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Patron Growth Initiative - PGI 3

League of American Orchestras
2015 Conference

18 Brilliant Avenue, Suite 200 | Pittsburgh PA 15215 | prescottassociates.com

- Purpose: Help orchestras increase lifetime value through a more holistic approach to patron engagement

- PGI 3 has been graciously funded by the following orchestras:
  - Boston Symphony Orchestra
  - Chicago Symphony Orchestra
  - Cincinnati Symphony Orchestra
  - Houston Symphony
  - Los Angeles Philharmonic
  - National Symphony Orchestra
  - New York Philharmonic
  - Seattle Symphony
  - The Cleveland Orchestra
  - The Philadelphia Orchestra

- Project facilitator: Jack McAuliffe, Engaged Audiences LLC

- Researchers: Kate Prescott and Kim Williams-Shuker, Ph.D.

Patron Growth Initiative – PGI 3

- Datamining
  - Database of 1,233,246 households
  - HHs purchasing classical subscription season tickets or making donations FY05-FY14

- Survey Research
  - Total sample of 16,393 patron households
  - Weighted to reflect patron composition within database

- Data Appends
  - Experian demographic append against 200,000 households
  - Households randomly selected in relative proportion to orchestra size

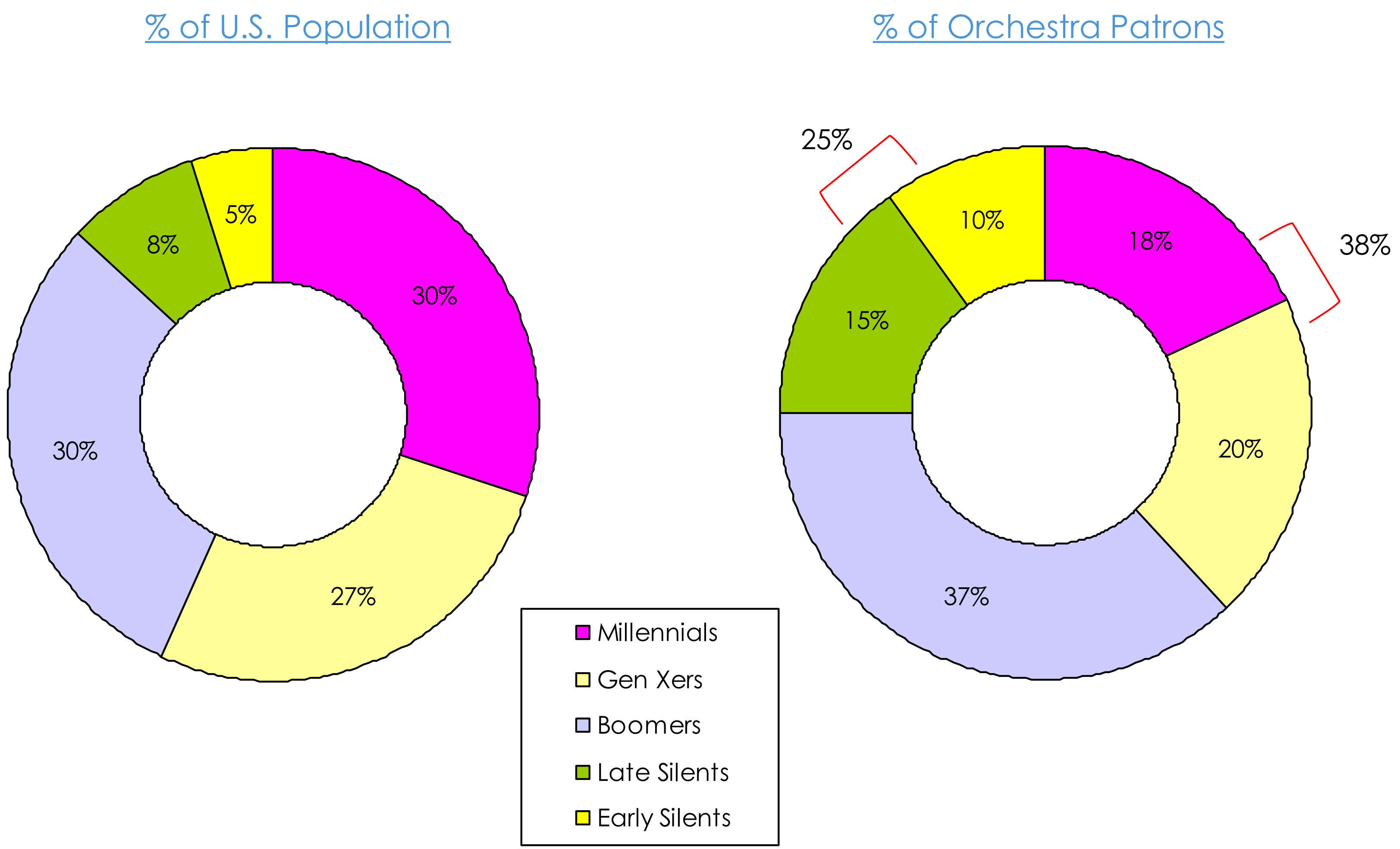
Patron Growth Initiative – PGI 3

- Key PGI 3 Objectives:
  - Ten-year trends and implications
  - Buyer - donor dynamics by age cohort
  - Patron attitudes, perceptions, and preferences
  - Most critical generational issues and target priorities
  - Strategies for marketing, development, patron engagement

Age Cohorts
2015 and 2025 Projections

	Millennials	Generation X	Baby Boomers	Late Silent Generation	Early Silent Generation
Years of birth	1981-1993	1965-1980	1946-1964	1936-1945	1928-1935
Age in 2015	**18-34**	**35-50**	**51-69**	**70-79**	**80+**
Population	75,346,777	65,733,983	74,916,839	19,626,018	12,109,892
% of Adult Population	30%	27%	30%	8%	5%
Age in 2025	**28-44**	**45-60**	**61-79**	**80-89**	**90+**
Population	79,613,680	65,195,001	67,287,464	12,711,572	2,960,480
% of Adult Population	29%	24%	25%	5%	1%

Source: U.S. Census Bureau, Population Division. Table 1. Projected Population by Single Year of Age, Sex, Race, and Hispanic Origin for the United States: 2014 to 2060 (NP2014-D1). Release Date: December 2014.



Notes: Experian appended data from 166,808 randomly selected patron HHs, excluding One-time Buyers prior to FY11.

FY05-FY14 Patron Commitment Segmentation

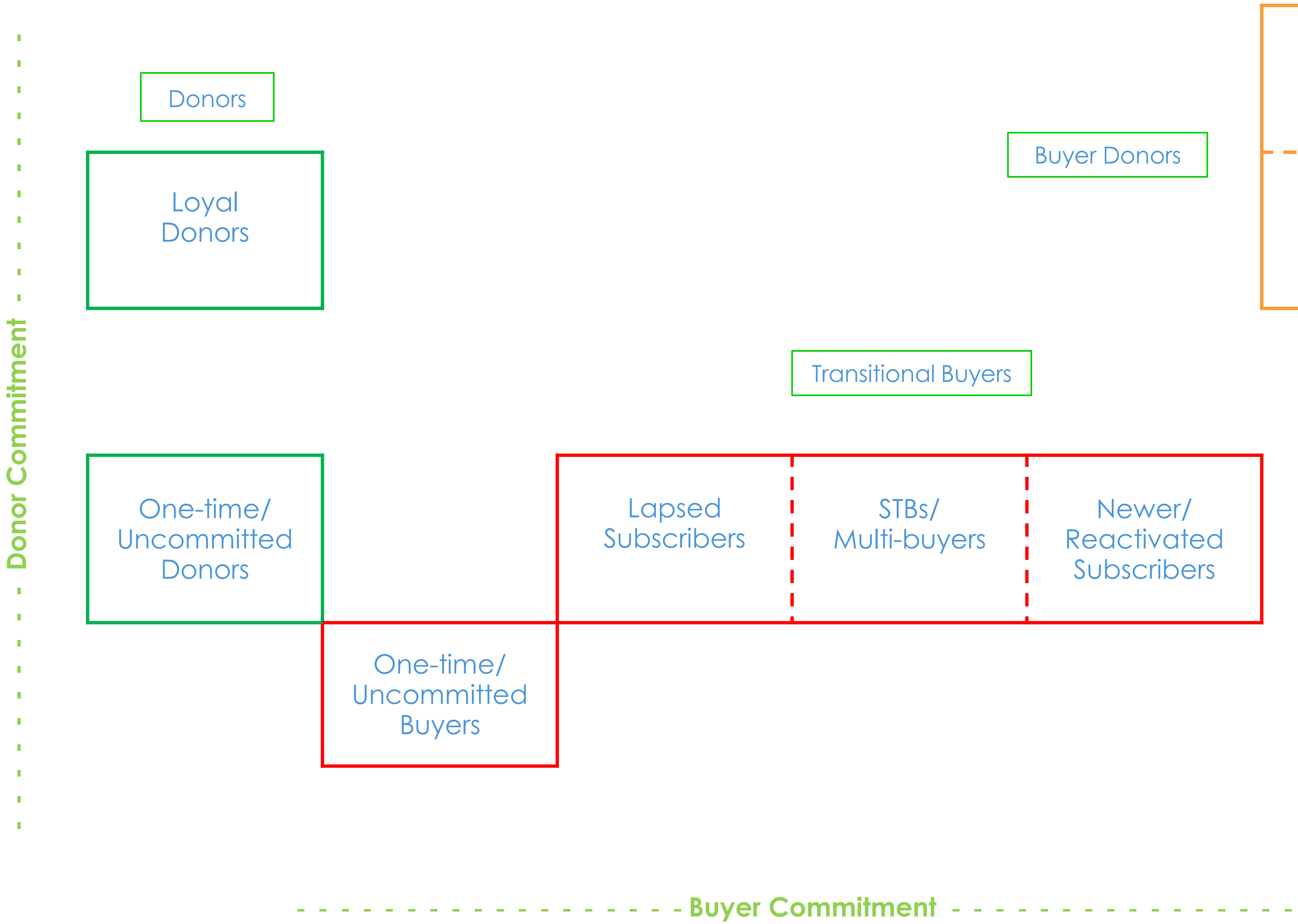
Total HHs = 1,233,246

Cluster Analysis based on:

- Annual # of subscription concerts
- Annual # of single ticket concerts
- Attendance tenure, FY05-FY14
- Annual amount of total donations
- Total amount of donations, FY05-FY14
- Donations tenure, FY05-FY14
- Total revenue, FY05-FY14

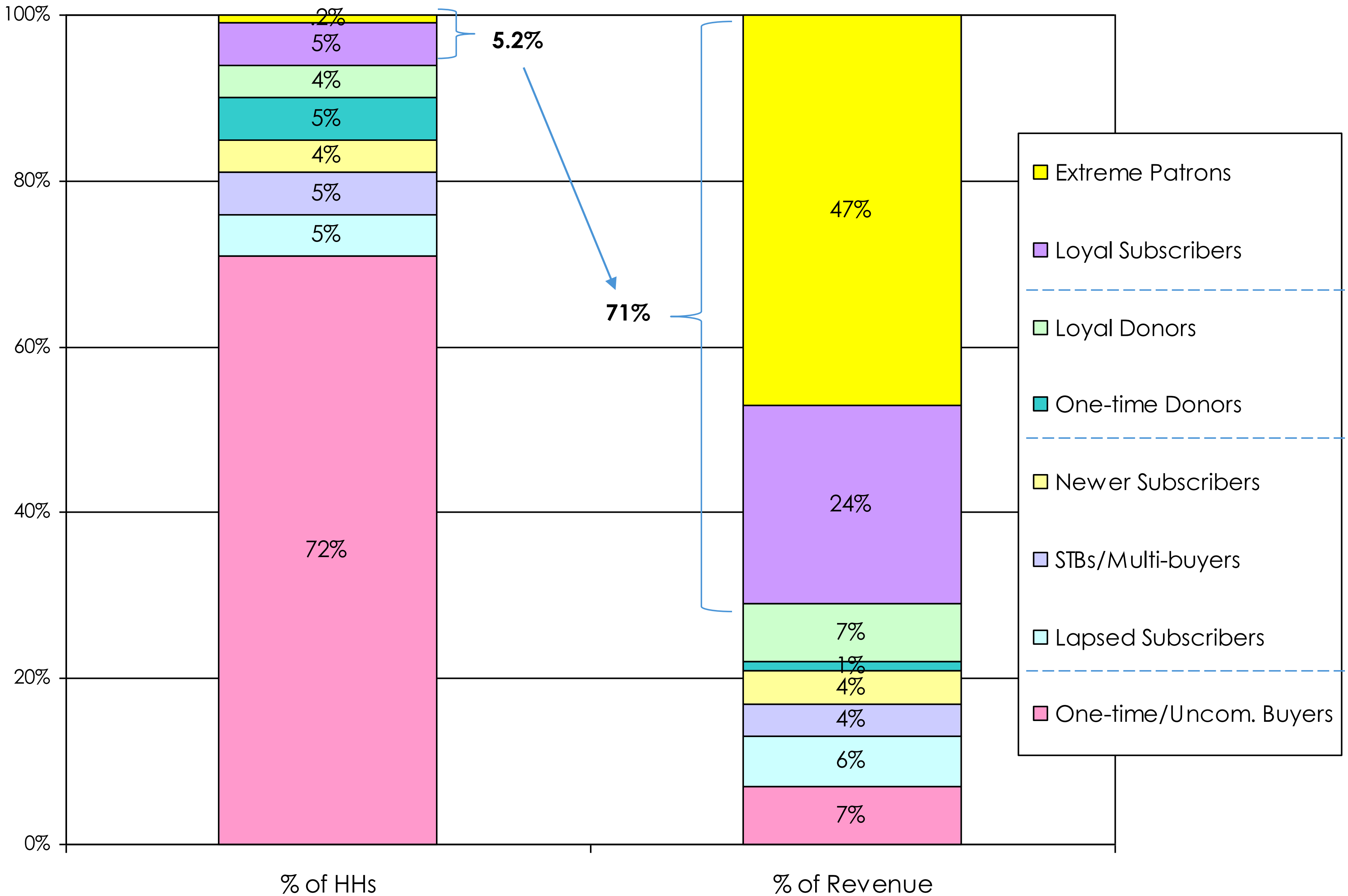
Patron Commitment Segments

Cluster Analysis of FY05-FY14 Concert Attendance/Donations

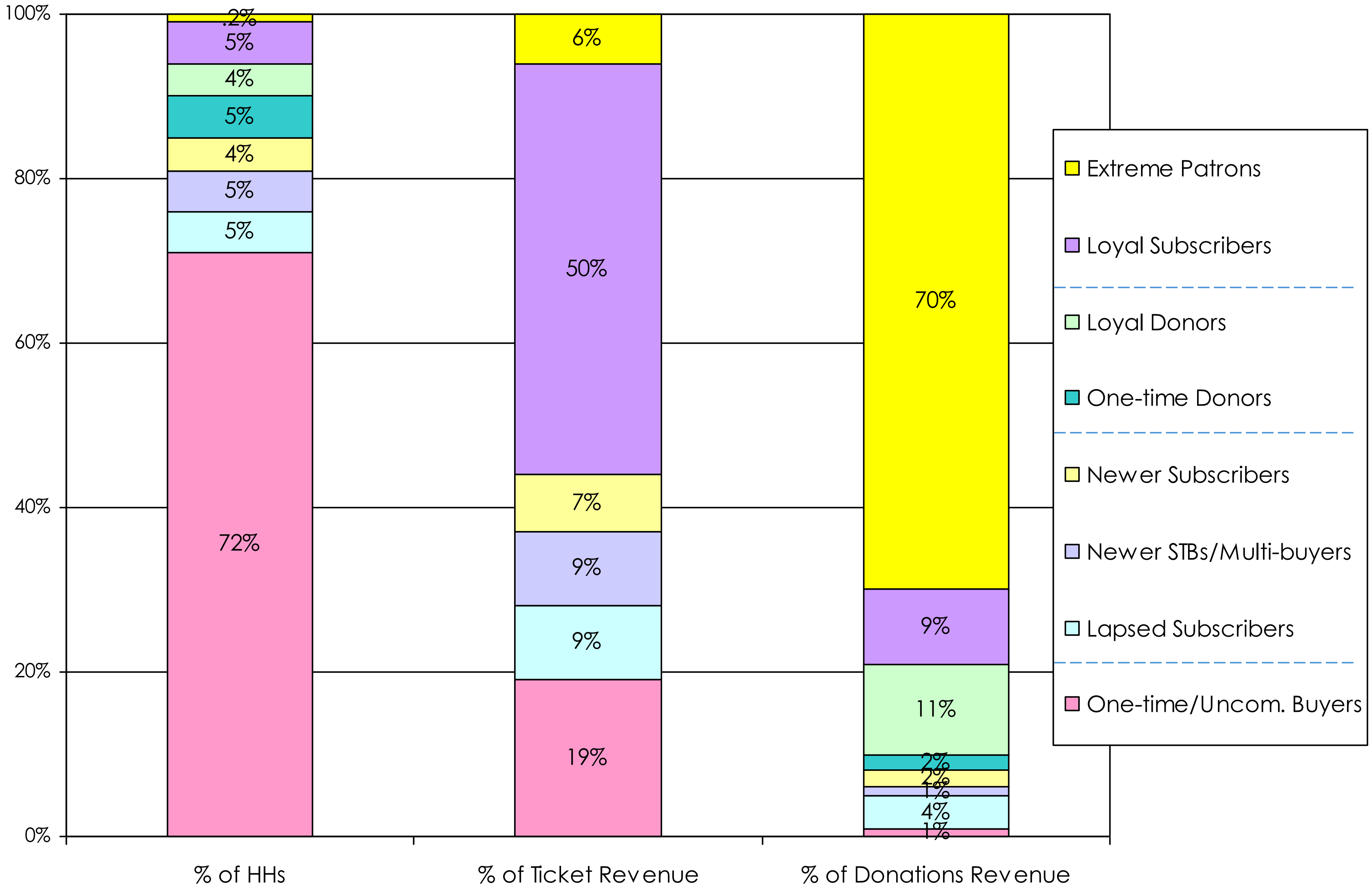


Note: Extreme Patrons defined as HHs with $50,000+ generated revenue in FY05-FY14

FY05-FY14 Revenue Sourced by Patron Segments



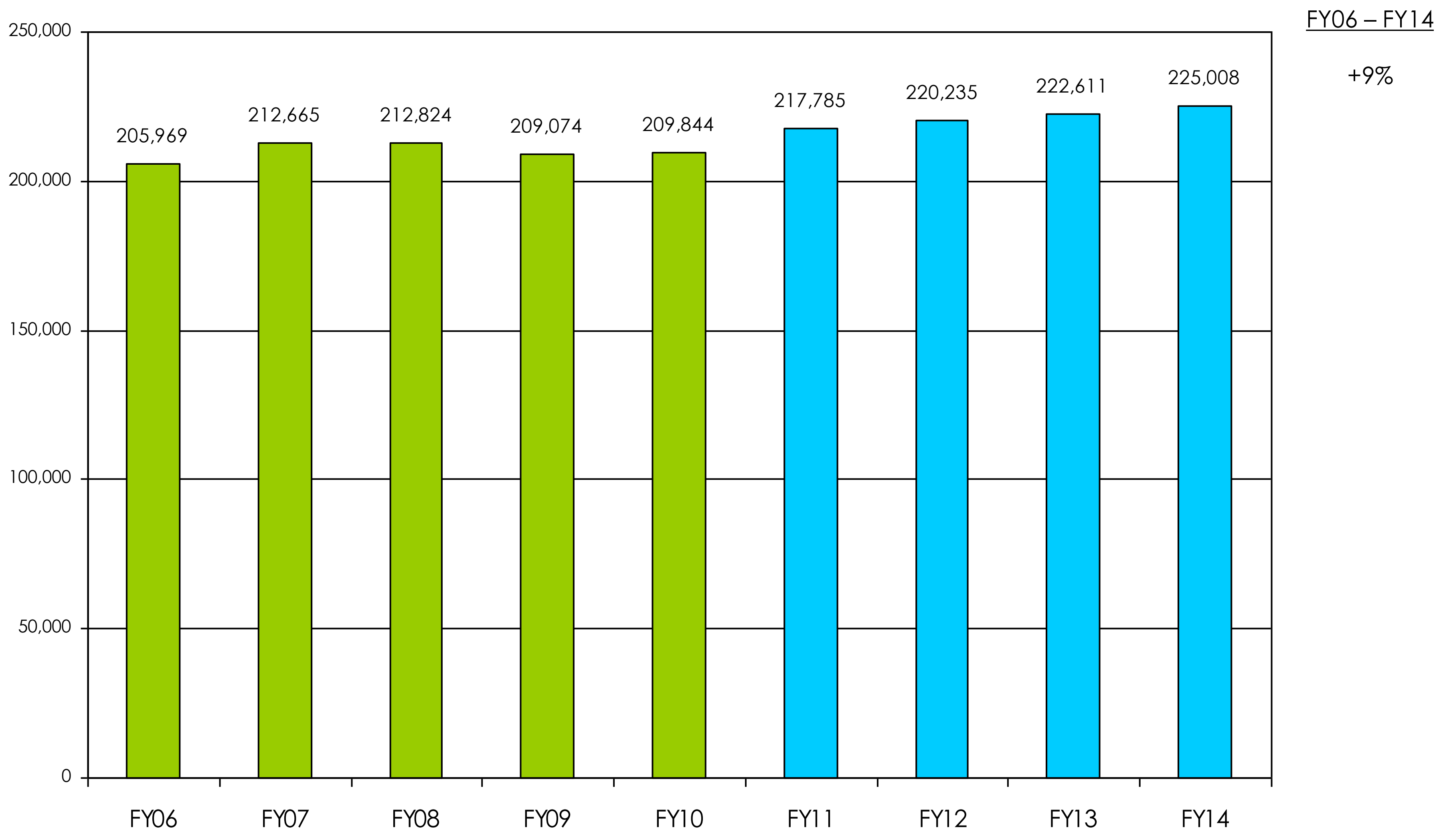
FY05-14 Ticket and Donations Revenue Sourced by Patron Segments



attendance and ticket sales trends

Total Buyer Households

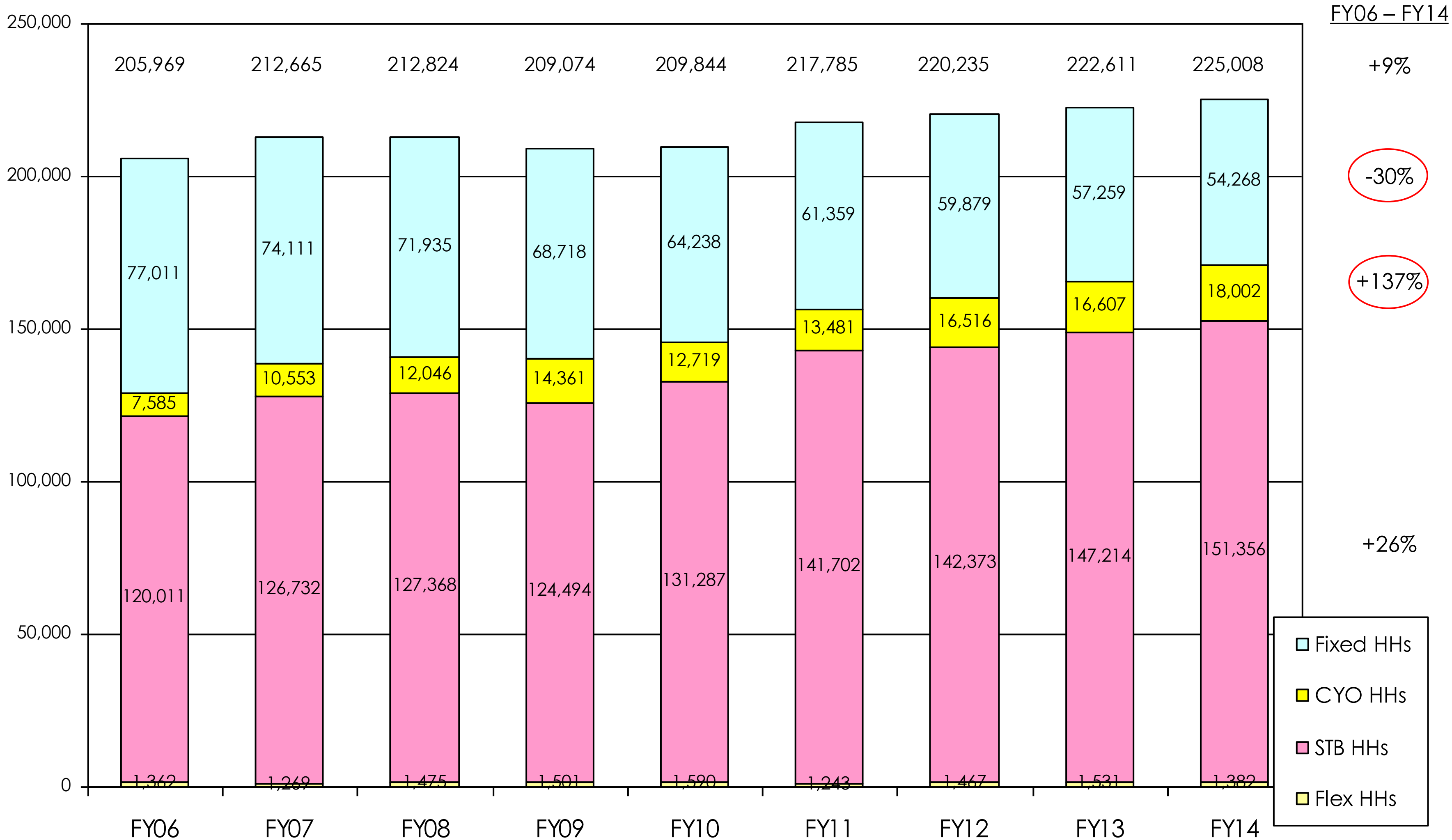
Total buyer households are growing; this holds across almost all orchestras.



Notes: Cleveland FY07 data used in FY06

Total Buyer Households by Buyer Type

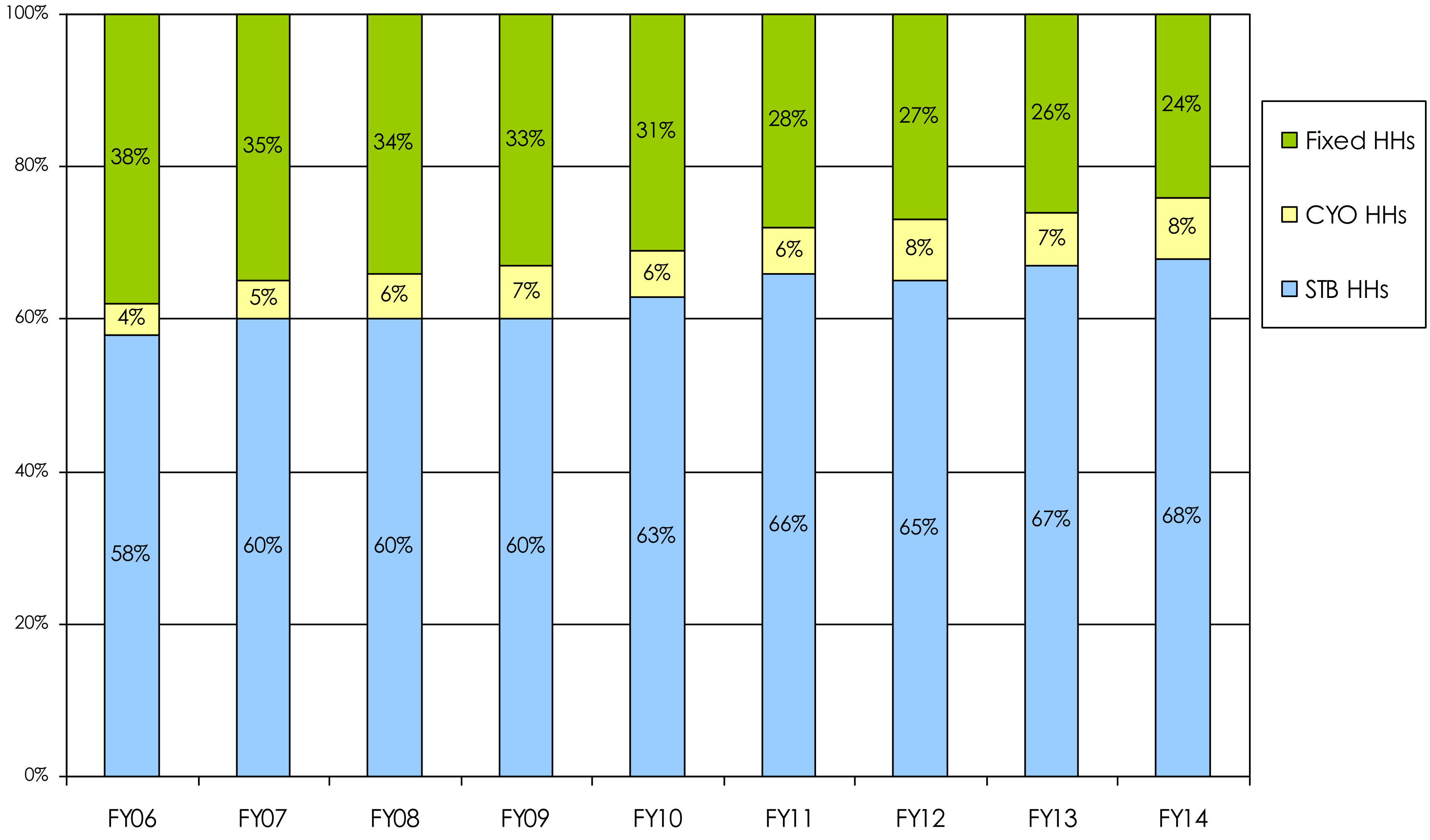
Fixed Sub HHs on steep decline; CYO and STB HHs up. Fixed Sub HHs lapsing out rather than trading down.



