

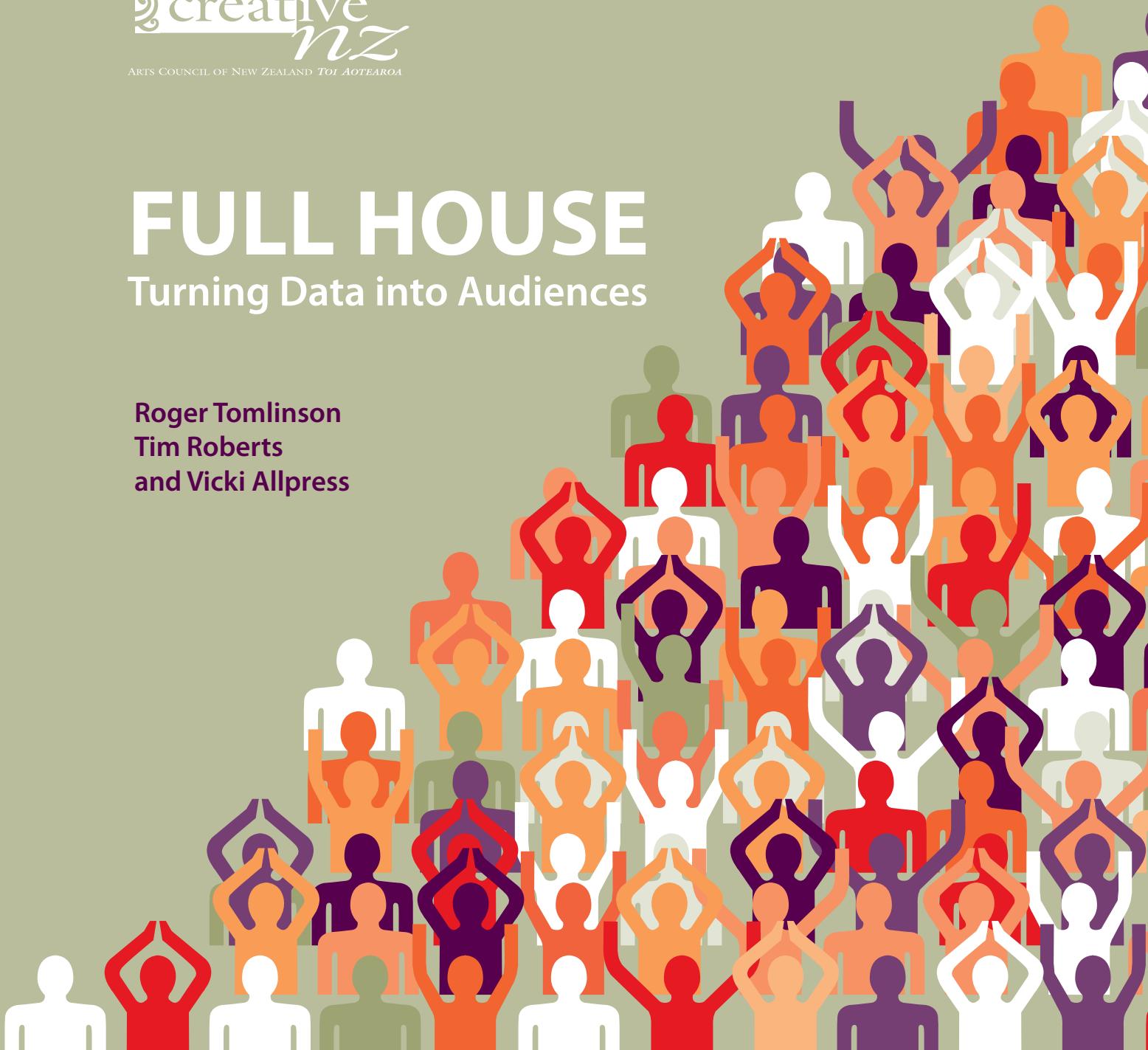


ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA

FULL HOUSE

Turning Data into Audiences

Roger Tomlinson
Tim Roberts
and Vicki Allpress





FULL HOUSE:

TURNING DATA INTO AUDIENCES

A Manual for Ticketing and Marketing Professionals
By Roger Tomlinson, Tim Roberts and Vicki Allpress

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FOREWORD

This Manual was produced in partnership between the Australia Council for the Arts and Creative New Zealand (with Australian and New Zealand versions being published in 2006). *FULL HOUSE* is an expanded version of *Boxing Clever*, originally published by the Arts Council of Great Britain in October 1993. This New Zealand edition follows extensive research by Tim Roberts (Sydney, Australia) and Vicki Allpress (Auckland, New Zealand), plus a series of in-depth interviews undertaken by them throughout New Zealand in August 2006, funded by Creative New Zealand. This research was used to create a New Zealand-specific version of *FULL HOUSE*.

Special thanks must go to Helen Bartle from Audience and Market Development at Creative New Zealand for her commitment to the project and support for the process and to Peter Verwey at the Arts Council of England (now called Arts Council England), who originally inspired the work. However, this New Zealand version would not have been possible without the hard work and specialist knowledge of Tim Roberts and Vicki Allpress.

Tim, Vicki and I would also like to thank Howard Warner from Plain English People for his hard work and contributions to proof-reading; New Zealand Post and Chapman Tripp for providing information and comment; Shelley Kirton, Alison Grant and Robin Hill for their help, support and suggestions; and all the New Zealand arts and ticketing organisations who gave us their time and expertise and agreed to share their experiences in case studies.

By the nature of this kind of work, it can only be a description of the 'state of the art' at the time of publishing. New ways of looking at data on customers and their transactions emerge frequently and new developments seem to emerge daily in using such data in customer relationships, for marketing, sales, service, fund-raising and so on. We will be looking at ways to keep this resource alive via networking, workshops and online resources to ensure that knowledge is grown and shared. Comments and feedback are welcomed.

Roger Tomlinson, Cambridge, November 2006.

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INTRODUCTION

This new Manual is fundamentally about what arts and entertainment organisations can do to better utilise the data they have regarding customers and their transactions and build ongoing relationships.

The original Manual published in the UK in 1993 was intended to help all those who wanted to get more out of the box office, usually the main point of contact with customers. More was wanted from the staff who worked there, and more from the data on customers and their transactions which should be available from a computerised system. This needed a fundamental change in attitude both to customers at every contact point and the customer-facing functions. Most importantly, it required recognition that arts and entertainment organisations needed to build relationships with their attenders. They needed to use the knowledge they had about them to create more effective relationships, to the benefit of the attender and the organisation.

Some might argue that this has been achieved. Yet the evidence is that in 2006, many arts and entertainment organisations are still not recognising the value of data on their customers' behaviours, and are as likely to be 'product-focussed' and not necessarily 'customer-focussed'. In the 21st century, many are still only slowly realising the value of building close and valuable relationships with attenders. Many still sell tickets through agents and only have an 'arm's length' relationship with their customers; and as a result lack full information on them and their transactions.

Change is slow. It was the early 1980s when the first computerised ticket selling systems arrived in larger venues elsewhere in the world. These were soon followed by systems designed to combine marketing and fund-raising facilities with ticketing functions, offering fully developed

integral customer databases, list management facilities, and the capability to record more information about customers and their purchasing habits. This transformed both the function of the box office and the marketing capabilities, as well as the relationship between customer and box office.

In the 1990s, systems set out to create a single database to support customer-facing functions, encompassing not just ticketing and marketing, but also memberships, subscriptions, season tickets, donations, corporate giving and fund-raising, to be served up to the staff at every customer 'touch-point'. The challenge has been to integrate these different marketing activities and co-ordinate the various 'silos' of customer information often collected by different departments with different tools.

