

# OLIVER WYMAN

June 11<sup>th</sup>, 2009

## Audience Growth: It's not just good marketing!

Atlanta  
Symphony  
Orchestra



BOSTON  
SYMPHONY  
ORCHESTRA

THE CLEVELAND  
ORCHESTRA

MISO  
MILWAUKEE SYMPHONY  
ORCHESTRA

THE  
PHILADELPHIA  
ORCHESTRA

New York Philharmonic



# Situation, objectives & guiding principles

Oliver Wyman is collaborating with 9 of the most prominent US orchestras to grow their audience and reduce churn



## Situation

- The Senior Marketing Professionals of 9 prominent US Orchestras asked Oliver Wyman to assist in understanding the barriers to and motivators of repeat visitation, identify ways to stimulate repurchase, increase frequency, and reduce churn
- Oliver Wyman undertook this effort on a pro bono basis given its fit with our institutional DNA of customer-led, fact-based growth strategy
- Oliver Wyman treated this engagement as we would any other “paying” client, with a dedicated team of top consultants

## Introduction to Oliver Wyman

Oliver Wyman was formed in 2007 when several fast-growing firms joined forces to create one of the world's leading management consultancies

### MERCER

Management Consulting

- 26 offices worldwide
- World leader in *general management consulting*

### MERCER OLIVER WYMAN

- 29 offices worldwide
- World leader in *financial services consulting*

### MERCER DELTA

Organizational Consulting

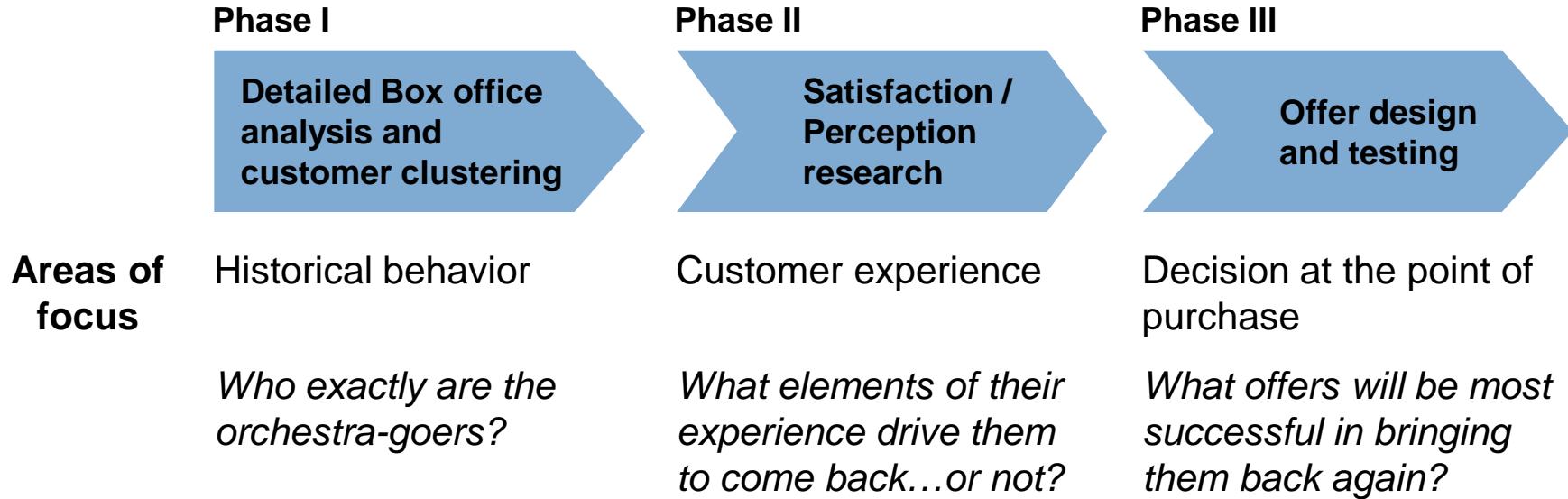
- 14 offices worldwide
- World leader in *organizational change consulting*

### OLIVER WYMAN

- \$1.5b in revenue
- 3,300 staff
- 40 offices

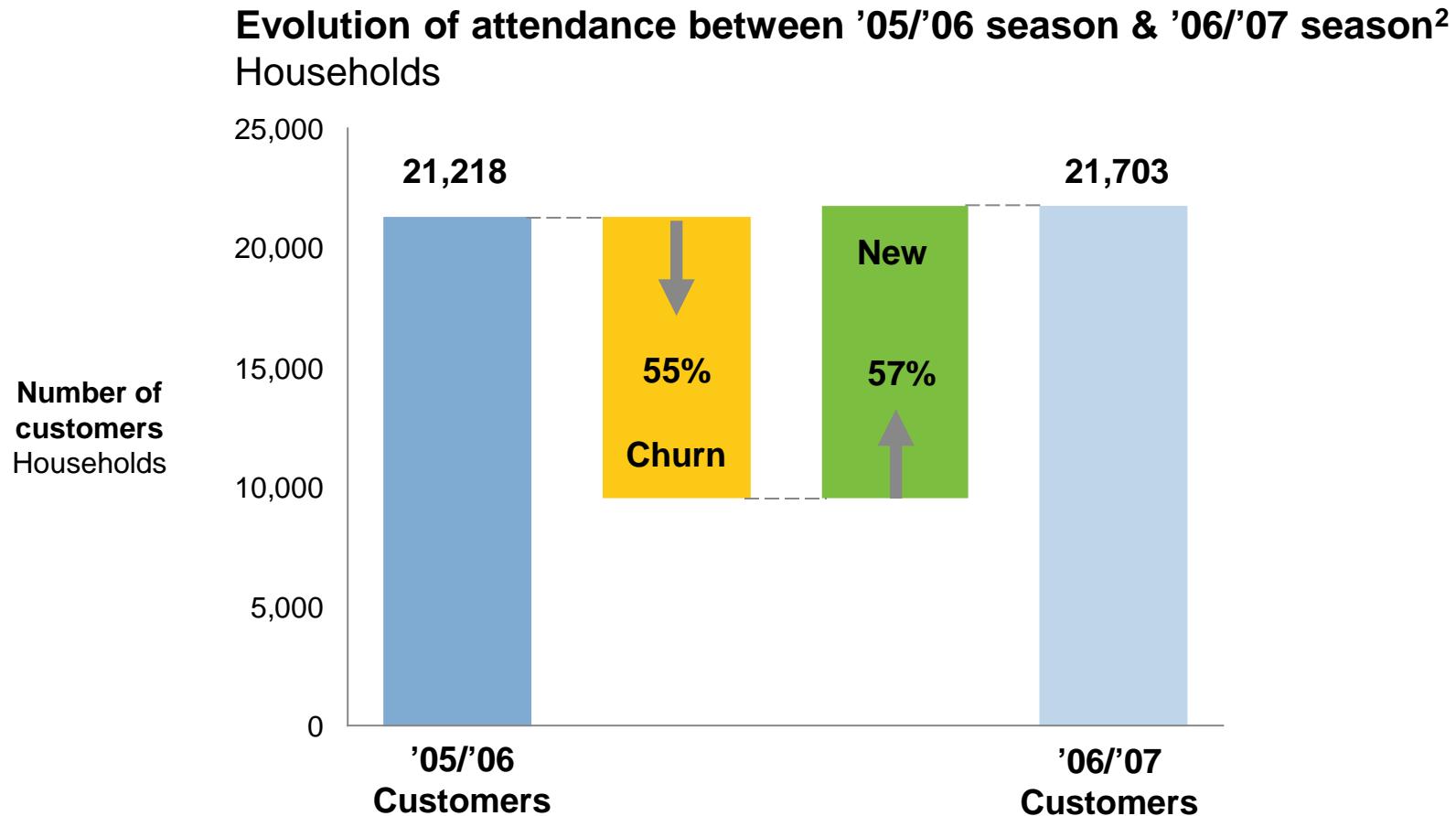
## Project overview – Analytical path

To reduce churn, we need to understand guests' behaviors, uncover the true drivers of these behaviors and design the right offers



## New customers and churn

Orchestras do a great job at bringing new people into the halls but have difficulty retaining them year on year



Source: All orchestras box office data (2006), Oliver Wyman analysis

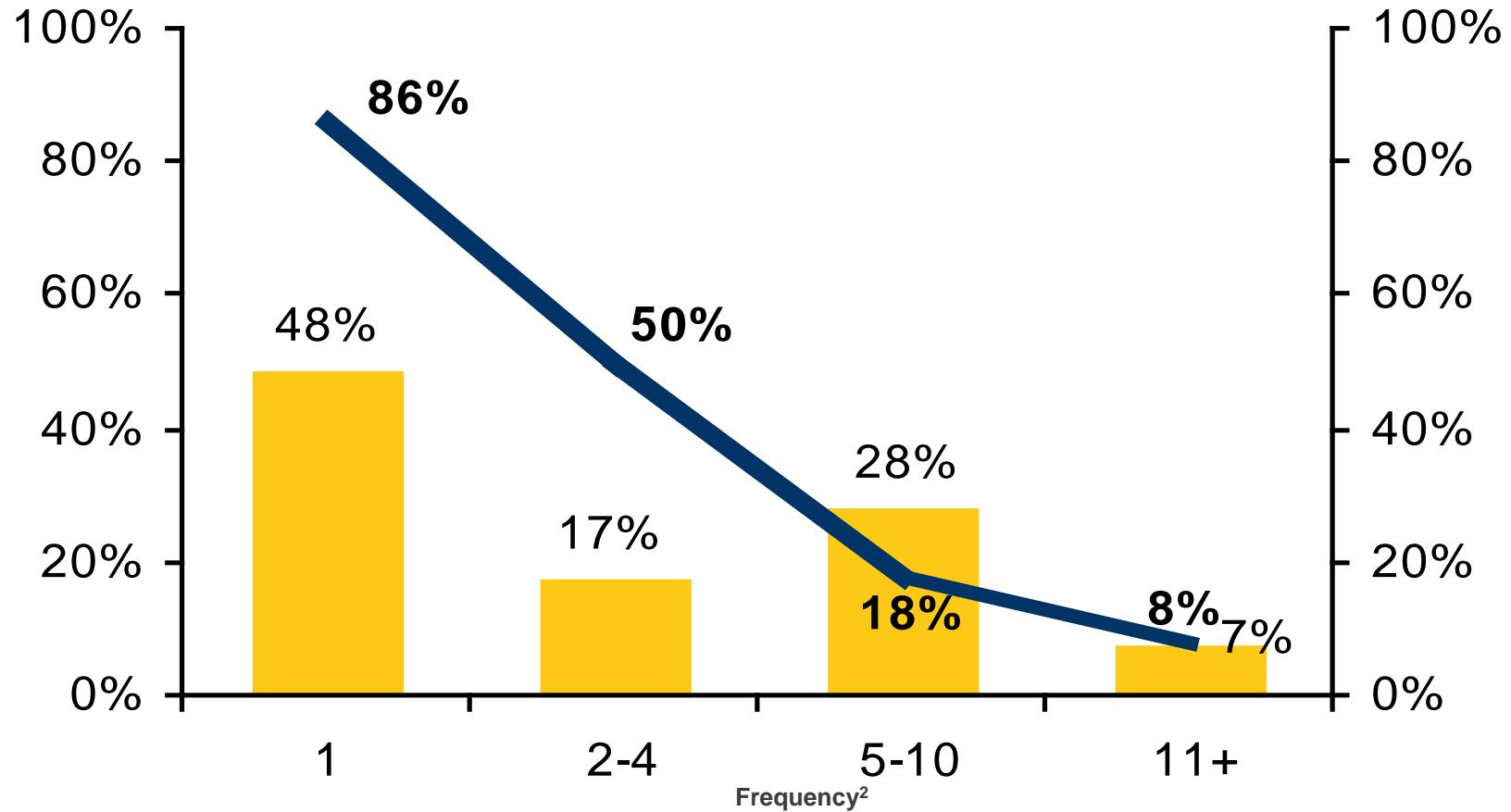
1 – One or two years “dippers” are estimated to be 9% of the audience - Calculated with patrons who came in ‘03/’04 and skipped one or two years.

2 – National average: volume-weighted average of the 9 participating orchestras

## Predictors of churn

Frequency and tenure are the most significant predictors of churn

### Churn by frequency – '05/'06 season



Source: All orchestras box office data (2006), Oliver Wyman analysis

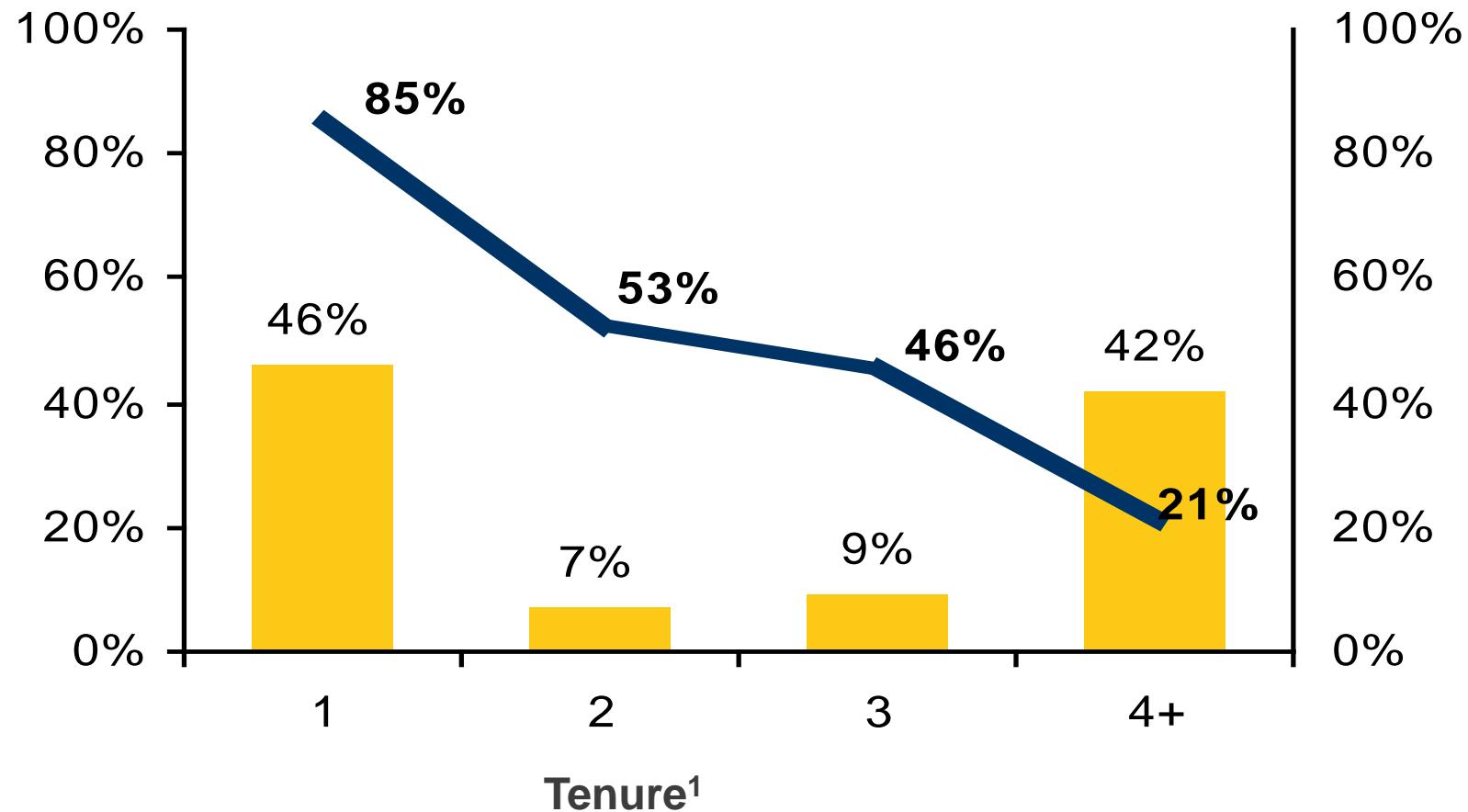
1 - Years since first concert attended

2 - Number of concerts attended in 2005/2006

## Predictors of churn

Frequency and tenure are the most significant predictors of churn

### Churn by tenure – ‘05/’06 season



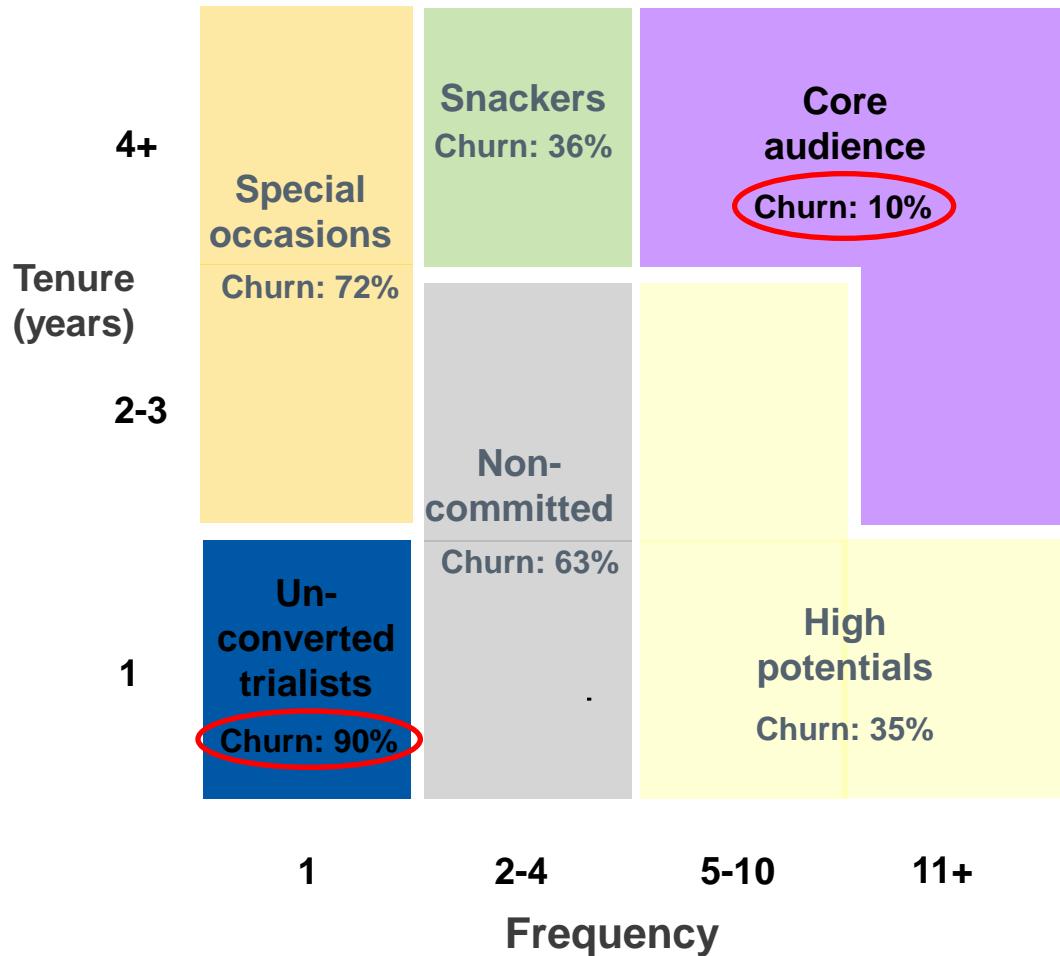
Source: All orchestras box office data (2006), Oliver Wyman analysis

1 - Years since first concert attended

2 - Number of concerts attended in 2005/2006

# “Clustering” of guests

We have used frequency and tenure to define six clusters of guests with very different behaviors – but encouragingly similar “DNA”

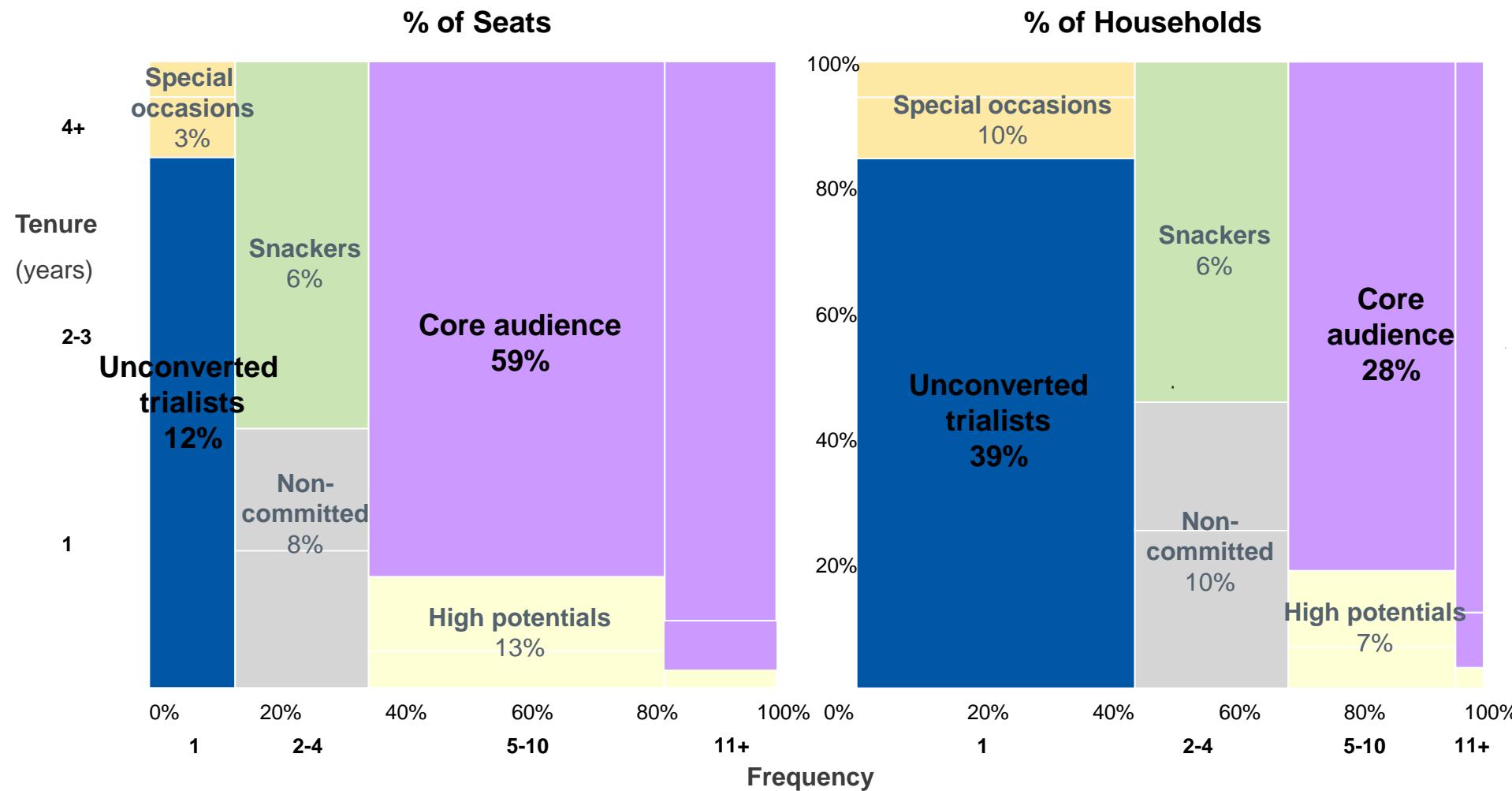


- **Unconverted trialists:** 1<sup>st</sup> timers who attend one concert and don't come back
- **Special occasions:** Customers who attend only one concert per year, but might attend for multiple years
- **Non-committed:** People who attend a couple of concerts per year but still churn at high rates
- **Snackers:** A subscriber who consistently attends smaller concert packages and is very loyal in attending concerts for many years
- **High potentials:** Will attend a lot of concerts and are likely to purchase a subscription but not yet long term converts
- **Core audience:** Almost all are subscribers, will attend numerous concerts every year for many years

Source: All orchestras box office data (2006 national averages), Oliver Wyman analysis

## Relative Importance...and Potential

The unconverted trialists are not very visible in any particular concert, but they represent a huge portion of those touched during a year

