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PRESCOTT & ASSOCIATES

Looking Forward - Acting Now

League of American Orchestras Conference 2014

Marketing Constituency Meeting

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

Agenda

Subscription and ticket buying trends

Donations trends

Implications and actions for an evolving patron base

- what's working; what isn't
- what's impeding progress
- what have we yet to learn

Patron Growth Initiative database (FY06-FY11)

- orchestras offering Fixed and CYO subscriptions in all six years (ATL, BSO, CSO, CIN, HOU, NYP, POA, PSO)
- buyer households (N=625,912 HHs)
- generational analysis from survey data (N=16,000 HHs)

Marketing Directors

- in-depth interviews (CSO, CIN, NYP, NJSO, STL, JSO, OCO)
- online survey (N=16)

A&E industry scan

Note: Projected household trend lines in reported in this document are based solely on the average constant rate of change observed between FY06 and FY11 for the above orchestras. These are provided as a very rough estimate of what the distribution of buyer households might look like in 2020. Orchestras are encouraged to develop their own projections based on their data.

Age in:	2010	2015	2020	2025
Early Silents	75-84	**80-89**	**85-94**	**90+**
Late Silents	65-74	70-79	75-84	**80-89**
Baby Boomers	45-64	50-69	55-74	60-79
Generation X	30-44	35-49	40-54	45-59
Millennials	15-29	20-34	25-39	30-44

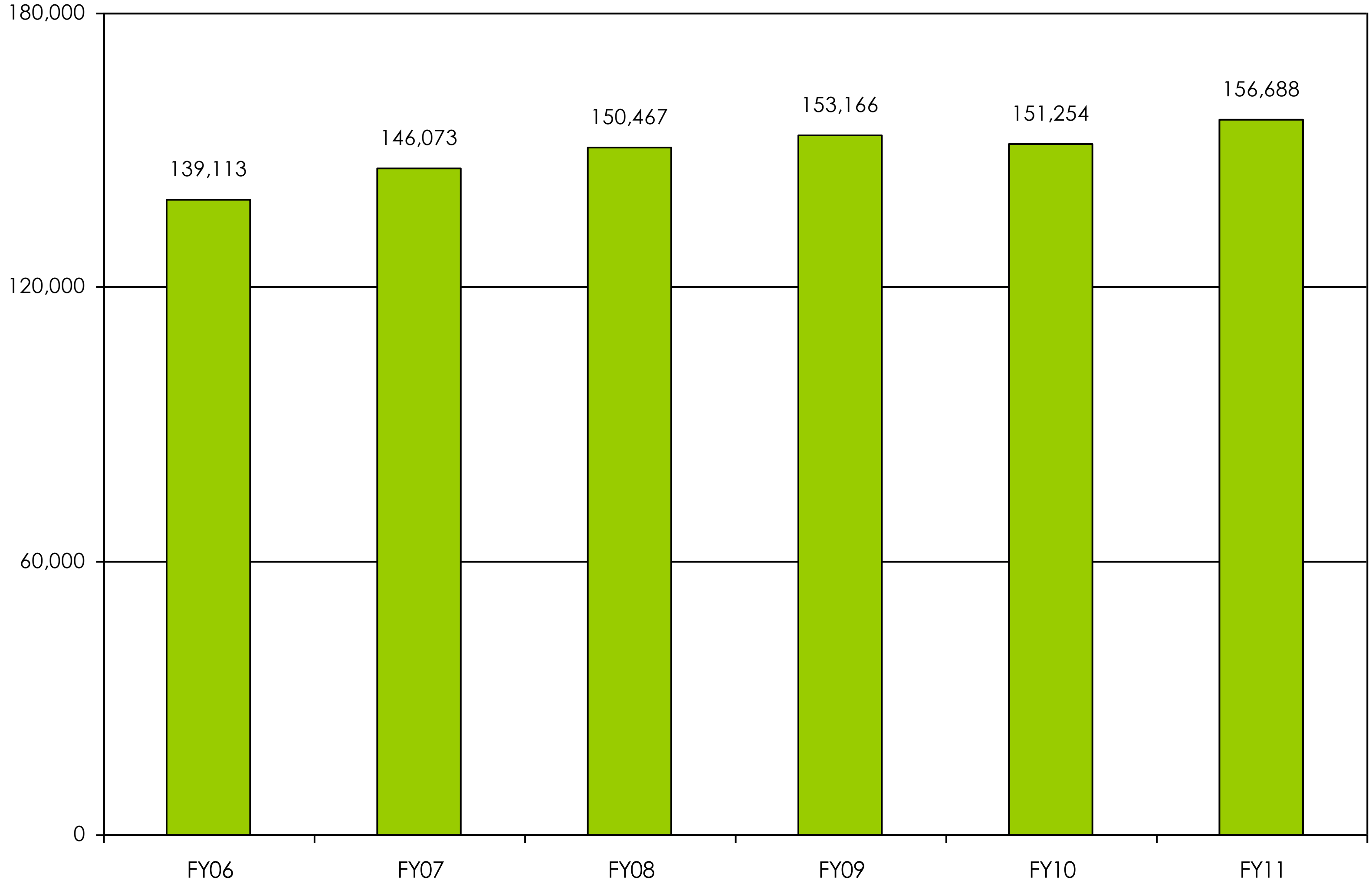
“Sustaining an audience is hard. It demands a consistency of thought, of purpose, and of action over a long period of time.”

Bruce Springsteen

Subscription and Ticket Buying Trends

Total Buyer Households

Total audience is growing - buyer households are up 13% since FY06.

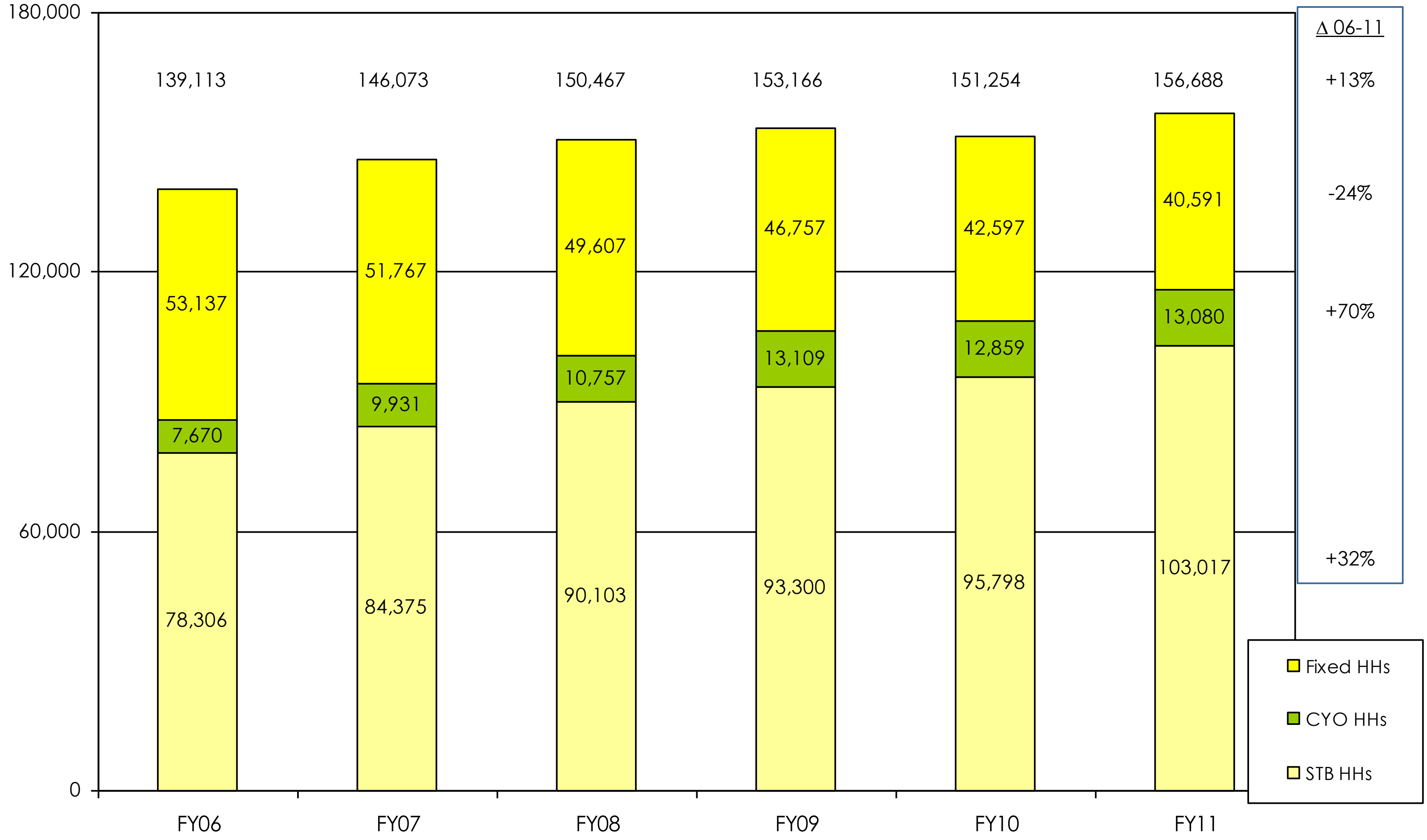


Total HHs +7% with NYP excluded

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Total Buyer Households by Buyer Type

Fixed Subs are on rapid decline; CYO and STB HHs are up.

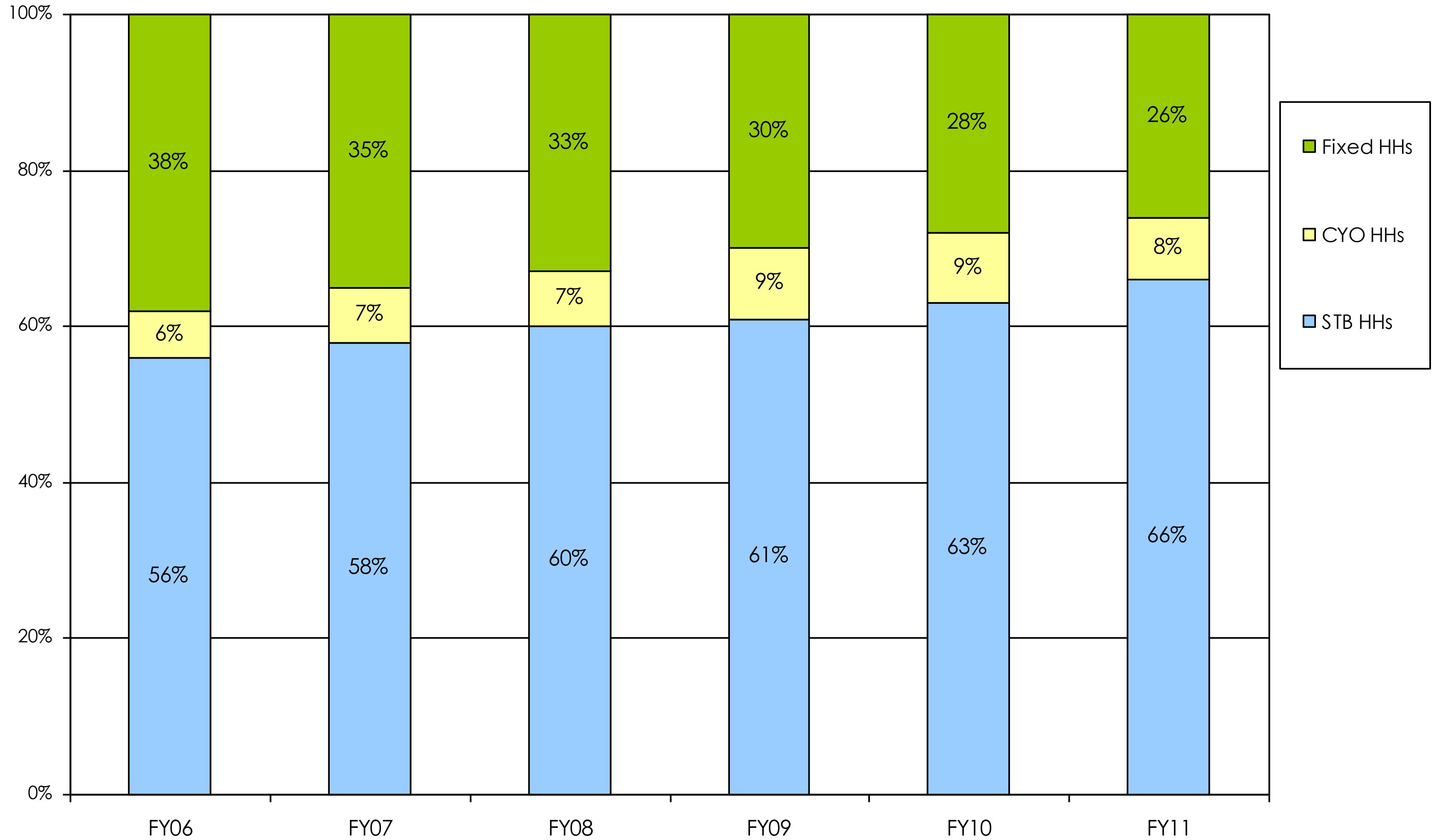


- NYP accounted for 66% of CYOs in FY06; CYO +190% with NYP excluded
- NYP STBs +55%; STBs +22% with NYP excluded

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Distribution of Total Buyer HHs

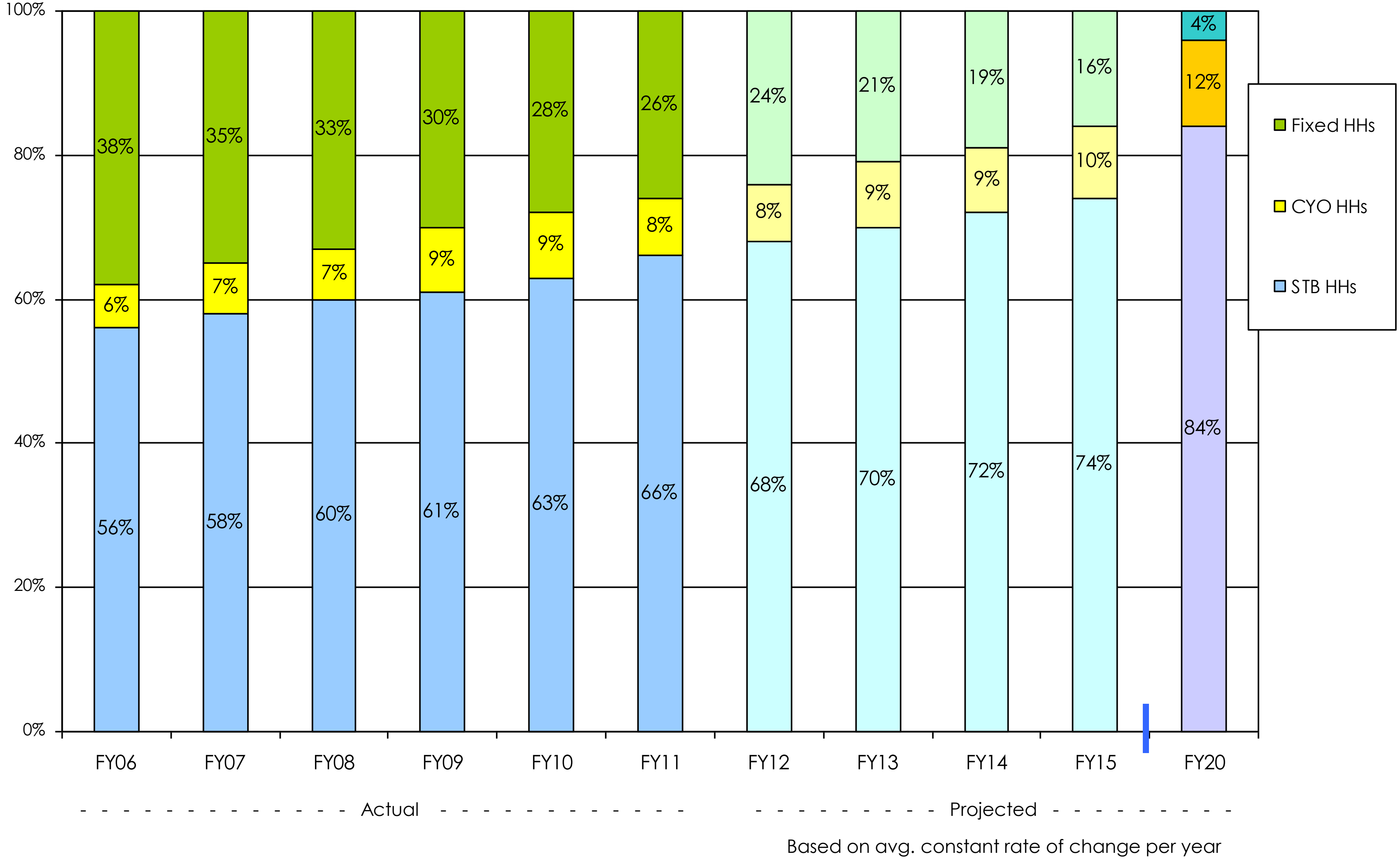
Fixed Subs are 26% of all Buyer HHs, down from 38% in just five years.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Status Quo Projection of Buyer HHs

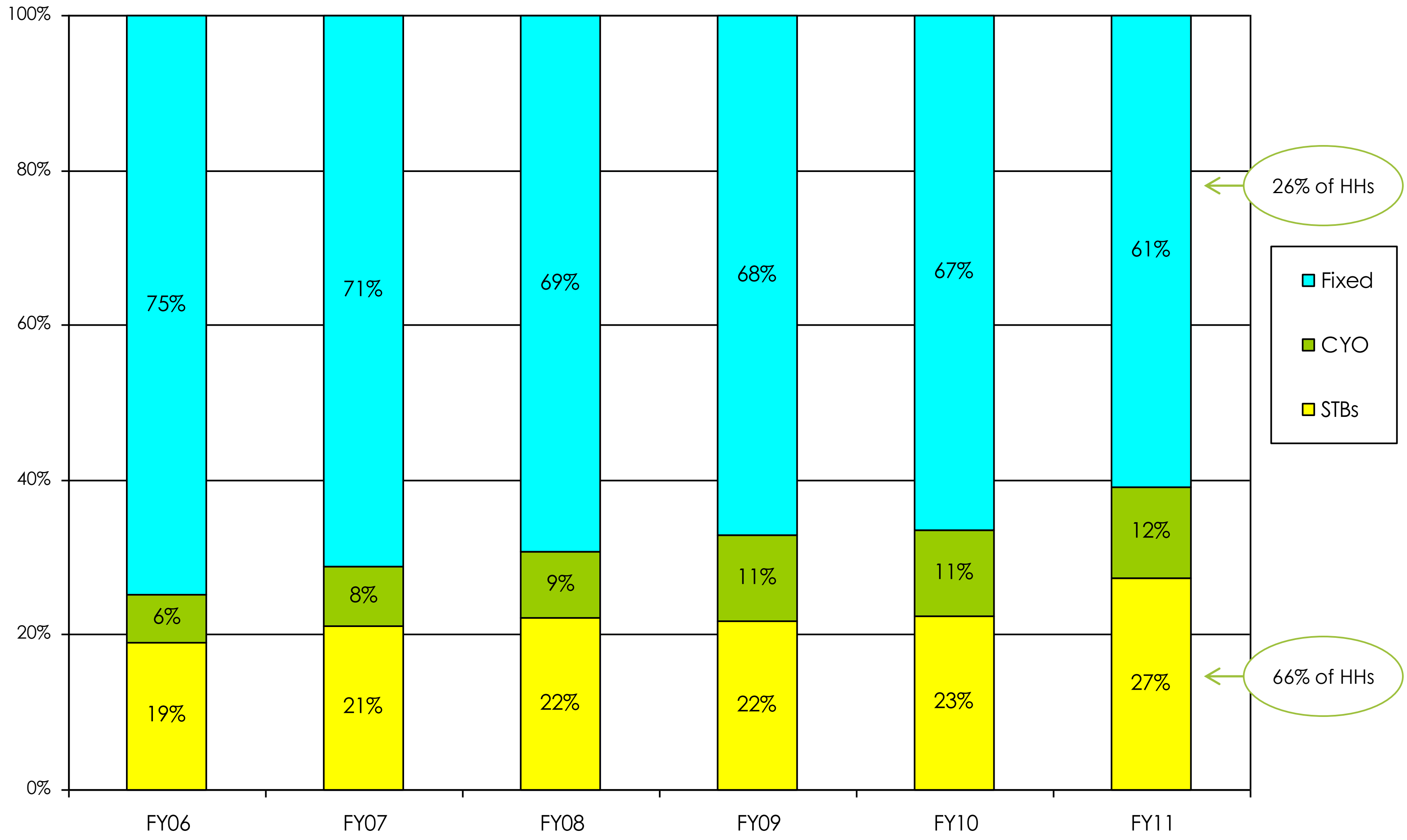
At FY06-11 rate of change, Fixed Subs could represent a fraction of all buyer households by 2020.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Total Ticket Revenue Sourced by Buyer Type

Fixed Subs continue to account for the bulk of ticket revenue, but down 19% by FY11.

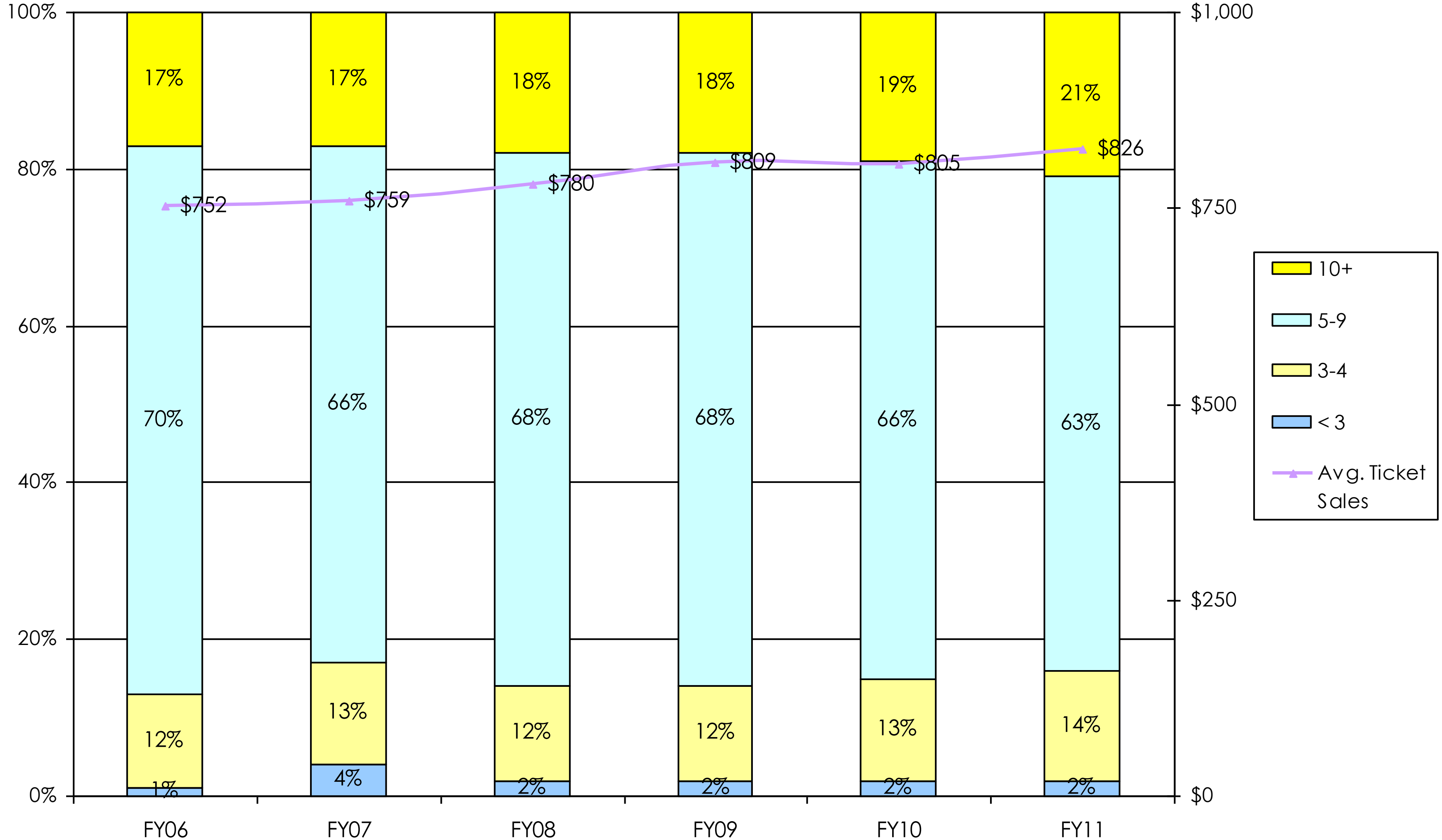


Fixed and CYO Subscriptions Data (ASO, BSO, CSO, CIN, HS, NYP, POS, PSO)

of Concerts Purchased and Average Spent/Yr

Fixed Subscribers

Core Fixed Subs maintaining high concert purchases and spending more for tickets.

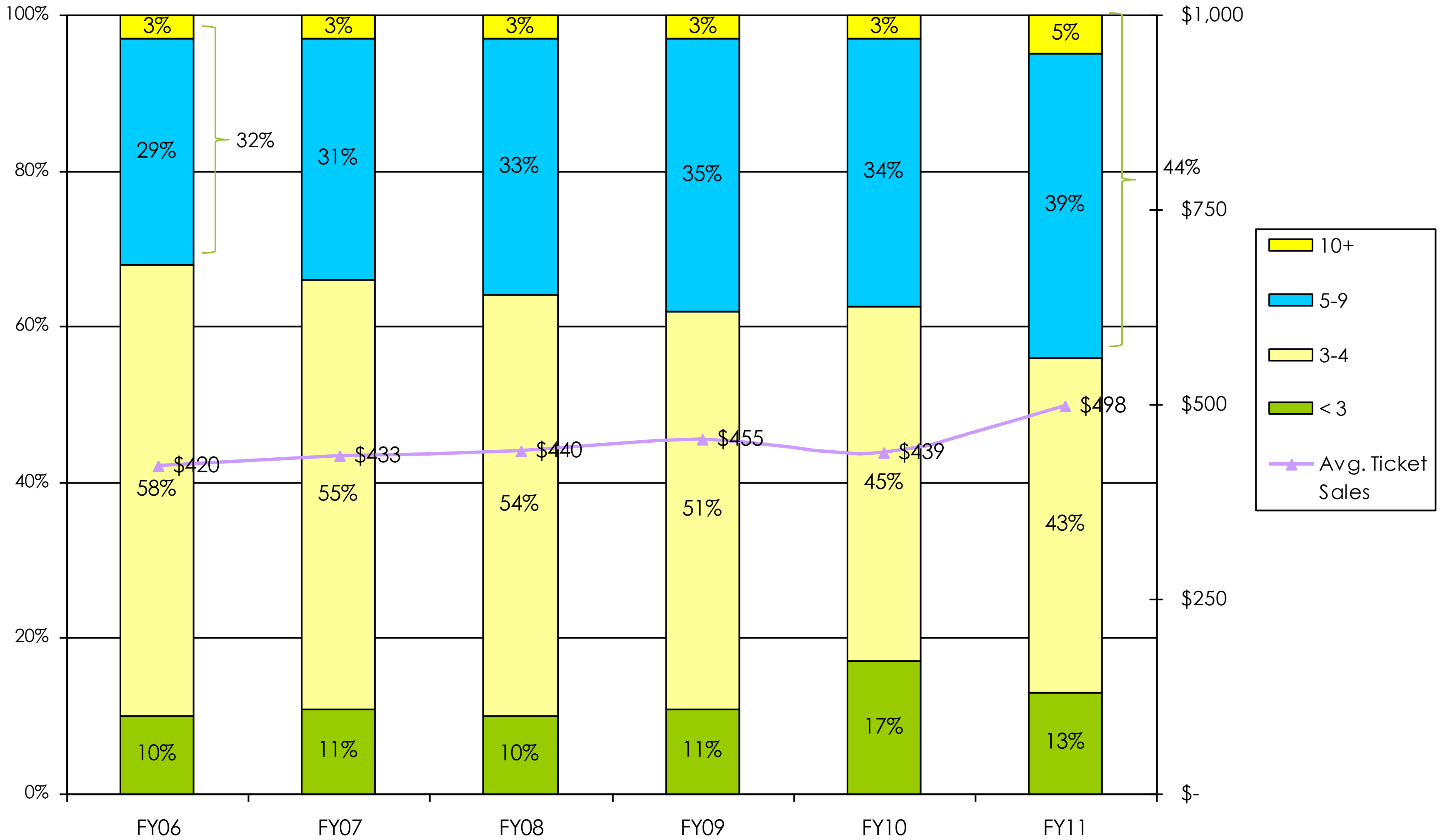


Average #:	7.7	7.6	7.8	7.8	7.9	8.0

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

of Concerts Purchased and Average Spent/Yr
CYO Subscribers

Average # of concerts and spending much lower for CYOs but ticking up.

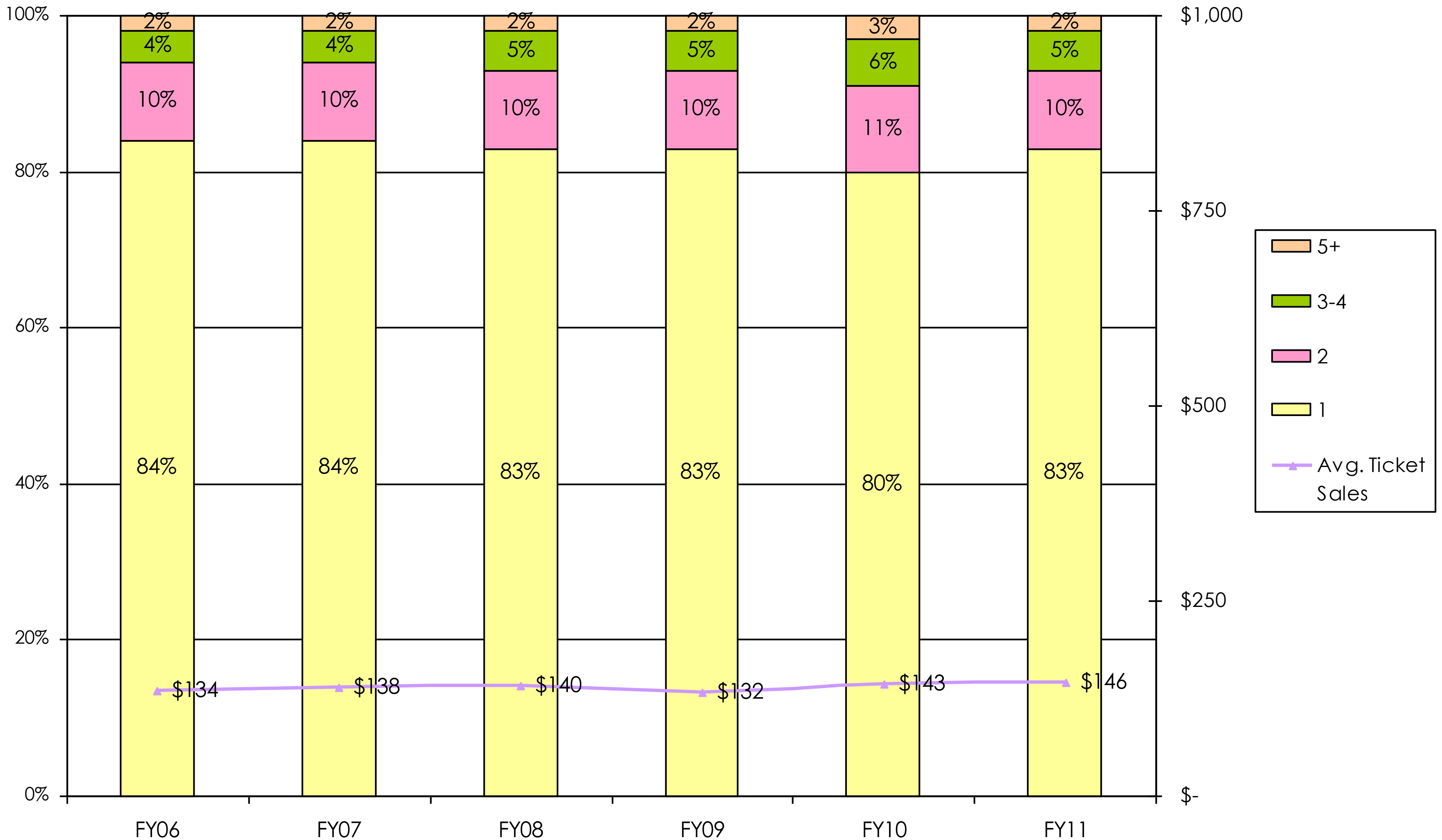


Average #:	4.6	4.7	4.8	4.8	4.7	5.1

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

of Concerts Purchased and Average Spent/Yr
Single Ticket Buyers

Vast majority of STBs purchase one concert with very low average ticket sales. Flat through FY11.

