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

Areas of focus

Phase I
Detailed Box office analysis and customer clustering

Phase II
Satisfaction / Perception research

Phase III
Offer design and testing

Historical behavior
Who exactly are the orchestra-goers?

Customer experience
What elements of their experience drive them to come back…or not?

Decision at the point of purchase
What offers will be most successful in bringing them back again?
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

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”

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Tenure (years)</th>
<th>Churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Unconverted trialists: 90%</td>
</tr>
<tr>
<td>2-4</td>
<td>2-3</td>
<td>Snackers: Churn 63%</td>
</tr>
<tr>
<td>5-10</td>
<td></td>
<td>Core audience: Churn 10%</td>
</tr>
<tr>
<td>11+</td>
<td></td>
<td>Core audience: Churn 35%</td>
</tr>
</tbody>
</table>

**Unconverted trialists**: 1st 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
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
High-level recommendation: Explicit and differentiated focus on Unconverted trialists
## Factor analysis
From the 78 attributes tested, we have identified the 16 most robust factors that influence customer behaviors

<table>
<thead>
<tr>
<th>Core product</th>
<th>Music enhancement</th>
<th>Hall access</th>
<th>Social experience</th>
<th>Transactional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repertoire</strong></td>
<td><strong>Enriching experience</strong></td>
<td><strong>Music information</strong></td>
<td><strong>Access</strong></td>
<td><strong>Planning &amp; purchasing</strong></td>
</tr>
<tr>
<td>During the season, the selection of works is appealing</td>
<td>Attending a concert is stimulating</td>
<td>I look for information on the music before a concert</td>
<td>The Hall is easily accessible by public transportation</td>
<td>I can easily get schedule / price information on the Orchestra’s website</td>
</tr>
<tr>
<td>During any given performance, the selection of piece(s) is appealing</td>
<td>Attending a concert is entertaining</td>
<td></td>
<td>The policy regarding latecomers is appropriate</td>
<td></td>
</tr>
<tr>
<td>The selection of performances within a subscription series is appealing</td>
<td>Attending a concert is always a special experience</td>
<td></td>
<td>I feel safe in the Hall’s surroundings</td>
<td></td>
</tr>
<tr>
<td><strong>Hall</strong></td>
<td><strong>Orchestra prestige and quality</strong></td>
<td><strong>Live commentary</strong></td>
<td><strong>Social outing</strong></td>
<td><strong>Exchanges</strong></td>
</tr>
<tr>
<td>The auditorium architecture and décor are appealing</td>
<td>The Orchestra brings us famous guest conductors</td>
<td>Pre-Concert discussions increase my enjoyment of the concert</td>
<td>I always find friends / family members to go with me</td>
<td><strong>Exchanging tickets is easy</strong></td>
</tr>
<tr>
<td>The lobby is attractive</td>
<td>This Orchestra is one of the nation’s leading Orchestras</td>
<td>The conductor’s personal comments enhance my enjoyment of the concert</td>
<td>I always top the concert with a nice dinner or drinks</td>
<td></td>
</tr>
<tr>
<td>The auditorium acoustics are state of the art</td>
<td>The Orchestra brings us famous guest soloists</td>
<td></td>
<td>I don’t mind going alone to a performance</td>
<td></td>
</tr>
<tr>
<td><strong>Contemporary music</strong></td>
<td><strong>Ability to attend</strong></td>
<td><strong>Parking</strong></td>
<td><strong>Bar</strong></td>
<td><strong>“The orchestra club”</strong></td>
</tr>
<tr>
<td>I enjoy contemporary orchestral music</td>
<td>My health permits me to attend concerts whenever I want</td>
<td></td>
<td>The Orchestra’s bar offers the refreshments that I want</td>
<td>Being able to talk about concerts give me some “prestige” at work / with friends</td>
</tr>
<tr>
<td>I like the sound of contemporary orchestral music</td>
<td></td>
<td></td>
<td>The service at the Orchestra’s bar is fast and friendly</td>
<td>I enjoy meeting other attendees during the Orchestra’s receptions</td>
</tr>
<tr>
<td>I understand contemporary orchestral music</td>
<td></td>
<td></td>
<td>The Orchestra’s bar is good value for the money</td>
<td>I love events where I can meet the performers and the directors in person</td>
</tr>
<tr>
<td>I am very interested in not so well-known composers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Core audience</th>
<th>Unconverted trialists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core product</strong></td>
<td></td>
</tr>
<tr>
<td>Repertoire</td>
<td>Repertoire</td>
</tr>
<tr>
<td>Something Familiar</td>
<td>Don’t surprise me</td>
</tr>
<tr>
<td>Something New</td>
<td></td>
</tr>
<tr>
<td><strong>Wrapper elements</strong></td>
<td></td>
</tr>
<tr>
<td>Enriching experience</td>
<td>Music information</td>
</tr>
<tr>
<td>Stimulate me and help me connect with artists and attendees</td>
<td>Initiate me</td>
</tr>
<tr>
<td></td>
<td>Social experience</td>
</tr>
<tr>
<td></td>
<td>Let’s socialize!</td>
</tr>
<tr>
<td></td>
<td>Exchanges</td>
</tr>
<tr>
<td></td>
<td>Me too!</td>
</tr>
<tr>
<td></td>
<td>Access &amp; Parking</td>
</tr>
<tr>
<td></td>
<td>No hassle</td>
</tr>
</tbody>
</table>

