



Retain and Gain Project

Audience Loyalty in NI

Initial findings

September 2008

Katy Raines

What is Audience Loyalty?

- Focus on **retaining** customers, not just acquiring them
- Focus on managing **relationships** with customers for the long term, not just the 'sale'
- Focus on building trust and **appreciation** amongst the audience to increase risk-taking and/or frequency

Why is Audience Loyalty important?

- ❑ Retained customers are **more profitable**
- ❑ Frequent customers **spend more** with you
- ❑ Makes marketing expenditure **more effective**
- ❑ Loyal customers are **advocates** for you
- ❑ Increased opportunities for programme **risk-taking**

Makes your efforts and money go further!

Aims of the project

- ❑ to assess the levels of audience loyalty in Northern Ireland Arts Organisations
- ❑ to assess the current organisational capability to deliver a CRM approach for greater income generation
- ❑ to provide an injection of training, ideas and support to help organisations implement a CRM approach
- ❑ to increase skills levels and confidence amongst arts marketing professionals
- ❑ to embed knowledge and skills within Northern Ireland to multiply learning outcomes into the future.

(from application to Arts Council NI)

Aims of the project

- to assess the **levels of audience loyalty** in Northern Ireland Arts Organisations
- to assess the current **organisational capability** to deliver a CRM approach for greater income generation



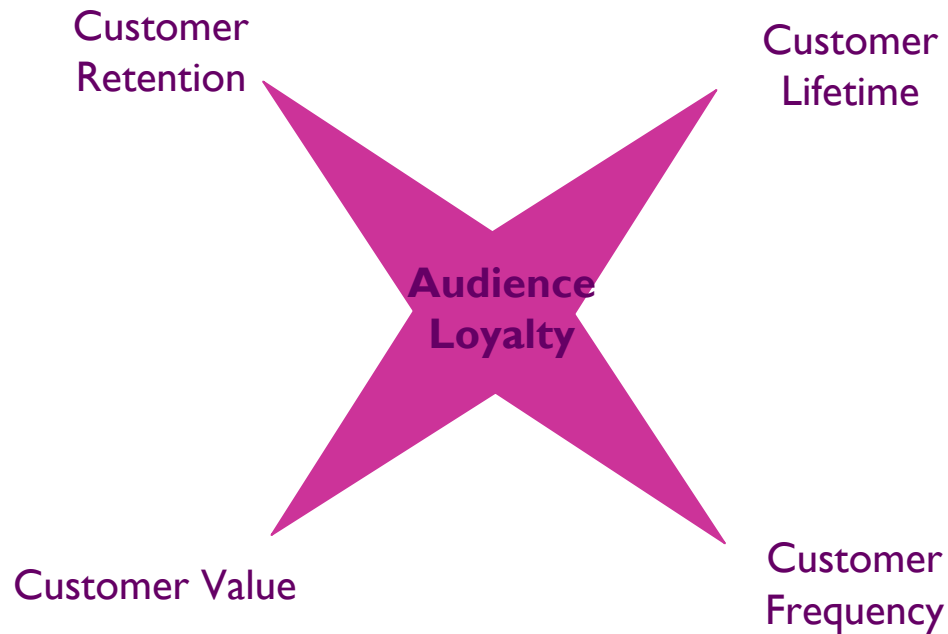
Participating Organisations

- Ardowen, Enniskillen (data only)
- Belfast Festival at Queen's
- Belfast Film Festival
- Burnavon, Cookstown
- *Grand Opera House**
- Island Arts Centre, Lisburn
- Lyric Theatre (data only)
- Market Place, Armagh
- Millennium Forum
- OMAC
- Ulster Orchestra
- Waterfront, Belfast
- Young at Art

* Audience Loyalty Healthcheck previously undertaken, 2006

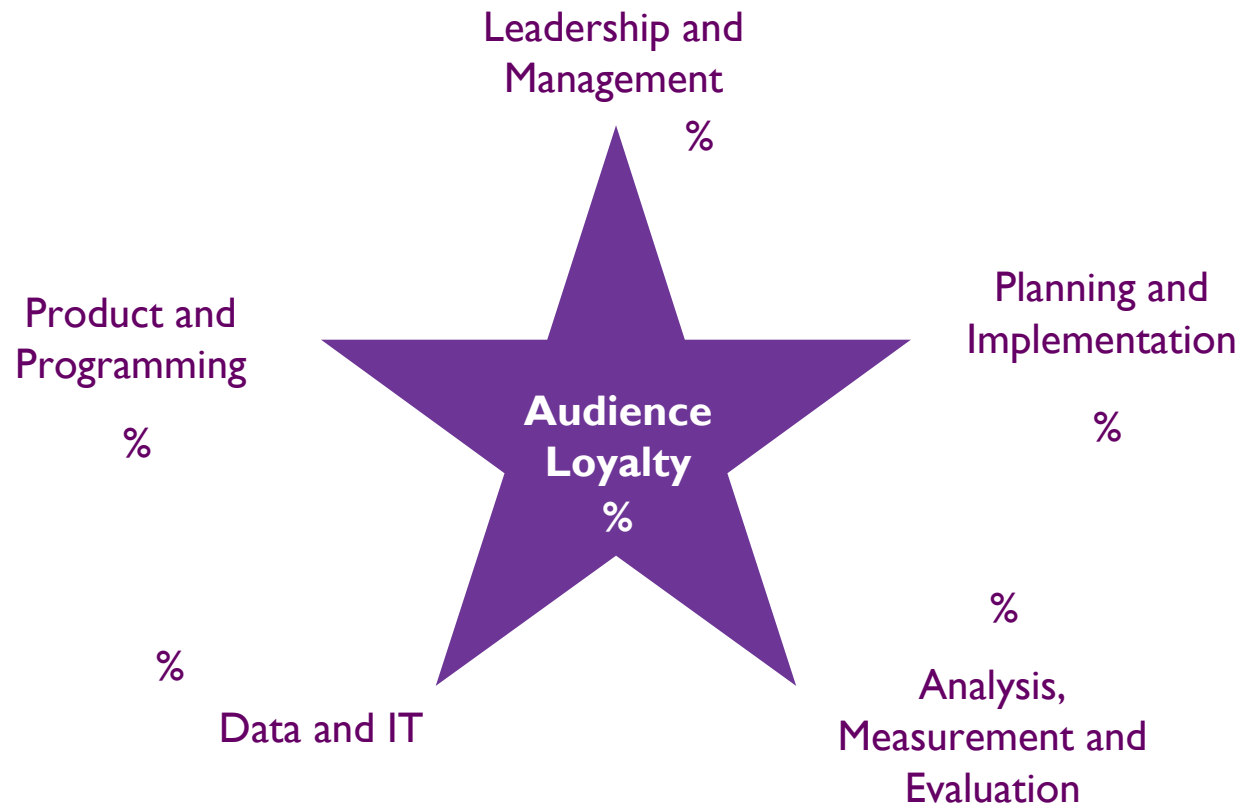
PART ONE: DATA

What's going on?