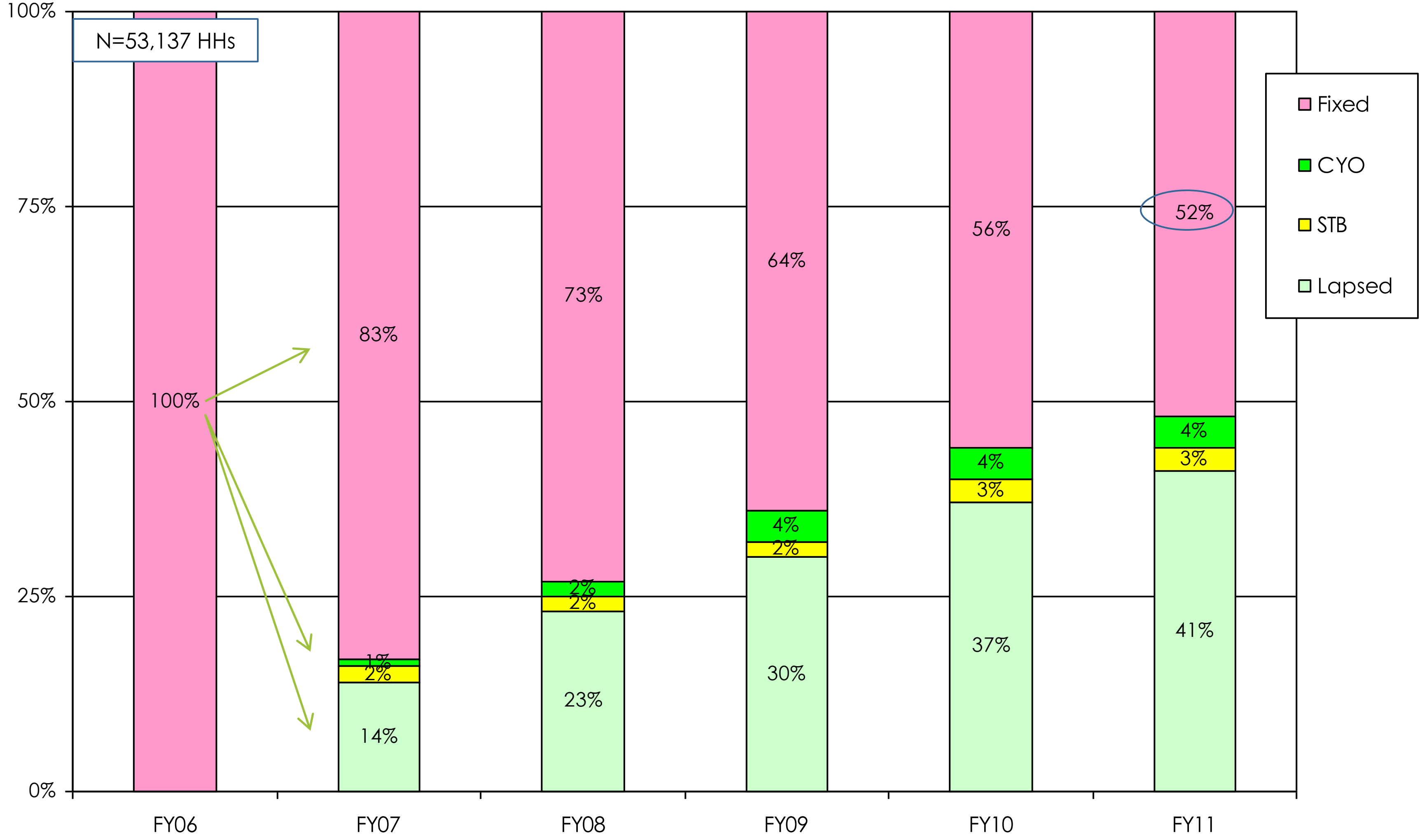


Average:	1.4	1.4	1.4	1.4	1.4	1.4

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Fixed Subscriber Migration Pattern
FY06 Fixed Subscribers

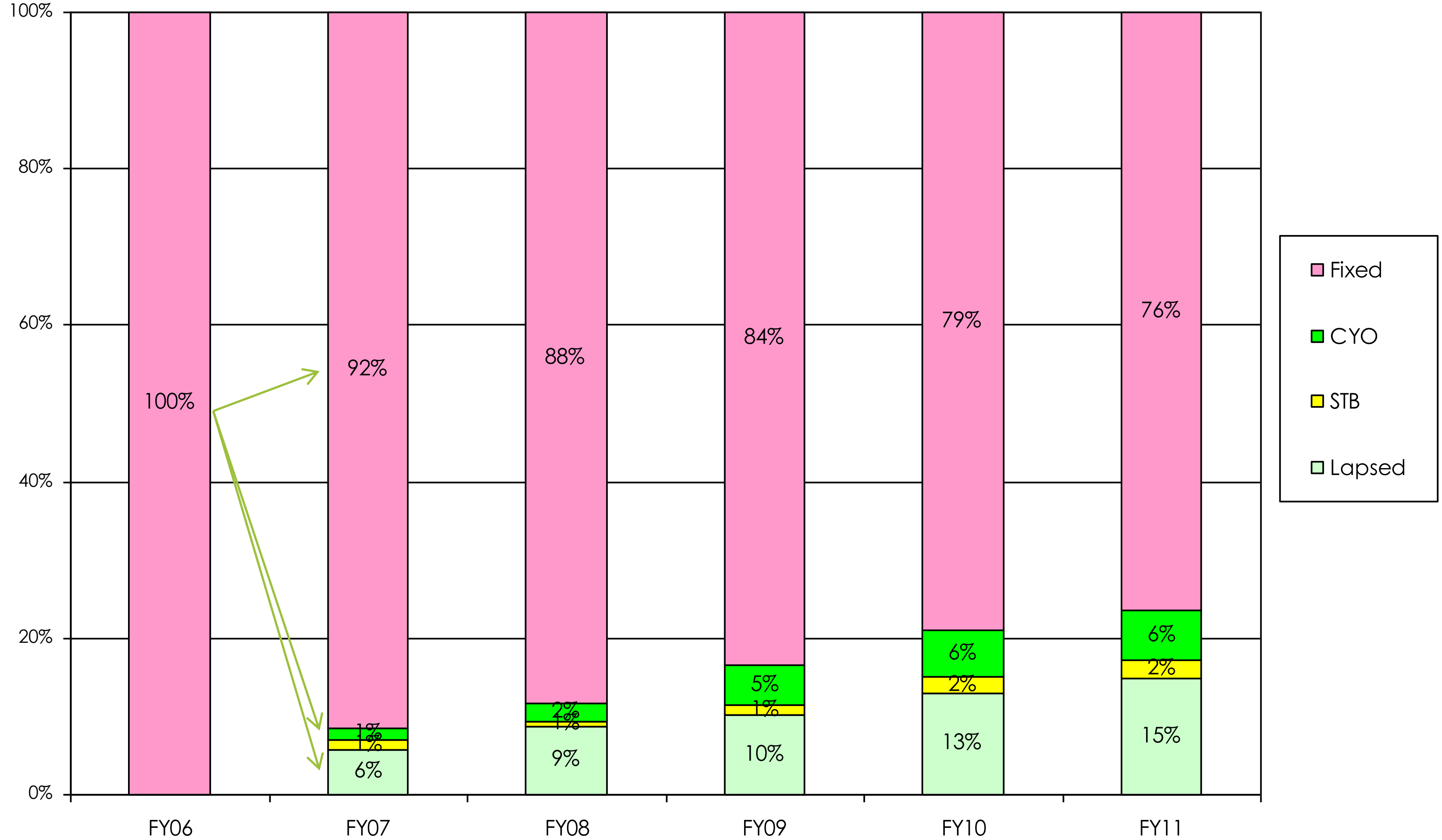
Fixed Subs much more likely to lapse than purchase CYOs or single tickets. Strong cumulative effect.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Fixed Subscriber Migration Patterns
FY06 Early Silents

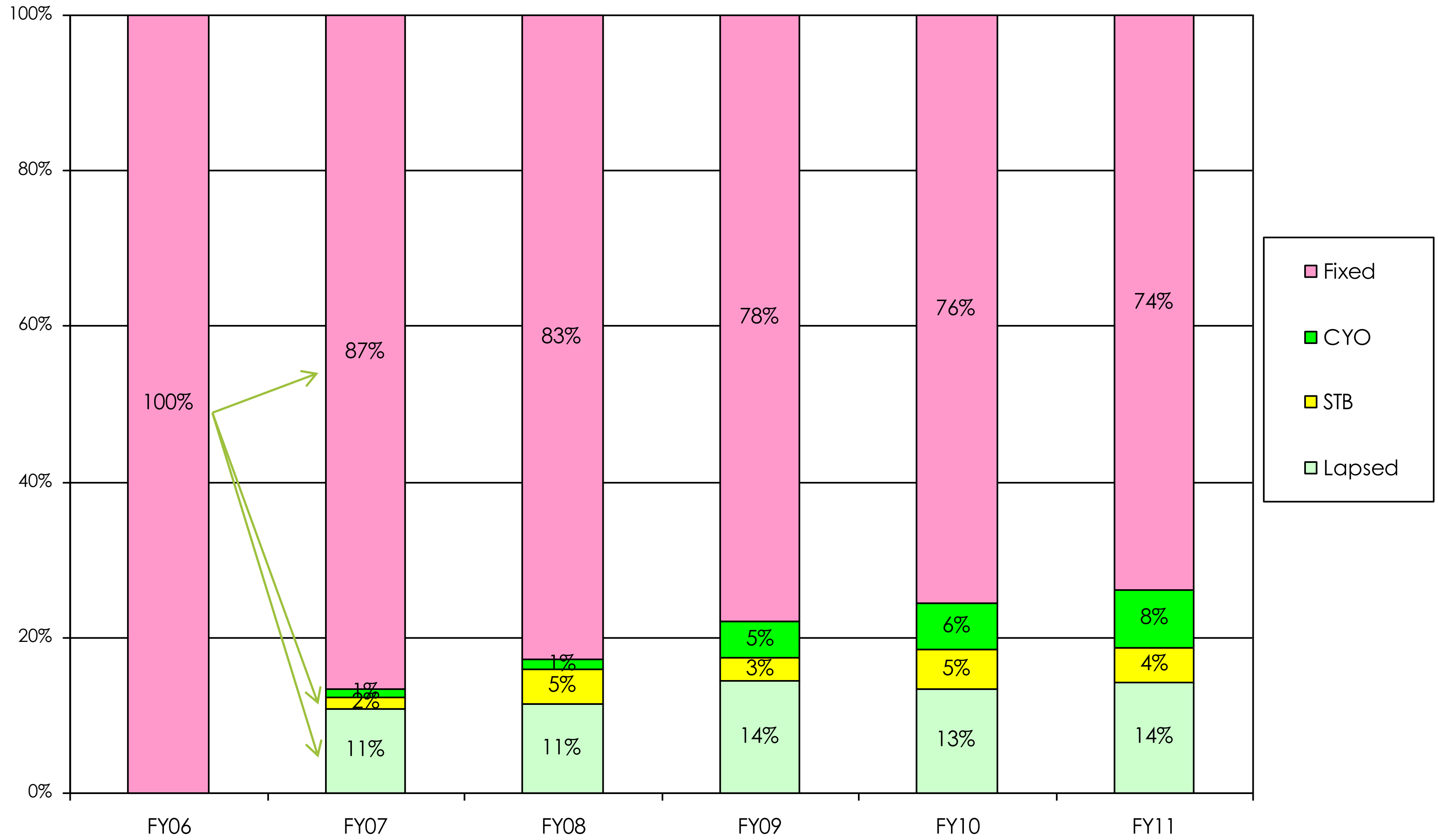
Lapsing is not necessarily age-related attrition. Early Silents have had highest retention. (but now 80+ yrs old)



N=251 FY06 Fixed Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

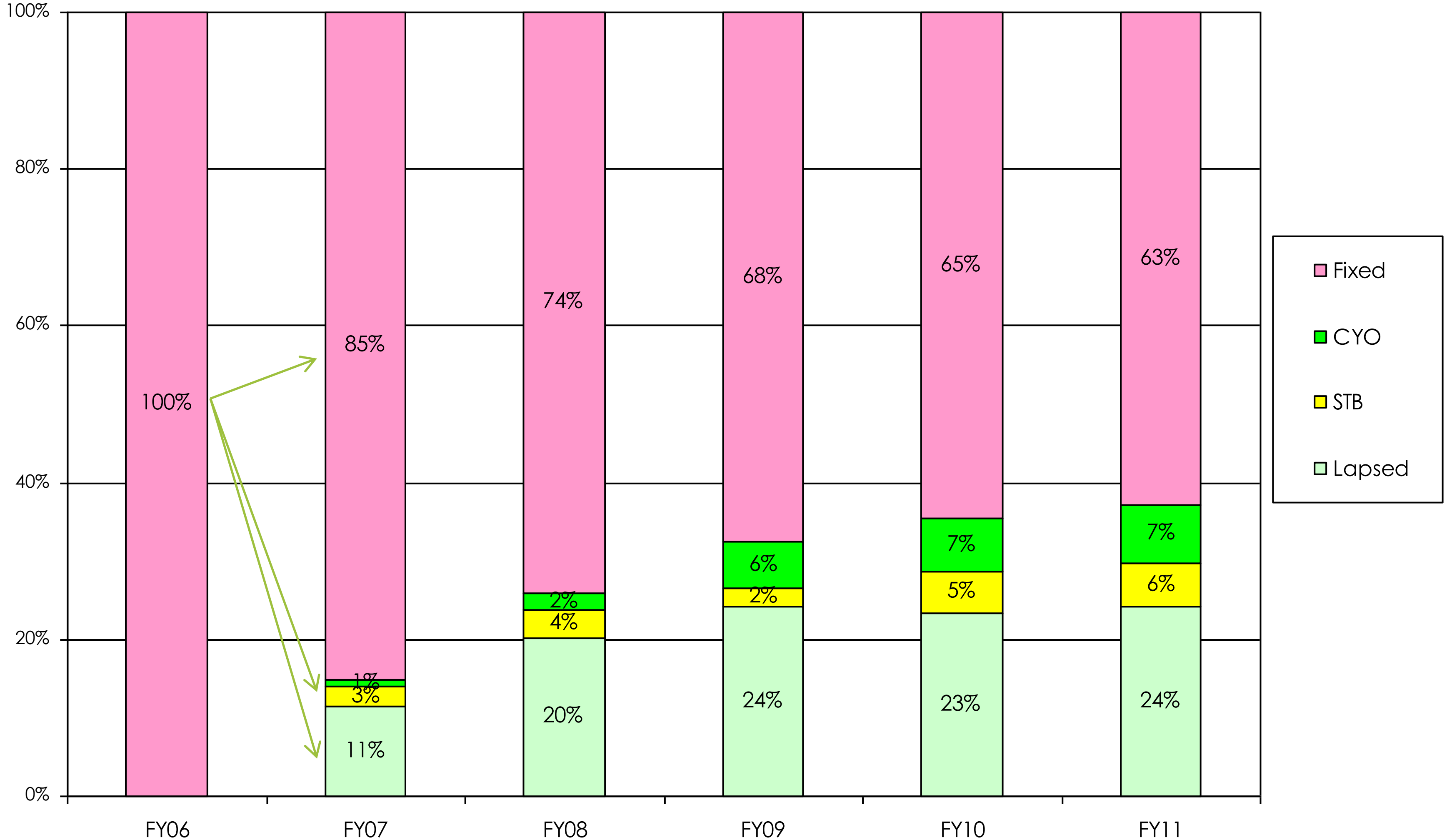
Fixed Subscriber Migration Patterns
FY06 Late Silents



N=455 FY06 Fixed Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

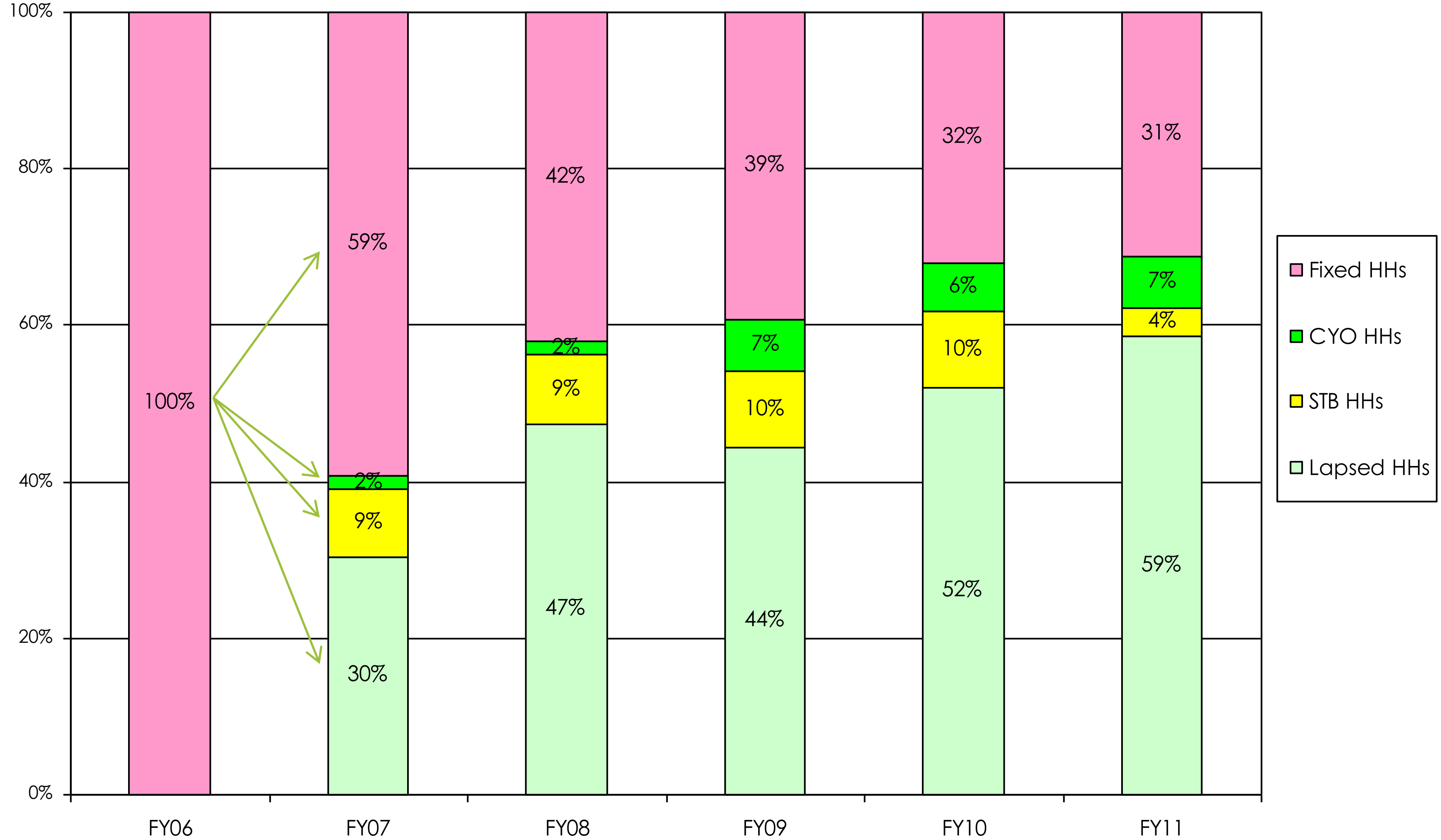
Fixed Subscriber Migration Patterns
FY06 Baby Boomers



N=532 FY06 Fixed Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Fixed Subscriber Migration Patterns
FY06 Gen Xers

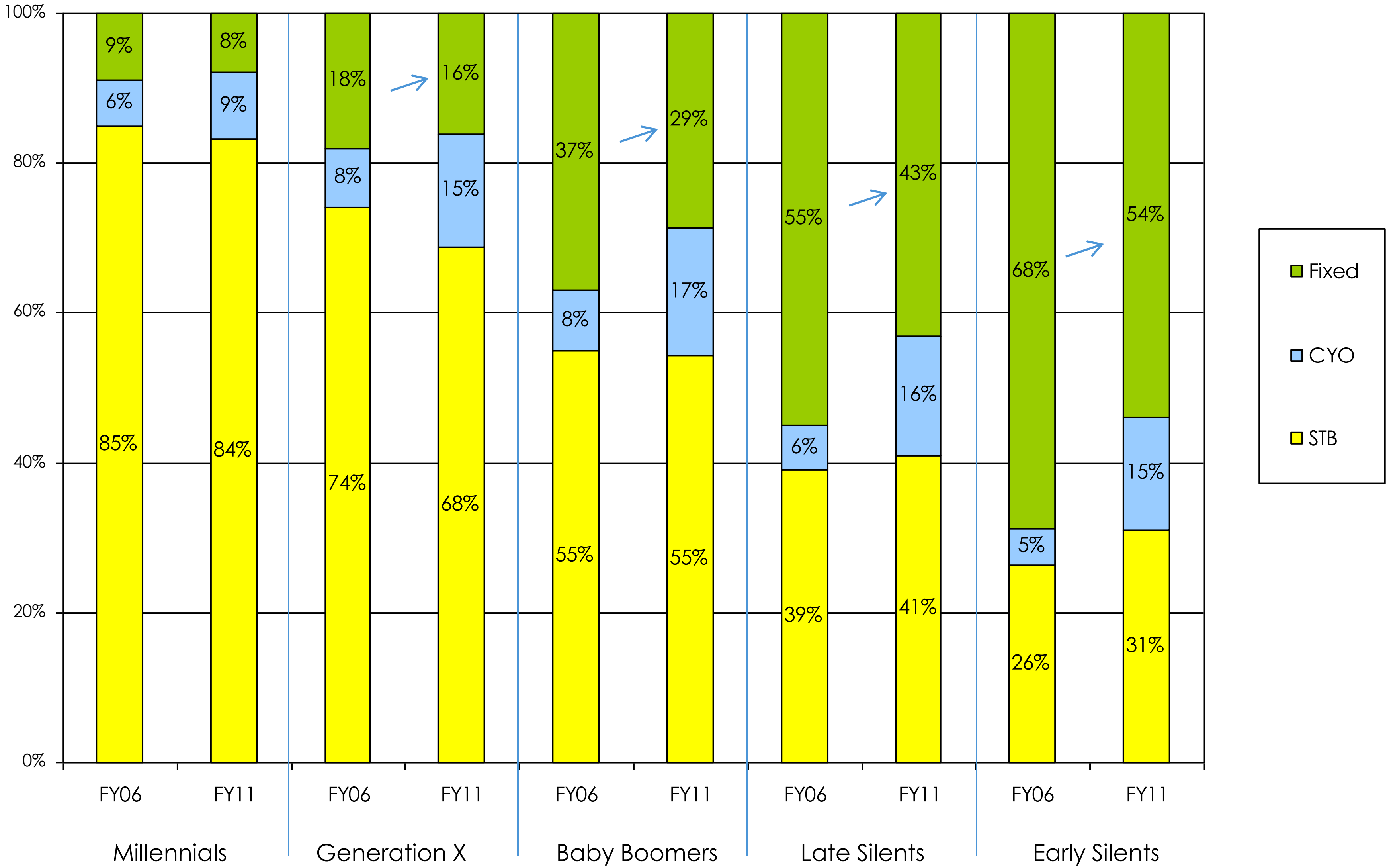


N=51 FY06 Fixed Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Buyer HHs FY06 vs. FY11
By Generational Cohort

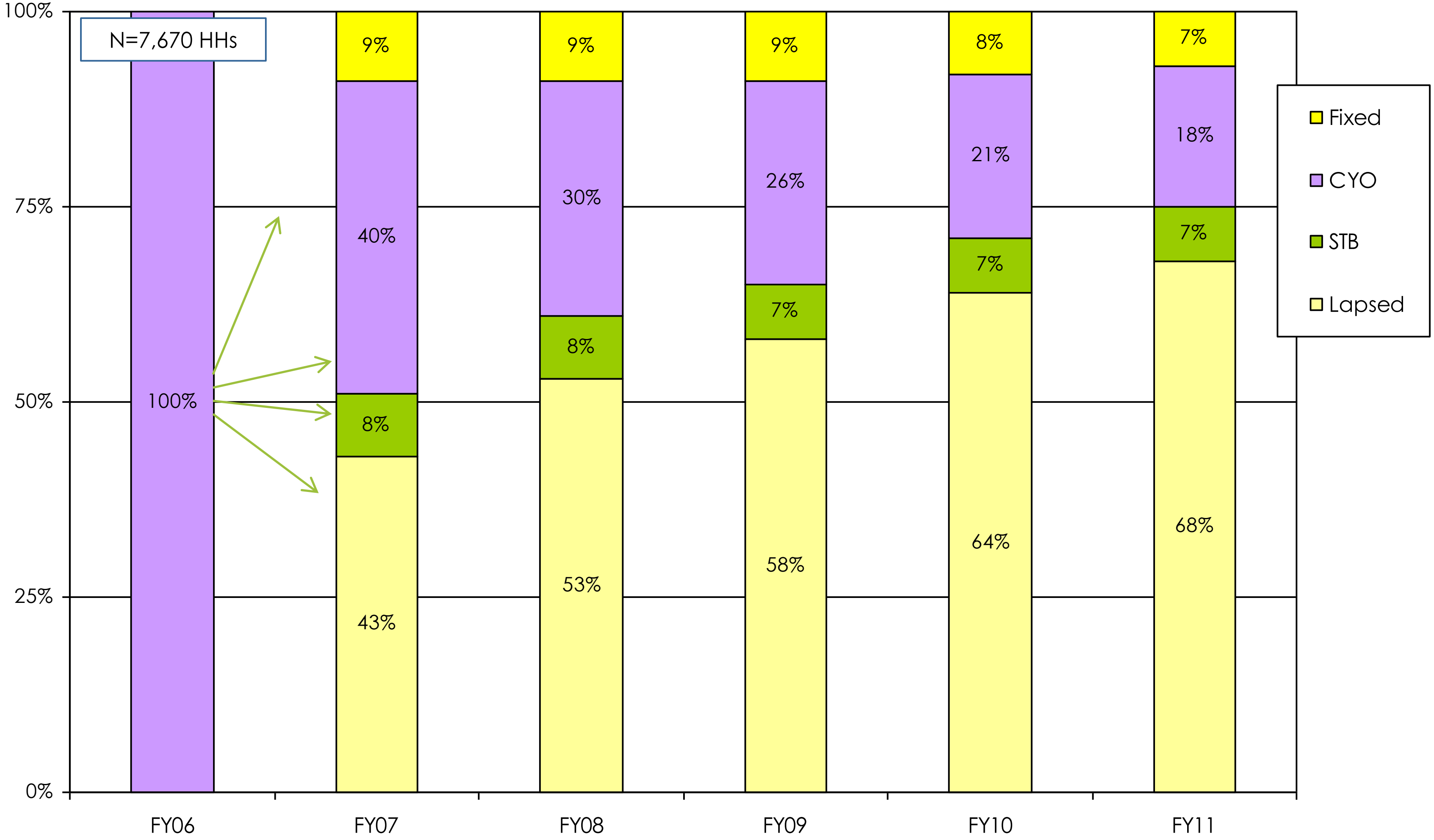
Fixed Subs are declining portion of HHs across all generations. CYO is growing.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

CYO Subscriber Migration Pattern
FY06 CYO Subscribers

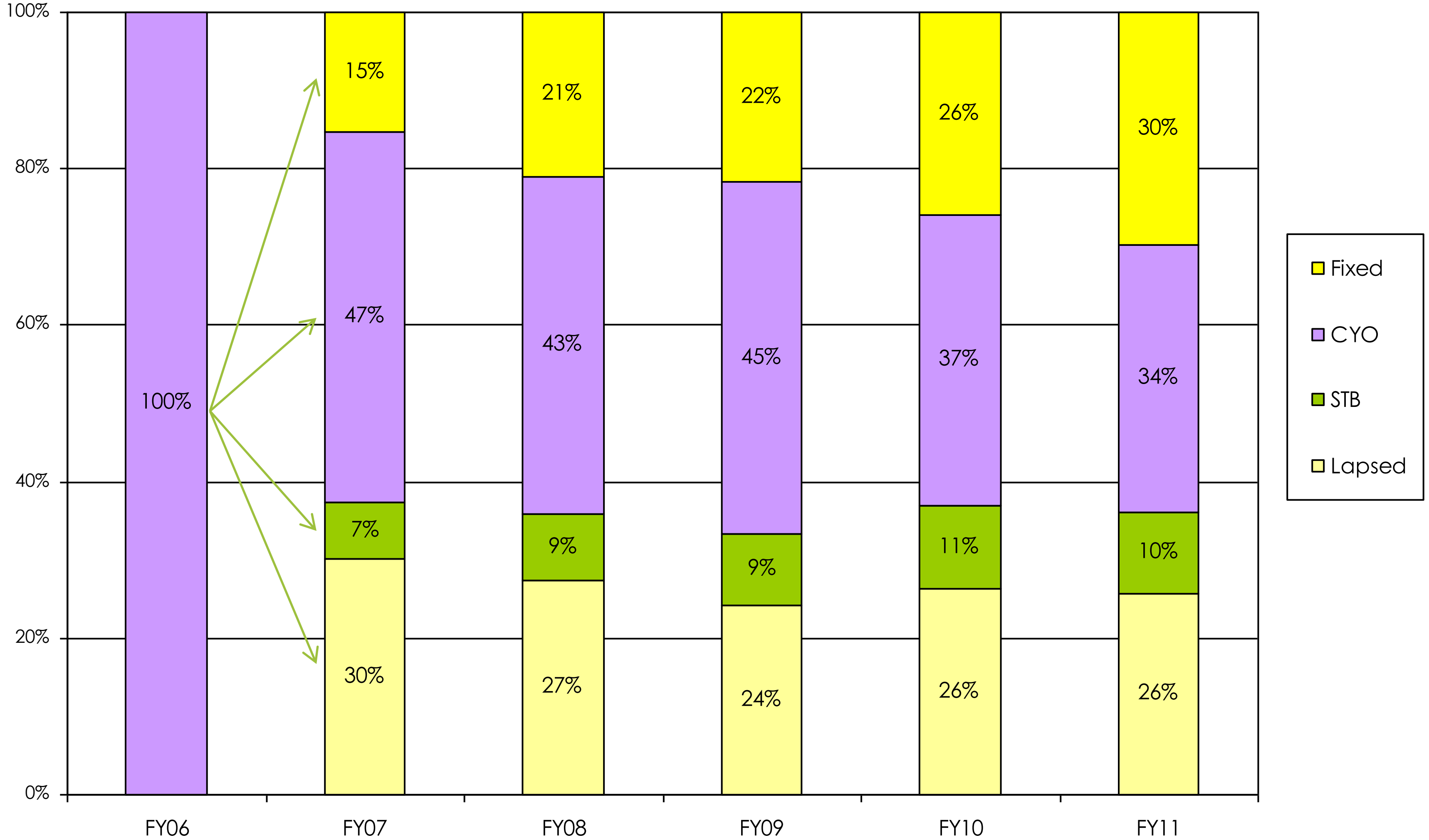
CYO Subs lapse at higher rates than Fixed Subs.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

CYO Subscriber Migration Patterns
FY06 Silents

CYO to Fixed upgrading among Silents.