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
“Killer” offer for Unconverted trialists
Defined using the optimal levels for most attributes, the “killer” offer increases share of single tickets by an extra 40% for Trialists

<table>
<thead>
<tr>
<th>Base offer</th>
<th>“Killer” offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weeknight</td>
<td>Saturday night</td>
</tr>
<tr>
<td>Romantic music</td>
<td>Favorite composer</td>
</tr>
<tr>
<td>All orchestral / no soloists</td>
<td>Famous instrumental soloist</td>
</tr>
<tr>
<td>Program notes on the website</td>
<td>Conductor’s insights in advance</td>
</tr>
<tr>
<td>3 familiar &amp; unfamiliar pieces</td>
<td>3 familiar &amp; unfamiliar pieces</td>
</tr>
<tr>
<td>Quality seats</td>
<td>Quality seats</td>
</tr>
<tr>
<td></td>
<td>Bring a friend for free</td>
</tr>
<tr>
<td></td>
<td>Free drink</td>
</tr>
<tr>
<td></td>
<td>Free exchanges</td>
</tr>
</tbody>
</table>

+40% share of single tickets

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
ANALYSIS CONSTRUCT

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
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SIMPLE KILLER OFFER TEST

New York Philharmonic for *Tosca* offer to test (50% off) and control (announcement)
Boston Symphony Killer Offer to 1,500 with 50% off and free drink.

Source: Oliver Wyman customer experience methodology, results from one individual participating orchestras
SIMPLE KILLER TEST OFFER

New York Philharmonic

5:1 Killer to Announcement
SIMPLE KILLER TEST OFFER

Boston Symphony Orchestra

35% Accepted
NEW TO SYSTEM TEST
Baltimore Symphony Orchestra
Test Group - $15/$20 Off the Cuff - Twist (Email and Robocall/Mail)
Control Group - Normal Subscription Offer

Individual Concert Customer

First-timers

Test Group

E-mail Single Killer Offer
Mail Single Killer Offer
TM Single Killer Offer
Email Sub Killer Offer
TM Sub Normal Offer

Control Group

Email Sub Normal Offer
Mail Sub Normal Offer
TM Sub Normal Offer
TM Sub Killer Offer
TM Sub Normal Offer

Repeat Buyer

Repeat Group

Repeat Buyer

Subscriber

Repeat Buyer

TM Sub Normal Offer
TM Sub Killer Offer
TM Sub Normal Offer

Source: Oliver Wyman customer experience methodology, results from one individual participating orchestras
NEW TO SYSTEM TEST -- Baltimore Symphony Orchestra

- E-mail  
  Households = 5.2

- Call/Mail  
  Households = 0.9

- Control/TM  
  Households = 2.0
NEW TO SYSTEM TEST -- Baltimore Symphony Orchestra

- E-mail Revenue = $262
- Call/Mail Revenue = $46
- Control/TM Revenue = $741
NEW TO SYSTEM TEST -- Baltimore Symphony Orchestra

- E-mail  
  Cost of Sale = $0.01

- Call/Mail  
  Cost of Sale = $1.52

- Control/TM  
  Cost of Sale = $0.22
TELEMARKETING TEST
Cincinnati Symphony - 50% Killer and Normal Winter Season to Summer
New York Philharmonic - 50% + Drink Individual Test and Normal Subscription