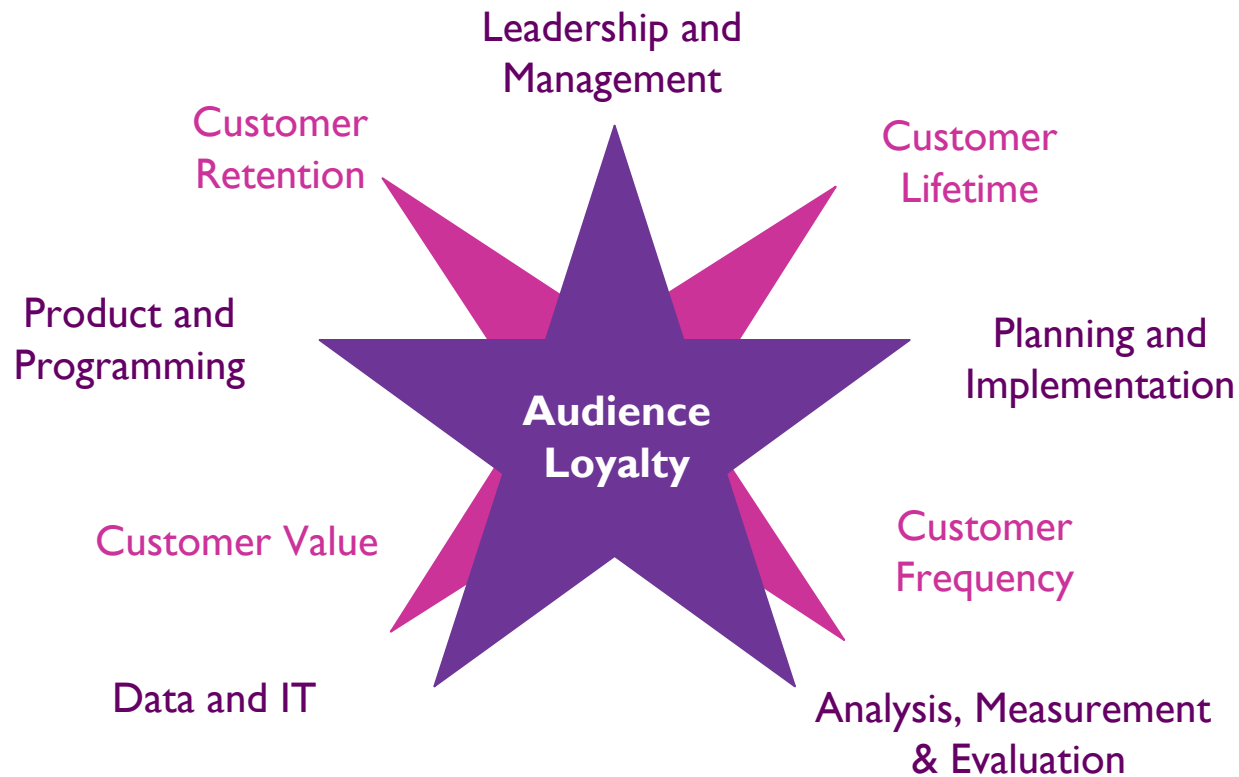


PART TWO: PROCESSES

Why is this happening?

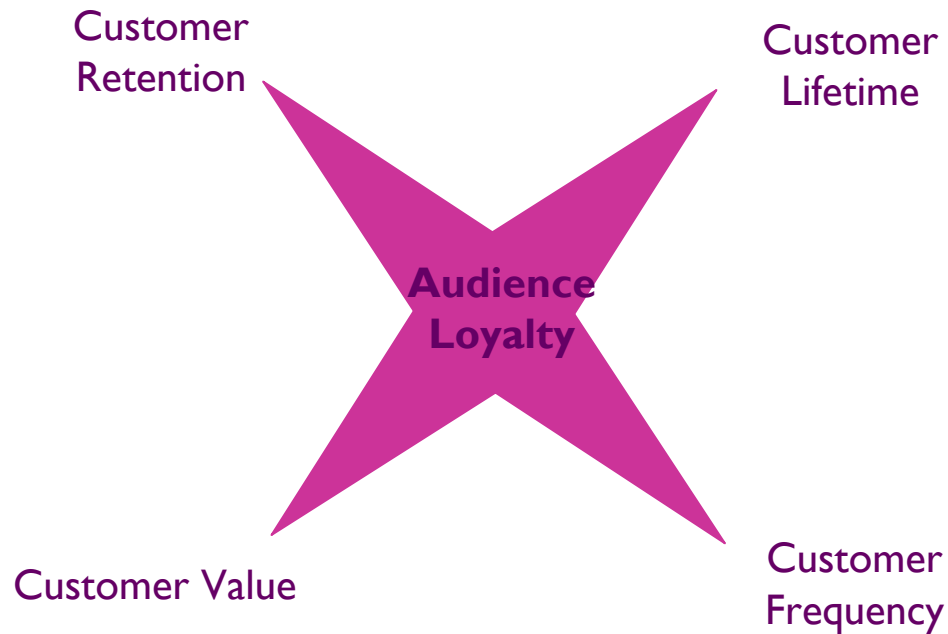


A Complete Picture of Audience Loyalty



PART ONE: DATA

How loyal are NI audiences?



Customer Retention

Customer
Retention



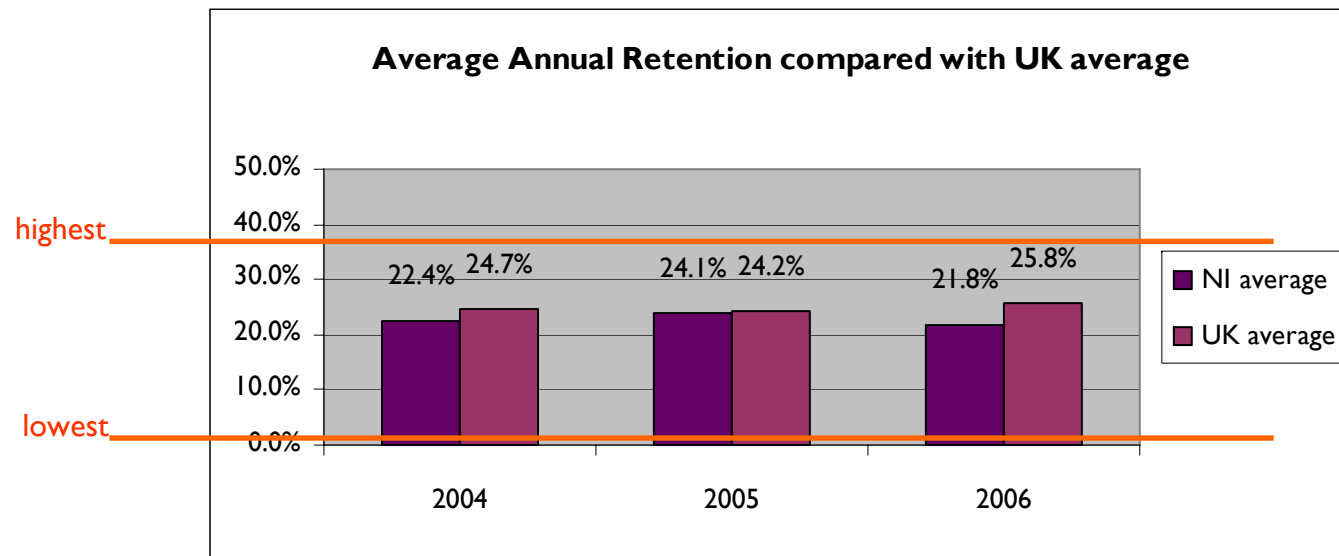
Audience
Loyalty

What % of our audiences do we keep
from year to year?

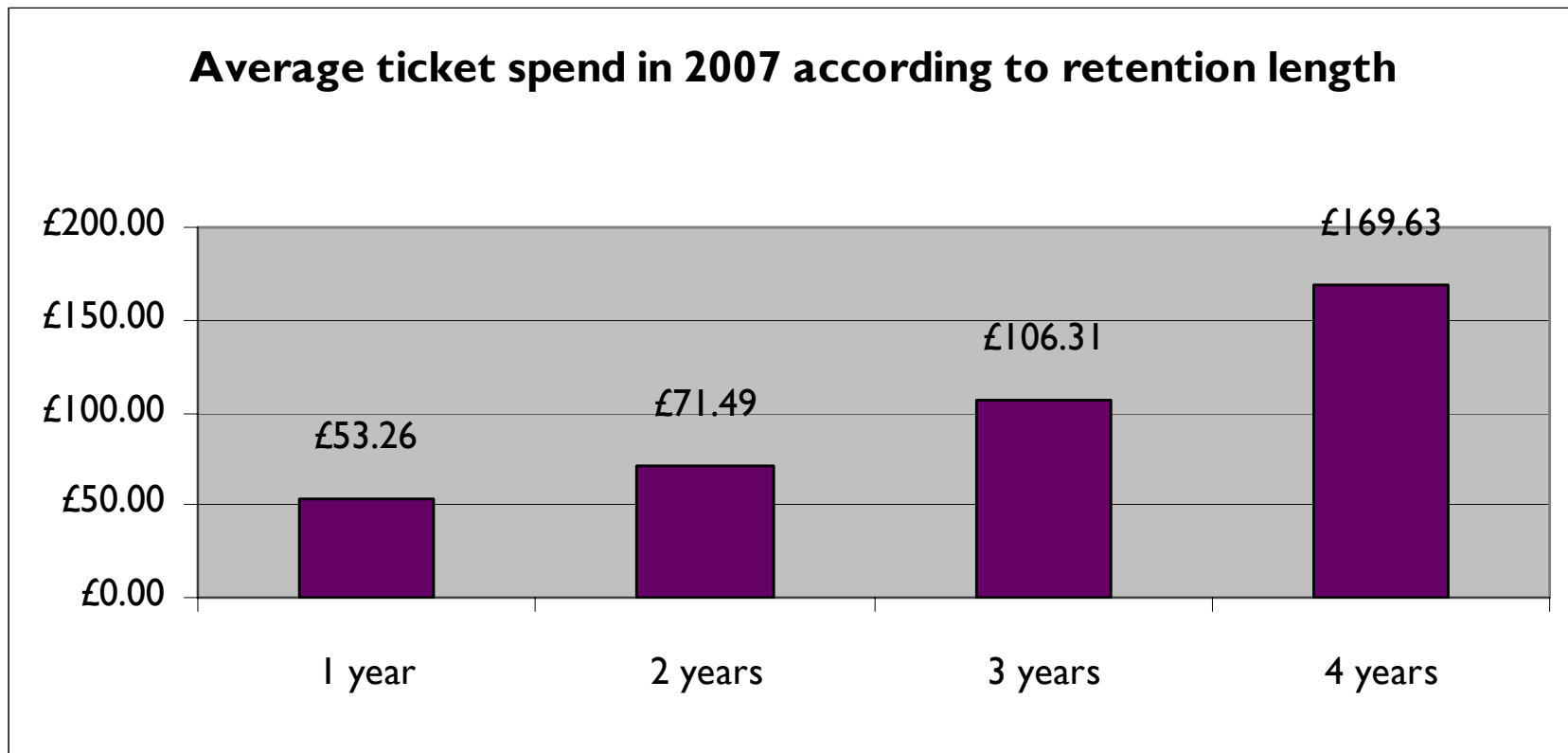
□ **Average customer retention is 23%**

This means that most organisations are losing 3/4 of their audiences from one year to the next.

□ **This is an industry-wide, not a NI problem**

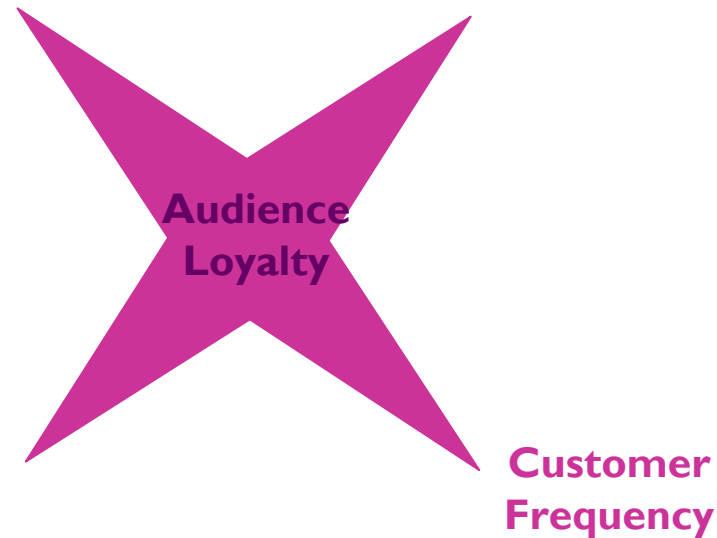


Retained customers ARE more valuable



Shows individual booker value in 2007, averages for all organisations (excl. festivals)

Frequency

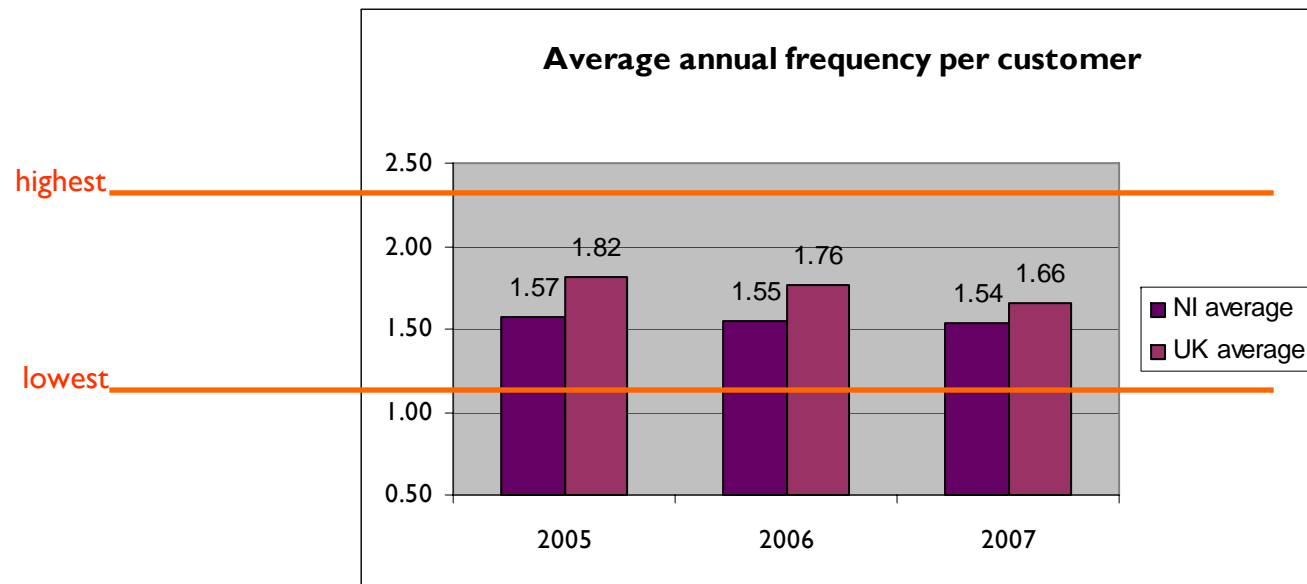


How often do our audiences come to us within each year?

□ **Average customer frequency is 1.6**

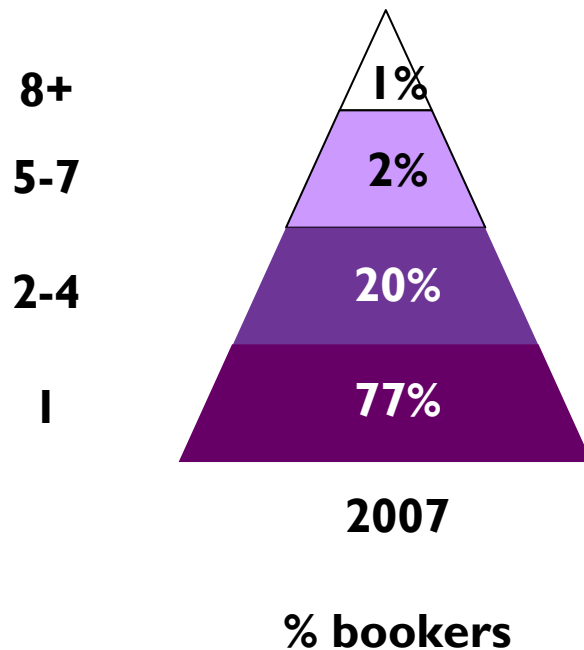
This means that each customer is coming an average of less than twice per year

□ **This is slightly lower than UK average**



Annual Customer Frequency

Average % bookers for all orgs

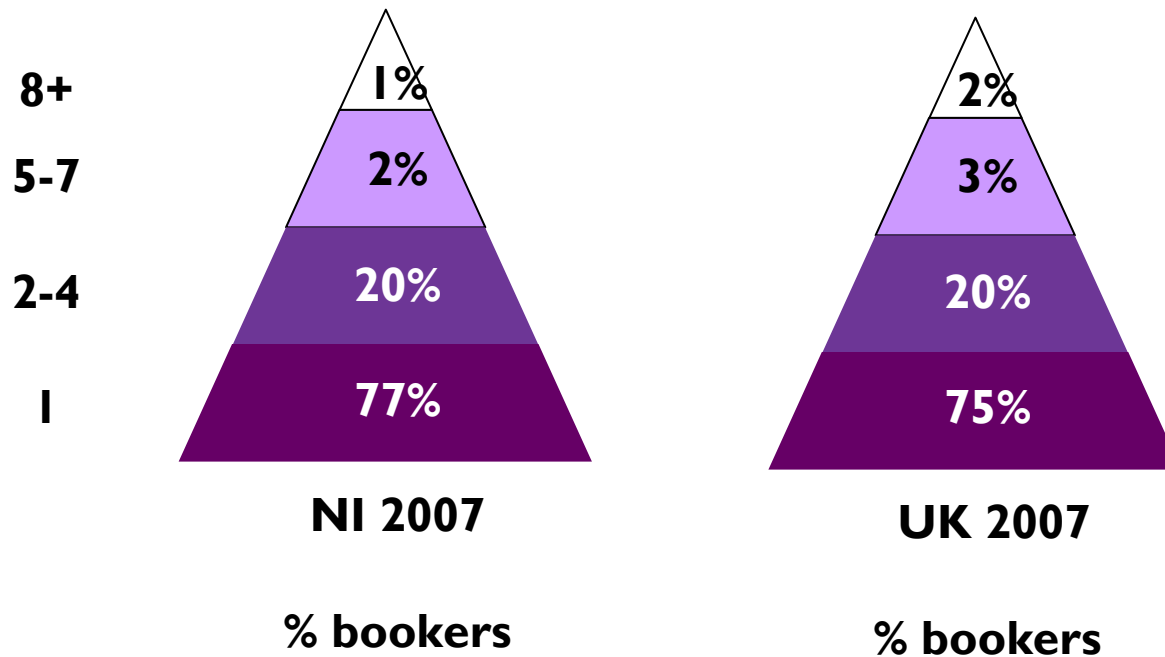


□ Too many people are coming only once – almost 80%!

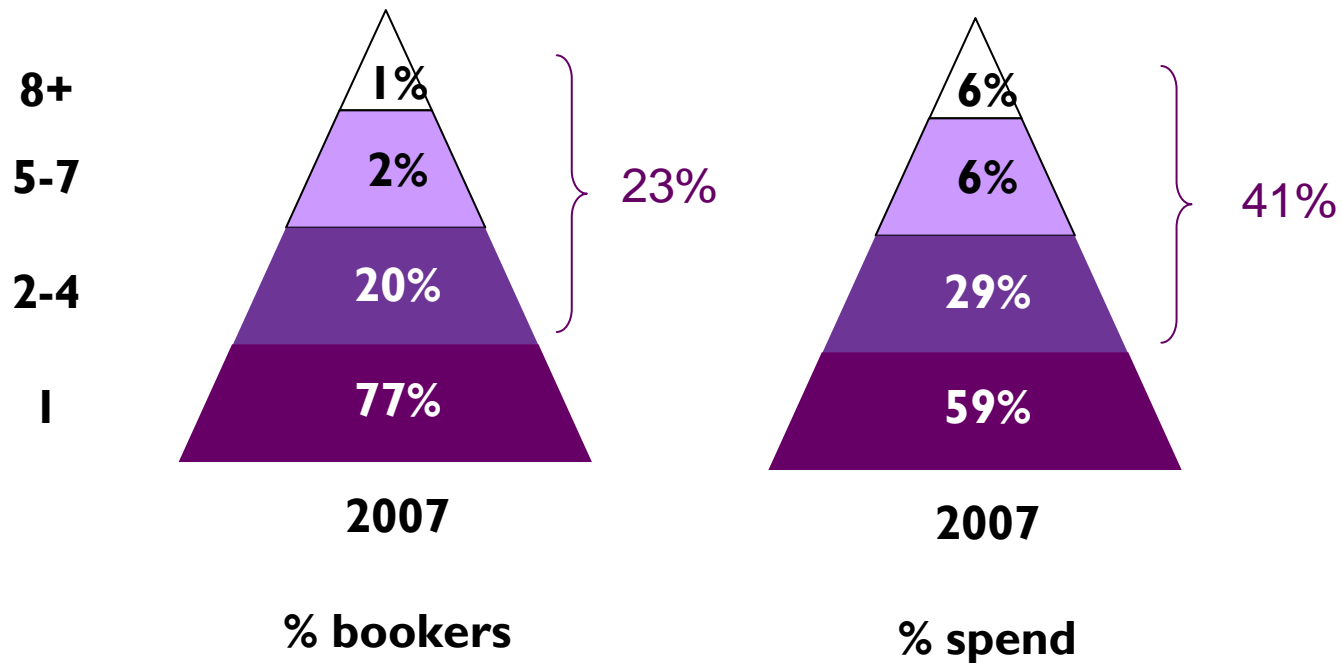
Annual Customer Frequency

Comparison with UK average

□ And this is an industry-wide problem too

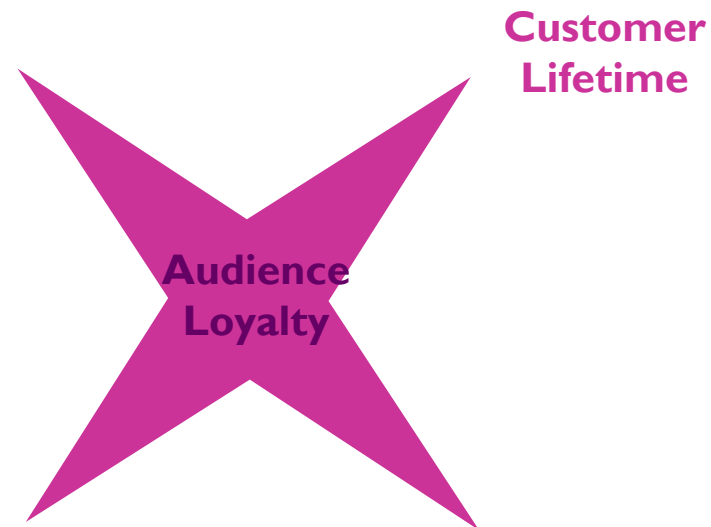


Frequent customers ARE more valuable



1/4 of the bookers are contributing over 40% of the spend in any one year. For some organisations this is much more pronounced

3. Lifetime

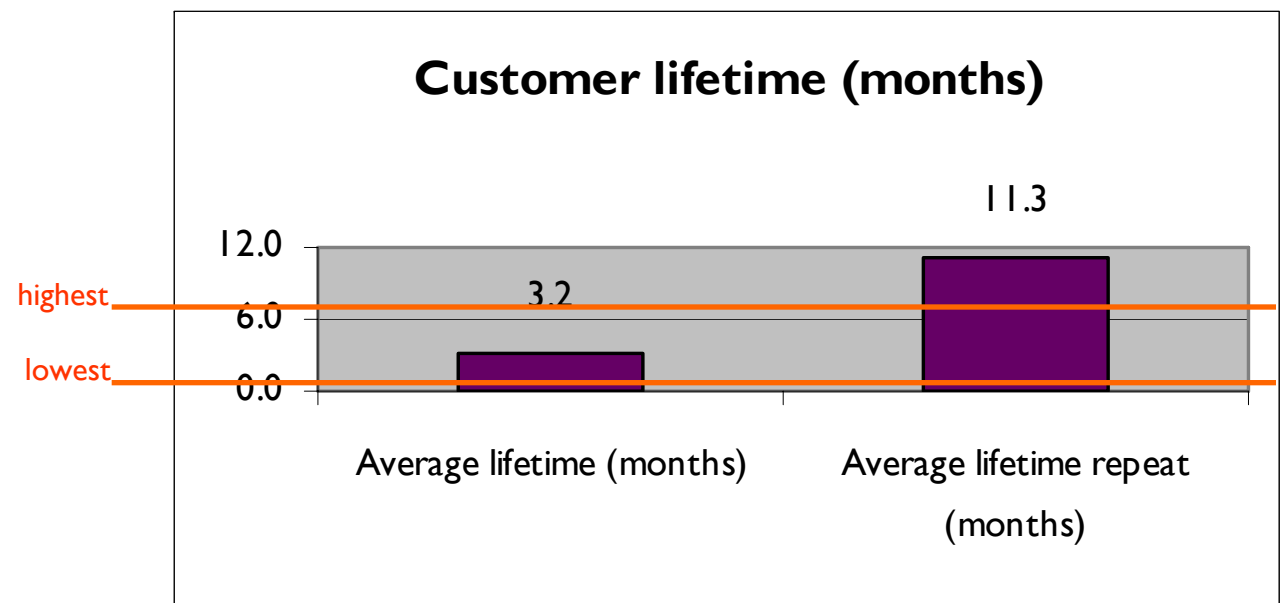


For how long does a customer
keep coming to us?

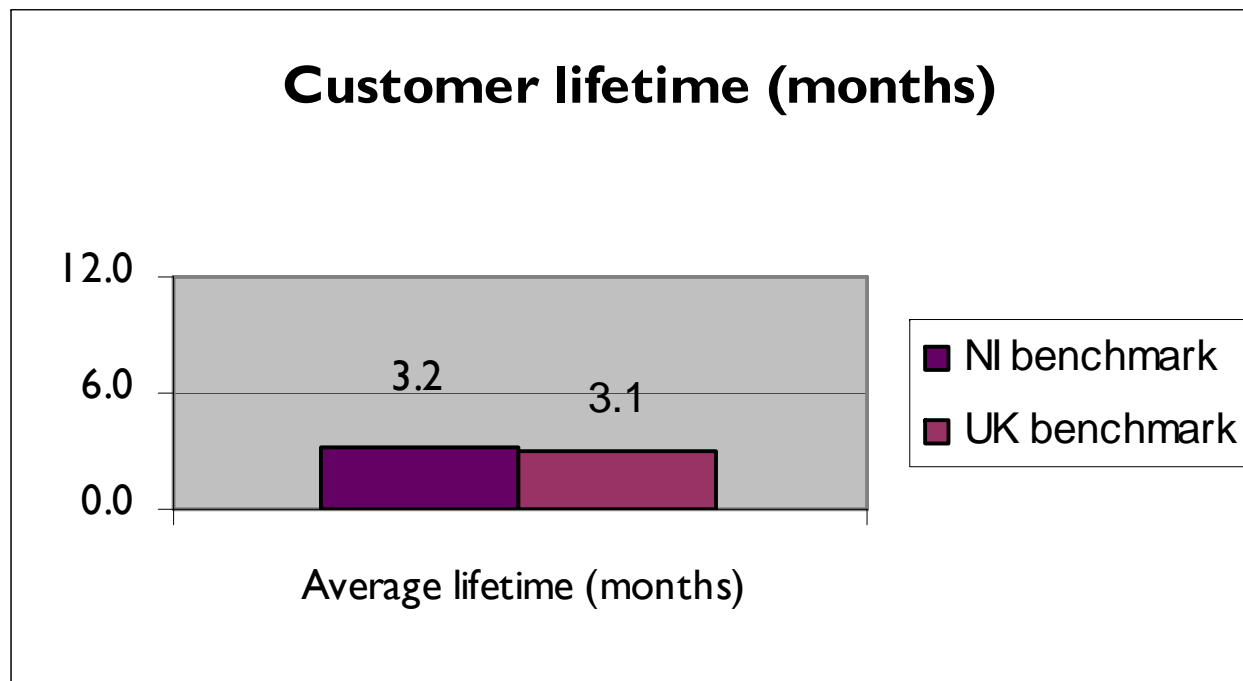
Average Customer Lifetime

- On average a customer lasts just 3.2 months

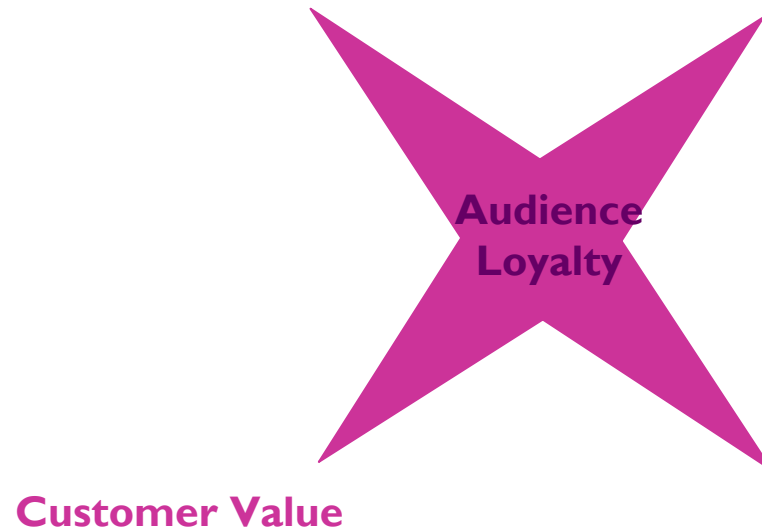
This means we are re-inventing our audience 4 times per year



This is also an industry problem

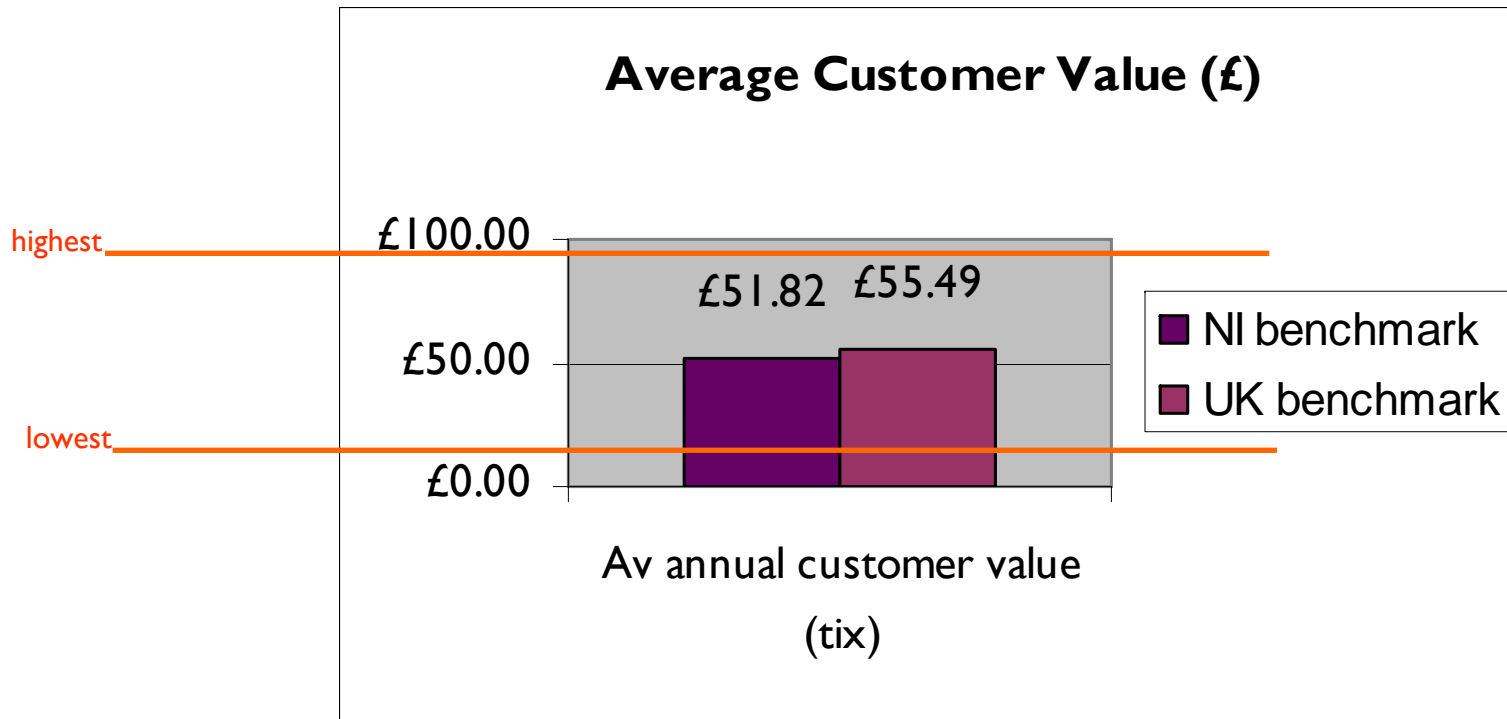


4. Value

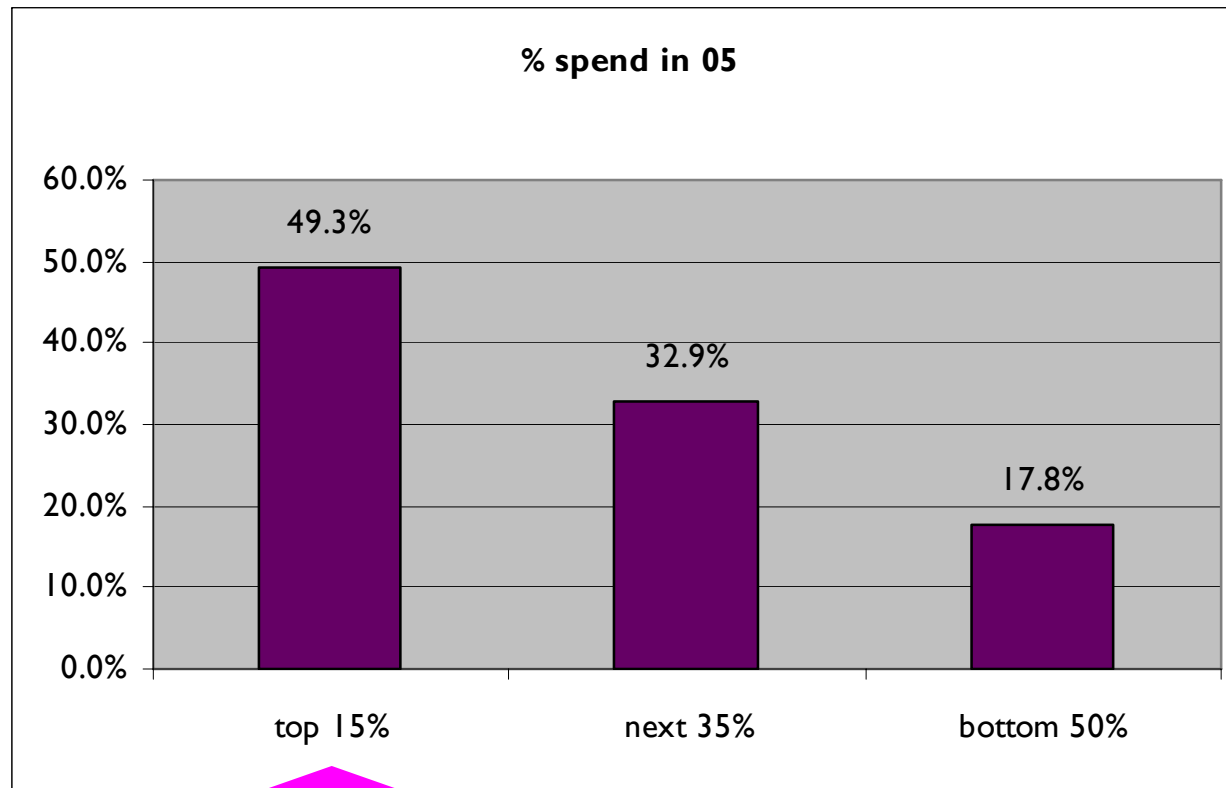


Average customer value

- On average arts bookers in NI are spending only **£50** a year on tickets (and this includes their party too!)



Some customers are more valuable than others



On average organisations have lost over
1/2 of these people in the last 2 years

In Summary

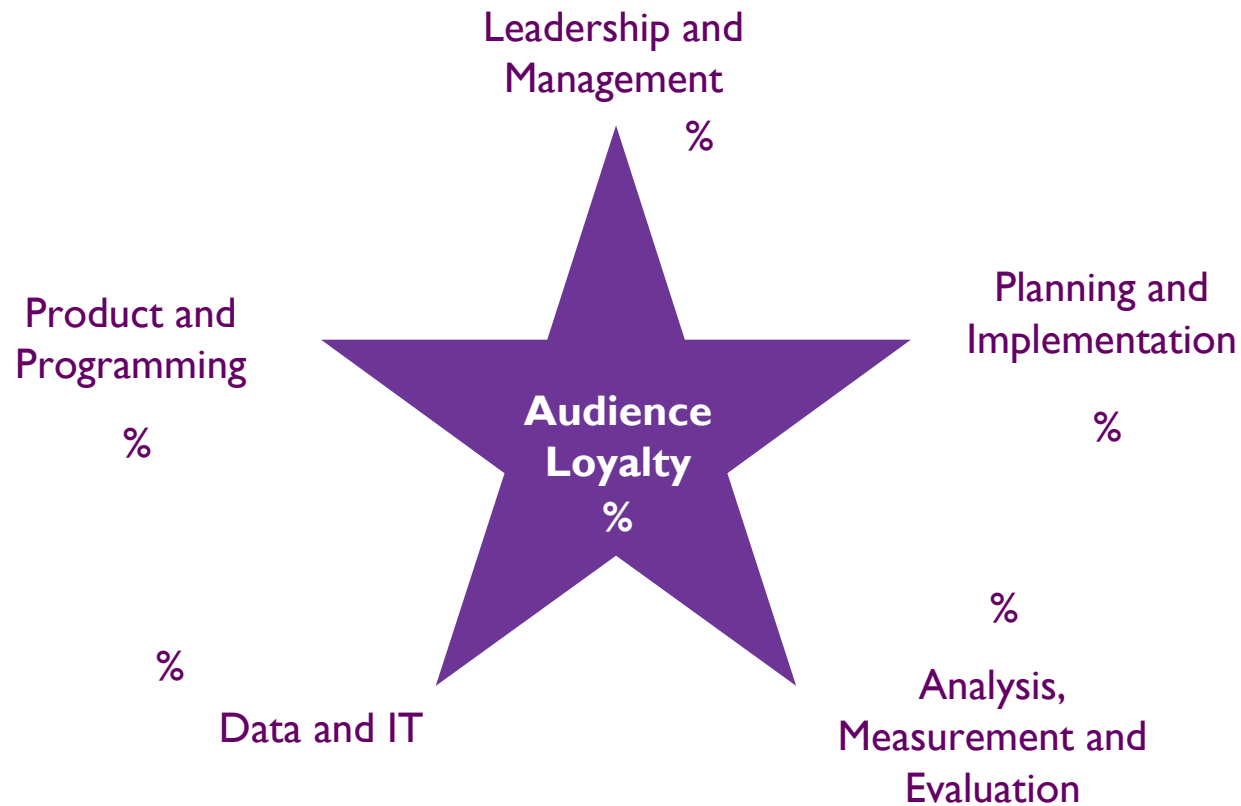
- We're **retaining far fewer** customers than we thought
- People come much **less often** than we assumed
- Frequent arts attendance is **not a priority** for many people
- We're not keeping the **valuable customers** we already have

However

- ❑ This is consistent **across the arts industry**, not just an NI issue
- ❑ Customers who are retained and come more frequently **ARE more profitable**
- ❑ There are great **opportunities** for improving the effectiveness of marketing resources (spend and time)
- ❑ **Small improvements** in retention and frequency can make a **big financial difference** in many cases

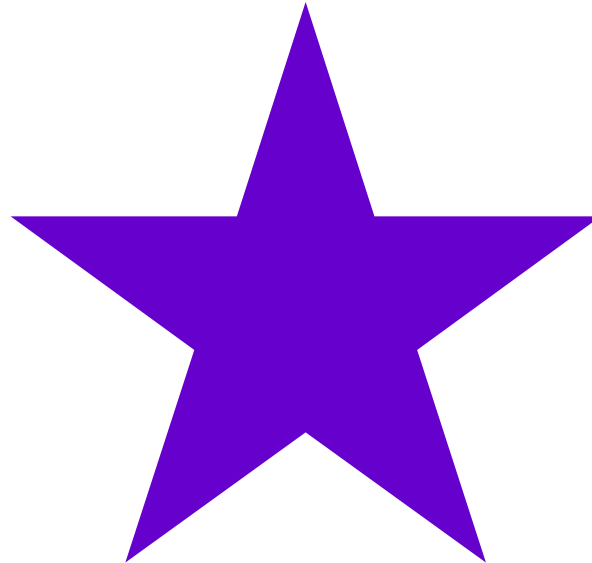
PART TWO: PROCESSES

Why is this happening?



Leadership and Management

Leadership and Management



What we're looking for

- ❑ An organisation that understands and demonstrates commitment to building customer relationships **from the top** of the organisation throughout
- ❑ An organisation that **communicates** well the benefit and impact of each member of staff playing their part to build customer loyalty
- ❑ An organisation that is 'driven' by the impetus to increase audience loyalty and demonstrates this in its **procedures and practices**

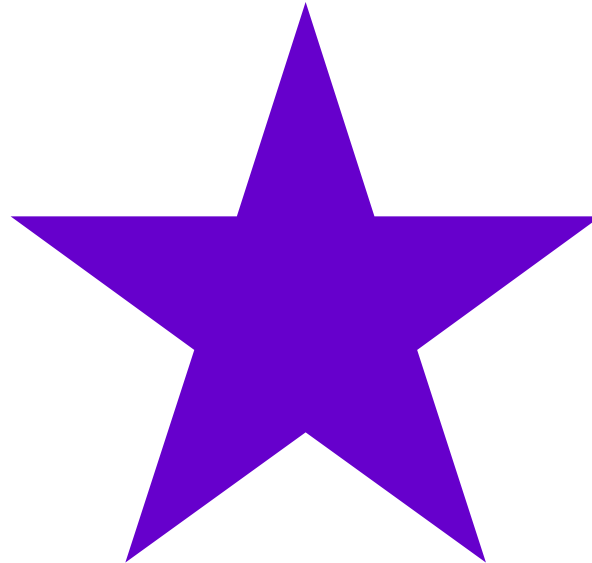
What we found

- ❑ Successful organisations generally have **someone at Senior level** who takes responsibility for Customer Management.
- ❑ Organisations generally have good operational procedures for customer care, and a good customer-focused ethos (more so than in the UK in general)
- ❑ Lack of **agreed and ‘published’ strategy** for the management of customer relationships
- ❑ Lack of **consistency** or ‘joining up’ of approach to customers, programming and marketing across the organisation
- ❑ **Poor internal communication systems** hampered implementation

Product & Programming

Leadership and Management

Product and
programming



What we're looking for

- ❑ An organisation that **programmes strategically**, and with a long-term approach – not just ‘what’s on offer’ or ‘what sold last time’
- ❑ An organisation that sees its ‘product’ as the **whole customer experience**, rather than individual productions
- ❑ An organisation that has developed additional **‘relationship-building’ products** outside the art itself to encourage audience loyalty and increase income

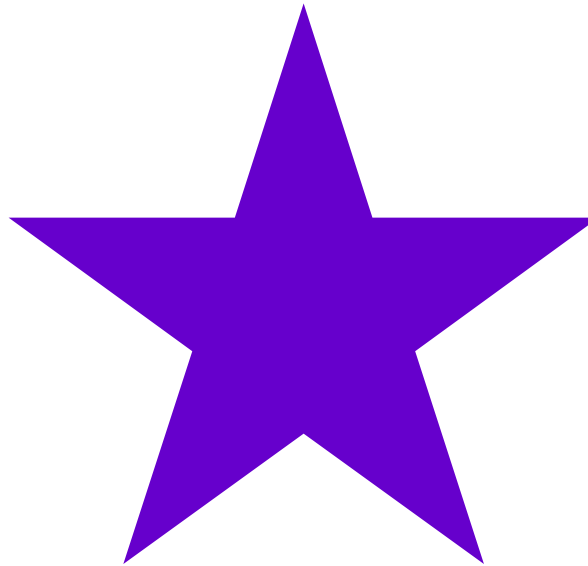
What we found

- ❑ Most organisations can **define what they do** clearly and succinctly for the customer although some have a very confused offering
- ❑ A handful are very clear about **how their audiences respond** to their current programme (but can't always do anything about it!)
- ❑ Product ranges are not always broad enough to offer opportunities for re-attendance (an issue of **availability**)
- ❑ An **over-reliance on anecdotal information** about customers: what made a successful first visit, what made customers re-attend (or not)
- ❑ How **customer data** was used to **influence programming** decisions was generally poor

Planning & implementation

Leadership and Management

Product and
programming



Planning & implementation

What we're looking for

- ❑ An organisation that incorporates management of customer relationships into its **individual marketing plans** and **budgets**, as well as overall
- ❑ An organisation that carefully **segments** customers in terms of their **long-term relationship** with and **value** to the organisation, not just which shows they've been to – and uses this segmentation (over a period of time) to guide their day to day communications activity
- ❑ An organisation that appreciates the value of retaining customers and has effective procedures in place for getting **new customers** to return, and getting **lapsed** ones back again

What we found

- ❑ Too many organisations were treating all customers the same – eg. using **mass mailings** to their whole database / mailing list
- ❑ Few were using **audience data** to its full potential
- ❑ **Segmentation** is poor for both season communications and general direct mail
- ❑ Very few organisations were **co-ordinating or monitoring** their marketing communications effectively across mail, email etc.
- ❑ Some organisations are able to **identify high-value customers** but few are doing anything with it
- ❑ Very few had any strategies for **welcoming new customers**

Data & IT



What we're looking for:

- ