

Package Deals

Subscription schemes encourage customers to buy a number of tickets for a package of events and thereby attend more events than they otherwise might have done. Tim Baker asks why they have not achieved the same popularity in the UK as across the Atlantic, and looks at the experience of the City of Birmingham Symphony Orchestra

In the US subscription drives form the backbone of most performing arts marketing campaigns. Subscription did see a rise in popularity in the UK during the late 1970s and early 1980s following the success of Danny Newman's work in the US and his book 'Subscribe Now'. Since then, however, interest in subscription schemes has waned and many schemes have declined as a result of increasing competition for the leisure pound and the development of a culture demanding more immediate gratification, with less of a predisposition to planning ahead. But the benefits of subscription haven't lessened and we can still reap them by analysing our market and developing subscription packages accordingly.

Subscription schemes appeal to people who like to plan their lives. These people use a subscription as a spur to action ("If it

wasn't for my subscription I'd never go out".) Unfortunately, the very reason why subscription is attractive to this group makes it unappealing to those who like to keep their options open and choose between the ever-increasing number of competitors for their leisure time. For this group the prospect of pre-determined packages requiring significant commitment at an early stage lacks appeal, particularly in marketplaces where there is significant competition. The key to attracting this second group initially is flexibility and the minimum of commitment.

Subscriber benefits

In designing a benefits package for subscribers it is vital to research which benefits are valued by existing and potential subscribers, as what works in one marketplace will be very different from another. Furthermore, some benefits may

be seen as attractive in inducing initial subscription purchase while others may be about increasing satisfaction and serving retention.

Discounts are essential for creating a sense of value for money, and by placing a deadline on the offer a sense of urgency can be created. However, the level of discount offered is rarely the most significant factor in the decision to subscribe. The attender who subscribes, excepting schemes targeting students or other low income groups, is less likely to be price-sensitive and is more likely to opt for better seats.

Scarcity of product can be used to drive customers into subscription by offering desirable products to subscribers only (i.e. products where demand outstrips capacity). But caution must be advised here. While this may be an attractive

CBSO Case Study



The double basses of the CBSO

Despite the unprecedented success enjoyed by the City of Birmingham Symphony Orchestra (CBSO) under Simon Rattle, during the 1990s sales trends showed a decline in numbers of tickets purchased, which affected the financial stability of the orchestra.

Preliminary sales analysis identified that the fall in sales was not in single tickets, which were holding up well, but in subscription, traditionally a strong area for the CBSO. The orchestra had for decades been running a traditional subscription scheme which offered patrons whole seasons of concerts on specific days of the week or combinations of seasons,

encouraging people to book for as many as 20 or 30 concerts in one booking. It had also introduced a General Selection scheme which offered a choice from a limited range of often less popular concerts with a small discount off top prices.

Further analysis found that while retention of existing subscribers was generally good (86% each year), there were some hidden problems: a long-term decline in the number of subscribers willing to commit to multi-series bookings; and an increasing volatility in the behaviour of less-committed subscribers. These people were very repertoire-sensitive and their volatility was increased by some of the CBSO's more adventurous programming.

The biggest issue was that the CBSO was not recruiting enough new subscribers to fill the 'leaky bucket' caused by natural wastage. Research also found that many new subscribers had attended only very infrequently – and some not at all.

The CBSO sought to address the long-term decline in numbers taking up the existing subscription scheme by devising and testing alternative, clearly differentiated

subscription packages (Fig. 1). It had to find a way to maintain subscriber retention, whilst at the same time increasing the loyalty of existing single-ticket buyers. Since present subscribers are by and large resistant to change, this meant introducing a new package which would appeal to a broad range of potential bulk purchasers, without damaging the loyal and prosperous relationship that CBSO had with existing subscribers.

Plotting sales trends against past promotional activity or developments in package design demonstrated that Full Series subscribers were very sensitive to change of any kind. Each time an innovation was made, subscription levels dipped. It was therefore recommended that as few changes as possible were made to full series subscription in terms of balance of repertoire and artists and numbers of concerts. Existing die-hard subscribers were also found to be strongly attached to the benefits of the Full Series package and all such benefits were exclusively maintained.

Although the General Selection package was gradually picking up momentum, it was failing to have the broad appeal that

benefit for the 20% of the audience who may be our subscribers, it could rapidly alienate the remaining 80% of customers and present the organisation as elitist, unfriendly and exclusive.