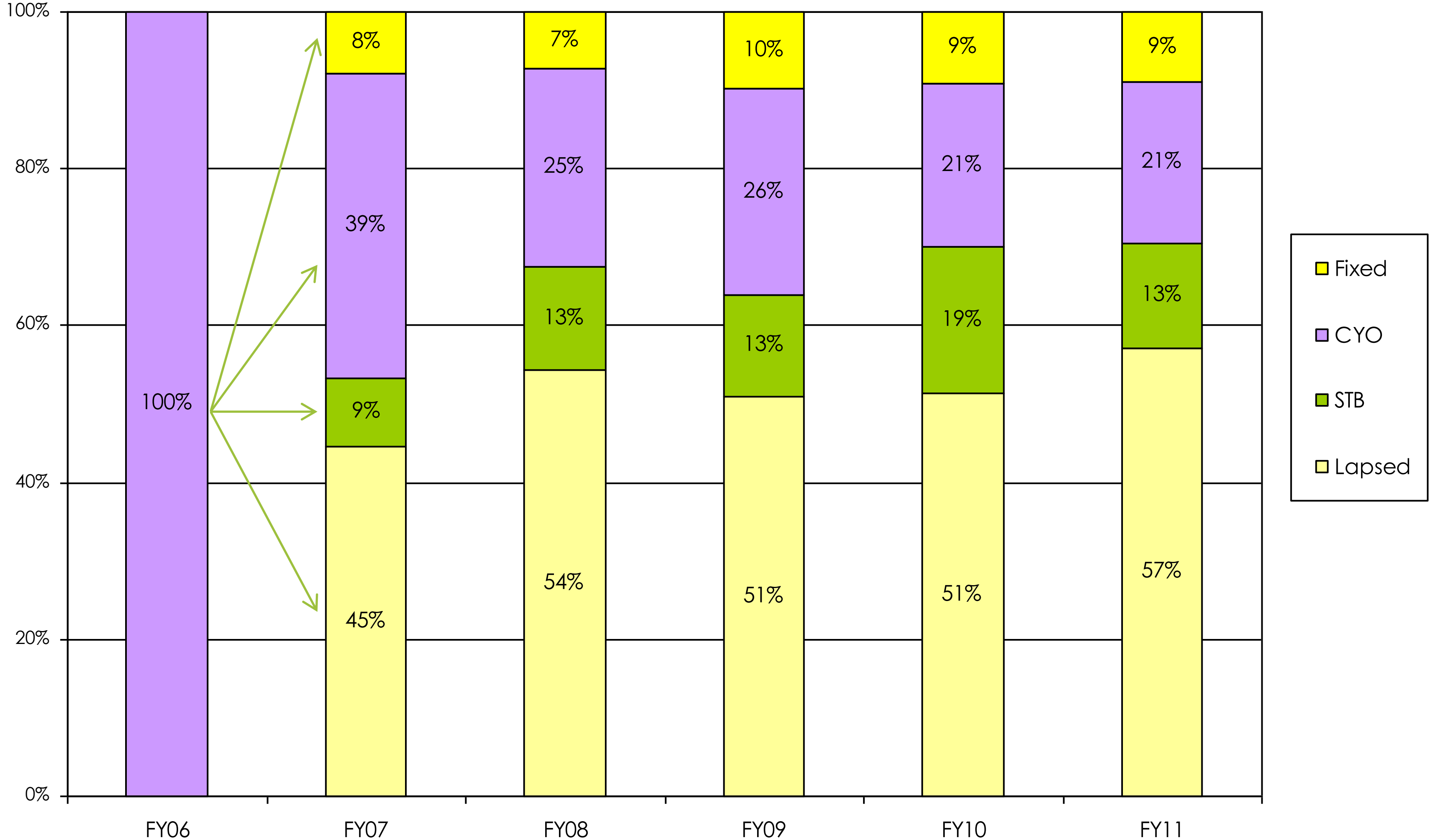


N=67 FY06 CYO Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

CYO Subscriber Migration Patterns
FY06 Baby Boomers

Same pattern of higher lapsing among younger cohorts.



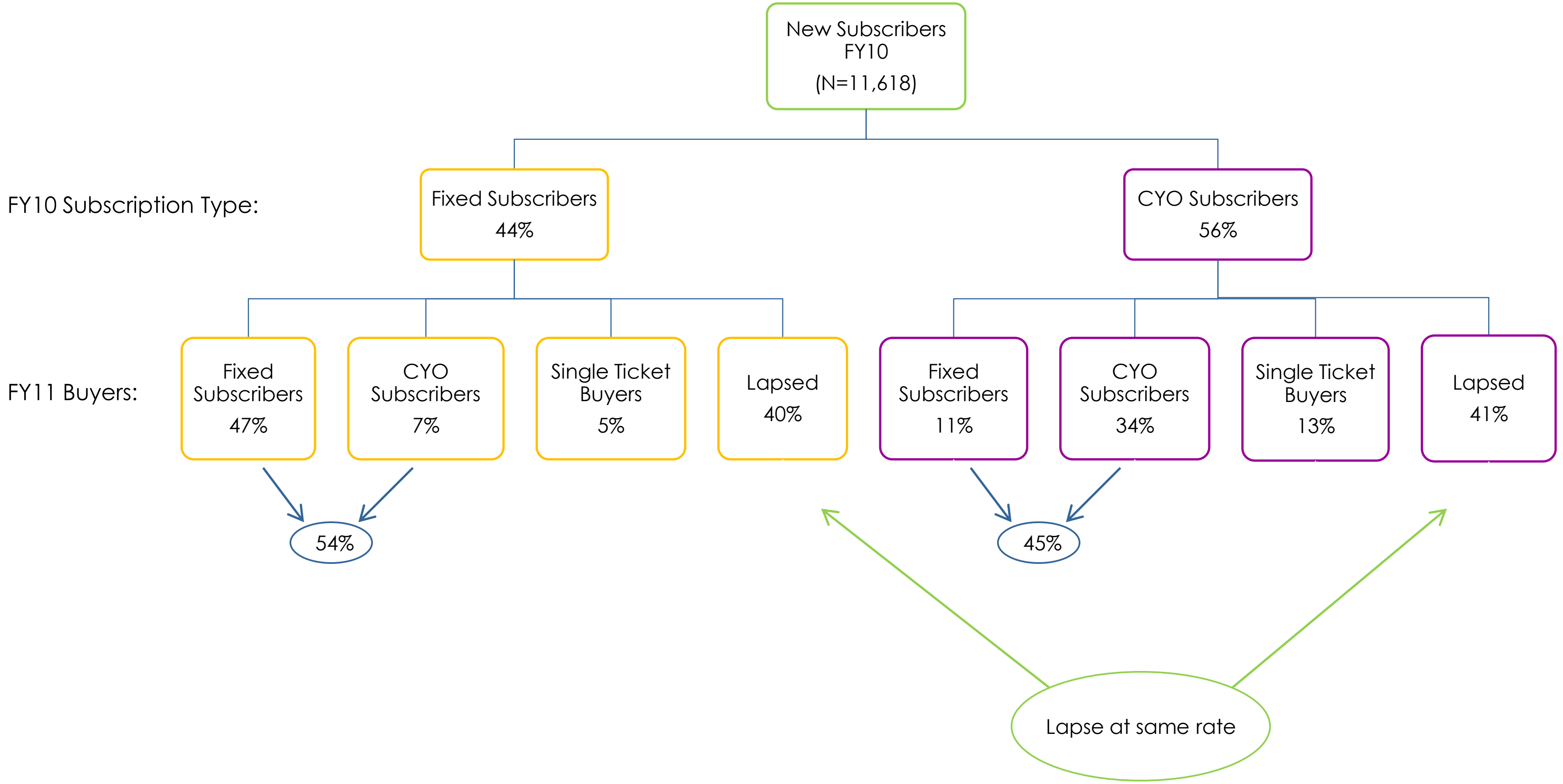
N=111 FY06 CYO Subs

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

New Subscriber Migration Patterns FY10 to FY11

FY10 New Subscribers

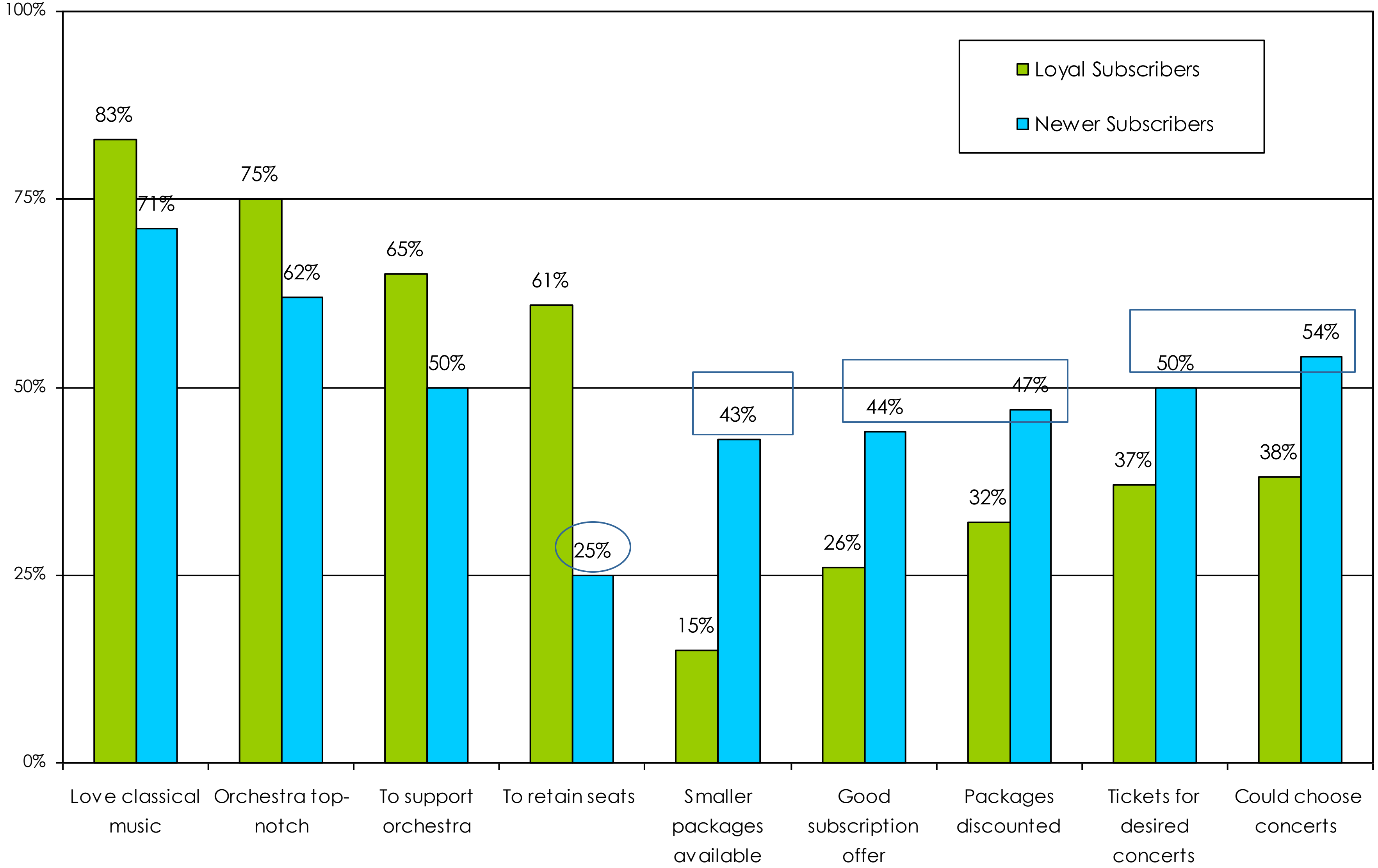
Higher retention among Fixed Subs primarily due to tenure. New Fixed and CYO Subs lapse at similar rates.



Fixed and CYO Subscriptions Data (ASO, BSO, CSO, CIN, HSO, NYP, POS, PSO)

Primary Reasons for Purchasing a Subscription

Newer Subs more program/discount driven than tenured subs; seat retention is far less motivating.

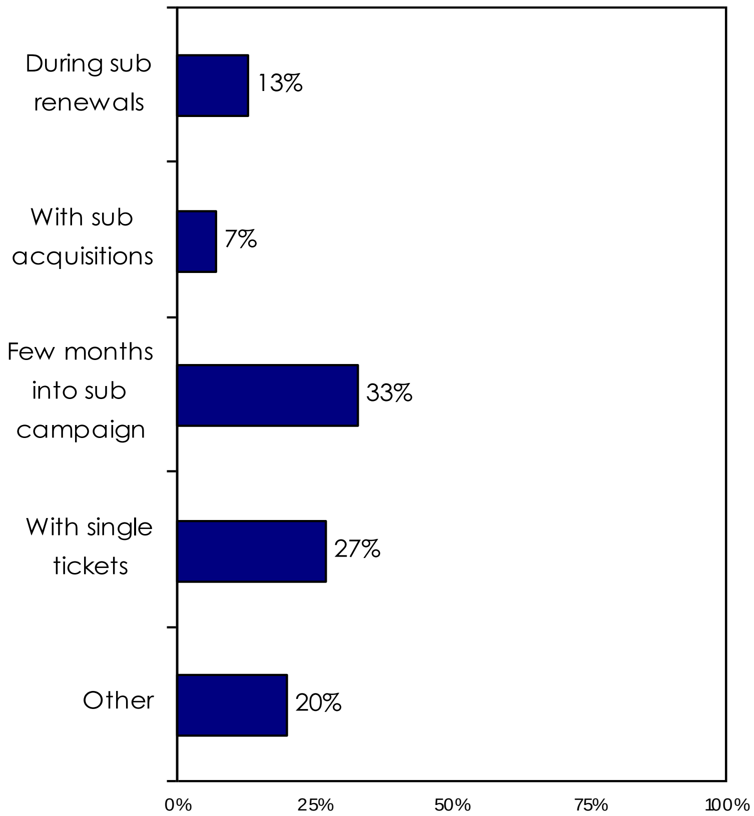


PGI Survey respondents

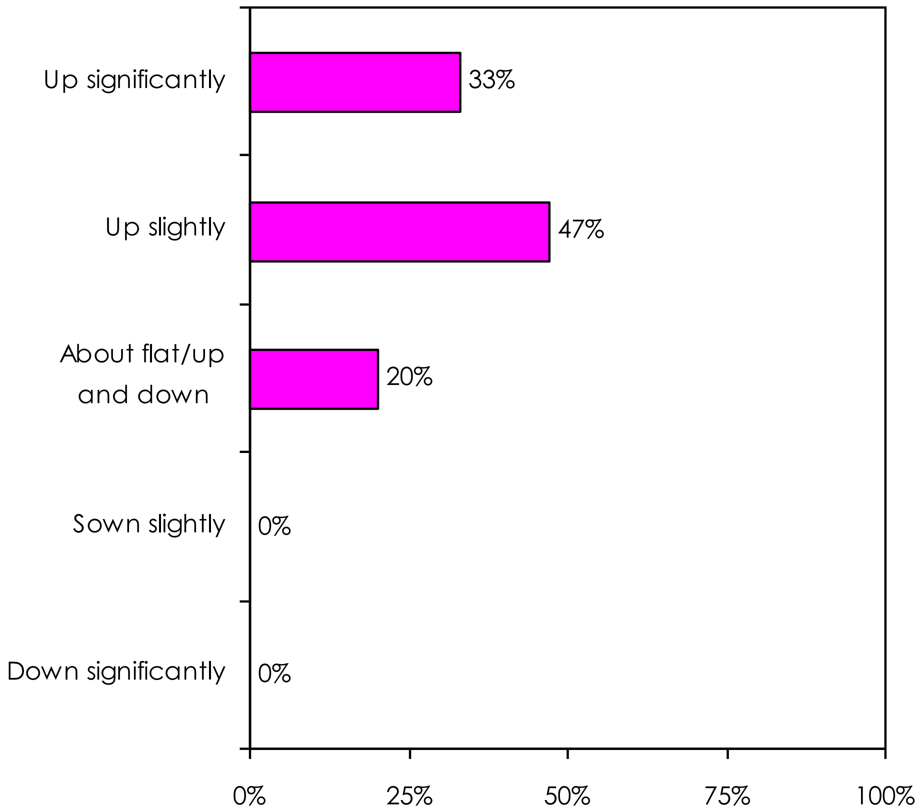
CYO Subscriptions

Virtually all reported offering CYOs. Most market CYOs 'openly and aggressively' (71% top-2 box).

CYO Offer Timing



CYO Sales Trends Over Last Five Years



Group 1-2 Marketing Directors Survey, May 2014

Trend towards offering earlier than in the past

Typical discount same or lower than fixed subs (evenly split)

Differing approaches to CYOs:

“What we’ve seen with subs is that fixed aren’t going away any time soon. We have a good base with a very slow rate of attrition.” (lower discounts, no free ticket exchange, aggressive upgrading to fixed)

“We don’t want people shifting to smaller packages.”

“Our philosophy on CYOs is that if a patron is more satisfied with their concert experiences they’re more likely to come back.” (offer early on with same discount as fixed)

“I think it should be much earlier so we don’t lose people.”

Compose your own series!

Choose from more than 50 concerts at 6 venues.

Compose Your Own Series and save!

Buy any 3 or more concerts for as little as $19 each!
Hear the concerts you want to hear, where you want to hear them.

You're in for a magical season of music—*as you like it*! Curate your own season of concerts, with treasured favorites and delightful discoveries performed with virtuosity and passion by an international roster of gifted artists and conductors and the superb players of the New Jersey Symphony Orchestra. With 59 performance dates in six marvelous venues, you're sure to find the music you love!

Want some suggestions?

Here are 5 packages we love:

- 1. Orchestral Blockbusters
- 2. Marvelous Mozart
- 3. Concerts Featuring String Soloists
- 4. Beethoven & Brahms
- 5. Piano Powerhouses

HOW TO BUY

Review the package suggestions above or browse through the full list of 2014–15 season events below and choose any three or more concerts. **Then, click here to order online or, for personal assistance, call 1.800.ALLEGRO (255.3476) and press option 3 for the Ticket Office.** Special seating requests can be noted both online and by phone, but choose-your-own seat functionality is not available for Compose Your Own Series at this time.

BUY NOW

Pushing full subscriber benefits

CHOOSE YOUR FAVORITE 3+ CONCERTS AND SAVE.

About:

Choose 3 or more concerts that fit your schedule and budget and order today.

Subscriber Benefits:

- Best Seats: You'll be seated before the general public.
- Best Price: Save off regular box office prices. Plus you can continue to buy at a discount now and all season long.
- Free Ticket Exchange: Schedule conflicts are no problem for subscribers: just exchange your subscription tickets easily and quickly online or over the phone. There are no exchange fees for subscription tickets, saving you $10 per ticket exchange.
- Invitations and Access: Invitations to Q&A's with Music Director Alan Gilbert, members of the Orchestra and guest artists.

Order by July 1 for these additional benefits:

- A Free Drink at Intermission*
- Two Free Tickets to an Open Rehearsal*

*per subscription purchase

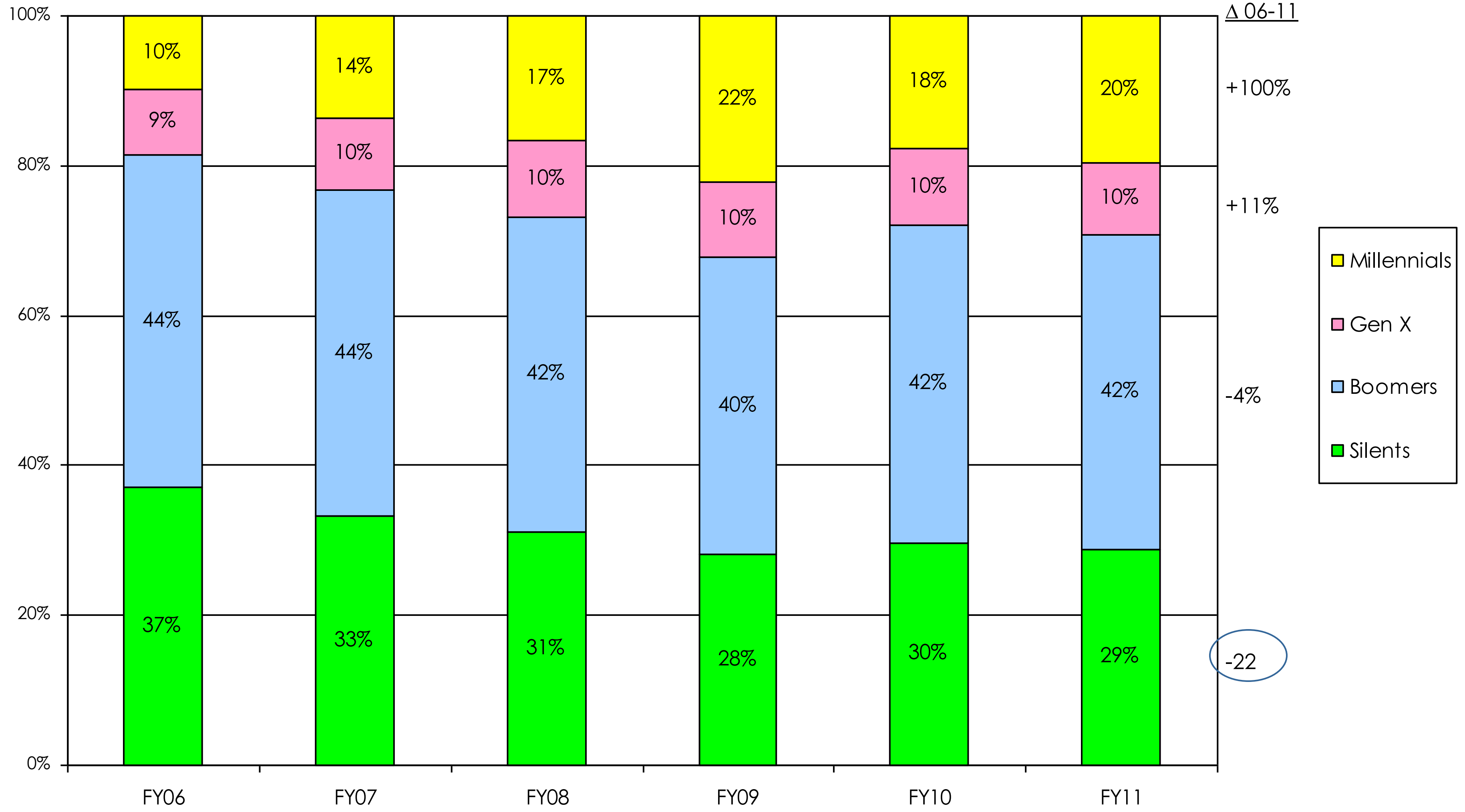
How it Works:

Look for the CYO icon next to a concert and add it to your cart. Simply follow the directions in the shopping cart and enter the promo code **CREATE3** at check out.

GET STARTED

Distribution of Total Buyer HHs
Generational Cohorts

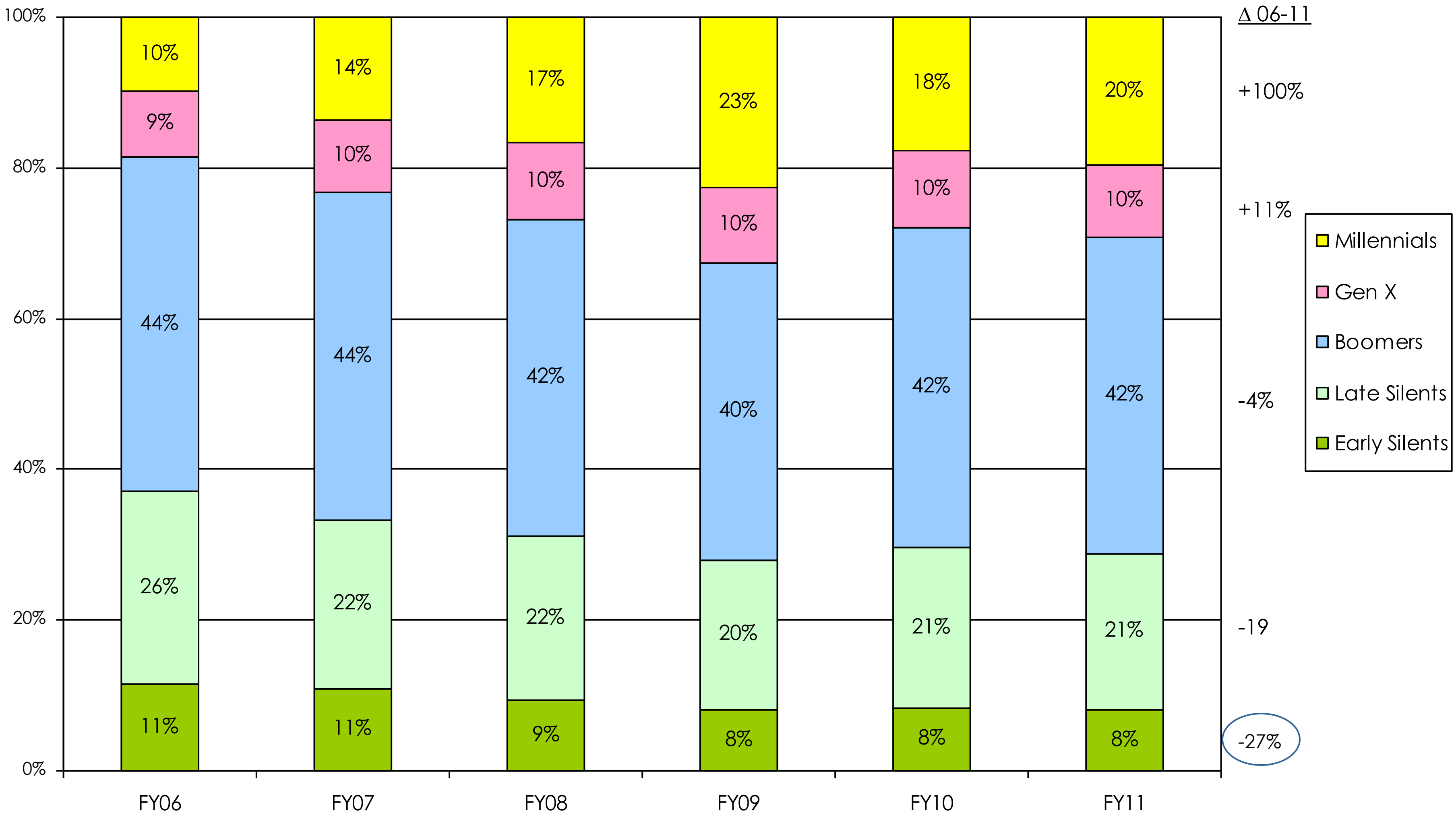
Boomers account for greatest share of HHs, Millennials showing growth. Average age dropping over time.



Mean Age: 57.5 55.4 54.0 51.5 54.0 53.4

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data N = 16,076

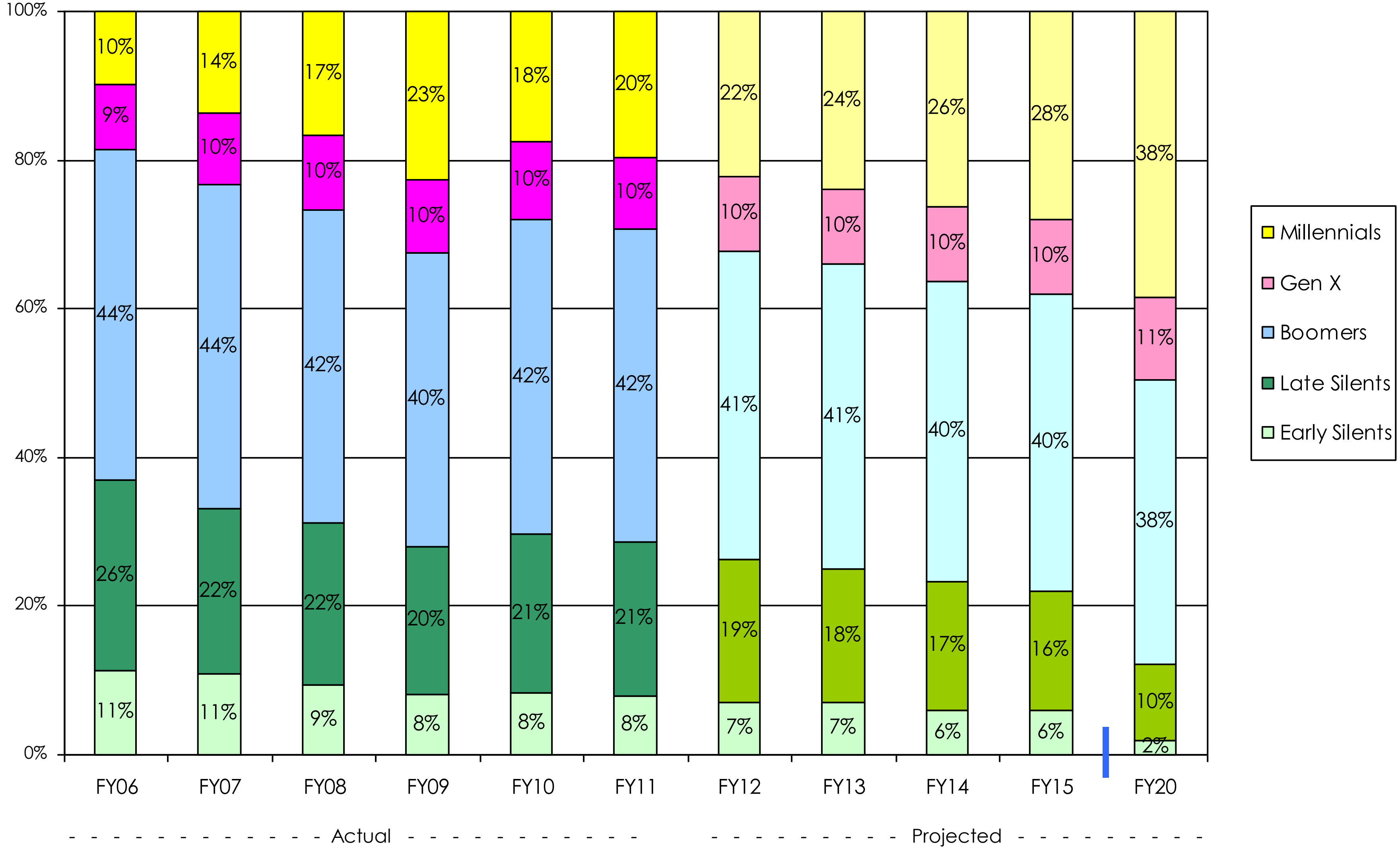
Distribution of Total Buyer HHs
Generational Cohorts



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO)

Status Quo Projection of Buyer HHs
Generational Cohorts

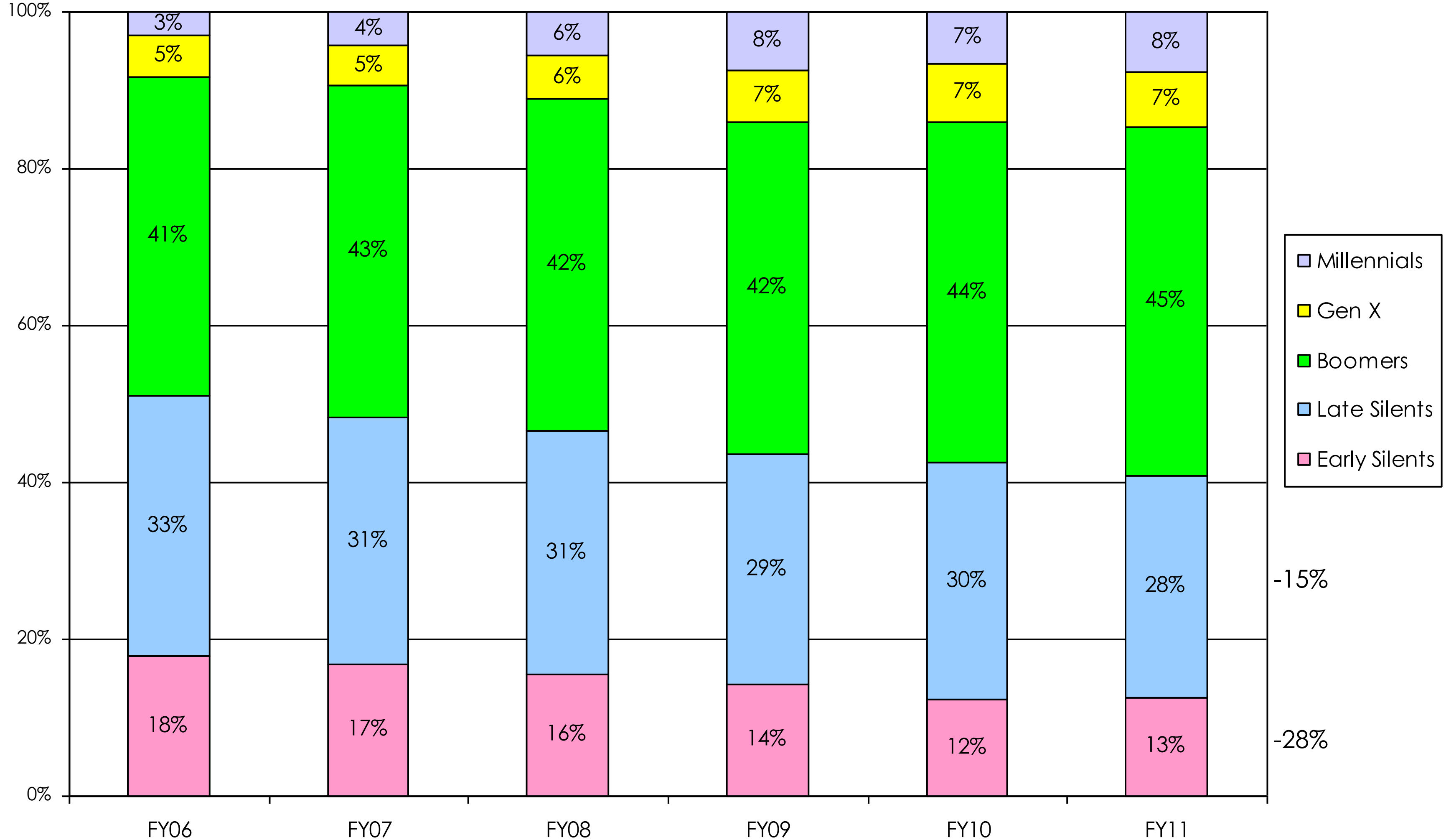
By FY2020 Millennials could make up almost one-third of buyer HHs and Early Silents just 2%.



