

December 1, 2009

To: Orchestra Executive Directors
From: Jesse Rosen
Subject: **New Audience Research Findings**

Two new national studies, the National Endowment for the Arts 2008 *Survey of Public Participation in the Arts* and the League's *Audience Demographic Research Review*, now offer statistically reliable national demographic information about audience participation. The findings raise both serious concerns and new opportunities for orchestras. They merit close attention from all who are concerned about the future of orchestras in America. Please share this information with all of your stakeholders.

Attached to this Memorandum is a two-part document. Part A is an Overview of the findings distilled into 12 key points. Part B is a more detailed explanation of those findings.

It is important to keep three things in mind in reviewing this research:

1. The findings are **descriptive, not diagnostic**, so more work will be necessary to understand the factors underlying the findings.
2. The data represent **national, aggregated trends**, and therefore will not hold true for every orchestra. There will be outliers, as well as regional variation around the country.
3. These results, while challenging, also seem to **suggest the enduring strength and vitality of our art form**. The high level of interest in classical music performances online and through electronic media is particularly notable. Orchestras have been experimenting with technology for some time, and this news affirms that work as a "hot trail" to pursue.

MEMORANDUM

The League and its Research Advisory Council believe that these audience trends represent critical opportunities in several areas.

- They point to a need for orchestras to think more creatively about their roles in a culture of changing expectations around the meaning of participation.
- Other industries, from bookstores to museums to movie theaters, have responded to these shifts with a variety of innovative developments. Some orchestras have already started down this road.
- These national trends have an impact on our entire field. We encourage all orchestras, regardless of your performance in relation to these trends, to share information and thinking.
- The League will be using multiple channels, including online forums, to communicate the findings and to stimulate conversation. We will bring forward examples from beyond our field that can help orchestras identify potential next steps.

So what can orchestras do with this information?

1. **ABSORB** the findings and implications
2. **EXCHANGE** knowledge, research, examples of measurable progress
3. **LEARN** more about factors and influences
4. **REPORT** experiences to the League

Background on the Two Studies

- In June 2009, the National Endowment for the Arts issued highlights from its *Survey of Public Participation in the Arts (SPPA)* detailing changes since its last survey, done in 2002. The fifth such survey since 1982, this study, done in partnership with the U.S. Bureau of the Census, (sample size was 18,000) also reviewed trends across the 26-year period from 1982-2008.

- Several months earlier the League, through its Research Advisory Council, had identified a need to collect and analyze existing demographic audience participation data and trends. The League asked a team from McKinsey & Company to create an *Audience Demographic Research Review*.
- The McKinsey team utilized two data sources in addition to the NEA's *SPPA*. First, they analyzed results from the widely used annual *Experian Simmons National Consumer Survey* for the period 2003-2007. This survey, like the NEA survey, has a very large sample size (25,000). Both surveys assessed "classical music participation," which includes orchestras along with choral and chamber music. Best available data suggests that orchestras represent 50-70% of all classical attendance, so directional results would be consistent with the trends in all classical music.
- The team then incorporated data from the League's *Orchestra Statistical Reports (OSR)*. The data in all of the sources was gathered before the precipitous financial market drop in fall 2008.
- The League's *Audience Demographic Research Review* confirms the NEA findings, while providing new details about behavior within and across generations. The League report also reconciles the *OSR* reports with the findings of the two studies.

PART A. Overview of Combined Key Findings
(from NEA *Survey of Public Participation in the Performing Arts* and
League Audience Demographic Research Review)

1. The percentage of the U.S. population that attends classical music events has been declining over 25 years, with the steepest drop between 2002 and 2008. Overall classical music participation rates declined by 29% between 1982 and 2008, and by 20% between 2002 and 2008.

2. All performing arts have seen similar declines over the past 25 years and the past six years. So have sports events, movie theaters, and outdoor activities. For example, opera has seen a 30% decline; active sports a 32% decline between 2002 and 2008.

3. Through 2002, declining participation rates were masked by growth in key segments of the population; so while unique audience (the number of people who reported attending at least once a year) was increasing, the percent of the total population was declining. Since 2002, however, the unique audience for live classical music has declined by 13%, because population growth is no longer enough to counter declining participation rates.