Notes: Cleveland FY07 data used in FY06; LA and Cleveland are Fixed only, no CYO

Distribution of Total Buyer Households

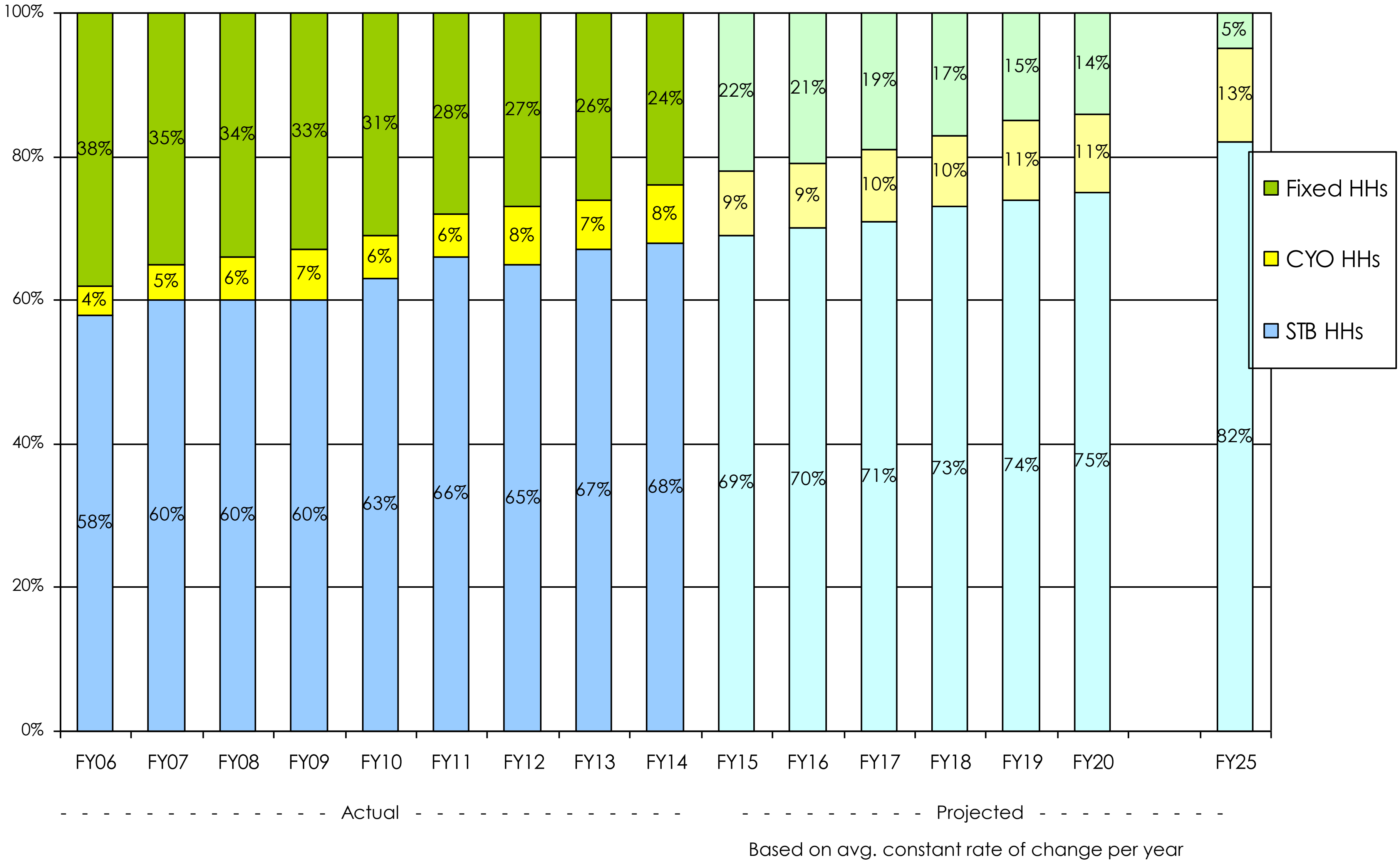
As of FY14, Fixed Sub HHs are one-quarter of all Buyer HHs.



Notes: LA and Cleveland are Fixed only, no CYO; data excludes Flex

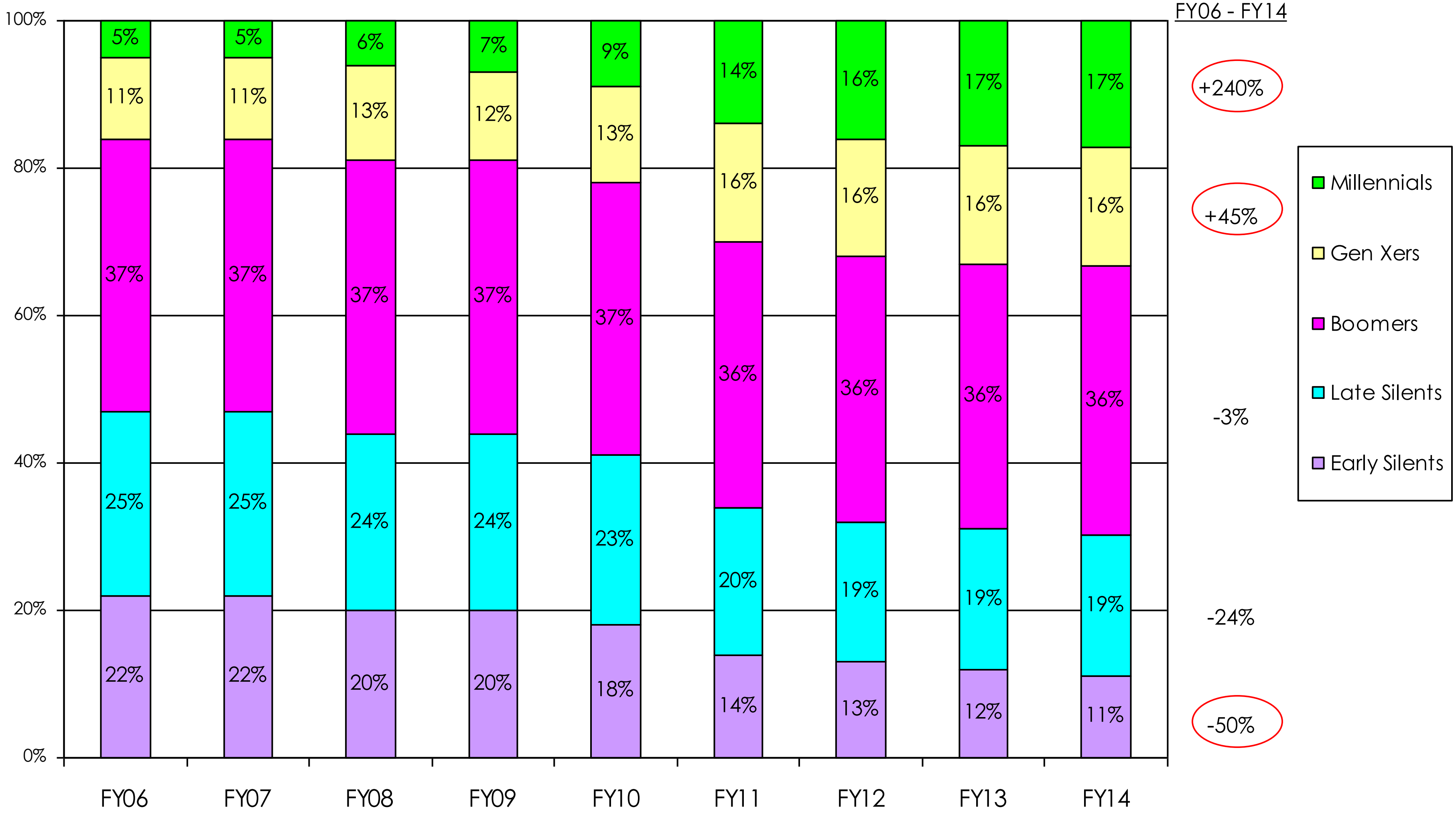
Status Quo Projection of Buyer HHs

And potentially nonexistent for some orchestras by 2025.



Distribution of Total Buyer HHs
Age Cohorts

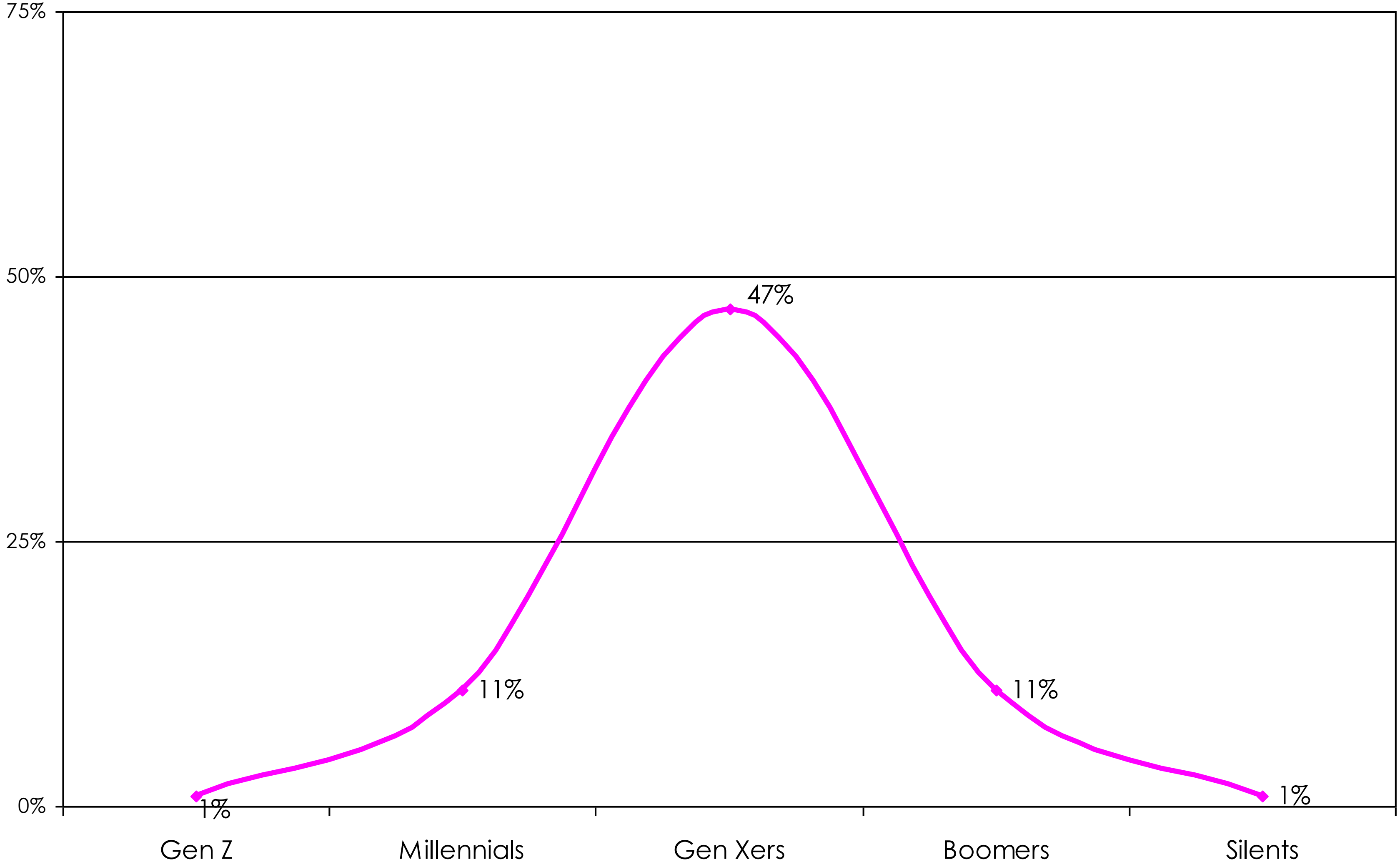
Early Silents cohort will be essentially gone by 2020.



Notes: 166,800 HHs with Experian appended age data, March 2015.

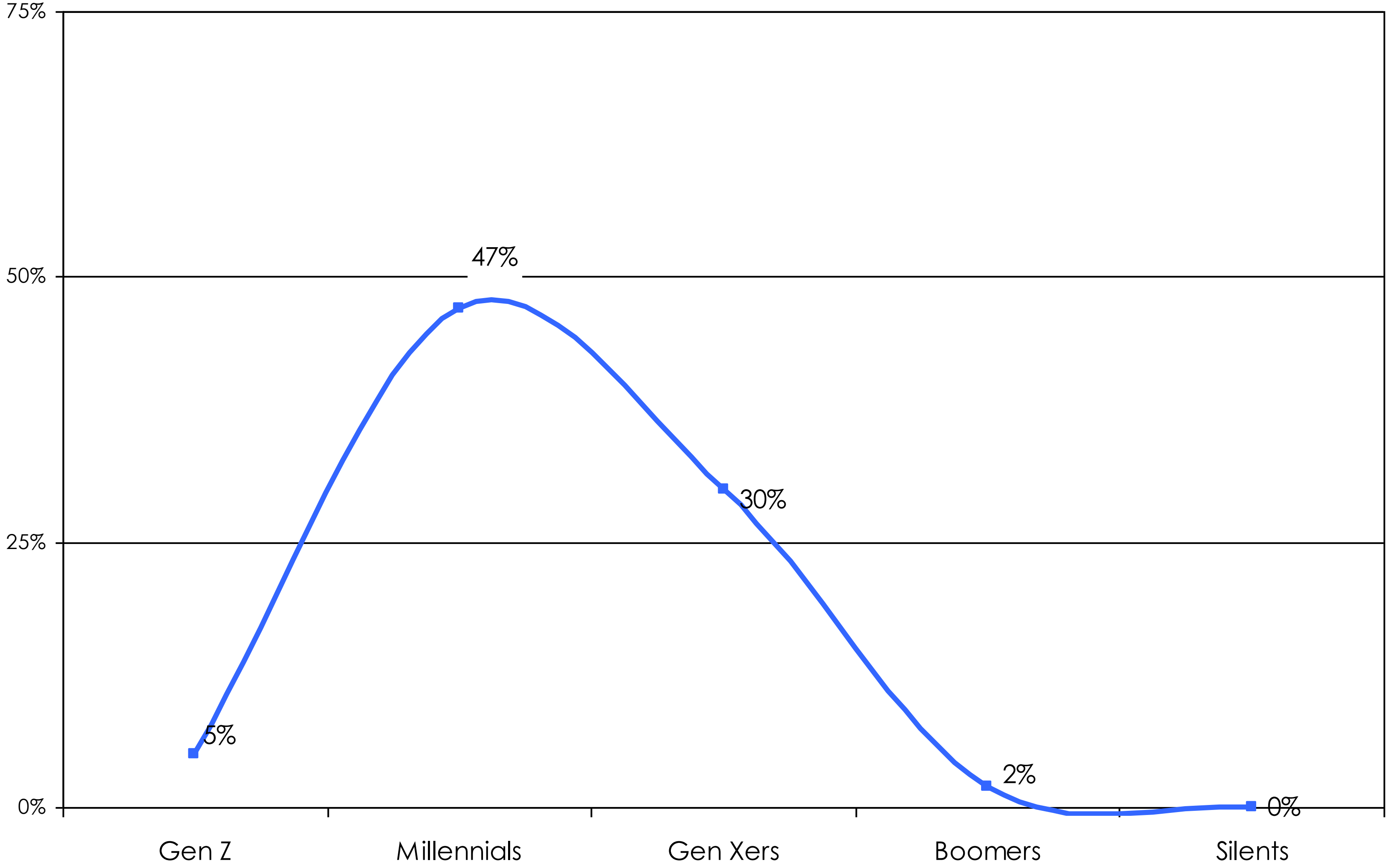
Demographics: Presence of Children 2015

Almost half of patron Gen Xers have children under 18 living at home.

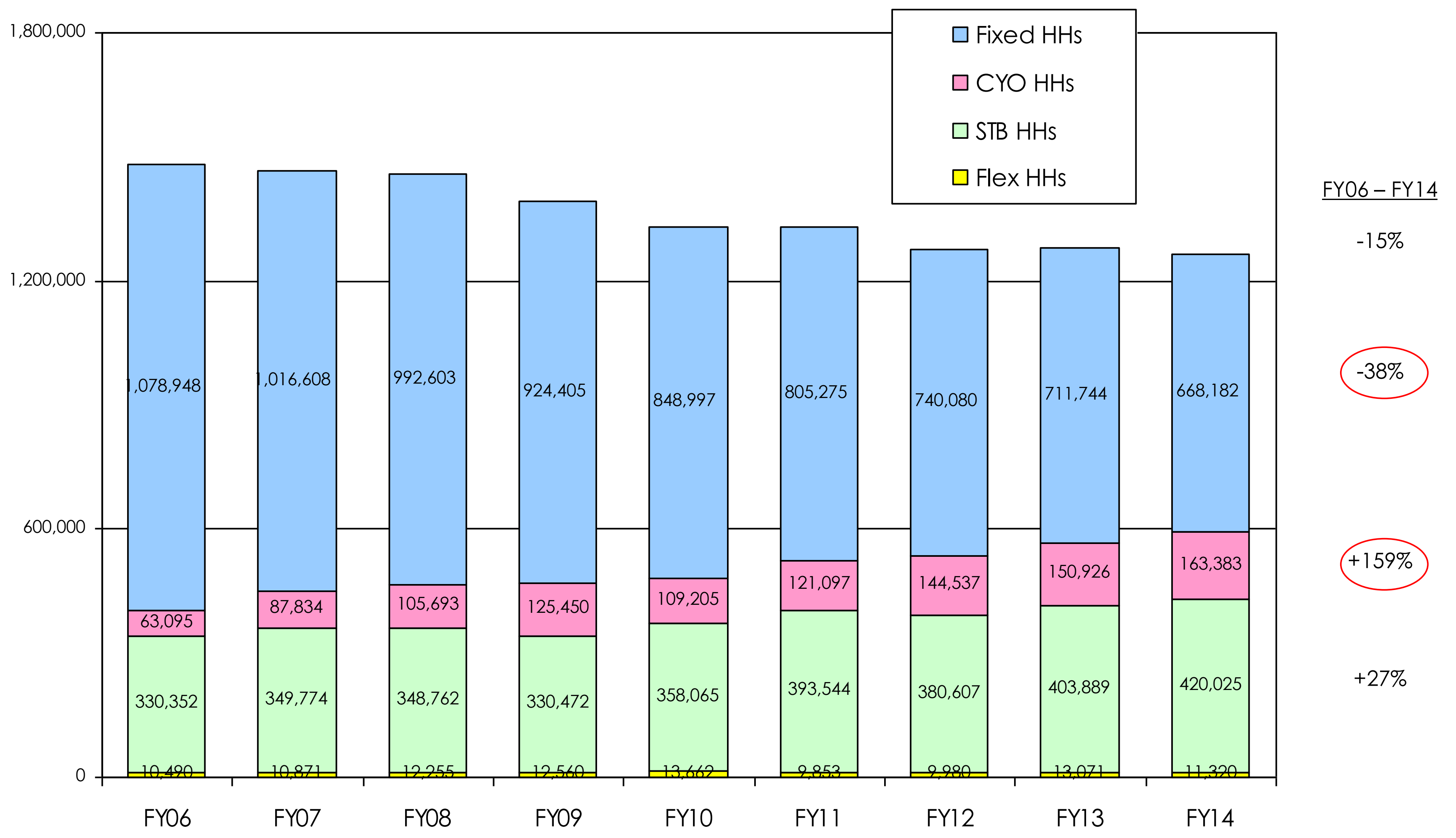


Demographics: Estimated Presence of Children 2025

The baby bump will move into the Millennials by 2025.

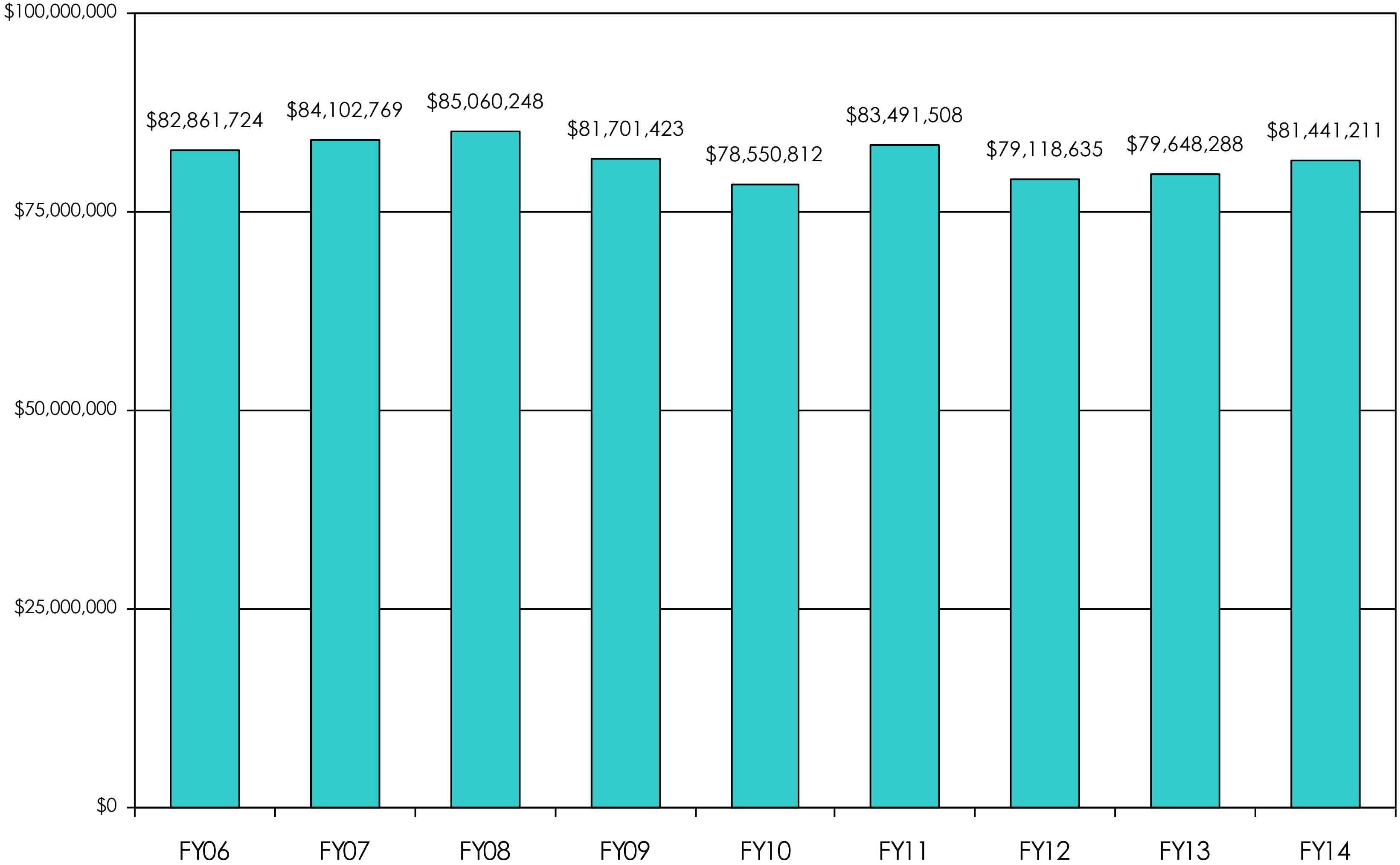


Total Attendance
Total Tickets Purchased by Buyer HH Type



Ticket Sales Revenue

Ticket sales revenue has remained relatively flat over time despite falling attendance.

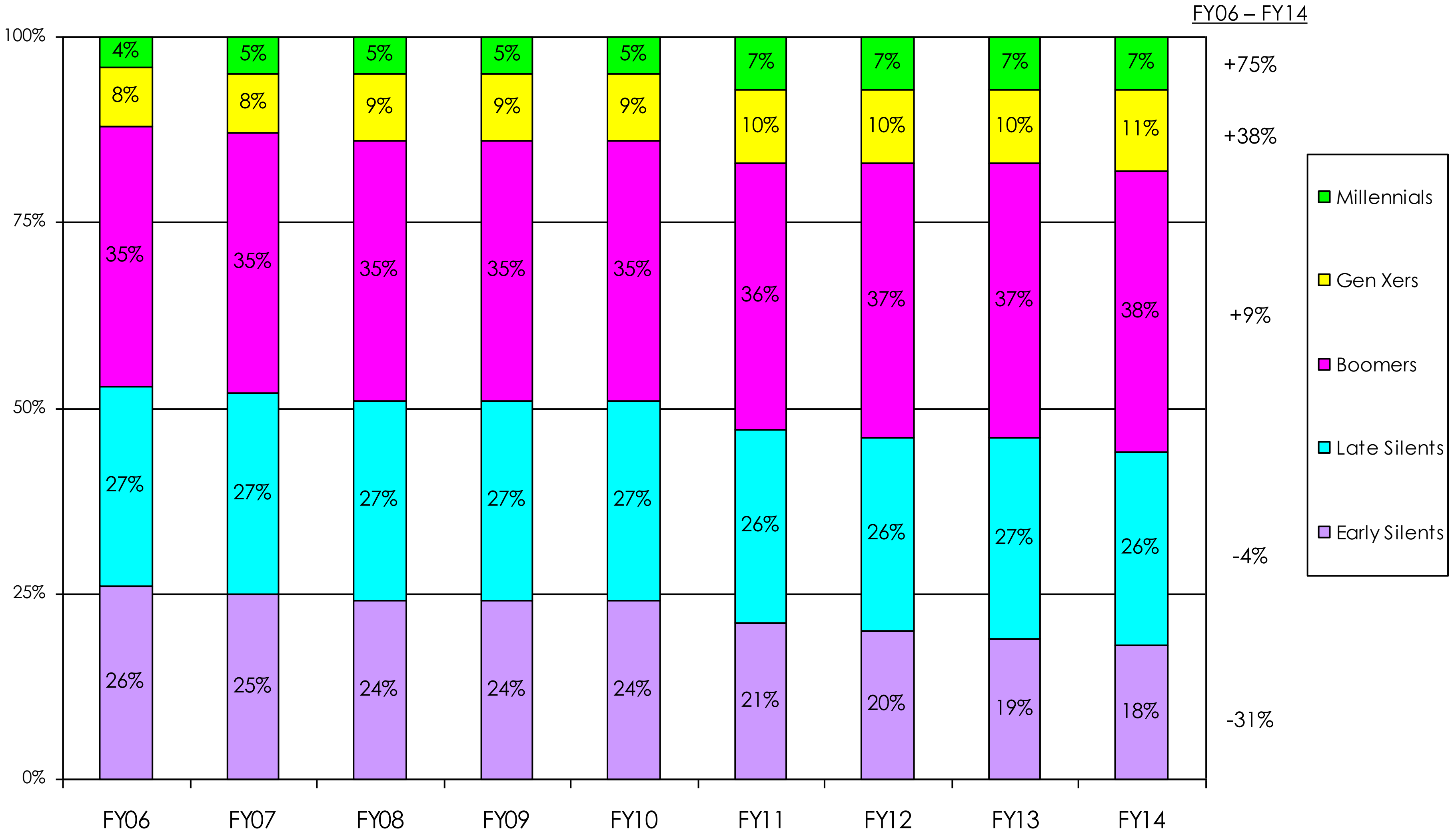


FY06 – FY14

-2%

Ticket Sales Revenue
Sourced by Age Cohort

Silents and Boomers make up the vast majority of ticket sales with Early Silents on a steep decline.

