Audience Development: How to Effectively Grow Your Patron Base

2019 NAMT Fall Conference

Eric Nelson
Client Engagement Officer
2019 NAMT Fall Conference

- Introduction to TRG
- Why Loyalty Matters
- Topline Trends – Generational Arts Participation
- Strategic and Tactical Audience Growth Approaches by Generation
- Discussion & Questions
Data-Driven Consulting
Colorado-based
with a UK office
40 team members

22 years,
four countries
US, Canada, Australia,
United Kingdom

More than 1,000
arts/cultural clients
Scalable products for
sustainable patron growth
and revenues.

Who We Are
What We Do
We Teach. We Learn.

- Consulting
- Facilitating & Teaching
- Data Center Services
- Community Networks
- Consulting
The Loyalty Effect
The math, the impact.

The math in patron loyalty is the most important part of the resilience story.

Why?

As the proportion of loyal patrons grows in an organization’s database, the relative cost of managing the relationships in the database declines.

Reichheld’s iconic *The Loyalty Effect* details the impact of consumer loyalty on businesses.

He was the designer of the Net Promoter Score.
### Why Loyalty Matters

Net Revenue – Theatre Case Study

<table>
<thead>
<tr>
<th></th>
<th>Single Ticket Buyers</th>
<th>New Subscribers</th>
<th>Renewing Subscribers</th>
<th>Renewing Subscriber-Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per Patron Yield</strong></td>
<td>$53.84</td>
<td>$156.05</td>
<td>$341.51</td>
<td>$550.42</td>
</tr>
<tr>
<td><strong>Cost-of-Sale</strong></td>
<td>20%</td>
<td>25%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Renewal Rate</strong></td>
<td>23%</td>
<td>46%</td>
<td>69%</td>
<td>88%</td>
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</table>
How Does Life Stage Affect Audience Development?
15 Million Patron Records
110 Performing Arts Organizations
Over 7 Years: 2011-2017
Millennials are Not the Answer to Your Audience Growth Problem
Generation Overview

Silent - 30M
Boomers - 74M
Gen X - 49M
Millennials - 83M
Gen Z - 86M
Percentage of Arts Patrons by Generation

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</tr>
</thead>
<tbody>
<tr>
<td>The Silent Generation</td>
<td>23%</td>
<td>22%</td>
<td>21%</td>
<td>20%</td>
<td>19%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>The Baby Boomer Generation</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>44%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Generation X</td>
<td>22%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>25%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>The Millennial Generation</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Generation Z</td>
<td>0.05%</td>
<td>0.04%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.20%</td>
</tr>
</tbody>
</table>
Average Income

Who’s Buying and Who’s Giving?

Performing Arts Patrons:
Involvement of Generations
in Donations and Subscriptions

Donors
- The Millennial Generation: 3%
- Generation X: 6%
- The Baby Boomer Generation: 8%
- The Silent Generation: 15%

Subscribers
- The Millennial Generation: 3%
- Generation X: 5%
- The Baby Boomer Generation: 10%
- The Silent Generation: 22%
Every Generation

Is Your...

Problem & Answer
Silent & Boomers

Single Ticket Buyer Households by Generation

- Baby Boomers
- Silent
Silent & Boomers

Subscriber Households by Generation

- Baby Boomers
- Silent

Years: 2008c to 2018c
Silent & Boomers

Donor Households by Generation

- Baby Boomers
- Silent
Silent & Boomers Story

1) A majority of arts and cultural patronage is still comprised of Silent and Boomers.

1) Loyalty is not deepening, but needs to be maintained.

2) Estate and legacy planning, with philanthropic support narrowed to those institutions that are most closely aligned with passions and interest (which were cultivated a long time ago).
Generation X

- 8% Single Tickets % Decrease
- 10% Subscription % Increased
- 27% Donations % Increased
Generation X Story

1) In the prime of career building, earnings are higher for Gen X than other generations at the same age.

2) Disposable incomes are reaching their highest levels.

3) The audience you need to be cultivating immediately.
Millennials

Single Tickets Purchased Prior to Becoming a Subscriber

- Silent: 1.0
- Baby Boomers: 1.1
- Generation X: 1.4
- Millennials: 2.3
Millennials

Season Package Shows Visited Prior to Becoming a Donor

- Silent: 2.6
- Baby Boomers: 4.7
- Generation X: 8.6
- Millennials: 14.8
Millennials

2 times longer to subscribe...

3 times longer to donate than Boomers

1 in 4 will return in the next 5 years.

42% will not repeat.

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>N. American Average</th>
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</thead>
<tbody>
<tr>
<td>New Attrition</td>
<td>74%</td>
<td>71%</td>
</tr>
<tr>
<td>Overall Attrition</td>
<td>42%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Millennial Story

1) Millennial attendance is growing as they age into arts buying.

2) Millennials are generous and socially conscious, but those habits have not been developed in the arts and culture sector.

