ARTS MARKETING INSIGHTS
The Dynamics of Building and Retaining Performing Arts Audiences

Joanne Scheff Bernstein

Foreword by Philip Kotler

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The arts are essential to the health of a nation. Just as food, clothing, and housing are essential to physical well-being, art is essential to the social and spiritual nourishing of our lives. Life would be dreary in a society without music, song, dance, film, books, and the visual arts.

Joanne and I published our book *Standing Room Only* in 1997, more than nine years ago. In these times of accelerating change, nine years is like twenty years in terms of sound prescriptions for success. Today discretionary money is scarcer, time budgets are strained, and competitive activities have proliferated, with the result that filling the seats for performances is getting increasingly difficult. Furthermore, in the past several years there have been significant changes in people’s lifestyles, increased spontaneity in choosing leisure time pursuits, and new expectations in terms of excellent and responsive customer service.

Contrary to many people’s belief that interest in the arts is waning, there is and, I imagine, always will be a significant proportion of the population that truly enjoys attending arts events. But many of the audience development strategies that worked in the past are no longer as viable as they once were. Furthermore, marketers’ insensitivity to the ways customers prefer to do business and the types of messages that will serve to attract audience members is actually creating barriers to attendance. At best many marketers are perpetually working harder to retain their audiences and attract new ones. At the worst
many symphonies, theaters, opera companies, and dance companies are facing extreme financial difficulties.

Marketing is not the art of finding clever ways to fill your seats. Marketing is the art of creating genuine customer value. It is the art of helping your customers become better off. The marketer’s watchwords are quality, service, and value.

A mark of sound management in any organization is to review the new market conditions, the competition (both inside and outside the arts world), and the mind-set of consumers, and then revise old assumptions and launch new marketing initiatives for breathing new life into the performing arts business.

To assist your thinking, Joanne Scheff Bernstein, one of the most effective consultants and educators on the performing arts, offers you a guide to the new market factors and the new strategies, based on sound marketing principles, that will improve your audience development results now and into the future. She offers not only a review of long-standing best practices but also a multitude of viable alternatives to those practices that no longer attract and retain audiences as they formerly did. She helps you to understand the customer mind-set and to leverage the many new opportunities created by the digital revolution and its manifestations, especially Web-marketing and e-mail.

I view this new book, Arts Marketing Insights, as the performing arts bible for the times. I encourage every arts manager and marketer, student and teacher of arts management, and board member of an arts organization to read this book and discuss every chapter with their peers. The dialogue alone will spark new ideas in your arts organization for substantially increasing attendance and funding and for creating better satisfied customers.

Philip Kotler  
Kellogg School of Management  
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This book is dedicated with boundless love
to my wonderful husband, Bob, who shares my love of the arts,
and to my darling grandchildren, Cecilia, Daniel, Ryan, and Harper,
who have just begun to experience the delights and inspiration
the arts will offer them throughout their lives.
Introduction

The behavior of arts audiences is changing dramatically. Although some performing arts organizations have successfully retained and even grown their subscriber base in recent years, since the mid-nineties many organizations have been losing ground in their efforts to both attract and retain subscribers. Competition for leisure time activities is on the rise and arts education in the schools has been sparse for decades, with the result that many arts managers fear the younger generations are unlikely to fill the gap that will be left as loyal older audiences diminish.

People have also changed in the ways they prefer to do business. Many performing arts attenders want to choose specific programs to attend, not purchase a package of performances preselected by the organization. This trend is not limited to the younger generations who are especially unwilling to plan far in advance, but long-standing arts attenders are also becoming far more spontaneous in their ticket purchasing behavior. Thanks to the advances in communications technology, especially the Internet and e-mail, people have come to expect comprehensive information and the ultimate in convenience, literally at their fingertips. Due to the strong emphasis on customer relationship management in many other sectors of society, people expect arts organizations to listen to them and respond to their needs and preferences.
All these factors, plus ever-increasing costs and fluctuating contributed income, have placed a great deal of stress on arts managers. Furthermore, the antiquated mind-sets and approaches of many managers and marketers are putting many arts organizations at risk of failure. Some have been at the forefront of designing and implementing marketing programs that respond to evolving customer needs and preferences. But too many marketers are reluctant to vary from tried-and-true marketing methods, even in the face of declining audiences and revenue. Other marketers are eager to change but do not know where to turn for direction on viable approaches.