Based on avg. constant rate of change per year

Total Ticket Revenue Sourced by Generational Cohort

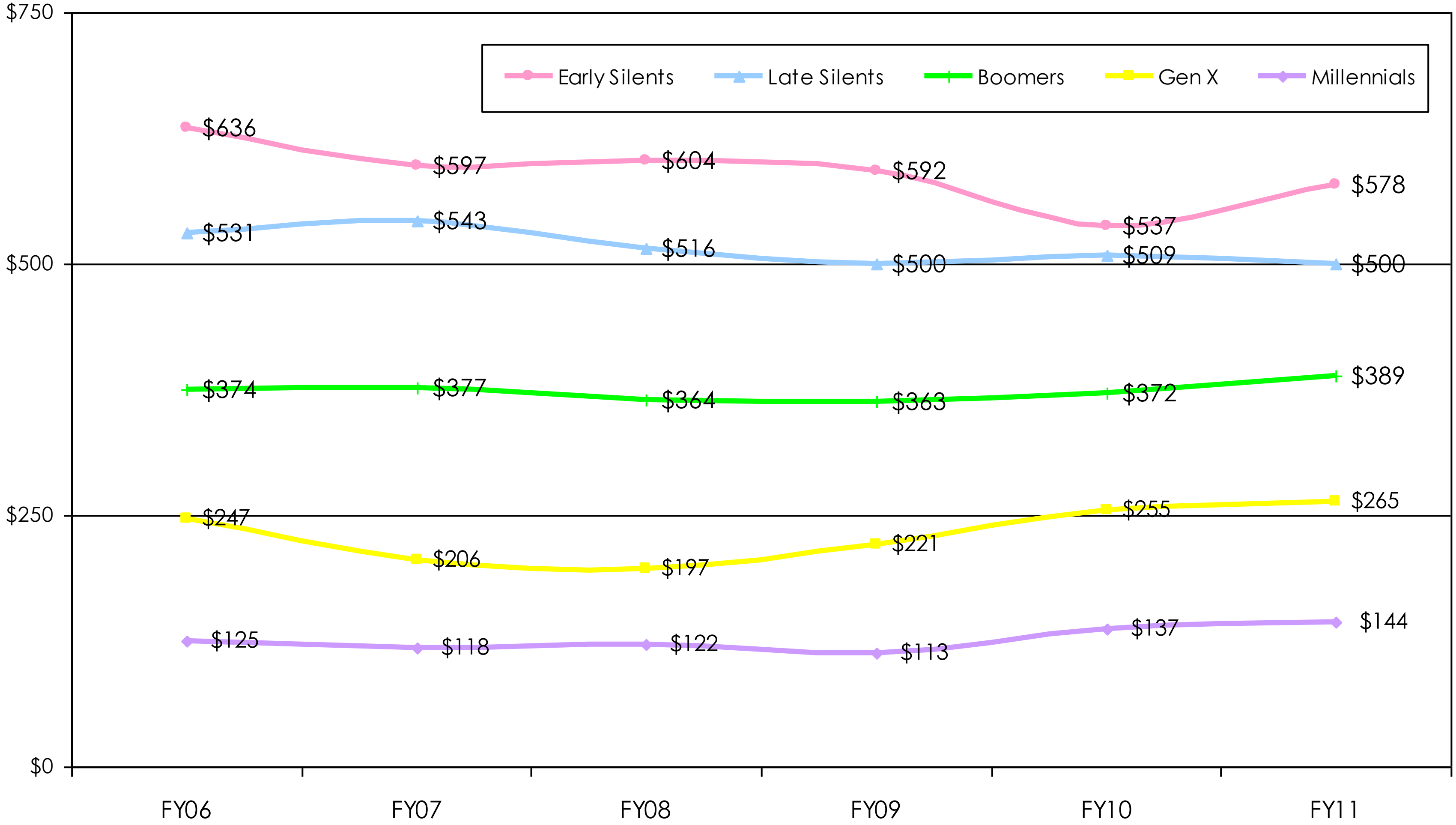
Boomers account for greatest share of ticket revenue, followed closely by Silents. Early Silents down 28% in five years.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Average Ticket Sales
Generational Cohort Buyers

Average spending highly correlated with generation. Declining rate among Early Silents; slight uptick for Gen X and Millennials.

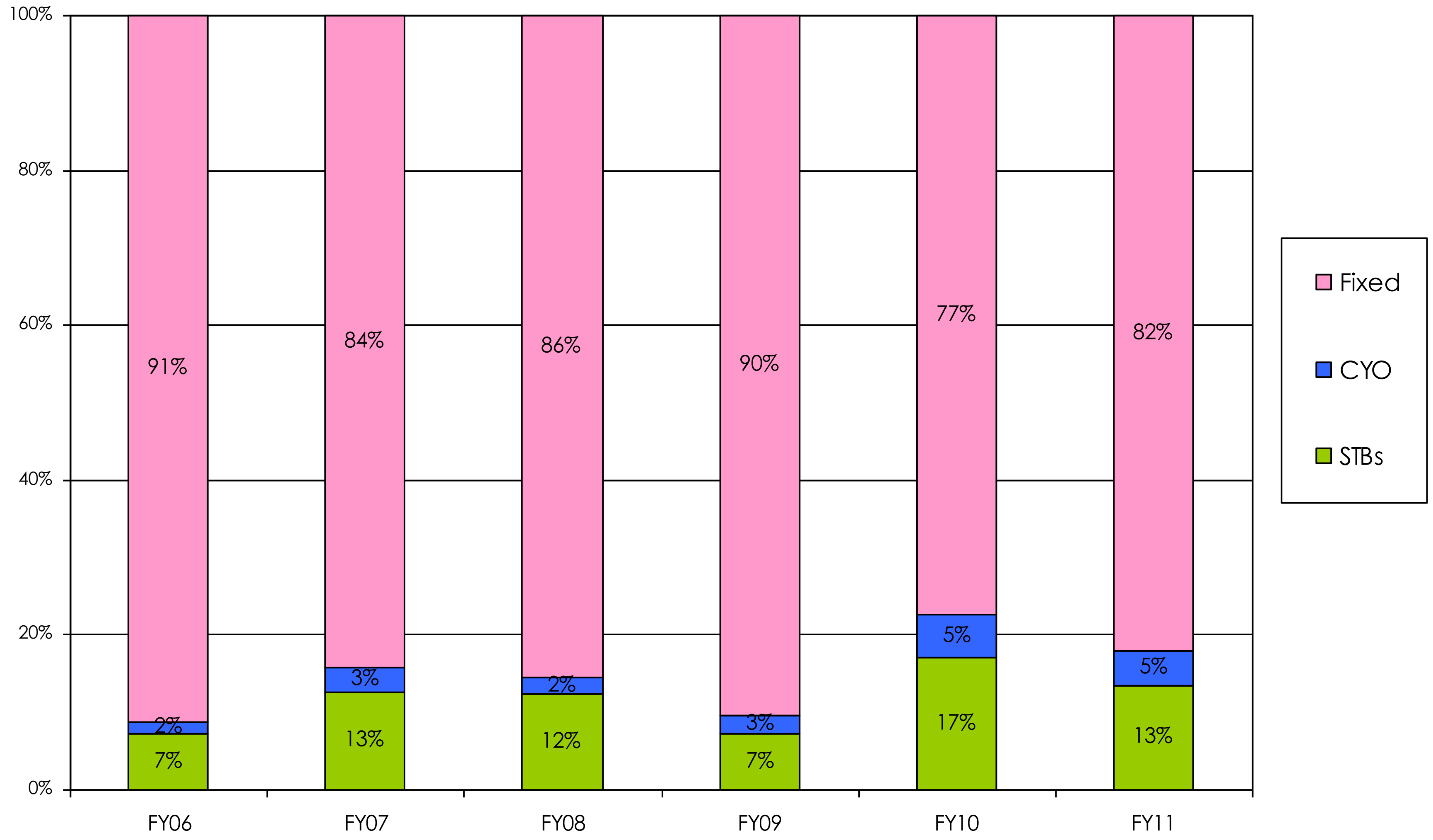


Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Donation Trends

Donation Revenue Sourced by Buyer Type

Despite erosion, donation revenue among buyer households comes largely from Fixed Subs.

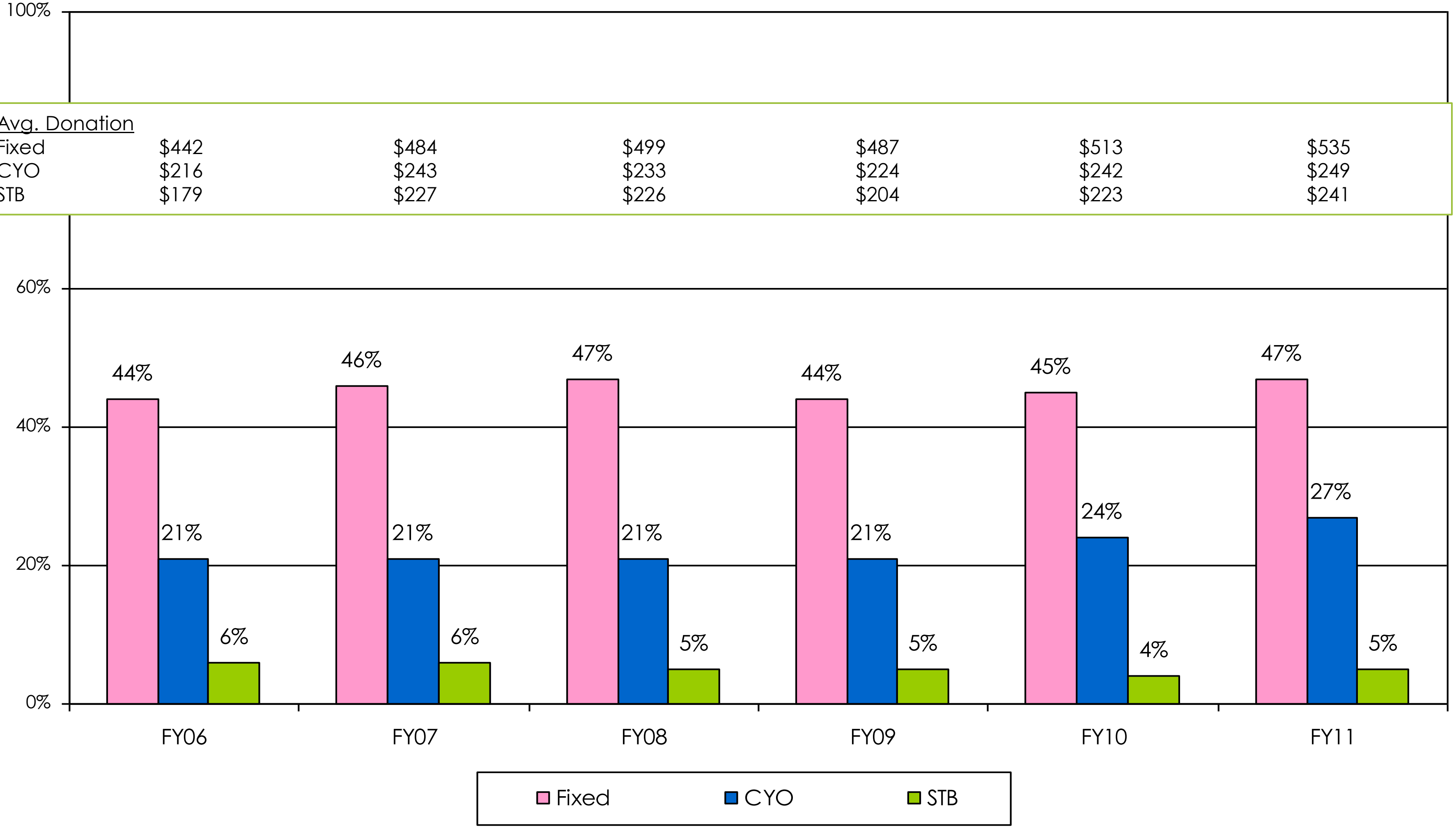


Fixed and CYO Subscriptions Data (ASO, BSO, CSO, CIN, HS, NYP, POS, PSO)

Donations by Buyer Type
% Donating and Average Donation Amounts

Donation rates and donation amounts are significantly lower among CYOs and STBs.

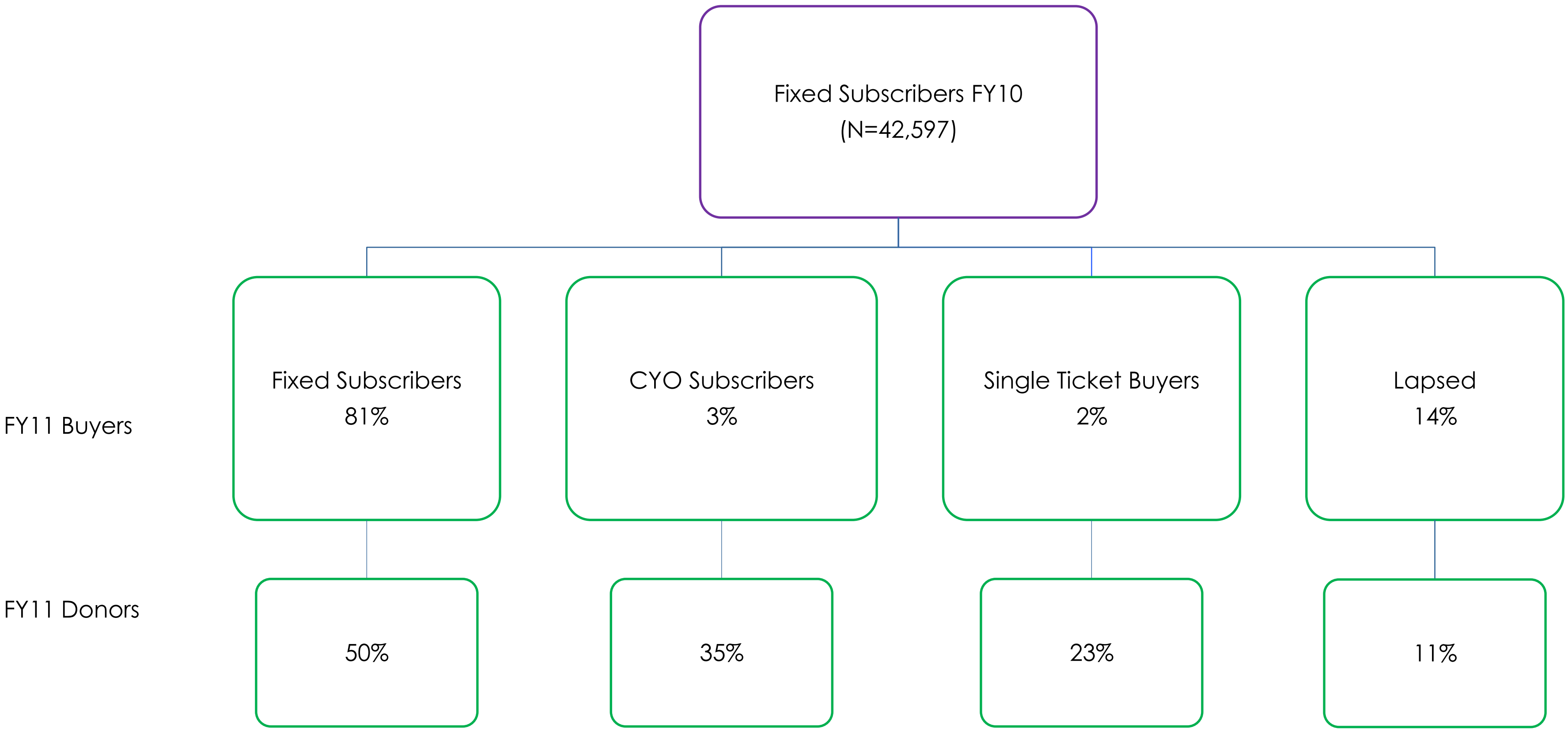
Avg. Donation						
Fixed	$442	$484	$499	$487	$513	$535
CYO	$216	$243	$233	$224	$242	$249
STB	$179	$227	$226	$204	$223	$241



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); Average Donation based on 5% trimmed mean

Fixed Subscriber Migration and Donation Patterns FY10-FY11

Donation rates decline as Fixed Subs migrate from their fixed subscription.

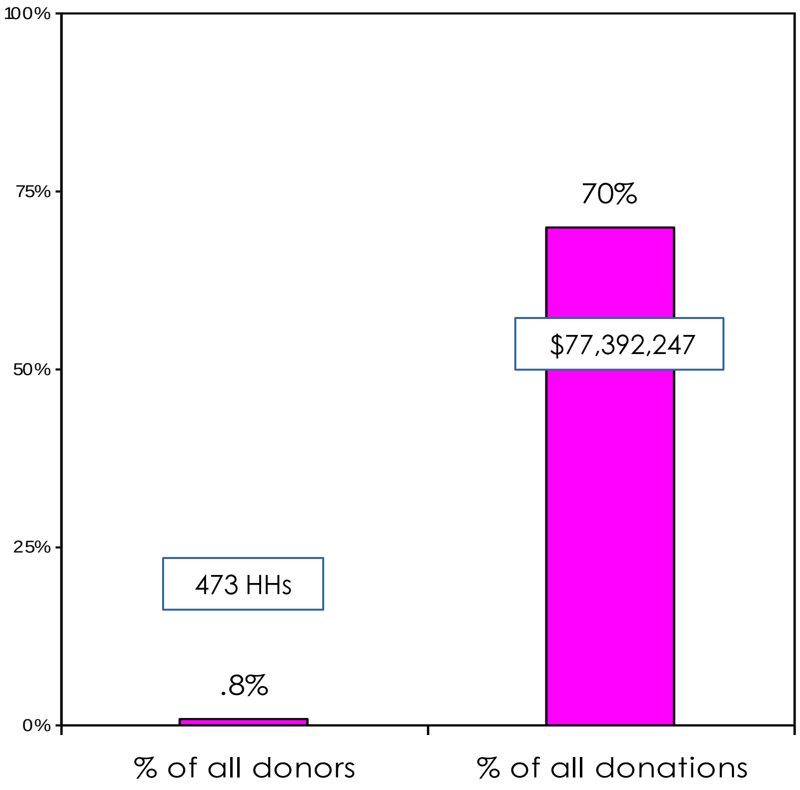


Fixed and CYO Subscriptions Data (ASO, BSO, CSO, CIN, HSO, NYP, POS, PSO)

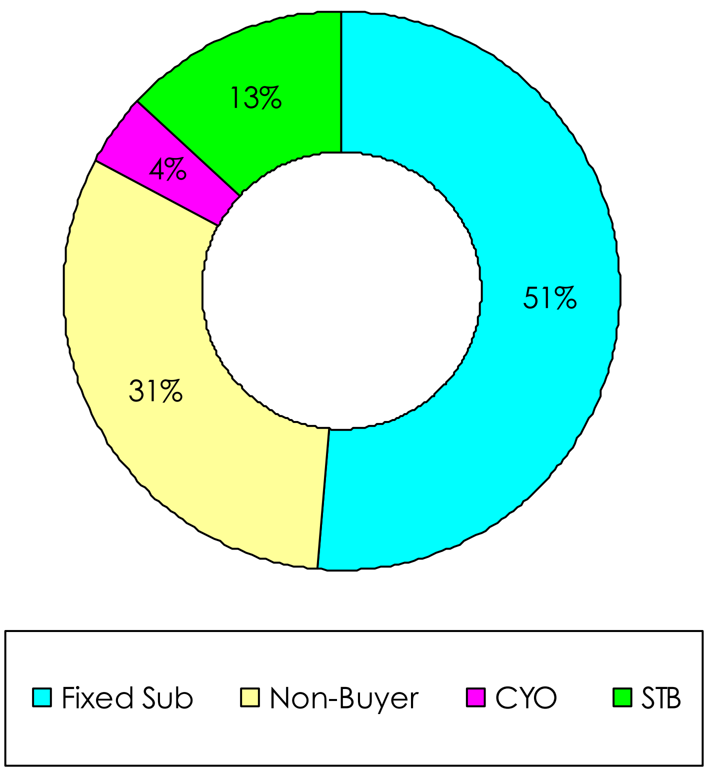
2011 Major Donors
Gave $25,000+ in FY11

Less than 1% of households contributed 70% of donations in 2011. Fixed Subs are greatest share of major donors.

% of HHs and Donations



2011 Major Donors by Buyer Type

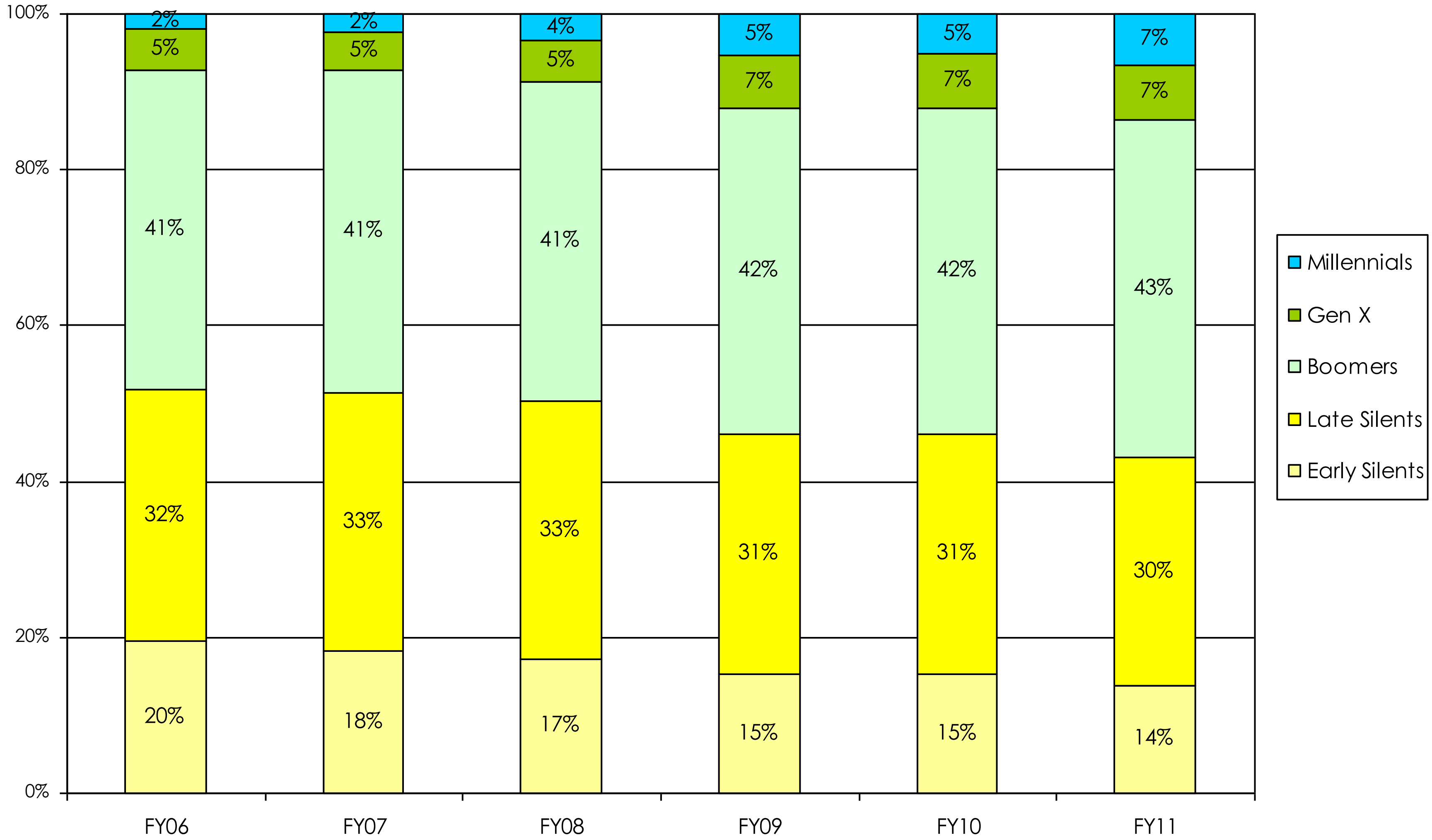


# of major donors ranges from 397 in FY09 to 483 in FY10

Where will those 473 households come from in ten years?

Total Donor HHs
By Generational Cohort

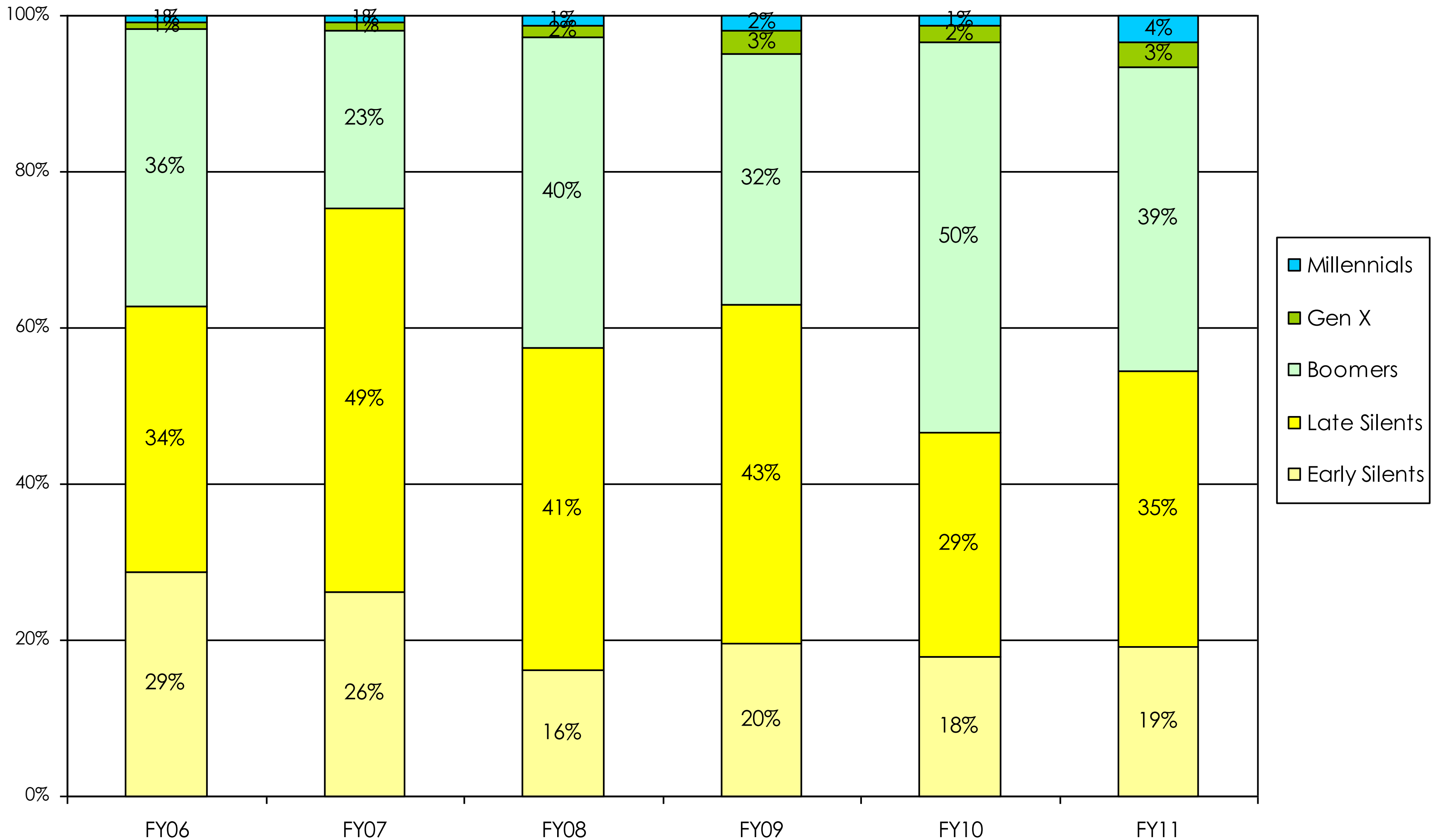
Silents' share of donor HHs is declining. Younger cohorts represent very small portion of donor base.



Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Total Donation Revenue
By Generational Cohort

Silents still represent largest share of donation revenue. (fluctuation due to major gifts)

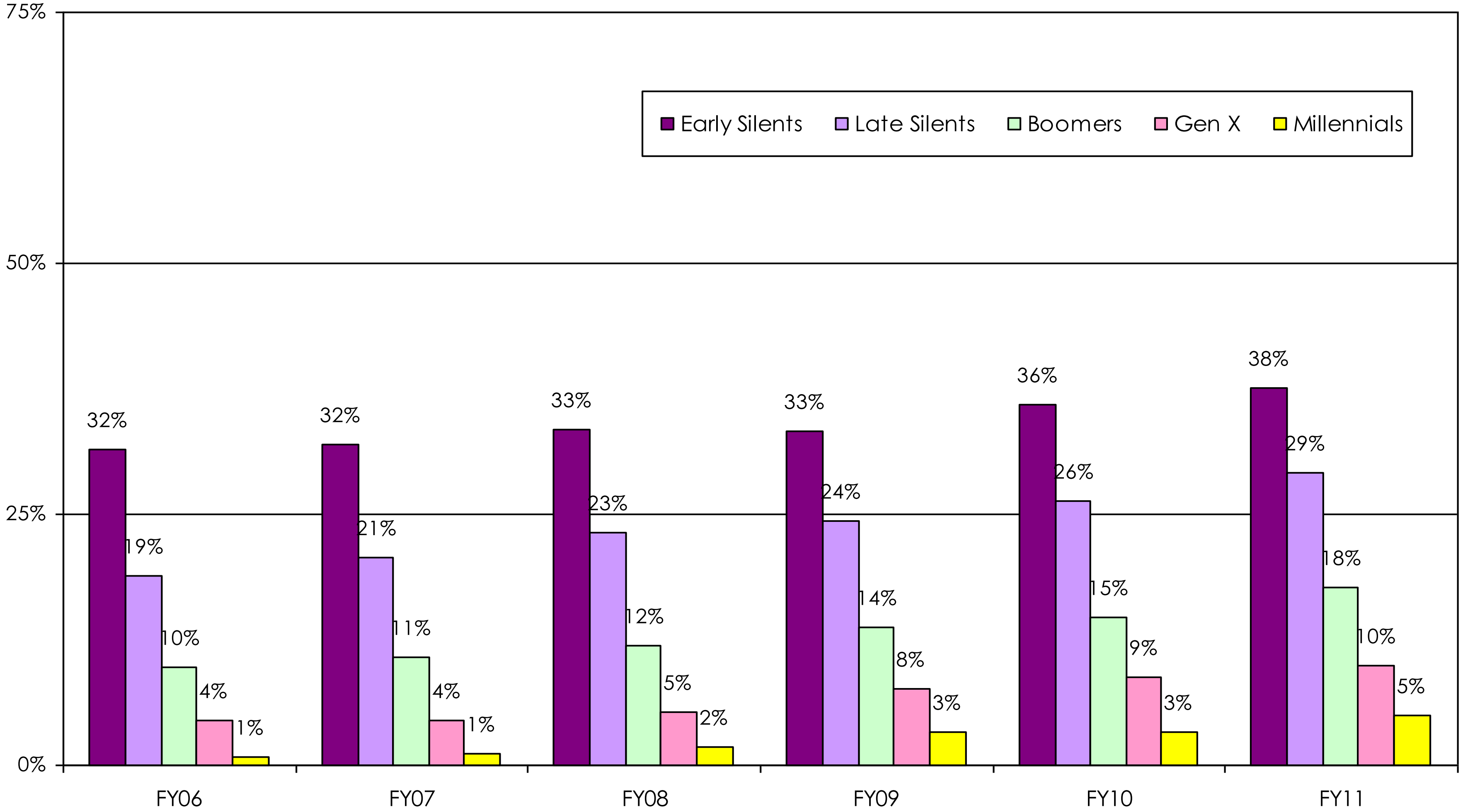


Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Donations by Generational Cohort FY06-11

Percent Donating

Donation rates lower with each generation.