Priority for subscribers on the best seats and seat retention schemes (where priority on the best seats is given to subscribers according to the length of time they have subscribed) can operate as both an incentive for new subscribers and a powerful tool in retaining subscribers. Dropping a subscription will mean losing a level of priority that cannot be regained. In some cases subscriptions are handed down through generations!

Many performing arts organisations have stringent ticket exchange policies. However, in return for committing so far in advance to specific dates, subscribers may expect the organisation to be understanding about their need to exchange tickets from time to time. By enabling them to exchange their tickets the organisation will help to ensure satisfaction with the subscription and increase its subscriber retention rates; offering exchanges into subsequent seasons can also create a useful tie-in.

Other benefits for subscribers may include priority booking, special events such as opportunities to meet the artists, newsletters, and associated discounts or freebies such as merchandise, drinks, parking, etc.

It is perhaps worth pointing out that in relation to the benefits being delivered to the organisation, subscriber benefits are not costly and are relatively easy to implement.

In designing a scheme it is important to research the benefits sought and the nature of the market. Schemes include:

- a 'Take it or leave it' offer of a complete season
- 'Choose a series' typically on the same day where there is a choice of packages
- 'Pick & mix' where the scheme aims to give a customer maximum flexibility and choice
- purchasing a package of vouchers that can be used at any time during the season.

Having designed the scheme to suit the market and maximise sales, there are a number of structural variables to consider: season length, offer timing and availability, discount levels and number of purchases

required.

Breaking down barriers

Where possible, barriers to purchase amongst the market should also be overcome. The most common reasons for not subscribing are cited as too great a financial outlay (so allow customers to pay monthly), not wanting to commit in advance/inflexibility of personal schedules (so stress flexible exchange packages), or wanting to choose which events to attend (offer a pick and mix subscription).

Schemes should also make the renewal process as easy as possible. Help the subscriber with their decision-making process by using a personalised mailing that makes a booking recommendation based on previous purchase and enables them to simply tick a box and make a payment rather than filling out complicated forms. Furthermore, don't expect everyone to act on the first mailing – some subscribers will need reminders and follow-up contact.

Identify and cultivate subscribers. They value their relationship with your organisation and consequently may contribute significant income and support throughout their lifetime.

Target segment	Subscription scheme			
	Multi-series subscription	Single series subscription	General Selection	New package(s)
Die-hard subscribers	Die-hards – long-term subscribers to full season and half season packages; OBJECTIVE: minimise 'leakage', prevent trading down			
Volatile subscribers		New subscribers – of any package; OBJECTIVE: maximise retention, decrease volatility, increase frequency		
High-frequency single ticket bookers		Single ticket buyers who share the same attendance behaviour as new subscribers; OBJECTIVE: identify more like recent subscribers and recruit, identify those not like above and design attractive packages		
Low-frequency single ticket bookers			Infrequent and non-attenders nevertheless open to subscription. OBJECTIVE: find ways of identifying them and design attractive packages	
Non-attenders interested in classical music				

Figure 1

the CBSO wanted. It appeared to be neither comprehensive nor flexible enough to build loyalty. It was recommended that this scheme be replaced with a Flexible Discount Scheme offering a comprehensive choice of repertoire, ticket exchange and accumulating discounts, which would have broad appeal for all tastes, typologies and frequencies of attendance.

The subscription brochure was redesigned with simplified text content and composed from a potential subscriber's point of view. Experimentation elsewhere had demonstrated that summaries of information produced in-house in letter form worked as well, and in some cases better than full-colour designed print for re-subscribers and it was therefore possible to tailor subscription print for individual market segments.

Finally, a programme of active customer care was introduced to 'ease' existing subscribers into the new structure, including an enhanced and more heavily promoted customer enquiry telephone line and outbound calls to the most valuable individual subscribers.

Sarah Gee, Director of Communications at the CBSO, reports "Nearly two years on, the renewal rate for fixed day subscriptions rose to 91% last year. We also now have the figures to show just how our audiences will vote with their feet if they don't like programmes, something we'd known anecdotally for years but couldn't prove to our planning colleagues. The biggest change has been in our attitude to customer care – although we'd always provided a very personal service to subscribers, it had been done (albeit to the best of our abilities) on a shoestring budget. Investing money in recruiting and training temporary staff certainly paid off."

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