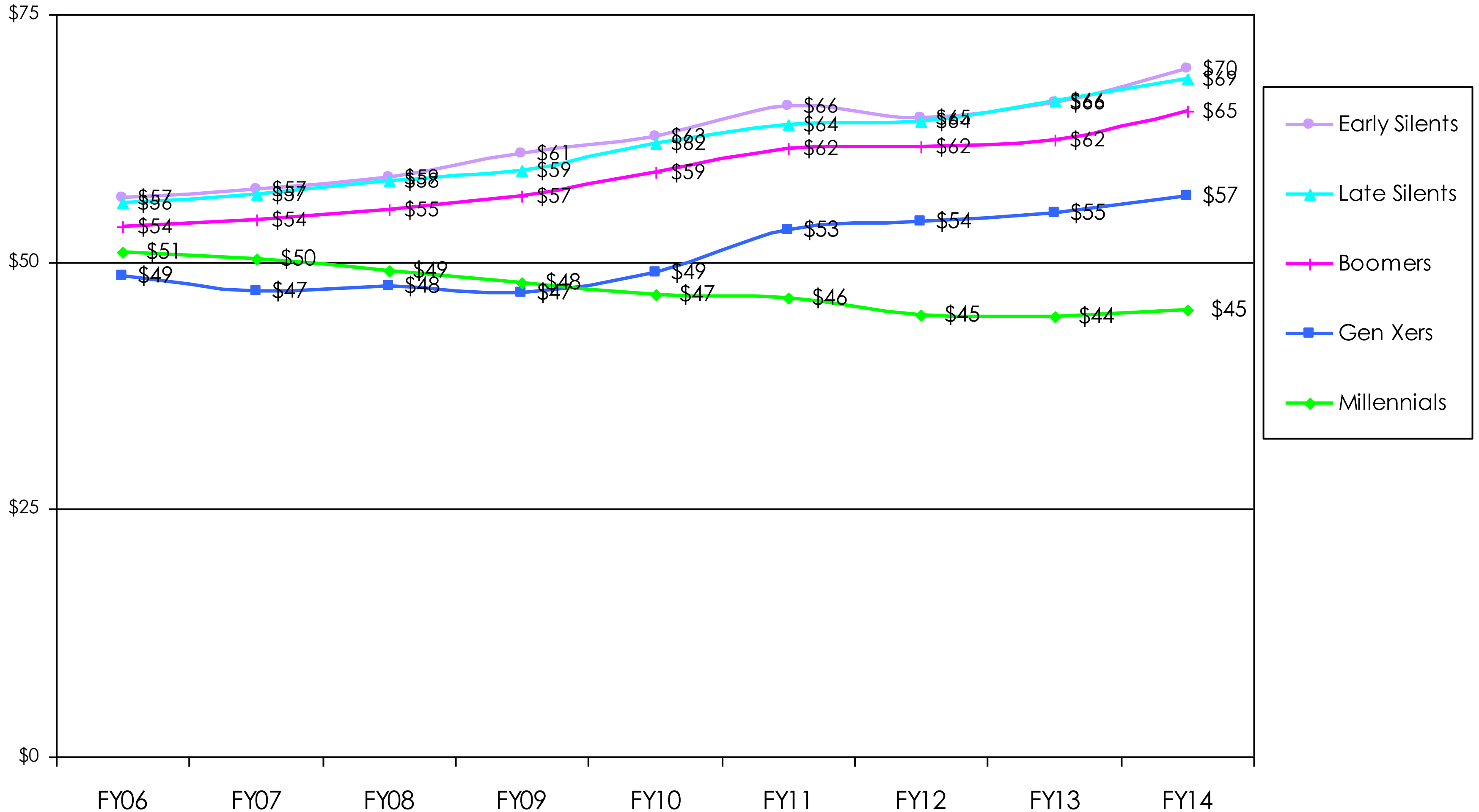


Notes: 166,800 HHs with Experian appended age data, March 2015

Average Ticket Price

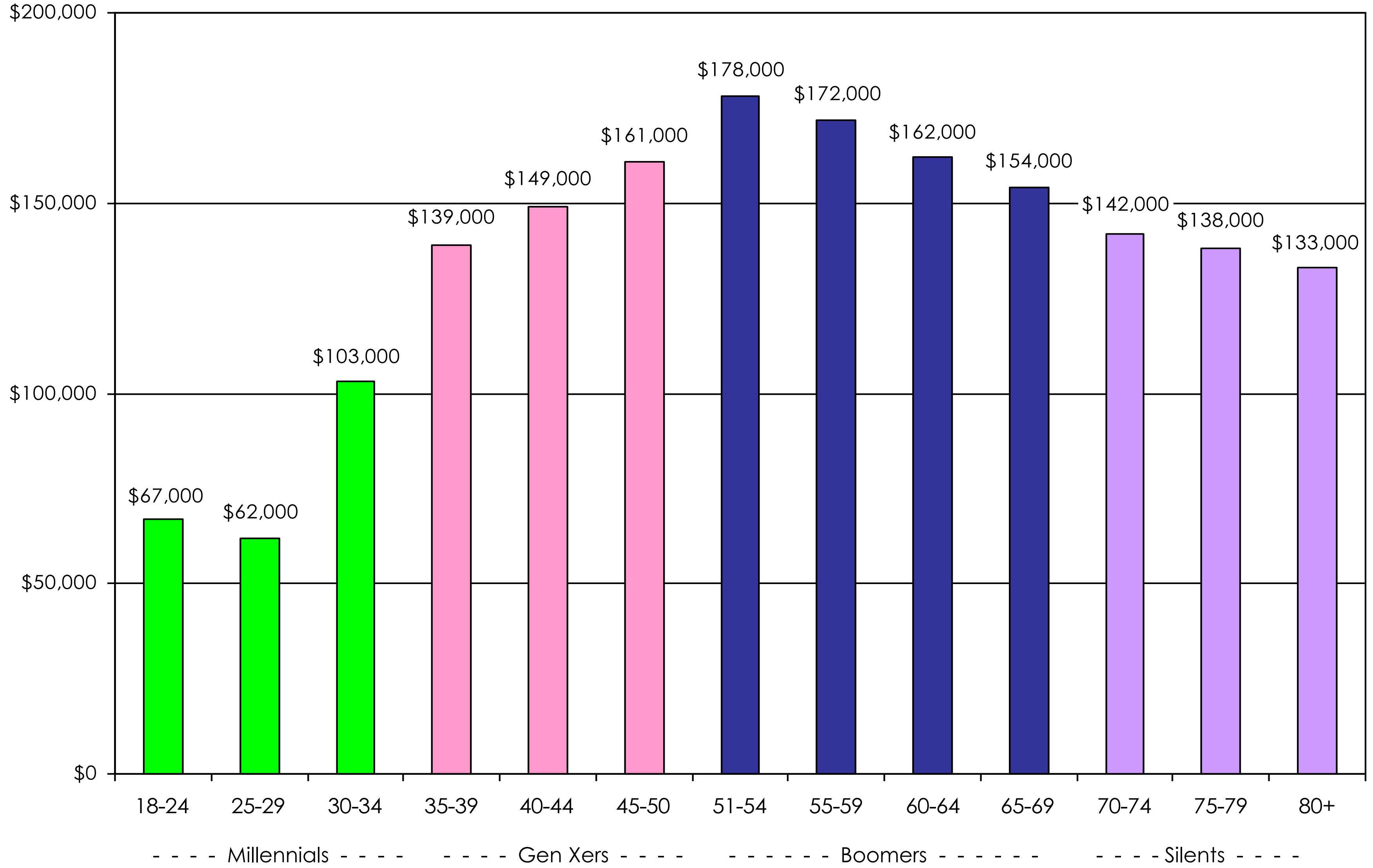
By Age Cohort Buyers

Silents and Boomers paying more than than younger generations. Gen Xers on upward trend but Millennials care paying less over time.

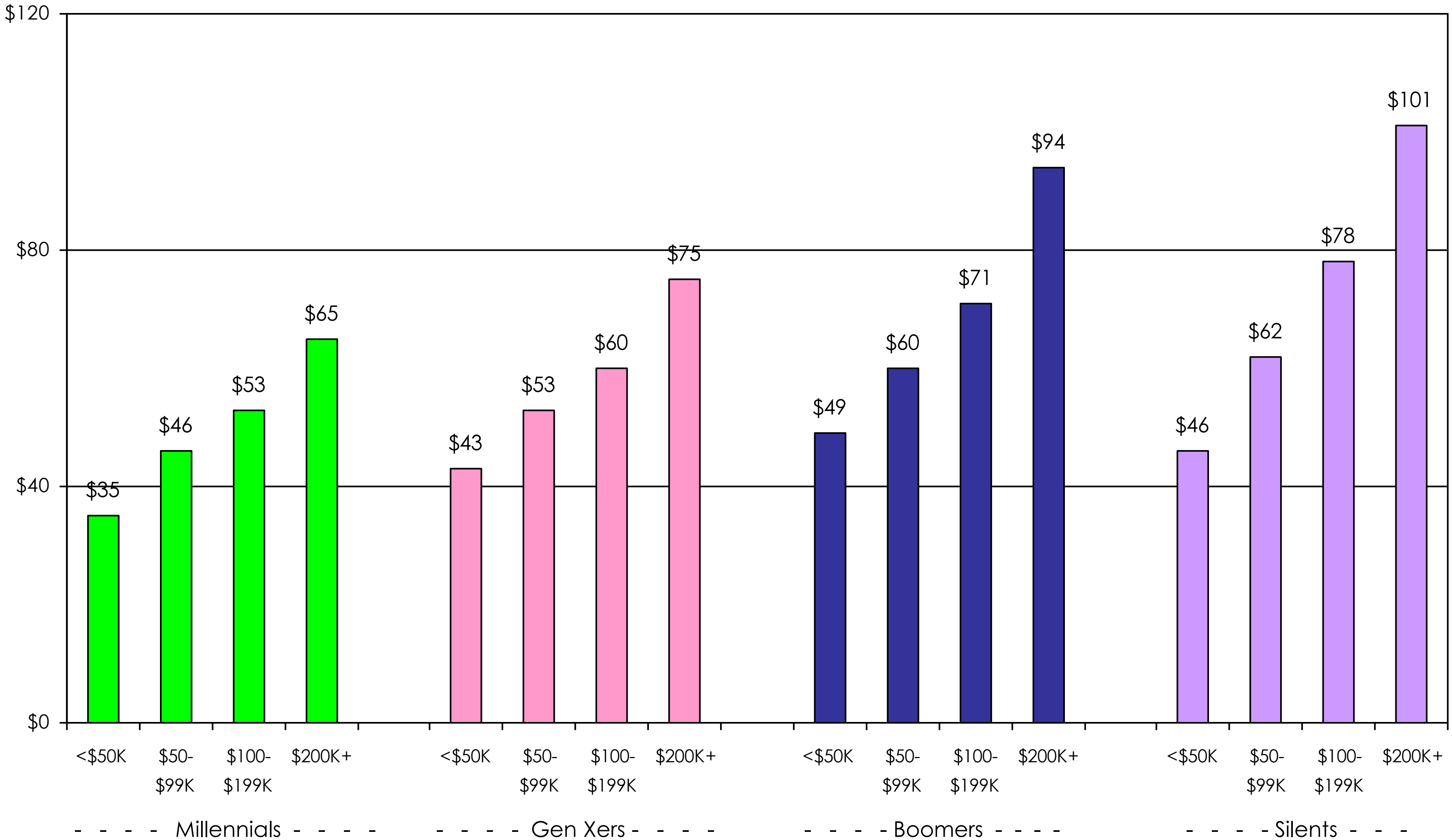


Notes: 166,800 HHs with Experian appended age data, March 2015

Average Household Income Levels

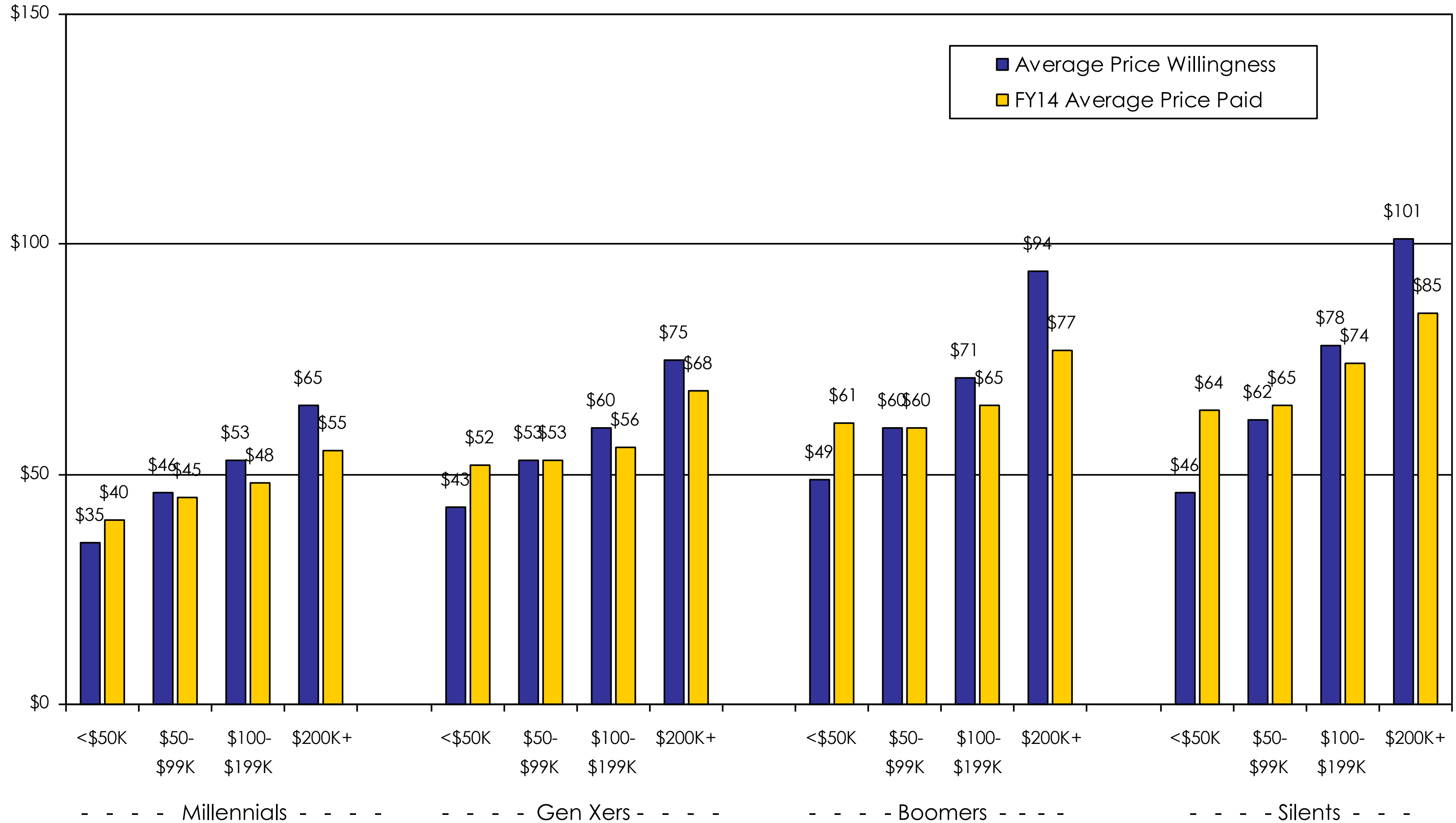


Price Sensitivity
Average Price Willing to Pay for Orchestra's Classical Concert



Price Sensitivity

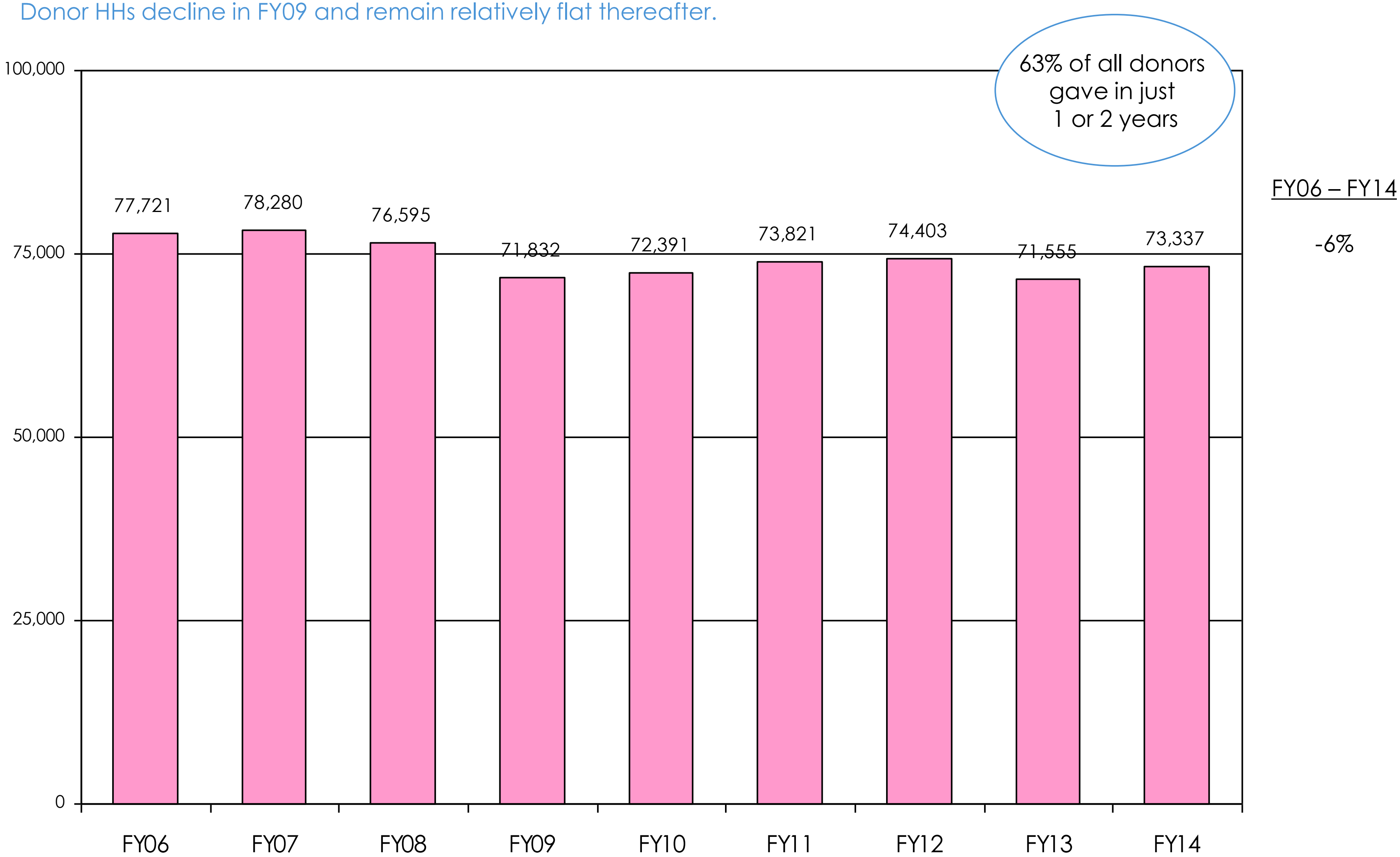
Average Price Willing to Pay for Orchestra's Classical Concert



donor and donations trends

Total Donor Households

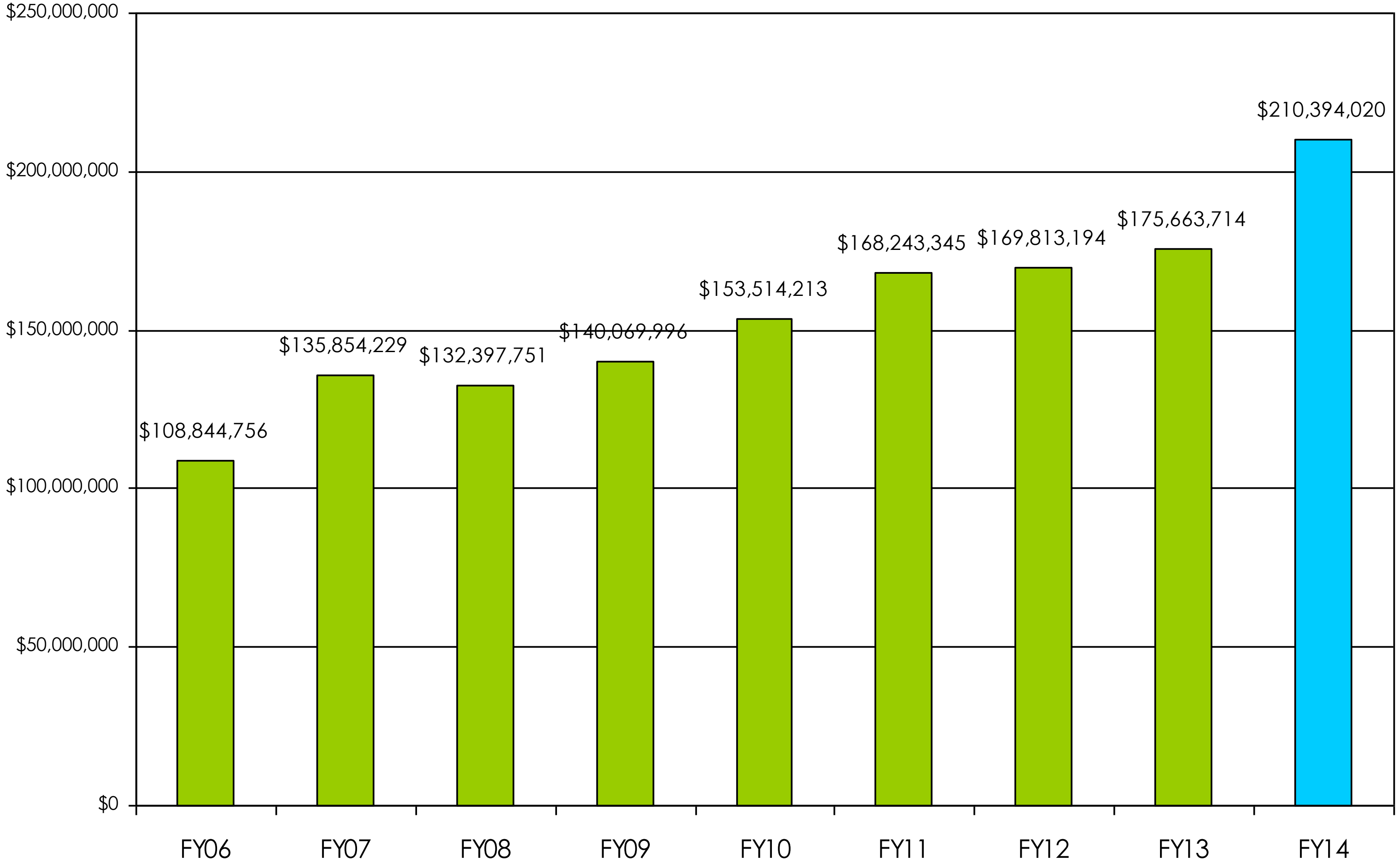
Donor HHs decline in FY09 and remain relatively flat thereafter.



Notes: Total donor HHs including donor non-buyers; FY07 Cleveland data in FY06

Total Donations Revenue

Total donations revenue has almost doubled since FY06.



FY06 - FY14

+93%

FY06-FY13

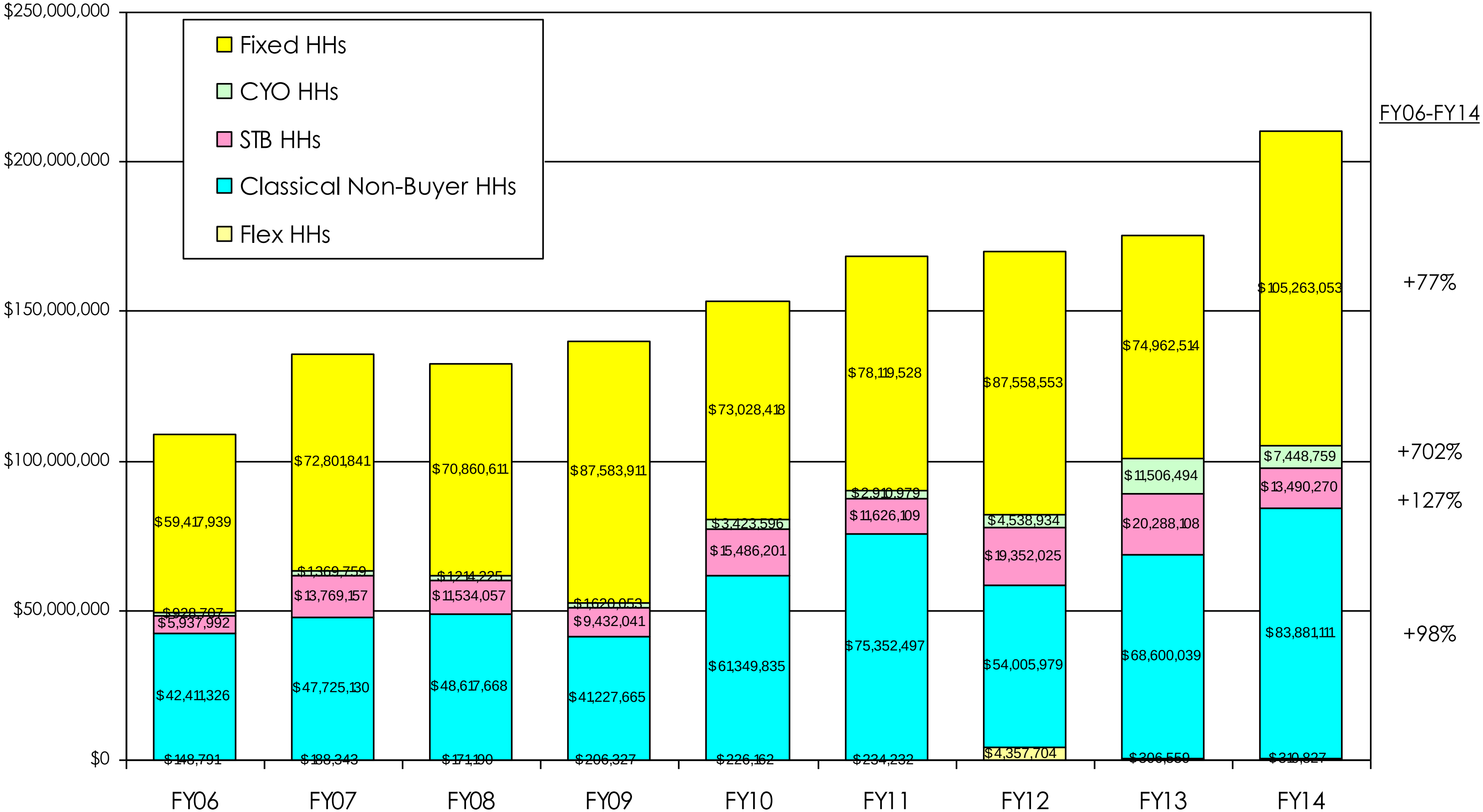
+61%

Notes: FY14 includes three $10 MM+ donations; FY06 includes Cleveland's FY07 donations

Total Donations Revenue

By Buyer Status

Donations revenue is sourced primarily from Fixed Sub HHs and Donor Non-Buyer HHs.

