

# Customer Relationship Management: the strategic choice

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I hear a lot of people in theatres at the moment talking about Customer Relationship Management (CRM) and how they need to do it – the problem though is most are not really doing it and seem reluctant to start. The question is why?

A popular definition of CRM is 'the establishment, development, maintenance and optimisation of long-term mutually valuable relationships between consumers and organisations', and the key to this definition is 'long term mutually valuable relationships'. The doctrine of CRM holds that repeat visits/purchases/contact are made by those customers who are understood, listened to and have their different needs met by a responsive organisation. The engine that drives CRM is segmentation and by defining and profiling our segments, and differentiating our marketing, we can meet all the audiences' needs and sell membership/subscriptions, repeat visits, attendance at special events and gain advocates.

So if it is such a good idea, why is CRM not practised more widely? Partly because it takes a lot of dedication and hard work and the day to day tactical necessities of just selling those tickets and filling seats always takes priority. But today's multi-channel environment means that there are a whole host of ways to talk to potential customers, and that, coupled with increased competition for people's time and today's economic climate, make it imperative for us to work smarter, listen and be more responsive. The days of pushing out a standard direct mail letter or email to all our customers are gone. They don't work any more. It's not about selling, it's about marketing.

The box office system is your organisation's most powerful CRM tool. Its database contains all the information on your customers and their interactions with your organisation, from every 'touch-point'. Too often there's a systematic underdevelopment of box office data means that only the most loyal customers are ever contacted and the rest are ignored. The task should be to persuade the less knowledgeable and wary to come and to come more often. It's about getting customers to move up that 'ladder of loyalty'— something that seems to be astonishingly difficult to achieve.

It was CRM that reinvigorated an ailing Royal Liverpool Philharmonic Orchestra (RLPO), through a programme called 'Audience Builder' pioneered at the Royal Liverpool Philharmonic Orchestra with Morris, Hargreaves, McIntyre, and subsequently adopted by arts organisations across the UK, the USA and Australia. In the early 2000's, like most other UK orchestras, the RLPO's audiences were in decline. Two decades of 'status quo' marketing had failed to engage a whole generation of potential concert-goers. As the audience aged, the subscription base began to ebb away and the huge numbers of group bookers that once thronged the 'Classics' concerts dwindled to a just a few die hards. We'd ended up creating a core of loyal, high frequency, subscribing super-attenders but for every core attender there were three irregular attenders, double that number who we hadn't seen for a year or two, and nearly three times that number who weren't mailed at all anymore. And our communications were either; brochures aimed at the tiny core audience or terrible direct mail letters that were full of patronising, hackneyed and clichéd phrases.

So we needed to stop selling tickets at the database and start helping individual audience members to buy them. It wasn't just another audience development scheme, it was a new approach to arts marketing management – a complete, integrated system that helped to deliver the audience and financial targets needed to achieve the artistic ambitions. It grew

sales; increased audiences; informed planning; targeted campaigns at those most likely to buy, even if they hadn't bought similar before; made us more persuasive; helped us manage our brand; maximised financial return; monitored performance; and produced clear, understandable reports. In short, it became a personal development plan for each and every member of the audience.

At the heart of the system was sophisticated segmentation. We analysed the box office data to identify and define distinct segments with different behaviour, motivations, attitudes, needs, and responses. We then set specific targets for each segment and devised detailed marketing plans to achieve them. Everything could be differentiated: the product, the price and the promotion so it was no longer one size fits all. Everything was relevant and persuasive.

We slashed the number of brochures we sent. We scrapped our ineffective ladder adverts in the press. We did away with the old-fashioned direct mail letters and replaced them with evangelical, celebratory messages that were genuinely personal. We developed easy to use subscription material and even started to ring the audience to talk to them about what they thought.

The results were spectacular. At campaign level the exact return on investment doubled and sometimes tripled. At strategy level the organisation was transformed with 14,000 new attenders meaning that the audience grew by a staggering 44% in three years. Retention and frequency went up, seat occupancy went up 13% and ticket yield by 14%. We also gained 1,600 new subscribers and a quarter of the audience were persuaded to try more challenging concerts. It's not a quick fix, the whole process required a fundamental change to the way we planned, budgeted, communicated and monitored our strategy. It's not for the faint hearted but for arts organisations that want to look to the future, CRM has to become a way of life, not something to be talked about and then forgotten.