In 2006 this is evolving to yet a new level. The Internet has transformed how customers can find out about arts and entertainment organisations. It has also changed how we communicate directly with them, in a tailored and personalised way, using the data from their relationship in all transactions. From website to ticket sale and at every contact point, it is possible to know who the customer is and deal with them according to their specific needs and interests. We have to put an end to "faux" relationship marketing, as Don Pepper¹ refers to it (explained more in Chapter 2). The customers know what we know about them, and expect us to use it in relating to them. This needs a fundamental change in approach to using and managing that knowledge.

This Manual is about managing that change and getting the best out of it.

1. Don Pepper and Martha Rogers, *The One to One Future* published 1993, then 1996, and as *Fieldbook* in 1999. The concept of "faux" relationship marketing is described as not using what is known about the customer when communicating with them.

20 REASONS FOR USING DATA ON CUSTOMERS

1. use the available information to provide better service at all customer touchpoints
2. analyse peak sales periods to better manage customer service and staff allocation
3. monitor customer feedback collected by customer-facing staff
4. identify and differentiate distinct customer segments based on behavioural and demographic characteristics
5. tailor marketing activities, messages and offers
6. save marketing spend by targeting hot prospects and meeting bulk mailing standards
7. compare audiences between events and venues and use this information for cross-selling or programming
8. use customer data responsibly to comply with the Privacy Act
9. manage and monitor direct marketing and email campaigns
10. track marketing response and undertake detailed post-campaign analysis
11. forecast and predict sales and receive advance warning of events underselling against anticipated targets
12. create detailed reports for marketing research and planning
13. use geodemographic profiling tools to measure marketing penetration and potential
14. undertake drive-time analysis to define your current and potential catchment areas
15. demonstrate your geographical reach and impact convincingly to funding agencies or councils
16. understand Recency, Frequency and Monetary value (RFM) of attendances for effective Customer Relationship Management
17. calculate your rate of customer churn and develop tactics to manage it
18. follow up first-time and lapsed attenders with appropriate communication
19. analyse ticket yield and unsold capacity to manage price breaks and maximise revenue
20. mine your database for potential group bookers, friends, subscribers or donors based on high-value transactions, loyalty and frequent attendance



HOW TO USE THIS MANUAL

Each section of the Manual is divided into chapters. At the end of each chapter is a review agenda and recommended action plan. The review agenda lists the key areas arising for consideration from each chapter. The action plan then identifies the main points recommended for implementation.

Users of the Manual are expected to consult each chapter as they need, though the chapters are arranged in logical sequence so the manual can be read as a book.



If you want to get the most out of customer transaction data to build relationships:

Start with Section One then move to Section Four.

If you want to develop the application of data from transactions in marketing:

First read Section Four.

Chapter 10 covers the profiling of the catchment area and audience.

Chapters 11 and 12 cover direct and online marketing.

Chapter 13 covers diagnostic techniques to help marketing campaigns and increase sales

Then refer to earlier chapters as necessary.

If you want to develop the effectiveness of the customer-facing staff:

Read Section One and concentrate on Chapters 2 and 3, which cover the management of the point-of-sale.

If you want to build up customer records in the system database:

First read Section Two – Chapter 4 covers the information which can be compiled in customer records. Chapter 5 covers privacy and data access and electronic communication.

Then refer to other chapters as necessary.

If you want to expand the data on customers and analyse your information:

If you have not already done so, read Chapter 4 on the information which can be compiled in customer records.

Then read Section Three.

Chapter 7 covers the expansion of the records and the addition of profiling, mapping and other proprietary systems.

Chapters 8 and 9 delve into statistical analysis and the different ways of presenting the data for interpretation purposes.

KEY TO SUCCESS?

Organisations need to understand their customers' behaviour and what their transactions tell us about them. They must, therefore, have control of the customer data. This will involve changes in business practices, management structures and strategy. In addition, organisations will need to upskill staff, implement the right software and find out how to use it. The place of marketing and sales in the functioning of the organisation and the position of marketing in the management hierarchy will heavily affect staff motivation and the effectiveness of marketing thinking. This will also enhance marketing's contribution to the organisation's success and sales.

Without the right structure and relationship between customer-facing staff and those responsible for managing the strategy for relating to customers, the relevance of the information in the customer database will remain locked inside it.

SECTION ONE

CREATING THE POTENTIAL

KEY QUESTIONS:

Why are the 'touch-points' with customers integral to marketing?	Page 2
Why capture customers' names and addresses?	Page 3
How will customer transaction data help our marketing strategy?	Page 5
What are the key steps in building relationships with customers?	Page 18
Why bring marketing and sales together?	Page 29
How do we get what we want from staff?	Page 32



1. THE HEART OF MARKETING

The customer database is the heart of the information needs about customers, and should pump out accurate and comprehensive data when requested.

KEY ITEM

- Strategic and Tactical Questions



In organisations which charge for admission, ticketing is at the heart of marketing, providing data to drive relationships of all kinds with customers. Someone in every group of people attending an event has to contact the point-of-sale, traditionally the box office, directly or indirectly, to purchase the tickets. Whether they telephone, turn up in person, buy on the Internet, write a letter, fill in a booking form or contact a ticket agent, the organisation has an opportunity to collect some information about the customer and that transaction.

Ticketing is a derived demand – the primary demand is for the event. The ticket is merely a means to an end, the end being attendance of the event. No one buys a ticket for an event without marketing having persuaded them to be interested in buying it first. Simply telling people 'what's on' has the limitation of 'preaching to the converted' and only reaching people already appreciating what is on offer. Marketing sets out to create audiences, to identify potential attenders and persuade them to attend.

For marketing purposes, it is essential for organisations to have full access to information collected on the customers. The box office owned and managed by the organisation is obviously the best way to guarantee a direct relationship

with customers and unlimited access to customer data, which can be appropriately collected and compiled through each booking method, and made fully available for subsequent use. Other business arrangements of the sales channels are obviously possible, but it is essential that the data is collected properly in the first place and that the customers are understood to belong to your organisation.

The booking methods which involve dialogue with the customer provide the opportunity to find out more. Internet transactions guarantee capture of key information about the purchaser and can be extended with collection of personal preferences and online surveys. It is now possible, according to some organisations, to compile information on 99% of the ticket purchasers. This can then be enhanced by specific information from memberships, Friends and 'loyalty schemes', subscriptions, donations and fund-raising, and from all the other points of contact with people. This is a powerful resource of information.

"Good information is a facilitator of successful marketing, and indeed, seen in this light, marketing management becomes first and foremost an information processing activity"²

2. M. Christopher, and others, *Introducing Marketing*, 1980, Pan, London.

The information collected will not just be about the person booking the tickets but also about the makeup of the group, especially if there are different reductions for different categories of people or tickets. The transaction with the customer, especially at the point of sale, provides the major intimate opportunity to capture information about actual customers, to find out who they are and how they have learned about events. The name and address and payment details are not enough. Staff can ask questions of the customer face-to-face, or simply record information observed or heard.

Online ticketing also enables more information to be collected, though there is a limit to the data entry which can be required during a transaction, if purchasers are not to lose patience. People purchasing online can be asked to register and to complete their personal preferences or profile, and sometimes a separate online survey can be used to collect even more information. And, of course, websites allow the tracking of visitors, what they click on, what they look at, for how long, and so on. So customer records can be a powerful repository not only of what people purchase, but of what they are potentially interested in purchasing.

Even the name and address is a powerful starting point. Something as simple as the address is the key to access to mapping, market penetration analysis and comparison with market potential, customer profiling, and the use of national statistics. 'Address geography' is now the basis for most geodemographic analysis systems, including the Census, and the address is therefore a powerful tool for gaining access to huge volumes of data. If the customer database has a record of the full contact details, the marketing key can be turned.