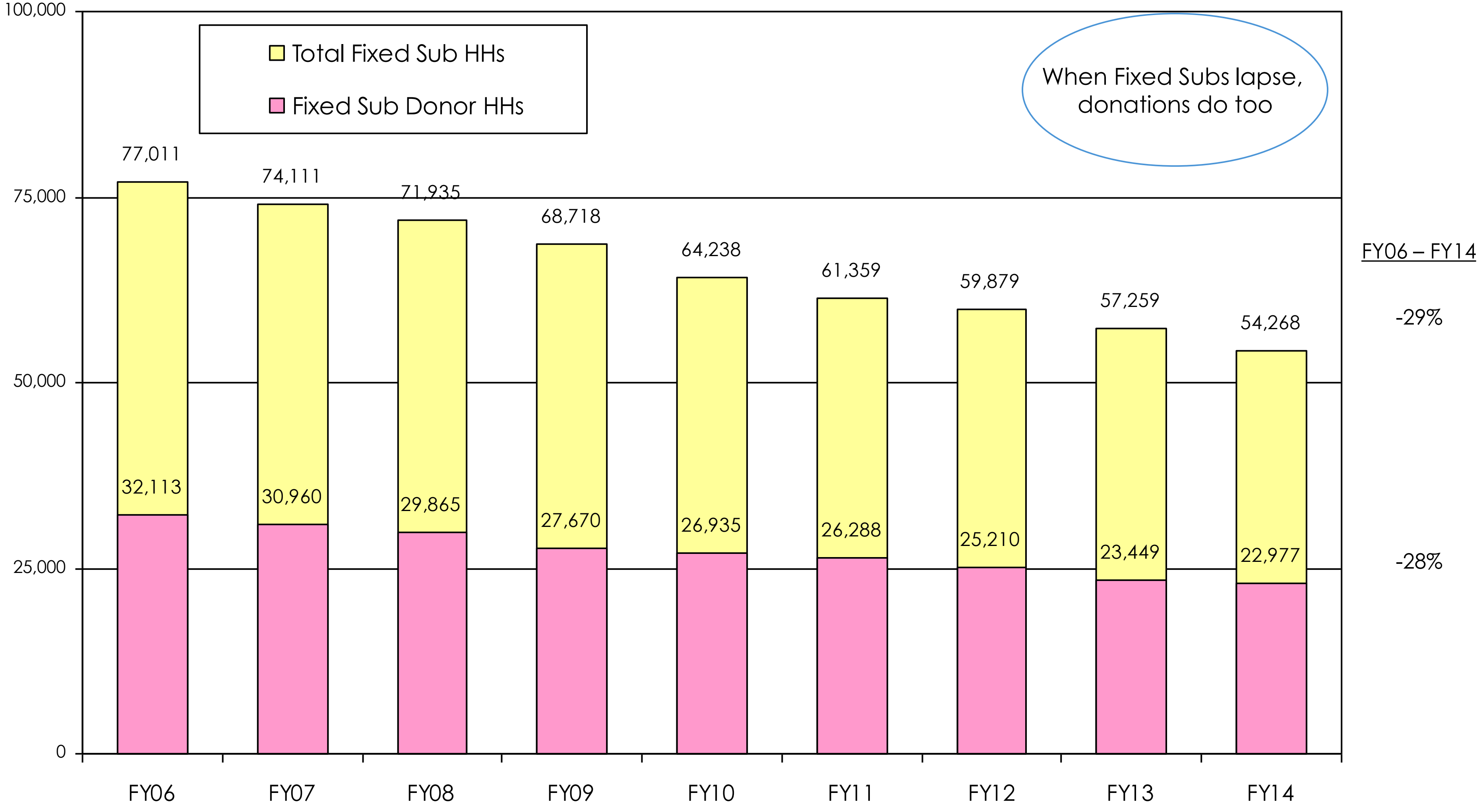


Donor Non-buyers: other series attenders (e.g. Pops), subs lapsing before FY06, loyal attenders who lapse one year, etc.

Notes: FY14 includes three $10 MM+ donations; FY06 includes Cleveland's FY07 donations

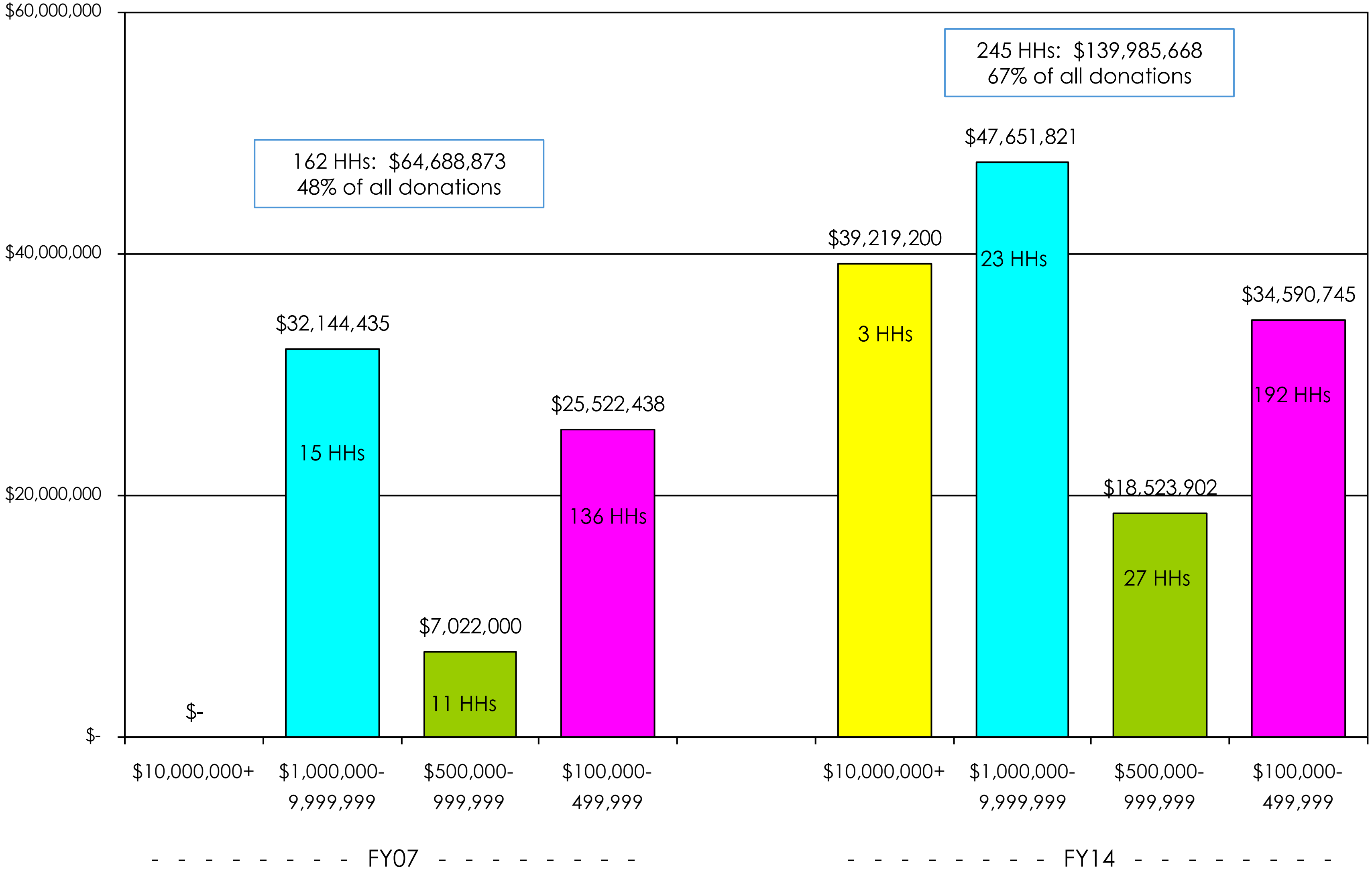
Fixed Subscriber Households and Donations

Fixed Sub donors are decreasing at the same rate as Fixed Sub HHs.



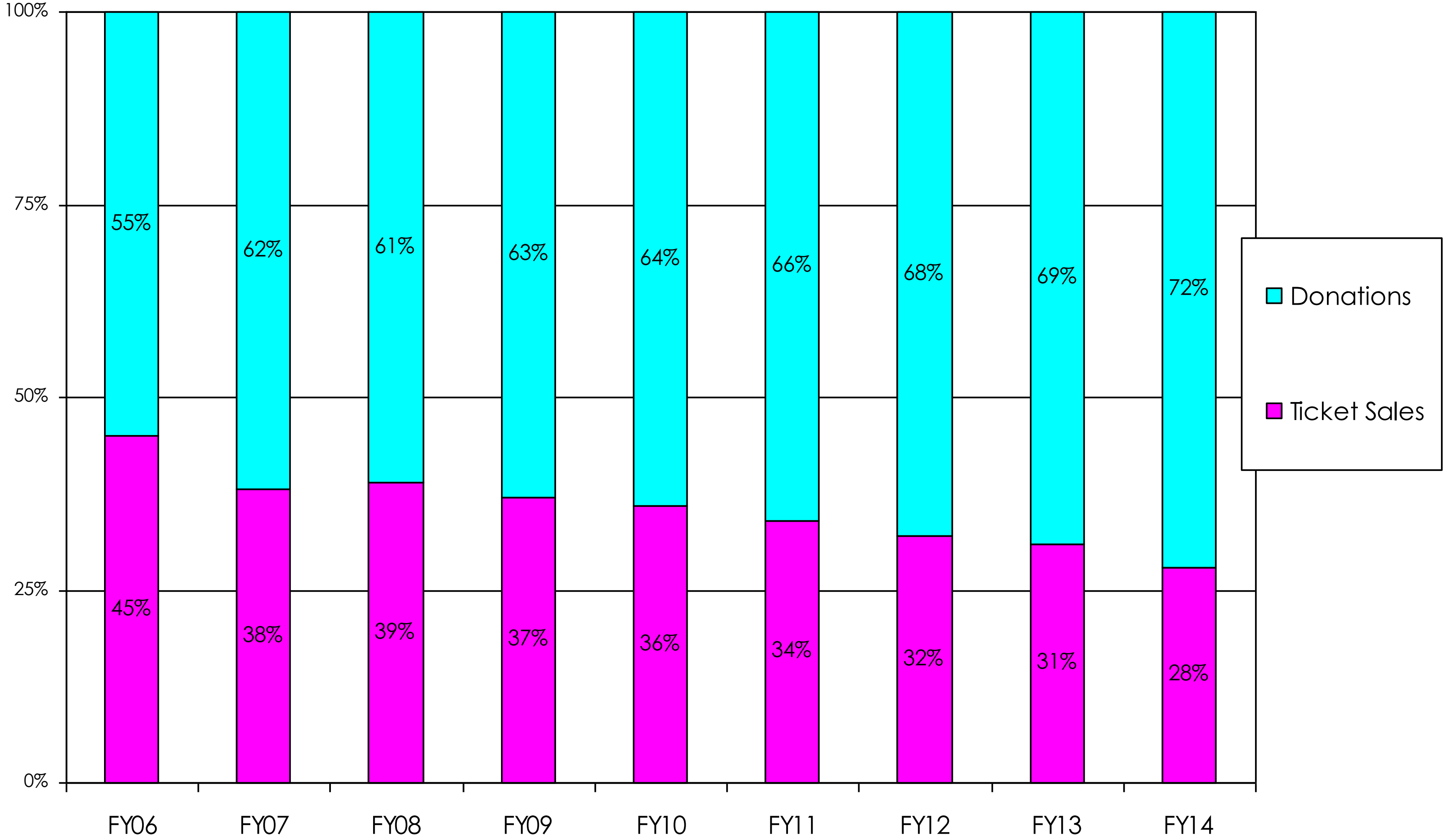
Comparison of FY07 and FY14 $100,000+ Annual Donations

Increasing reliance on mega-gifts.

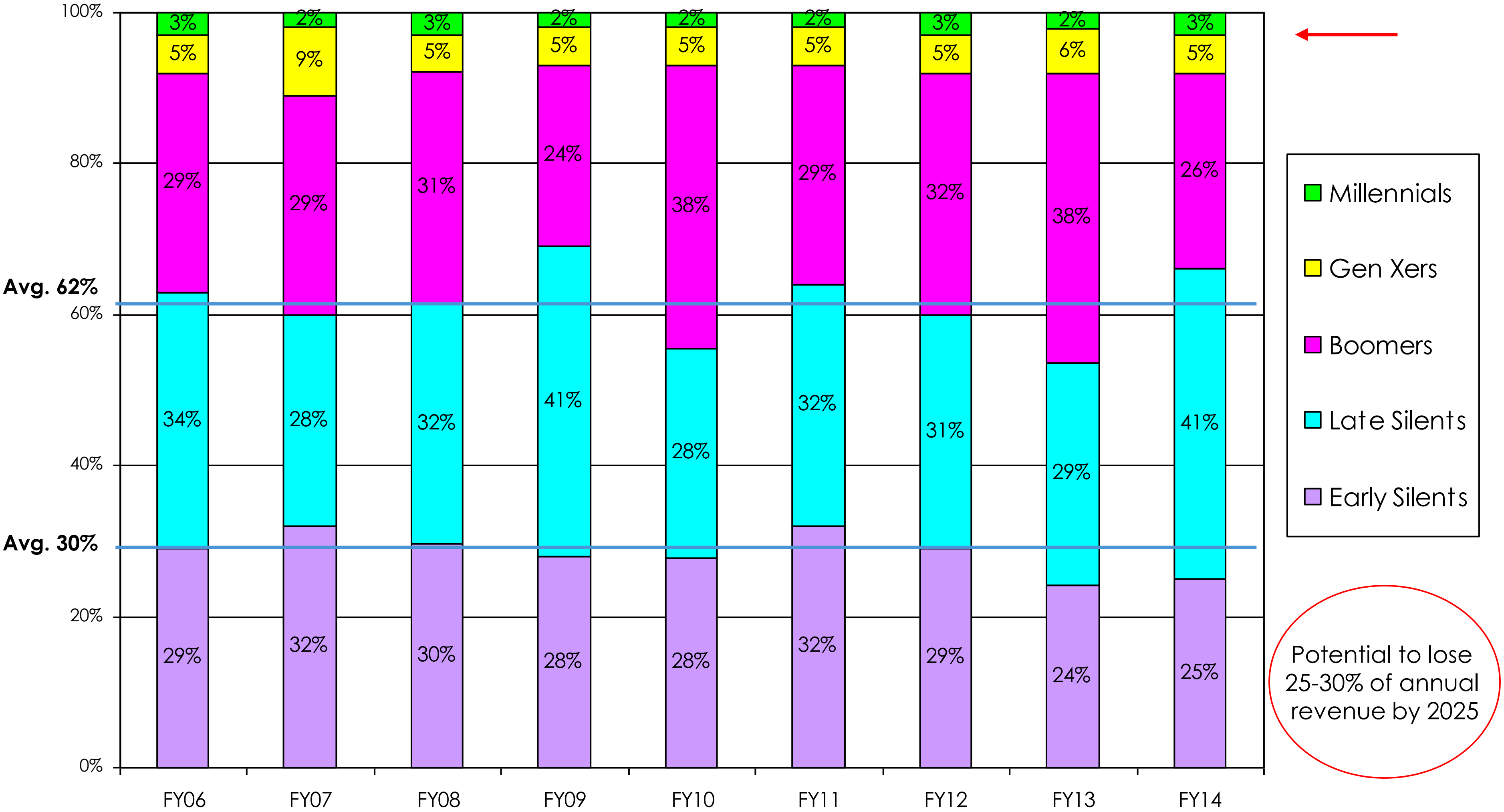


Total Revenue Sourced by Donations vs. Ticket Sales

Increasing reliance on donations revenue.



Total Revenue by Age Cohort



Notes: 166,800 HHs with Experian appended age data, March 2015.

Top Revenue Household Tiers

FY07-FY14

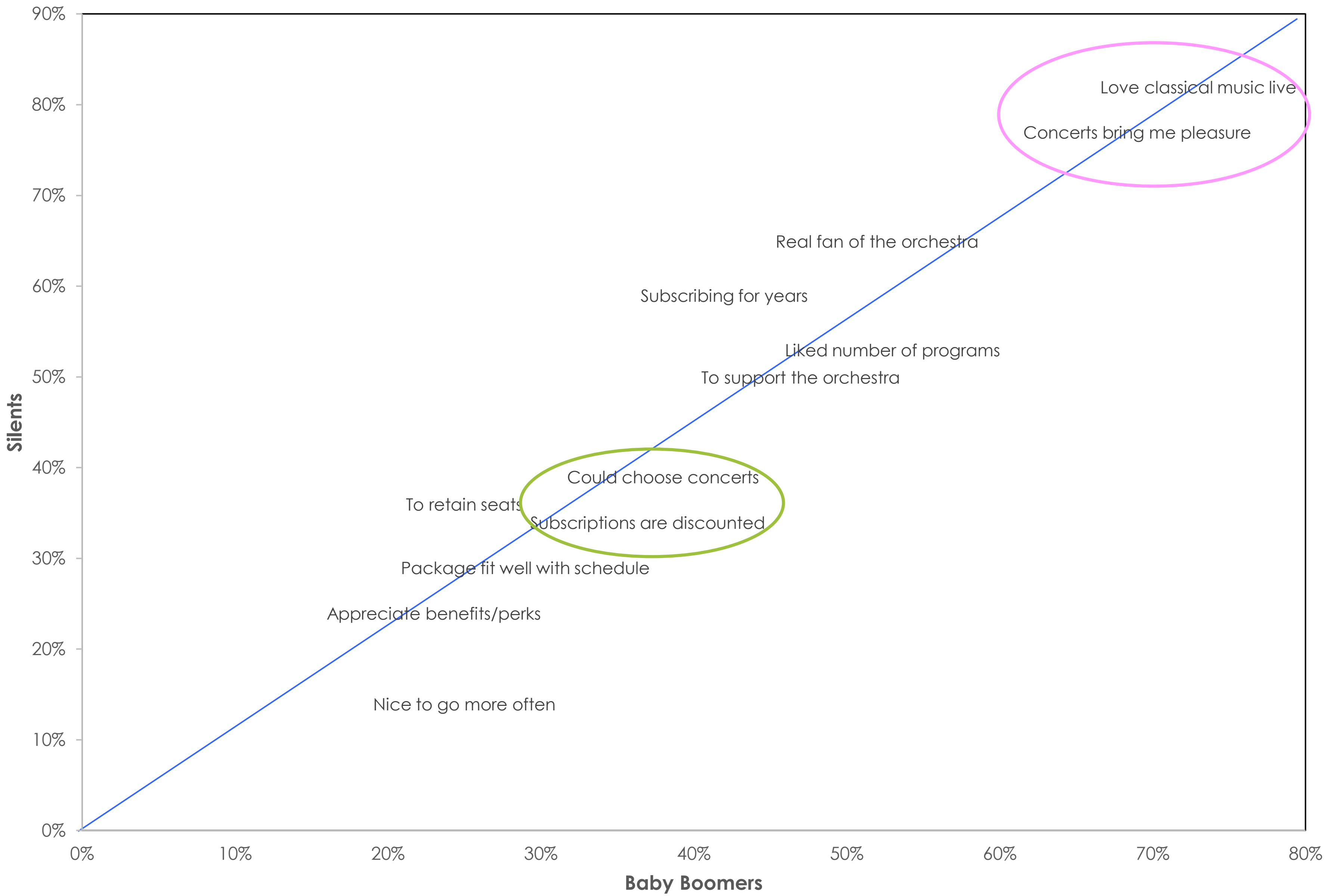
A total of 334 HHs across 10 orchestras accounted for 37% of all revenue for FY07-FY14; .5% of all households accounted for 60% of all revenue.

	# of HHs	% of HHs	% of Revenue	% Early Silents (80+)	% Late Silents (70-79)
$500,000+	**334**	**.02**	**37**	**33**	**30**
$100,000 - $499,999	1,175	.10	12	**30**	**30**
$50,000 - $99,999	1,516	.12	5	**31**	**26**
$25,000 - $49,000	3,487	.28	6	**26**	**31**
All Other Patrons	1,226,684	99.5	40	10	15
Total	1,233,196	100%	100%		

Top Rev Tiers Age Cohort	Early Silents (30%)	Late Silents (29%)	Boomers (33%)	(8%)

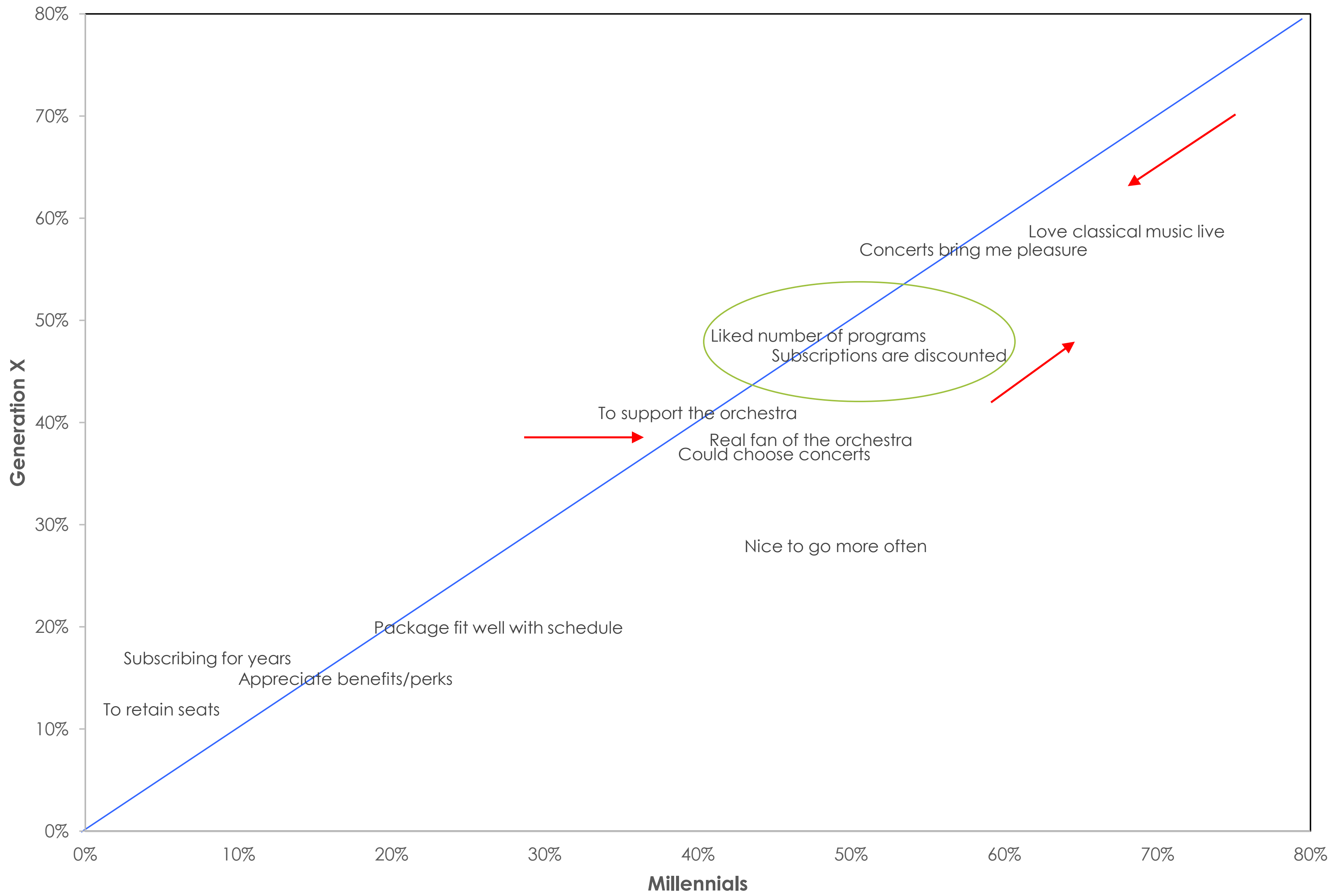
subscriptions and concert preferences

Perceptual Map of Subscription Motivations
Silents and Boomers



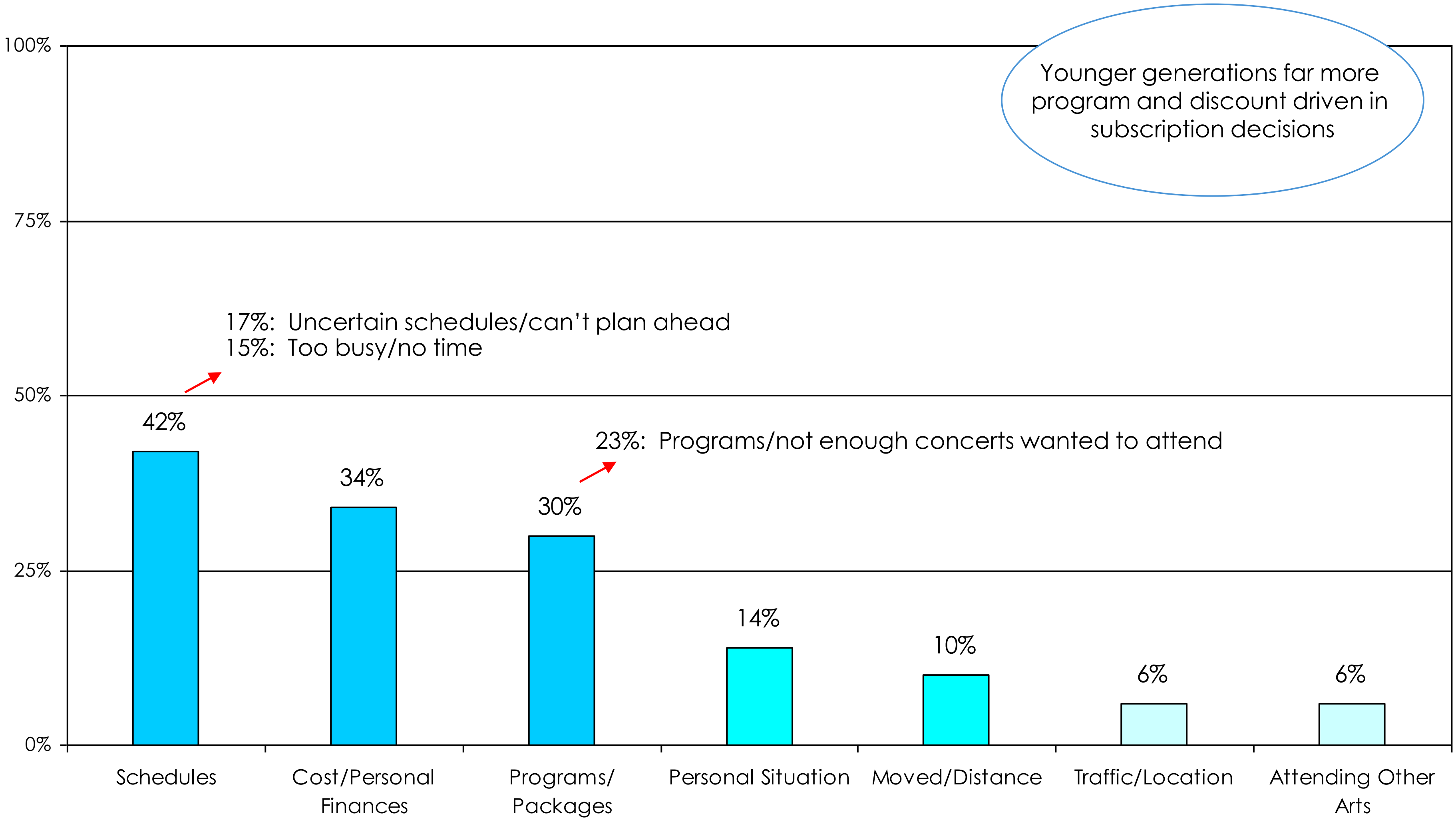
Perceptual Map of Subscription Motivations

Gen Xers and Millennials



Reasons for No Longer Subscribing
2013-14 Lapsed Subscribers

Patrons cite real 'practical' barriers as reasons for lapsed subscriptions.



Q: As specifically as possible, what were the most important factors in your decision not to purchase a subscription package this season? Open-ended question.

