

Rethinking

# Subscriptions

by Heidi Waleson

**“Reimagining the Orchestra Subscription Model,” a wide-ranging 2015 study by the League of American Orchestras and the Oliver Wyman consulting firm, analyzed statistics and trends in orchestra subscriptions while offering new ways forward. What fresh thinking and new approaches did the study spark? How are orchestras adapting their subscriptions to appeal to today’s consumers?**

A brochure for the Nashville Symphony’s upcoming season outlines the multiple subscription packages and benefits available to subscribers.



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“Reimagining the Subscription Model,” an eight-month, data-driven study undertaken by management consulting firm Oliver Wyman at the request of the League of American Orchestras, was released in 2015 and presented at that year’s League Conference. The study quantified previously anecdotal information in the field about the worrying decline in traditional subscriptions. It also identified ways in which, with some serious rethinking, the subscription model—in its broadest sense, an upfront purchase of multiple tickets for future use—could still work, even with commitment-shy millennials.

The study noted that while traditional, curated subscriptions were declining (17 percent over ten years), customized subscriptions, in which subscribers could choose from available concerts and dates, were actually increasing (by 67 percent). Remark-



Standing ovation at a recent Nashville Symphony concert.

Kurt Heinicke

ably, fewer than half of the orchestras that provided data to the study offered customized subscriptions at that time. The study also identified the two main reasons that lapsed subscribers did not renew: the first was price, and the second was lack of flexibility in the products coupled with an unwillingness to commit far in advance. Overall, the results suggested that orchestras needed to bring their subscription model into line with more contemporary ways of approaching customers, including customization, offering diverse kinds of packages, and improving the value proposition of their offerings with payment plans, for example.

“This landmark study is a prime example of how the League and its members can work together to understand crucial issues for our field,” says Karen Yair, vice president of the League’s Knowledge Center, which managed the study for the League. “By pooling and analyzing members’ own ticketing information alongside financial data collected for many decades by the League and new information from orchestra audiences, we were able to reveal new opportunities for audience engagement that could help to see the subscription model redefined for a new generation.”

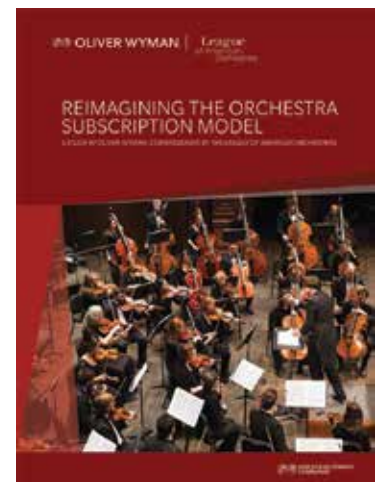
One major piece of good news from the study was that the potential audience was larger than the one currently in the

concert halls. Changes to the subscription packages, and tailoring outreach and acquisition strategies to millennials and Gen Xers, it suggested, could attract those people. One idea was to increase the level of engagement with ticket buyers, in the

manner of Netflix and Amazon, targeting them specifically and making them feel special, in a shift from than the traditional “one-size-fits-all” approach. Another was that paid memberships, with exclusive events and perks, would be a

## “Reimagining the Orchestra Subscription Model”

In the fall of 2015, the League of American Orchestras and Oliver Wyman, a global management consulting firm, released “Reimagining the Orchestra Subscription Model,” a major study that provided comprehensive, data-based analysis of trends in orchestra subscriptions—and offered strategies for revitalizing subscriptions to meet current expectations. The study is based on the largest sales data set from orchestras to date and is the first industry-wide, longitudinal study of ten years of data to focus on revenues and sales trends. The researchers found that subscriptions, though declining, are still a viable tool—but they need to be brought into line with contemporary marketing practices. Visit <https://americanorchestras.org/reimaginingorchestrasubscription> for more on “Reimagining the Orchestra Subscription Model.”



