesting to know!</i>	<i>Let's socialize!: I want to have a good time with my friends</i>	<i>Me too!: I want flexibility</i>	<i>No hassle: I just want to park and forget about my car</i>	<i>Don't ask me to marry you after the first date: I don't want to commit yet</i>	<i>Such a good deal: A no-brainer to go another time</i>
Enough familiar concerts to choose from during the season	Enough background to enjoy the performance	Enjoyable pre- (and post-) concert experience Socializing opportunities at the concert	Easy to exchange tickets, even for single tickets	Easy to get to and park at the hall	One step at a time	Right discount/promotional offer combination

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country. “We never saw it as a marketing study; we saw it as a growth strategy study,” says Kon. “If you can get right those things that people really care about—and not just say they care about, but things that actually result in them coming back or not—you have a huge opportunity to grow your audience, increase your loyalty, and reduce your churn.”

The resulting Audience Growth Initiative, or “the churn project,” involved an estimated \$2 million in donated time and resources on the part of Oliver Wyman. In addition to a New York-based project team, the firm assigned senior partner liaisons to work on location with each of the participating orchestras: The Philadelphia Orchestra, New York Philharmonic, Cleveland Orchestra, Los Angeles Philharmonic, and the Atlanta, Boston, Chicago, Milwaukee, and San Francisco symphonies. It devised a three-phase approach that involved direct engagement

and orchestra-specific recommendations on promotions that might affect ticketbuyers’ decisions.

Concentrating on the years 2005 to 2007, results of the Audience Growth Initiative revealed a surprisingly consistent rate of churn for participating orchestras across the board, regardless of budget or location: 57 percent of ticketbuyers for the 2006–07 season were new to the orchestra—a seemingly successful measure for getting people in the door—but 55 percent of customers from the previous season did not return.

Unconverted Trialists represent 39 percent of customers overall, but because they fill only 12 percent of the seats at any given concert, their impact and potential is easy to overlook. Orchestras always knew these were the people filling the seats at the edges of the concert hall. As McAuliffe points out, “We just never stopped to realize how many of them there were over the course of all those concerts every season.” One of the study’s key recommendations is that orchestras shift some of their attention to Unconverted Trialists, enticing them to sample another concert or two and nurturing them toward becoming part of the Core Audience.

There is a base to build upon, as those two seemingly disparate demographics have one thing in common: the music. Concert repertoire and a desire to experience and learn more about the music were the most important elements identified by all audience segments, with Core Audience members and Unconverted Trialists sharing similar preferences for composers and instruments (Beethoven, Mozart, and piano soloists topped the list).

Convert Me

But where Core Audience members tend to concentrate solely on the performance, Unconverted Trialists are affected by all the peripheral aspects of an evening at the symphony, from finding a parking spot to the line at the bar during intermission. That’s where our friend Judy comes into play. Judy makes her appearance about midway through a presentation on the study’s findings that was given by Oliver Wyman to each of the participating orchestras last May, and to the orchestra industry at large during the League of American Orchestras’ National Conference in Denver a month



Gary Hanson, executive director, The Cleveland Orchestra

Deborah F. Rutter, president, Chicago Symphony Orchestra Association



The Audience Growth Initiative focused on barriers that keep first-time classical-music ticketbuyers from becoming concert regulars. The phenomenon is known as audience churn.

with executive staff and board members at each orchestra, as well as ongoing meetings with the marketing-directors group that had gotten the ball rolling. Data collected from orchestras in the first phase was used to analyze ticket purchases and to cluster patrons into six segments, from the reliable Core Audience to the Snackers (fairly loyal subscribers and single-ticket buyers) to the Unconverted Trialists (those first-timers who came to a single concert in one season). Online surveys in the second phase gleaned information about customer motivations for attending—or not attending—concerts, and the third phase offered both general

later. Judy’s trials and tribulations unfold in comic-strip style, ending with her cry of despair at the latest telemarketing call, “Not another orchestra rep!” (To view the complete PowerPoint presentation at americanorchestras.org, click on Conferences and Meetings for 2008 Conference Highlights: “What Churned in Denver?”)

The “Judy moment” leapt out at Cleveland Orchestra Executive Director Gary Hanson. “I saw my life in marketing right there in front in me,” he says. Hanson’s orchestra, like others, had some inkling of the churn problem. But here, he says, was the real headline—a graphic depiction of how unproductive the industry’s attitude toward trial customers has been. “It is that somewhat clumsy, undifferentiated, aggressive solicitation and the reaction to it that I found to be the biggest eye-opener,” says Hanson. “The findings of the Audience Growth Initiative have had a significant impact on me, and the report will have a significant impact on the way we organize our fund-raising and ticket-selling going forward at The Cleveland Orchestra.”