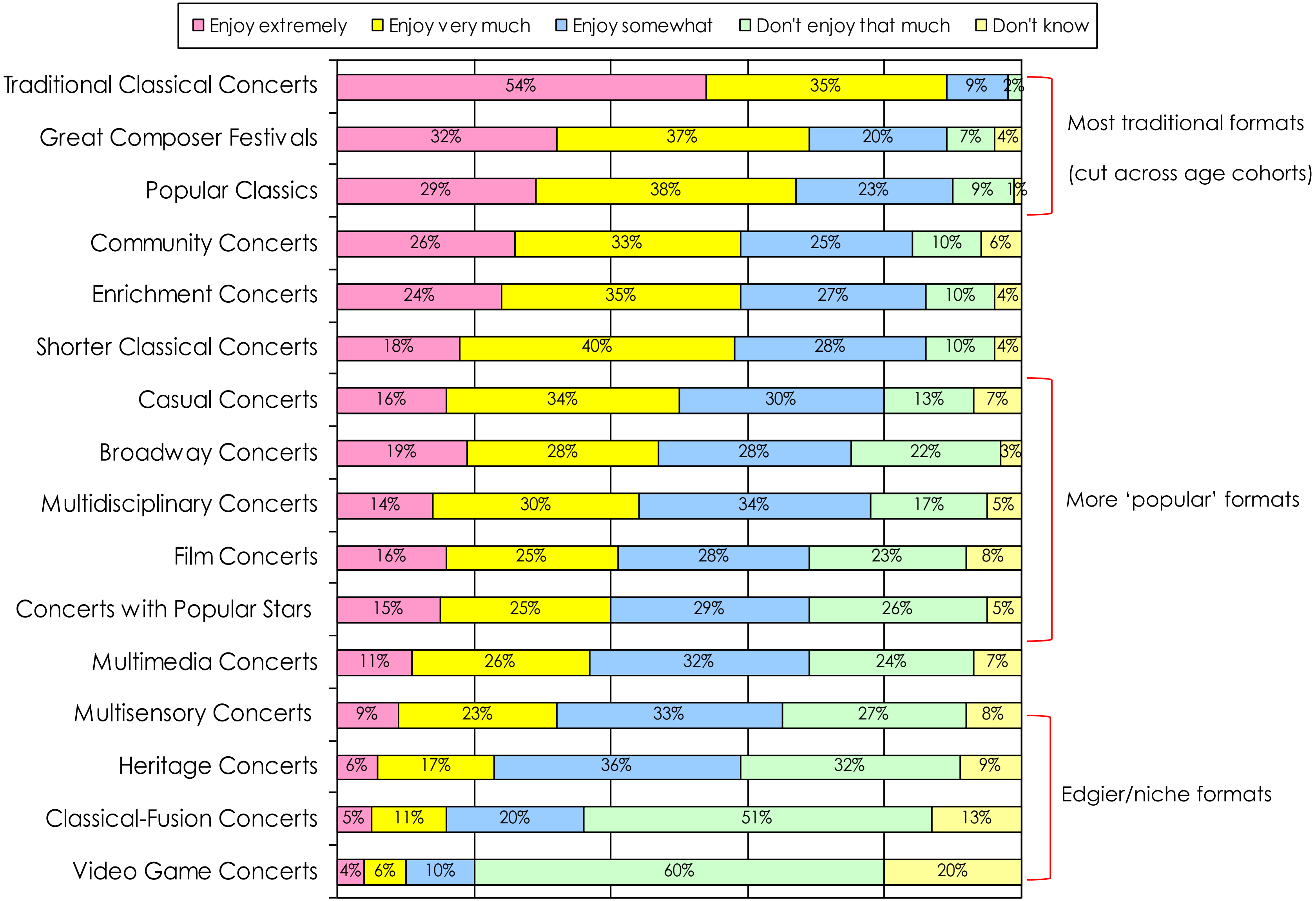
Concert Format Descriptions

Traditional Classical Concerts	Traditional classical full-length concerts with an intermission, typically featuring three symphonic works
Broadway Concerts	Semi-staged performances of Broadway musicals with the orchestra and actors performing on stage (e.g. Sound of Music, Wicked, My Fair Lady, Sweeny Todd)
Film Concerts	Orchestras perform the complete score of popular full-length films as they are projected on a large screen (e.g. West Side Story, Pixar, Wizard of Oz, Lord of the Rings)
Video Game Concerts	Orchestras perform music from popular video games as iconic video game clips are projected on a large screen (e.g. Final Fantasy, Legend of Zelda, Video Games Live)
Multisensory Concerts	Concerts that are somewhat edgier, with heavy emphasis on theatrical elements, visual enhancements, and unique staging and lighting
Great Composer Festivals	Week-long concert/event immersions into the works of a major composer (e.g. Bach Festival, Beethoven Festival)
Concerts with Popular Stars	Concerts featuring popular stars accompanied by the orchestra (e.g. Chris Botti, Natalie Cole, Ben Folds, Idina Menzel)
Popular Classics	Concerts are built around a theme and feature popular classical pieces from composers such as Bernstein, Gershwin, Tchaikovsky, and Sousa along with colorful commentary from the conductor
Enrichment Concerts	Concerts with enhancements like pre-concert talks, onstage stories and commentary, and visual projections that provide a deeper understanding of the classical pieces and composers
Multidisciplinary Concerts	Classical concerts that feature collaborative presentations with other artists (e.g. dance, jazz, theater, cirque)
Heritage Concerts	Concerts celebrating specific ethic heritages (e.g. Chinese New Year, Hispanic Heritage Month, Black History Month)
Classical-Fusion Concerts	Concerts featuring orchestra ensembles along with DJs, electronic/dance music, rap, jazz, etc. in dance club settings
Multimedia Concerts	Traditional classical concerts enhanced with rich visuals and lighting effects
Casual Concerts	Orchestra ensembles playing in smaller, more casual club settings with seating at tables
Community Concerts	Large-scale, free classical concerts in local neighborhoods

Q: Orchestras offer different classical concert formats to satisfy the tastes of their patrons. We realize that specific programs influence enjoyment, but based on your experiences or perceptions, to what extent do you enjoy (or would enjoy) these types of classical concerts?

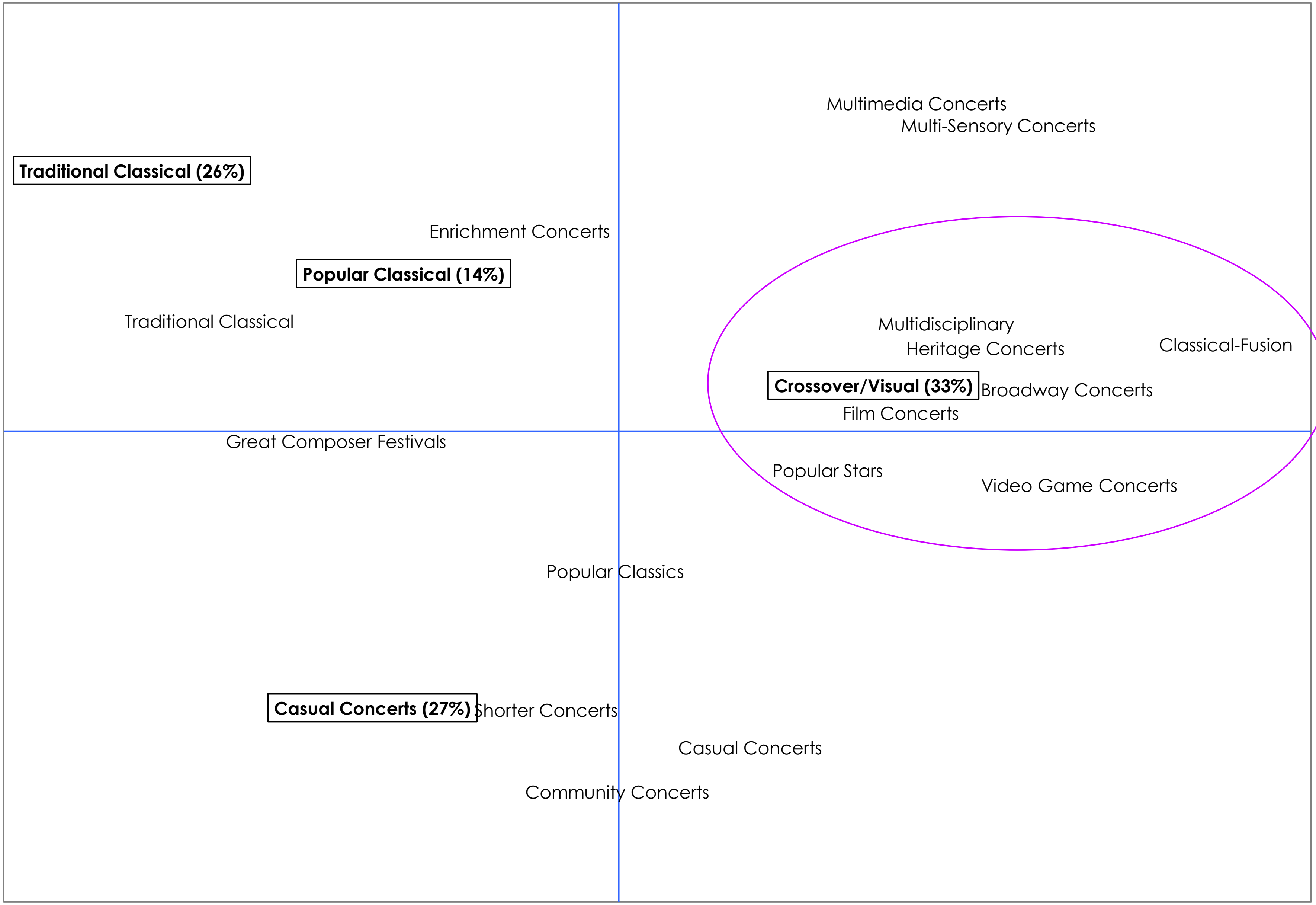
Concert Format Enjoyment

Total Patrons



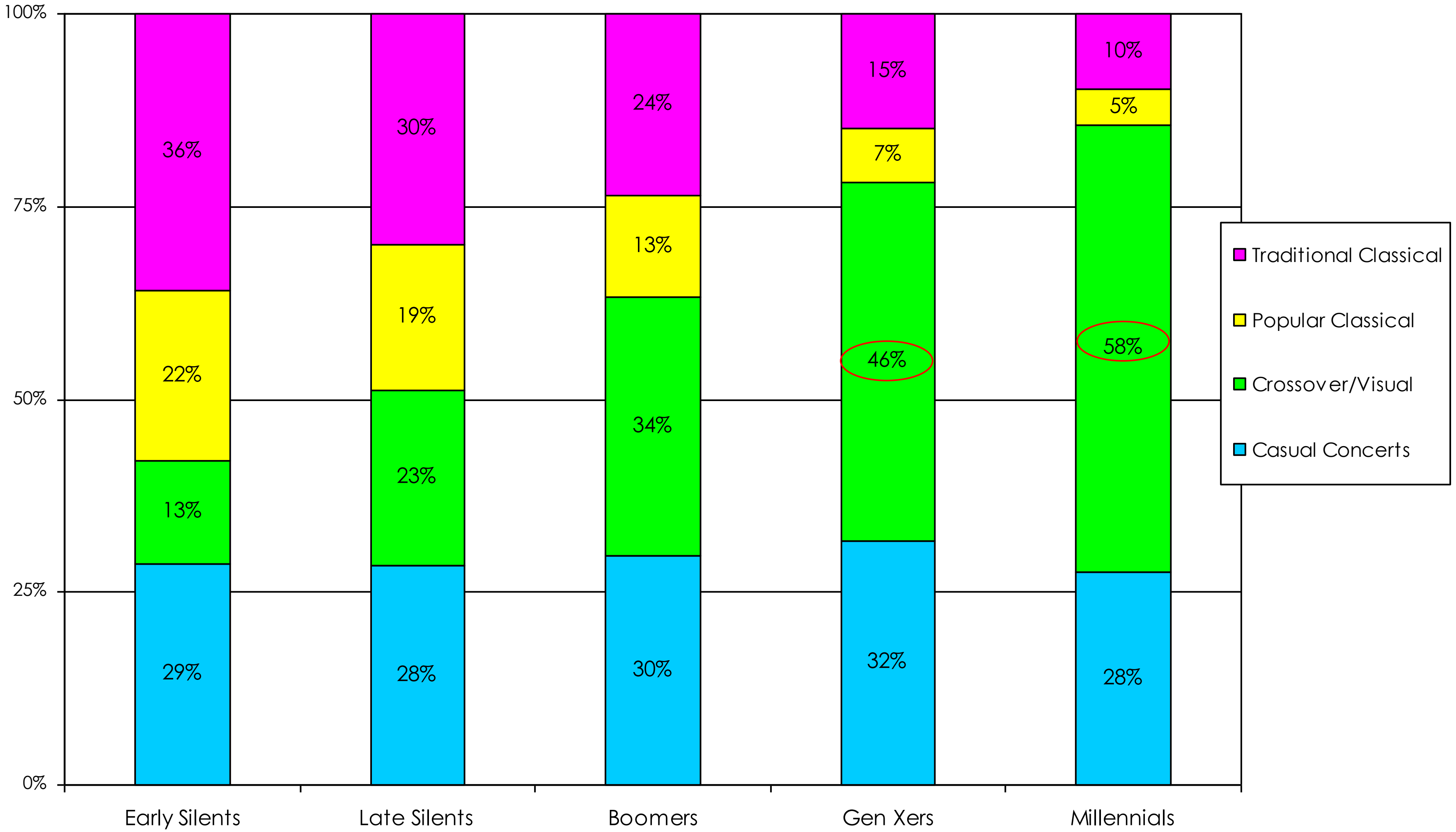
Q: We realize that specific programs influence enjoyment, but based on your experiences or perceptions, to what extent do you enjoy (or would enjoy) these types of classical concerts?

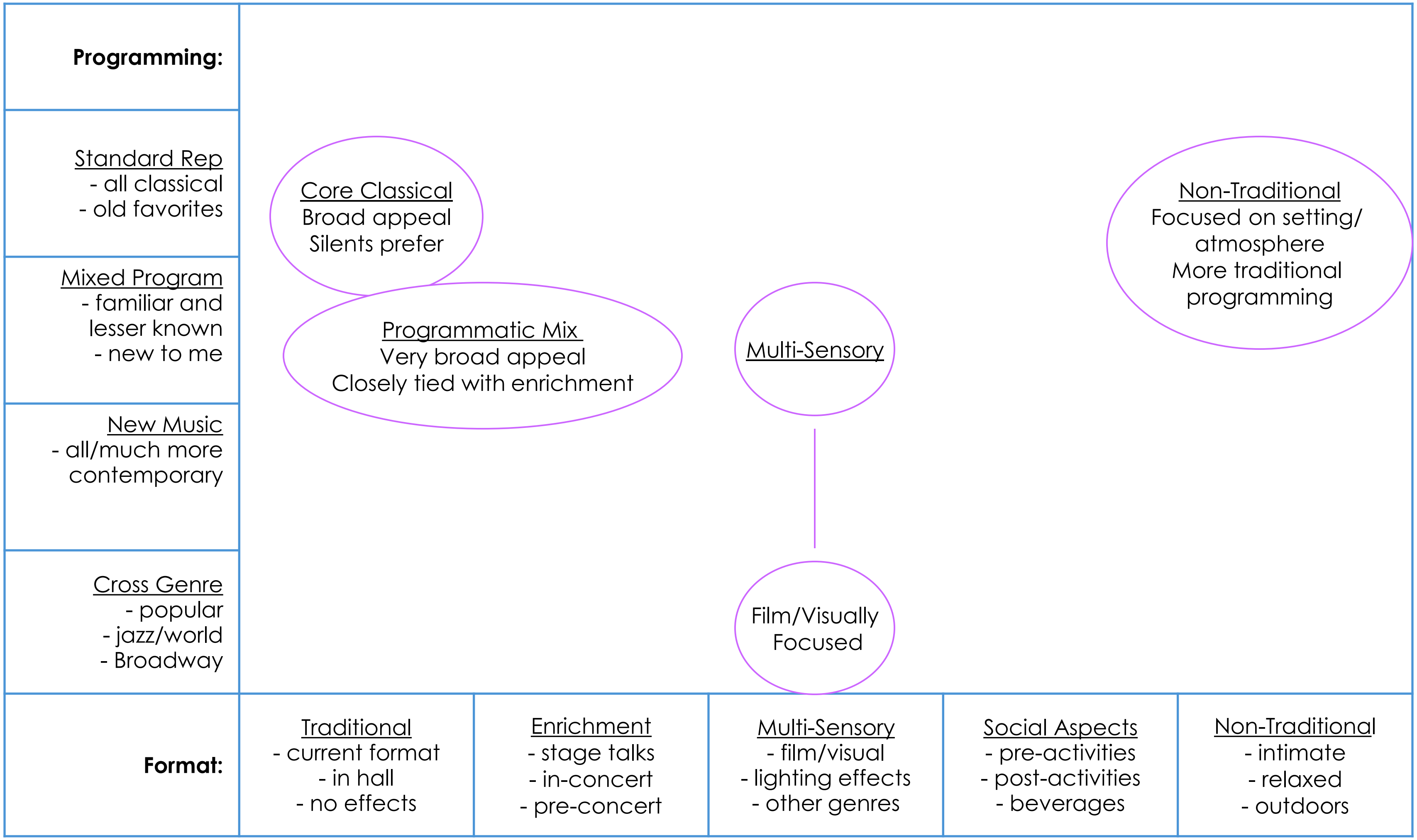
Perceptual Map of Concert Format Preference Clusters



Concert Format Preference Clusters

By Age Cohort

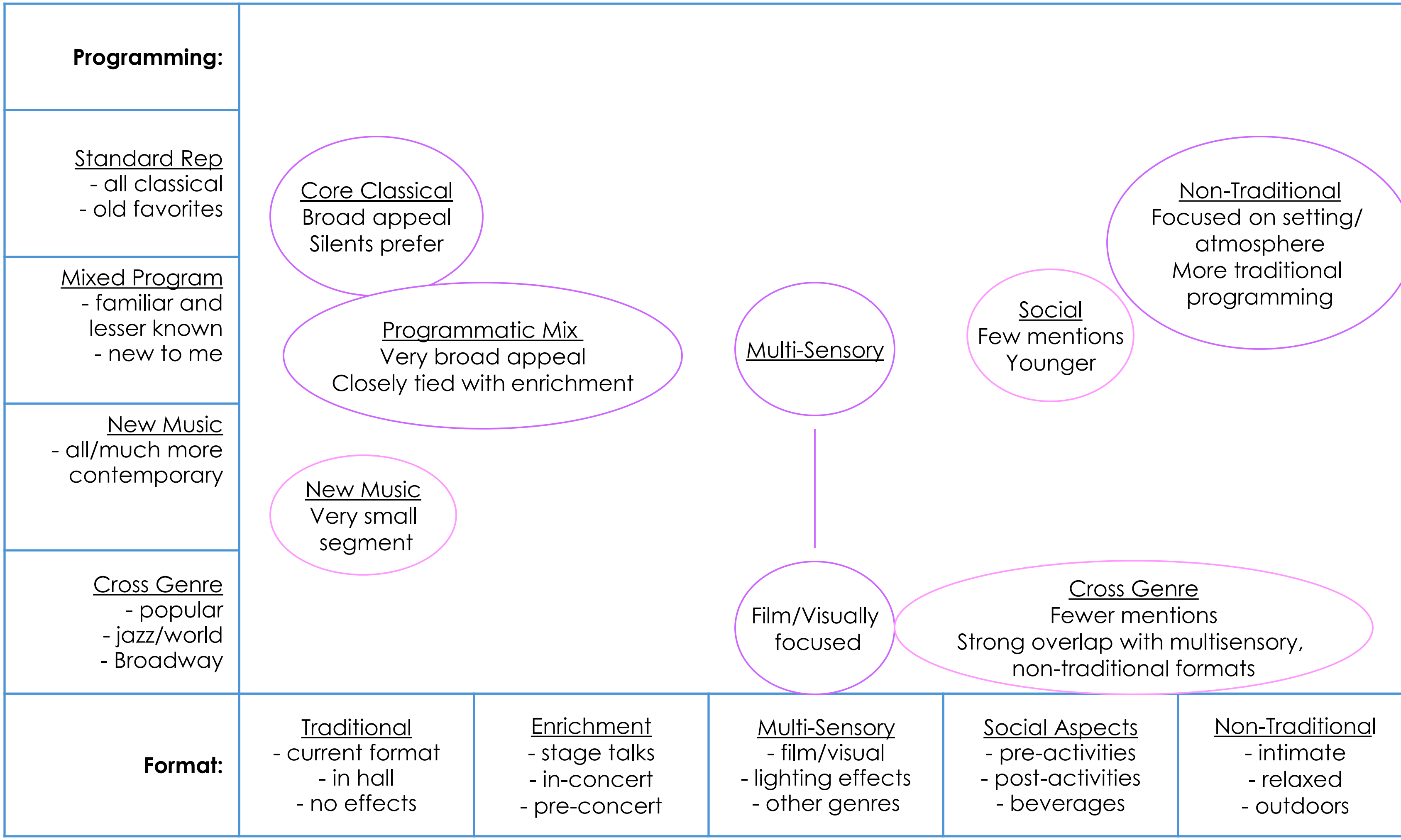




Most Common Ideal Experiences

Q: Thinking about your preferences, age and lifestyle, if you could create the ideal classical concert experience, what would it be like?

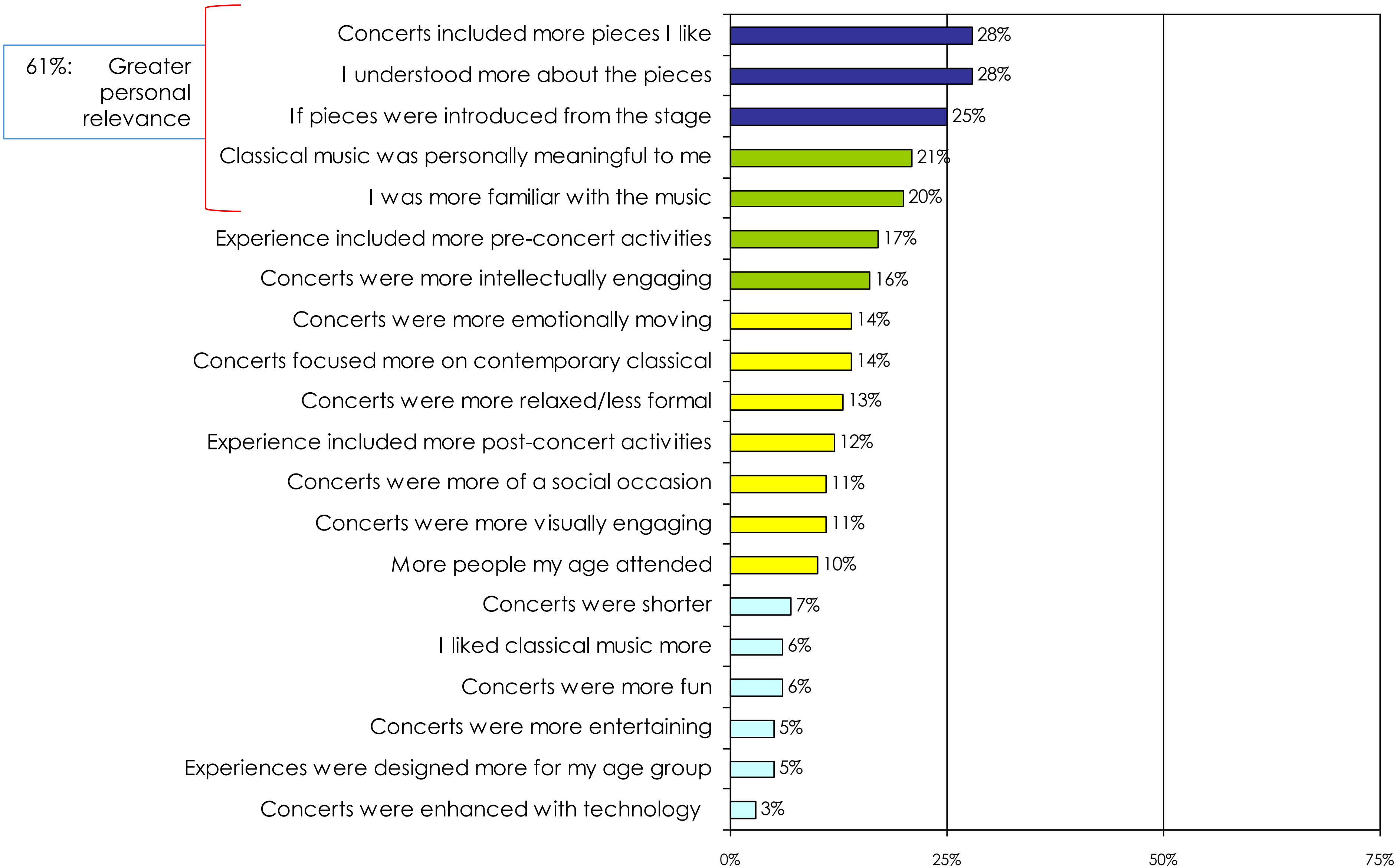
Ideal Concert Experiences



Most Common Ideal Experiences
Least Common Ideal Experiences

Q: Thinking about your preferences, age and lifestyle, if you could create the ideal classical concert experience, what would it be like?

