# Sign up for Box Office success

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Subscription schemes are used by major American institutions to sell theatre tickets in bulk. Arts marketing consultant Debbie Richards explains the benefits of this approach and how ticket bundles have boosted sales at one leading regional venue.

Subscription or season ticket schemes aim to maximise sales by increasing frequency of attendance. They encourage customers to buy a package of tickets and thereby attend more events than they otherwise would. These schemes often act as a starting point for increasing customer loyalty – by encouraging customers to attend more frequently, you hope that they will eventually become a friend or a donor.

Subscription schemes also enable an organisation to programme more esoteric work. If customers are signing up to a full package of plays or concerts, you can include a more difficult work, which they might not otherwise have attended, because it is part of their package.

On top of this, marketing cost-effectiveness is increased. It is often said that gaining a new customer is five times more expensive than keeping an existing one. So, if you can sell an existing customer tickets to ten performances, it is 50 times more cost-effective than selling the same number of tickets to new customers.

With all these benefits it is, perhaps, surprising that subscription schemes have not achieved the same popularity in the UK as they have across the Atlantic. Subscriptions did see a rise in popularity during the early eighties following the success of Danny Newman's book Subscribe Now. Since then, though, interest has waned. Many schemes declined as a result of increasing competition for the leisure pound and the development of a late booking culture. These changes led organisations to conclude that subscription was dead, rather than using it to counter the effects of these trends.

It may be that it is the word "subscription" that has been the problem. "Season ticket", as used in sport, is becoming more popular. A number of theatres use this term, including the Royal Exchange, Manchester and the Royal Lyceum, Edinburgh. The Lyric Stage Company of Boston saw an upturn in subscribers when, alongside other changes, they rebranded their subscription as 'season tickets.'

In the UK, frequency schemes are usually an after-thought - a way of packaging-up single tickets. In the USA, subscription is at the forefront of organisations' planning - they start with subscribers and then look at ways to sell remaining tickets. The Philadelphia Orchestra plans subscription prices and then, when subscription sales end, completely resets prices and seating plans for single-ticket sales. Looking after subscribers is paramount. Offering free ticket exchanges is the norm. The Huntington Theatre Company in Boston, among others, allow exchanges post-performance, so that subscribers can return tickets that they failed to use and swap for another night.

The key to designing a successful scheme lies in researching the benefits valued by potential subscribers. What works in one marketplace will be different from what works in another. Many mistakenly believe that subscription is 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 The Concertgebouw in Amsterdam, which sell tickets at a premium.

Or take an example closer to home – Bolton. Cities Outlook 2011, the annual index published by Centre for Cities, identified Bolton as one of the ten cities facing the biggest welfare spending cuts by 2014/15. This is significant because, as the report noted: "Overall consumer spending is likely to be affected the most in those cities that are most vulnerable to the welfare reforms". This comes on top of the fact that average earnings in Bolton actually declined from £413 per week in 2006 to £377 per week in 2010. This is a challenging environment in which to sustain, let alone grow, box office income.

The Octagon Theatre in Bolton produces eight or nine in-house productions every year, in a season running from September to July. These productions account for 96% of the theatre's box office income. The theatre, for a number of years, sold season tickets, which offered a saving of up to 40% for customers who bought for all of the productions, as well as discounts on programmes and catering. By leading on price, promoting the savings achieved by buying a season ticket, the theatre made committing to a whole season feel less daunting for a customer. Consequently, season tickets accounted for 32% of ticket sales, excluding the festive production. They also provided a sizeable advance, with early ticket sales for every production, and most importantly of all, encouraged the theatre's core audience to sample work that they might not otherwise have seen.

However, despite these advantages, season tickets were eating into ticket yield. The theatre was realising a lower income from each ticket because they were being sold at such a big discount through the season ticket scheme. In 2010 the Octagon Theatre commissioned Baker Richards to undertake a comprehensive review of pricing, including the season ticket offer. A number of changes were implemented, including improving the scaling within the auditorium to increase price differentiation, and raising the price of the most expensive ticket.

This, in turn, created an opportunity to increase the benefits associated with season tickets. A simple headline promotional message was retained – see all eight shows for a bargain price – but while the price of a season ticket was increased by 11%, the discount on an eight show season ticket rose to 44%. This meant that buying tickets for all the shows represented an even bigger saving for customers than in the past. A premium season ticket was also introduced, with additional benefits including free parking and a table reserved for drinks at the interval.

Following these changes, the Octagon has increased attendances, selling more season tickets than before, with 70% of season ticket customers opting for the full season or the premium-season ticket. The remaining 30% of customers opt for the "pick and choose" season ticket where they select four productions from across the season. The Octagon has also maintained a range of low prices for price sensitive customers, while increasing ticket yield by 12%.

Perhaps it is time that other venues looked again at the subscription model.

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