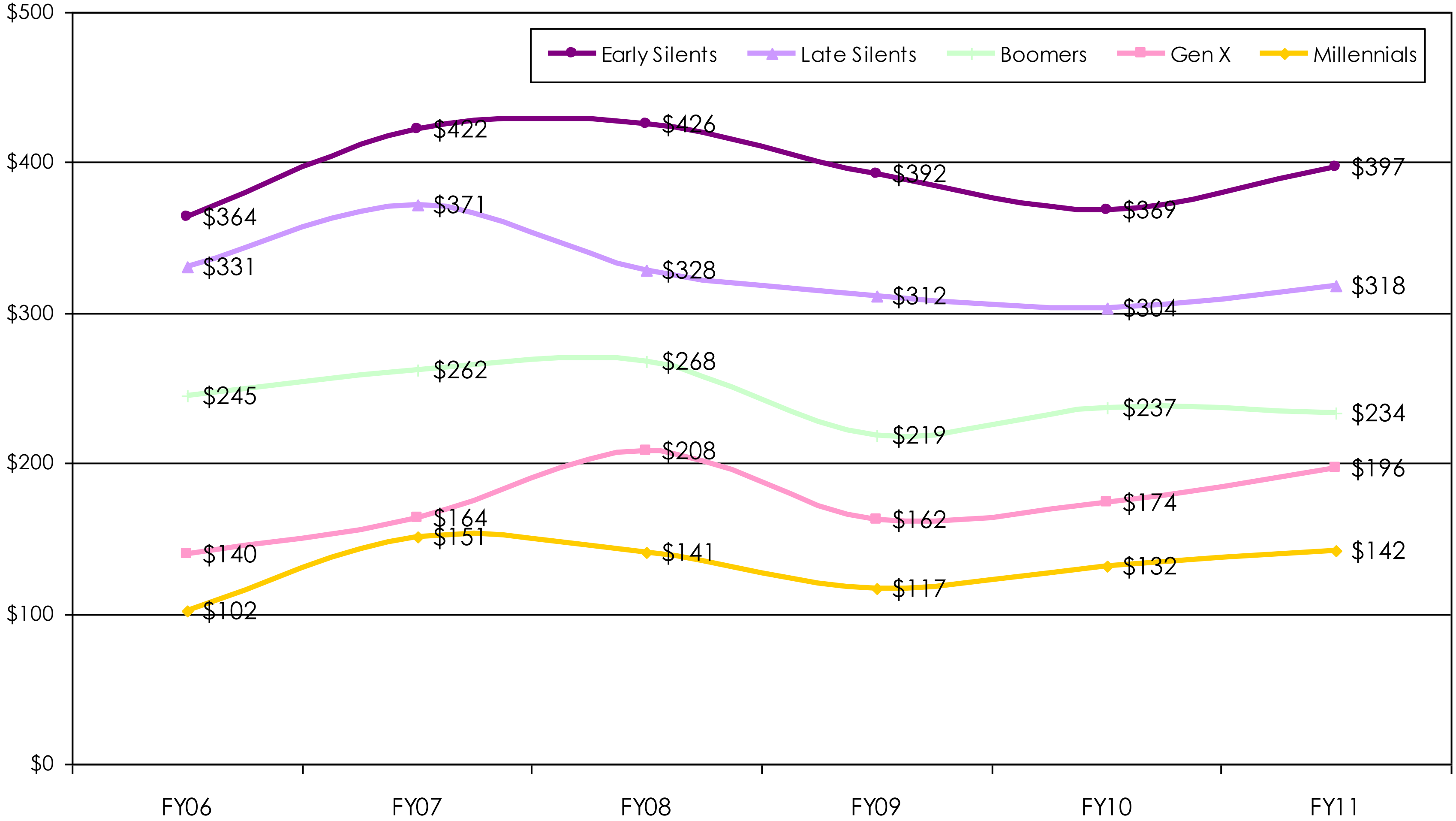


Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Total Donors

Average Donations
By Generational Cohort

Donation amounts higher with each generation.

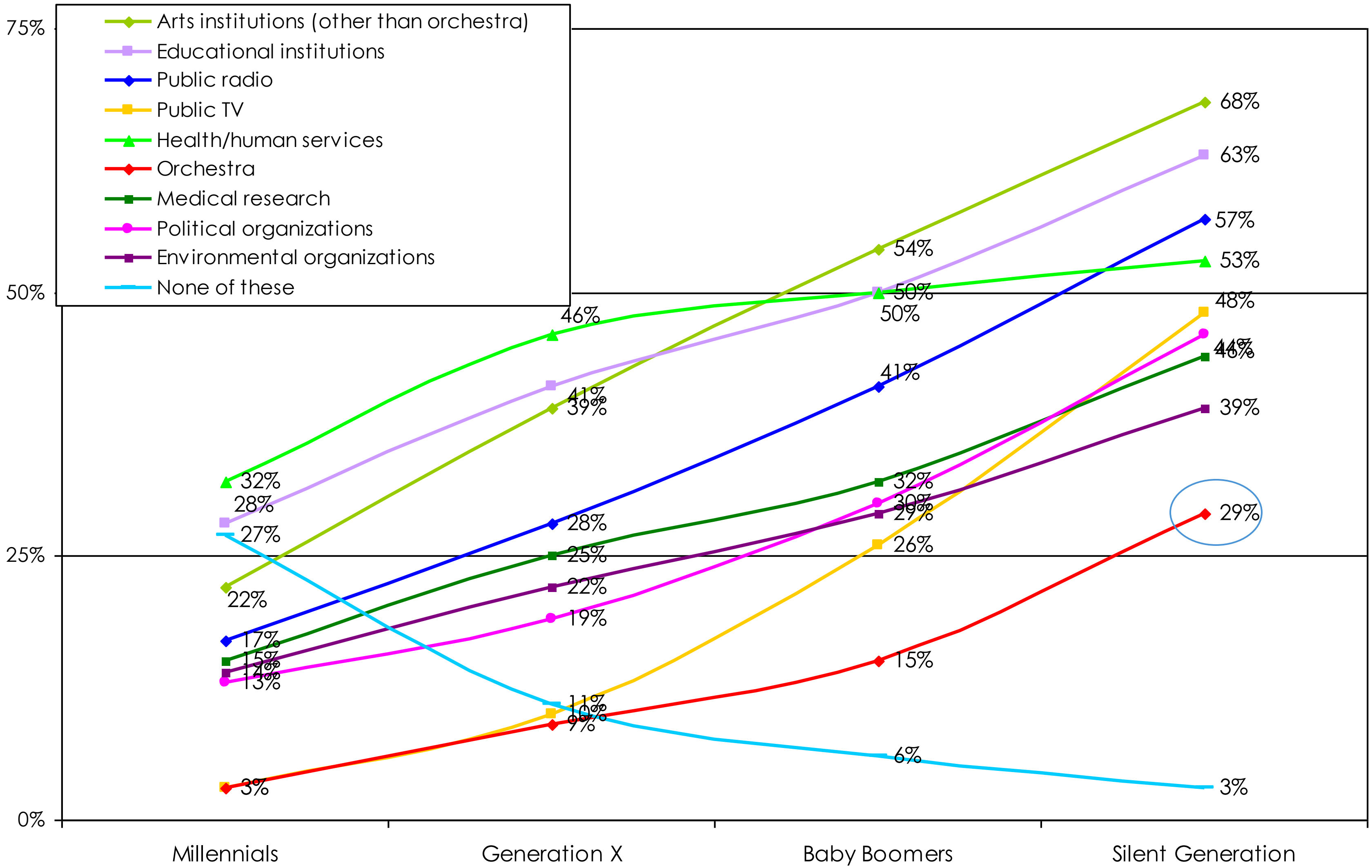


5% trimmed mean

Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Reported 2010 Donations
By Generational Cohort

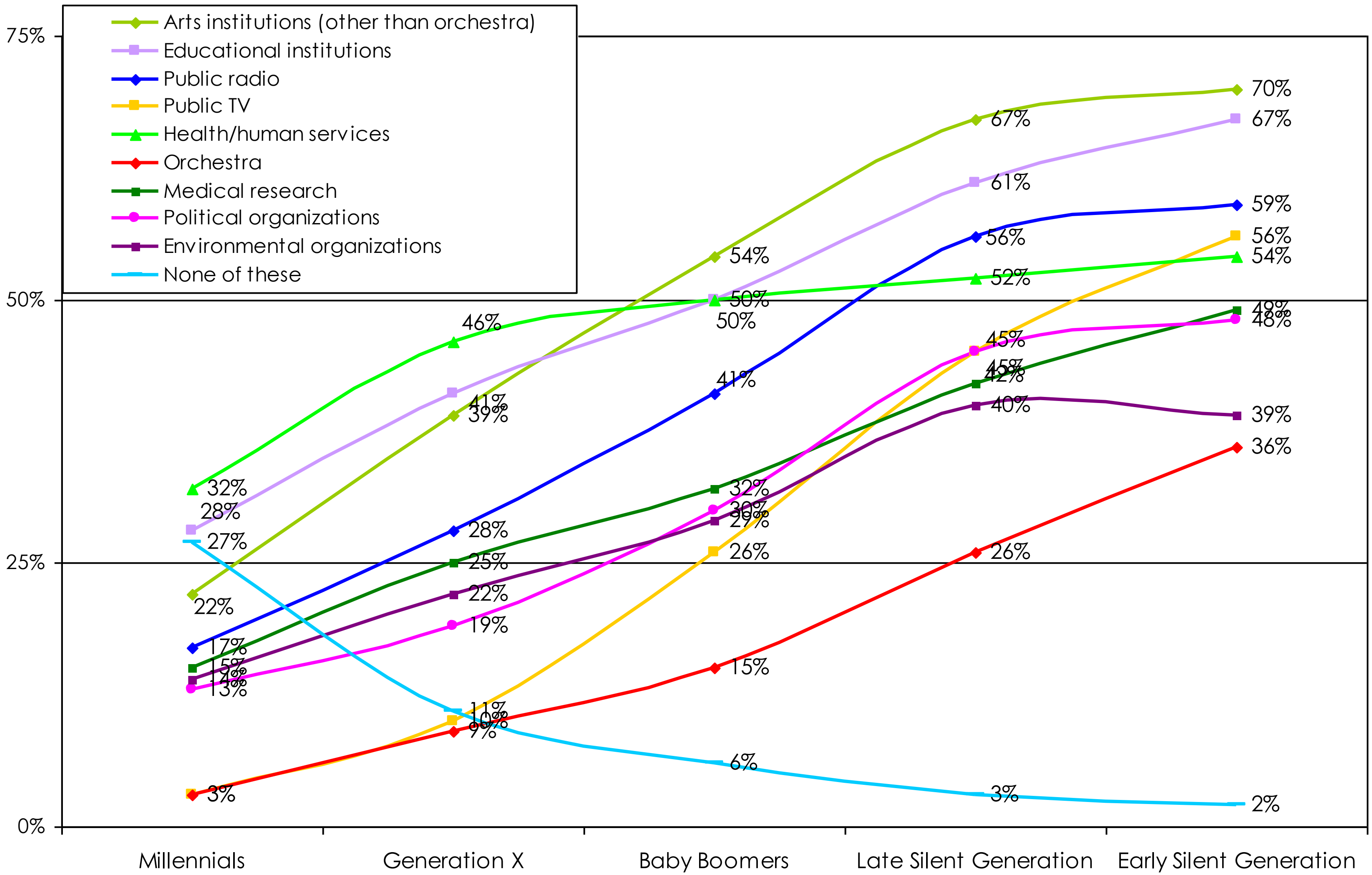
Younger generations have far less propensity to give. Within each generation competition is significant.



Fixed and CYO Subscriptions Orchestras (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Reported 2010 Donations
By Generational Cohort

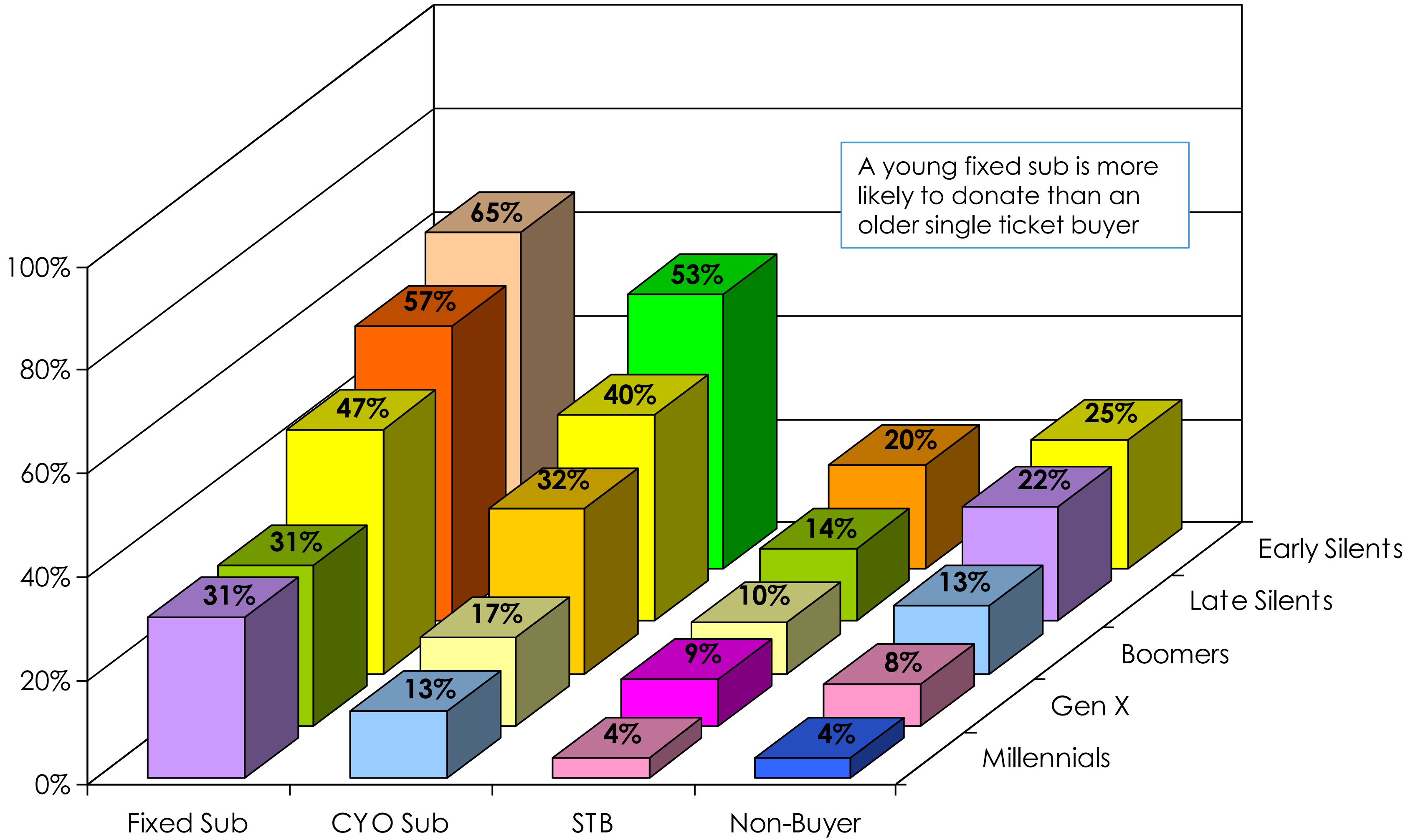
Giving rates of Early Silents starting to plateau.



Fixed and CYO Subscriptions Orchestras (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Effect of Age and Buyer Type on Donation Likelihood
% Donating in FY11

Likelihood of donating strongly correlates with subscriptions across all generations.

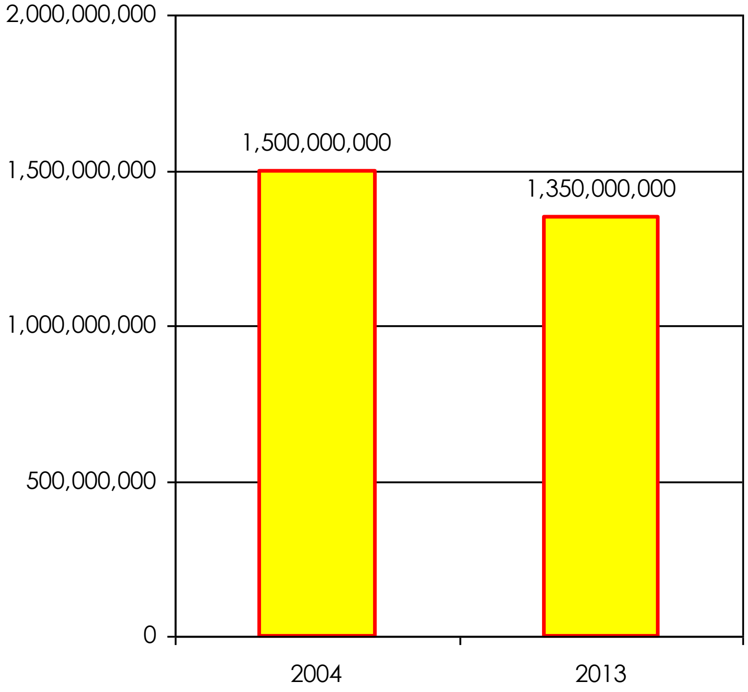


Fixed and CYO Subscriptions Data (ASO, BSO, CIN, CSO, HS, NYP, POS, PSO); PGI Survey Data

Arts & Entertainment Scan

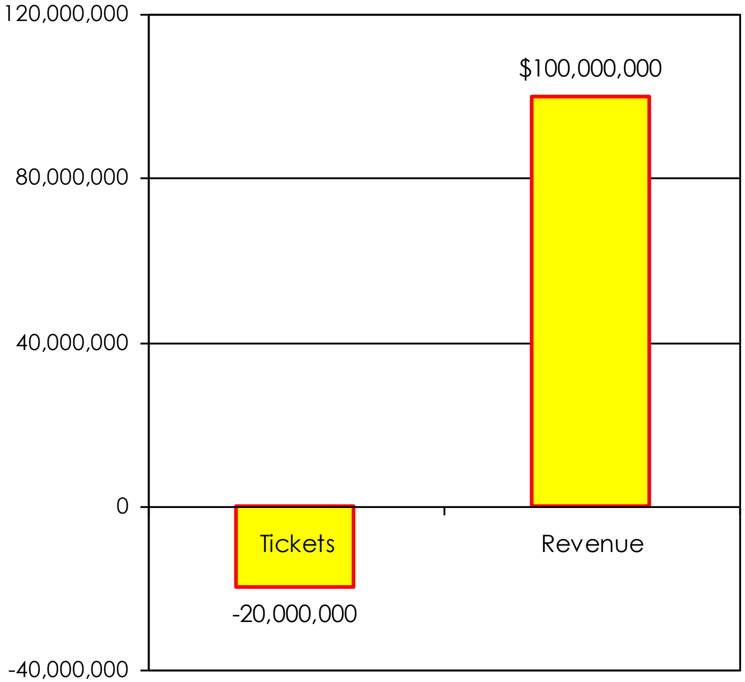
Movie Theater Sales Trends

Ticket Sales Trends



North American ticket sales have declined 2% annually since 2002

Change in Tickets and Revenue FY12 to FY 13



Ticket prices have increased 30% since 2004

Motion Picture Association of America

Movie Theaters Seek to Outdo Comforts of Home

Attendance declines are even stronger among younger audiences.

> *"I mean, it always seems like movies get more and more expensive and it's a choice you kind of make. "Gravity" makes sense to see on a movie screen. I'm not going to watch it on my computer, most likely."*

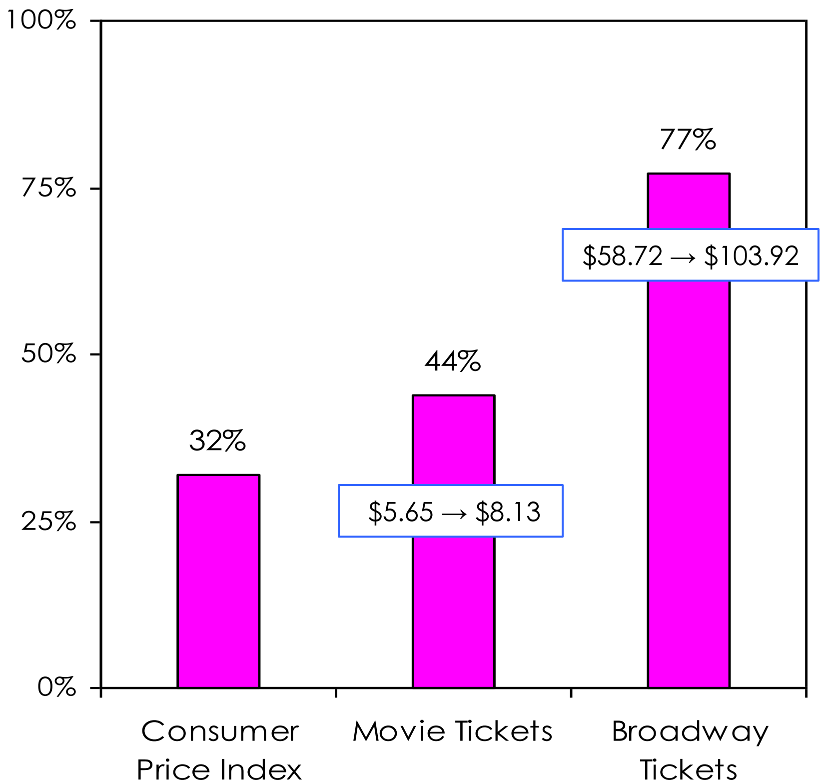
Major chains investing heavily in theater improvements:

- Digital and sound enhancements
- AMC adding plush leather recliners
- Cinemark has Extreme Digital Cinema brand with 72-foot-wide wall-to-wall XD screen
- Cineplex charging extra for reserved seats in two middle rows

Some analysts suggest enhancements have been in *movie-watching* and should be in the *movie-going* experience

- Investing in changes to allow for more social interaction
- Private boxes, lounge areas, preview section

Rise in Ticket Prices 2001 - 2014



"On Broadway, and indeed at every level in the arts, ticket pricing is our global warming crisis, steadily rising year after year without raising true alarm and provoking meaningful action, until it threatens to swamp us all."

Howard Sherman

A Whispered Broadway Milestone No One's Cheering, May 28, 2014

Broadway’s Palace Theater Makeover for ‘Holler If You Hear Me’

Broadway’s Palace Theater Makeover for ‘Holler If You Hear Me’

Before

After

Bringing the audience into the action

Live attendance in pro baseball, basketball and football all declined in last five years

- NFL attendance lowest since 2002
- Red Sox 820-game sellout streak ended last summer

Analysts expect continued declines: discretionary income, ticket prices, hassle, comfort of home, big screen TV's

"Most sports can't just depend on die-hard fans to fill up seats. They've had to offer a lot more than just the game."

Mark Conrad, sports law professor Fordham University

Strategies:

▪ Upping the fun	mini theme parks, expanded menus, family fun
▪ Highly participatory	contests, kiss cam, singing, jumbotron texting
▪ Greater segmentation	fireworks nights, rock concerts, religious groups
▪ Technological enhancements	Wifi, cameras in the locker rooms
▪ Reducing hassle	improved traffic flow, easier parking, greeters
▪ Improving price/value	money-back guarantees, giveaways

Pro Hockey is the Exception - most teams selling at or over capacity

NHL Attendance Report - 2013-14

Season: 2013-14

2013-14 Attendance		Home				Road			Overall		
RK	TEAM	GMS	TOTAL	AVG	PCT	GMS	AVG	PCT	GMS	AVG	PCT
1	Chicago	41	927,545	**22,623**	117.6	41	17,811	98.3	82	20,217	108.3
2	Detroit	41	908,131	**22,149**	110.4	41	17,837	97.9	82	19,993	104.5
3	Montreal	41	872,193	**21,273**	100.0	41	17,893	97.6	82	19,583	98.9
4	Philadelphia	41	813,411	**19,839**	101.5	41	17,037	93.4	82	18,438	97.6
5	Vancouver	41	810,594	**19,770**	107.2	41	17,058	94.7	82	18,414	101.0
6	Toronto	41	797,310	**19,446**	103.3	41	19,950	107.9	82	19,698	105.6
7	Calgary	41	791,389	**19,302**	100.1	41	16,864	93.2	82	18,083	96.8
8	Los Angeles	41	779,734	**19,017**	107.6	41	16,887	93.0	82	17,952	100.2
9	Pittsburgh	41	763,344	**18,618**	101.3	41	19,166	107.9	82	18,892	104.5
10	Tampa Bay	41	763,096	**18,612**	96.9	41	17,367	94.4	82	17,989	95.7
11	Buffalo	41	761,767	**18,579**	97.4	41	17,405	94.8	82	17,992	96.1
12	Minnesota	41	758,729	**18,505**	103.1	41	16,899	93.6	82	17,702	98.3
13	Ottawa	41	742,468	**18,108**	94.5	41	17,392	96.9	82	17,750	95.7
14	Washington	41	740,240	**18,054**	97.6	41	17,372	95.1	82	17,713	96.3
15	NY Rangers	41	738,246	**18,006**	100.0	41	19,572	111.9	82	18,789	105.9
16	Boston	41	720,165	**17,565**	100.0	41	18,106	98.3	82	17,835	99.1
17	San Jose	41	702,480	**17,133**	97.6	41	17,518	96.1	82	17,325	96.8
18	St. Louis	41	698,059	**17,025**	88.9	41	17,445	96.0	82	17,235	92.4
19	Edmonton	41	689,949	**16,828**	99.9	41	17,253	94.5	82	17,040	97.1
20	Nashville	41	680,619	**16,600**	97.0	41	17,265	95.0	82	16,932	95.9
21	Anaheim	41	675,248	**16,469**	95.9	41	18,404	103.4	82	17,436	99.7
22	Colorado	41	668,133	**16,295**	90.5	41	17,222	94.5	82	16,759	92.5
23	Carolina	41	634,832	**15,483**	82.9	41	17,185	94.0	82	16,334	88.4
24	New Jersey	41	625,570	**15,257**	88.7	41	17,507	95.4	82	16,382	92.2
25	Winnipeg	41	615,164	**15,004**	100.0	41	17,048	93.0	82	16,026	96.2
26	NY Islanders	41	604,362	**14,740**	93.4	41	17,346	94.0	82	16,043	93.7
27	Columbus	41	602,619	**14,698**	81.0	41	17,256	94.1	82	15,977	87.6
28	Dallas	41	601,008	**14,658**	79.1	41	17,219	95.4	82	15,939	87.1
29	Florida	41	581,286	**14,177**	83.2	41	17,476	95.0	82	15,827	89.3
30	Phoenix	41	564,798	**13,775**	80.4	41	16,847	93.0	82	15,311	86.9

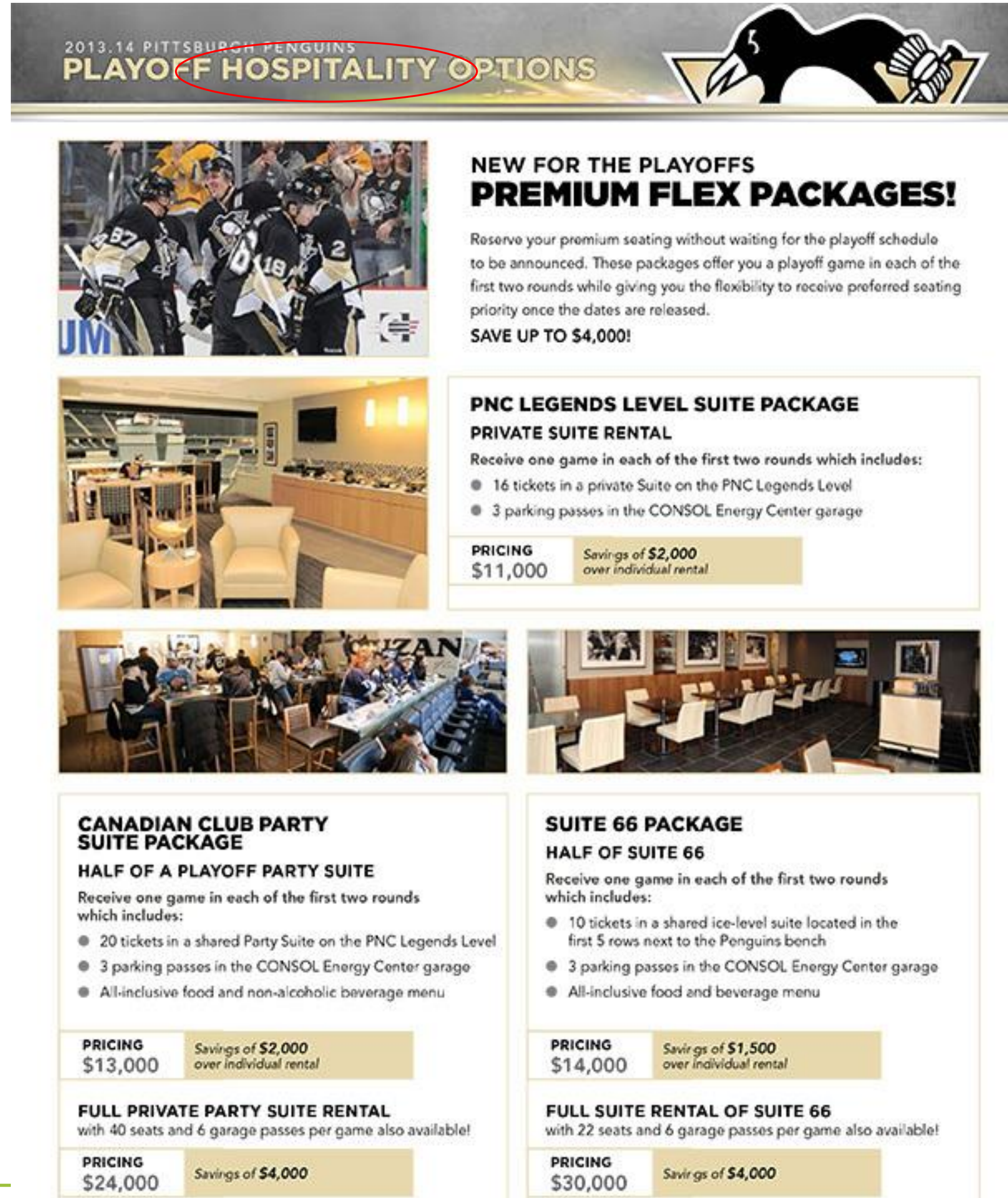
Be Part of the 2014 Stanley Cup Playoffs at CONSOL Energy Center

16 Game Playoff Packages Now Available!

	1st Round	2nd Round	3rd Round	4th Round	Per Seat Package Price (4 Home Games per Round)
PREMIUM SEATING					
Club Seats (Sec 101-103, 111-113)	$240.00	$297.50	$369.25	$549.00	$5,823.00
FEDEX LEVEL (LOWER BOWL)					
First Row Glass	$190.00	$235.00	$291.25	$432.00	$4,593.00
DOUBLE ATTACK					
Corners Plus (Sec 104, 110)	$165.00	$203.75	$252.25	$373.25	$3,977.00
Corners (Sec 105, 109)	$165.00	$203.75	$252.25	$373.25	$3,977.00
End Zone (Sec 106-108)	$165.00	$203.75	$252.25	$373.25	$3,977.00
SINGLE ATTACK					
Corners Plus (Sec 114-115, 121-122)	$165.00	$203.75	$252.25	$373.25	$3,977.00
Corners (Sec 116, 120)	$165.00	$203.75	$252.25	$373.25	$3,977.00
End Zone, Rows B-R (Sec 117-119)	$145.00	$178.75	$221.00	$326.50	$3,485.00
End Zone (Sec 117-119)	$140.00	$172.50	$213.00	$314.50	$3,360.00
84 LUMBER LEVEL (UPPER BOWL)					
Center (Sec 202-203, 219-220)	$98.00	$120.00	$147.50	$216.25	$2,327.00
Sides, Rows A-E (Sec 201, 204, 218, 221)	$98.00	$120.00	$147.50	$216.25	$2,327.00
Sides (Sec 201, 204, 218, 221)	$98.00	$120.00	$147.50	$216.25	$2,327.00

Pro Hockey - all about hospitality

New York Philharmonic/ Lincoln Center have hired Pittsburg Penguins' customer service training consultant.



Implications and Actions

Driving Ticket Sales Over Next 5-10 Years: Greatest Success Factors

1. Programming (mentioned by virtually everyone)
2. Engagement/relationship building
3. Concert/patron experience
4. Buyer reactivation/retention/frequency

"Programming, plus our ability to make things relevant and participatory for listeners."

"Engaging new audiences (including Baby Boomers and Millennials) through programming and a complete experience (including pre-concert and intermission lobby experience). Flexibility in how patrons can purchase tickets (i.e. less planning ahead, better technologies including mobile)."

"ENGAGEMENT is the new marketing. Greater collaboration across marketing, development, community engagement and artistic to a.) create concert experiences that compel attendance and b.) engage the community in new ways and become about more than just the music."

"Subscriptions: Relationship building, nurturing/appreciation, incentives to drive frequency, deeper focus on multi-single ticket buyers and new subs, catching people BEFORE they lapse."

Group 1-2 Marketing Directors Interviews/Survey, May 2014

Driving Ticket Sales Over Next 5-10 Years: Greatest Obstacles

1. Programming
2. Internal operations/limited resources
3. Relevancy/interest in classical music
4. Lifestyle/demographic shifts
5. Subscription model
6. Pricing

"Lack of a holistic approach to programming and the customer experience. Increasing cost of doing business, which drives up prices. Overall decline in interest in classical music. Changing demographics."

"1). RELEVANCY. As a colleague said, "we're losing relevancy by the second."

"Perceptions that people should subscribe because they used to."

"The ability of the organization to adapt to changing purchase behaviors (for example, in defining a subscription, we may need to consider treating multi-STBs as subscribers if they purchase, say, 4 concerts in one season, even if those concerts are not all purchased at the same time)."