It is essential to link contact information on people to their transactions. As the customer database can record data on everyone who purchases tickets, marketing can be aimed at the entire potential audience, based on their past purchasing history. You no longer need to send 'junk'

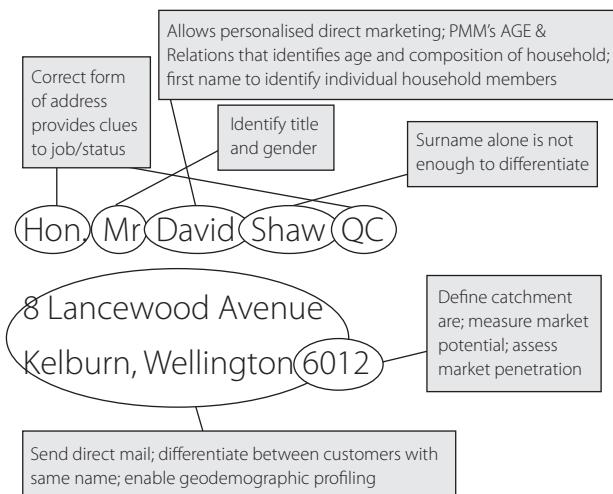


Diagram 1-1: Postal Address Label

mail to everyone who ever purchased a ticket or opted in to receive email. Instead, communications can be sent that genuinely relate to the individual purchasers.

Some organisations in New Zealand, perhaps with limited access to their purchaser data as a result of current ticket agent arrangements, compile mailing lists (sometimes held in separate departments) of people who agree to be sent information. These sometimes show personal preferences. It is worth noting that analyses of customer data on systems in the UK demonstrate that traditional mailing lists often represent less than 20% of actual purchasing customers (and actual customer purchasing patterns are different from what is filled in on list preference questionnaires). People often express an interest in artforms which, in fact, they attend very rarely. People like to be on the lists of venues they may visit less than once a year. Access to full customer transaction data enables different communications to be sent more effectively to people according to their actual purchase behaviours – these then get higher response rates.

Detailed knowledge of the **current** attenders ensures better understanding of the **potential** attenders, so that marketing activities can be better tailored to each market segment. Analysis of research into potential attenders by Andrew McIntyre of Morris Hargreaves McIntyre³ in the UK (McIntyre visited New Zealand in October 2006 to run workshops on Test Drive the Arts) shows that, for example, attenders for different kinds of theatre productions in the same venue are affected by different factors according to their frequency of attendance and type of production attended. Andrew McIntyre has used telephone research and focus groups to understand attenders' motivations and perceptions. He argues that it is necessary to think through the messages being communicated, to match people's social, intellectual, emotional and spiritual motivations for attending. These issues point to the need for different marketing messages to be targeted at different market segments. The information to divide the potential attenders into different market segments is only available from records in the customer database.

By analysing who attends specific events from customer data, you can identify those people who have similar characteristics to the current attenders and therefore may also be persuaded to attend. They might be missing out simply because information is not reaching them. They may need a specific marketing approach and only the information from customer database records can guide this. The customer database helps identify prospects.

This means arts organisations need to develop tailored communications according to behaviours – for example, what do people need to know before they consider attending? Fundamentally, this is centred on the CRM ethos of one-to-one marketing and having a separate approach and development strategy for each customer.

The information to divide the potential attenders into different marketing segments is only available from records in the customer database.



3. www.lateralthinkers.com

Information compiled from transaction data captured either at the point of sale or from other relationships with the organisation may be drawn from virtually 100% of the purchasers or customers: the universe. On the other hand, audience surveys, and other research methods used to obtain information about people, draw conclusions only from samples. The audience survey, when applied as an instrument for the performing arts in New Zealand, has been developed to collect a wide range of information with a reliable methodology. But it can only present information from samples or subsets of the attenders, not on everyone who has purchased tickets. However, audience surveys can be used to expand on customer database records. Aggregated data can provide extra detail to profile customers. Even preference questionnaires, either for mailing lists or online profiles are less than reliable and completed only by a proportion of the total attenders. Online registration and customer profiles or preferences need to be carefully designed to collect relevant information where the customer understands the options being offered.

STRATEGIC AND TACTICAL QUESTIONS

This puts every customer touch-point at the heart of customer relations and is therefore central to marketing and all the customer-facing functions, from single ticket sales through to memberships and subscriptions, fund-raising, sponsorships and public relations. The information which can be compiled in the customer database is of direct practical use to marketing people, who need reliable information and a detailed understanding of their actual customers to help them plan. Analysis of customer data can provide the information to help answer both strategic and tactical questions. Marketing people need clear answers to these questions if marketing action is to deliver the right results.

Some of the urgent tactical questions that can be answered by customer data are:

- How do we know in advance whether an event is underselling against anticipated attendances and income?
- What action do we take, aimed at whom, to increase attendances for a poorly selling event?
- What discounts or special offers, if any, should we offer to whom, to trigger a response?

Good marketing managers will know the right strategic questions to ask and must know:

WHO

- are our current customers?
- should our customers be?
- are we not reaching currently?

WHICH

- segments should be targeted to increase current penetration?
- segments should be targeted to develop new audiences?

WHERE

- are our current customers?
- are we not attracting customers from now?

WHY

- do customers attend now?
- do some potential customers choose not to attend?
- do we remain in existing markets?

DO YOU KNOW THE ANSWERS?

The key strategic questions involved in planning any marketing campaign should be:

- who to target as potential customers, in order to expand?
- how to reach and persuade potential customers?
- how to monitor the response to marketing action?
- what to charge for tickets to maximise income and attendances, and to open up new market segments?

In practice, relatively straightforward analysis of information contained in a customer database will provide detailed knowledge to answer these questions.

Given Christopher's argument above that "*marketing management becomes first and foremost an information processing activity*" (*ibid*), it is clear that marketing staff and all customer-facing staff ought to be indivisible, naturally on the same team. This is dealt with next.



REVIEW

1. What information is available at present, and where from, to answer the strategic and tactical questions on page 5?

ACTION PLAN

1. Prioritise the key information gaps with sources known to you.

2. PEOPLE NOT 'BUMS ON SEATS', CUSTOMERS NOT 'PUNTERS'

You only get one chance to make a first impression, let alone build a sustainable and growing relationship. This requires a detailed knowledge of what was said, when and to whom.



KEY ITEMS

- Building Relationships with Customers
- Case 1: Finding Non-attenders in Christchurch
- Available Audiences
- Case 2: Some Observations on 50:35:15
- Customer Relationship Management
- Lifetime Value
- Lifetime Value Calculation
- The Loyalty Ladder
- Re-engineering to Focus on the Customer
- Case 3: Sydney Symphony Orchestra CRM Experience
- 20 Things Sydney Symphony Orchestra Wanted from a New Ticketing/CRM System
- A Multitude of Customer Types, but One View
- Relationship Routes
- Friends and Memberships
- Subscriptions

This Manual opens with the statement in Chapter 1 that “ticketing is at the heart of marketing”. Yet for some arts organisations, selling the tickets to customers seems to be just a mechanical process and a necessary evil. You can tell, because management don’t particularly value their ticketing staff, sometimes to the extent that box offices are kept semi-detached from the organisation, or that sales are contracted out to ticketing services companies, or they try and remove the ‘cost of sales’ of operating a box office. Arts and entertainment organisations can sometimes talk about customers in ways which are disparaging: why are paying customers just ‘bums on seats’ and attenders relegated to ‘punters’?

Some organisations appear not to be interested in building a detailed database on all their attenders. Yet others will seek special relationships with ‘subscribers’, while ignoring ‘single ticket buyers’. **It is our perspective that the relationship that organisations want to have with their attenders is one of the key determinants of the marketing and sales strategy for a successful organisation.**

BUILDING RELATIONSHIPS WITH CUSTOMERS

Many arts organisations can appear to have a ‘product’ focus, but for many years now there has been a steady change of emphasis towards the customer, towards building life-long relationships with attenders. It is necessary to decide on what kind of relationship the organisation wants to build with each customer.

