

James Gough, Audiences South

Forecasting and predicting in a time of rapid change

James is passionate about working with people and organisations who want to make arts and culture truly accessible. He has worked for Audiences South for nine years, first as head of Audience Development and in the last four years as Director.

Audiences South is the regional audience development agency in the South East of England working to increase engagement in cultural activity, supporting cultural organisations to understand and develop their audiences. He worked previously as a freelance marketing consultant, as an internet sales consultant for Tickets.com and as marketing manager at both the Salisbury Playhouse and the Watermill Theatre.

James is Vice Chair of Network, the national agency dedicated to collaborative audience development and is a board member for Vocaleyes, the nationwide audio description charity, providing access to the arts for blind and partially sighted people and Strangeface Theatre Company, creators of original mask theatre. He is also an associate artist of Parrabbola, creators of community arts engagement. James has lectured in Audience Development to MA students at the University of Sussex, at Central School of Speech and Drama and at London South Bank University.

In this session, James examined one of the key challenges arts marketers are facing in today's *brave new world*; identifying how to forecast and predict accurately while the external environment is changing and audience behaviour becoming less predictable. This seminar identified the most appropriate trending data and comparisons for our organisations to use to inform future strategy, budgets and resources. What can we learn from the past to inform the future?

Making Predictions

There's a certain amount of irony about me holding a seminar on the subject of forecasting and predicting because my own organisation Audiences South closes down on 31st August. I was asked to deliver this seminar before we knew we were being closed and I didn't predict that one!

The terms 'forecasting' and 'predicting' are often used synonymously. I want us to define what we are talking about today broadly as '*Looking into the future and trying to see what it is we should be doing*'.

William Gibson said

'the future is already here, it's just unevenly distributed'

This is good news because rather than having to imagine what the future might be, we just need to look around us and realise where it's already happening. The arts and culture sector is already being affected by what's going on in other sectors and across the world.

Predictions are not easy, and can be risky:

The tarot card reader from *Live and Let Die* sleeps with James Bond, and loses her powers as a result. Predicting the future can be a risky business.



James then made the following predictions about delegates at this seminar. He predicted that

- *Over 75% will be women*
- *Over 75% will have manager in your job title*
- *90% will be interested in forecasting*
- *75% will work in organisations north of London*

James tested his prediction by asking people to raise their hands.

He correctly predicted that over 75% of seminar delegates were women by researching that over 75% of the AMA membership are women. He also correctly predicted that over 75% of seminar delegates had 'manager' or 'head of/director' in their job title and based his prediction on the fact that the publicity material for the seminar said that it was aimed at managers. His 90% prediction of seminar delegates being interested in forecasting was conservative – as he hoped all attenders would be interested! Only about 60% of seminar delegates worked for organisations north of London; James based his prediction on the fact that it's a long way to Glasgow. Some predictions are more difficult to make than others...

You have to write predictions down, but sometimes you can get them fantastically wrong. Here are some famous examples:

'The average American family hasn't time for television' - New York Times 1939

Today the average American watches more than 4 hours each day

'The cinema is little more than a fad. It's canned drama. What audiences really want to see is flesh & blood on stage.' - Charlie Chaplin 1916

In 1992 the film *Chaplin* (with Robert Downey Jr.) grossed \$9,493,259 and played in 1066 cinemas in the United States alone.

'I think there is a world market for maybe five computers' - Thomas Watson
(chairman IBM 1943)

It is estimated that there will be more than two billion PCs in use in the world by 2015
(Forrester)

In 1943, Thomas Watson had no idea that computers would be so small and accessible via handheld devices; his experience of computers were ones that took up huge amounts of space. When the first microchip was introduced, someone said that they could see no value in it, and couldn't understand why anyone would want to use it. Great leaps in technology frequently happen and we don't know what they're going to be.

Forecasting

James invited the audience to say what kind of forecasting they currently use. A large number of delegates use forecasting to set targets for individual shows or events; a smaller number use forecasting to set targets for a run; an even smaller number use forecasting to set targets for a whole season or an entire year.

The research Audiences South conducted backed up this finding. So the question is: why do we choose to look at a single show or event to make a forecast, rather than looking at the bigger picture? Industry tends to take a much longer-term framework for its forecasting – eg. the entire life cycle of a product. The arts and culture sector tends not to keep this bigger picture in mind.

James then asked the seminar delegates how many of them were given targets which they were expected to meet. The vast majority were in this position. One delegate explained that he is given a 'ludicrous' target and then his department uses forecasting to tell the person who set the target that it's unrealistic. Another delegate had a similar experience; she is given a target but then they have a weekly forecast meeting to see what is realistically likely to happen. The organisation refuses to move the target, even though there is often 'not a cat in Hell's chance' of meeting it!

Why should one forecast rather than predict? In most industries, it's considered poor practice to set a target and then make a forecast based on that target. The reason for this is that we always overset targets. Often, people set targets based on irrational beliefs rather than hard evidence. When Audiences South conducted some research into how people set targets, a shocking 50% of respondents said "gut instinct". Forecasting on the other hand is very different. Paula Radcliffe, when she set the world marathon record, didn't have a target in mind but she forecast what she felt she was going to achieve *over the course of the entire run*. This is important because she broke the whole 26 miles down into individual miles. Most international athletes take approximately 4 minutes 40 seconds to run each of the 26 miles of a marathon! At each mile marker on the run, she could calculate whether she was up or down on her forecast. From this, she could work out whether she was going too fast and using too much energy, or going too slow and not using enough energy. This is a useful analogy for you to bear in mind in relation to your own arts organisation. Forecasting in this way can help prepare you for success – it makes you realise that you can achieve what you set out to achieve.

James asked how many delegates forecast income. With a show of hands, the majority of delegates said they did. Fewer delegates carried out forecasting for sales of various ticket types. A considerable number of delegates forecast socio-demographic profiling. James cited Acorn, Mosaic, Arts Audiences Insight and Morris Hargreaves McIntyre's Culture Segments as tools to help report on socio-demographic profiling.

In the film *Next*, the central character (played by Nicholas Cage) can see the future. He goes into the future so that he can change the present, but discovers that:



Forecasting is based on four sales assumptions:

1. The Market
2. Resources
3. Barriers to sales
4. The Product

James asked delegates to discuss, in pairs, which of these elements their organisations used in forecasting. About 50% said they used The Market; 50% Resources; 50% Barriers to Sales; more than 50% Products.

1. Understanding the Market

Data to inform understanding about The Market includes:

- Taking Part Survey
- TGI
- The Welsh Omnibus Survey (Audiences Wales, The Knowledge)
- Snapshot London
- Northern Ireland data
- Houselights (Benchmarking scheme in Yorkshire)
- Source (Scotland)
- VABS (Visual Arts Benchmarking Solutions, Arts Council England)

James presented a slide showing the TGI data for GB attenders, which shows, for example, that the percentage of GB adults estimated to have attended plays has risen from 25.2 in 2004/05 to 32.5 in 2009/10:

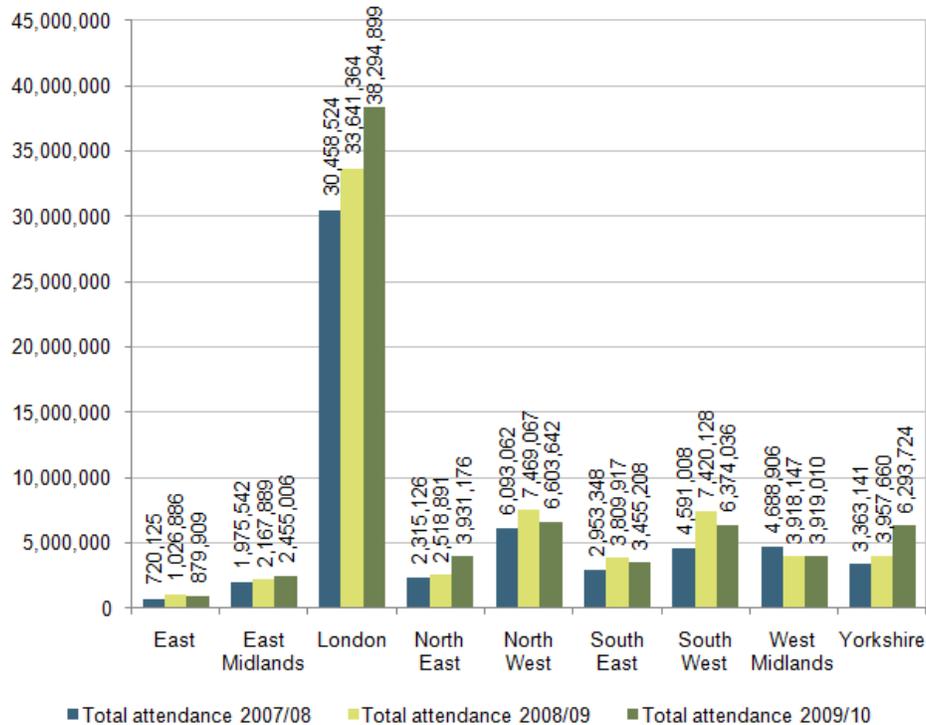
Table 2: Estimated percentage of adults who attend each type of arts event, 1994/95 – 2008/09, Great Britain

Year	Sample	Any theatre performance	Plays	Opera	Ballet	Contemporary dance	Classical music	Jazz	Pop/Rock	Other music stadiums/ arenas	Other music gigs	Art galleries/ exhibitions	Cinema
		%	%	%	%	%	%	%	%	%	%	%	%
1994/95	26,259	37.6	24.2	6.6	7.2	3.6	12.0	6.4	22.1	NA	NA	21.4	51.8
1995/96	25,132	37.2	23.0	6.4	6.6	4.0	12.1	6.2	22.3	NA	NA	21.8	51.3
1996/97	25,386	37.5	23.5	6.7	6.5	4.3	11.9	5.9	22.7	NA	NA	22.4	53.6
1997/98	25,560	35.5	22.4	6.1	6.4	4.6	11.8	5.7	21.5	NA	NA	21.0	54.5
1998/99	24,497	35.3	21.5	6.3	6.2	4.2	11.4	5.8	21.6	NA	NA	21.1	56.9
1999/00	26,155	36.7	23.4	6.4	6.5	4.2	11.6	6.0	22.2	NA	NA	21.5	56.0
2000/01	25,493	35.1	22.6	6.4	6.2	4.2	11.9	6.0	21.6	NA	NA	21.4	55.4
2001/02	24,659	35.9	23.5	6.2	6.2	4.8	12.2	6.4	22.5	NA	NA	22.4	57.4
2002/03	24,984	38.4	24.2	7.1	7.1	5.1	12.7	6.4	23.9	NA	NA	23.7	61.1
2003/04	23,874	38.9	24.9	6.9	7.4	5.7	12.6	6.8	24.6	NA	NA	23.8	64.5
2004/05	24,343	40.0	25.2	7.7	7.9	5.5	13.5	7.3	25.2	NA	NA	25.4	62.5
2005/06	26,481	42.2	29.7	8.4	8.7	6.9	15.9	9.4	27.9	NA	NA	30.0	59.6
2006/07	24,442	42.4	28.2	7.6	8.0	6.1	15.5	9.4	29.1	NA	NA	25.6	61.3
2007/08	24,492	50.1	34.7	9.2	10.7	9.1	17.7	11.5	35.5	NA	NA	29.7	64.1
2008/09	24,836	48.4	32.4	9.0	10.2	8.6	17.3	11.6	37.5	NA	NA	29.1	64.3
2009/10	24,224	48.2	32.5	8.3	9.3	8.6	16.5	10.7	NA	8.1	7.5	29.7	66.8

*Note: Percentages include people who attend less frequently than once a year
Source: Target Group Index (1994/95 – 2009/10) © Kantar Media*

The TGI datasets (available from the Arts Council) can help you plot trends as they began in 1994.

James then showed a slide showing data from the Taking Part Survey (conducted only in England):



This data is collected from Arts Council annual submissions so it's collected from organisations rather than members of the public. This only represents people attending Arts Council England subsidised events.

Lots of conversations are currently taking place at a national level about benchmarking. If you are interested in this, I recommend you contact your regional Arts Council and ask them what is being done to see if you can take part.

2. Resources

Resources to consider are:

- Your budgets
- Your staff
- Company/artists' resources

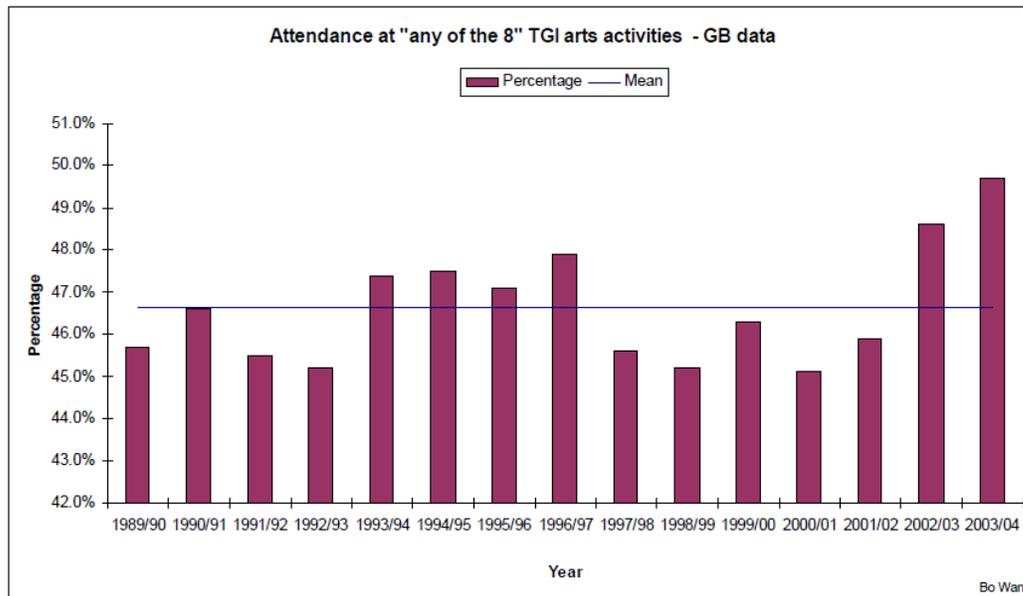
3. Barriers to sales

It's important that you read up on national trends in consumer spending and in particular leisure spending to see whether or not you're bucking the trend. In particular, you should be aware of:

- The economic climate
- Competition

James presented a slide showing economic trends between 1989/90 and 2003/04:

Chart showing percentage of GB population attending "any of the 8" TGI arts activities (Theatre, Plays, Opera, Ballet, Contemporary Dance, Classical Music, Jazz and Art Galleries / Art Exhibitions)



The last recession was in 1991 and lasted 12 months. This chart appears to indicate that initially the recession had little impact on arts attendance but by the following two years a steady decline in attendance could be seen. Early signs indicate that the current recession will be worse, than that in the 1990s and may be as bad, if not worse than that in the 1980s. (TGI arts' questions did not begin until 1986 so we do not have data for this). One hypothesis might be that increased unemployment (specifically in the white collar sector) may have long term impacts on arts attendance.

The decline in sales between 1991/92 and 1992/93 coincide with the recession of the early 90s.

James then showed a visual representation of some of the Barriers to Attendance:

The hurdles we have to overcome



Credit: Phil Cave ACE
Audiences South Pecha Kucha 2011

4. The Product

Which are the indicators that will work for you?

- Type of show / exhibition
- Performers
- Time of year
- Day of the week
- Time of day
- A combination of the above

Audience Builder

This was a model which Phil Gibby developed at Bristol Old Vic with Morris, Hargreaves McIntyre. The aim was to create a comprehensive, powerful, practical and fully trackable segmentation system using every variable from collected box office data.

It was based on a segmentation of:

- **frequency** (number of bookings over time)
- **degree of difficulty attempted** (based on classification of accessibility of each show)

Audience Climbing Frame		FREQUENCY OF ATTENDANCE						Total
		-1	0	1	2-3	4-5	6+	
DEGREE OF DIFFICULTY ATTEMPTED	A	1,100	703	1,471	867	356	393	4,890
	B	1,512	633	1,696	978	165	37	5,021
	C	2,977	692	3,587	599	20	0	7,875
	D	2,680	331	929	53	0	0	3,993
	E	3,805	747	4,261	0	0	0	8,813
Total		12,074	3,106	11,944	2,497	541	430	30,592

The great thing about this system is that it allows you to segment your database into real numbers of people. So if you have a season with lots of 'difficult' shows, you can estimate how many people on your database might potentially attend.

When it comes to forecasting, it's important not to touch the figures you initially set down, and to bear the overall shape in mind. Coming back to the reference to Paula Radcliffe when she broke the world marathon record, she was faster than forecast for each of her first seven miles, so she used that data while she was running to calculate that she needed to ease off in the middle stages of the race in order that she would have the necessary energy left towards the end to keep her pace up.

Pitfalls in forecasting

- Wishful thinking
- Unachievable forecasts
- Ignoring your own assumptions
- Moving the goal posts – set your forecast and monitor don't change

Forecasting should not be confined to the marketing department – it needs to be carried out across the whole organisation. Your programmer shouldn't set targets in a bubble either – he or she needs to include other departments across the organisation.

And finally...

Watch out for the signs and ensure that you are not repeating the same mistakes

Bear in mind the balance between giving a new product the chance to live and killing a bad idea ...