"And, the behemoth in the room: work rules that do not foster creativity, innovation, or adaptation to address the issues at hand."

Group 1-2 Marketing Directors Interviews/Survey May, 2014

Subscriptions/Ticket Buying

Subscriptions/Ticket Buying

Fixed subscriptions are declining across all generations

Rate of decline may be even steeper in the next five years as Early Silents age-out

Donation likelihood closely tied to subscriber relationship across all age cohorts

- critical to maintain these relationships as long as possible
- love, love, love Silents and don't forgo Boomers
- greater retention focus to longer term subs
- CYOs may be more of a savior than villain
- need better handle on why subs totally lapse out
- identify key indicators of lapsing
- test alternative subscription models

Incentivizing subscriptions and frequency

- role of benefit packages vs. intermittent reward
- alternative reward structures (frequency/multi-buyers, customizable)
- increased benefit relevance (e.g. by age, tenure)

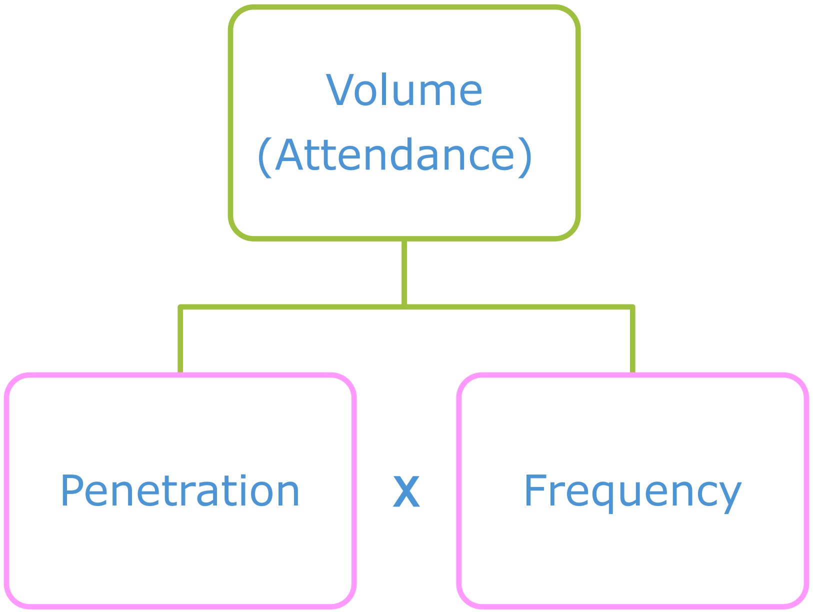
Moving to younger, more transactional, more price-sensitive patron base

- continued focus on increasing frequency critical
- greater emphasis on multi-buyers
- first timer buyers - what got them there; best prospects for return
- more work on pricing/price elasticity by generation
- improved ticket buying technology

Marketing expenses apt to rise with larger single ticket buyer base

- continued shift to digital media
- working smarter, not harder
- increased datamining and data rigor
- metrics, A/B testing, data appends, dashboards

Programming and the concert experience



Awareness: Do I know who you are/what you do?

Relevance: Do you matter to me? Do I believe in you?

Fit: Do you fit easily into my life?

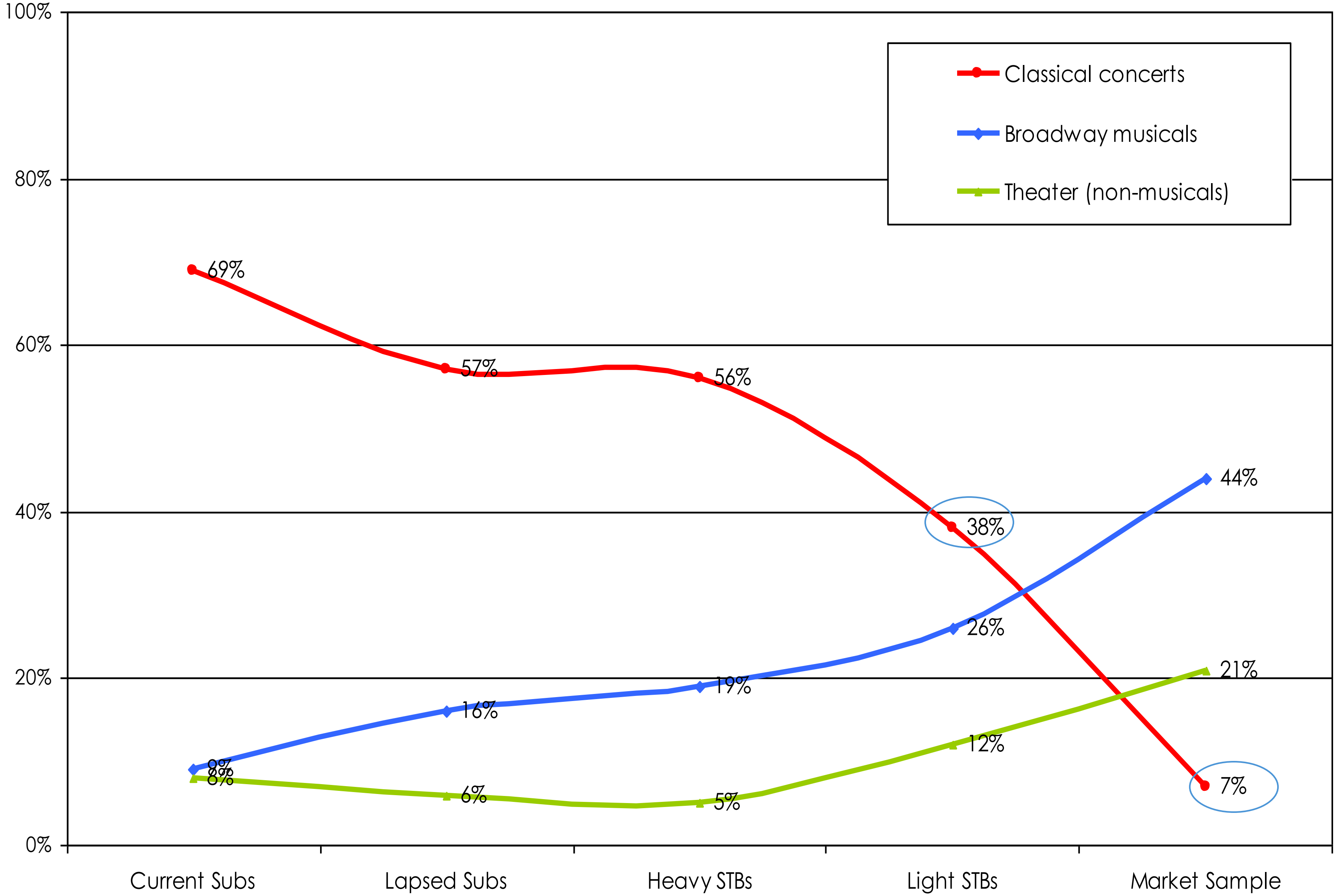
Enjoyment: Do I enjoy what you do? Am I fulfilled?

Connection: Do I feel close and valued by you?

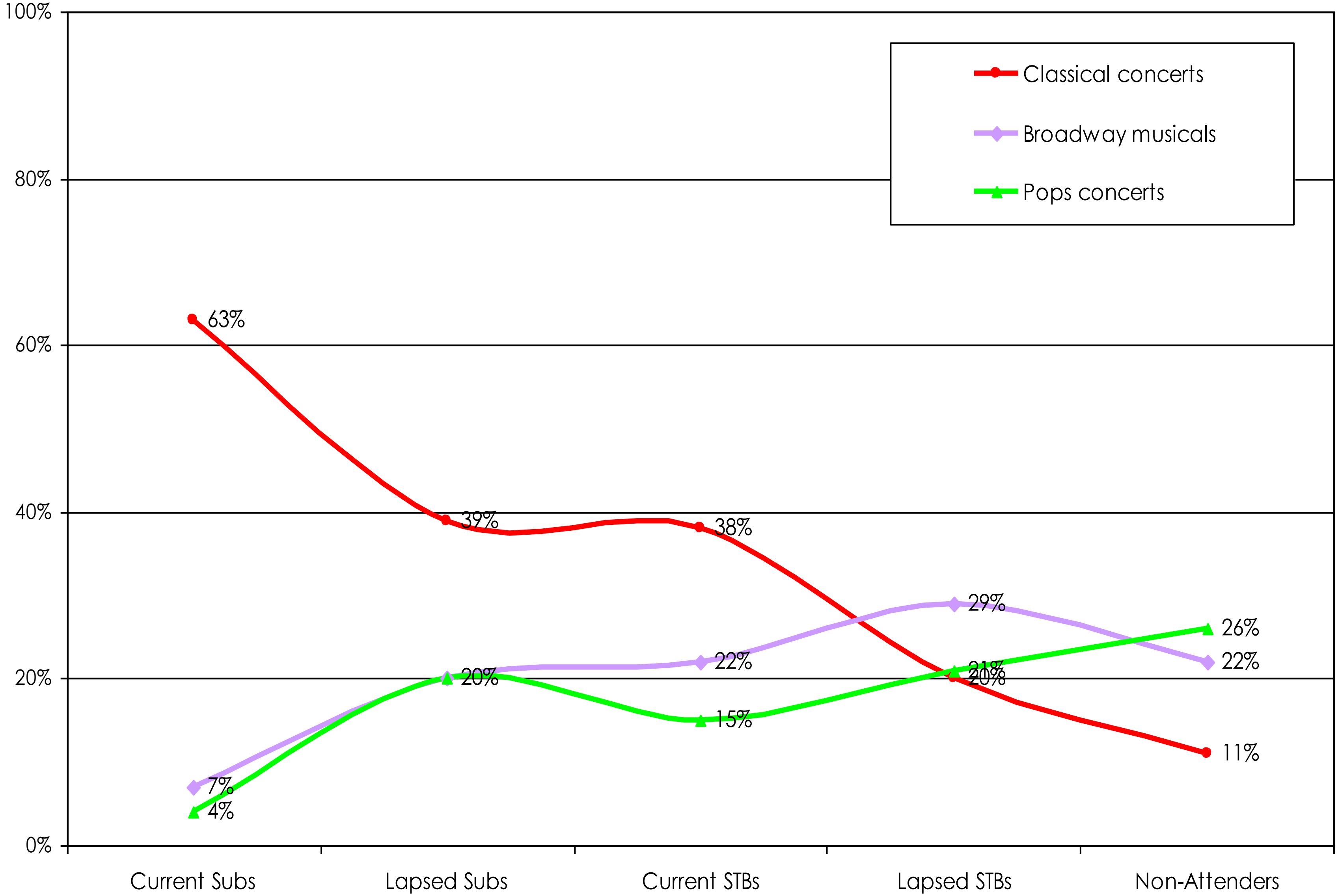
Value: Are you worth my time, energy, money?

Most Preferred Type of Arts Performance
Kansas City Symphony

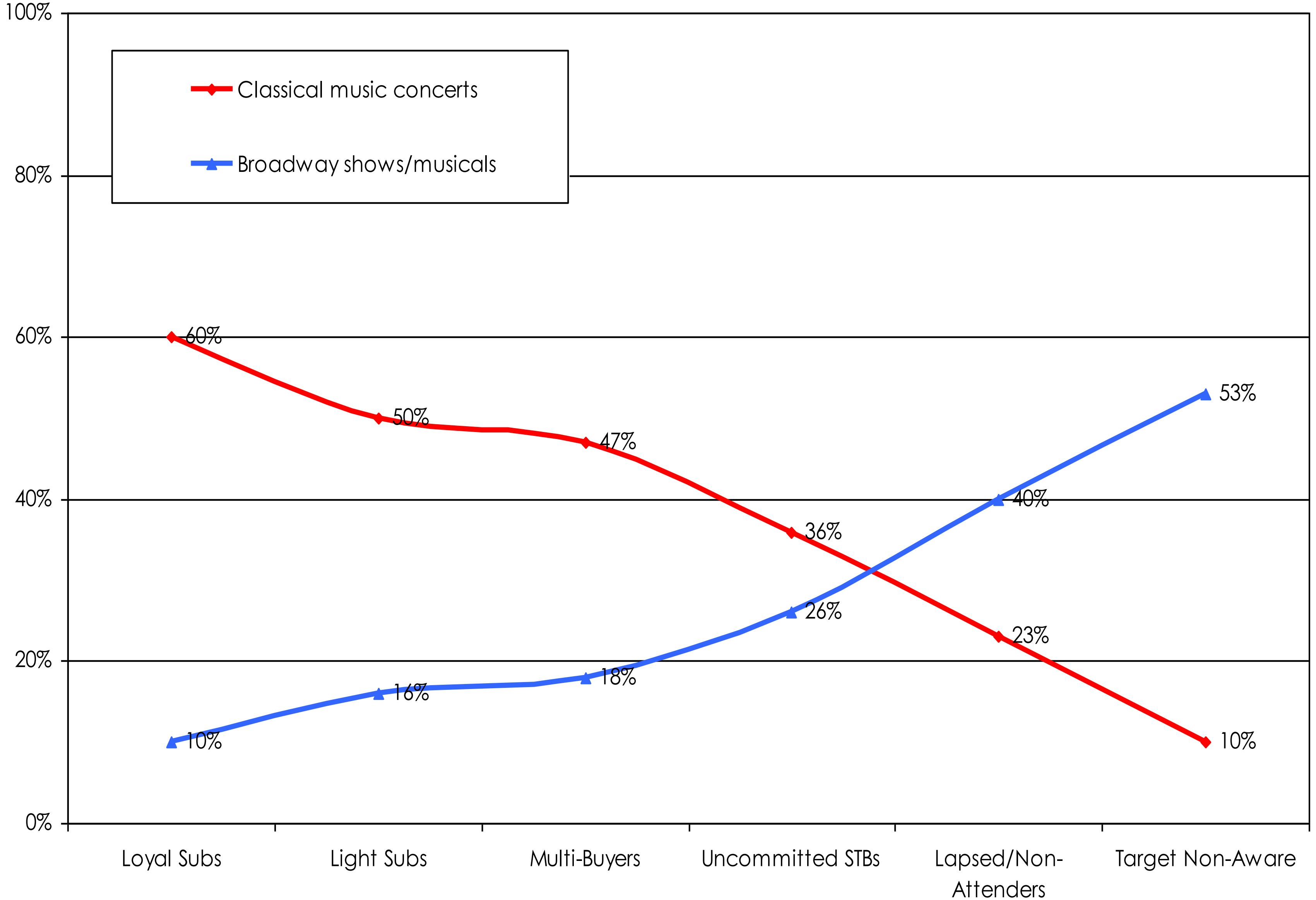
Increasing frequency among broader population is a significant challenge given personal preferences.



Most Preferred Type of Arts Performance
Grand Rapids Symphony



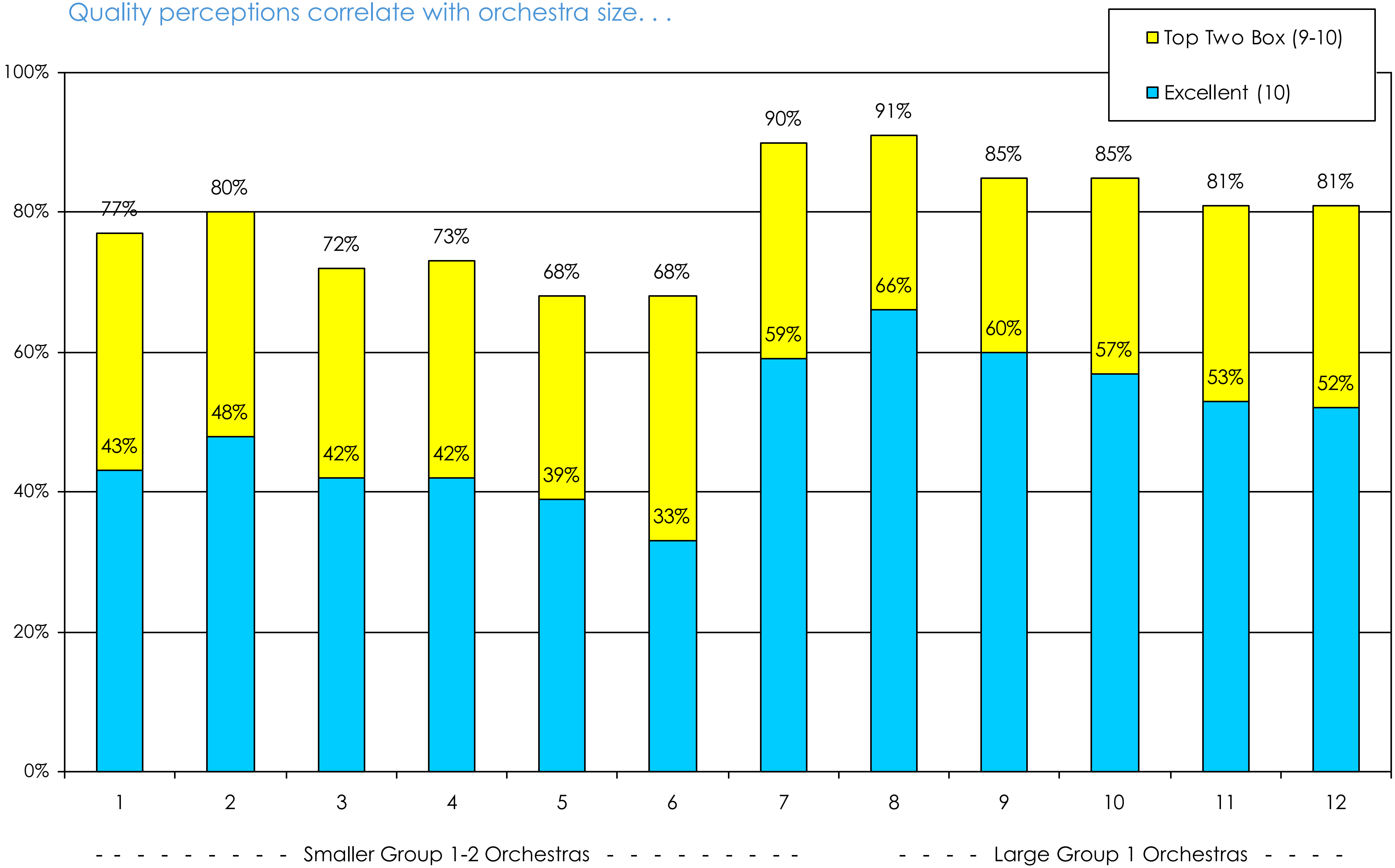
Most Preferred Type of Arts Performance
New Jersey Symphony Orchestra



Perceived Quality of Orchestra Performances

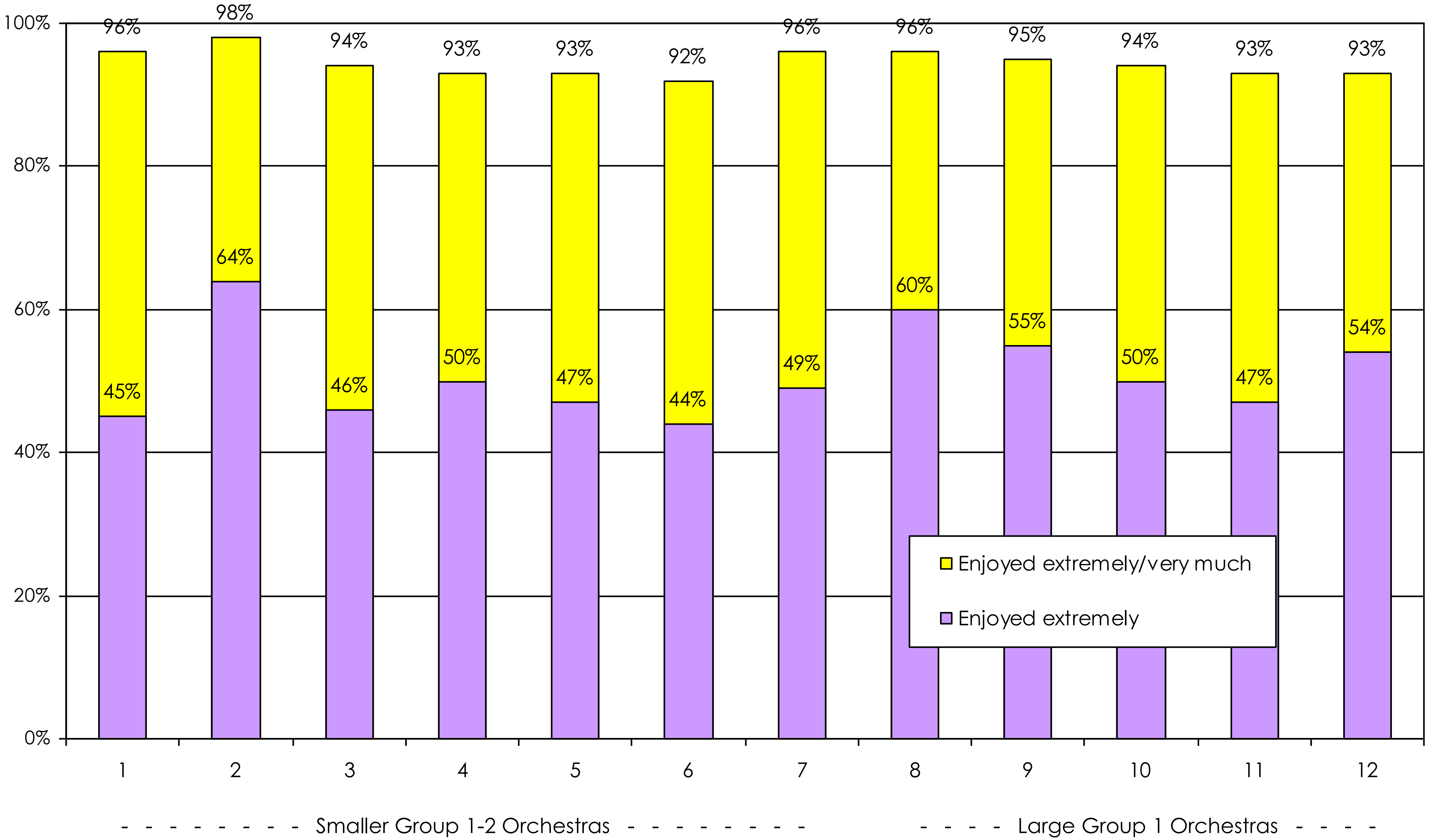
Ratings among Orchestra Patrons

Quality perceptions correlate with orchestra size. . .

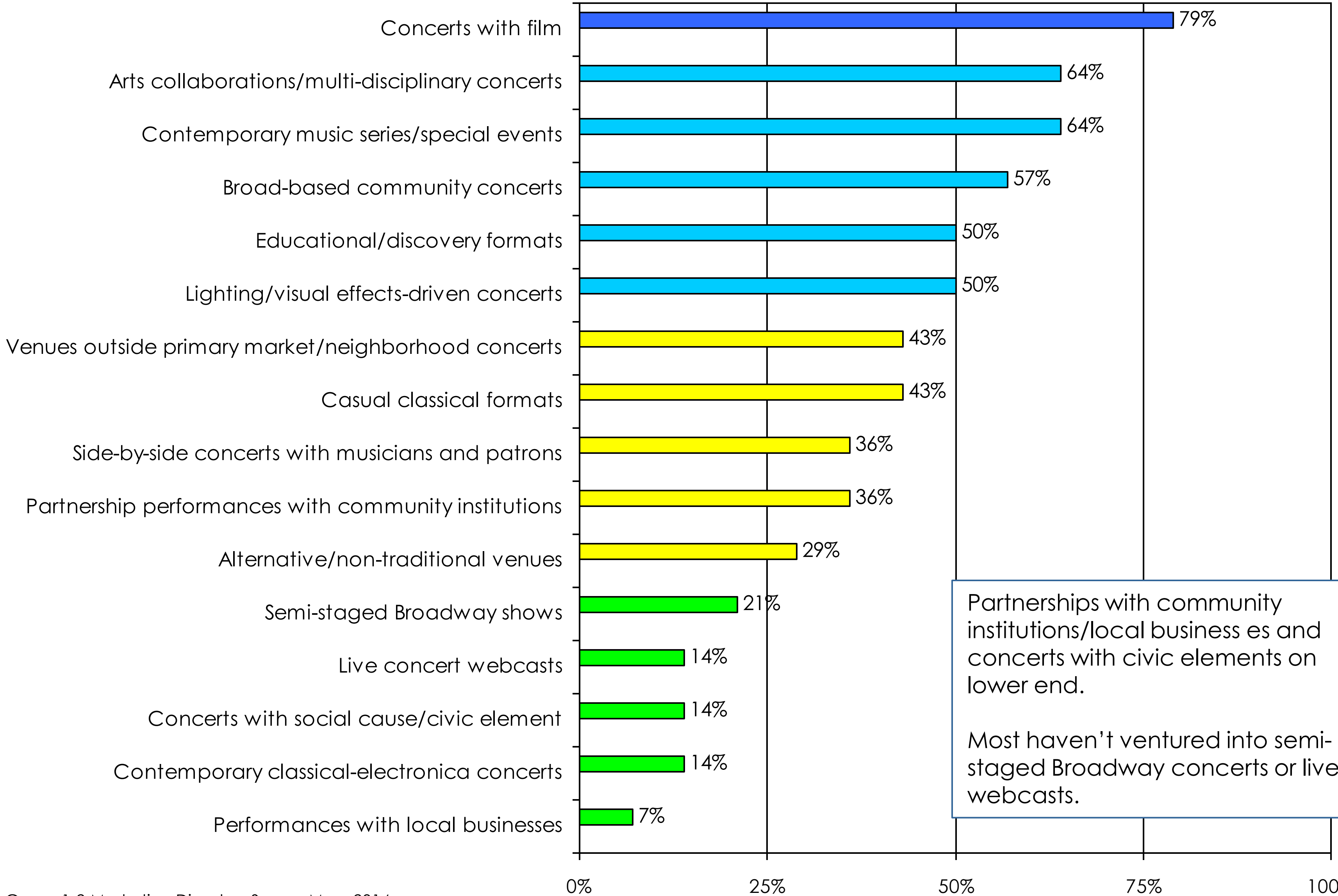


Enjoyment of Recent Concert Experiences
Ratings among Orchestra Patrons

. . . but not necessarily actual concert enjoyment. There's more to the equation than musical excellence.



Orchestras are actively pursuing a wide range of concert formats/experiences.

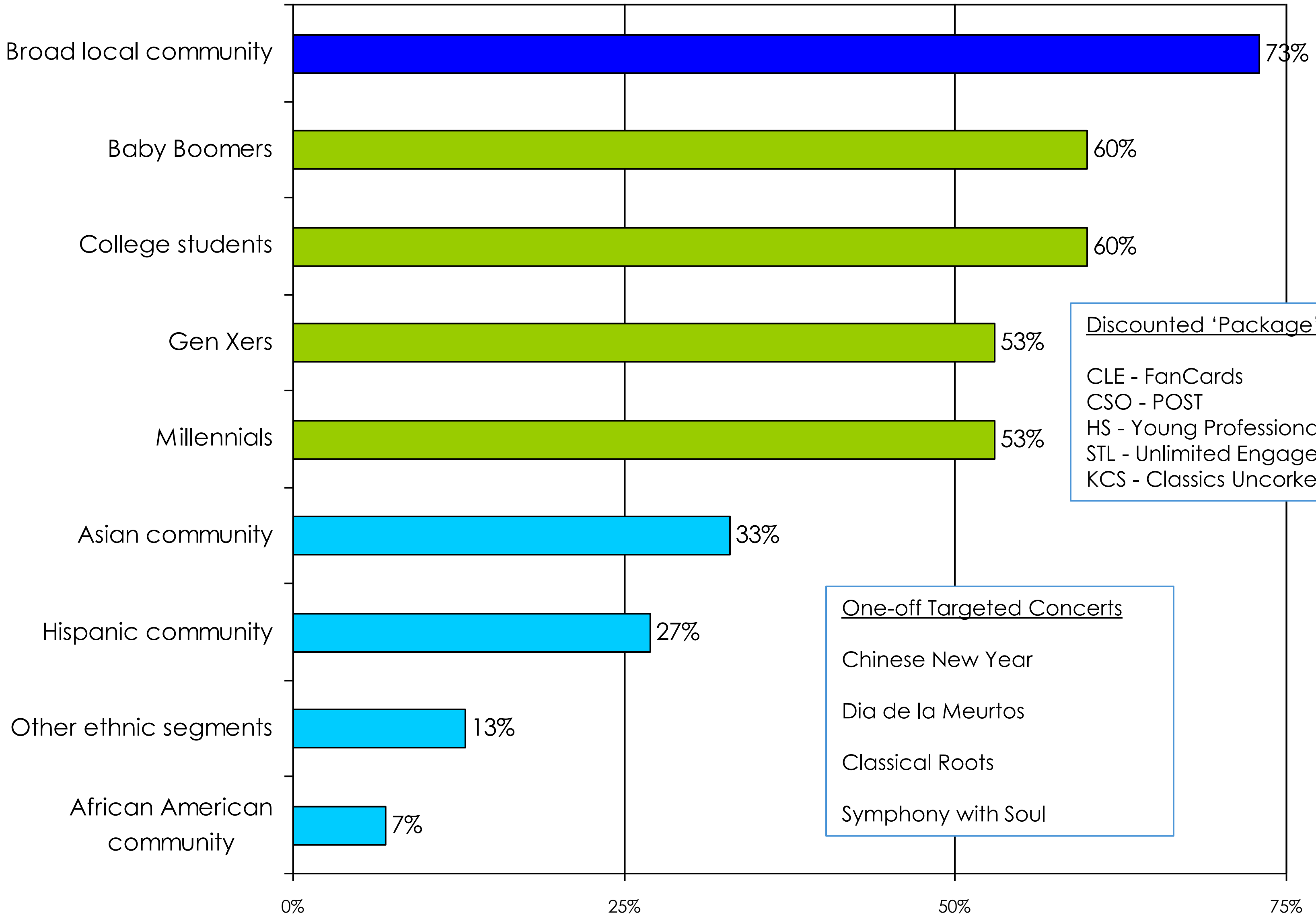


Partnerships with community institutions/local business es and concerts with civic elements on lower end.

Most haven't ventured into semi-staged Broadway concerts or live webcasts.

Group 1-2 Marketing Directors Survey May, 2014

Target-Specific Efforts with Tailored Classical Concert Programming/Formats



Discounted 'Package' Series

CLE - FanCards
CSO - POST
HS - Young Professionals Backstage
STL - Unlimited Engagement
KCS - Classics Uncorked

One-off Targeted Concerts

Chinese New Year

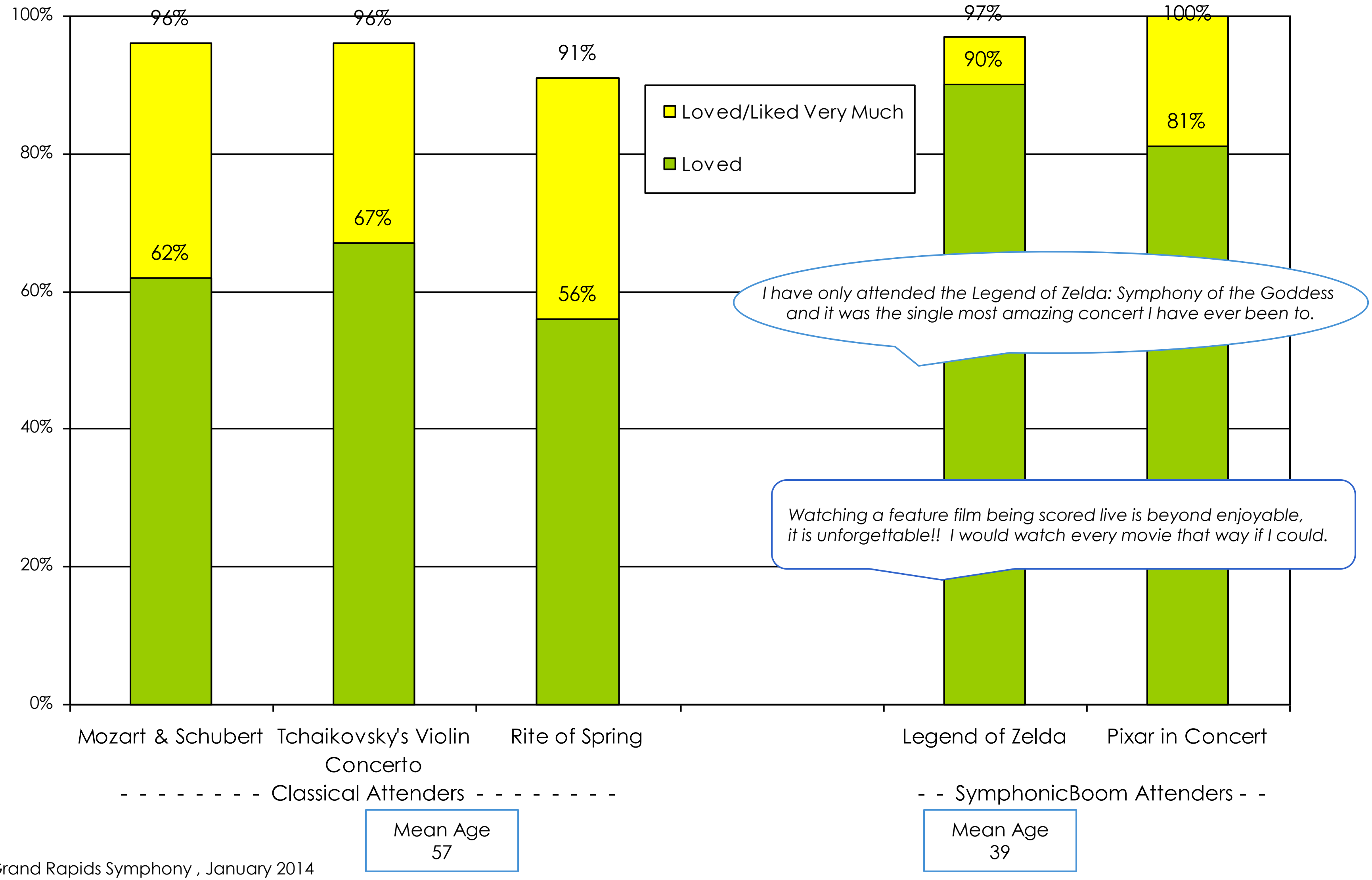
Dia de la Meurtos

Classical Roots

Symphony with Soul

Group 1-2 Marketing Directors Survey May, 2014

GRS SymphonicBoom concerts attract young enthralled audiences for video games/fantasy. Crossed to Pops for Pixar.