The closer the relationship, the more protected the organisation is from the vagaries of the marketplace and from competitive activity. In some cases, however, the best relationship is not necessarily the deepest. People differ in their involvement, needs and interest. The best relationship provides what a customer decides and hence keeps the customer loyal.

This means that, for most arts organisations, the customer database really is the the ‘beating heart’ of marketing and central to managing their relationship and communications with their attenders. The power of that database has been transformed in the 21st century, not least because of the impact of the Internet and the ability to join up transactional information on customers from every touch-point in an arts and entertainment organisation.

This is a dynamic situation. This Manual will enable arts organisations to analyse current attenders so we can understand what happens now. But the question is, where do we want to be? It has long been argued that the key marketing challenge in the arts is to persuade someone to attend one of your events for the first time. The assumption is that once they have had that experience, they are hooked for life. Unfortunately, life can be more complicated.

CASE 1

FINDING NON-ATTENDERS IN CHRISTCHURCH

In 2006/07, The Court Theatre and Christchurch Symphony, in partnership with Creative New Zealand with assistance from Andrew McIntyre, are running a Test Drive the Arts scheme⁴ to attract first-time attenders.

The campaign will offer 2600 people the opportunity to 'test-drive' a play at The Court Theatre and/or a Christchurch Symphony concert.

Their campaign is aimed at two target groups:

1. 800 music and drama teachers and their colleagues
2. 1000-ticket giveaway in the local newspaper

Up to 200 schools will be sent a letter and ticket form inviting teachers to sign up for the scheme. They anticipate receiving four teacher contacts from each school, a total target of 800 people (1600 tickets).

The local newspaper is being approached to run a competition with a first prize of a meal for four and a case of wine. In addition, the names and addresses of the entrants will be collected and up to 500 people will be offered a pair of tickets to either a Court Theatre production or a Christchurch Symphony concert.

Potential attenders will be qualified using a self-completion form to establish genuine interest. Importantly, attenders will be given the best seats in the house to an entry-level show. A 'Facts About the Show' sheet will be mailed with the tickets to ensure people are informed and know what to expect from their visit.

Test Drive attenders will be followed up promptly after their first visit with a new offer that requires a commitment – e.g. a '4 for 2' offer (buy two tickets at full price and bring two guests, but new attenders) or two concerts/plays for \$30 per person. The second stage builds the habit of attending. The third stage of Test Drive is to encourage these people to buy at full price, potentially with a value-add.

Within a year, The Court Theatre and Christchurch Symphony are aiming to have a third of the 2600 people come back and pay for new ticket/s. This is a conversion of 866 people with a total value of \$30,000 (average ticket price \$35) – let alone the potential Life Time Value of these new arts attenders.

4. Test Drive the Arts, http://www.newaudiences.org.uk/feature.php?essential_audiences_20031115_2

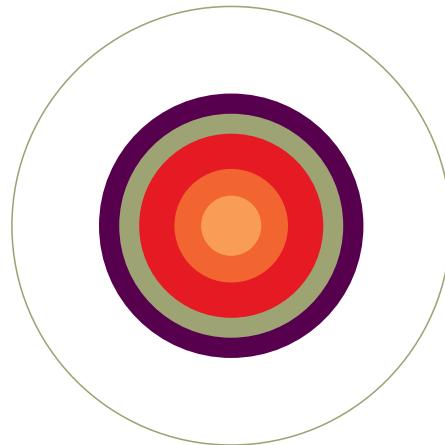
AVAILABLE AUDIENCES

Keith Diggle⁵ argued eloquently from the 1970s (he was invited to present lectures in Australia and New Zealand in 1979) that the arts had to recognise that there was a currently ‘unavailable’ audience, as well as the current attenders. He analysed what he saw as:

- the core frequent attenders, probably attending once every two or three months, who most arts organisations see as the ‘bulls eye’ on their sales target;
- beyond them, the less frequent attenders who he described as ‘intenders’ – they value the arts as a ‘good thing’ and always mean to attend but don’t often make the visit, so they end up attending perhaps two or three times a year;
- beyond them, those who only ever attend very infrequently – research shows anything from once a year to once every three years or so.

And, of course, beyond them are the really unavailable audience – those who appear to reject most arts attendance opportunities. Keith Diggle argued, perhaps controversially, that these people were ‘hostile’ and that it was more practical and healthy to concentrate on establishing a strong relationship with those who had already attended. However, he also argued that arts organisations must take steps to attempt to continue to grow audiences.

Diagram 2-1: Attendance Frequency Bull’s Eye



- Non-attenders
- Less than once a year
- Once a year
- Two or three times a year
- Every two to three months
- At least once a month

Source: Theatre Attenders Target Group Index Data, Arts Council England

Those familiar with geometry will appreciate that in archery or darts, the bull’s eye is hardest to hit because it is the smallest area of the target. And each band outwards represents an increasingly large combined area to target. The same is true for the attenders – the core frequent attenders usually form a very small percentage of the public, and a relatively small proportion of total attenders. Sadly, the outer ring of the ‘unavailable’ or ‘hostile’ represent the largest percentage, and the easiest to hit – and miss!

5. Keith Diggle, *Marketing the Arts, an introduction and practical guide*, 1976, City University, London; *Guide to Arts Marketing*, 1984 and *Arts Marketing*, 1994, Rhinegold Publishing, London. www.audience-development.net/

Analysis of customer databases in ticketing and marketing systems across several countries show a common pattern of distribution of attenders and attendances, confirmed in work by Baker-Richards⁶ and others. Since this pattern is broadly similar to the survey results of the Target Group Index⁷ collected over a 20-year period in the UK, this is now arguably a 'norm'.

Attenders	Attendances per annum
15% buy	50% of tickets sold
35% buy	35% of tickets sold
50% buy	15% of tickets sold

CASE 2

SOME OBSERVATIONS ON 50:35:15

Intrigued by this premise, Arne Herrmann, now Marketing Manager for the New Zealand International Arts Festival, looked at sales data when he was previously with the Auckland Philharmonia Orchestra. He says:

"I was astounded to see that the 50:35:15 rule was absolutely transferable to the audiences of the orchestra. 15% of customers, mainly subscribers, accounted for 50% of ticket-sales income, whereas the 50% who were casual or one-off supporters brought in 15% of the income."

Curious as to how these figures compared to the 2006 New Zealand international Arts Festival, Herrmann noted a clear shift towards the one-off/casual supporters.

"It seems obvious that, with a Festival that only takes place every two years, the loyal, committed and high-spending audience is smaller and audiences need to be engaged afresh for every Festival campaign. The Festival split shows that the middle of 35% sits well with 35% of income, while 15% only made 41% of income and 50% of customers accounted for 25% income. However, considering that the 2006 Festival saw an increase of one-event-only buyers due to a large and accessible trapeze-circus show, one could assume that, without a one-off blockbuster event, the percentages would shift and again support the 50:35:15 rule!"

6. Baker Richards Consulting in Cambridge UK helps cultural organisations maximise their earned income.
www.baker-richards.com

7. Target Group Index (TGI) is a continuous survey conducted by the British Market Research Bureau with a sample size of about 25,000 interviews per annum around the UK. The TGI provides a single source that can predict attendance relative to a variety of demographic, activity and media variables.