Individual Concert Customer

First-timers

Test Group
- E-mail
- Mail
- TM
- Single
- Single
- Single
- Killer
- Killer
- Killer

Control Group
- Email
- Mail
- TM
- Sub
- Sub
- Normal
- Offer
- Offer
- Offer

Repeat Buyer

Repeat Group
- TM
- Killer
- Normal
- Offer
- Offer
- Offer

Subscriber
## TELEMARKETING TEST

<table>
<thead>
<tr>
<th>New York Philharmonic</th>
<th>Cincinnati Symphony Orchestra</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ S Control   Households 4.0</td>
<td>▪ S Control   Households 0.5</td>
</tr>
<tr>
<td>▪ IC Killer   Households 12.0</td>
<td>▪ S Killer    Households 9.2</td>
</tr>
<tr>
<td>New York Philharmonic</td>
<td>Cincinnati Symphony Orchestra</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>S Control</td>
<td>Revenue $1,203</td>
</tr>
<tr>
<td>IC Killer</td>
<td>Revenue $1,786</td>
</tr>
<tr>
<td>S Control</td>
<td>Revenue $197</td>
</tr>
<tr>
<td>S Killer</td>
<td>Revenue $814</td>
</tr>
</tbody>
</table>
CUSTOMER NURTURING

Pensacola Symphony Orchestra

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

Individual Concert Customer

First-timers

E-mail Survey Link

Repeat Buyer
ONLINE SURVEY

- Is this your first concert?
- Would you recommend the orchestra to a friend?
- How influential were these marketing efforts in your decision to attend?
- How familiar were you with each piece before the concert?
- How much did you enjoy each piece you heard?
- How strongly do you agree with attributes about the concert?
- What did you enjoy most about the concert?
- What could the orchestra do to make your next experience more enjoyable?
- What type of programming do you enjoy?
- To receive a special offer from the orchestra, please enter name and email.
- Thank you.

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

Individual Concert Customer

First-timers

E-mail
Survey
Link

Repeat Buyer

Mail
Feedback
Letter and
Killer Offer

Mail
Killer
Offer
CUSTOMER NURTURING MODEL

Individual Concert Customer

First-timers
- E-mail Survey Link

Repeat Buyer
- Mail Feedback Letter and Killer Offer
  - Mail Killer Offer
    - Purchased Concert
    - Did not Purchase
  - Did not Purchase
CUSTOMER NURTURING MODEL

Individual Concert Customer

First-timers
- E-mail Survey Link
  - Mail Killer Offer
    - Mail Killer Subscription
      - Did not Purchase
    - Purchased Subscription
      - Did not Purchase
  - Purchased Concert
    - Did not Purchase

Repeat Buyer
- Mail Feedback Letter and Killer Offer
  - Mail Killer Offer
CUSTOMER NURTURING MODEL

**Individual Concert Customer**

**First-timers**
- E-mail Survey Link
  - Mail Killer Offer
    - Purchased Concert
    - Did not Purchase
      - Offer Next Season Killer Subscription

**Repeat Buyer**
- Offer Killer Subscription
  - Did not Purchase
    - Offer Next Season Killer Subscription
  - Renew Subscription for next Season
    - Did not Purchase
      - Offer Next Season Killer Subscription
      - Renew Subscription for next Season
CUSTOMER NURTURING MODEL - DICHOTOMIES

- Value of immediate sub. revenue from few vs. KIC revenue from many more
- Timing - Morning After vs. Quarterly
- Role of feedback in Nurturing vs. Selling
- Acquisition vs. Retention
CUSTOMER NURTURING MODEL - PICK3 OFFER

- Best Available Seats
- $ per ticket - a savings of up to 62%
- Limited time offer
- Web sales only
- Choose 3 or more concerts
CUSTOMER NURTURING MODEL - PICK3
Syracuse Symphony Orchestra

- One week after Labor Day
- Choose from full season of 40 performances of 21 concerts
- Pick 3 or more for $29 per ticket
- 5,683 tickets for $165,000
- 65% online
- 83% ICT or NTS
- Cost of sale = $0.13
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 combating churn, contact:

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Jack@EngagedAudiences.com