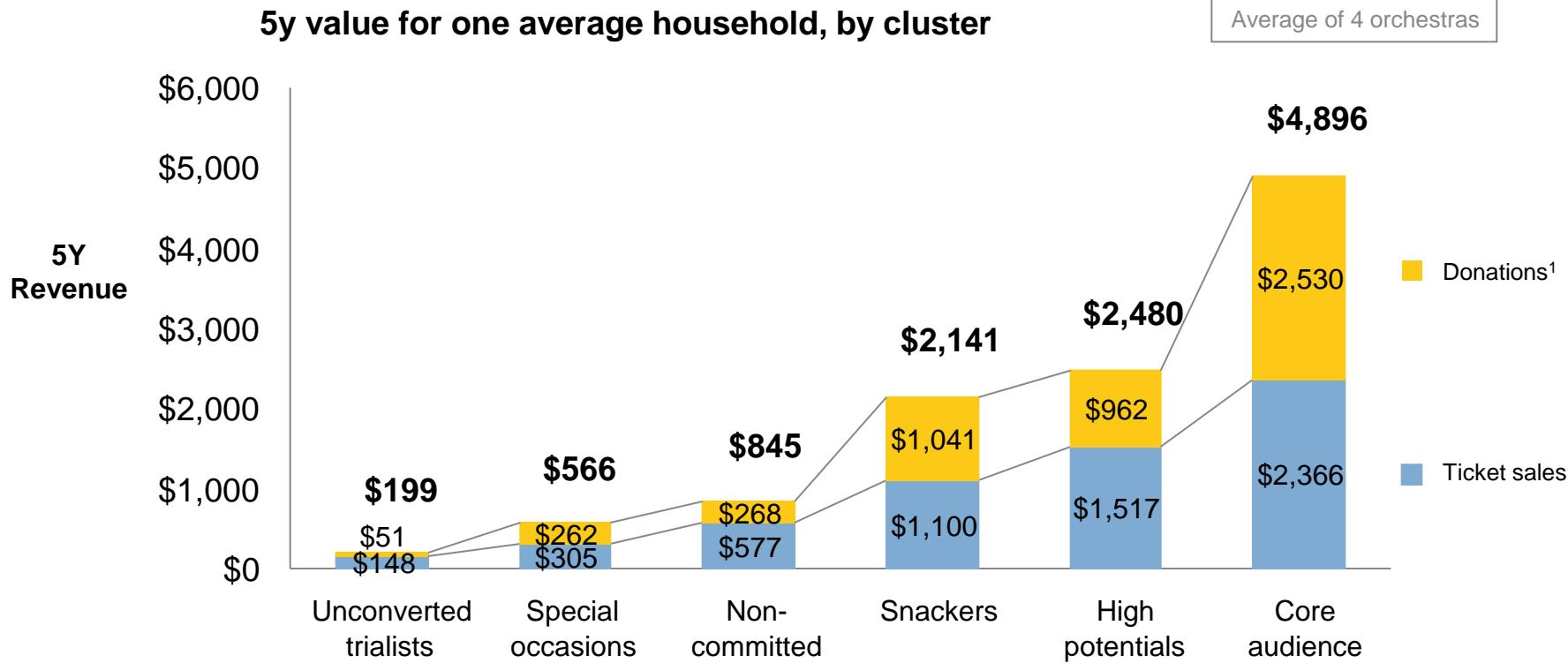


Source: All orchestras box office data (2006), Oliver Wyman analysis

1 – Average number of Households across all orchestras: 21,218 – Average number of total seats: 151,732

## Long-term value of guests by cluster

Successfully “graduating” these Unconverted trialists yields very significant increase in long term value



Source: ASO, The Cleveland Orchestra, NY Philharmonic, San Francisco Symphony box office data (06-07), Oliver Wyman analysis, Figures Inclusive of donations  
1 – Donation is much more highly correlated with tenure than it is with frequency

# Phase I recommendations

**High-level recommendation: Explicit and differentiated focus on  
Unconverted trialists**

Source: Orchestras box office data (2006), Oliver Wyman analysis  
1 – Average for SFS, NY Phil, ASO

# Judy's orchestra experience

"This was my first time back to the Orchestra since I was a kid, but it is likely to be my last"

Illustrative

I hadn't been to the Orchestra since I was a kid, so I bought 2 tickets for a Mozart concert

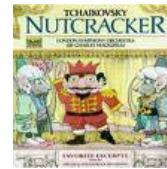
That day, work got completely crazy so I couldn't make it.



I tried calling the orchestra to exchange the tickets, but I was told my only option was to "donate" them!



I decided to give it another shot 3 months later when my favorite composer, Tchaikovsky, was playing



Parking was a nightmare. It took us 25 minutes to find a spot!



By then, it was too late to have dinner. I was starving at intermission but the bar was super crowded, didn't have any food and a drink was \$12!



The musicians played very well but I knew nothing about two of the pieces played



Imagine my surprise when 3 days later the orchestra called me to ask if I wanted to buy a subscription. I told them no and then 3 weeks later they called for a donation!

Buy & Donate Now

Though I don't think I am ever going back, they continue to flood me with mail, phone calls and emails. What a drag!



# Factor analysis

From the 78 attributes tested, we have identified the 16 most robust factors that influence customer behaviors

Core product	Music enhancement	Hall access	Social experience	Transactional
<b>Repertoire</b> <ul style="list-style-type: none"> <li>▪ During the season, the selection of works is appealing</li> <li>▪ During any given performance, the selection of piece(s) is appealing</li> <li>▪ The selection of performances within a subscription series is appealing</li> </ul> <b>Hall</b> <ul style="list-style-type: none"> <li>▪ The auditorium architecture and décor are appealing</li> <li>▪ The lobby is attractive</li> <li>▪ The auditorium acoustics are state of the art</li> </ul> <b>Contemporary music</b> <ul style="list-style-type: none"> <li>▪ I enjoy contemporary orchestral music</li> <li>▪ I like the sound of contemporary orchestral music</li> <li>▪ I understand contemporary orchestral music</li> <li>▪ I am very interested in not so well-known composers</li> </ul>	<b>Enriching experience</b> <ul style="list-style-type: none"> <li>▪ Attending a concert is stimulating</li> <li>▪ Attending a concert is entertaining</li> <li>▪ Attending a concert is always a special experience</li> <li>▪ I can feel a connection between the artists and myself when they perform</li> <li>▪ I feel a connection between myself and my fellow attendees</li> </ul> <b>Orchestra prestige and quality</b> <ul style="list-style-type: none"> <li>▪ The Orchestra brings us famous guest conductors</li> <li>▪ This Orchestra is one of the nation's leading Orchestras</li> <li>▪ The Orchestra brings us famous guest soloists</li> <li>▪ The musicians' level of play is always outstanding</li> </ul>	<b>Music information</b> <ul style="list-style-type: none"> <li>▪ I look for information on the music before a concert</li> </ul> <b>Live commentary</b> <ul style="list-style-type: none"> <li>▪ Pre-Concert discussions increase my enjoyment of the concert</li> <li>▪ The conductor's personal comments enhance my enjoyment of the concert</li> </ul> <b>Special effects</b> <ul style="list-style-type: none"> <li>▪ Special lighting and/or visuals enhance the music</li> </ul>	<b>Access</b> <ul style="list-style-type: none"> <li>▪ The Hall is easily accessible by public transportation</li> <li>▪ The policy regarding latecomers is appropriate</li> <li>▪ I feel safe in the Hall's surroundings</li> </ul> <b>Parking</b> <ul style="list-style-type: none"> <li>▪ There are enough parking options near the Hall</li> <li>▪ Entering / exiting the parking lot is fast</li> <li>▪ The Hall is easily accessible by car</li> </ul> <b>Ability to attend</b> <ul style="list-style-type: none"> <li>▪ My health permits me to attend concerts whenever I want</li> <li>▪ I never miss a concert I have tickets for</li> </ul>	<b>Social outing</b> <ul style="list-style-type: none"> <li>▪ I always find friends / family members to go with me</li> <li>▪ I always top the concert with a nice dinner or drinks</li> <li>▪ I don't mind going alone to a performance</li> </ul> <b>Bar</b> <ul style="list-style-type: none"> <li>▪ The Orchestra's bar offers the refreshments that I want</li> <li>▪ The service at the Orchestra's bar is fast and friendly</li> <li>▪ The Orchestra's bar is good value for the money</li> </ul> <b>"The orchestra club"</b> <ul style="list-style-type: none"> <li>▪ Being able to talk about concerts give me some "prestige" at work / with friends</li> <li>▪ I enjoy meeting other attendees during the Orchestra's receptions</li> <li>▪ I love events where I can meet the performers and the directors in person</li> </ul>
				<b>Planning &amp; purchasing</b> <ul style="list-style-type: none"> <li>▪ I can easily get schedule / price information on the Orchestra's website</li> <li>▪ Purchasing tickets is easy</li> </ul> <b>Exchanges</b> <ul style="list-style-type: none"> <li>▪ Exchanging tickets is easy</li> </ul>

