INDIGO
intelligence income impact

Ulster Orchestra

Moving towards a more intelligence-driven marketing approach

The traditional approach

For years, the UO (similar to many other orchestras) has adopted an approach to its marketing communications, based on the idea of a year-long 'season' of work, presented in its entirety, which is sent to all potential bookers, from which customers make their selections.

The vehicle for this has traditionally been a season brochure, which gives a full menu of everything the orchestra is doing in any one season (typically Sept – July) and presents the full 'shop window' for the orchestra's activities.

There are clear advantages to this approach:

- gives a comprehensive picture of what the orchestra offers in its totality
- makes no assumptions about audience preferences, and allows each individual the full range of choice
- is a useful PR document for the organization to explain to stakeholders the full range of activities

However, following the *Retain and Gain* programme run by Indigo-Ltd and Audiences NI in 2008/9, it is clear that evidence elsewhere in the Arts Sector indicates that this approach may also have disadvantages:

- the full 'season brochure' is costly to produce and soaks up the majority of the marketing budget
- therefore there is little money left to 'push' concerts if they don't sell as a result of the brochure
- it is likely that a small proportion of the audience is responding well to the season brochure, but for the majority of those who receive it, for some reason it isn't generating sales
- for audiences who are less engaged, this approach may well overwhelm them with choice, so they choose nothing
- it is likely that there is therefore much wastage in the existing approach

Testing a new approach

The new Marketing Director therefore wanted to review whether this was still the most effective use of the organisation's resources, and set out to test an alternative model.

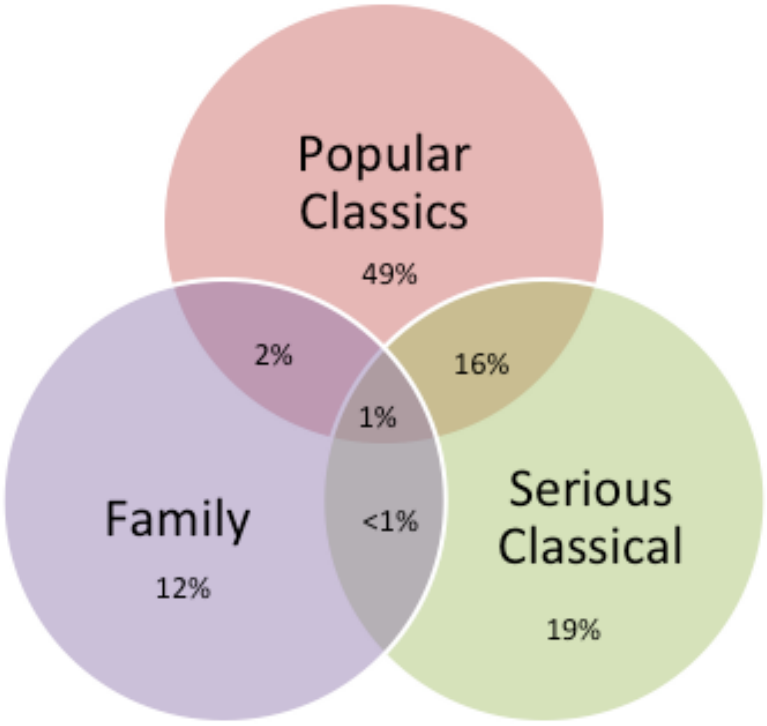
The aims of this approach were to:

- test if the same levels of income could be generated for less cost

- experiment with the resource 'saved' to ascertain the most effective alternative methods of communication with certain audiences
- test a more 'stranded' approach to communications – ie. Presenting work in strands, rather than always as the full selection, and matching these with audience segments

Working with Katy Raines (Partner, Indigo-Ltd) as part of the Audiences NI's 'Retain and Gain Models' project, the UO re-segmented their data, based largely on frequency, but also looking at artform crossovers.

It's clear from an analysis of UO bookers in 2009/10 that very few of the audience attend more than one of the key artform 'strands' – Classical, Popular or Family. In fact 80% of the audience are only attending one of these artform strands with the only significant (but still small) crossover being between Popular Classics and Serious Classical work. This suggests that a more targeted approach to communication, offering people the sort of work they are most interested in, is a sensible one and likely to give the greatest return.



In 2009/10 the organization had been mailing the full season brochure to:

- approx. 300 subscribers
- 11,000 previous bookers

They had also tried, for the first time, following this mailing up with a smaller 'Popular Classics' brochure.