In a study of ticketing data for 28 regional theatres around Australia for the three-year period 1996-1998, an average of 55% of customers had not purchased any tickets at the venue for at least one year.⁸ Analysis of theatre attenders in the UK is a sobering reinforcement of the detail of this trend for Australia. The following table is drawn from the Arts Council of England analysis of the Target Group Index data for theatre-goers from the British Market Research Bureau. We should be unhappy that this indicates less than 36% of the public is attending theatre, so more than 64% are yet to be converted. But in fact an even smaller proportion of the public are attending frequently: only 6.3% more often than two or three times a year. Compared with the 'norm' quoted above in the Baker-Richards work:

16.9% of theatregoers buy 54.3% of the tickets sold per annum

29.7% of theatregoers buy 31.1% of the tickets sold per annum

52.6% of theatregoers buy only 14.5% of the tickets sold per annum

Frequency of attendance	% of all adults who attend theatre	% of theatre-goers who attend at different frequencies	% of attendances made by theatre-goers attending at different frequencies	Visits/tickets bought per annum
At least once a month	2.1	5.1	29.6	12+
Every 2 to 3 months	4.2	11.8	24.7	5
2 or 3 times a year	10.6	29.7	31.1	2.5
Once a year	9.7	27.1	11.3	1
Less often	9.1	25.5	3.2	0.3
Totals	35.7% of the public	100% of theatre-goers	100% of attendances	

The 'average' frequency of attendance is so distorted by the large proportion of attendances by the most frequent attenders resulting in the mean number of attendances falling in the range 2.3 to 2.7 times per annum. Since the core group contained in the bull's eye already attend this often, this means a remarkable 83.1% of theatre-goers and 29.4% of the public present the opportunity to increase their frequency of attendance.

8. Eedle and Roberts, *Ticket2Research: National Market Research and Development Project for the Regional Performing Arts Industry*, 1999, Australia Council for the Arts, p15 www.artsoz.com.au/ticket2research.htm

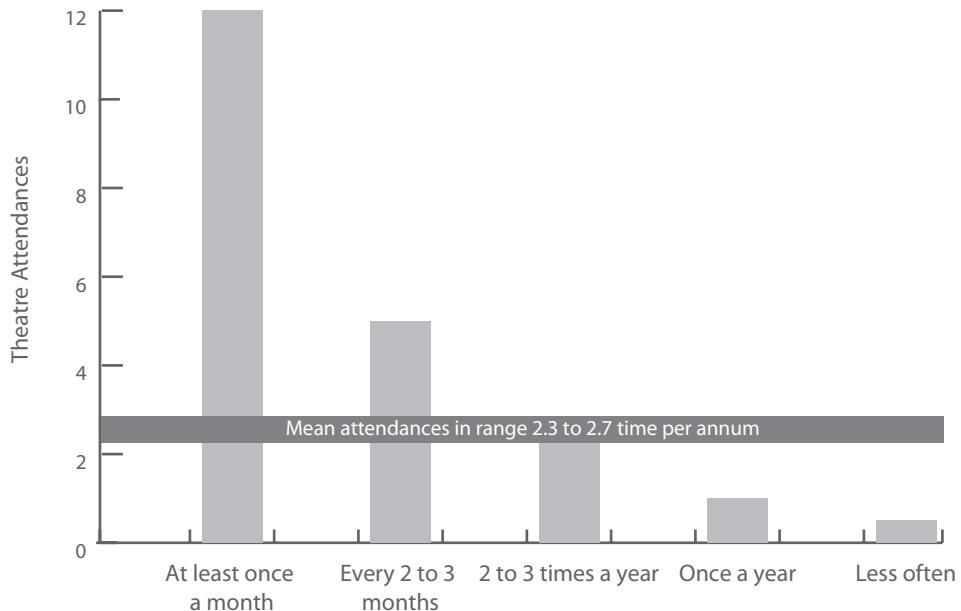


Diagram 2-2: Visits/Tickets Bought per Annum

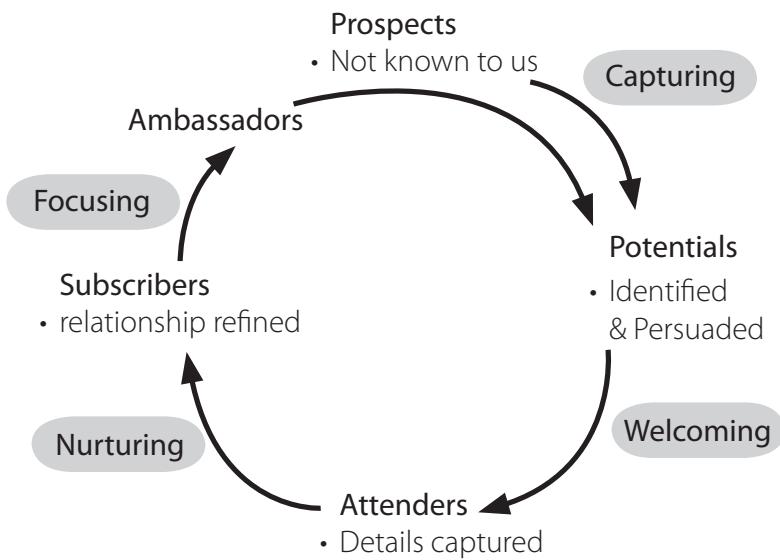
Research by Morris Hargreaves McIntyre in the UK suggests that some of this pattern may be self-inflicted by arts organisations. Andrew McIntyre argues that much marketing information is geared to meeting the needs of the core frequent attenders, the 'bull's eye'. Unfortunately this information then deters the rest of the potential attenders. His figures align with those on the distribution of attendance frequency, suggesting that, for example, the printed brochure for a season of activity might be effective in persuading 15% of attenders to attend, and frequently. But in the process, that same brochure could be failing to persuade the other 85% of current attenders, possibly even dissuading them. So to increase frequency of attendance, marketers need to segment the market and communicate appropriately, according to each attender's past attendance patterns and what is known about them.

The later chapter on direct marketing (Chapter 11) makes clear that, to be effective, the message must match the market, and this will not be achieved by 'broadcasting' the same message to everyone. While the opposite – 'one-to-one' marketing – may be logically unachievable in reality, Andrew McIntyre has argued that if there are 20,000 attenders on a database, then perhaps 20,000 audience development strategies are needed. Realistically, we are talking about communicating to attenders according to their individual needs and circumstances, so we must group them into contactable segments based on their transactional behaviour.

CUSTOMER RELATIONSHIP MANAGEMENT

The first edition of this Manual, in the UK in 1993, did not refer specifically to 'customer relationship management' (CRM). This term has since emerged as the description for seeking loyal customers and building relationships with them to capture their potential lifetime value for the organisation. Actually, arts organisations have been using CRM for centuries, in the form of season tickets and subscriptions, 'Friends' and other 'membership' schemes. All of these are designed to identify the likely more frequent attenders and then draw them closer to the organisation. One strategy to achieve this is to create a 'virtuous circle' so that the relationship with attenders can be developed.

Diagram 2-3: The Virtuous Circle



This circle assumes that 'prospects' (people who are persuaded to join a mailing list or to register on a website) are then persuaded to provide more information about themselves via a 'preference questionnaire' sent to them or the 'personal profile' for self completion on the website. This is done so that they can then be targeted appropriately as 'potentials' and persuaded to attend for the first time. Of course, that first visit is crucial. According to international consulting firm Gartner⁹, it can cost up to 10 times as much to acquire a new customer as it costs to retain an existing one, so first-time attenders are very valuable.

Once they have visited the venue, they know what the experience and the ambience is like, and they understand better what is on offer and what they get out of a visit. It is to be hoped the organisation now knows who they are, what they attended, what price they paid and, if relevant, where they sat. Now the challenge is to nurture the relationship with them and bring them back again. This is where some science comes in, because it will not be appropriate to expect everyone to become a frequent attender. So venues must learn to understand all their attenders and communicate with them accordingly.

Those people who are persuaded to become frequent attenders are of course very valuable to the organisation. Not only do they attend frequently and therefore bring in more income, they are also likely to be ambassadors for the organisation in recommending the experience to their friends. They are also more likely to make donations, offer other kinds of support, and use their social and work networks to obtain sponsorship, and so on.

So the virtuous circle is completed when the supply of potential attenders comes from introductions by 'ambassadors' who know the organisation well. Some organisations have formal schemes for this. The Arts Council of England has a publication by Mel Jennings on

9. www.gartner.com

'ambassadors'¹⁰ as part of their New Audiences programme. Mel Jennings visited Australia and New Zealand as a guest speaker on this topic in 2004. Others support people who organise groups, perhaps from their workplace or social organisation, while others offer 'Test Drive' schemes to help people make and enjoy that first visit.

If this sounds like hard work, it is – reaching and persuading new audiences will always require considerable effort. However, the rewards are long-lasting when people can be drawn into an appropriate relationship.

"The easiest kind of relationship for me is with ten thousand people. The hardest is with one."
– JOAN BAEZ (1941 –)



10. Mel Jennings, *A Practical Guide to Working with Arts Ambassadors*, 2003, Arts Council England. www.artscouncil.org.uk/publications/publication_detail.php?rid=0&sid=&browse=recent&id=371

LIFETIME VALUE

The effort in reaching and persuading new audiences needs to be placed into context by understanding the potential 'lifetime value' (LTV) of each attender. Lifetime value estimates the likely value of an individual over their entire potential future with an organisation, projected from the value of the transactions that they make per annum. For example, Chamber Music New Zealand can identify that up to half of their subscribers have been regular customers for 30 years or more. On that basis, new subscribers are potentially very valuable people if they can be looked after and similarly retained.

LIFETIME VALUE CALCULATION

A simple calculation of the LTV of a new attender is as follows:

Annual value of attender's ticket purchases multiplied
by their predicted life as an attender

FOR EXAMPLE:

To calculate the value of a new subscriber:

Annual subscription cost = \$300

Expected subscription duration = 7 years

A new subscriber pays only \$300 in year one, but will pay a total of \$2100 over seven years.
(This may well vary as prices increase, but for simplicity the current price is multiplied.)

Given the amount that may be earned from such a new customer, what sort of marketing effort is appropriate and what discount or benefits is it appropriate to offer to gain a total of \$2100 worth of business over the next seven years?

The benefits may go beyond monetary value and the guaranteed income and stability such attenders offer an arts organisation. A lifetime-value calculation can consider all the contributions of a lifetime involvement, including voluntary work, fund-raising and promotion, not just ticket income.



The figures required to provide the base for calculating lifetime value need to be sourced from the information on attender behaviour in the customer database. Clearly, in the example quoted above, it is straightforward to calculate the average subscription duration in order to arrive at the multiplier, though this will be limited by the past transaction history contained in the database. Some organisations appear to have better records of subscription on paper than in computerised customer databases, because changes of systems have led to loss of continuity in their data. For most other purposes, it is necessary to predict the likely life of an attender on the database. This is as much affected by external factors such as the proportion of people who move each year and the life expectancy of the attender.

When not using subscribers, for example, it is necessary to analyse the frequency of attendance to predict LTV, in order to identify the multipliers for people attending at different frequencies. The most reliable basis for this is to take a three-year period and process the percentage of attenders at each frequency. If this data is produced in bar chart form, it is usually possible to identify visually how best to group attenders according to their frequency of attendance. They may conform to something similar to the 15:35:50 pattern, discussed above on page 11. It is then necessary to process the data for attenders at each group of frequencies to arrive at their average annual transaction value. Once this figure is known, it can be multiplied by the predicted life of such an attender on the database.

A good resource for use in LTV calculations is the 'Harvard Business School Lifetime Value Calculator' <http://hbswk.hbs.edu/pubcontent/lifetimevalue.xls>

Lifetime value is most disrupted by the effects of 'churn' – the proportion of customers lost each year through a variety of factors, some external. Churn quantifies the degree of audience turnover, based on the rate at which new audience members are acquired and existing audience members are retained or lost.

Analysis of ticketing-transaction customer databases over the years has indicated that many arts organisations suffer a high degree of churn – consistently bringing in some new audiences every year but also losing a proportion of attenders who lapse (appear to cease attending). Research conducted by Shelley Kirton, Director of The PumpHouse, into box office data at the PumpHouse theatre and gallery in Takapuna, Auckland, over a year period 2004/5 found that 66% of members did not purchase a ticket during this period.¹¹ However, research by Morris Hargreaves McIntyre shows that many of these lapsed attenders do not perceive themselves as having lapsed: they are simply waiting for an appropriately described attractive event to stimulate them to return.

CHURN CALCULATION

"An analytical procedure for quantifying the degree of audience turnover, based on evaluating and comparing the rate at which new audience members are acquired, and existing audience members are retained or lost."¹²

A = number of customers at the start of the period

B = number of new customers gained during period

C = the number of customers lost during period

D = number of customers being carried forward to the next period = $A + B - C$

$$\text{Percentage Churn} = \frac{B - C}{A} \times 100 \quad \text{or} \quad \frac{D - A}{A} \times 100$$

11. Shelley Kirton, *Research Processes*, Master of Management course-work, The University of Auckland, 2005, p5.

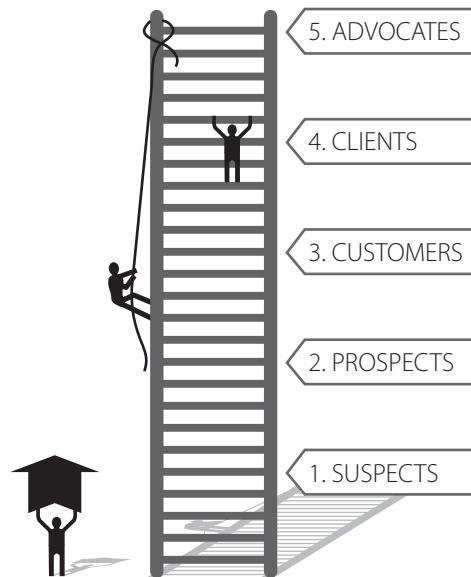
12. Stephen Cashman, *An A-Z of Commonly Used Terms and Protocols Relating to Box Office and Audience Data*, November 2005, ADUK.

For first-time attenders, it is useful (and salutary) to analyse when they next attended in order to help predict likely from actual behaviour. The arts marketing challenge is to influence that behaviour. The recognised way to influence behaviour is to develop a relationship with the attender.

THE LOYALTY LADDER

Customer Relationship Management theories often refer to the 'loyalty ladder'. The virtuous circle above is a different way of describing that ladder for the arts, but it can be useful to consider both models and how you can apply them for marketing your organisation's activities.

Diagram 2-4: The Loyalty Ladder



As with the virtuous circle, the bottom rung of the ladder starts with 'suspects' – people we don't yet know – and moves up rungs through 'prospects'.

Further up the ladder 'customers' are those people with low purchasing values and low frequency of purchase compared with 'clients', who have high purchasing values and high frequency of purchase. At the top are 'advocates', doing more than simply being purchasers. In fact, most organisations will have more than one rung within each of these categories.

The traditional indicators of where a customer might be placed on the loyalty ladder are 'recency', 'frequency' and 'value' (often quoted as RFV and sometimes as RFM or RF\$, since value means monetary value here).

1. Recency

Customers who purchased or attended recently are more likely to buy again compared with customers who have not purchased in a while.

2. Frequency

Customers who purchase or attend frequently are more likely to buy again compared with customers who have made just one or two purchases.

3. Value

Customers who have spent the most money in total are more likely to buy or attend again. The most valuable customers tend to continue to become even more valuable.

Each category needs specific communication to persuade them to purchase. The classic argument from Pepper and Rogers, the US gurus of CRM, is based on the idea of treating each type of customer differently to create long-term, mutually beneficial relationships with them. Such organisations create a 'customer feedback loop' in which they say, "I know you. You tell me what you want. I'll deliver it – and I'll remember for next time." Peppers and Rogers call this process a "learning relationship", delivered in four steps with the acronym IDIC:



IDENTIFY

your customers at all points of contact.