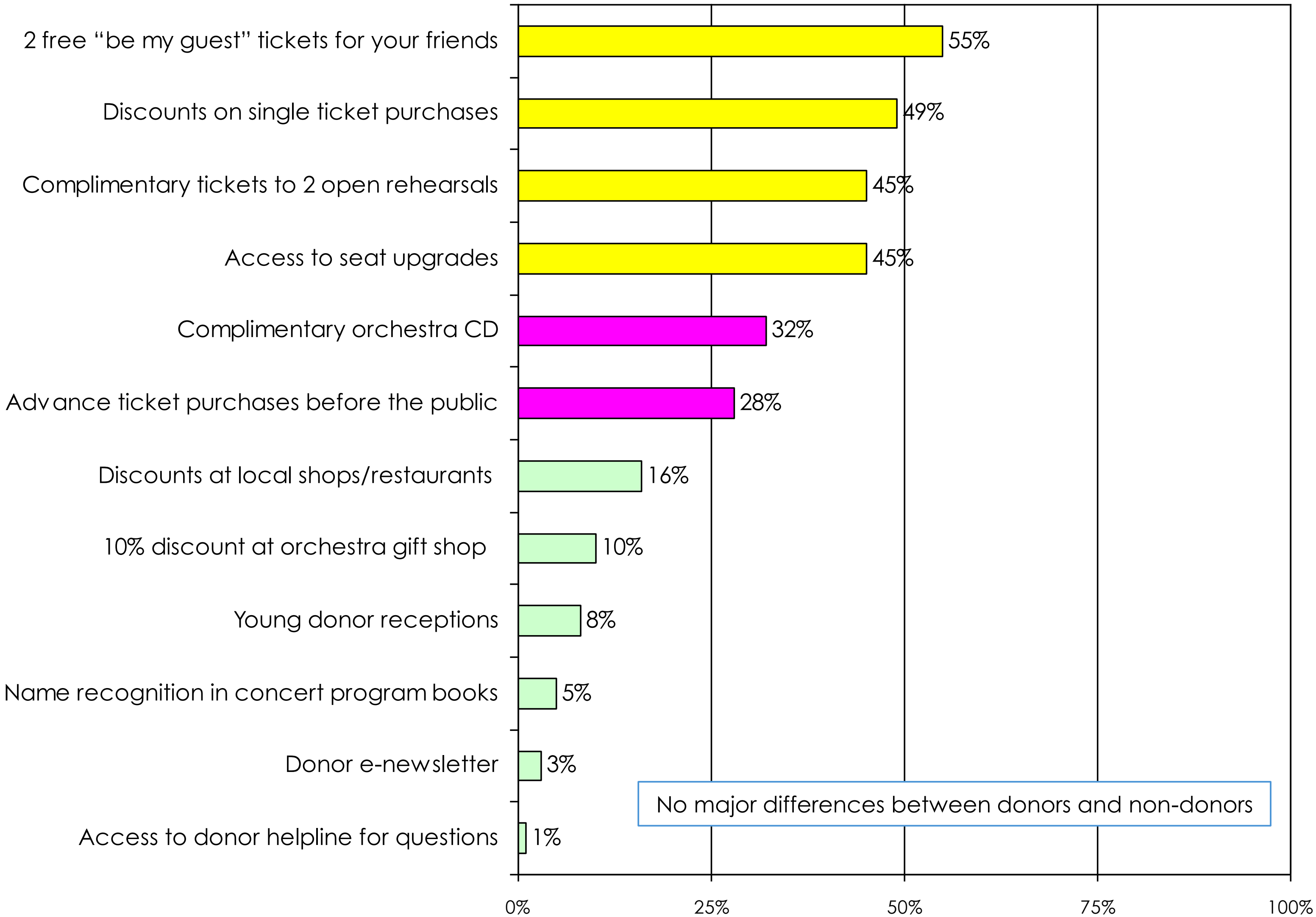
Making Concerts More Compelling



Q: What would make classical concerts more compelling for for you? (Click all that apply)

donors and donations

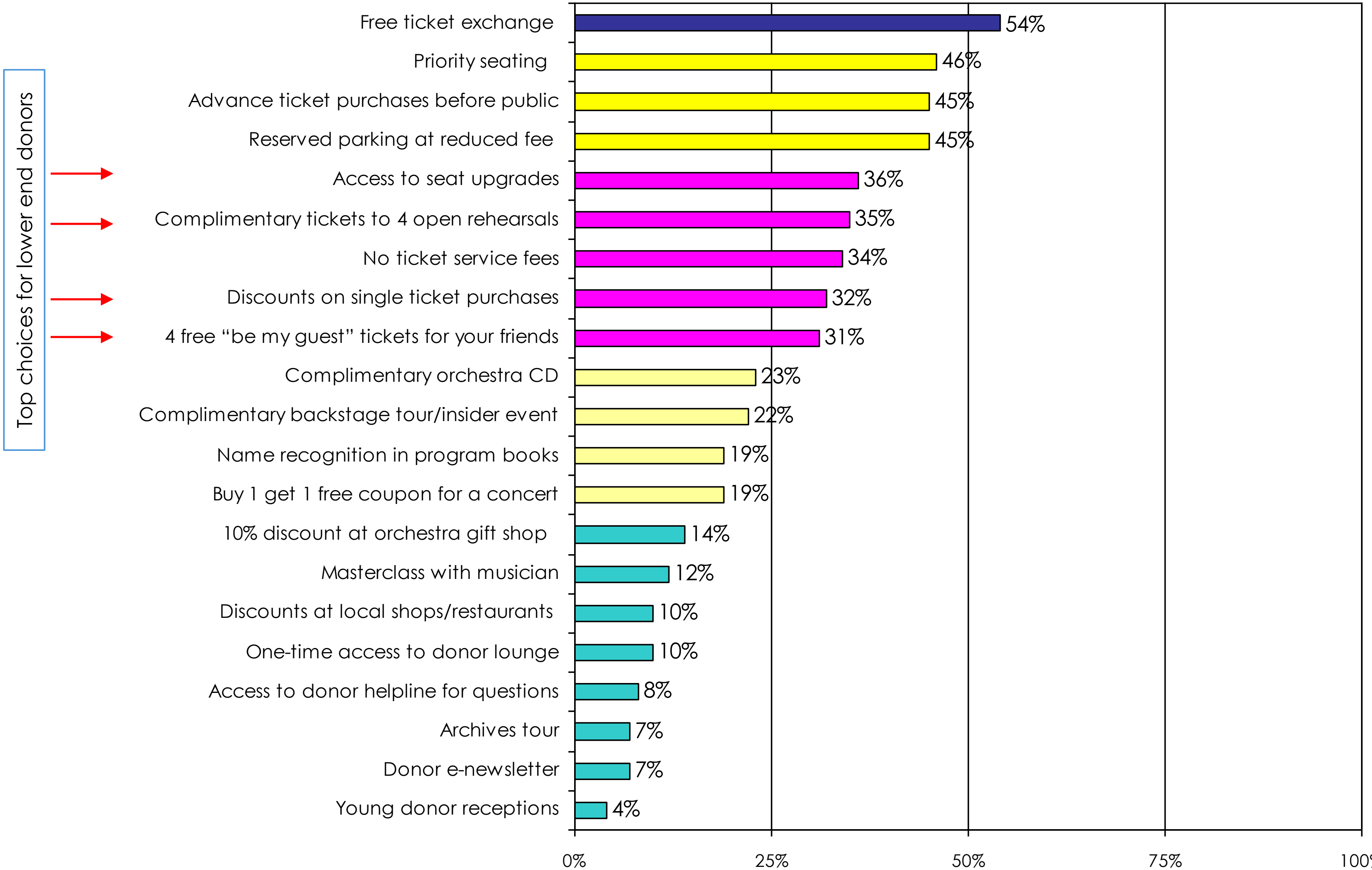
Respondents selected up to 4 benefits:



Q: These are the types of benefits one might receive with donations of $100-$500. If you were to select up to four of these benefits which ones would you choose?

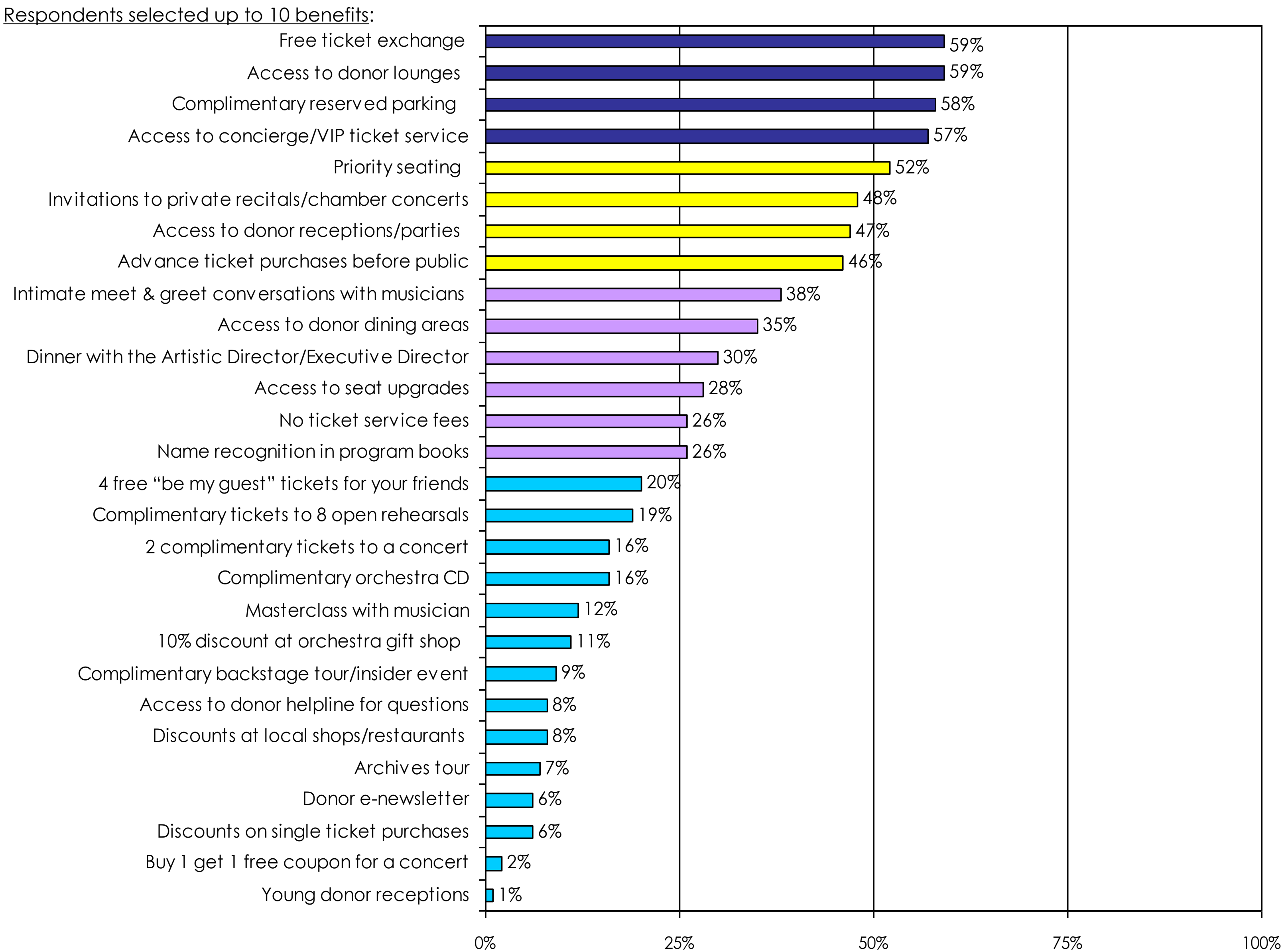
Benefits Preference: Mid-range Benefits
Among Donors with Most Recent Gift of $500-$9,999

Respondents selected up to 7 benefits:



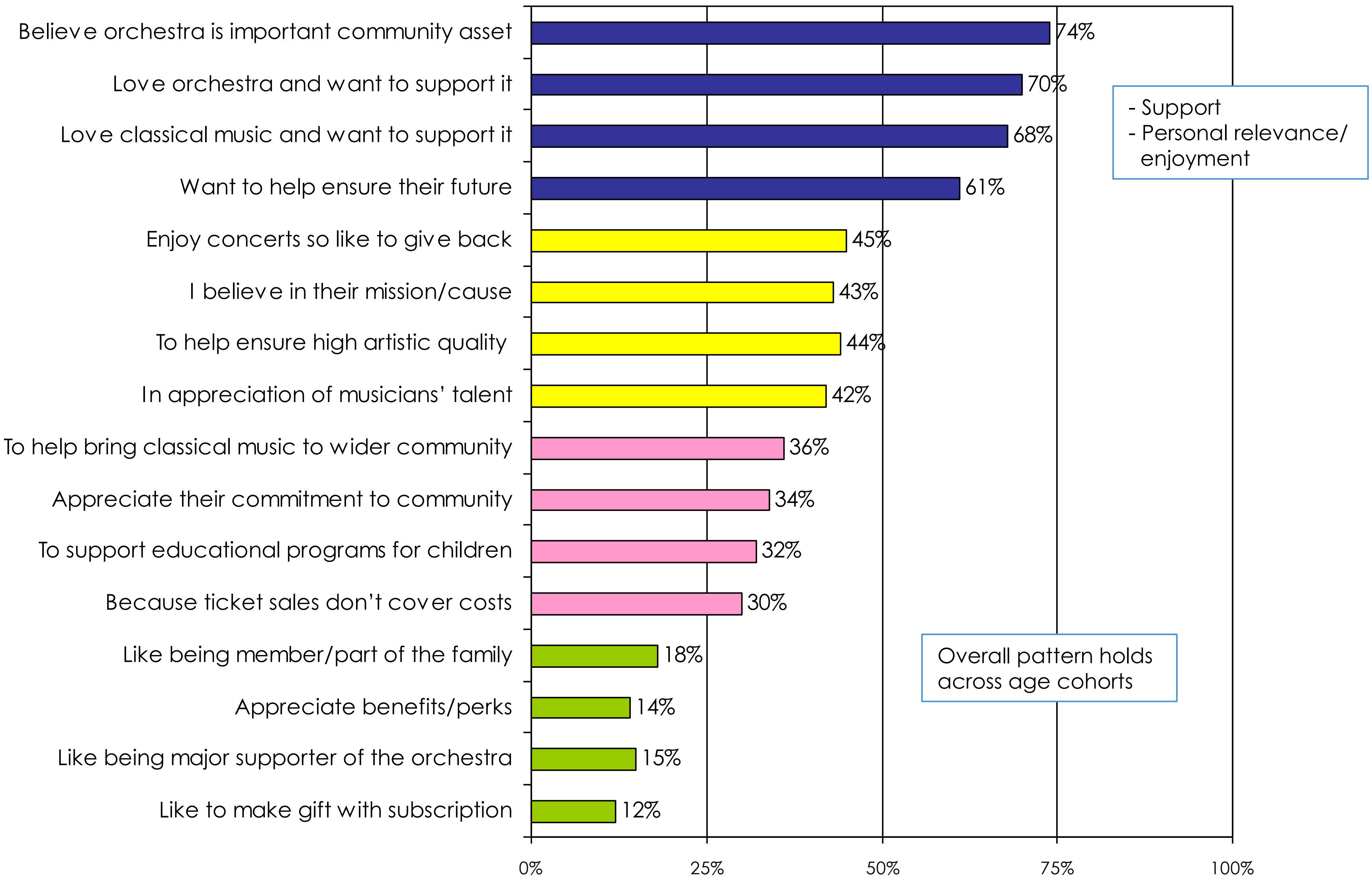
Q: These are the types of benefits one might receive with donations of $500-$9,999. If you were to select up to seven of these benefits which ones would you choose?

Benefits Preference: High End Benefits
Among Donors with Most Recent Gifts of $10,000+



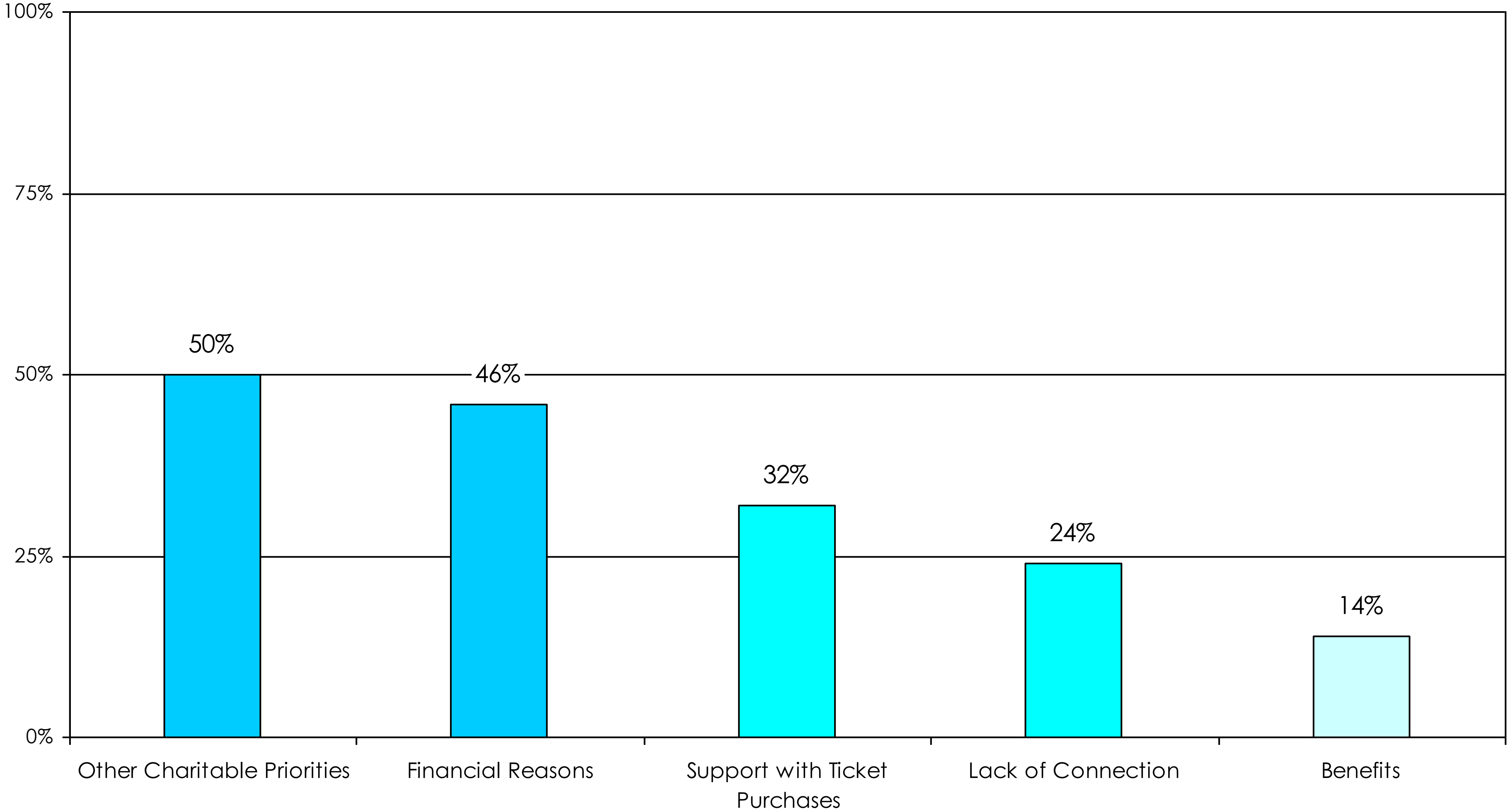
Q: These are the types of benefits one might receive with donations of $10,000 or more. If you were to select up to ten of these benefits which ones would you choose?

Donation Motivations
Current Donors



Q: For what reasons do you donate to this orchestra? (Click the more important reasons for you)

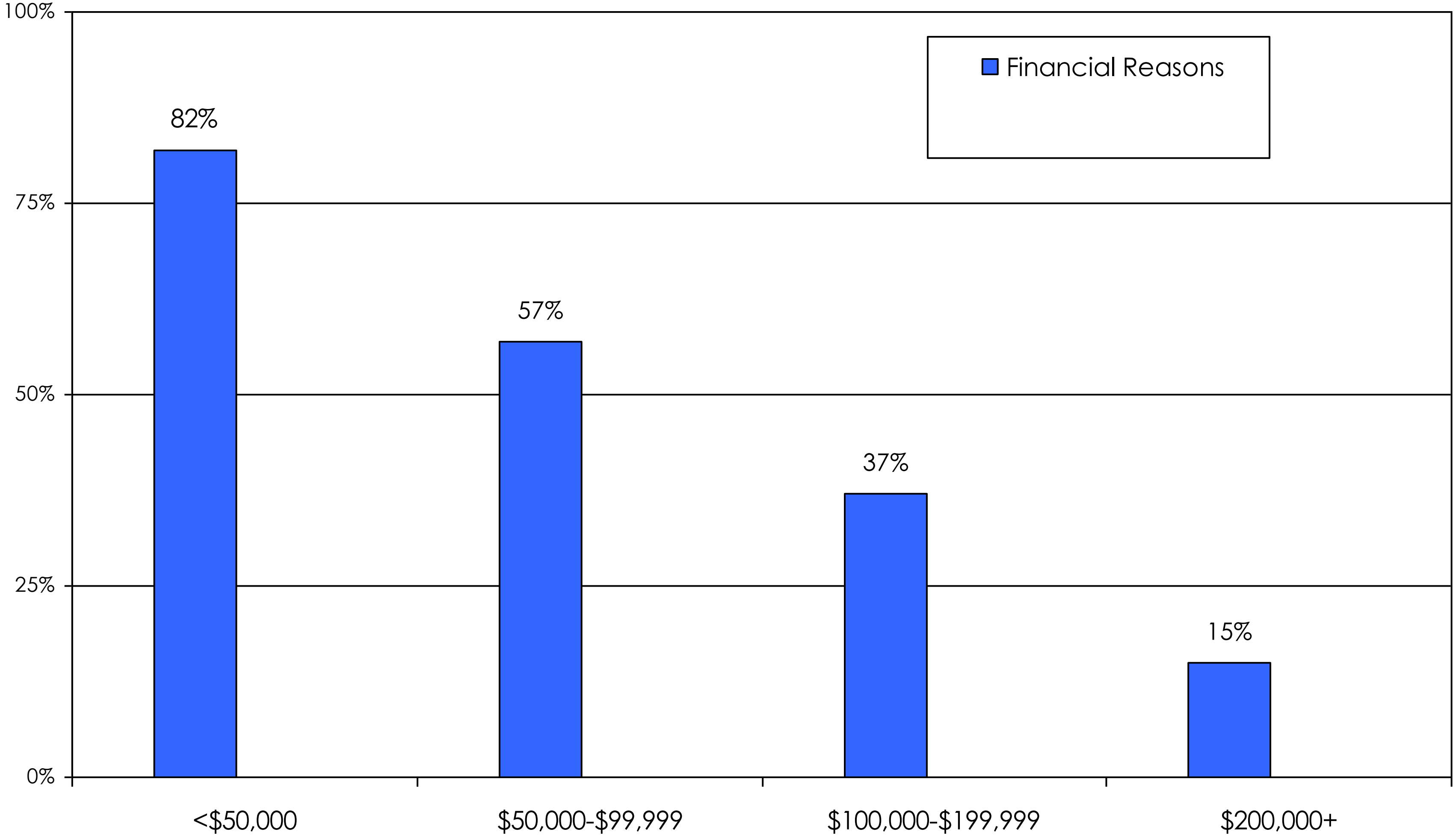
Reasons for Not Donating
Non-Donors



Q: What have been some of your reasons for not making a donation to this orchestra?

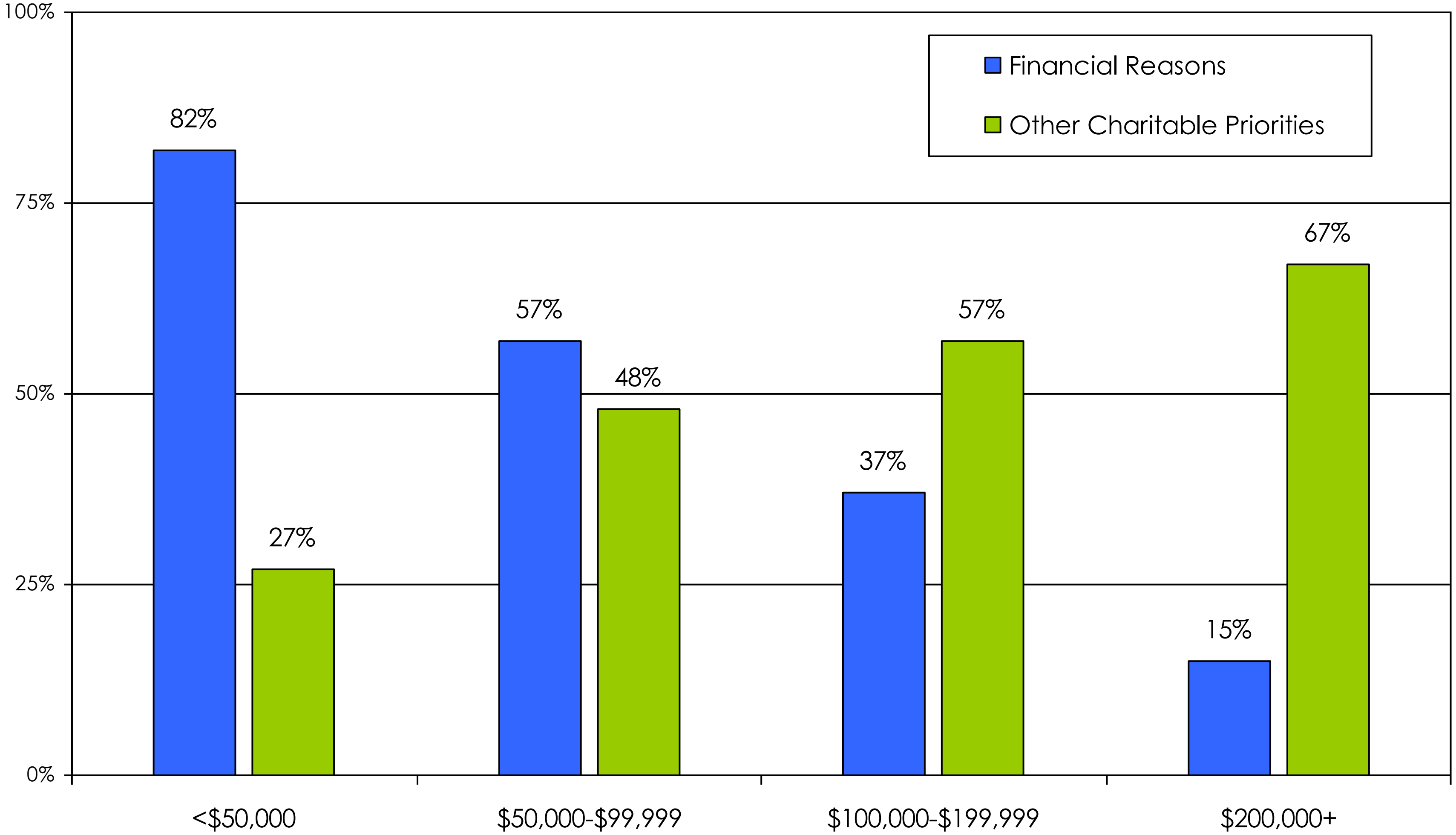
Reasons for Not Donating

Non-Donors by Income Level



Q: What have been your primary reasons for not donating to the orchestra?

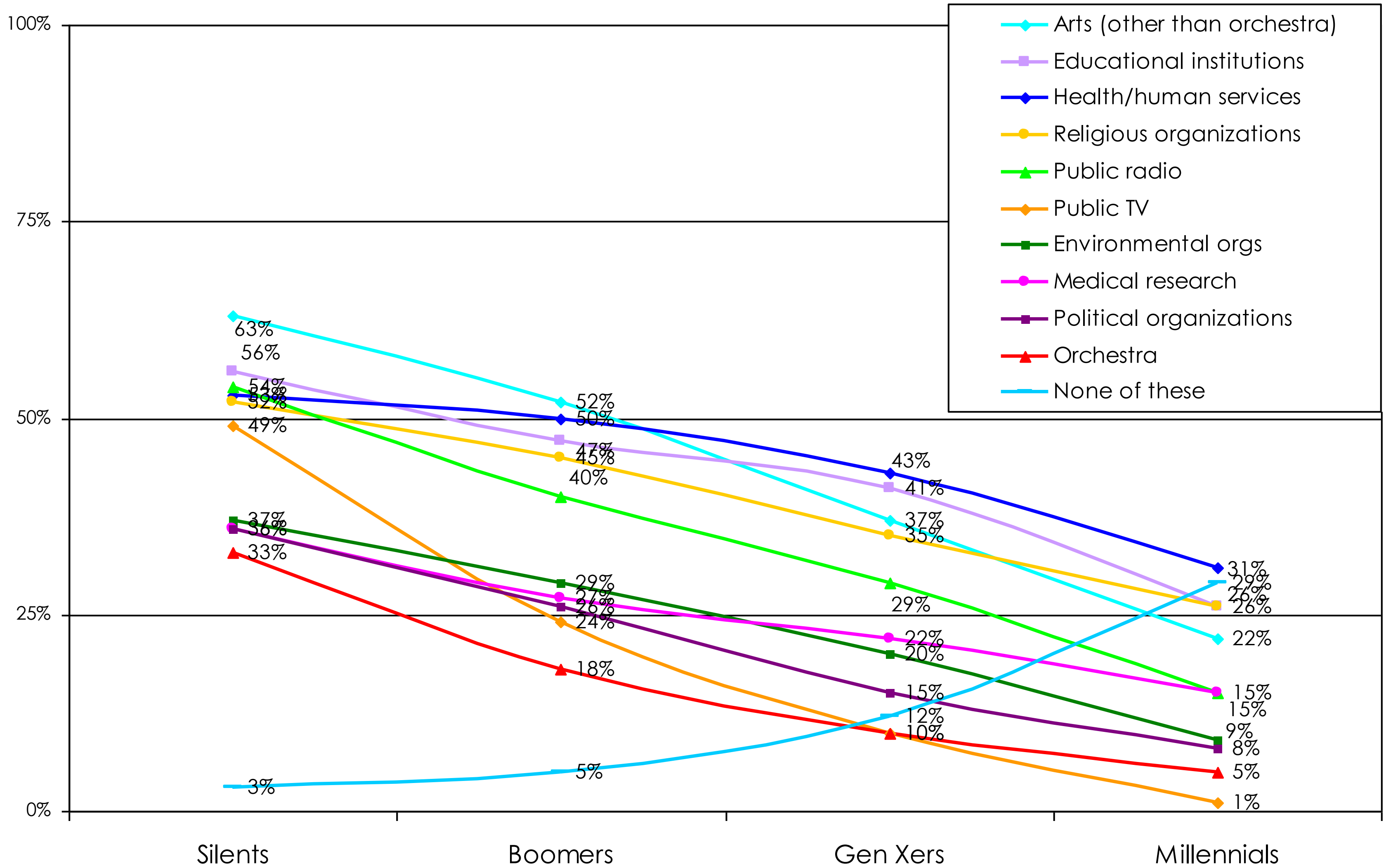
Reasons for Not Donating
Non-Donors by Income Level



Q: What have been your primary reasons for not donating to the orchestra?