For 2010/11 season, however, the segmentation analysis showed that, of the 11,000 previous bookers, it was likely that only 1000 of these were high frequency, and would merit receiving a costly full season brochure. The Retain and Gain methodology suggested that the remaining 10,000 bookers would respond better to a more targeted approach, based upon artform strand, or perhaps were not worth mailing at all.

The UO therefore decided to:

- continue mailing subscribers the full brochure (as previously) as renewal rates were high, and there seemed no good reason to change this
- mail the main season brochure to only the most frequent 1000 bookers
- analyse the remaining 10,000 bookers further to identify those worth mailing at all and try:
    - a smaller brochure for a shorter period (6 months) designed specifically for infrequent attenders, repeated for second 6-month period at that point
    - the 'popular classics' brochure to a proportion of that audience (6 weeks after the first brochure had landed)
    - individual direct mail targeted towards people's specific interests

Monitoring and Evaluation

The second key part to the Retain and Gain methodology is having a robust method of evaluating the results. The UO had previously not had the monitoring in place to inform its marketing decisions, or to take radical action as described above. This process has helped the Orchestra to develop simple but effective means of doing this.

These include:

- accurate segmentation of the audience to understand where the most valuable custoemrs are
- artform 'strand' analysis of the audience to show the extent to which the audience is behaving in artform 'silos'
- 'tagging' the records of customers according to the segment they fall into and/or the marketing communiations they receive
- Monitoring the sales results at 6 weeks after the communication has 'landed' in order to calculate response rates and return on investment

The Results

(These results exclude subscribers, for whom the existing communications remain the same – however their impact on ticket income should not be underestimated)

a) 2009/10 – traditional approach

Activity and costs

11,0000 bookers were mailed with a season brochure costing £1.01 per brochure to produce and mail

Total cost = £11,110

Response rates, gross income and return on investment

- 8% of those who were mailed responded
- With a total ticket value of £29,288
- Giving a return on investment ratio of 1.6:1 – ie. For every pound spent, £1.60 was generated in return

So in summary, 11K were mailed - £11,110 was spent to generate £29,288

b) 2010 / 11 – Retain and Gain approach

Activity and costs

- 995 bookers were mailed with a season brochure, costing 76p per brochure to produce and mail
- 6197 bookers were mailed with a 'mini' brochure (6 month pocket guide), costing 40p per brochure to produce and mail
- 3297 bookers were 'followed up' with a Popular Classics leaflet 6 weeks after these brochures had landed, at a cost of 32p per brochure to produce and mail

Total cost = £4,290

(In addition there will be a second mailing of a 6-month pocket guide to around 6500 bookers, which will add another £2500 of cost but we haven't included this in the monitoring figures yet as we're awaiting the 6-week report).

Response rates, gross income and return on investment

On average, across the three communications

- 22% of those who were mailed responded
- With a total ticket value of £94,043
- Giving a return on investment ratio of 20.9:1 – ie. For every pound spent, £20.90 was generated in return

So in summary, around 11K were mailed (same number as for 'traditional' approach, but only £4290 was spent to generate over £90K worth of income.

The cost was more than halved, response rates were substantially higher, and income was trebled.

For detailed figures on each mailing please see appendix 1

c) Re-investment of savings

At the heart of Retain and Gain, however, is not just increased efficiencies and cost savings – the aim is to make these efficiencies in order to re-invest the savings in additional / alternative communications in order to drive sales even further.

In UO's case, these savings have been re-invested in some specific additional activity, aimed at particular audiences for specific events:

- Popular Classical audiences – the Messiah, Viennese, James Galway
- Populist audiences – Broadway, Star Wars
- Family audiences – Snowman, Star Wars

So far the results for these have proved to be equally impressive. Whilst some have been more successful than others, on average:

- 9% of those who were mailed responded
- With a total ticket value of £19,528
- Giving a return on investment ratio of 17:1 – ie. For every pound spent, £17 was generated in return

Full details of the individual campaigns are shows in appendix 1

Conclusions

The Ulster Orchestra have taken a bold but data-driven approach to their marketing communications, which has improved their marketing effectiveness and ticket income dramatically:

- Return on investment with non-subscribers has risen from 1.6:1 to 20.9:1 – this is over thirteen times more return for every pound spent
- The same number of bookers are being reached in a more intelligent and effective way, ensuring both maximization of income and relevance / appeal to the customer
- The organization now has a robust methodology for monitoring and evaluation that can be used to further refine this process

Katy Raines
Partner, Indigo-Ltd
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