League Vice President for Marketing and Membership Development Russell Jones agrees that the results were a bit of a wake-up call. “It’s a fascinating subject in some ways, absolutely obvious in others, to say, yeah, we haven’t nurtured very well here. Or we’ve assumed too much. It’s about having a more grown-up and honest relationship with our people coming to concerts, starting before first-timers have actually made it to the hall.”

Key insight number two: To bring back

single-visit patrons, orchestras should focus on providing a seamless end-to-end experience. Unconverted Trialists and Special Occasions (those once-a-year, birthday, anniversary, special-date types) place a value on the social, environmental, and entertainment aspects of their night out. They want to minimize hassles of getting to and from, in and out of the concert hall, and they appreciate ways to learn more about the music. At the same time, they may not be familiar with the venue, the neighborhood, and the concert formats. “We have to always remember that this isn’t second nature for everybody,” says Susan Loris, vice president of marketing and communications for the Milwaukee Symphony Orchestra. “Being able to offer a complete evening-out experience is important. It’s not just the concert, it’s everything else—finding a babysitter, getting dinner, being able to exchange last-minute, being able to get out of the parking structure.”

Ah, parking. Orchestras have always heard about issues like traffic and parking, but regular concertgoers eventually seemed to find the most convenient routes and best spots. The churn project’s emphasis on specifics, as well as general findings, helped uncover particular concerns for different locales. “We actually have a lot of parking, but it’s not the getting in, it’s the getting out of it that we heard about,” says Loris. “Wow, we still have parking issues.” Particularly since the MSO does not own its own hall, Loris says the findings help identify challenges that might easily become barriers to the Trialist experience, whether it’s box-office snafus or bar service.

In Boston, comments about Symphony Hall’s cramped public spaces surfaced. “Again, none of this is rocket science,” says Kim Noltemy, the Boston Symphony Orchestra’s director of sales, marketing, and communications. The BSO has long been aware of the need to update lobby and bar facilities. “But there wasn’t the feeling that it was critical to invest our time and money and energy adding these amenities. The subscribers didn’t complain, so why did we really have to worry about it?” The report was an institutional call to action, Noltemy says, to think about how first-time visitors experience Symphony Hall and to make sure all ticketholders can easily find what they need. Signage has been improved, and drinks are now being passed by servers

Churn Busters

Over the past few months, the nine orchestras that participated in the Audience Growth Initiative have already begun to test promising new ideas. Here’s a look at some of the results so far.

- Kim Noltemy, director of sales, marketing and communications for the Boston Symphony Orchestra, sent 1,500 first-timers from last spring a special offer for a concert with two familiar works and a contemporary composition. Thirty-five percent accepted the offer—almost exactly the number that the initiative predicted.
- Charlie Wade, vice president for marketing and audience engagement at the Atlanta Symphony Orchestra, has tested a variety of “killer offers,” including amenities such as a free drink and a chance to meet the musicians. One test outperformed a price-only offer by nearly two to one.
- David Snead, the New York Philharmonic’s vice president of marketing, sent a “killer offer” to most of the orchestra’s 2007-08 first-timers and a control offer to the rest. The “killer offer” outdrew the traditional offer by five to one.

The Audience Growth Initiative showed that nurturing first-timers with a thank-you and “killer offers” before soliciting a subscription commitment substantially increases ticket sales in just two years.

- Several orchestras, including Boston, Chicago, Los Angeles, New York and Philadelphia, are excluding a portion of their first-time concert buyers from subscription telemarketing and nurturing them before making subscription offers.
 - Kevin Giglinto, vice president for sales and marketing at the Chicago Symphony Orchestra, is tracking his customers based on frequency of attendance. This will facilitate tailored offerings through the orchestra’s completely rebuilt website. The Cleveland Orchestra is tagging its database with a focus on the “high potentials,” an audience cluster that attended frequently for one season.
 - Ed Cambron, vice president of marketing and public relations for The Philadelphia Orchestra, is developing separate relationship-building paths for various audience segments. “Unconverted Trialists” will receive an email before their first concert, providing insight into the music. This sort of orientation helps to familiarize the newcomer with the program, enhances his or her enjoyment, and increases the likelihood of future purchases.
 - The Boston Symphony Orchestra now emails links to podcasts previewing each concert, while the New York Philharmonic has produced video podcasts for several concerts that have contemporary compositions
- For the dedicated core audience, only the music and an engagement with the orchestra matter. For the newcomer, factors that may have little to do with the actual performance—from beverage service to parking—can make all the difference.
- Boston, Los Angeles, and San Francisco are enhancing in-hall amenities.

The Audience Growth Initiative is also influencing non-participating orchestras.

- The Cincinnati Symphony offered half of its Summer Pops first-timers a classical subscription, and the other half an individual classical concert. The concert offer outsold the subscription offer by twenty to one. According to the study, this group will now be as much as 50 percent more responsive to a future subscription offer than those who were offered the subscription at the outset.
- The Buffalo Philharmonic is emailing a web survey to its first-timers, followed by an individual-concert “killer offer” and then an introductory subscription offer. One hundred twenty households were first-timers at Buffalo’s 2008-09 season-opening concert, and 56 of these completed the online survey, thereby requesting a “killer offer.”

—Jack McAuliffe

in the lobby areas, to ease the concession backup. A link on the BSO.org home page trumpets the changes, including the option to order drink vouchers online. The BSO is considering more extensive renovations to address patron-services issues, but the steps already taken demonstrate how changes can often be rather straightforward and inexpensive.

Extending ticket exchanges to single-

ticket buyers for a low fee is one easy-to-implement, perception-altering change. The BSO now allows single-ticket holders to exchange tickets for a \$5 fee. "We've had a lot of positive feedback about that," says Noltemy. "People are expecting us to say 'No, we can't do that,' and we surprise them with 'yes.' So that was a chance to exceed expectations." The MSO has also instituted single-ticket exchanges and has started

sending a thank-you postcard to first-timers who do attend, expressing the orchestra's appreciation and offering an invitation to come back—with the sweeteners of a 50 percent discount and a free drink.

That's good news to Dave Sovie, who became an unintentional first-timer test case while serving as Oliver Wyman's liaison to the San Francisco Symphony. Sovie leads the firm's global technology practice and is in charge of its San Francisco office. He attended his first SFS concert one weekend, soon after relocating from New York City. Sure enough, he got a phone call on Monday, offering a large subscription series. Sovie says that a telemarketing call, while pretty standard operating procedure for orchestras, is an unexpected leap forward to first-timers like him. Later on, Sovie was pleasantly surprised to get a mailing from the SFS with the kind of four-ticket subscription that seemed like a better fit for his schedule and developing interest in the orchestra of his new home town. The SFS now aims to customize the offer for each audience member, each of whom has different needs.

Still, holding back on telemarketing involves real discipline on the part of orchestras, according to Chicago Symphony Orchestra President Deborah F. Rutter. The first response is to grab hold of brand-new names before they get away. Rutter says the CSO has gained a new confidence to rethink such entrenched industry policies and focus more on relationship building, or "getting them addicted." She relates it to the barrage of calls and emails she got during the run-up to the presidential election. "I didn't mind because I cared passionately about the election. But if I didn't, I'd be angry because of the persistence of communication," she says. "What we want to do is develop more relationships that are in that sort of addictive behavior where people can't get enough of us."

Not that it isn't important to contact first-timers soon after they attend their first concerts. However, Unconverted Trialists respond better to discount offers and promotions for additional single-ticket purchases. Best of all: the "killer offer," with its deep discounts (half-off is a particular incentive) for prime seats on prime nights (weekends, not just undersold weekday evenings) and programs that have a mix of music Trialists know and enjoy, perhaps

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with some special insights from musicians or conductors, topped off with a free drink coupon or “Bring a Friend for Free” bonus. Killer offers can reduce churn by 40 percent among Unconverted Trialists. And the more single-ticket purchases they make for concerts with enjoyable programming, good seats, and social opportunities, the

Newcomers place a value on the social, environmental, and entertainment aspects of their night out.

more Trialists may begin to recognize the appeal of subscription packages.

“We forget how big a factor price is in people’s decisions to try us out for the first time or to become regular attenders,” says David Snead, vice president for marketing at the New York Philharmonic. “And coming back to them after they’ve been the first time with some compelling ‘You’d have