"300 people from the audience stayed to watch and the feeling of true joy and pleasure extended from the participants to observers... It really showed us that a great concert plus a wonderful engagement event can have huge benefits across multiple audiences and metrics…"

Cathy Levin, VP Marketing

"Our aim is not to have a 'broadcast' mentality, but to find ways to enjoy music together, really side by side. And this seemed like a perfect way to help accomplish that."

James Roe, NJSO CEO (NPR)

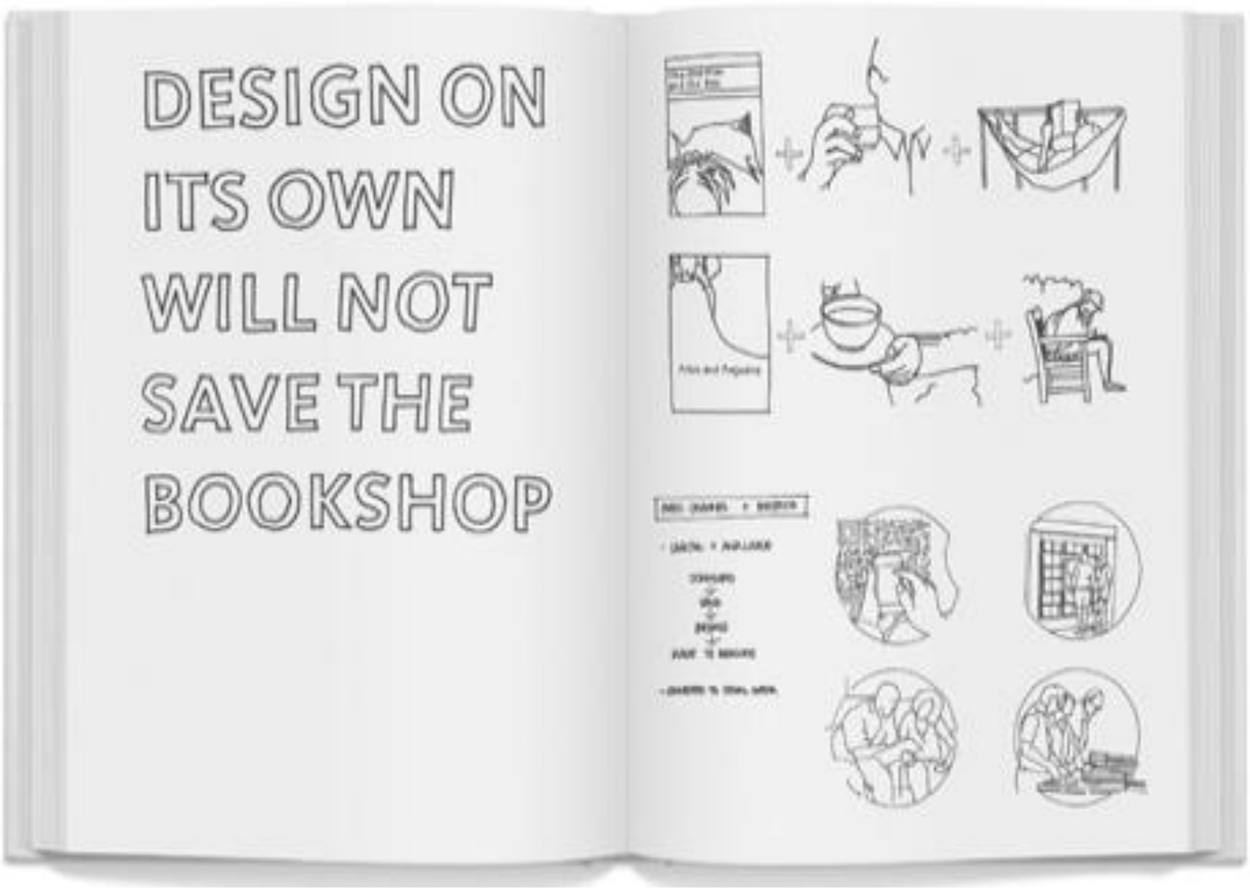
"Playing great music isn't really going to change… but we can frame concerts that make the experience participatory and relevant, and we can have more impact on life."

2013-14:

- Experimenting with events
  - Post-concert talk with NJ Olympian/concertmaster - being at the top of your game
  - Dance band prior to Beatles Pops concert (100+ waiting to get in at 7:00 pm)
  - Sing-along prior to Wizard of Oz (300+; kids in costume singing Over the Rainbow)
  - Post-concert side-by-side (300+)

2014-15:

- Engagement event planned for almost all concerts, built around each concert
  - Storytelling (concert featuring *Petrouchka* and *Scheherazade*)
  - Poetry reading (Russian standards read in Russian for concert featuring Rachmaninoff and Tchaikovsky; targeting significant Russian population in NJ)
  - Christmas sing-along before Holiday concerts
  - Food festival



To survive bookstores will…

- Go way beyond selling books (from eBooks to self-publishing)
- Anticipate every literary need
- Integrate technology throughout the in-store experience
- Design flexible/curated spaces

Segmentation, diversification, innovation

- alternative formats
- orchestras in secondary/less visible roles (film, semi-staged Broadway)
- collaborations/multi-disciplinary
- tech enhancements

Moving from concerts to events

- event engagement strategies
- more participatory concerts
- creating greater personal impact

Greater focus on increasing familiarity, comfort and relevance

More audience consideration/co-creation

Less core classical programming

More non-classical and classical cross-over concerts

More non-subscription concerts

Concert/Customer Experience

Everyone is upping the customer experience/customer service game

- very high bar across many product categories
- customer service training/incentives

Moving beyond musical excellence to delivering peak experiences

Corporate culture issue - top-down, organization-wide directive

- driving change, enabling systems
- understanding concert experience from customer's perspective
- measuring satisfaction across major touch points
- indentifying key performance indicators

Engagement and relationship building

Is your orchestra actively pursuing revenue replacement strategies?

"We are discussing revenue replacement strategies but haven't formally implemented anything as of today. Our orchestra needs to better respond to the community that we perform in and implement more diverse offerings to increase our patron base."

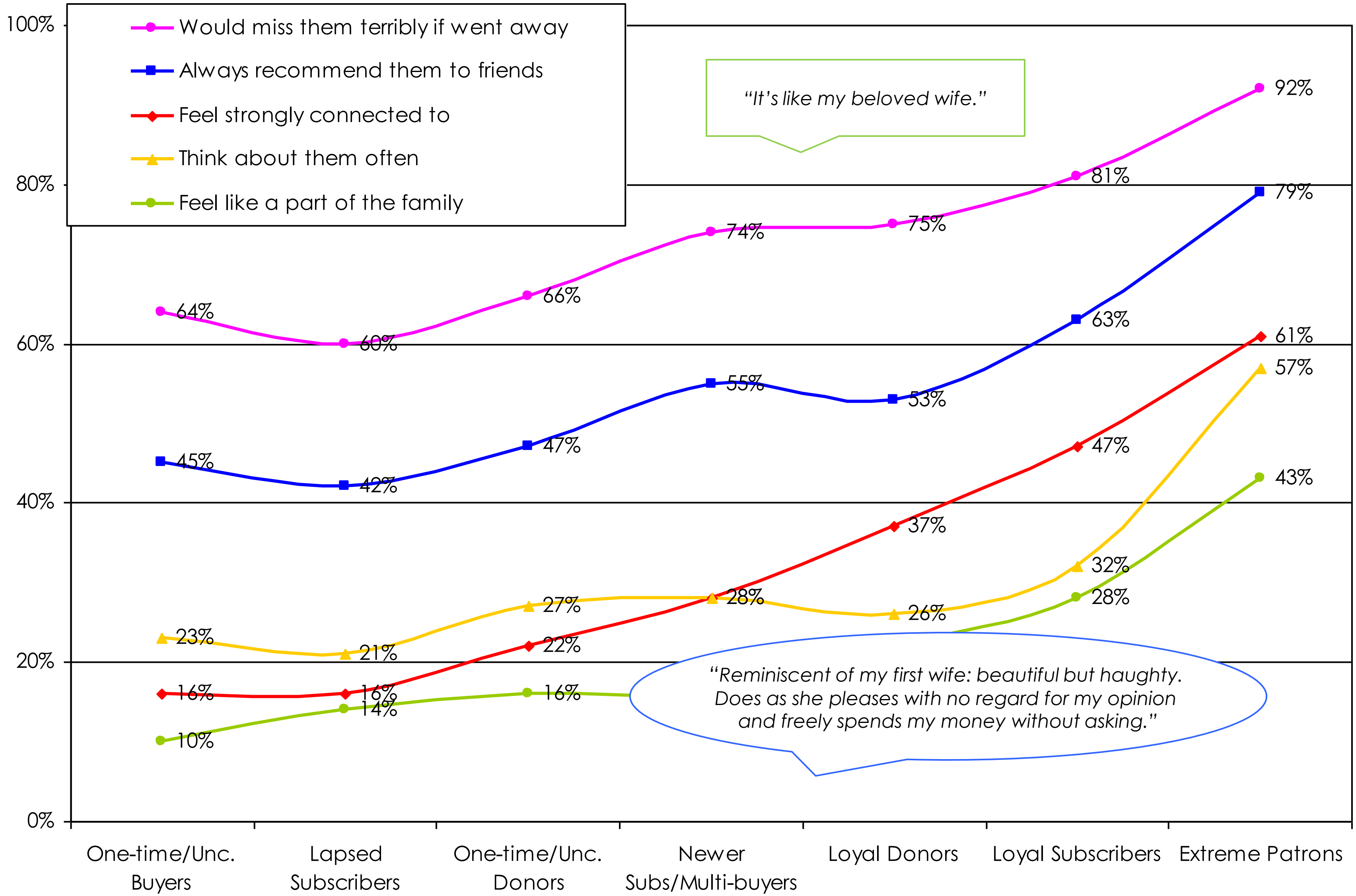
"I hate to say that we're really not. There is a lot of talk, but the budgetary restrictions we have are a barrier to R/D. We're not as much risk-averse as we are sitting with our hands tied. The general directive is to make sure that fund raising supports currently existing programs. That's not really a formula for growth and expansion, and marketing, charged with developing these engagement events, is asked to do so on a shoestring."

"We recognize this need quite acutely because we know that development cannot continue to pick up the shortfall in earned revenue. We could be a lot farther in developing a continuum of engagement and a more surgical approach towards cultivating frequency and smaller gifts."

"Our revenue replacement strategies are really rooted in the traditional ways one would expect...Increasingly, our revenue replacement strategies need to evolve to being relevant to a much broader population base. This is reflected in our new mission/vision statement which includes a component about elevating the community."

Group 1-2 Marketing Directors Survey May, 2014

Brand Relationship Factors
Closeness/Attachment



Patron Growth Initiative

Companies with close and personal connections with customers outperform their competitors.

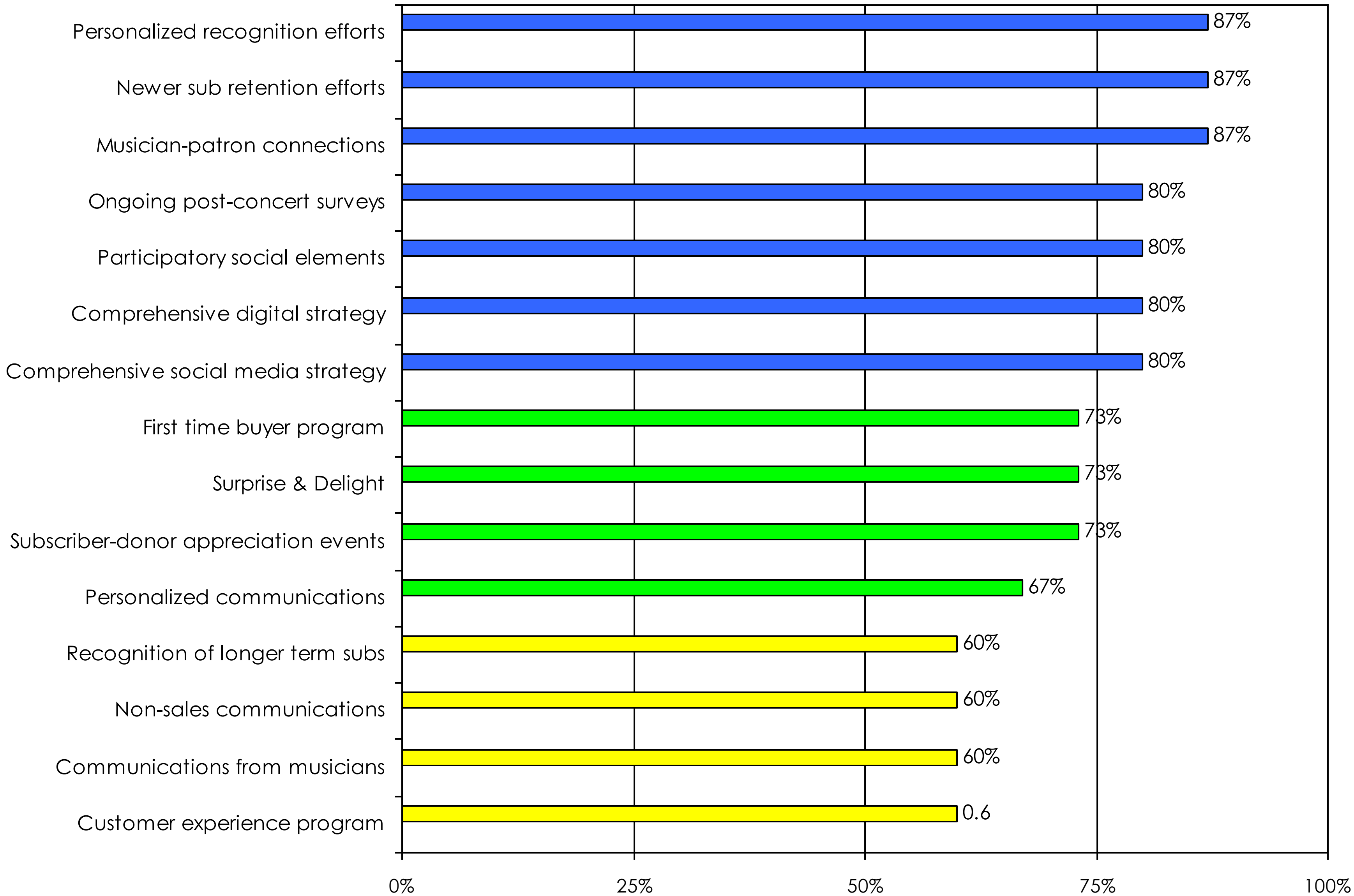
McKinsey

Customers who lack emotional connections with a brand are more likely to remain focused on practical attributes that are often easily satisfied (or even replaced) by any number of products or services.

2013 Brand Engagement Study

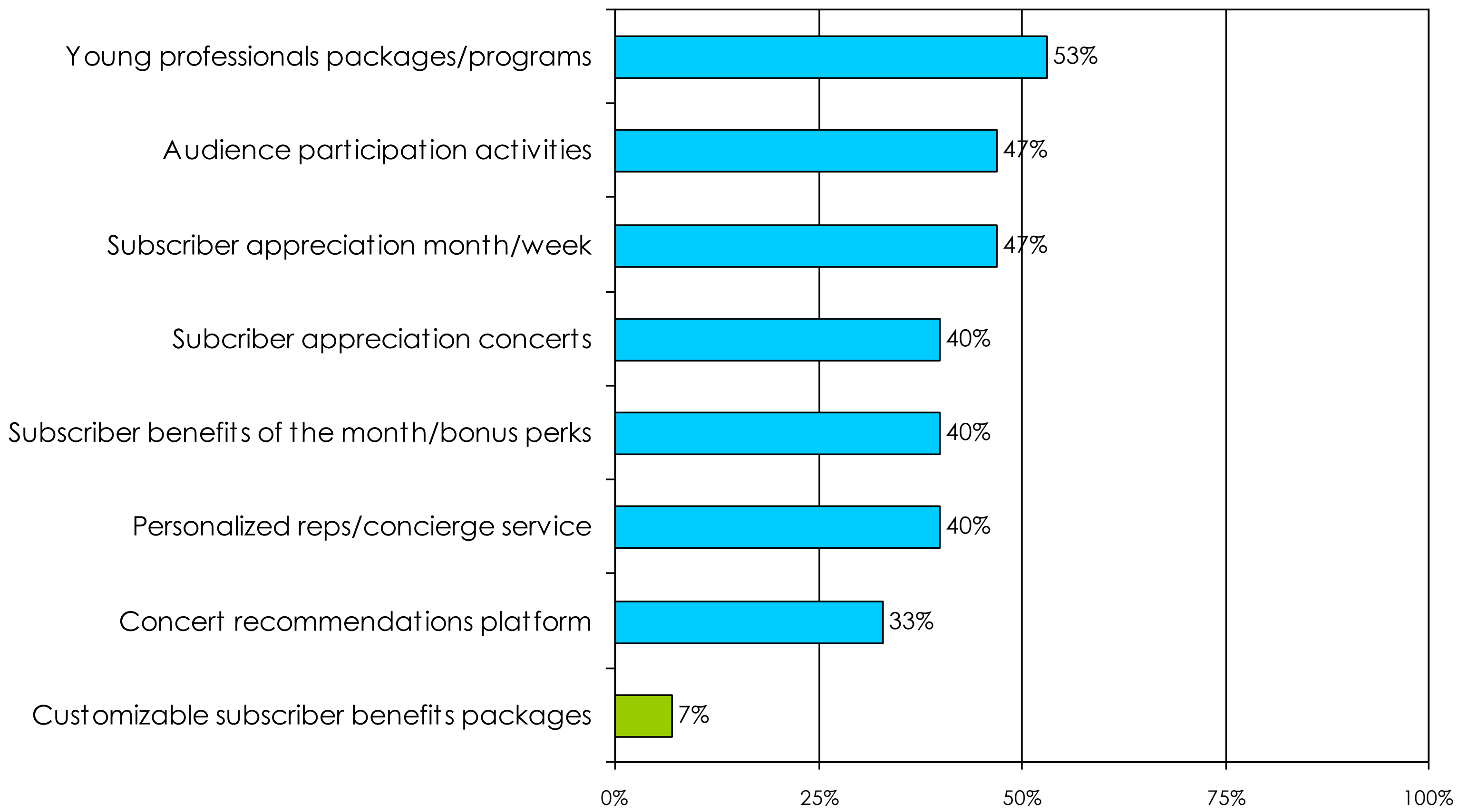
Audience Engagement/Relationship Building Efforts
% Currently Underway (More Common Efforts)

Many engagement efforts underway.



Group 1-2 Marketing Directors Survey May, 2014

Audience Engagement/Relationship Building Efforts
% Currently Underway (Less Common Efforts)



Group 1-2 Marketing Directors Survey May, 2014

Surprise & Delight - Greeting and Gifting Concert Patrons

Scope: broadly implemented in some form; organization-wide for some

Target: tends to be newer/at risk subs, although evolving

- CSO testing long term subs, first time buyers
- CIN targeting customers with issues
- CIN scanning social media to touch people based on their interests

Surprise: numerous gifts being tested

- chocolates, CDs, seat upgrades, drink coupons, discounted tickets

Reactions: overwhelmingly positive

- internal staff engagement
- audience members delighted
- some orchestras utilizing musicians; patrons blown away

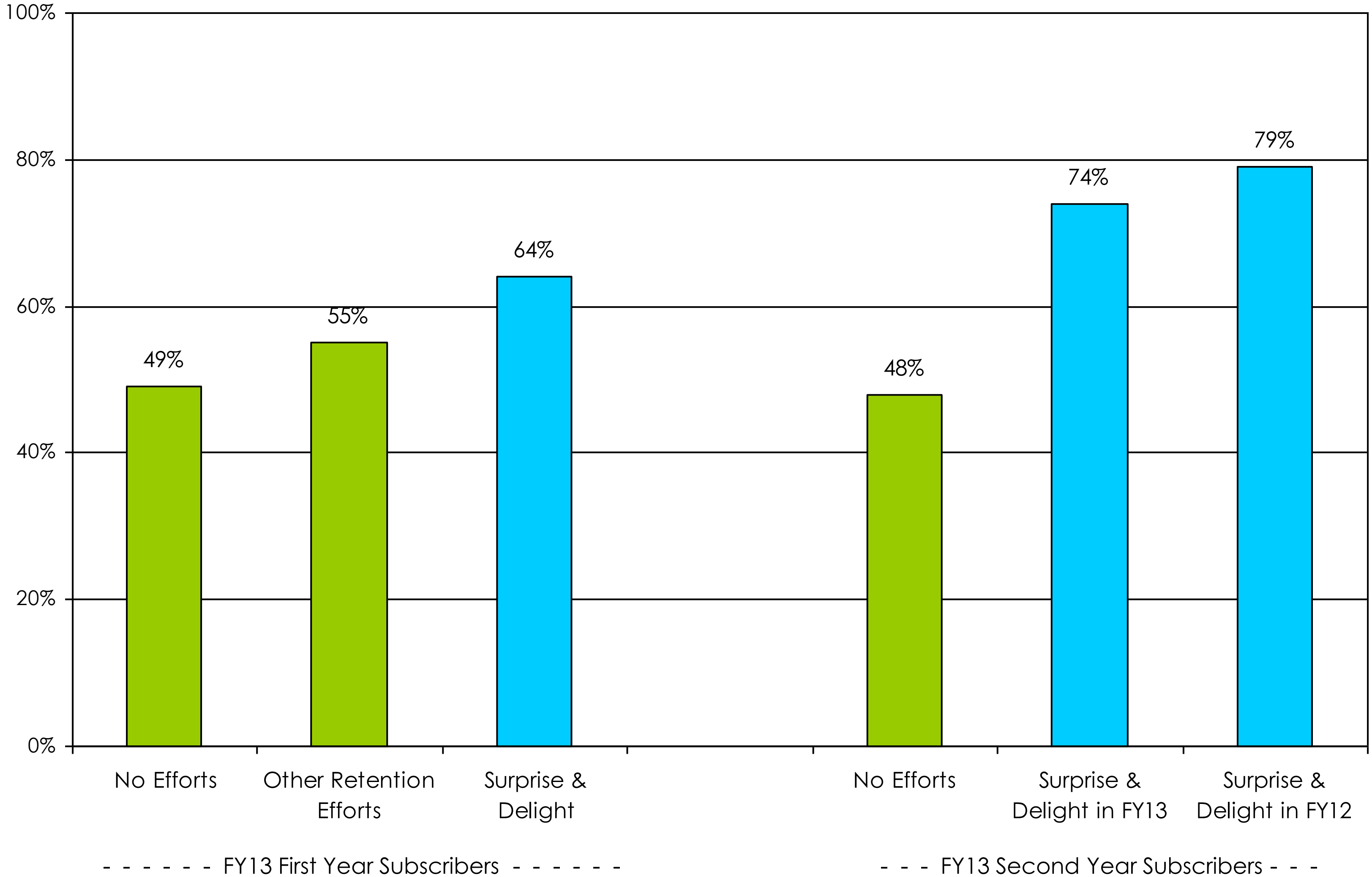
Results: consistently higher renewal rates

- opportunity to uncover problems/pacify complaints

Issue: Increasing number of touches

- NYP testing S&D meet-ups

Chicago Symphony Orchestra
Surprise & Delight 2014 Renewal Rate Results



Added Director of Relationship Marketing position

- focus: long term subs, at risk subs, first time buyers, all subs (value of subscribing)
- bridge between marketing and development

Subscriber Appreciation Month

Tested almost 20 different offers in last three seasons; follow-through based on test results

- full vs. mini offer to renewing mini subscribers
- 'money back guarantee' vs. 'delight guaranteed' messaging to NYP/prospects
- various subscription offers to lapsed subs
- private sale messaging to NYP prospects
- late season CD offer
- PURLs to first year subscribers

Personalized customer experience test underway

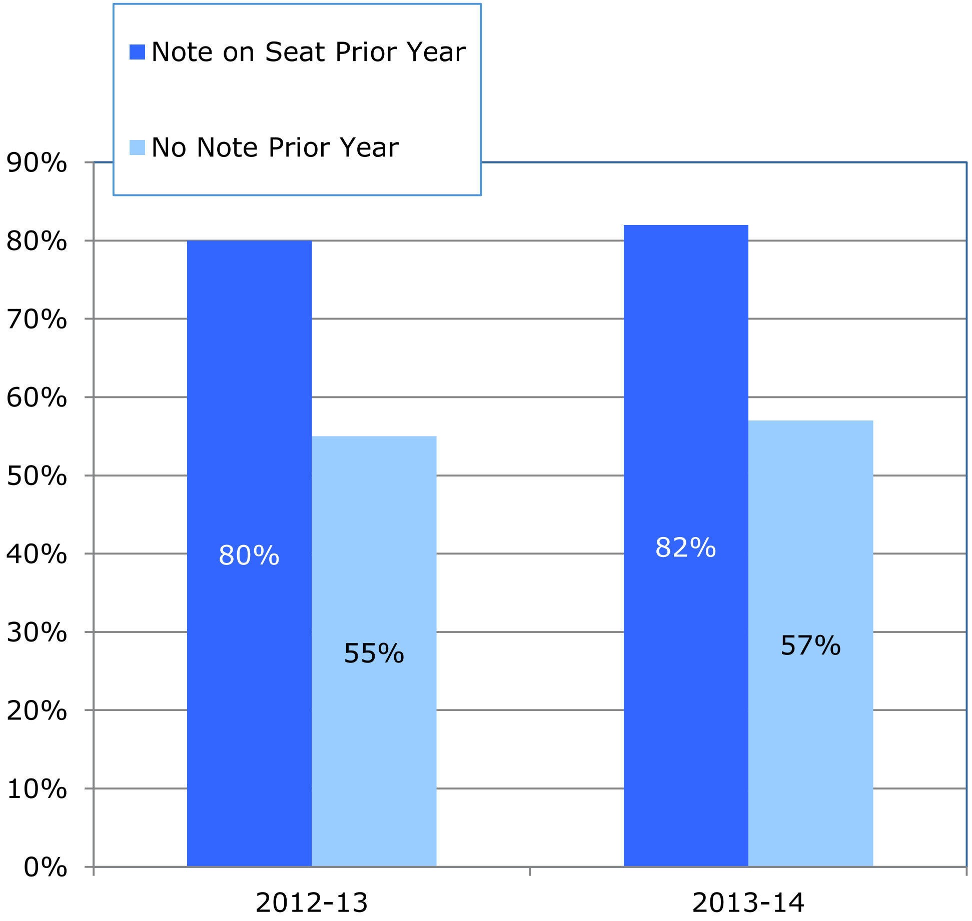
Customer Experience Initiative

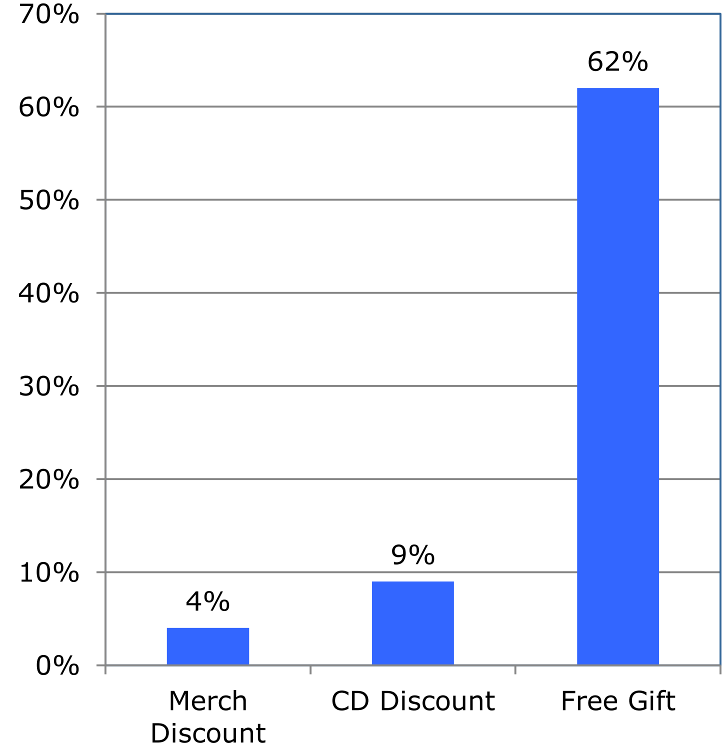
- multi-departmental taskforce, including Lincoln Center
- six major initiatives over three years
- developing dashboard for key behavioral and csat survey metrics
- MROC: Marketing Research Online Community

New York Philharmonic Subscriber Appreciation Month Fall 2013

- 8,000 personalized thank you notes
- Free gift
- Rose for 50+ year subscribers
- Inserts recognizing 3+ year subscribers
- *Insights Series* invitations
- Archives visits for 50+ year subscribers
- Post-concert meet-and-greets with musicians
- 2013-2014
  - Thank you letter from Glenn Dicterow, retiring concertmaster
  - Coupon for a free gift of NYP note cards
  - Post-concert meet and greets at Arpeggio at four concerts

NYP Subscriber Appreciation Month
Renewals and Coupon Redemption Rates





- 2500 subscriber HHs split into groups of 300 for each Customer Relations rep
- 1,500 1st and 2nd year subscriber with reps, 1,000 3+ year subscribers with reps, 500 1st and 2nd year subscribers for Surprise & Delight
- 1st and 2nd Year Subscriber Test groups:

		Surprise & Delight		
		Yes	No	
Personalized Customer Service Representative	Yes	500	1,000	1,500
	No	500	2,000	2,500
		1,000	3,000	

Outbound CE Touches:

- Introductory letter with business card
- Pre-concert email
- Surprise & Delight
- Holiday/New Year's postcard
- InTune invitation follow-up
- Subscriber Newsletter
- Courtesy calls about season announcement/renewals
- Renewal letters and emails
- Renewal calls
- Summer contact

Required Payout:

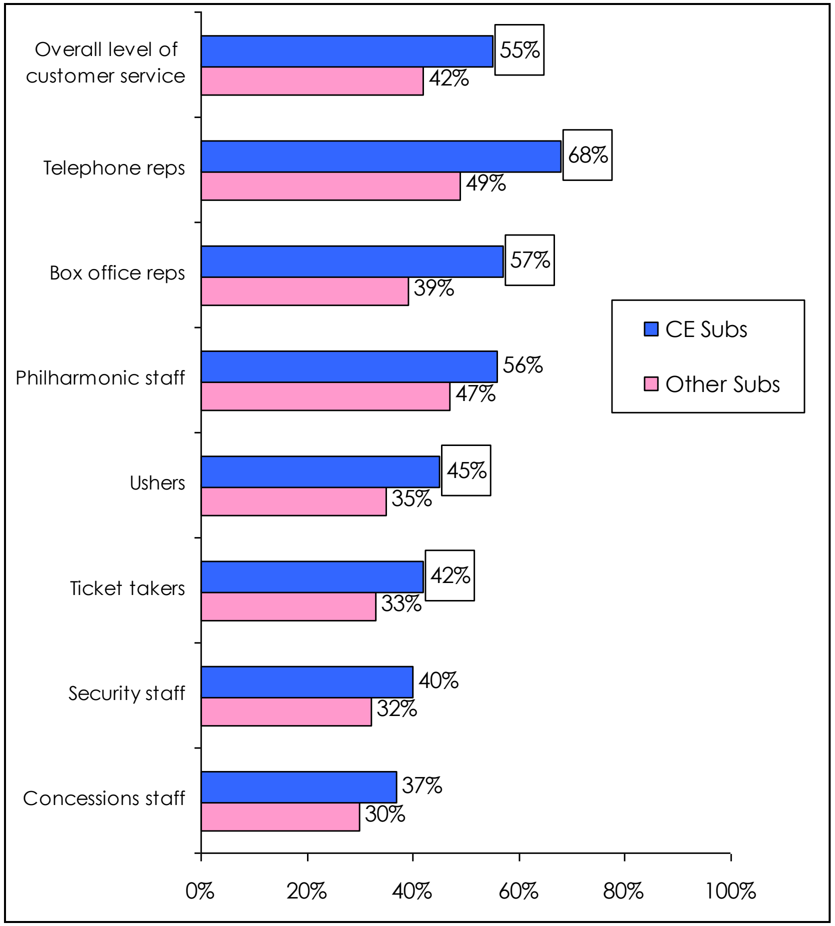
2.6% increase in renewals

$20/HH increase in revenue

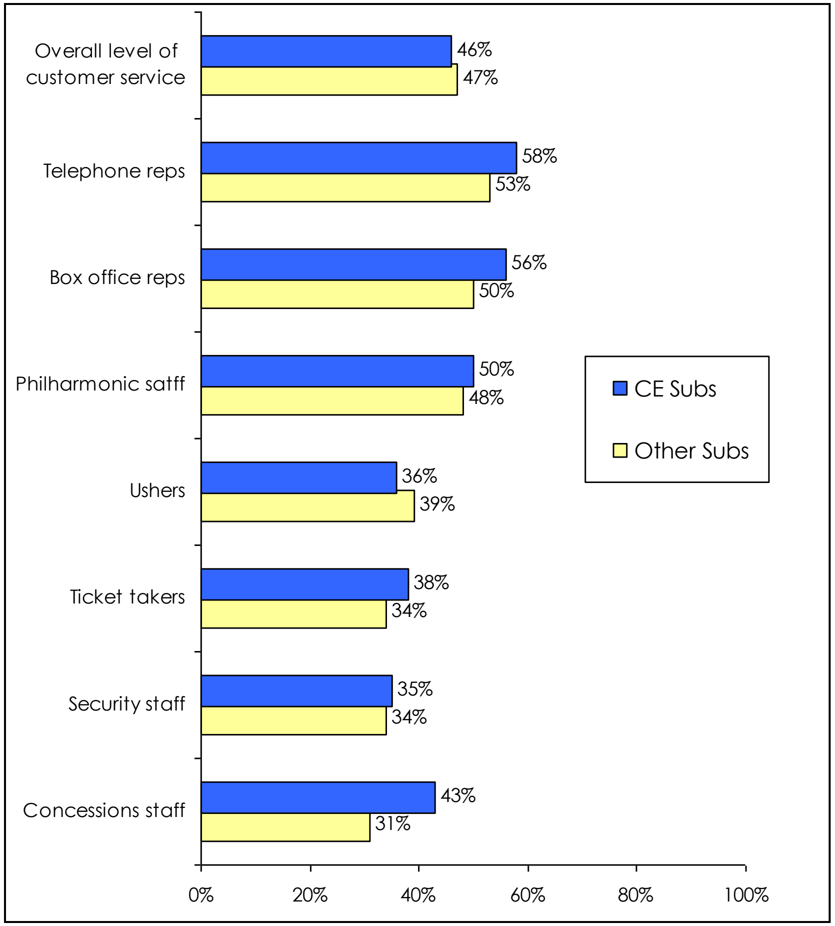
Customer Experience vs. Other Subscribers
Customer Service Ratings

New subs with CE reps have significantly higher scores than other new subs on customer service factors.