DIFFERENTIATE

your customers based on their individual needs and value to your organisation.

INTERACT

with your customers in two-way dialogue.

CUSTOMISE

some aspect of your products or services based on what you learn from your customers.

As noted before, Don Pepper also refers to the danger of “faux relationship marketing” (*ibid*). In the arts, this would occur when the attender clearly knows what the organisation knows about him or her, but the organisation does not use this knowledge in their contact with the attender. This could be sending out a direct marketing communication about an event for which the attender has already booked or writing to an infrequent attender with familiarity appropriate to a frequent attender. Qualitative research has found that sometimes infrequent attenders cannot recall accurately a particular venue – they value the opportunities to attend the venue, but cannot completely remember the details specific to it.

Equally, many arts organisations fail to deploy their entire knowledge about their relationship with an attender, because the information might be distributed across a number of databases. It is not uncommon to find separate databases for ticketing, subscription, fund-raising and public relations. In some organisations there can be even greater separation, because each of these databases reside in separate departments with different practices, not to mention systems.

The ideal model, increasingly adopted across the world, is to integrate the customer data so that staff can use all the knowledge about that attender at every customer touch-point.

This integration of databases, centred on the computerised ticketing and marketing system, leads to integration of the customer-facing departments so that staff handling customers become multi-tasking and capable of handling all customer transactions. Many report the simple advantage of synchronising all their data on each customer, so they at least get addresses, telephone numbers and email addresses consistent. This creates the concept of one-to-one marketing at the heart of CRM and one source of customer knowledge to facilitate this.

RE-ENGINEERING TO FOCUS ON THE CUSTOMER

Every arts organisation should review its current customer interactions (every point at which a customer is in contact – directly or indirectly, physically or virtually, served or self-service) and consider what changes the customers might require to gain an improvement in their experience and relationship with the organisation. Every arts organisation should review what it wants out of the customer interactions and whether its procedures allow it to achieve these successfully. Increasingly, customer databases are enabling the ‘one-stop-shop’ database to be centred on computerised ticketing and marketing systems, but are also meeting the needs of all other customer-facing departments.

In summary, organisations should ask:

1. **What** is being done **now** to manage customer touch-points?
2. **What** needs to be done to improve customer service?
3. **How** will this be done or facilitated in the **future**?

The Sydney Symphony (see case 3) is a good example of this in action. It is a holistic strategy that needs to be driven from the top down. It must be closely connected to the company strategy with supporting processes and policies in place to ensure the co-ordinated delivery of a relationship-focussed culture.

"One of the most valuable aspects of the Sydney Symphony's CRM & Ticketing Systems review is that it has refocussed the entire company, encouraging cross-departmental ownership of patron issues and a commitment to a 'customer-centric' approach." says Victoria Doidge, the Sydney Symphony's Director of Market Development.
"The journey we're taking is an ongoing one – we're learning more about our customers' needs all the time. But it would not have been possible without strong commitment and enthusiasm from everyone involved, from board and management right through to our box office team."

CASE 3

SYDNEY SYMPHONY ORCHESTRA CRM EXPERIENCE

The Sydney Symphony started in 1932, the same year as the Sydney Harbour Bridge opened. Today, it has grown from 24 to 110 musicians and presents over 150 concerts in and around Sydney to over 350,000 people.

In 2004, the Sydney Symphony had no integrated systems and their fundraising and other VIP lists were managed in Excel. No redundancy or backup of the knowledge of customer relationships existed within the organisation. This valuable asset was all just held in someone's head, yet that person could well leave the next month. No documentation or formalisation of systems usage was in place and the ticketing system was just that (as applied): a ticketing system.

DECISION PROCESS

The Sydney Symphony realised that it needed an organisation-wide system to manage the various customer relationships. The Symphony made the decision to keep 'box office' in house. Outsourcing was potentially cheaper, but the Symphony wanted to build relationships themselves given the depth of the orchestra's loyalty ladder.



VISION

By developing one-to-one customer relationships that recognise the behaviours and attitudes of an individual, the Sydney Symphony will create deeper relationships resulting in increased commitment and value for both parties.

IMPLEMENTATION

Dodge believes that important elements to a successful implementation process are:

- people – a team where enthusiasm is as important as technical ability;
- CEO commitment – such a major organisational change needs to be chaperoned from the top;
- board consultation and cross-company buy-in.

VENDOR ANALYSIS

A thorough analysis of the four short-listed vendors was conducted with two-day comprehensive sessions with each vendor. The vendor was required to upload 500 fictitious accounts and then execute a variety of detailed case studies or simulations. The vendors were scored against a matrix of requirements.

SYSTEM TRANSFER

Once the selection of a vendor had been made, the task was to install the software and import existing customer data and set up new systems and processes. The data transfer of 85,000 names involved more than a million rows of data. The fact is that no time is ever a good time to embark on such a complex project.

Aaron Curran, Marketing Manager – CRM, recommends:

- Hire an IT project manager to assist you through the process.
- Do loads of preparation in advance of any change.
- Develop a plan for cultural change to adopt CRM through the whole organisation.
- Develop business rules and document them.
- Work closely with the system vendor.

RESULTS

Just over a year later Sydney Symphony reports a variety of improvements, including:

- 360-degree customer view accessible from every desk in the organisation;
- online subscriptions – live to their ticketing/CRM system, Tessitura, for renewals and new subscriptions;
- online single ticket sales – 300% year-on-year growth;
- online account management – customers can manage their own details;
- more effective interaction with customers at key points in the lifecycle – e.g. churn management, up-sell /cross-sell opportunities.

20 THINGS SYDNEY SYMPHONY ORCHESTRA WANTED FROM A NEW TICKETING/CRM SYSTEM

1. direct mail and eDM (electronic direct marketing) contact tracking
2. managed associations between customers
3. comprehensive and personalised user-friendly account screen
4. improved online purchasing – personalised online accounts
5. automated payments (pledges)
6. simple deferred payment plans
7. user-friendly task management
8. automated receipting and invoices
9. lead generation
10. flexible loyalty programmes
11. simple and integrated customer feedback management
12. easy integration with current systems, e.g. Sun Finance System
13. better reporting tools
14. more sophisticated segmentation
15. company wide resource – improved information for all
16. improved post-campaign analysis
17. long term financial benefits
18. improved customer lifecycle management
19. ‘future-proofing’ – compatibility with developing technologies
20. improved vendor support giving all staff confidence



A MULTITUDE OF CUSTOMER TYPES BUT ONE VIEW

The use of the word ‘customer’ in the arts is increasingly multi-dimensional and multi-level. An organisation has more types of customers to service than just ticket buyers. These can include first-time attenders, regular attenders, subscribers, members, donors, patrons, Friends, board members, funding organisations, schools, sponsors, industry members, the opening-night invite list, and so-on. All need to be recorded and the evolving (and often interrelated) relationships managed. All staff need to understand these multi-level relationships, so information must be shared within the organisation to build on these relationships in a coordinated manner. In fact, in New Zealand, the legislation in the Privacy Act has imposed an obligation to manage this information resource accurately and responsively (read more about this issue in Chapter 5: Permission Marketing and Privacy).

A broad definition of customers also means that people come into contact with, or are serviced by, different parts of an organisation. Hence, implementing CRM involves many parts of an organisation and requires cross-organisation and cross-departmental engagement. The complete or 360-degree view of a customer relationship entails collating information into one database from all the areas of the organisation which have dealings with them.

Effective CRM can add value, make incremental sales, and move attenders up the loyalty ladder, because it is possible to use the 360-degree view of the attender and their behaviour in every customer contact and every transaction. This provides the information that enables the staff of the organisation to respond personally and specifically to the interests and preferences of the attender. By responding selectively, individually and flexibly, based on the attender’s history of attendance, it is possible to progress people up the loyalty ladder, from the uninvolved person on the street to, eventually, a committed supporter.