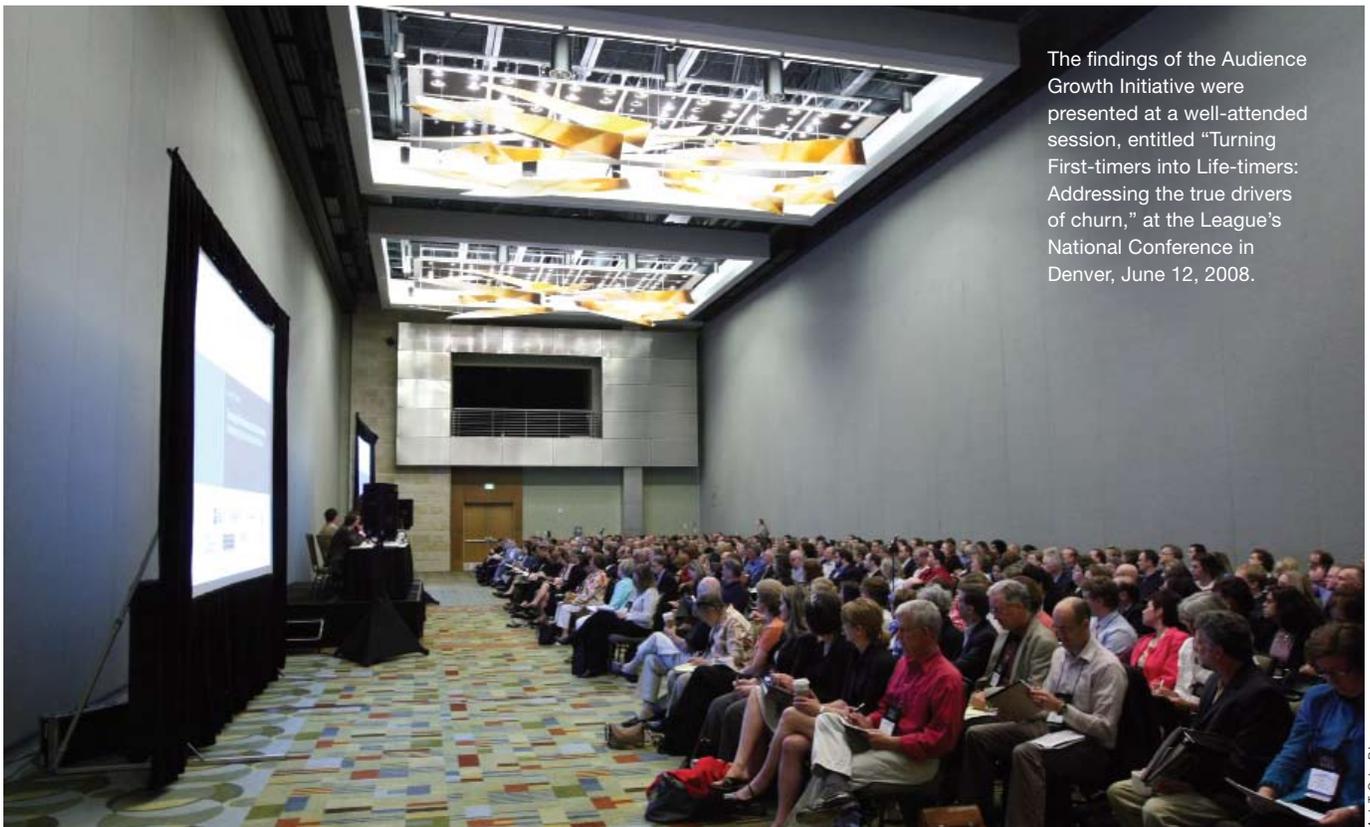
to be crazy not to take this!’ kind of offer really could work. You could say, ‘Well, of course, telling somebody they can save half off and have a free drink—why wouldn’t they go?’ The fact is, for some people it doesn’t matter.” The Philharmonic included Core Audience members in one test it conducted at the end of last season. While a 50 percent discount and drink coupon were powerful incentives to bring Trialists back for the June concert performance of *Tosca*, Core Audience members who received the same offer (their regular subscriptions had ended) were not tempted.

The 2008-09 season will likely become known as the “Year of the Unconverted Trialist and the Killer Offer” as orchestras test, measure, and analyze new targeted offers. A clearer picture of results will not likely emerge until subscription sales for the following season or two get underway. But Audience Growth Initiative participants have noticed a shift in their thinking, as they weigh efforts under consideration against what they have learned about customer behavior and the need to provide a more holistic patron experience. “What’s really great about this study is the way it’s sort of worked its way into the psyche,” says Shana Mathur, vice president of marketing and communications

at the Los Angeles Philharmonic. She’s had discussions with Philharmonic colleagues about the larger implications across departments as patrons tack from one audience cluster, or segment, to another. “If they’re an Unconverted Trialist now and they move into the land of Snackers, I want to know when that change happens,” she says. From there, what will be the expectation of that same patron’s migration to subscriber, and on to donor? And what will be the measure of success for that migration?

Ed Cambron, whose study of trends at The Philadelphia Orchestra kickstarted the whole examination of audience churn, has recognized that he may need to exercise a bit more patience in nurturing Unconverteds on their journey. “Those consumers don’t view themselves as ‘I’m a subscriber, I’m a single-ticket buyer.’ They’re a patron, period. They don’t understand the departments that we organize ourselves in,” he says. “I think there’s going to be some ongoing discussion about how cultivating these people as donors fits in. That’s the next kind of wave. There’s a lot we’re going to learn.” [EJ](#)

REBECCA WINZENRIED, a New York-based writer and editor, is the former editor in chief of *Symphony*.



The findings of the Audience Growth Initiative were presented at a well-attended session, entitled “Turning First-timers into Life-timers: Addressing the true drivers of churn,” at the League’s National Conference in Denver, June 12, 2008.

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