4. Since 1982, participation rates have generally declined both between and within generations. So we cannot assume that people will attend more as they enter the 45+ age group. So, for example, Gen Xers participate less than did Late Boomers at the same age.

5. Boomers probably are attending more frequently. That is why we seem to see more of them, even though their participation rate is down. In 2002, 15.2% of adults aged 45-54 participated; by 2008 the percentage had dropped to 10.2%.

6. *Orchestra Statistical Report* increases in attendance also can be explained by frequency.

7. Classical musical audiences are graying, faster than the general public. The median age for classical music attendance has steadily risen, from 40 in 1982, to 49 in 2008. The median age for the U.S. adult population rose from 39 to 45 during the same period.

8. College-educated adults (including those with advanced degrees) have curbed their attendance of events in nearly all art forms, with a decline of 39% for classical music events from 2002 to 2008.

9. Projected national racial/ethnicity changes could offer intriguing opportunities for orchestras. The League's *Audience Demographic Research Review* showed that Hispanics will increase their share of the total live classical audience from about 12% to 20% by 2018.

10. The percentage of people performing/playing classical music over the past 6 years increased from 1.8% to 3% of adults, a significant increase.

11. More Americans listen to classical music broadcasts or recordings (including online) than attend them live. Classical music attracts the greatest number of adult listeners compared with jazz, opera, musicals, and Latin music. Nearly 18% of the US population listens to classical music broadcasts or recordings.

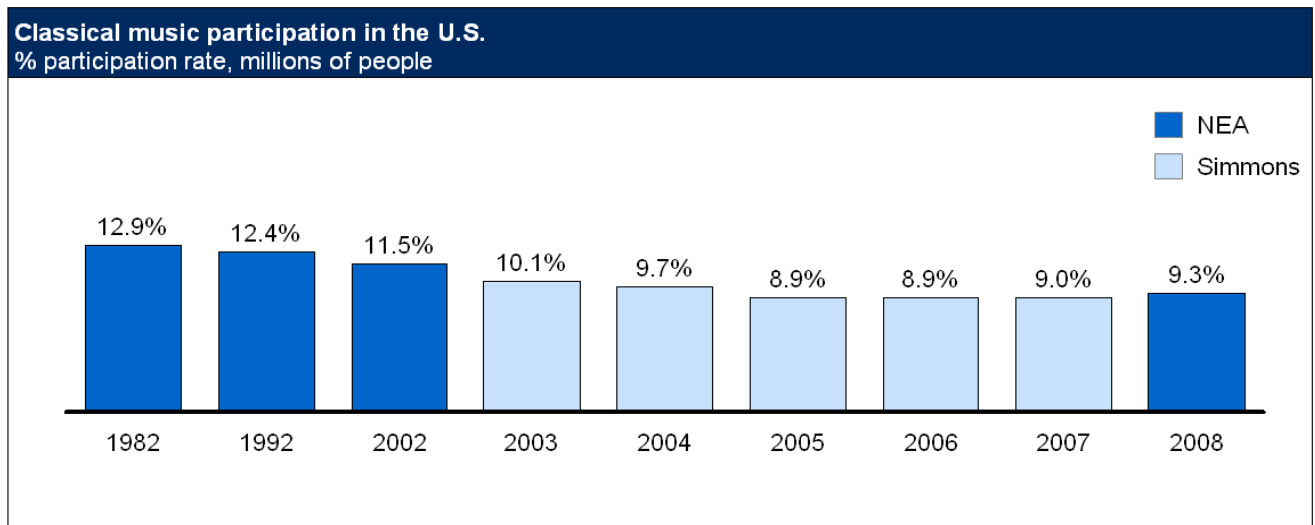
12. Americans are turning to performances online in record numbers. Of the 70% of US adults that go online regularly, more than 30% accessed arts performances online.

PART B. Explanation of Key Findings

The key demographic indicators -- participation rate, unique audiences, and paid attendance -- all are declining.

1. The percentage of the U.S. population that attends classical music events has been declining over 25 years, with the steepest drop occurring between 2002 and 2008.

- Overall classical music participation rates have declined by 29% between 1982 and 2008, from 12.9% to 9.3%. Between 2002 and 2008 the rate dropped from 11.5% to 9.3%, or 20%.