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Courtesy of Peninsula Music Festival

The Peninsula Music Festival puts welcome signs on subscribers' seats for the first concert each season.

way to help concertgoers develop more of a relationship with their orchestra. "At the heart of the work is a redefinition of the relationship between individuals and the organizations they care about," says Yair. "It's about understanding what loyalty really means, and how it can be cultivated, within the Netflix generation."

In the years since the study was published, some orchestras have made use of the findings in the study to take steps—small and large—into the future. At Wisconsin's Peninsula Music Festival, which is small and concentrated, offering nine concerts over a three-week period in August, Executive Director Sharon Grutzmacher felt empowered by the study's findings to try something new. "The study told us that we could be more aggressive in marketing," she says. For the 2016 festival, Peninsula offered a special first-time subscriber price of \$100 to \$150 for all nine concerts, selling seats on the sides and the very front of the 700-seat hall—seats that usually remained empty. The response was encouraging, Grutzmacher says. People purchased the subscriptions, and more than half of them renewed for the next year, at higher, non-introductory prices (the least expensive regular subscription package costs \$280). Many of those first-time



Courtesy of Peninsula Music Festival

At the Peninsula Music Festival in Door County, Wisconsin, Music Director Victor Yampolsky leads the Peninsula Music Festival Orchestra.



Courtesy of Peninsula Music Festival

Sharon Grutzmacher, executive director of the Peninsula Music Festival, at work.

renewers even liked their previously "undesirable" seats so much that they wanted to keep them. In another effort, the box office identified single-ticket purchasers who bought multiple concerts, and called to offer them discounts if they bought a subscription for the following year. Subscribers were also offered payment plans, another idea from the study.

In discussing the value proposition of subscriptions, the study had cautioned orchestras that raising prices—a practice that, over the last several years, had masked the decrease in audience numbers because income remained stable—was not sustainable. Indeed, it was close to the breaking point at which subscribers would stop buying altogether. Grutzmacher was able

to present that expertise to her board, and to persuade them that using new ideas to sell more tickets was preferable to continuing to raise prices, as they had been doing. "We had had a decline in subscription. We lost some loyalists, because we priced them out. We are the most expensive performing arts group in the whole area."

Overall, the new efforts have been a success at Peninsula. "We had gotten to a low of 250 season subscribers; now we have around 320," Grutzmacher says. "They may not always come to all nine concerts. But they paid for them, and it's money in the bank for us."

### Refining the Message

Sean Kelly, the vice president of marketing at the Dallas Symphony Orchestra, came back from hearing about the study at the 2015 League Conference ready to try something new. "The DSO feels same pressure as everyone with subscriptions; we're willing to try anything," he says. He thought the "Buy Now Choose Later" idea had possibilities, but he didn't want to turn it into a voucher program. "In my experience, you can sell those, but people don't redeem them, and you don't get renewals," he says. "It's a lot of managing for little long-term upside."

Instead, that August the DSO sent out an offer inviting purchasers to buy six or eight concerts for the following season.

Those who did buy would then be called and asked to pick their events. “It’s high-touch,” Kelly says. Interestingly, he notes, the postcard generated 294 purchases of that particular offer, but it had an additional effect: there were over 1,000 more purchases of regular fixed subscriptions or Choose Your Own packages compared to previous years at that time. The DSO continued the program in subsequent seasons, and continued to get a good result. Says Kelly, “For me, it is less about people actually seeking a Buy Now Choose Later package than it is a message that gets them to consider us as an option at that moment in their lives.” By offering a less restrictive package, the DSO reminds purchasers that they actually want to buy a regular series.



Mark Kinokita

In fact, Kelly points out, he had an “aha” moment about refining the messaging attached to these kinds of series: as he sees it, the “traditional” subscription doesn’t have to be a curated package. “It’s really ‘choose your own,’

Sean Kelly, vice president of marketing at the Dallas Symphony Orchestra

because we have such generous exchange privileges. You actually have *more* choice with a fixed subscription due to exchanges than you have with a ‘choose your own.’”

Other suggestions from the study were not as successful for the DSO. The orchestra tried out a “pay as you go” model, in which payments were split into monthly installments. Only ten purchasers opted for it, so the program was discontinued.