The development of a relationship, and in particular building trust, is particularly important for the arts because the ‘product’ can be a significant financial purchase, yet be relatively unknown to the potential attender (e.g. a new theatre company from overseas). For some people the information around the decision to purchase tickets can be intangible and complex. Loyal customers are often valuable advocates because they attend early and generate word of mouth to confirm the attraction to the more ‘reticent’ mainstream market.

RELATIONSHIP ROUTES

It is therefore necessary for each organisation to develop a plan to develop the relationship with attenders, so that it can encourage attenders up the loyalty ladder and, ideally, create that virtuous circle.

There are six rungs to success:

1. Recruitment

To introduce people we need their contact details. Websites enable people to register and complete personal profiles and preference questionnaires. Campaigns can be aimed at recruiting people to lists or encouraging people to make exploratory visits (e.g. open days). Personal recommendation from existing attenders can provide leads to new attenders. These are all ‘suspects’ until we know something more about them to enable a personalised and tailored approach, once they become ‘prospects’. ‘Test Drive’ schemes and incentives can be effective ways of encouraging first visits.

2. Welcoming

When prospects make the leap to become first-time attenders, they deserve a warm welcome. Should there be a welcome pack explaining all about the venue, the programme, and introducing the people of the organisation? Will they be met by the front-of-house manager?

Unrealistic perhaps, but the spirit of what is required is in that idea. However, the biggest challenge is not in that first visit, because all the evidence points to the challenge of bringing them back for a return visit.

3. Returning

For new attenders, some organisations follow up the next day (if not that night) with a 'morning after' email or direct communication which proposes further events in the programme and possibly an incentive to return. For those attenders who don't respond, many venues say that whenever an event occurs which matches their first attendance, a simple direct communication can trigger a high response.

4. Nurturing

Developing frequency of attendance does require some understanding of the attenders and their life-stage and circumstances. How frequently is it realistic to expect people to attend? If 85% of attenders actually attend infrequently, why assume everyone is a prospective frequent attender. Success could be in achieving just two or three attendances per annum. This requires sensitivity and not bombardment with direct communication. Other media than direct marketing, such as newsletters and magazines, can be an effective method of communicating with people without the hard sell and can provide a rounded view of the organisation and its activities, so people can respond as they wish. Importantly, communication needs to be differentiated, and with different messages for the most frequent attenders from those sent to the relatively new attenders. These people may still feel they are 'outsiders', not understanding the jargon and terminology that is the norm for the keen advocate.

5. Focussing

What do we want from the attenders on our database as we develop the relationship with them? Some organisations want to use subscription schemes to recruit people to relatively frequent attendance, usually heavily incentivised with discounts and other added-value offers. This can be effective in converting some attenders into frequent attenders. Some marketers say they are creating a 'walled garden' in which their attenders can be safely communicated with and promoted to, being treated with respect as knowing 'insiders'. Can we focus this by inviting them to join a Friends or membership scheme? Liz Hill and Brian Whitehead, publishers of Arts Professional, point out in their book *The Complete Membership Handbook*¹³ that there could be more than 12 different concepts for such schemes. In terms of 'loyalty', the most successful schemes are run by the organisation itself, firmly focussed on attendance and participation, and offering clear and tangible benefits to people who consciously choose to participate. Understand that schemes can be multi-level, so members are segmented according to the membership level they choose, and hence will need separate tailored communications.

6. Supporting

Importantly, at this stage the support is two-way. The attenders should be supporting the efforts of the organisation, through advocacy, acting as ambassadors, volunteering, making donations and helping with fund-raising. And the organisation needs to support the attenders so they understand the messages and what they can do to help. Again this could require multiple levels according to what activity people are willing to engage in and the level of commitment they are comfortable with.

13. Liz Hill and Brian Whitehead, *The Complete Membership Handbook*, 2004, Directory of Social Change in association with Arts Professional

FRIENDS AND MEMBERSHIPS

In terms of building relationships, computerised ticketing and marketing systems offer increasingly integrated functionality to manage Friends and membership schemes and to track activity and administer the benefits. Websites can now handle separate prices for people according to their status, and some allow the use of points and credits much like 'frequent flyer' schemes. All are designed to increase attendance and also to develop taste and appreciation by widening the range of events people choose to attend. These are classic steps in building relationships with customers.

Friends and membership schemes do require detailed attention in their initial design and continuously in their management, especially now that websites can manage customer recognition from log-ins and increase the opportunities for dialogue, feedback and interactivity. See Chapter 6: Beyond Ticketing

SUBSCRIPTIONS

The most implemented scheme to achieve both loyalty and frequent attendance, and create a close relationship, are 'subscriptions'. These are often regarded in the arts as the pinnacle of customer relationships, because people are relatively locked in to a high frequency of attendance. For some organisations, this delivers them a substantial reliable source of income received in advance.

The original implementation was straightforward: if customers chose to commit to purchase all the events in a season, they received a discount, reflecting the cumulative value of their multiple purchases. Subscriptions had value to the customer in introducing (or committing) them to things they might not have otherwise chosen to see, and so expanding their understanding and appreciation. They added value for the organisation in persuading more people to attend more often, and creating a core audience of broadening taste, while bringing in guaranteed income in advance. In order to incentivise the purchase further, discounts were increased, especially if packages of different sizes were offered – say, 15% off six events, 25% off nine events, and 33% off 12 events. This certainly increased subscriber numbers, championed by Danny Newman's '**Subscribe Now!**' techniques from the US.¹⁴

However, in recent years, some organisations have offered ever more complex packages and schemes. In doing so, the danger is that they may give more away to the customers than is necessary in terms of both discount and flexibility.

Perhaps the subscriber does have the ultimate relationship with an arts organisation, but this Manual is about understanding that perhaps only 15% of an organisation's audience might reach that category, while the remaining 85% also represent an opportunity of huge value. However, the latter group will need different treatment if they are to reattend. One obvious challenge is how arts and entertainment organisations communicate effectively with people attending at different frequencies, not only in print and email communications but also in dialogue.

14. Danny Newman, *Subscribe Now!: Building Arts Audiences through Dynamic Subscription Promotion*, 1981, Consortium Book Sales and Distribution.



REVIEW

1. Is your organisation 'product-focussed' or 'customer-focussed'?
2. What kind of relationships does your organisation want to have with customers?
3. How important to your organisation is the identification of individual customers and achievement of return attendances?
4. Does policy and practice need changing?

ACTION PLAN

1. Plan to identify customers according to their frequency of attendance and behaviours.
2. Develop strategies for moving customers up the loyalty ladder.
3. Consider Friends, memberships and subscription schemes and their role in increasing frequency as well as understanding and enjoyment for customers, but also ask what opportunities less frequent attenders represent.

FULL HOUSE gives arts and entertainment organisations the knowledge they need to better utilise their customer data and build ongoing relationships.

New technologies are transforming our ability to collect data, analyse patrons' behaviour in meaningful ways, communicate directly with audiences and identify new market segments. This manual is about managing these opportunities, and getting the best out of them.

Creative New Zealand, in collaboration with the Australia Council for the Arts, has produced this new and revised edition of the original *Boxing Clever* published in the UK in 1993. Authors Roger Tomlinson, Tim Roberts and Vicki Allpress are highly respected consultants and practitioners in the areas of ticketing, online marketing and arts marketing.

In *FULL HOUSE*, they share their extensive knowledge, along with recent best-practice case studies from local and international arts organisations and venues, to create a hugely valuable resource for New Zealand arts marketers and box office managers.



*"Today the customer database is fundamental to developing a relationship between arts organisations and their audiences. Creative New Zealand is proud of this practical resource, which shows that data-driven marketing is essential for real marketing success. *FULL HOUSE* provides a key that can unlock a lifetime of arts attendance."*

Helen Bartle, Adviser, Audience and Market Development, Creative New Zealand



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