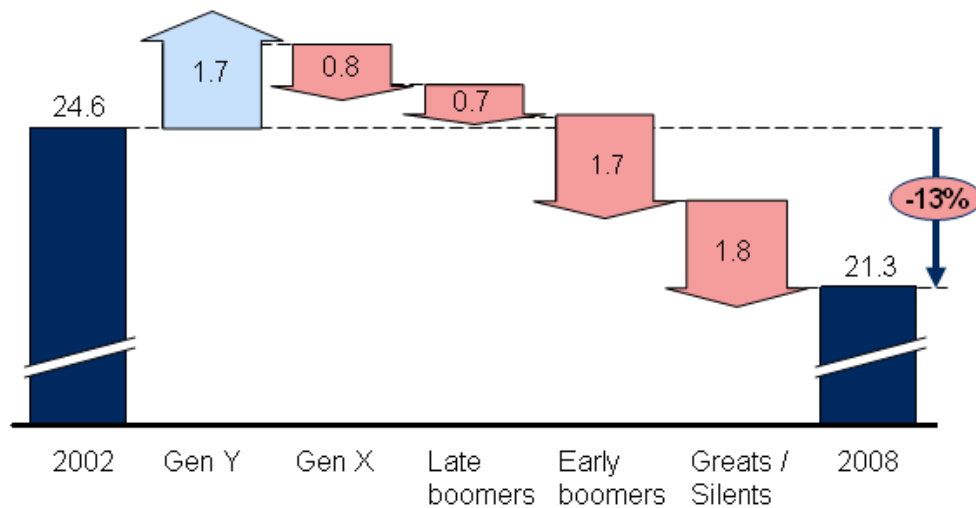


SOURCE: League Review, using data from National Endowment for the Arts, Experian Simmons, McKinsey analysis

- Unique audience for classical music (the number of people who reported attending at least once a year) declined from 24.6 million to 21.3 million, a drop of 13% or 3.3 million people, between 2002 and 2008.

Classical music audience trends, 2002 to 2008 (NEA data)
Millions of people

HISTORICAL



SOURCE: League Review, using data from National Endowment for the Arts, US Census Bureau, McKinsey analysis

- Paid attendance (number of tickets sold) also declined by 8% between 2002 and 2007.
- If these demographic trends continue, the audience for live classical music could decline by an additional 2.7 million people, or 14%, by 2018. Source: League Review, using McKinsey analysis

2. All performing arts have seen similar declines over the past twenty-five years and the past five years. So have sports events, movies, and outdoor activities.

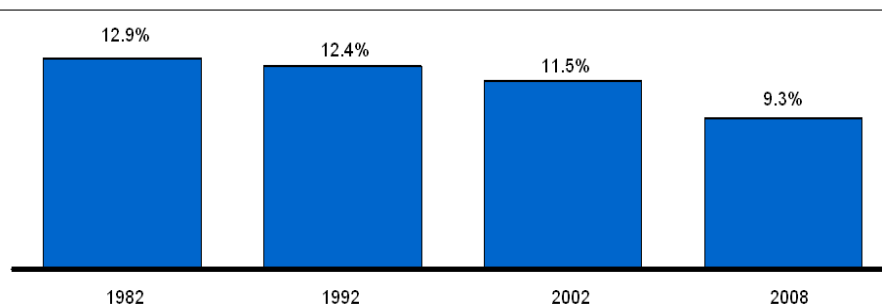
Participation in Other Leisure Activities, 1982-2008						
TYPE OF ACTIVITY	<i>Percent of Adults Participating</i>				Rate of change from 2002-2008	Rate of change from 1982-2008
	1982	1992	2002	2008		
	%	%	%	%		
Classical music	13.0	12.5	11.6	9.3	-20.0%	-29.0%
Jazz	9.6	10.6	10.8	7.8	-28.0%	-19.0%
Opera	3.0	3.3	3.2	2.1	-34.0%	-30.0%
Musical plays	18.6	17.4	17.1	16.7	-2.0%	-10.0%
Non-musical plays	11.9	13.5	12.3	9.4	-24.0%	-21.0%
Movies	60.0	59.0	60.0	53.3	-11.2%	-11.2%
Exercise	51.0	60.0	55.1	52.9	-4.0%	3.7%
Gardening	60.0	55.0	47.3	41.6	-12.1%	-30.7%
Sporting events	48.0	37.0	35.0	30.6	-12.6%	-36.3%
Outdoor activities	36.0	34.0	30.9	28.2	-8.7%	-21.7%
Active sports	39.0	39.0	30.4	26.3	-13.5%	-32.6%
Volunteering	28.0	33.0	29.0	32.0	10.3%	14.3%