# Core Product

## Repertoire

- During the season, the selection of works is appealing
- During any given performance, the selection of piece(s) is appealing
- The selection of performances within a subscription series is appealing

## Orchestra prestige and quality

- The Orchestra brings us famous guest conductors
- This Orchestra is one of the nation's leading Orchestras
- The Orchestra brings us famous guest soloists
- The musicians' level of play is always outstanding

## Enriching experience

- Attending a concert is stimulating
- Attending a concert is entertaining
- Attending a concert is always a special experience
- I can feel a connection between the artists and myself when they perform
- I feel a connection between myself and my fellow attendees

## Contemporary music

- I enjoy contemporary orchestral music
- I like the sound of contemporary orchestral music
- I understand contemporary orchestral music
- I am very interested in not so well-known composers

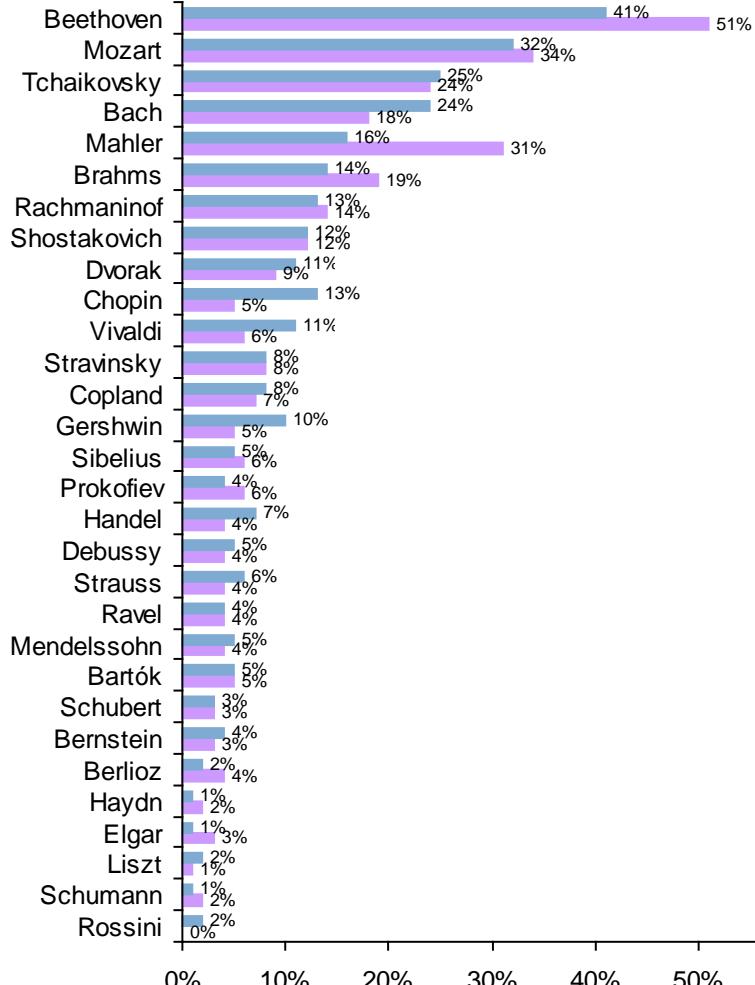
Source: Oliver Wyman customer experience methodology, results from one individual participating orchestras

# Music: Favorite composers and solo instruments

Trialists and Core audience share similar taste for composers and solo instruments

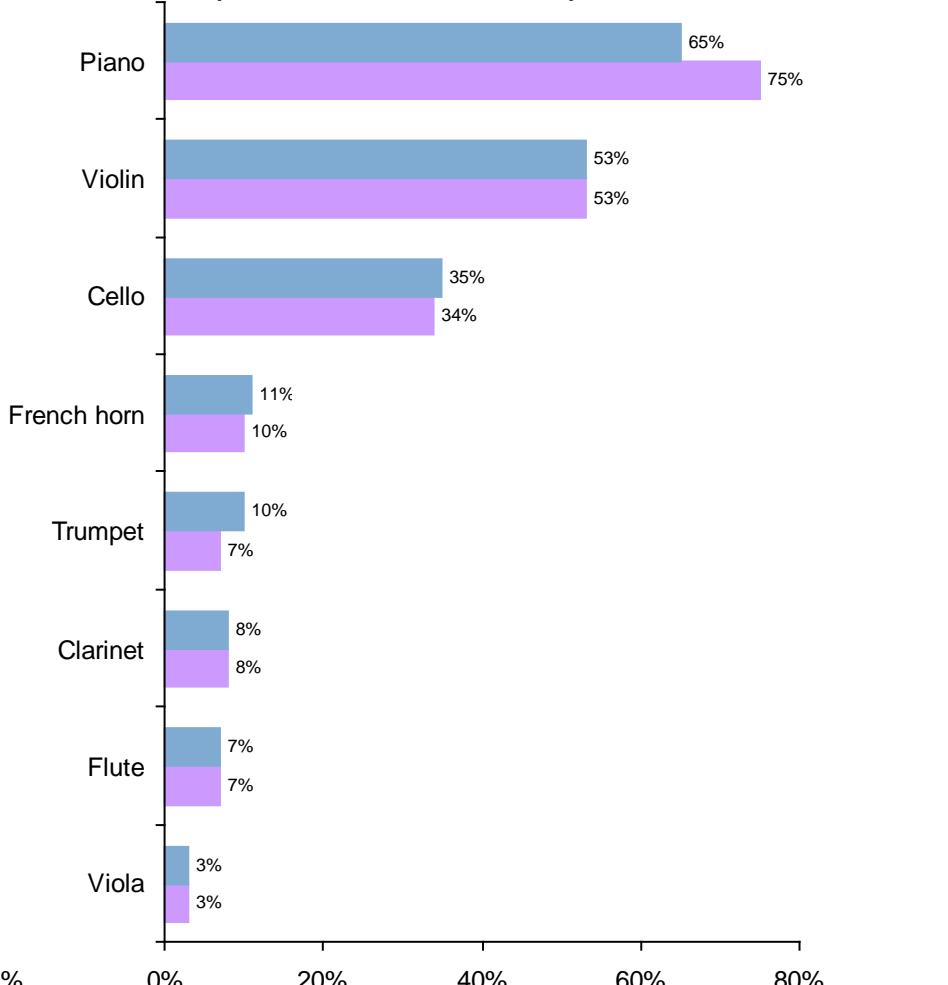
## Favorite composer

% respondents cited it in top 3



## Favorite solo instrument

% respondents cited it in top 2

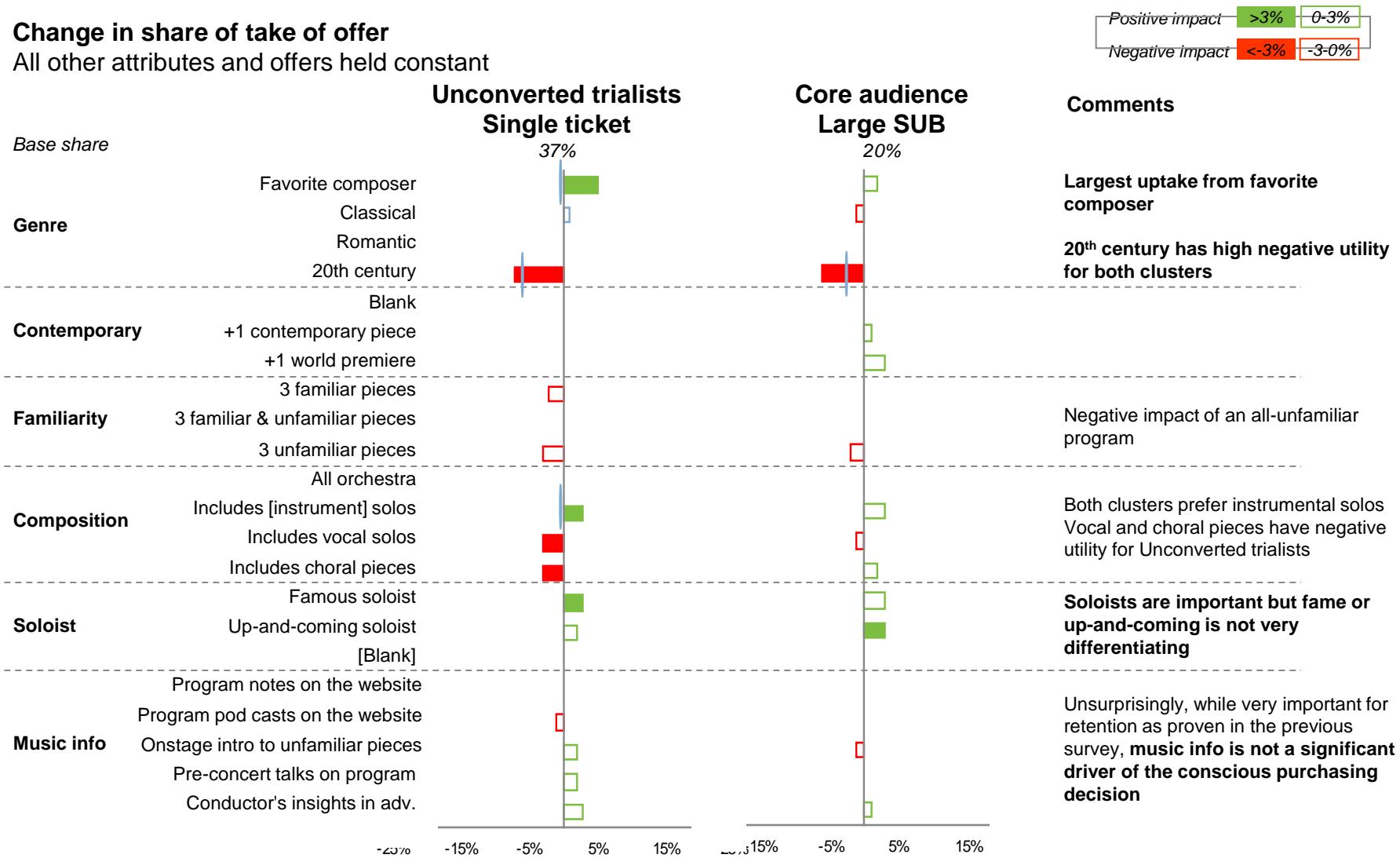


## 1 – Music: Impact on share

Unconverted trialists are very sensitive to both their favorite composer and soloists. The orchestras could offer these specific concerts when calling on this cluster.

### Change in share of take of offer

All other attributes and offers held constant



Source: Oliver Wyman Strategic Choice Analysis® survey, Box office data for weighting of orchestra, cluster and churn, unweighted N = 1,908 for UC and 1,202 for CO

© Oliver Wyman ■ www.oliverwyman.com

# Music Information

## Music information

- I look for information on the music before a concert

## Live commentary

- Pre-Concert discussions increase my enjoyment of the concert
- The conductor's personal comments enhance my enjoyment of the concert

## Special effects

- Special lighting and/or visuals enhance the music

Source: Oliver Wyman Strategic Choice Analysis® survey, Box office data for weighting of orchestra, cluster and churn, unweighted N = 1,908

# Operations and Logistics

## Hall

- The auditorium architecture and décor are appealing
- The lobby is attractive
- The auditorium acoustics are state of the art

## Parking

- There are enough parking options near the Hall
- Entering / exiting the parking lot is fast
- The Hall is easily accessible by car

## Access

- The Hall is easily accessible by public transportation
- The policy regarding latecomers is appropriate
- I feel safe in the Hall's surroundings

## Ability to attend

- My health permits me to attend concerts whenever I want
- I never miss a concert I have tickets for

Source: Oliver Wyman Strategic Choice Analysis® survey, Box office data for weighting of orchestra, cluster and churn, unweighted N = 1,908

# Social Experience

## Social outing

- I always find friends / family members to go with me
- I always top the concert with a nice dinner or drinks
- I don't mind going alone to a performance

## Bar

- The Orchestra's bar offers the refreshments that I want
- The service at the Orchestra's bar is fast and friendly
- The Orchestra's bar is good value for the money

## "The orchestra club"

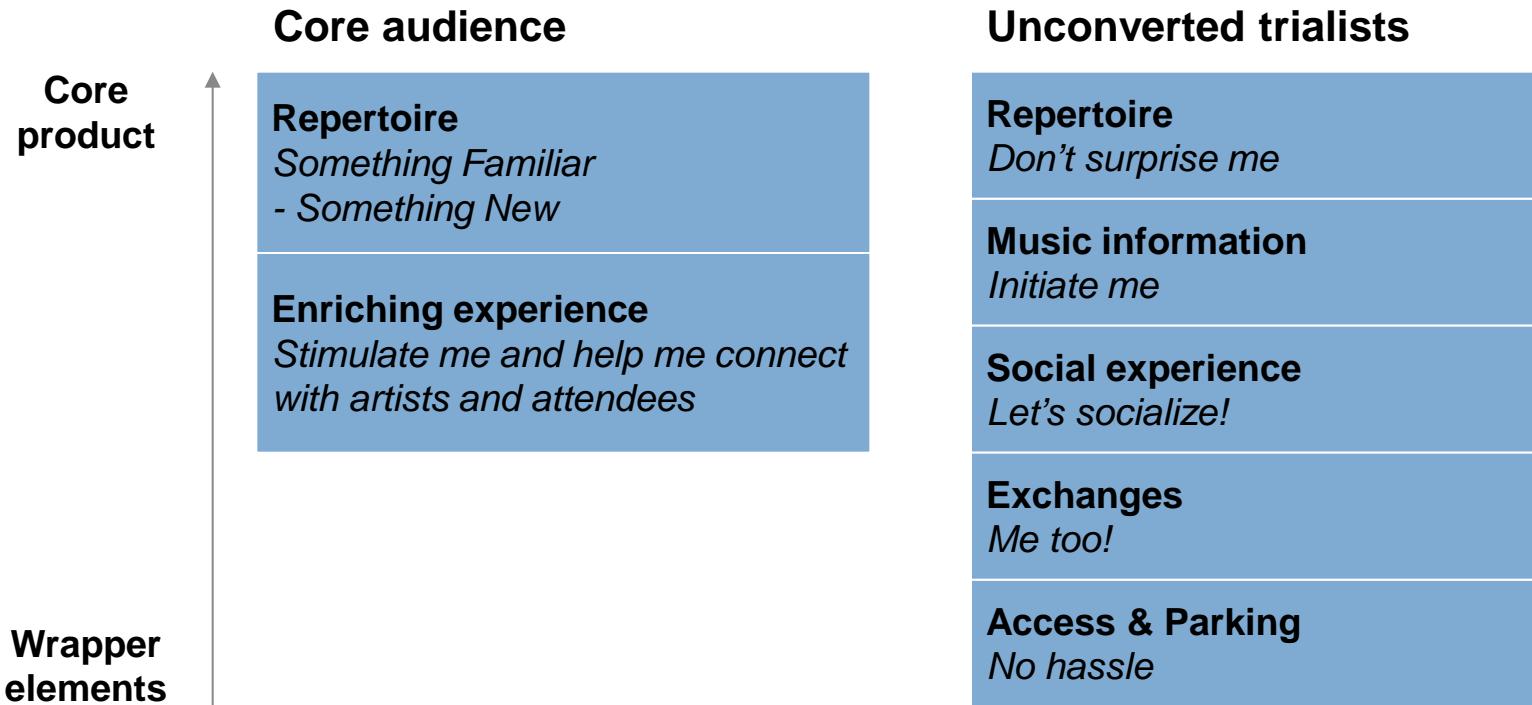
- Being able to talk about concerts give me some "prestige" at work / with friends
- I enjoy meeting other attendees during the Orchestra's receptions
- I love events where I can meet the performers and the directors in person

Source: Oliver Wyman Strategic Choice Analysis® survey, Box office data for weighting of orchestra, cluster and churn, unweighted N = 1,908

## Areas of focus by cluster

Experience is tantamount for all, however, experience for Core Audience is the music, while for Trialists it is a seamless end-to-end experience

### Important elements of the customer experience



Note: Areas of focus can differ by orchestra, as their current performance should also be taken into account in the prioritization process. But the seeking of a holistic experience is consistent nationwide

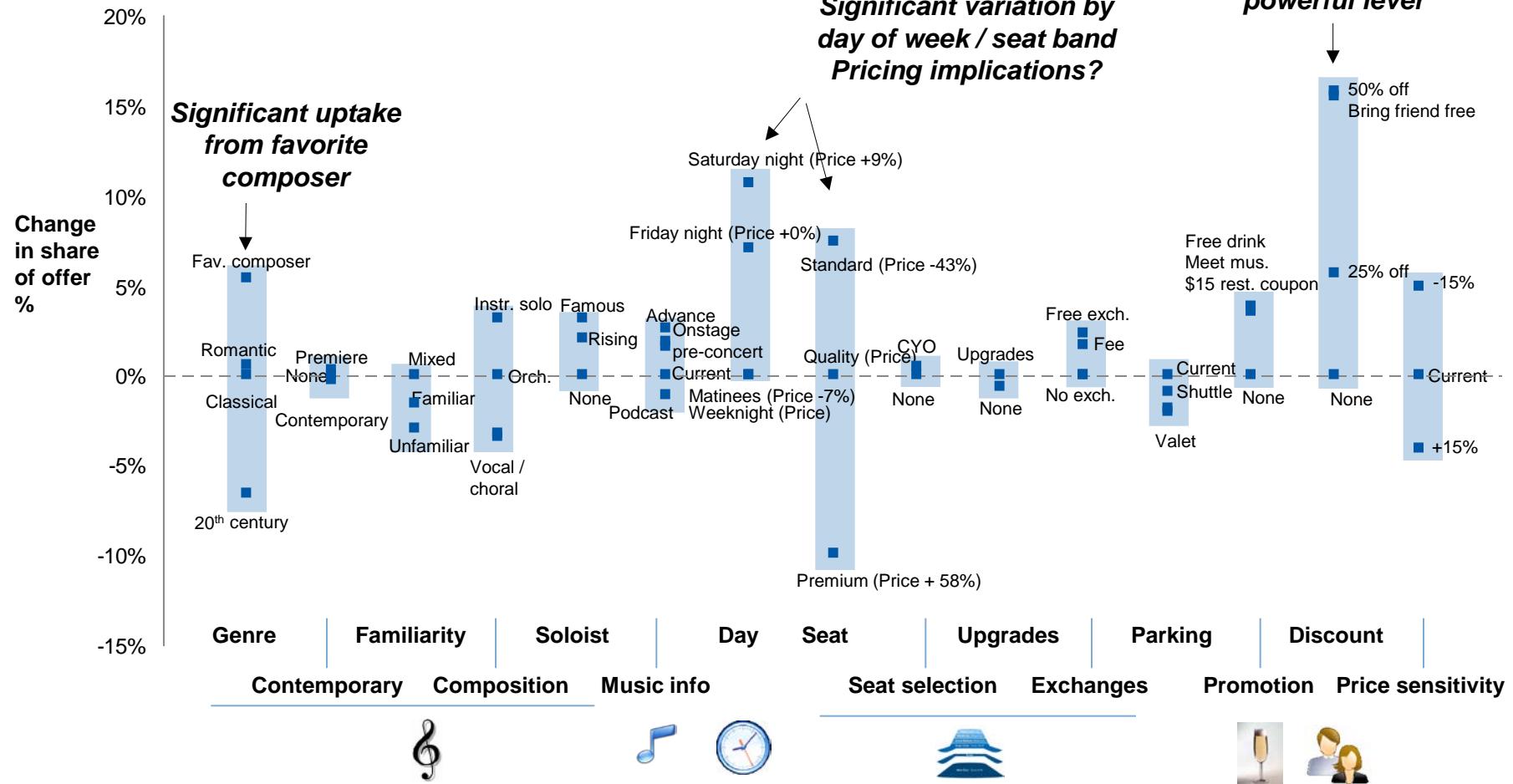
## Phase II recommendations

**High-level recommendation:** Create a seamless and social end-to-end experience for Unconverted trialists

# Summary – Unconverted trialists – All orchestras

## Change in share of offer of single tickets

All other attributes and offers held constant



Source: Oliver Wyman Strategic Choice Analysis® survey, Box office data for weighting of orchestra, cluster and churn, unweighted N = 1,908

## Phase III recommendations

**High-level recommendation:** Use tailored promotional offers to sell another single ticket or two to Unconverted trialists before asking for a commitment

# Defining a new and comprehensive value proposition for “Unconverted trialists”

## Repertoire



*Don't surprise me: I want pieces that 'ring a bell'*

Enough familiar concerts to choose from during the season

## Music information



*Initiate me: Really? Interesting to know!*

Enough background to enjoy the performance

## Social experience



*Let's socialize!: I want to have a good time with my friends*

Enjoyable pre- (and post-) concert experience  
Socializing opportunities at the concert

## Access



*No hassle: I just want to park and forget about my car*

Easy to get to and park at the hall

## Relationship building

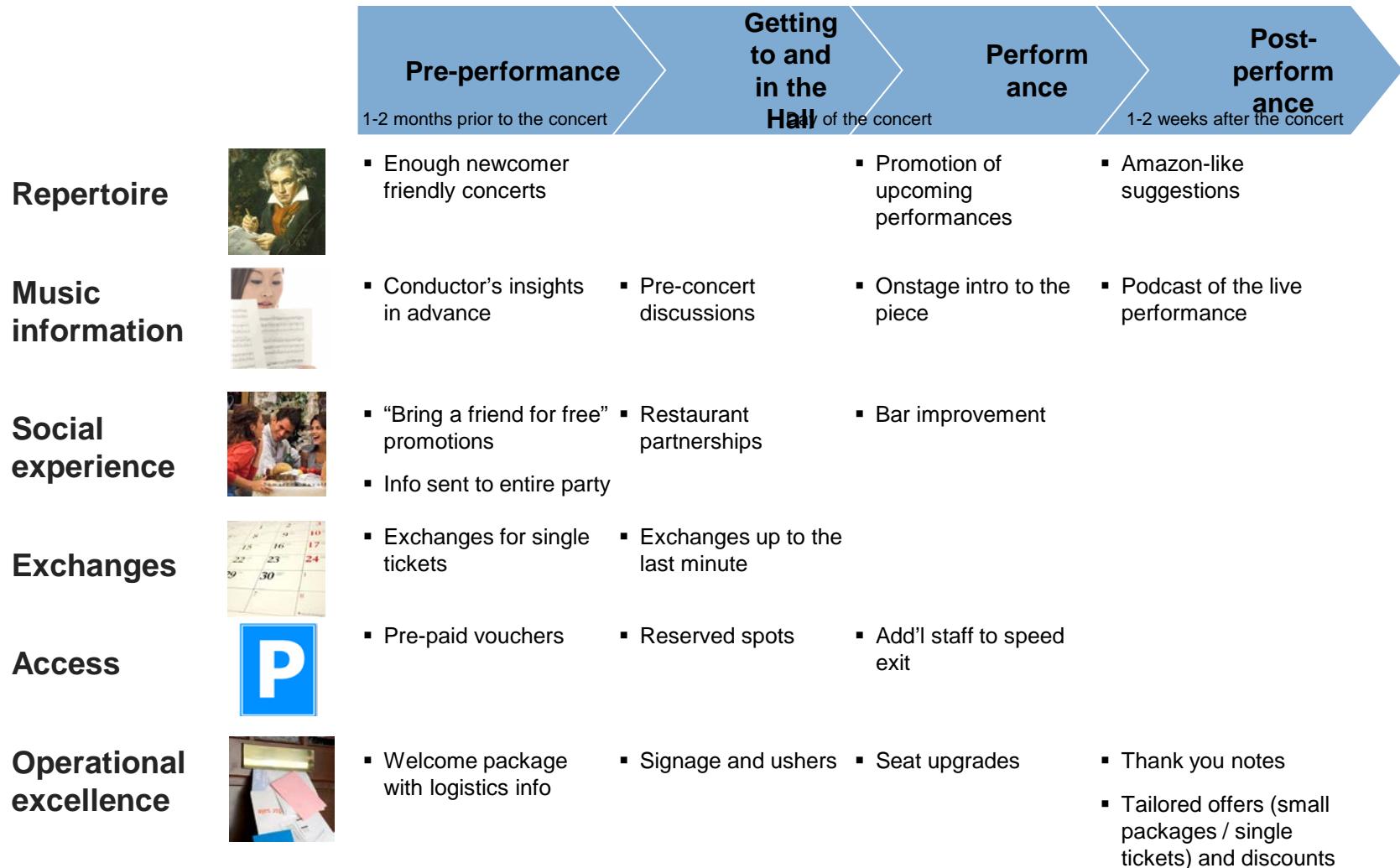


*Don't ask me to marry you after the first date: I don't want to commit yet*

One step at a time

## Value proposition for Unconverted trialists

The periods before and after the concert are also an inherent part of the orchestra experience and should be seen as opportunities to enrich it.



## Potential additions to the newcomer customer experience

The pre-performance focus should be on getting them familiar with the Hall and the music.



- Offer a minimum of newcomers friendly concerts per season and spread them out across the season
  - Programs with at least one very popular piece/ composer
  - In priority on Fridays and Saturdays nights
- Search by date/day of the week or composer/piece for people with simple preferences
- Provide “recommended for first-timers” concert flags on website



- Send information on the composers/pieces of the performance the patron is about to attend (potentially in reminder email):
  - Ideally, personal comments of the composer / soloist / musicians
- Have a section on the website geared at newcomers



- Encourage bringing friends with volume discounts such as ‘bring a friend for free’ promotions
- Offer possibility to specify “close to those seats” for parties buying separately
- Send information (confirmation/reminder) to all parties coming, not just the patron who purchased the ticket – additional benefit of increasing marketing database



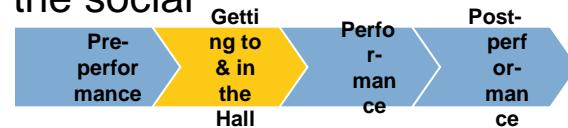
- Partner with nearby parking lots to sell flat-rate parking tickets in the same transaction



- Send “Welcome to the orchestra” package with info on parking, bar... (potentially in confirmation email), could include drink or parking voucher
- Send reminder email - Keep it free of “sales pitch”
- Identify “high % first timers” concerts to adjust day –of operations accordingly (e.g., more ushers...)
- For “hard to sell concerts” (contemporary concerts, vocal...), don’t fill the hall with comp tickets to prospects

## Potential additions to the newcomer customer experience

The focus in the few hours before the performance should be on the social experience and facilitating access.



- Host pre-concert discussions geared at newcomers where the experts (musicians, directors, music professors...) can answer questions in advance



- Give a warm atmosphere to the Hall:
  - Have a mingling area next to the bar, if there is scarcity of seats
  - Decorate the hall (piece of arts, lighting, flowers, etc)
- Offer packages with close-by restaurants (dinner before) or bars (drinks after)
- Host newcomer receptions?



- Ensure fast entry/exit (flat rates, pre-paid vouchers, extra staff, police help)
- Offer valet parking?
- Partner with a car service company for after the concert?
- If necessary, improve security between the Hall and the nearest public transportation station(s)



- Improve signs which help you find your seat
- Offer complimentary (and fast) coat check

## Potential additions to the newcomer customer experience

The performance is obviously about the music – but not only: the bar offers a great opportunity to give a social/festive tone to the experience.



- Promote upcoming performances through:
  - playbill, concierge, flyers/postcards...



- Particularly at “first timer” heavy concerts, have the conductor provide a brief introduction of the piece (specific enough not to bore core audience)
- Improve the program notes, make them more engaging
- Provide an information booth with self-service leaflets on composers, genres, instruments...



- Minimize bar waiting time and “throughput capacity”
  - increase staff, stations, hours of operations
  - option to pre-order intermission drinks / have voucher to speed process
- Transform the bar from an “afterthought”/ “time killer” to a wanted experience
  - Review and improve selection
  - Review pricing / offer targeted discounts including “try our bar” offers



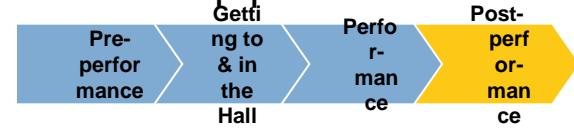
- Have seat upgrades for newcomers so that they can experience premium view/acoustics

## Potential additions to the newcomer customer experience

The goal after the first performance is to sell patrons one or two extra concerts – but not to ask them to marry you - so no donation/subscriptions calls in the courtship period



- Send “If you liked that, you’ll also like this” recommendation emails



- Send a podcast/CD with extracts of the live performance?



- Offer / sell performance-related goodies? CDs / DVDs of live performance, pictures of performers...



- Send a “Thank you for coming” note
- Send Thanksgiving / Valentine’s Day cards without “sales pitch”
- Approach by preferred channel in the month of the concert with tailored offers:
  - Newcomer series (2-4 concert package of very popular pieces)
  - Small ‘choose your own’
  - Single ticket
- Offer discount for second visit (sent with tickets, voucher given on the way out, sent with thank you note, sent a few weeks later)
- Implement loyalty program with simple benefits (subset of subscribers benefits), such as exclusivity periods for most popular concerts, transaction fee waiver if more than 5 concerts...
- Don’t solicit donations / large subscriptions too early (wait for after a few concerts)

# John's great anniversary (1/2)

It was such a special and festive night...

Illustrative

I wanted to go to the Philharmonic with my wife on a Saturday close to our anniversary



Fortunately, they had a **Beethoven (my favorite!) concert with a violin soloist** that month



*It was so easy to purchase tickets online, I could even pick the seats. Exchanges were free – just in case we couldn't find a babysitter!*



*I was afraid of commuting, but I did reserve and prepay a parking spot near the Hall when buying my tickets. The confirmation email even had the directions!*



*I really liked the email we got a week before the concert with comments from the conductor and a podcast.*

*It got us really excited about the evening.*



*We had dinner in a nice restaurant nearby that the orchestra recommended. They had the “**pre theater” menu** which was very good and served quickly*



*We arrived early at the Hall, so we left our coats at the **complimentary coat check** and read the **playbill**. Turned out, the soloist was a famous guy from South America!*



*The conductor shared a funny anecdote and gave us something to listen to*



## John's great anniversary (2/2)

... we decided to do it again a month later

Illustrative

*The music was great. I wasn't expected anything less from the Philharmonic!*



*During intermission, we had a **glass of champagne** with my wife's favorite chocolate treat. We had enough **time to sit and chat at a table**.*



*Leaving the Hall and the parking was quick.*



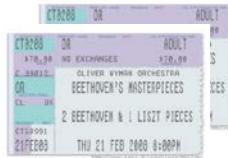
*The following week we received a **CD** of the performance we attended reminding us of the good time we had.*



*A week later we received a brochure with 2 or 3 concert packages in the spring. They offered great discounts and free drinks to the 1<sup>st</sup> concert*



*We bought a 2-concert package*



*Still wondering why we didn't do it earlier !*

...



# CUSTOMER NURTURING RESULTS

Baltimore Symphony Orchestra  
2009-10 Subscribers (to date)

- NTS attended 1 concert 0.3%
- NTS took Killer Offer 3.8%
- NTS attended 2+ concerts 10.4%

# CUSTOMER NURTURING RESULTS

Orlando Philharmonic Orchestra  
2009-10 Subscribers (to date)

- Attended 1 concert 2.9%
- Attended 2+ concerts 22.6%

# CUSTOMER NURTURING RESULTS

Pensacola Symphony Orchestra  
2009-10 Subscribers (to date)

- Attended 1 concert      3.7%
- Attended 2 concerts      8.8%
- Attended 3+ concerts      12.8%

# CUSTOMER NURTURING RESULTS

Pensacola Symphony Orchestra

2008-9 Contributors

- Attended 1 concert      1.8%
- Attended 2+ concerts      10.2%

For further information or to share your experience in inhibiting churn,  
contact:

**Jack McAuliffe at Engaged Audiences LLC**

**Jack@EngagedAudiences.com**