

Challenging Our Audience Development Model

Stop selling tickets, develop relationships. This was the blunt message delivered by Doug Kinzey, Senior Director of Audience Development at the Pittsburgh Symphony Orchestra speaking at the seminar for Orchestras Live and the Association of British Orchestras on Friday 9 May 2008.

Acknowledged as one of the world's leading audience development practitioners, Doug challenged his audience to question fundamental beliefs, challenge economic models, engage in dialogue, share experiences and connect. In a hard hitting presentation he outlined what he sees as the current situation for arts organisations:

We assume artistic excellence is enough. We increasingly align our organisations in support of producing art and generating money. We focus on "promotions" and "transactions." We believe in inefficiency – we start over every year. We expect people to be knowledgeable and desiring of our product (s). We reward lack of commitment and define service as less commitment by our patrons rather than developing a lasting commitment to our patrons. We act as if one relationship type fits all. Ticket sales are the responsibility of the Marketing Department. Donations are the responsibility of the Development Department. Service is the responsibility of the Box Office. We haven't changed our criteria for creating value propositions in decades. We remain internally focused – it is all about us.

This is leading to:

- A shrinking pool of customers will have to satisfy our needs.
- Inefficient annual relationships will further jeopardize our financial stability.
- Mass marketed transaction based systems will continue to rely on discounts and flexibility. More and more resources will be placed in non- core activities to survive.

He offered a range of solutions all of which he had successfully applied to the Pittsburgh Symphony and a number of other cultural organizations in the US. Acknowledging that there are some cultural differences between UK and US he asserted that we do in fact have more things in common than difference.

"We all claim to be unique but actually we share the same problems – static or declining audiences."

Addressing this is fundamental and requires radical action. He outlined two key areas for change:

- The development of new value propositions
- The need for new organisational and economic models

Value propositions

A value proposition refers to the benefits that stakeholders are assured of receiving as a result of their relationship with an organisation.

“Transactional based relationships will jeopardise our financial position. We can’t continue to rely on the value propositions of discounts.”

Artistic and organisational excellence is vital to develop value propositions in order to grow the audience. Audiences buy ‘value propositions’ not tickets.

How good is your organisation at creating ‘value propositions’ for its customers?

Segmentation is crucial in developing value propositions. This requires:

- Systematic appreciation of the customer
- Systematic adult education and provision of a wide range of entry points
- Systematic feedback gathering
- New definition of ‘service’ – relationships and moving commitment to the next level
- Loyalty programme

“Do we ever have a meaningful relationship with a one-night stand?” he asked. We need to be creating value through unique experiences not just selling tickets. Premium offers add value and this is where your artistic assets can be utilised to create unique experiences. Repertory, artists and price can no longer be our primary or only selling points. We need to undertake motivational research into what makes people make a commitment and ask the audience for help in putting together value propositions. He has found patron task forces to be particularly effective in developing value propositions.

“We must develop meaningful and relevant ways to engage people with what’s on the stage in the name of great music.”

2 Organisational and economic models

Artistic excellence is fundamental but is it enough? Organisational excellence is needed as well. The position of marketing in arts organisations continues to be defined as 'promotion' leading to the obsession with transactions and not relationships with people.

"Art is a personal, not a transactional journey."

The whole organisation should be driven by audience development – musicians, Board, staff, artistic leadership. He asked why ticket sales remain the responsibility of the Marketing Director and her/his department. His belief is that it's the responsibility of the whole organisation to build a relationship with the audience.

"Music is an experience not a commodity."

He suggested that we should be in the business of relating to customers and cross-functional teams are essential. Artistic, education, marketing, development should all work together towards a common aim. Marketers need a different relationship with artistic planning – a seat at their table is vital. They also need to raise audience development resources and this is more easily done where there is an understanding or common goal or audience development in an organisation. Audience development can be incorporated in to all budgets where there is an understanding of its benefits.

"Repertory, artists and all other artistic issues are at the sole discretion of the artistic leadership." Should we challenge this? Yes he suggested. We need to work together to empower not usurp the artistic leadership.

Many reasons are given for the decline in audiences – decline in arts education, lack of leisure time, lack of media coverage, technological developments, iPods, etc, etc. but we never look to ourselves and our offering as perhaps the root of the problem. We need to be learning and harnessing the latest ideas to our advantage. Good examples of reaching new audiences include Met Opera simulcasts, La Scala and ROH HD broadcasts.

"Let's be students of our environment". We must look beyond our sector for opportunities and ideas."

Challenging belief systems

Our fundamental belief systems are wrong. The challenge is to develop a business model that will guide action and behaviour. We need to distinguish 'business' from 'mission'. Concert-giving is **not** our business – that is part of our mission. Our business is the business of Patron Development.

<u>Old Beliefs</u>		<u>New Beliefs</u>
Economic engine is based on producing concerts and selling tickets	➔	Economic engine is based on development of patrons
Earned income - ultimate barometer of health	➔	Patron income - ultimate barometer of health
Selling tickets and developing patrons – distinct business lines	➔	Selling tickets – a means of developing patrons
Marketing sells tickets and development raises money	➔	The organisation develops patrons
Ticket revenue – more important than number of subscriber households	➔	Subscriber households – highest priority
We might be able to sell our way to prosperity	➔	Prosperity will only come from developing vastly more patrons

For further details of these concepts see League of American Orchestras website link on p6

“We seem to constantly be rewarding and giving the best service to the least committed – single ticket buyers. We offer smaller and smaller packages and offer them more and more incentives.”

New models

<u>Old model</u>	Economic Model	<u>New model</u>
Traditional model – Sell seats	➔	New model – household investment values
Marketing = One size fits all	➔	Marketing = Customized messages & offers
Value Proposition = Flexibility	➔	Value Proposition = Increasing commitment
Organizational Structure = Multiple messages	➔	Organizational Structure = Integrated messages
Efficiencies = Start over every year	➔	Efficiencies = Retention – ROI. Appreciation = Service & Reward Programs
Primary Strategy = Transactions	➔	Primary Strategy = Moving household commitments to the next level.

Branding and service

<u>Old model</u>	Branding	<u>New model</u>
Elite, inaccessible, boring, lack of commitment.	➔	Enabling household relationships to actively engage in a compelling, growing and personally rewarding experience. <ul style="list-style-type: none"> • Accessibility • Commitment • Efficiencies • Sustainability

A final message from Doug...

“We have the option to remain a victim and blame everything including local culture on our situation. But leadership is about questioning the status quo and making changes. It is a fact that three very different organizations in three very different and competitive markets have experienced incredible audience growth by questioning long-held beliefs and becoming good stewards of customer investments.”

Doug values dialogue with audience development practitioners and welcomes your comments and ideas. He can be contacted at dkinzey@lx.netcom.com

Useful links

League of American Orchestras Conference 2007 revenue Model presentation:
www.leagueconference.org/pdf/economic_model.pdf

Article about Pittsburgh Symphony and subscription programmes:
www.pittsburghlive.com/x/pittsburghtrib/living/music/classical/s_528556.html

Pittsburgh Symphony:
www.pittsburghsymphony.org

Royal Opera House HD cinema broadcasts and Summer Big Screens:
www.roh.org.uk/bp/
www.dcinematoday.com/dc/pr.aspx?newsID=1085

Association of British Orchestras:
www.abo.org.uk

Orchestras Live:
www.orchestraslive.org.uk