SOURCE: National Endowment for the Arts

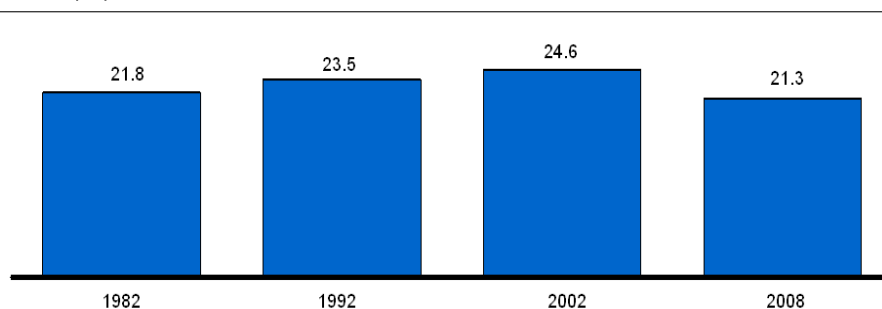
3. From 1982 through 2002, declining participation rates were masked by growth in key segments of the population. But since 2002, the unique audience for live classical music has declined by 13%, because population growth is no longer enough to counter declining participation rates.

- The classical music participation rate for the U.S. adult population decreased from 12.9% to 11.5% between 1982 and 2002. However, the unique audience (the number of people who reported attending at least once a year) actually increased by 2.8 million people on an absolute basis over the same period. Further analysis suggests that demographic momentum – i.e., the population attaining adulthood during this period – contributed more to the increase than a general increase in affinity for live classical music.

Classical music participation in the U.S.
% participation rate



Classical music participation in the U.S.
Millions of people



SOURCE: League Review using data from National Endowment for the Arts, McKinsey analysis

- The following chart examines participation from a generational lens. From a demographic perspective each generation exhibits a very distinct behavior in classical music attendance rates. Between 1982 and 2002, Generation Xers entering the adult population compensated for declines among the Great and Silent generations.

Since trends in participation rates have a strong relationship with generational cohorts, the following analysis examines participation from a generational lens.

Generational cohorts¹	Birth years	Age (2008)	2008 live classical audience (millions)	2008 population (millions)
Greats	1901-1924	84-107	0.5 ²	5.4 ²
Early silents	1925-1934	74-83	1.5 ³	14.6 ³
Late silents	1935-1944	64-73	2.6	21.3
Early boomers	1945-1954	54-63	4.1	35.2
Late boomers	1955-1964	44-53	4.5	44.6
Gen X	1965-1981	29-43	4.8	61.4
Gen Y	1982-2000	8-28	3.2 ⁴	46.9 ⁴

1 Generation ages (e.g., Gen X, Gen Y) have been adjusted slightly based on data availability / methodology

2 Reflects 85+ year old audience based on data availability

3 Reflects 74-84 year old audience based on data availability

4 Reflects adult (18+) Gen Yers

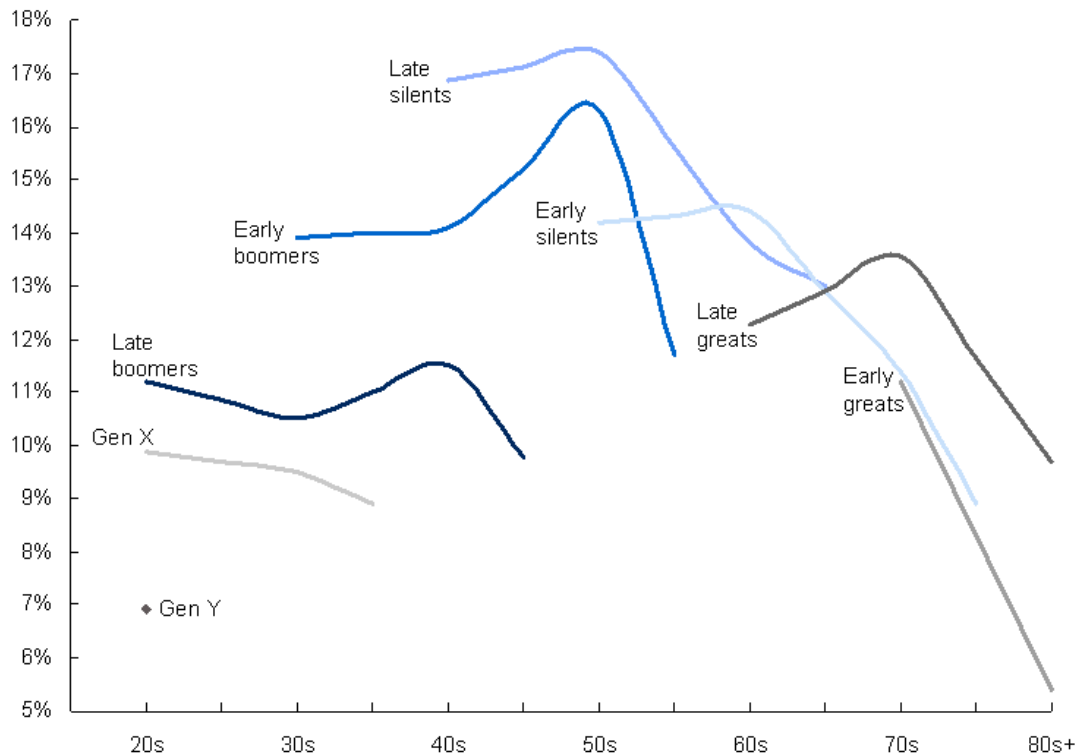
SOURCE: League Review using data from National Endowment for the Arts, US Census Bureau, McKinsey analysis

4. Since 1982, participation rates have generally declined both between and within generations. So we cannot assume that people will attend more as they enter the 45+ age group.

- **Between generations:** At a given age, participation rates tend to decline for each subsequent generation. For example, Gen Xers in their 30s are participating less (9%) than Late Boomers when they were the same age (11%).
- **Within generations:** Participation rates tend to decline within each generation as they age. For example, Late Silents in their 60s are participating less (14%) than when they were in their 40s (17%).

Population attending classical performances

% participation rates by age and generation



SOURCE: League Review using data from National Endowment for the Arts, McKinsey analysis

5. Boomers probably are attending more frequently. That is why we seem to see more of them, even though their participation rate is down.

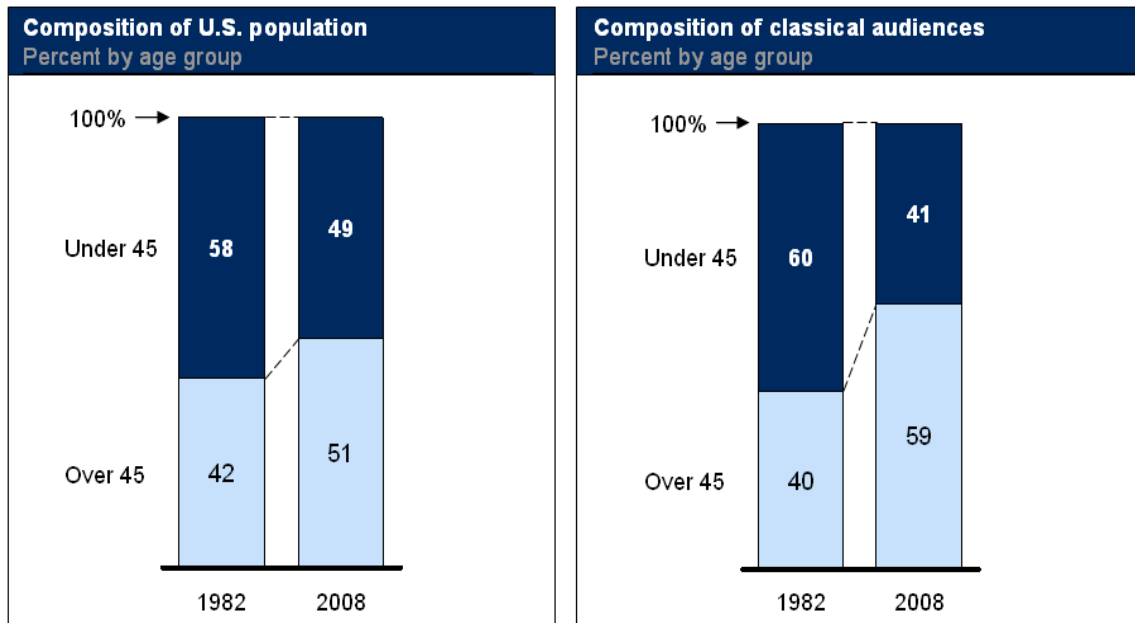
- From 2002-2008, 45-54-year olds – historically a large component of arts audiences – showed the steepest declines in participation for most arts events.
- Many orchestras have noted that they have seen an increase in attendance by Baby Boomer and Silent cohorts. Data suggests that frequency of attendance among Boomers and Late Silents has increased consistently since 1982, potentially masking losses in unique audience participation.

6. OSR total attendance increases also can be explained by frequency.

- Between 2003 and 2007, *Orchestra Statistical Reports* showed increases in total attendance (paid and unpaid) of 4%. This discrepancy can be explained as follows:
 - The national surveys measure “unique audience,” or the number of individuals attending (paid and unpaid), regardless of frequency.
 - *Orchestra Statistical Reports* measure attendance by the number of tickets sold and/or distributed, not by the number of unique individuals.
 - So if 3 people each attended two times, they would be counted as 6 in the OSR, and 3 by the NEA and Simmons surveys.
- Thus, rising orchestra attendance figures can be attributed to an increase in attendance frequency; that is, the same people attending more often. The research team reconciled the OSR results to the survey results by factoring in this slight increase in frequency.

7. Classical musical audiences are graying, faster than the general public.

- The median age for classical music attendance has steadily risen, from 40 in 1982, to 49 in 2008. The median age for musicals rose from 39 to 45, and art museums from 36 to 43. The median age for the U.S. adult population rose from 39 to 45 during the same period.
- Between 1982 and 2008, the portion of the live classical music audience over the age of 45 years old increased from 40% to 59%, compared to 42% to 51% for the overall U.S. adult population over the same period.



SOURCE: League Review using data from National Endowment for the Arts, McKinsey analysis

8. College-educated adults (including those with advanced degrees) have curbed their attendance of events in nearly all art forms.

- The percentage of college-educated adults attending classical music events among dropped by 39% between 1982 and 2008, the largest decline among performing arts and museums. In that same period, the percentage of college-educated adults attending opera dropped 35%, musicals 19%, art museums just under 5%. SOURCE: National Endowment for the Arts

9. Projected national racial/ethnicity changes could offer intriguing opportunities for orchestras.

- For example, Hispanic participation rates in classical music actually increased slightly from 2003 to 2007. The McKinsey analysis showed that Hispanics will increase their share of the total live classical audience from about 12% to 20% by 2018. SOURCE: Experian Simmons, McKinsey Analysis

10. The percentage of the population performing/playing classical music over the past 6 years rose from 1.8% to 3% of adults, a significant increase.

The rate of classical music performance slipped from 4.2% in 1992 to 1.8% in 2002. It nearly doubled over the next six years.

11. More Americans listen to classical music broadcasts or recordings (including online) than attend them live. Classical music attracts the greatest number of adult listeners compared with jazz, opera, musicals, and Latin music.

Nearly 18% of the U.S. population listens to classical music broadcasts or recordings. Latin or salsa music is next highest, at just under 15%. SOURCE: National Endowment for the Arts

12. Americans are turning to performances online in record numbers.

In 2008, about 70% of U.S. adults went online for any purpose, usually once a day. Of that group, more than 30% downloaded, watched or listened to music, theater or dance performances online, on an average of once a week SOURCE: National Endowment for the Arts