And the suggestion that orchestras cul-

### In the years since the 2015 subscription study was published, some orchestras have made use of the findings in the study to take steps into the future.

tivate new purchasers by creating some kind of a membership experience turned out to be controversial. Such perks have long been the province of development departments, and in some cases, the marketing people got a “hands off” message from their colleagues in fundraising. In Dallas, Kelly says, “I was interested in the idea of creating a membership, like you have with an Amex gold card, that includes things the customer is willing to pay for. However, so many of the offerings

overlapped with things we provide to donors. We couldn’t see a clear path forward that wouldn’t put donations at risk. If, say, we had a ‘Platinum Lounge’ and charged \$599 for it, that would be a risk to our Stradivarius patrons, at \$1,300, who have their own lounge.”

### A Spirit of Experimentation

At the Nashville Symphony, Daniel Grossman, vice president of marketing, is hoping to roll out some kind of membership program for younger ticket buyers next season. “Our work with millennials is more in the single-ticket area,” he says. “We do have a development-based group, the Crescendo Club, for people under 40, with events. Next year, we’re coming out with the Crescendo Pass for millennials. It’s a set amount—maybe \$200—that gets you four concerts through the year, and you have around two weeks before each concert to decide if you are going to use your tickets. It’s not fleshed out yet, but the idea is that you can redeem the tickets for a large number of concerts. We’ll hold a block of tickets in the hall, since for millennials, sitting together is a priority, and we’ll have some mixers around the concerts, possibly for a cause or something that gives you insight into what happens onstage. Our assistant conductor, Enrico Lopez-Yañez, is a millennial—it was his idea.”

The Nashville Symphony had already been experimenting with Compose Your Own packages when the subscription study came out, and its findings reinforced their work with that, and prompted the orchestra to create smaller curated subscriptions as well. “We saw that we needed to have different products for different people,” Grossman says. The first CYO subscriptions, in 2014-15, offered only classical concerts, but, as Grossman recalls, “We thought it was too restricted, and we wanted to embrace more types of programming.” The Symphony presents 25 to 30 non-symphonic concerts a year, so for 2015-16 it included those on the Choose Your Own packages, as well as pops and other events. The broadening strategy worked: CYO subscriptions jumped that year from 2,800 to 3,700, and the income from them more than doubled. Grossman adds, “Smaller curated packages came out of the Oliver Wyman study. We’re having



Joseph Heubert

Setting the scene for a concert by the Dallas Symphony Orchestra at the Morton H. Meyerson Symphony Center.



Nashville Symphony Vice President of Marketing Daniel Grossman (left) with luthier Avshi Weinstein opening night of the Nashville Symphony's Violins of Hope concerts in March 2018, which featured instruments played by Jewish musicians during the Holocaust as part of a citywide initiative examining the roles of arts and culture in issues like social justice and free expression.

fun with them, and they are keeping our subscription numbers up and our revenue steady." In 2015-16, Nashville had a subscription revenue high of \$2.84 million; in 2016-17, revenue dipped slightly, but subscriptions went up from 7,100 to 7,400 packages. The orchestra finds that it is "engaging people with smaller packages, and rolling them up to bigger ones the next year."

Hilary Brown, who joined the Chicago Sinfonietta in January 2018 as chief marketing officer, is also thinking about how the Oliver Wyman study can be applied to her organization. Over the last several years, she says, the Sinfonietta has seen a gradual increase in the number of people interested in customizable subscriptions, which appeal to new, younger audience members. A monthly payment plan was also tried for a year before Brown's arrival at Sinfonietta; she is thinking about how it might be usefully revisited. One of Brown's goals is to determine which ways to attract audiences are the most meaning-

ful for her organization, and she is looking at making the buying and educational experience more accessible to people who are just learning about the orchestra, working through social media, and engaging key influencers who can "heighten the awareness of the Sinfonietta brand." She also likes the idea of developing "VIP exclusivity" perks: "In my experience as a marketer, they are wildly effective," she says.

### Focus Groups

The findings of the study resonated profoundly with Aubrey Bergauer, who became the executive director of the California Symphony in 2014, the year before the study was released. Under her leadership, the Walnut Creek-based orchestra had already begun to implement some of the tactics and strategies it identified. "Our data matched what the study said," she says. "It was a huge confirmation." When

Bergauer took the job, the orchestra offered only six-concert subscriptions; she immediately introduced smaller curated packages and choose-your-own options. The need to offer choices and flexibility was a no-brainer for her. "Any renewal is better than no renewal," she says. "By being rigid as an organization, we are pushing people away." Why didn't orchestras recognize this before? "I think the prevailing theory is, we will lose money if we allow smaller packages. But if you flip that on its head, three concerts for \$99 is better than \$0. It was not so obvious a decade ago, when subscriptions were the main revenue driver."

In addition to expanding its subscription offerings, the California Symphony has entirely rethought its audience development model, focusing on the retention of its current audience

rather than pursuing new acquisitions who come once, and then never return. Bergauer calls it "the long haul" method. "Orchestras are great at attracting new audiences but not at retaining them," she says. "The biggest difference between us and others is that we do not solicit any buyer for donation until you are a second-year subscriber or higher." This is not a big financial loss, since, Bergauer says, donations from single-ticket buyers and first-year subscribers are typically very small. Instead, the orchestra individualizes its approach to audience members. "We are focused and

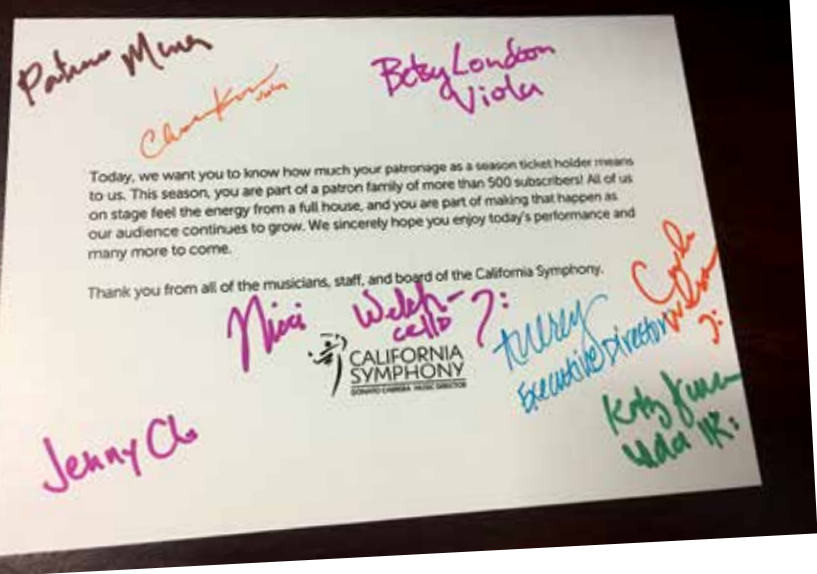
**"We saw that we needed to have different products for different people," says Nashville Symphony Vice President of Marketing Daniel Grossman.**

disciplined so there is only one next step for any patron. For first-year subscribers, the next step is to renew." The method has worked: "Every segment has grown, even the donor base." The overall audience has nearly doubled in size since Bergauer's arrival four years ago. Subscription has grown as well: 31 percent in number of households and 26 percent in revenue.

The success of this individualized approach dovetails with the findings of the

California Symphony Executive Director Aubrey Bergauer addresses the audience at a recent concert.





At its Subscriber Appreciation Days in March, the California Symphony places thank-you cards on subscribers' seats. Inside each card is a thank you message, signed by several members of the orchestra and administration.

Oliver Wyman study, which identified how current patrons like to interact with places where they make purchases. As Bergauer points out, "Normally, when someone comes to the organization for the first time, the orchestra bombards them with messages: 'You bought a single ticket. Now, buy a package.' They are getting telemarketing calls, a notice of the next concert, a request for a contribution. That's four messages. But because they are unfocused, the patron feels like we are asking and asking and taking, rather than having a thoughtful engagement with them. We want to keep the patron at the center, and make it about them, not us. If can get someone to attend a second time in a twelve-month period, their value to you skyrockets. Once they've come a second time, they are a top prospect for a new subscription."

Like many orchestra executives, Bergauer

wants to attract and retain younger audiences, and her Orchestra X focus group project, launched in 2016, was designed to help the California Symphony find out what millennials and Gen Xers perceived as barriers to orchestra attendance. The orchestra invited people in that demographic range—who, Bergauer says, "should come to the symphony, they are culturally aware, have expendable income, and attend other entertainment"—to purchase concert tickets for \$5 ("because free has no value") in exchange for their feedback at a facilitated discussion group at a local brewpub, over pizza and beer. "We walked them through everything, from the online experience—finding information, selecting a seat, going through the purchase process—to things like knowing where to park, or what to wear, the program book, and the program notes."

Chicago Sinfonietta's annual Dia de los Muertos concerts evoke a suitably sinister and celebratory atmosphere at Symphony Center.



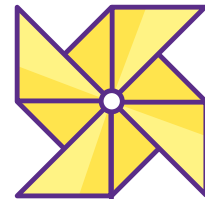
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Music Director Mei-Ann Chen leads the Chicago Sinfonietta and guest vocalists in *Ask Your Mama*, with music by Laura Karpman and words by Langston Hughes, at Chicago Sinfonietta's 2018 Martin Luther King, Jr. Tribute Concert.

One key takeaway, Bergauer says, was “The music is not the problem. Everybody said they felt such awe and amazement seeing a live orchestra. Most of time, the industry tackles audience problems with programming, like shorter concerts,

**California Symphony Executive Director Aubrey Bergauer says that one key takeaway from the orchestra’s focus groups for millennials and Gen Xers was “The music is not the problem. Everybody said they felt such awe and amazement seeing a live orchestra.”**

or rush hour times, or movies. This group said, the programming isn’t the problem. It’s pretty much everything else.”

For example, the group said that they found online information about the concerts uninformative. Titles mattered to them, and a title such as “Season Opener” was meaningless and felt like insider baseball. Rather, they wanted to know what made the concert special; in the Netflix



Kristen Cohen

Music Director Donato Cabrera leads the California Symphony.

analogy, was it a comedy or drama? “I can look at the repertoire to know whether a concert is interesting to me,” Bergauer says. “People who don’t know the repertoire can’t do that.” The symphony has now redesigned its online concert pages to include more information about the pieces (and links to their Wikipedia entries),

with both historical and musical information. The concert descriptions also now include information about why the orchestra has chosen that particular piece (for example, if it has never played it before). The material is also arranged as bullet points rather than paragraphs, so the information is readily accessible. While the Orchestra X project was mostly relevant to single-ticket efforts, Bergauer says, the California Symphony decided to carry the new bullet point format over to subscriptions, and adopted it in the brochure. The renewal rate, already high at 85 percent, went up to 89 percent. Overall, the percentage of subscribers in the 30-45 age range has doubled in four years, from 4 percent to 8 percent. The only age demographic that is shrinking is 65 and over, and

the California Symphony audience, Bergauer says, is getting younger.

Bergauer is interested in developing the membership idea suggested in the study, but at the moment, she says that she doesn’t have the staff or the resources to tackle it. However, her observations contradict some of the prevailing wisdom that millennials like being around other millennials. “Young people don’t want to be segregated from everyone else,” she says. “Yes, they want to see people that look like them, just as people of color do, but we heard from our Orchestra X focus groups that they love people-watching, they love the age ranges, and they want to be a part of that.” She has tried special events that are open to all: to accompany a program of French music, a wine-tasting flight was sold in the lobby before the concert and at intermission. “It was a cool, fun thing,” she recalls. “People across the age spectrum like wine. So let’s build an organization of people who love classical music that transcends age.” [S](#)

HEIDI WALESON is the opera critic of the *Wall Street Journal*. Her book, *Mad Scenes and Exit Arias: The Death of New York City Opera and the Future of Opera in America*, will be published in October 2018.