Reported Past Year Donations
By Age Cohort

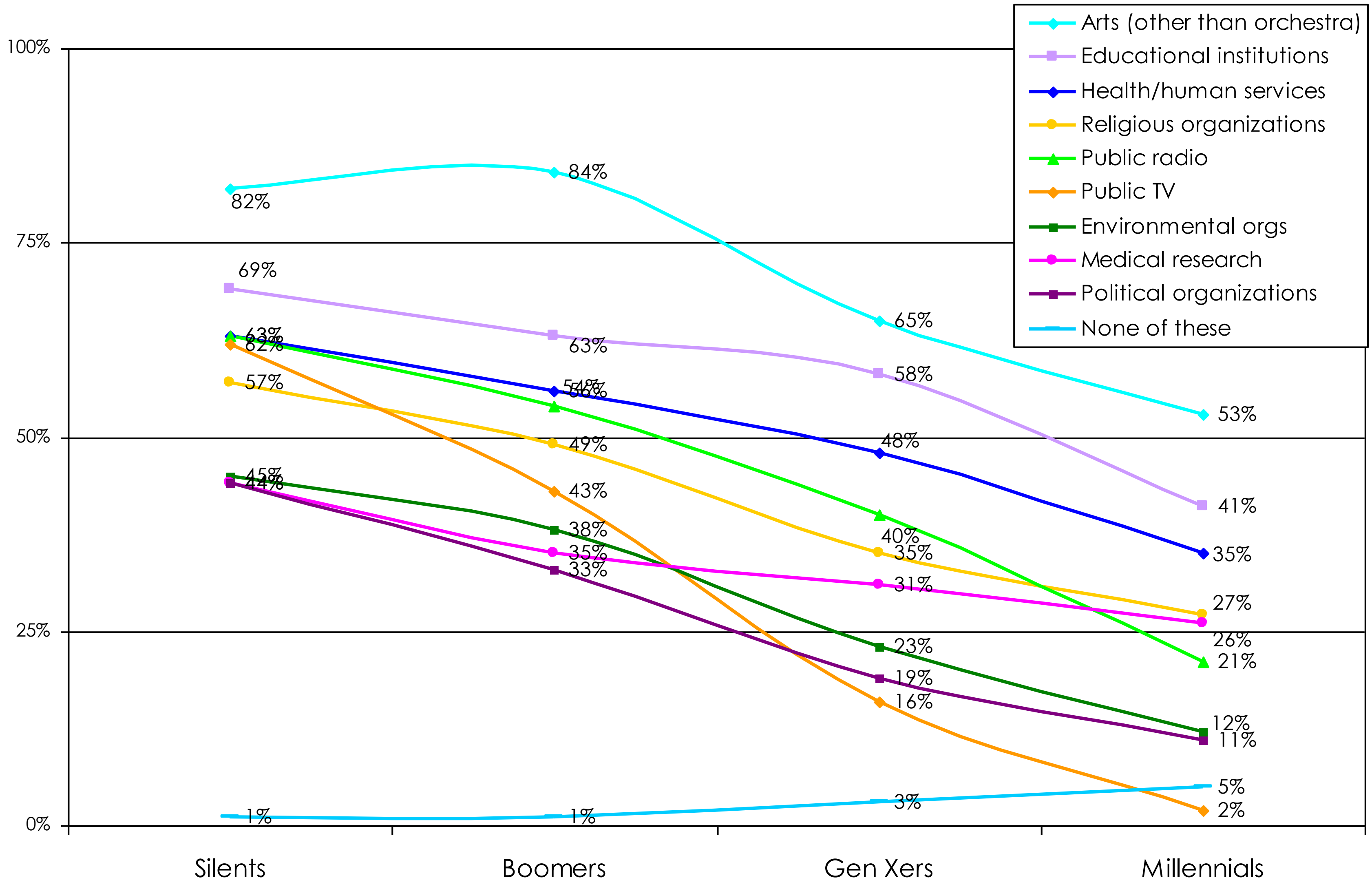
Within each generation competition is significant.



Q: To which if any of the following have you made monetary donations in the last year?

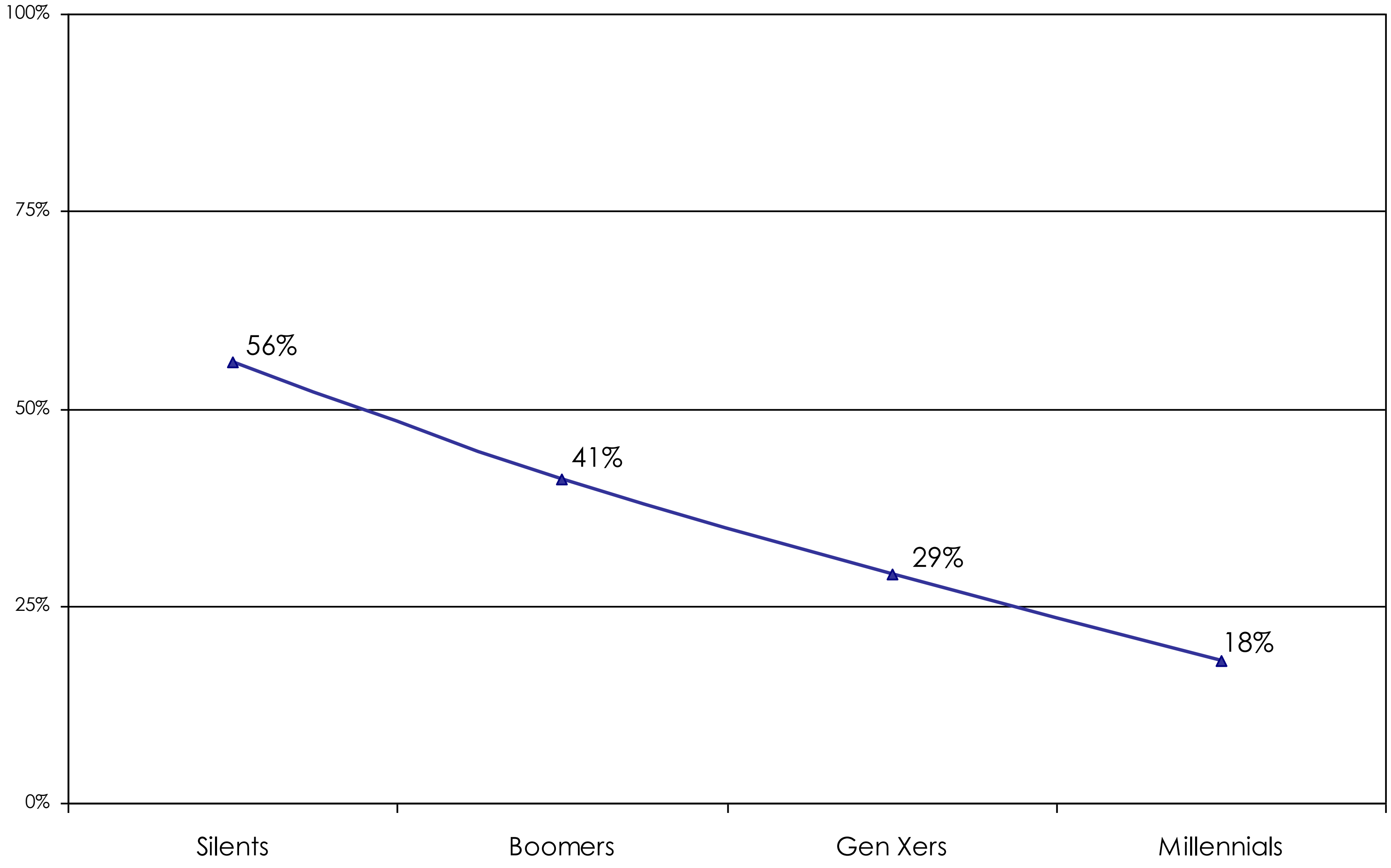
Reported Past Year Donations
Current Orchestra Donors

Orchestra donors are more apt to be donors across the board.



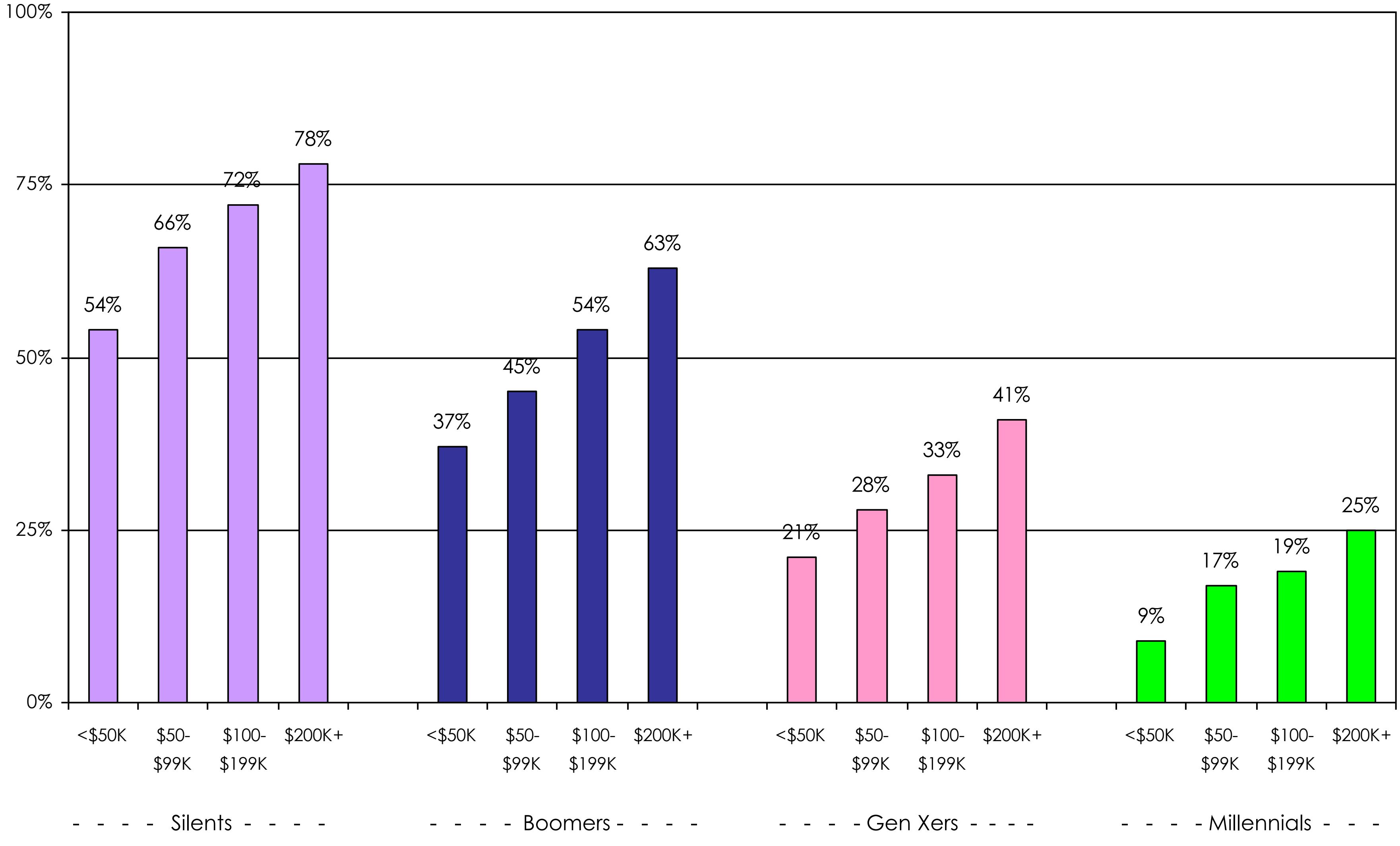
Q: To which if any of the following have you made monetary donations in the last year?

Orchestra Donor Penetration
% Ever Donated (Reported)



Q: Have you ever made a monetary donation to this orchestra, above and beyond purchasing tickets?

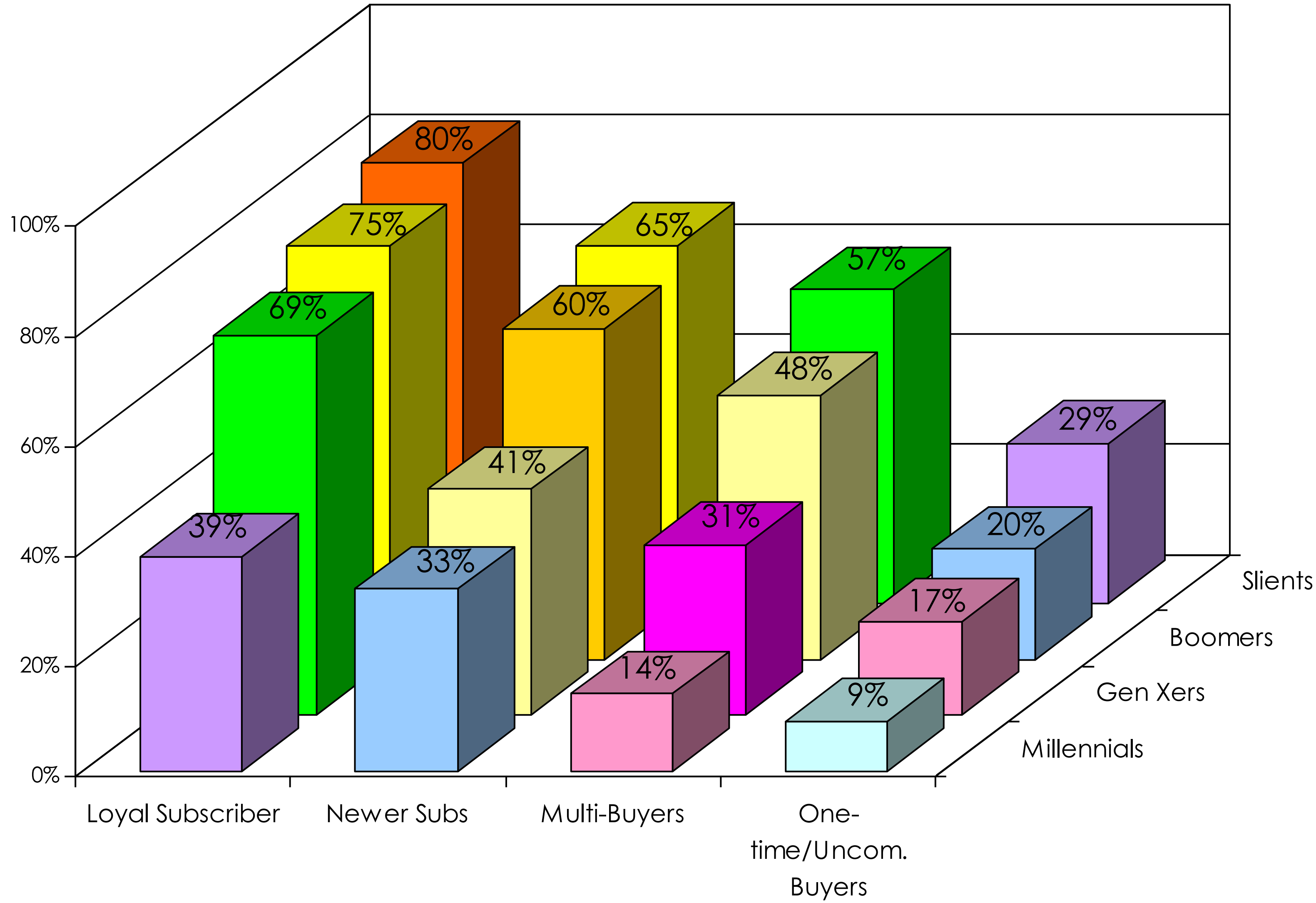
Donor Penetration
% Ever Donated by Age Cohort and Income



Q: Have you ever made a monetary donation to this orchestra, above and beyond purchasing tickets?

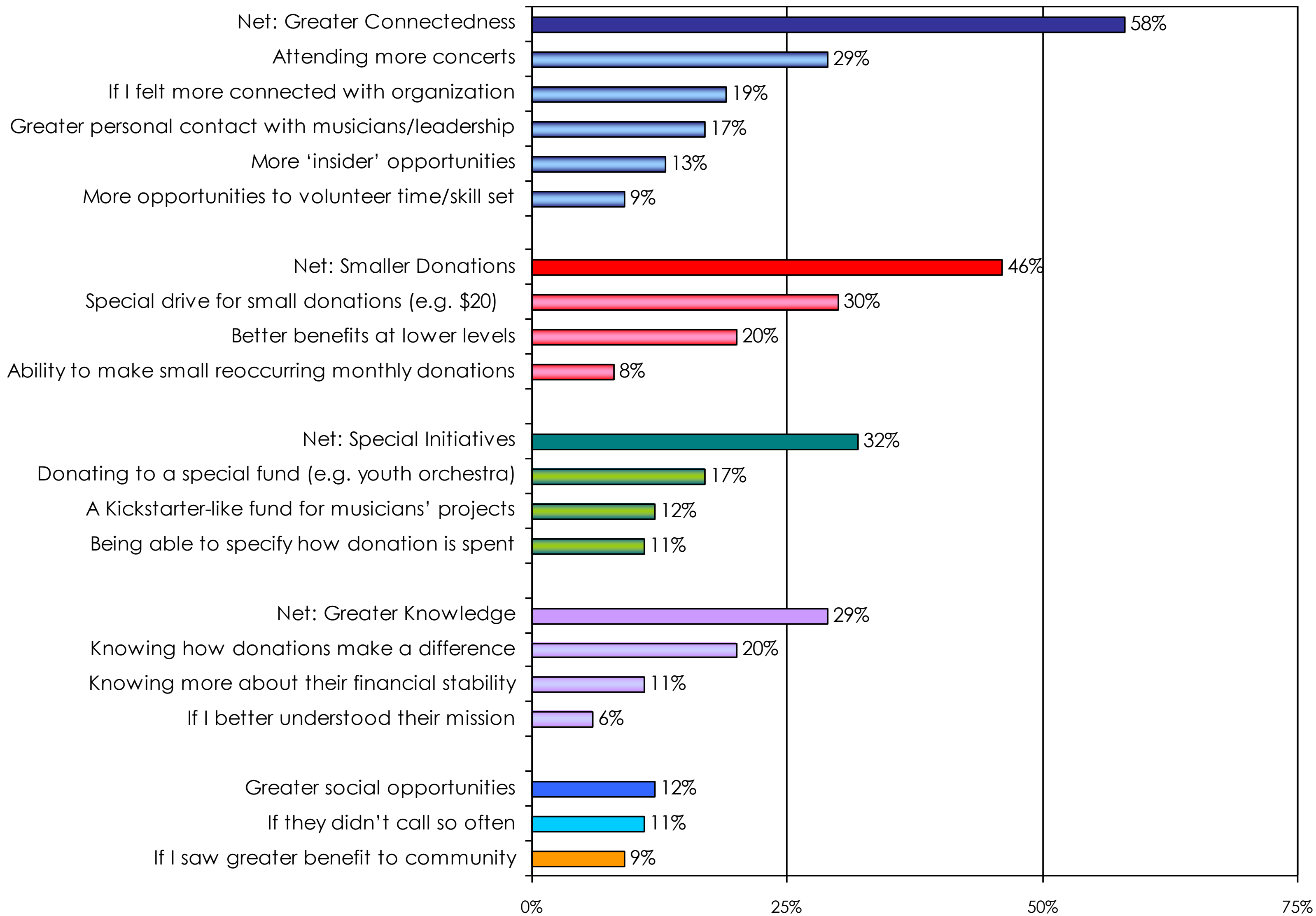
Donor Penetration

% Ever Donated By Age Cohort and Buyer Status



Base: Buyer clusters within survey respondents

Donations Encouragements
Excluding Those Requiring No Further Encouragement

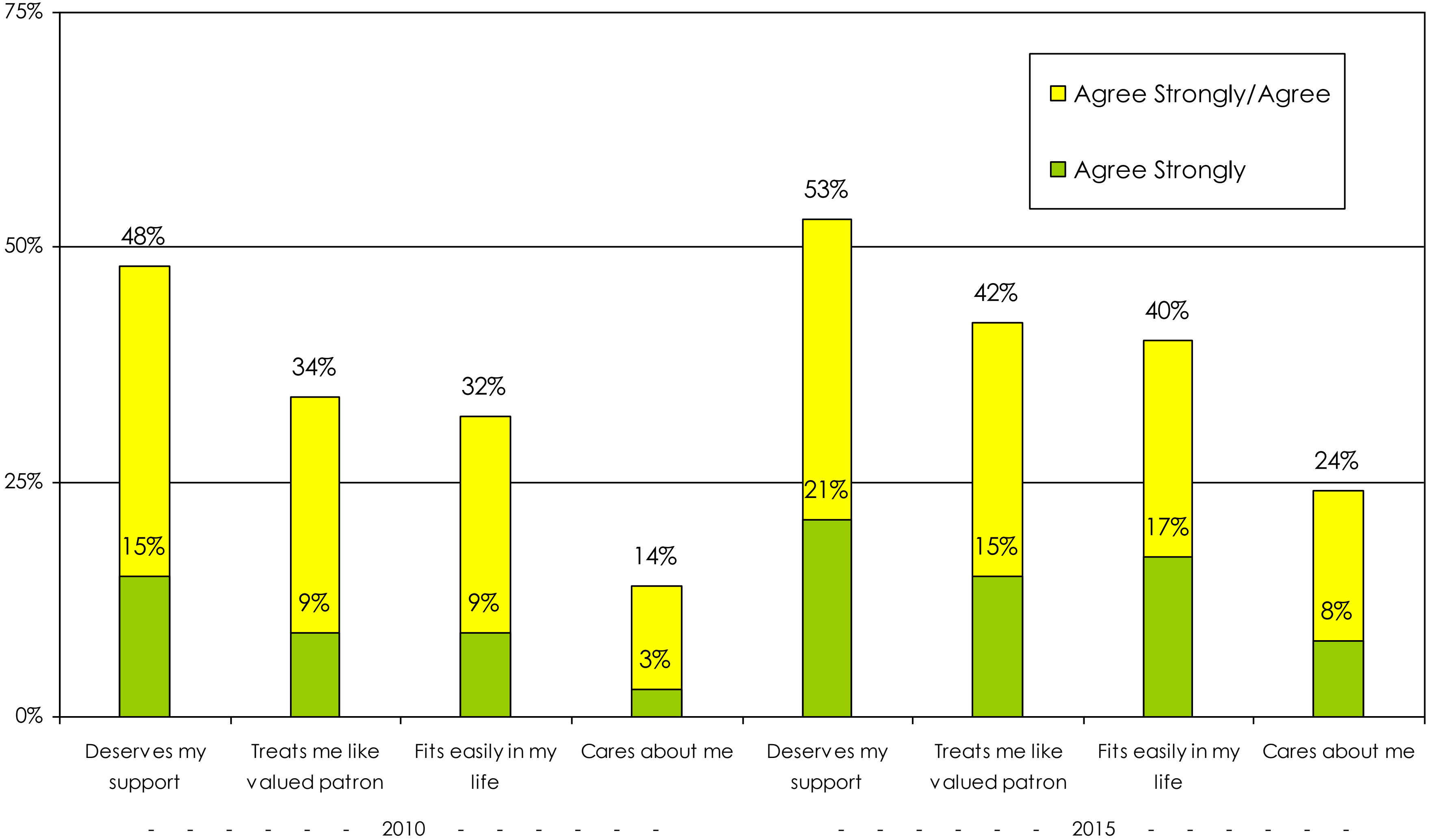


Q: What might further encourage you to donate to this orchestra? (Click all that apply)

brand relationships

Brand Relationship Perceptions
PGI 1 to PGI 3 Comparison

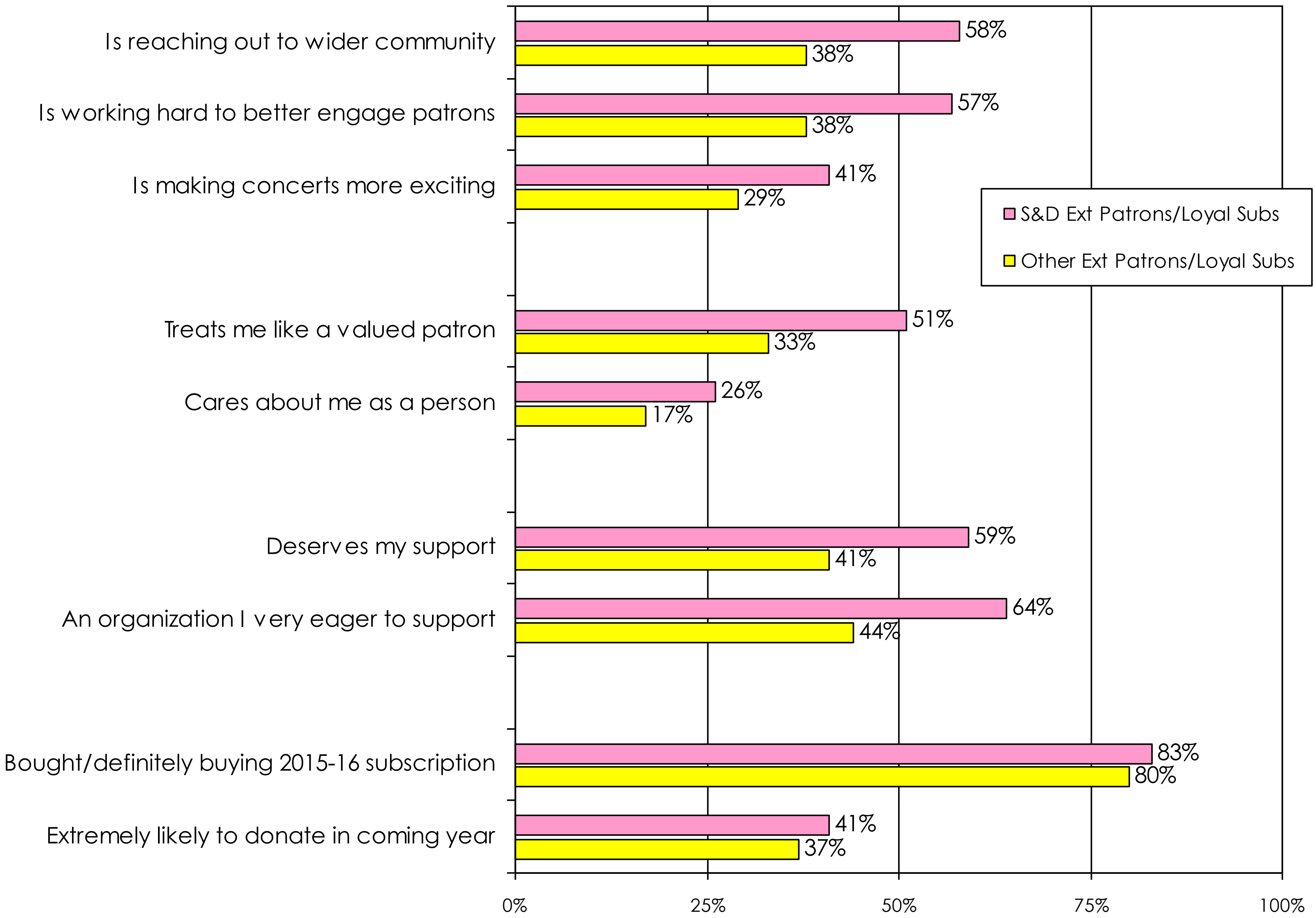
Brand relationship perceptions have improved significantly over past five years.