3) Millennials do not exhibit greater loyalty to arts and culture than other generations. They have not yet decided to "go steady" with the arts.
From Theory to Practice

Client Working Examples
BENCHMARK
Symphony Case Study - Audiences by Generation

Biggest delta in “first wave” Millennials compared to general population

Age in 2-Year Increments

% of Households

Gen Z | Millennial | Gen X | Boomers | Silent | Greatest
Symphony Case Study - Audiences by Generation
Change from 2014-2018

Greatest: -28%
Silent: 1%
Boomers: 27%
Gen X: 60%
Millennial: 61%

STB:
-28%
27%
60%
61%

FLX:
-38%
-9%
34%
86%

SUB:
-52%
8%
85%
94%

DON:
-50%
2%
48%
88%

($313,700) Net with older generational changes
$146k Gen X gains
$21k Millennial gains
1% increase in Generation X...

$10,624 in additional revenue
3 Gen Xers to 1 Boomer

1% increase in Millennials...

$5,154 in additional revenue
6 Millennials to 1 Boomer; 2 Millennials to 1 Gen Xer
UNDERSTAND
What are the revenue pressures you face given your audience’s changing loyalty, define the pain points?
Performing Arts Case Study - Single Ticket Transactions

Single Ticket Participation vs. Average Spend: 2018

<table>
<thead>
<tr>
<th>Generation</th>
<th>% of HHs Transacting</th>
<th>Ave HH Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>45%</td>
<td>$85</td>
</tr>
<tr>
<td>Millennial</td>
<td>27%</td>
<td>$113</td>
</tr>
<tr>
<td>Gen X</td>
<td>30%</td>
<td>$146</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>31%</td>
<td>$151</td>
</tr>
<tr>
<td>Silent Generation</td>
<td>30%</td>
<td>$135</td>
</tr>
<tr>
<td>Greatest Generation</td>
<td>19%</td>
<td>$142</td>
</tr>
</tbody>
</table>
Performing Arts Case Study - Flex Transactions

What packaging choices are driving this generational affinity for CYO/Flex?
Performing Arts Case Study - Subscription Transactions

Opportunity to grow participation with Boomers and Gen X

Subscription Participation vs. Average Spend: 2018

- **Gen Z**: 11% participation, $50 average spend
- **Millennial**: 2% participation
- **Gen X**: 5% participation
- **Baby Boomers**: 9% participation, $429 average spend
- **Silent Generation**: 20% participation, $429 average spend
- **Greatest Generation**: 15% participation

Average HH Spend: $410

9% Ave HHs Transacting
Performing Arts Case Study - Donor Transactions

Participation rates reflective of life stage; spends lagging in Boomers

Donation Participation vs. Average Spend: 2018

12% Ave HHs Transacting

5% Gen Z
8% Millennial
10% Gen X
13% Baby Boomers
19% Silent Generation
16% Greatest Generation

Average HH Spend

$734 Ave HH Spend

$3,124
$453
$465
$6,217
FORECAST
EXECUTE
MEASURE
REPEAT
Marry life stage with loyalty

Which behaviors are right for me, based on my current stage?

Continually turn to data

Make plans for patron engagement based on actual engagement
Have Strategies for Each Generation

• Capitalize on Existing Loyalty Boomers
• Grow Loyalty with Generation X
• Invest for the Long-term with Millennials
• Free Oxygen Machines with Subscriptions for Silent
Life Stages & Archetypes
67% Prefer to purchase at their local retailer rather than online.

82% Are on social media.

Baby Boomers
Surprise Stat
1) **Approach**
   - Formal, respectful.
   - 1:1, face-to-face, voice-to-voice.

2) **Engage**
   - Recognize and celebrate milestones, show you know them, use tokens.
   - Want to feel that you are working for the sale.

3) **Communicate**
   - Traditional methods and channels.
   - Present options.
   - Map out all the steps.
Candor
This generation needs no help with Candor – they’re allergic to sugarcoating.
1) **Approach**
   - Direct and to the point, no surprises.
   - Be a helpful resource.

2) **Engage**
   - Be authentic, build trust.
   - Layout all the options.

3) **Communicate**
   - Peer referrals are golden.
   - Taking action. Should be easy and quick.
   - Cut out the sales hype.
Nearly 50% Ignore digital ads.

Only 15% Ignore direct mail.
1) **Approach**
   - Informal, friendly and fun.
   - Help guide them through the process.

2) **Engage**
   - Describe how they can make it special for them.
   - Let them know how their participation is making impact.

3) **Communicate**
   - Immediacy – Taking action should be fast with a way to share what they have done.
   - Special offers, perks, instant bonuses.
   - Some traditional channels are “quirky and unique”.

**Millennials Tactics**
Retain, Deepen Loyalty and Understand the Realities
Questions?
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Additional Questions:  
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