1-2 Year Subscribers



3+ Year Subscribers



New York Philharmonic Customer Satisfaction, 2013-2014

New York Philharmonic's MROC - Marketing Research Online Community

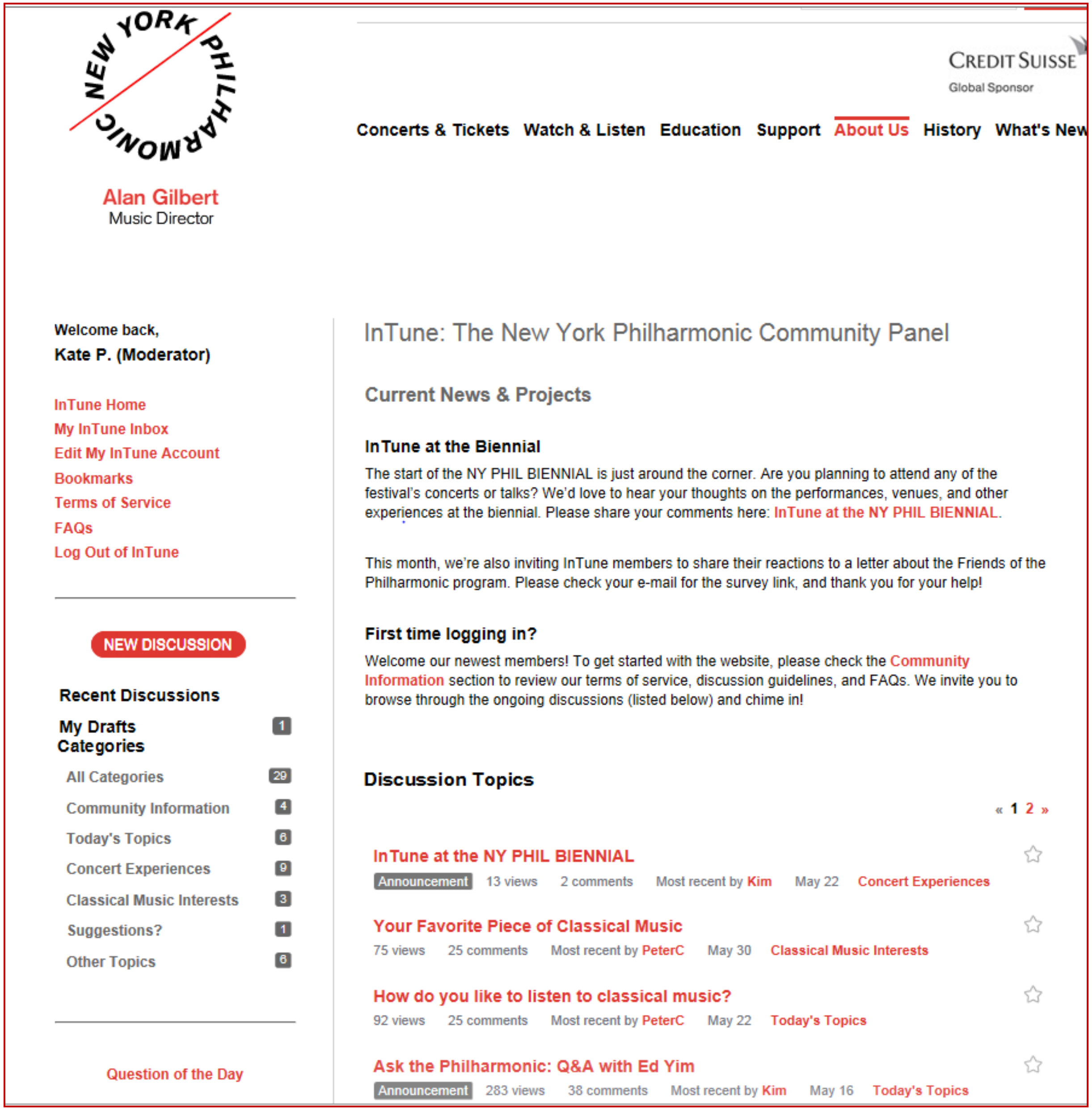
Purpose
- Getting closer to customer
- Active listening
- Ideation and innovation
- Mitigate risks

Membership
- Private community
- 658 members
- 65% Subs, 35% STBs

Ongoing Discussions
- Online renewals
- Changing listening habits
- Most memorable concerts

Surveys Monthly+
- One Day University concept
- Composer familiarity
- Brochure cover feedback
- Online store evaluation
- Annual Fund messaging input

Rewards
- Primarily intrinsic and thanks
- Online Q&A with Artistic Planning Director



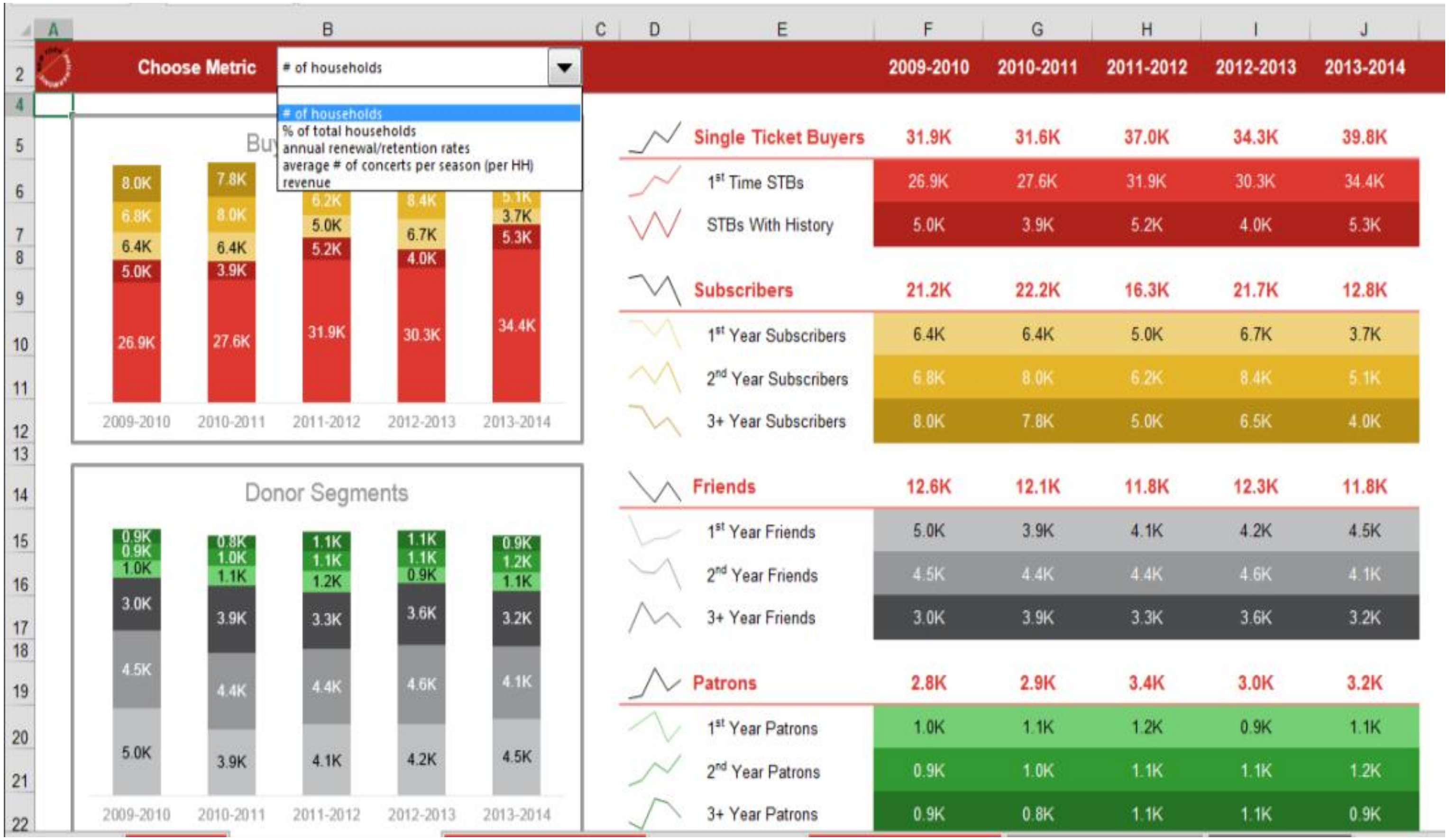
Filter Attendees | STBs & Subscribers | Values to Display | Top Two Box

Filter Programs | By Seasons | By Program Type | **By Program Name (filtered)** | *5 programs match these criteria.*

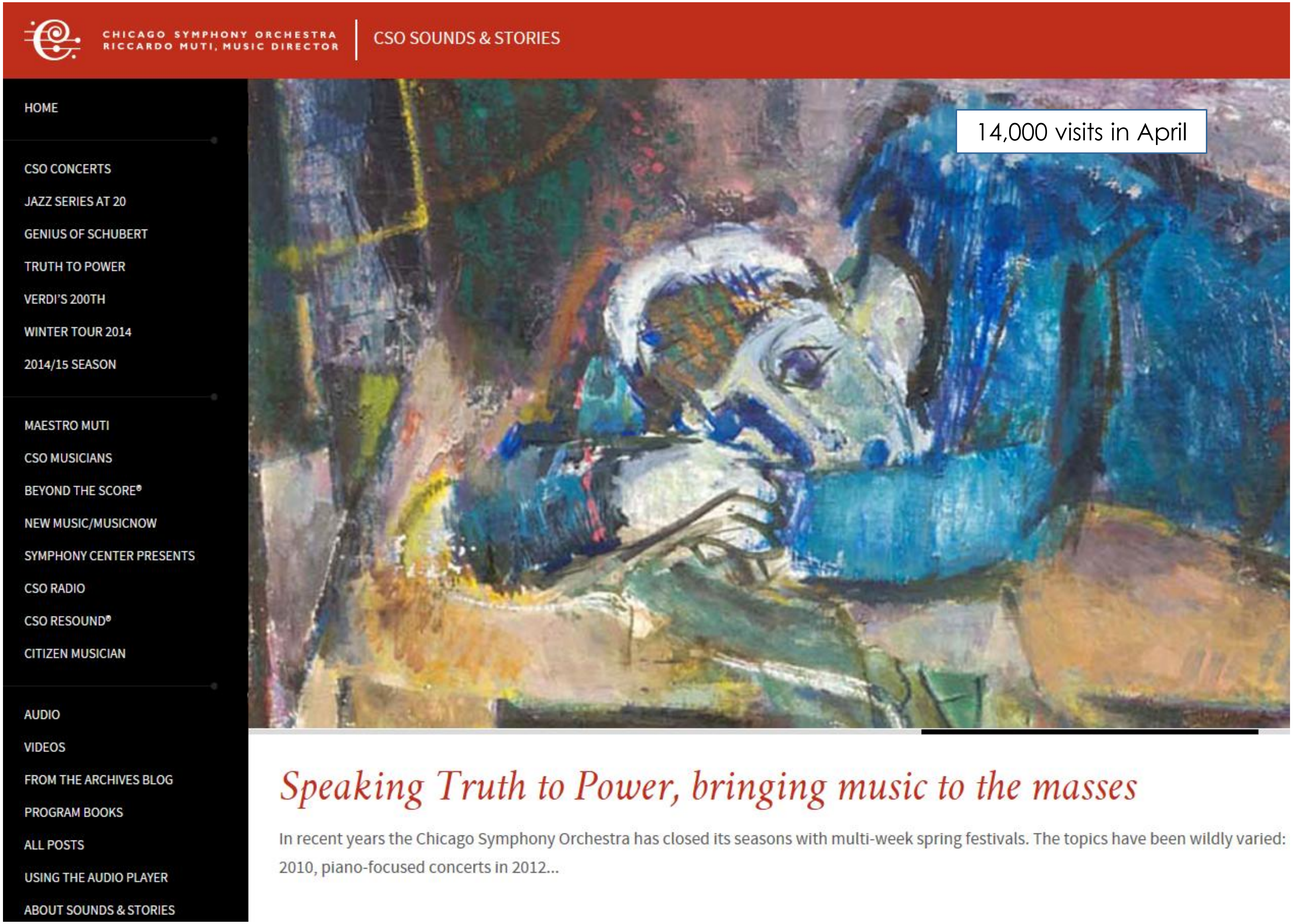
NEW YORK PHILHARMONIC

	Single Ticket Buyers: Ax/Gilbert	Szot Gala	Kavakos	Dancer's Dream	Planets HD	Subscribers: Ax/Gilbert	Szot Gala	Kavakos	Dancer's Dream	Planets HD
Star Metrics										
Overall concert experience	17%	2%	33%	0%	8%	40%	41%	49%	98%	43%
Purchasing tickets Total	54%	44%	50%	95%	18%	5%	81%	42%	56%	19%
Purchasing tickets Box/Phone	76%	29%	89%	100%	71%	20%	50%	63%	70%	97%
Purchasing tickets Web	70%	41%	89%	22%	40%	9%	63%	14%	27%	25%
Lower lobby experience	93%	97%	45%	43%	62%	70%	31%	53%	61%	74%
Accessibility services	5%	4%	71%	25%	79%	41%	26%	25%	88%	5%
Concert performance	47%	5%	3%	37%	63%	89%	30%	89%	62%	47%
Concert hall experience	66%	6%	48%	53%	35%	39%	21%	32%	23%	87%
Audience behavior	7%	9%	32%	73%	37%	77%	27%	5%	53%	65%
Level of customer service	14%	52%	58%	52%	94%	64%	99%	53%	48%	46%
Value for the money	91%	48%	75%	0%	3%	68%	94%	30%	82%	18%
Arpeggio										
Arpeggio atmosphere	17%	2%	33%	0%	8%	40%	41%	49%	98%	43%
Arpeggio food quality	54%	44%	50%	95%	18%	5%	81%	42%	56%	19%
Arpeggio menu	76%	29%	89%	100%	71%	20%	50%	63%	70%	97%
Arpeggio beverage quality	70%	41%	89%	22%	40%	9%	63%	14%	27%	25%
Arpeggio beverage selections	93%	97%	45%	43%	62%	70%	31%	53%	61%	74%
Arpeggio quality of service	5%	4%	71%	25%	79%	41%	26%	25%	88%	5%
Arpeggio prices	47%	5%	3%	37%	63%	89%	30%	89%	62%	47%
Espresso Café/Lobby Bar										
EC/LB atmosphere	17%	2%	33%	0%	8%	40%	41%	49%	98%	43%
EC/LB food quality	54%	44%	50%	95%	18%	5%	81%	42%	56%	19%
EC/LB menu	76%	29%	89%	100%	71%	20%	50%	63%	70%	97%
EC/LB beverage quality	70%	41%	89%	22%	40%	9%	63%	14%	27%	25%
EC/LB beverage selections	93%	97%	45%	43%	62%	70%	31%	53%	61%	74%
EC/LB quality of service	5%	4%	71%	25%	79%	41%	26%	25%	88%	5%
EC/LB prices	47%	5%	3%	37%	63%	89%	30%	89%	62%	47%

Dashboard | Detailed Results | Test | Survey Data - Processed



	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Single Ticket Buyers	**31.9K**	**31.6K**	**37.0K**	**34.3K**	**39.8K**
1st Time STBs	26.9K	27.6K	31.9K	30.3K	34.4K
STBs With History	5.0K	3.9K	5.2K	4.0K	5.3K
Subscribers	**21.2K**	**22.2K**	**16.3K**	**21.7K**	**12.8K**
1st Year Subscribers	6.4K	6.4K	5.0K	6.7K	3.7K
2nd Year Subscribers	6.8K	8.0K	6.2K	8.4K	5.1K
3+ Year Subscribers	8.0K	7.8K	5.0K	6.5K	4.0K
Friends	**12.6K**	**12.1K**	**11.8K**	**12.3K**	**11.8K**
1st Year Friends	5.0K	3.9K	4.1K	4.2K	4.5K
2nd Year Friends	4.5K	4.4K	4.4K	4.6K	4.1K
3+ Year Friends	3.0K	3.9K	3.3K	3.6K	3.2K
Patrons	**2.8K**	**2.9K**	**3.4K**	**3.0K**	**3.2K**
1st Year Patrons	1.0K	1.1K	1.2K	0.9K	1.1K
2nd Year Patrons	0.9K	1.0K	1.1K	1.1K	1.2K
3+ Year Patrons	0.9K	0.8K	1.1K	1.1K	0.9K


CHICAGO SYMPHONY ORCHESTRA
RICCARDO MUTI, MUSIC DIRECTOR
CSO SOUNDS & STORIES
HOME
CSO CONCERTS
JAZZ SERIES AT 20
GENIUS OF SCHUBERT
TRUTH TO POWER
VERDI'S 200TH
WINTER TOUR 2014
2014/15 SEASON
MAESTRO MUTI
CSO MUSICIANS
BEYOND THE SCORE®
NEW MUSIC/MUSICNOW
SYMPHONY CENTER PRESENTS
CSO RADIO
CSO RESOUND®
CITIZEN MUSICIAN
AUDIO
VIDEOS
FROM THE ARCHIVES BLOG
PROGRAM BOOKS
ALL POSTS
USING THE AUDIO PLAYER
ABOUT SOUNDS & STORIES
14,000 visits in April
Speaking Truth to Power, bringing music to the masses
In recent years the Chicago Symphony Orchestra has closed its seasons with multi-week spring festivals. The topics have been wildly varied:
2010, piano-focused concerts in 2012...

Orchestras as Community-Based Institutions

Funder Expectations

1. Funders will expect meaningful diversity in programming, governance and administration (emphasis on "meaningful")

2. Community involvement and relevancy will be a high priority. What benefit do you give the community beyond music in the hall or perceived economic impact.

3. There is growing expectation on accountable and transparent financial management with a focus on liquidity and successful business models.

   Also better training of trustees and donors as to the unique financial practices and challenges of symphonic orchestras.

Janet Brown, Executive Director Grantmakers in the Arts

Cincinnati Symphony Orchestra - OneCityOneSymphony

Community-wide initiative to create conversation about broader social justice/ community issues through music.

- Free listening parties
- Radio broadcasts
- Educational resources
- Live performance plus broadcasts to nursing homes, hospitals, other public locations

2014 theme: Heroes
- Celebrating community heroes (volunteerism/civic engagement)
- and heroes within the featured piece (Magnard's Hymne a la Justice)

CSO FANFARE CINCINNATI

As part of the culmination of the CSO's second annual One City, One Symphony project, enjoy these FREE live recordings from the November 14 & 16 concerts. The downloads include the entirety of Tchaikovksy's Symphony No. 4 and Mozart's *Davide Penitente*, feature Music Director Louis Langrée conducting the Orchestra, the mighty May Festival Chorus and soloists Angel Blue, Jane Archibald, Michèle Losier and Joseph Kaiser.

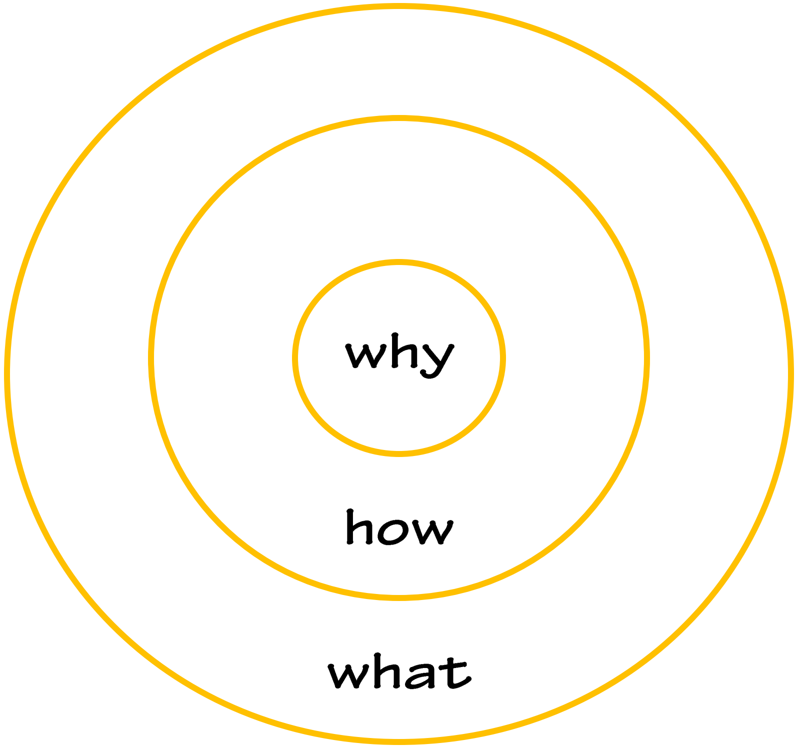
These downloads have been made possible by the CSO's partnership with 90.9 WGUC. The recordings were produced by Elaine Martone and engineered by Chelsea VandeDrink, WGUC Mastering and Production Engineer.

Cincinnati Symphony's LumenoCity

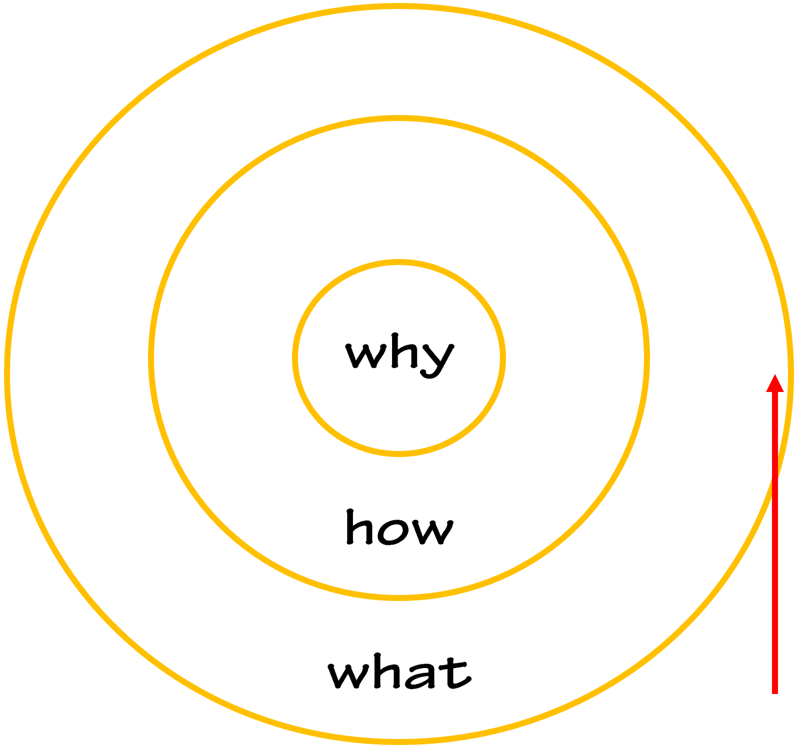
- Highly successful, free outdoor event attracting 35,000 attenders over two nights in 2013
- Performances streamed online
- 2014 (3rd year) a 3-day festival with food, beverages, arts performances
- Free ticketed event (security reasons; will obtain thousands of new to file households)

People don't buy what you do, they buy why you do it.

Simon Sinek, *Ted Talk*



Most organizations talk about what they do and how they do it.

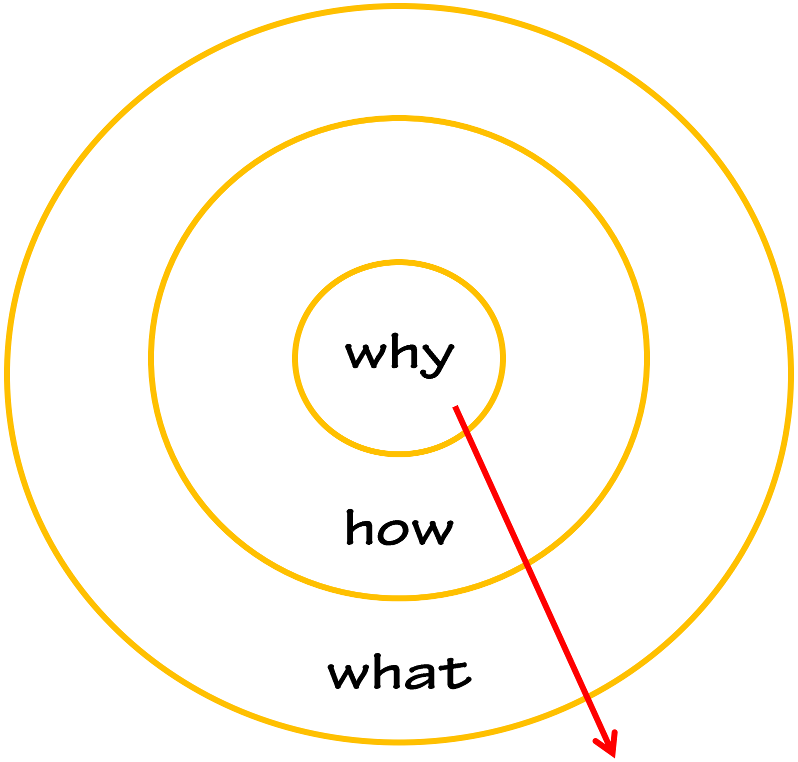


Why you exist, why should anyone care

How you do it

What you do

Great organizations and leaders think, act, and communicate in the same way - starting with the why.



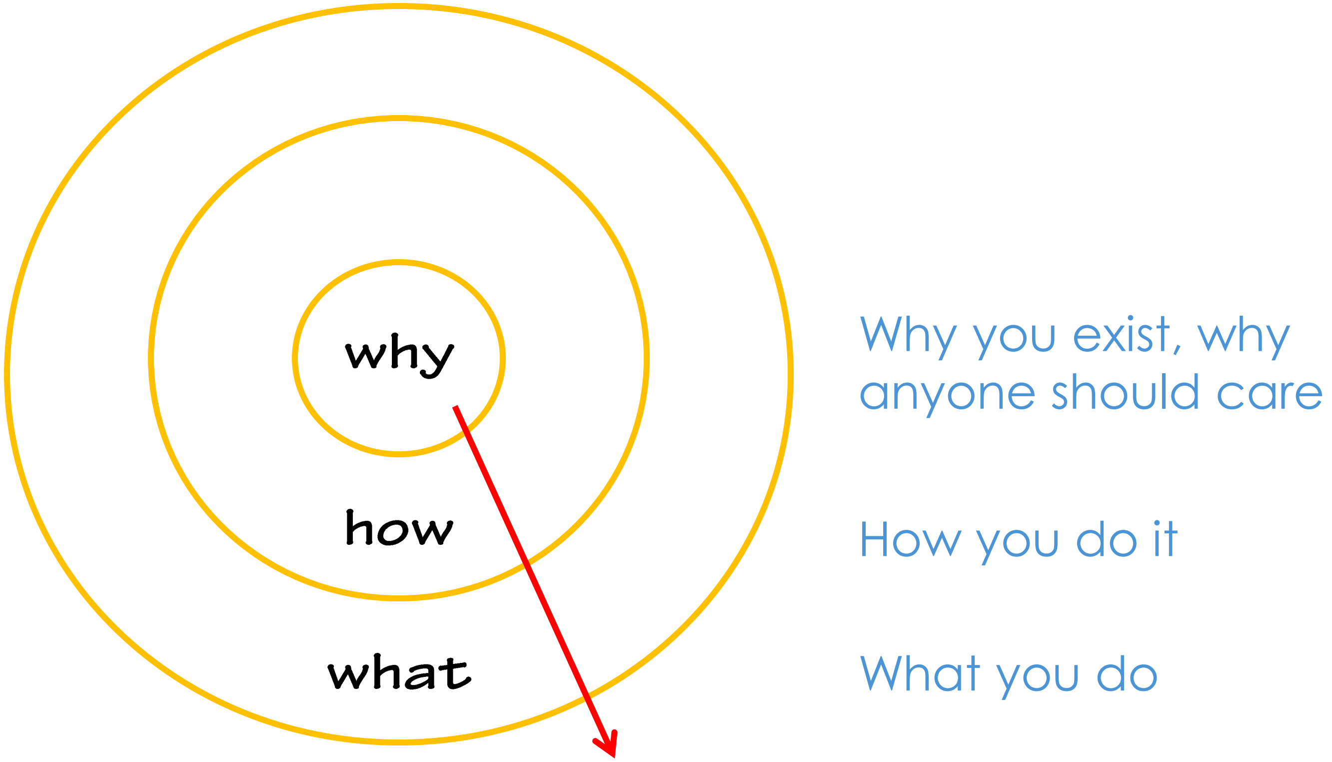
Why you exist, why anyone should care

How you do it

What you do

If we can internally articulate the real why, what we do and how we do it might change.

If we communicate the why, we'll give more people reason to believe.



ABOUT NIKE, INC.

NIKE, Inc. is the world's leading innovator in athletic footwear, apparel, equipment and accessories.

OUR MISSION:

TO BRING INSPIRATION AND INNOVATION TO EVERY ATHLETE* IN THE WORLD

*IF YOU HAVE A BODY, YOU ARE AN ATHLETE

President and CEO Mark Parker said: "At NIKE, Inc. we run a complete offense, and it's based on a core commitment to innovation. That's how we stay opportunistic, serve the athlete, reward our shareholders, and continue to lead our industry."

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learn | act | grow

PRESCOTT & ASSOCIATES

Looking Forward - Acting Now

League of American Orchestras Conference 2014

Marketing Constituency Meeting

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