This book’s title may suggest to some readers that on these pages they will discover “quick fix” solutions. Many of the ideas suggested in this book can be and have been implemented with rewarding short-term results. However, there really is no quick fix. Specific tactics must be developed in the context of strategic marketing principles. This means that better planning is needed as well as better, more thorough, and continuous implementation, evaluation, and modification of the plans. As a result, this book consists of both new approaches to audience development and many of the commonly accepted best practices in marketing theory and plan execution that support these approaches.

*Arts Marketing Insights* will provide performing arts organizations significant help in focusing on the strategies and techniques that can improve their impact and practices while also ensuring that they remain true to their artistic and public missions. This book combines theory, strategy, tactics, and innovative examples, all with the objective of improving the ability of arts organizations to better meet the needs of audience segments and thereby increase audience size. It explains not only the *what* but the *why*—why some approaches that have been ingrained in the performing arts industry for decades no longer resonate with many current and potential audience members; why new ways of thinking and new strategies are essential for success.

From cultivating an organization-wide marketing mind-set, developing a strategic marketing plan, building a brand identity, doing market research, understanding your target market to delivering an effective message, designing attractive offerings for various market segments, leveraging the Internet and e-mail marketing, and delivering great customer service, this book covers everything you need to know...
to put a strategic marketing program in place, manage it, and adapt it for the future. *Arts Marketing Insights* offers dozens of examples of innovative and effective marketing strategies from performing arts organizations all over the world—strategies that will ensure that the performing arts will prosper in today’s rapidly changing social, economic, and demographic climate.

**Who Should Read This Book**

*Arts Marketing Insights* is an indispensable tool for arts managers, marketers, fundraisers, and board members, and for arts management educators and students. It is also valuable for others who work closely with arts organizations and desire a deeper understanding of issues in arts marketing—individuals such as foundation directors, corporate executives, consultants, managers of arts service organizations, and the artists themselves.

Marketing is a mind-set for the entire organization, not simply a function of the marketing department. Therefore it is critical for upper-level management and board members to read this book and understand the principles of customer-centered marketing. This book can serve as a comprehensive text for those relatively new to the subject—students and those in the first years of their career in the arts management field—and can be an inspiration and a challenge to those more experienced in the sector to make their marketing offers and communications more relevant to current and potential audiences.

This book will be useful to people in organizations large and small. Large institutions often continue to employ the strategies that made them so successful in the past. These organizations should consider that during the 1980s, 230 companies—46 percent—disappeared from the Fortune 500 list, demonstrating that neither size nor good reputation guarantees success. At the other end of the spectrum, the smallest companies, with negligible marketing budgets, should consider that even if their primary communication with their publics is a simple e-mail message, their offer must be strategically priced, packaged, and described to best appeal to target audiences, and the message must be carefully worded, timed, and formatted. All these efforts require up-to-date, strategic marketing practices.
Chapter One sets the stage. It presents an overview of the current state of the performing arts industry, especially in terms of audience development, and suggests the trends that affect people’s arts attendance and ticket purchasing behavior. It also describes modern marketing theories and practices that have permeated society as a whole in recent years and the ways customer attitudes toward marketing messages are changing.

Many factors that determine whether or not individuals will attend arts performances vary by customer group. It is crucial for the marketer to segment the current and potential audience and develop varied programs and messages that appeal to the different targeted segments.

What are the factors that motivate people to attend the arts? What are some of the barriers that inadvertently keep people away? Some factors are based in readily identifiable demographic characteristics. Chapter Two suggests some key audience segments for now and for the future and describes demographic characteristics that are useful for marketers in reaching out to them.

Some factors are human issues—common to people across various audience segments. Chapter Three presents approaches for thinking about the consumer mind-set, such as understanding how risk and uncertainty affect behavior, how people approach decision making, and what benefits people seek from attending the performing arts.

The foundation for developing the organization’s mission, objectives, goals, and plans is the strategic marketing process, the subject of Chapter Four. In addition to describing the steps in this process, this chapter offers an extended example of strategic planning from a major dance company in a large metropolitan area.

Chapters Five and Six discuss the key elements in marketing planning: defining and designing the offer, choosing performance venues and ticket outlet options, communicating the organization’s messages, and developing pricing strategies—otherwise known as the four Ps of marketing: product, place, promotion, and price. These elements are discussed in light of the focus that marketers should place on customer value, rather than on factors internal to the organization.

