

# Customer loyalty and subscription – back to the future?

*Tim Baker* explains why it's not yet time to write off the subscription scheme



It is a marketing truism that getting a new customer costs five times as much as keeping an existing one. So, if you can sell that existing customer tickets to 10 performances, that makes it 50 times more cost-effective. Surely, then, subscription is the answer to all our prayers? So why have subscription schemes dwindled in the UK?

In a poll conducted on [www.baker-richards.com](http://www.baker-richards.com), 89% of respondents (largely arts marketers) agreed that there was a future for subscription. Its advantages to organisations are undeniable: you can secure a solid base of sales, even on your most risky repertoire, and free up resources to direct towards single-ticket sales. You can create a virtuous circle – the more in-demand something appears, the more people want it.

There can, however, be disadvantages to focusing on subscription. You might, for example, create a 'demographic time-bomb' – subscribers are often older attendees, and should your pool of subscribers dwindle, what market will you fall back on? In our poll, one respondent wrote that 'subscriptions are the enemy

of true audience development'. A popular subscription can result in a relatively homogeneous audience, which can create a significant barrier to other audiences; to put it crudely, an auditorium full of ageing middle-class white people probably won't encourage attendance from young black people. In our (understandable) eagerness to seek out new attendees and diverse audiences, however, are we forgetting to make the most of our relationships with our most loyal customers?

In the UK, we have tended to look at subscription as a way to package up and sell 'x' single tickets. In the USA, subscription schemes are much more at the forefront of many organisations' planning; they

start with subscribers, and then look at ways to sell remaining tickets. The Philadelphia Orchestra plan subscription prices each season, and then when subscription sales end, completely re-set prices and seating plans for single-ticket sales. Where holding a subscription is widely accepted as a way of attending your local theatre or concert hall (and supporting the arts is often a matter of civic pride), looking after subscribers is paramount. The emphasis is often on convenience; offering free exchanges on tickets is the norm and the Bay Chamber Music Festival (Maine) and the Huntington Theatre Company (Boston), among others, even allow exchanges post-performance (subscribers return tickets that they failed to use, and swap to another night). Enhanced customer service is critical and traditionally a major part of this has been the ability to retain your usual seats year on year. Other benefits can include priority booking, merchandise, and special performances. As well as these carrots, however, you need some sticks. The ultimate one is (perceived) scarcity: being a loyal subscriber should be the best (or only) way to obtain a hot ticket.



1. **Danny Newman**, *Subscribe Now!* Theatre Communications Group, 1977
2. **David Snead**, '30 Years After', in *Symphony*, September–October 2007

There are many variables that contribute to a successful subscription scheme, and Danny Newman said most of it 30 years ago in his book *Subscribe Now!*<sup>1</sup>. In the UK, examples of organisations that have implemented successful schemes include various orchestras, such as the City of Birmingham Symphony Orchestra, but also theatres such as Royal Lyceum, Edinburgh. As well as their all-in subscription, the Lyceum implemented a 'Boomerang card', with which a customer could get a £1 discount on their next booking, £2 off their next, and so on, until they got a free ticket. This encouraged those who might not see themselves as 'subscribers' to move up the frequency ladder.

Perhaps it is the very word 'subscription' that has put both marketers and audiences off for so long. I have seen research in which customers responded negatively to the word, but then when the benefits were described found the idea attractive. 'Season ticket' (as in sport) is becoming more popular (The Lyric Stage Company of Boston saw an upturn in subscribers when, among other changes, they adopted this name, and UK venues including the Royal Exchange Theatre use this term). This gets to the very heart of the problem: the benefits of subscription need to be communicated in such a way that people understand how it will meet their needs.

Nor are those needs the same for all potential subscribers. The key to designing a successful scheme is understanding your audiences,

and potentially tailoring different packages to different market segments. Many orchestras have 'pops' as well as 'symphony' series. Other organisations have a fixed package and a 'pick your own'. This could also be the solution to that demographic time-bomb: the New York Philharmonic have found that their Create-Your-Own subscribers are much younger (25% under 35) than the 'fixed subscribers' (10% under 35).<sup>2</sup> The most important thing is to assess what needs customers are seeking to fulfil when they book – are they just about the art, or social, or part of a desire to support your organisation?

Many marketers mistakenly believe that subscription is all about discounting and that the main motivation for customers is saving money. In fact, for many customers this is not the principal reason they subscribe (and there are organisations, such as Amsterdam's Concertgebouw, whose subscription tickets are sold at a premium). Discounting is most effective with customers who already understand the value of something (i.e. frequently attending subscribers), and if you do have better discounts on other tickets, your regulars will soon spot them, but discounts should be planned with caution – they are unlikely to ever make a reluctant attendee subscribe.

While cost can be a deterrent for potential subscribers, research has suggested 'time poverty' as a greater problem. For the middle-class core from whom most audiences are drawn, winning a share of people's time is a much greater challenge than gaining share of their income.

The main reason people subscribe is that they want to plan their lives – and the main reason people don't subscribe is that they don't. But what if we re-thought the way we promote subscription, and turned the daunting notion of planning into an opportunity? The way to make time in your busy schedule is to make yourself do things. As one subscriber put it, *'I have a subscription with a friend and if we didn't have it, I'd never get round to going and I'd probably never see her! Having dates in our diary and knowing we've paid for them makes us go.'*

Here financial outlay, far from being a problem, is a self-motivation tool. Perhaps, then, the message we should be promoting to our customers is 'book more tickets – you'll be really glad you did'. Having bought a subscription compels one, or gives one permission, to set aside some time to enjoy all those intrinsic benefits. Those might be social (like those described by the customer above), self-fulfilment or education, time with your partner (or time away from them!), or just more opportunities to enjoy one's favourite art form. If those aren't things to be loyal to, I don't know what are. ●



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