Surprise & Delight

Extreme Patrons/Loyal Subscribers – Agree Strongly

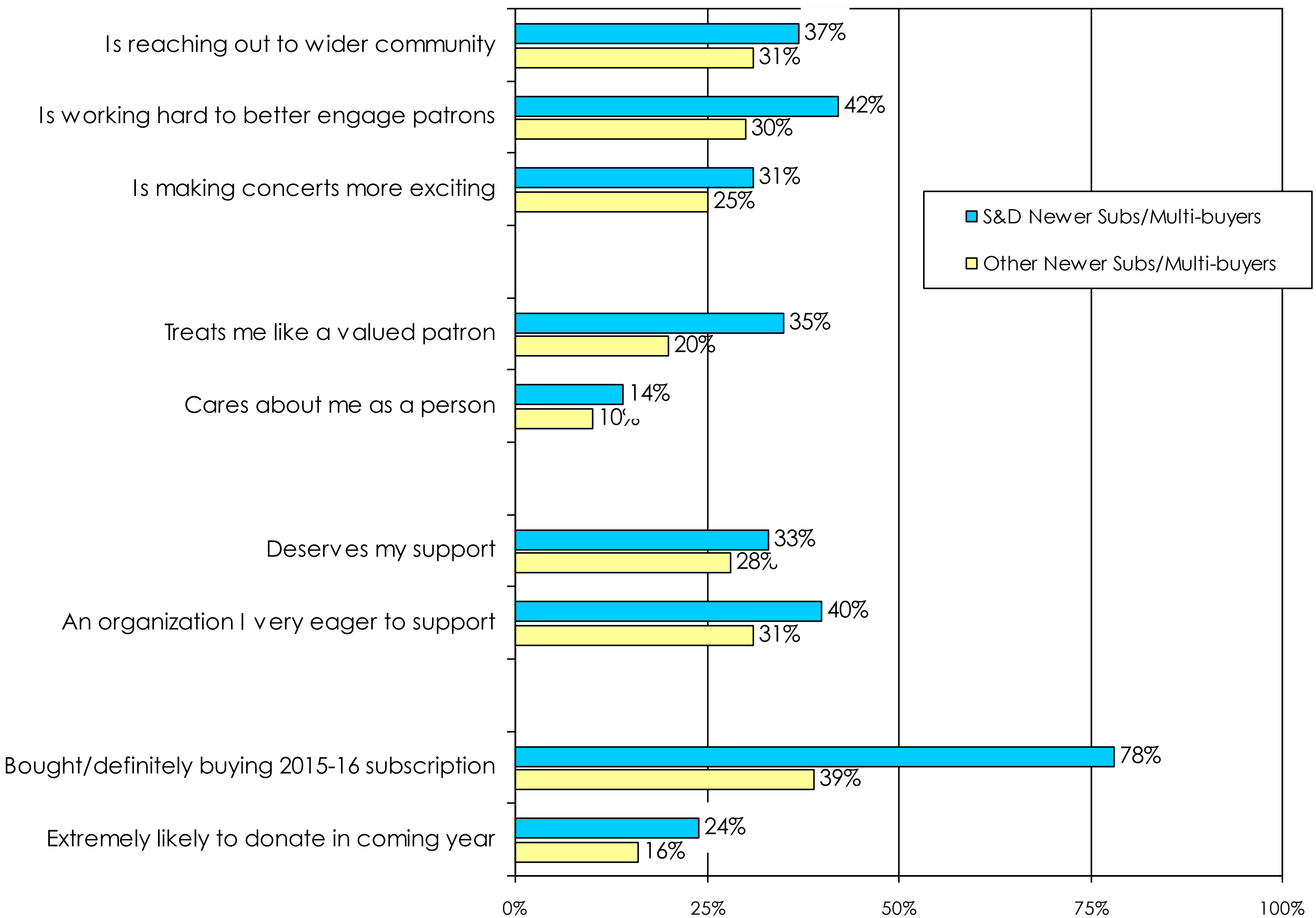
There's also positive evidence of Surprise & Delight on attitudinal change among the most committed patron segments.



Base: Chicago, New York and Cincinnati S&D patrons in 2013-14 and 2014-15; S&D Patrons (N=100); Others (N=1390)

Surprise & Delight
Newer Subs/Multi-buyers – Strongly Agree

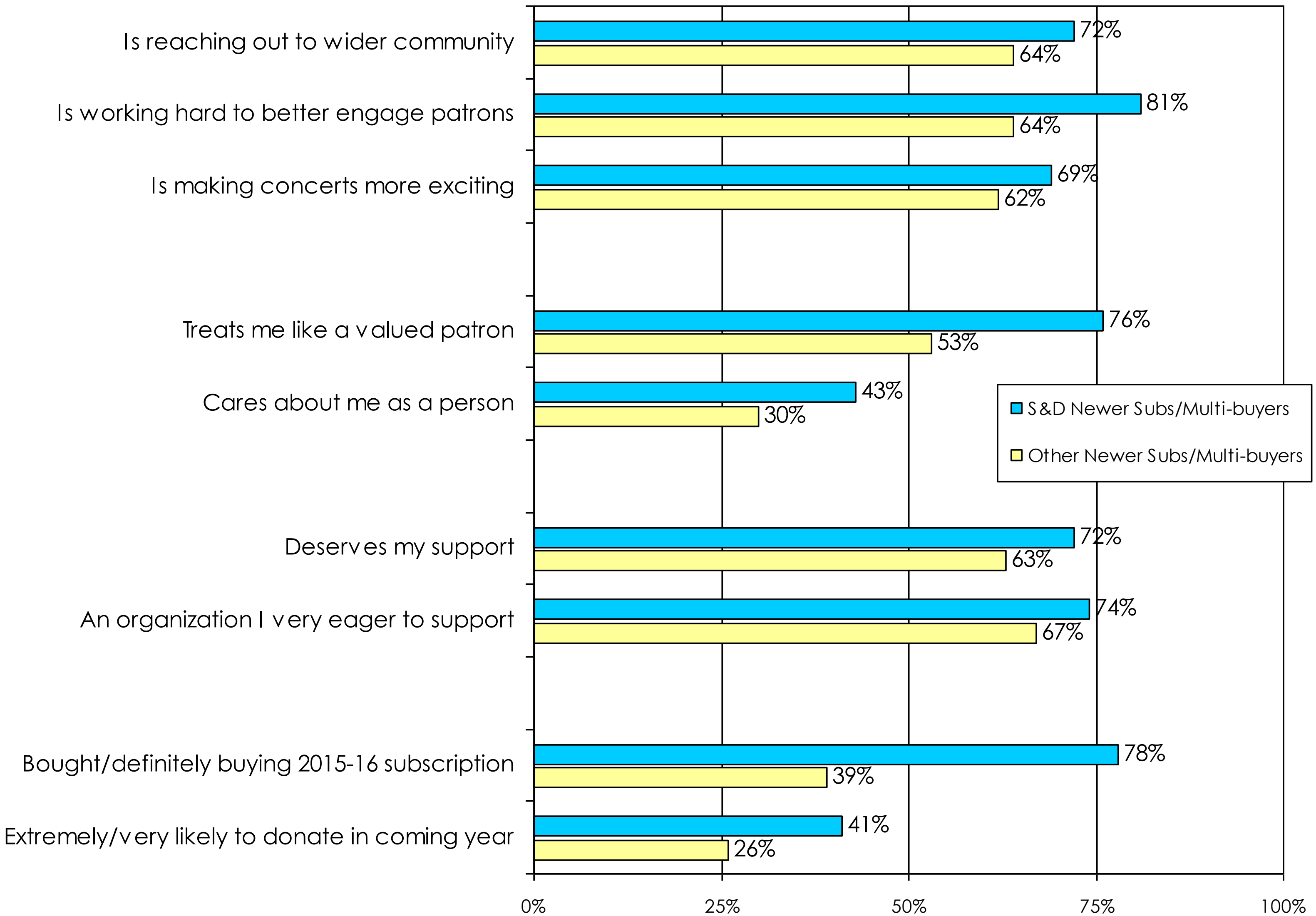
Surprise & Delight has impacted attitudinal and behavioral change among newer/less committed patrons.



Base: Chicago, New York and Cincinnati S&D patrons in 2013-14 and 2014-15; S&D patrons (N=194); Others (N=1998)

Surprise & Delight

Newer Subs/Multi-buyers – Strongly Agree/Agree



Base: Chicago, New York and Cincinnati S&D patrons in 2013-14 and 2014-15; S&D patrons (N=194); Others (N=1998)

future implications

Future Implications

Current Scenario:

- Donations account for 70%+ of patron-generated revenue
- Increasing reliance on very few patrons for huge percent of revenue
- Fixed subscriptions on steep decline even among most loyal subs
- Many donations linked to subscriptions, dropping off as subscriptions lapse
- Majority of major donors and loyal subscribers are 70+, about 30% are 80+, 20% are 85+
- One-quarter of revenue coming from patrons could leave revenue stream within 10 years
- Younger generations show no signs of replacing potential revenue losses

Broad Implications:

- Major shifts in organizational culture may be required
- Revenue replacement strategies should be on agenda now
- Marketing, development—and artistic—will be tied to successful patron growth strategies

‘What We Do’
mindset

Classical
Concerts

- Artistic focused on classical concerts
- Programming largely artistically-driven
- Assume audiences get the music (or should)
- Subscription concerts are the pillar
- Some experimenting with alternative formats
- Product is primarily in-hall experiences
- Family/community concerts minimal offerings

2015

‘What We Do’
mindset

Classical Concerts

- Artistic focused on classical concerts
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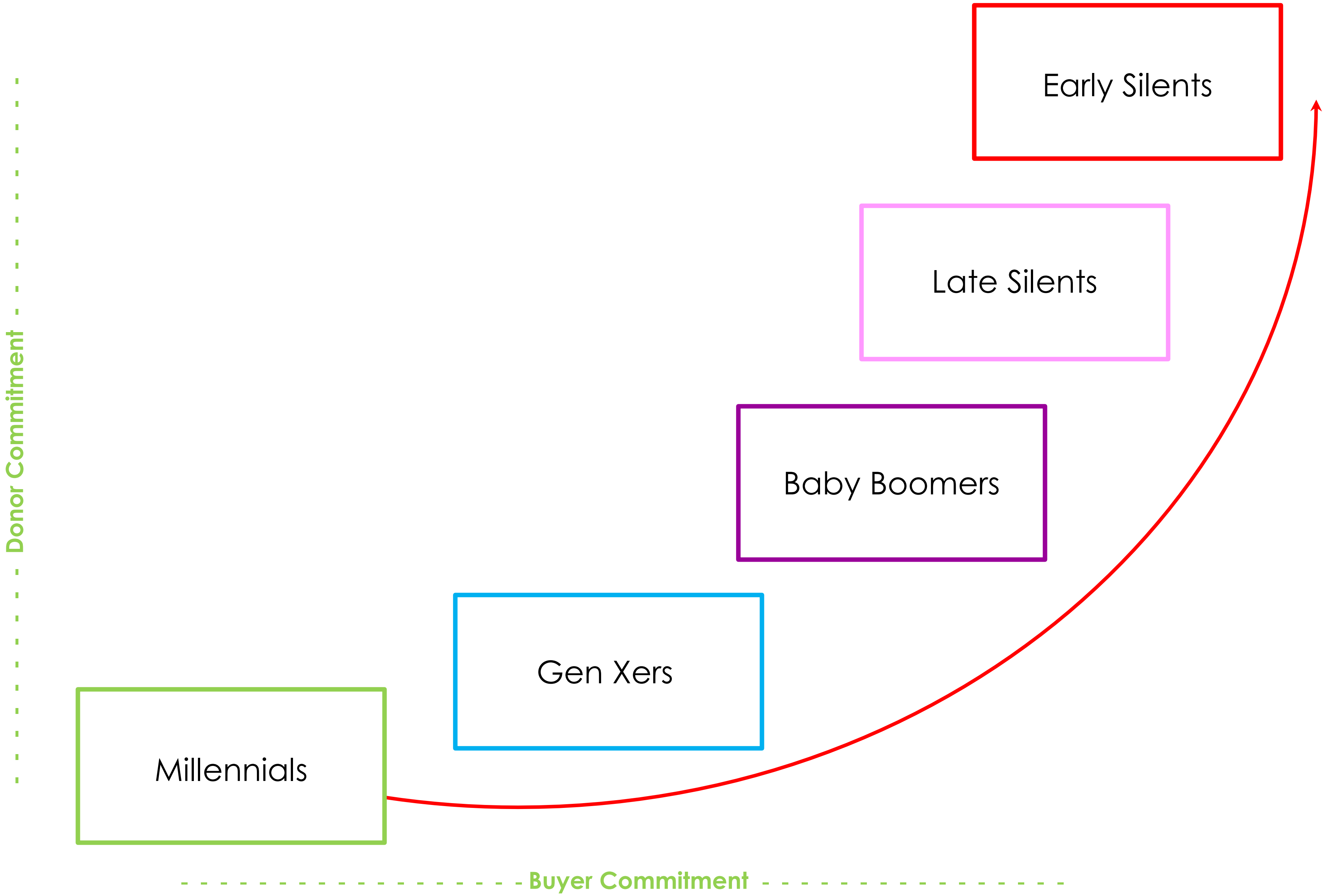
‘Why Do We Exist’
mode

Classical Inspired Experiences

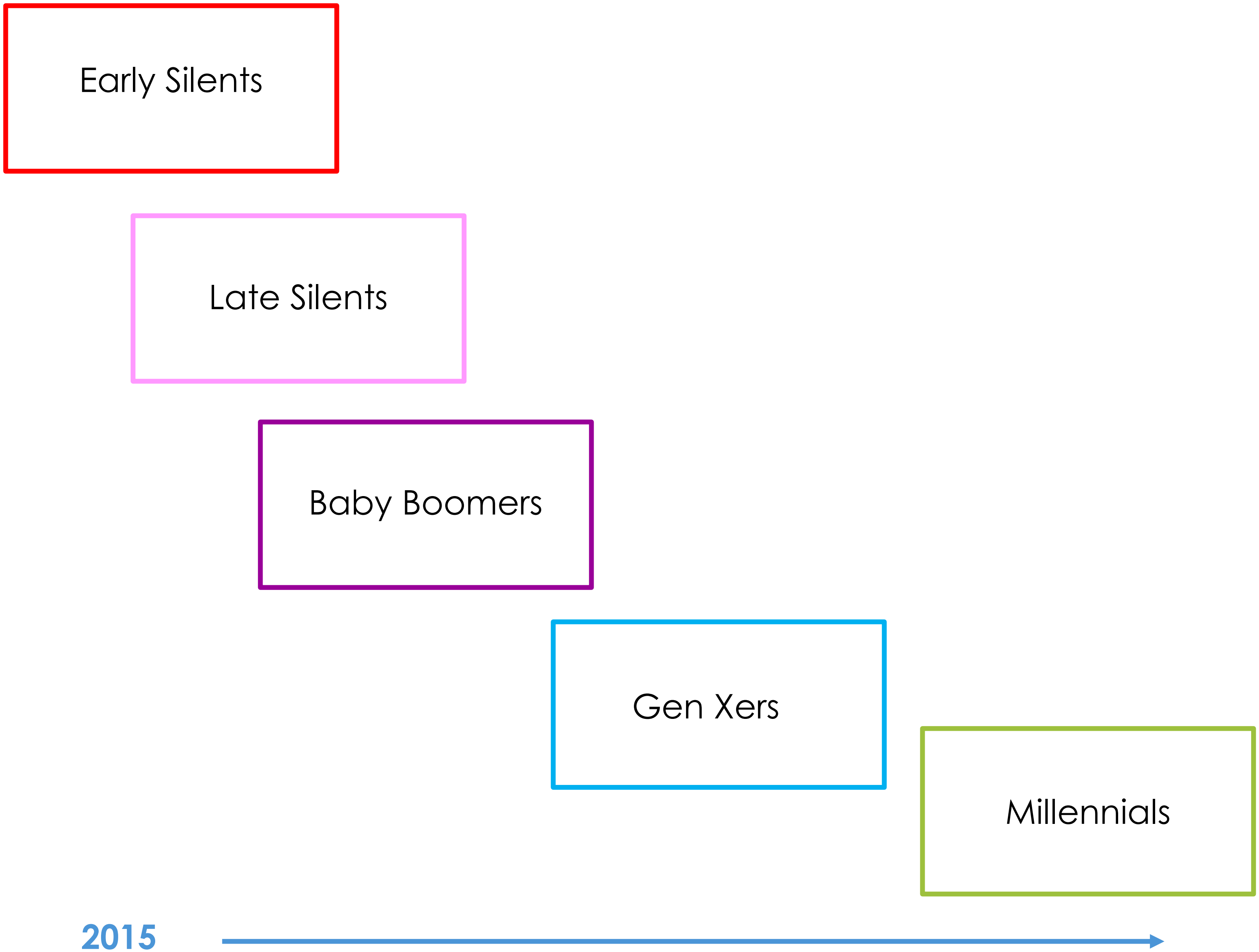
- Embrace range of concert experiences
- Audience preferences feed into planning
- Bringing patrons along is the protocol
- Greater offering of non-sub concerts
- Portfolio management of concert formats
- Alternative modes to concert/music access
- Far greater emphasis on family/community

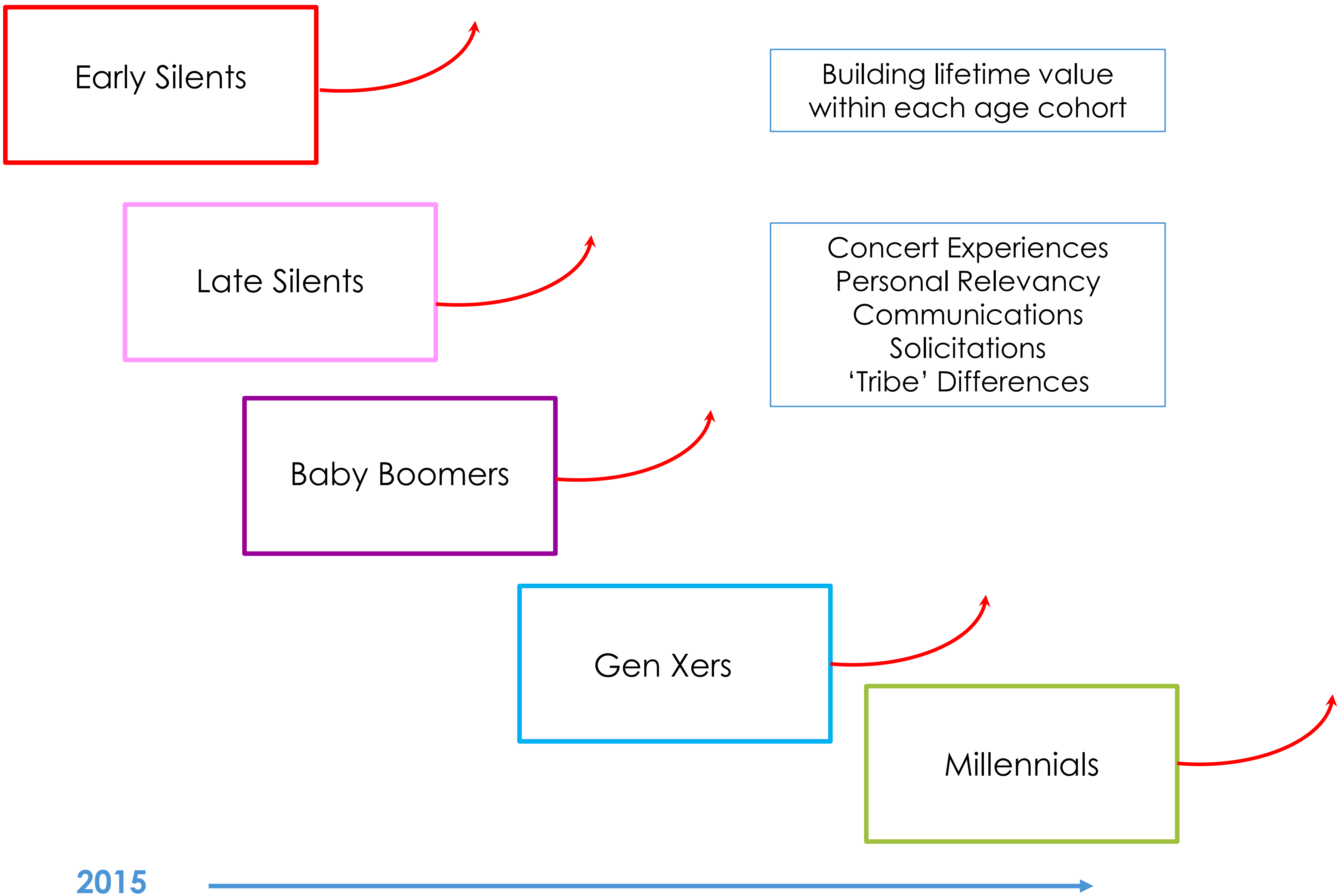
2015

Current Patron Lifetime Value Hierarchy

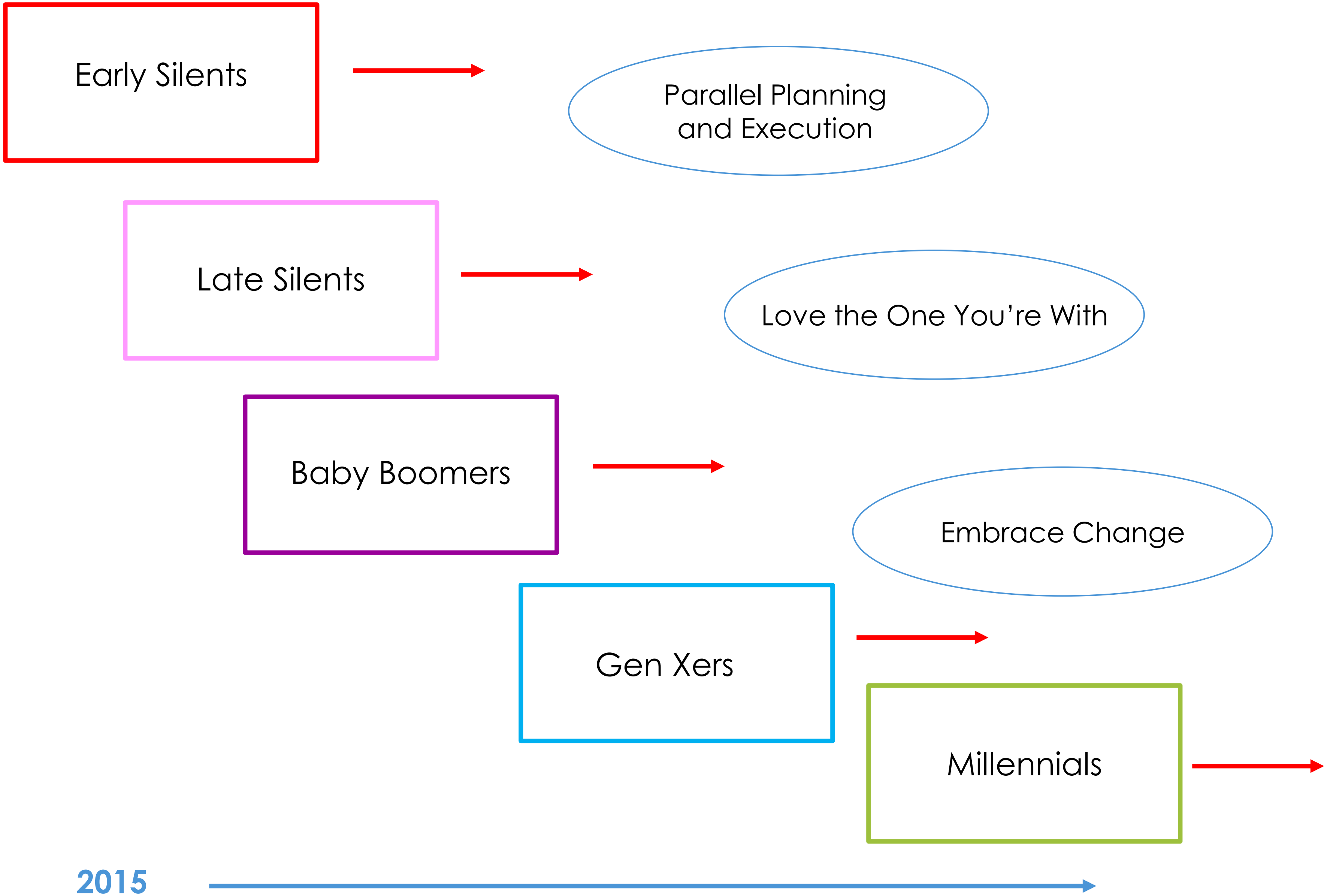


Lifetime Value Timeline




Early Silents
Late Silents
Baby Boomers
Gen Xers
Millennials
Building lifetime value within each age cohort
Concert Experiences
Personal Relevancy
Communications
Solicitations
'Tribe' Differences
2015

Lifetiime Value Building Blocks



Target Priorities

Target Priority: Very High

- **60% of all top tier revenue HHs are Silents**

Early Silents

- 50% decline in Buyer HHs since FY06
- Large majority will pass within 10 years
- Accounted for 25% of FY14 revenue
- 20% of top revenue HHs

Loving Loyalists

Late Silents

- 24% decline in Buyer HHs since FY06
- 30% of all revenue in FY14
- Donation penetration up slightly

Baby Boomers

Priorities:
- **Highly sophisticated legacy programs**
- **Build base of major donors, beyond mega**
- **Increased appreciation efforts**
- **Transitioning Loyal Subs to Loyal Donors**

Gen Xers

Millennials

2015

Early Silents

- **About one-third of all top tier revenue HHs are Boomers**

Late Silents

Target Priority: High

- 36% of all buyer HHs, little change over time
- 37% of fixed sub HHs, 38% of CYOs
- Total revenue up 36% since FY06
- In or entering retirement years
- Stand to inherit significant sums

Steady As They Go

Baby Boomers

Priorities:
- **Improving retentions rates (e.g. CYOs)**
- **Spreading the love**
- **Upgrading donors**
- **Targeting 'super subscribers'**

Gen Xers

Millennials

2015

Early Silents

Late Silents

Baby Boomers

Gen Xers

Millennials

Target Priority: Lower

- Much slower HH growth than Millennials
- 5% of revenue, no change over time
- Working with kids
- High household expense years
- More program-driven
- Similar concert tastes to Millennials

Low Engagement

Priorities:
- **Maintaining any sort of frequency**
- **Target older Gen Xers**
- **Alternative formats**
- **Relaxed/family-friendly**
- **Flexibility**

2015

Target Priorities

Early Silents

Late Silents

Baby Boomers

Gen Xers

Millennials

Target Priority: Moderate/High

- Growing portion of patron base
- Significantly lower incomes
- High college debt
- Extremely price sensitive
- Moving into parenting years
- More program-driven

Priorities:
- **Alternative formats**
- **Increasing brand connectedness**
- **Improving perceived value**
- **Young professionals programs**
- **Tapping into musicians/students**

Those Darn Millennials

2015

Marketing/Organization

1. Better leveraging CYOs
   - Market earlier, promote more heavily
   - Move Fixed Subs when ready to lapse
   - Add/enhance benefits and discounts
   - Treat CYO patrons like real subscribers

2. Addressing key attendance barriers
   - Busy lives/scheduling:
     - greater exchange flexibility
     - half season packages
     - collaborative events
     - simplified materials/ticket buying
   - Financial:
     - test lower prices/less discounting
     - added value concert formats
   - Programming:
     - more compelling communications
     - more personally relevant concert experiences

3. Developing greater brand connectors
   - Creating more brand fans
   - Building loyalty among multi-buyers/younger generations

Strategic Considerations

Development/Organization

1. Reducing donor lapse
   - Increased focus on sustained giving
   - Stronger support/personal relevance messaging
   - Greater appreciation efforts (e.g. S&D tactics)

2. Better understanding of Donor Non-Buyers
   - Who are these patrons
   - Do they require less concert-driven benefits

3. Revisiting benefits structures
   - More personalized/meaningful benefits
   - Designed to maximize connectedness
   - Investment spending on non-donors

Strategic Considerations

Patron Engagement

1. Investment spending on appreciation efforts
   - More of what's working
   - Broaden reach, maintain personalization
2. Upping customer experience
   - Continual end-to-end improvements
3. Speaking with one voice
   - Consistency across departmental communications
   - Same look, feel, and tonality
   - Unified touch points
4. Stronger community engagement
   - Large-scale/wide-spread community events
   - Collaborative events
   - Getting out/bringing in
   - Giving back (e.g. volunteerism days)

STRATEGIC
MARKETING
&RESEARCH

learn | act | grow

PRESCOTT &
ASSOCIATES

Patron Growth Initiative - PGI 3

League of American Orchestras
2015 Conference

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