If the strategic marketing process is the foundation of marketing planning, then market research can be considered its structural sup-
port. Research plays a critical role in understanding customer attitudes and behavior and in planning marketing strategy. Chapter Seven offers an overview of some common research approaches and an example of an extensive audience research project for four arts organizations in San Francisco.

The Internet and e-mail give marketers new power and new responsibilities: the power of instantaneous, comprehensive, and low-cost marketing tools and the responsibility to learn how best to leverage high-tech marketing potential. Chapter Eight goes into detail on the theory and practice of Internet and e-mail marketing and gives several examples of organizations that are capitalizing on these methods in creative and productive ways.

Branding has become a marketing buzz word in recent years, but what is a brand? Why is it important to have a strong brand identity? How can an organization build a brand image that resonates with its publics? Chapter Nine offers answers to these questions and shows in detail how branding strategy was developed at a midsize opera company facing significant changes.

Chapter Ten confronts a major issue facing arts marketers in the twenty-first century: declining subscriptions. From the perspective of many organizations the subscriber is the ideal audience member, and for decades, arts marketers seeking to increase their audience size have worked most diligently on their subscription campaigns. Until recent years this approach was extraordinarily effective. But since the mid-1990s, more and more audience segments are finding subscribing unattractive. Not only are arts marketers less successful at attracting new subscribers, but each year fewer current subscribers are likely to renew. This chapter presents the pros and cons of subscriptions from both the organization’s and the customer’s perspectives, suggests a new mind-set for the arts marketer on the definition of a valuable customer, and recommends ways to build the subscriber base and alternatives to subscriptions for audience development.

Many people like being single-ticket buyers. This growing preference is not short term; rather it is part of a larger societal trend that will affect arts organizations into the foreseeable future. Those arts marketers who continue the decades-old tradition of considering single-ticket buyers a necessary “evil” to fill seats not purchased by “good” subscribers are likely to watch their audience size decline over
time. Chapter Eleven therefore suggests a new mind-set and approaches that marketers can adopt to help them reach new and infrequent buyers more effectively and at lower cost than ever before.

Another major societal trend is people’s changing expectations, resulting from the experience of heightened customer service in other sectors. It is crucial that arts marketers listen to their customers and provide excellent customer service that meets people’s needs and preferences. This is the topic of Chapter Twelve.

The purpose of this book is not only to offer insights on new theories and processes that improve the effectiveness and efficiency of the marketing function but also to help arts managers and marketers develop their own insights in the face of a changing environment and changing customer values so that arts organizations will survive and prosper, for now and into the future.

The chapters in this book need not be read in consecutive order. You can select chapters by the subject matter of interest to you and gain meaningful value. However, the material in each chapter builds on and sometimes refer to concepts and examples in earlier chapters, and the subjects are treated in a logical sequence. It is my hope that each chapter will provide value for every reader, whether a novice or experienced arts marketer.

I expect that readers of this book will have valuable insights and best practices of their own that relate to the theories presented. To broaden the nature and quantity of examples offered here and to ascertain that the concepts have an ongoing relationship to practices in the field, I invite readers to dialogue with me personally. Please share your insights, your ideas, and the results of your efforts by e-mailing me at joanne@artsmarketinginsights.com. Selected contributions will be made available on my Web site (www.artsmarketinginsights.com) and attributed to their submitters.

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Northfield, Illinois

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Bernstein has extensive experience as a speaker, seminar leader, and workshop facilitator for organizations and associations across the United States, such as the National Alliance of Musical Theater, Dance/USA, the Association of Performing Arts Presenters, and many other national, regional, and local arts service organizations. Internationally, she has lectured in Moscow, Valencia, Cardiff, Helsinki, Caracas, Buenos Aires, Sydney, Melbourne, Brisbane, Adelaide, Milan, and many other cities. She has consulted to theaters, dance companies, opera companies, symphonies, chamber music groups, presenting organizations, museums, and arts service organizations. Her clients include Chicago Opera Theater, San Francisco Symphony, San Francisco Opera, San Francisco Ballet, American Conservatory Theater, Ballet Memphis, Dayton Contemporary Dance Company, Lake Forest Symphony, and Arts Partners of Central Illinois.

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ARTS MARKETING INSIGHTS
I write the script, the directors and actors and designers write the production, and the audience writes the play. If there are 200 audience members, there are 200 plays.

—Paula Vogel, Pulitzer prize–winning playwright, 2005
Prologue

Candide, Voltaire’s great story, which Leonard Bernstein transformed into a brilliant operetta, tells of exile, of poverty, of war and famine, of rape and murder, of torture, of longing for love, of individual misfortunes, and of earthquakes that shake an entire civilization’s very foundation. Does this scenario sound all too familiar to you performing arts managers and board members who are constantly struggling with funding cuts, spiraling expenses, increased competition, and declining subscriptions? At worst you are struggling with your organization’s very survival; at best you are seeking ways to sustain its vigor and mission and purpose.

In the midst of torment and chaos, Pangloss, Candide’s philosophy teacher, keeps repeating that “this is the best of all possible worlds.” Does Voltaire intend us to think of Pangloss as merely a demented buffoon? I think not. Voltaire is clearly advocating our responsibility to change what is in our control, regardless of the circumstances we cannot control. In effect Pangloss is saying that all is not well but all things can be bettered. Voltaire emphasizes this message with the final words in his tale: “we must cultivate our garden.”

Clearly, the factors that created stability and sustenance for arts organizations in the past can no longer be depended upon, and arts organizations must take a fresh look at how they can survive and prosper. As Candide learns through his journeys, we cannot eradicate the effects of the world around us, but by limiting and focusing our activity, we can make a difference with the tasks that are within our power.
One company in the business sector, after experiencing sluggish sales of some of its products for many years, discovered that it was not the core product that was unattractive to its publics but the ways in which that product was packaged, promoted, and presented. For twenty-five years, milk, the old standby, was left behind as Americans quenched their thirst with increasingly slick, cool, consumer-oriented beverages. But today, suddenly, milk is flying off store shelves around the country—in some cases with sales increases of up to 500 percent.

It is not the taste of milk that has changed, or consumers’ taste for milk. Instead people are responding to a product developed by Dean Foods Company, the largest producer of fluid milk in the United States, that changes the way consumers think about and drink milk. Milk *chugs*, small, plastic milk bottles, are consumer-oriented, on-the-go packages for milk that fit the way people live today—a standard to which traditional milk packaging has fallen short. I cannot resist describing what happens when one puts old milk in new bottles.

## Old Milk in New Bottles

Milk, a $23 billion a year industry in the United States, penetrates 98 percent of households in standard half-gallon and gallon containers. But before milk chugs, today’s on-the-go consumers, who consume 50 percent of their meals outside the home, had a hard time fitting milk into their daily diets. The design of the old single-serving, nonresealable, square-bottom, gable-top container, available in eight-ounce servings only, was driven by its low cost of production but provided virtually no consumer benefits. Milk chugs, in contrast, are resealable and sized for easy portability and convenience for families and individuals, fitting in car cup holders and in bags, coolers, and lunch sacks. The entire line of Dean Foods milk products is available in the new bottles—including whole and low-fat chocolate milk and fat-free, 2 percent, and whole white milk—and these products are sold in quarts, in pints, and in eight-ounce multipacks.
White milk sales in quart, pint, and half-pint chugs are up 25 to 30 percent compared to sales in the old gable-top containers. Chocolate milk sales have doubled in every market. Seventy percent of the sales are in supermarkets; the other 30 percent are in convenience stores.

Milk has always been considered a child’s drink. However, the primary targets for the new chugs are young men aged eighteen to twenty-four, teenagers twelve to seventeen, and moms twenty-five to fifty-four; the latter are avidly buying eight-ounce multipacks—chocolate or whole white for their kids, fat-free for themselves. The quart-sized containers are being bought for one- and two-person households and by blue-collar workers fueling up for a strenuous day.

The chug is not just a packaging change; according to former Dean Foods marketing director Dave Rotunno, it is a product innovation. The branding strategy began with the name itself. *Chug* elicits meanings such as “on the go” and “don’t save.” The product’s positioning statement is “a cool refreshing body fuel for on-the-go people.” *Cool* suggests not just the temperature but the desired image. *Body fuel* reinforces milk’s healthy image in contemporary verbiage, without hitting people over the head with the health concept. The positioning statement also implies that milk is a good beverage, not just a good food complement. The “Got Milk” and milk moustache campaigns, designed to build primary demand for milk, emphasized milk as a good food complement but only to a limited number of primarily sweet foods. Those campaigns built top-of-mind awareness, but fell far short of the milk industry’s modest goal of increasing sales 1 percent a year for four years.

The chug’s award-winning advertising campaign tags the product simply: “Milk Where You Want It.” This is a fairly straightforward message that says much about what traditional milk packaging has not been. Dean Foods is looking ahead to putting new flavors of milk in the new bottles.
Just as Deans Foods has discovered that it can considerably increase milk sales with packaging and messages that are relevant to its target markets, creative arts marketers are successfully and even dramatically building audiences without compromising their product by offering their art in “packaging” that fits the ways their consumers live today. All those who say the market for the fine arts of classical music, dance, theater, and opera will continue to erode as competition for the public’s leisure time perpetually increases and arts education becomes even more scarce among younger generations should consider that it is up to arts marketers to discover new market segments and new ways to make their organizations’ products more exciting, compelling, and accessible.

Those of us who work in arts management often find ourselves making a strong case for the value and importance of the arts. But when we attend a performance, we do so primarily because we are passionate about the arts, not because it is something we “should” do, like eating vegetables or drinking milk. Just as the positioning of milk as a cool drink has attracted important new market segments, describing and promoting the performing arts product as good (fun, exciting, entertaining, relaxing), not just good for you (and not something one needs to “understand” in order to enjoy or appreciate), is an approach from which arts marketers and their organizations can clearly benefit. This approach will also help to reduce the perception held by many individuals that the fine arts are “not for me.” Just as the milk chug offers convenience never before available to consumers, arts organizations must package and promote their artistic offerings in ways that are relevant to people’s lifestyles.

Arts marketing has come a long way in recent decades. However, many arts managers continue to rely on methods that worked well in the past, and in doing so they are missing opportunities to keep up with the changing lifestyles, needs, interests, and preferences of both current and potential patrons. Throughout this book I will offer new strategies and tactics for effectively attracting and retaining audiences, for building customer satisfaction and loyalty, and for continually analyzing the internal and external environment, so that arts managers can ride the wave of opportunities rather than be pulled down by the undertow.

Now, let us cultivate our garden.
The State of Performing Arts Attendance and the State of Marketing

If we do not change our direction, we are likely to end up where we are headed.

—Old Chinese proverb

In business, as in art, what distinguishes leaders from laggards, and greatness from mediocrity, is the ability to uniquely imagine what could be.

—Gary Hamel and C. K. Prahalad

Unlike the classics, which remain fresh for each generation, many aspects of the performing arts world are in constant flux. Especially since the turn of the twenty-first century, audience needs and preferences have changed significantly. There is much debate as to whether the art presented on our stages is the source of changing ticket purchasing behavior or whether people are responding differently to how the art is packaged and communicated to its publics. In this chapter I present the perspectives of various experts on this topic, discuss the results of significant survey research on audience
behavior, and offer marketing trends and concepts that have a strong effect on consumers in this new age.

**The State of Performing Arts Attendance**

Among experienced practitioners and researchers in the performing arts industry there is no clear consensus as to the state of performing arts attendance. The following discussions consider the perspectives of various experts in the field and the results of several extensive surveys, all designed to help identify current attendance patterns and important audience trends.

**Extinction, Survival, or Vitality?**

For decades some knowledgeable observers have been predicting the morbid decline of the performing arts, especially of classical music. Says *New Criterion* music critic Samuel Lipman, “Classical music now stands, for the first time in the modern world, on the periphery of culture . . . classical music today is in deep trouble. It is not clear whether we can do more than bear witness.”¹ Norman LeBrecht, music critic for the *London Daily Telegraph* and author of *Who Killed Classical Music?* has written, “Ticket sales have tumbled, record revenue has shriveled, state and business funds have dried up . . . orchestras [are] threatened with extinction. . . . The future of musical performance hangs in the balance at the close of the twentieth century.”² Pulitzer prize–winning composer William Bolcom warns that “we are, it seems, currently witnessing a crumbling of the façade of the serious music scene in the United States.”³ Robert Schwartz, writing in the *New York Times*, summarized the reasons for orchestras’ despair: “There is much unease today among those who head America’s orchestras. Statistics show that audiences are aging, and the collapse of arts education in the public schools makes it difficult to find new listeners among a younger, more ethnically diverse urban population. The repertory has grown stuffy and predictable, and daring ventures tend to alienate old, reliable subscribers. Finances are shaky in all the arts, but orchestras . . . are particularly vulnerable.”⁴

These concerns are not exclusive to the United States. Heloisa Fischer, founder and director of Viva Música in Rio de Janeiro, says,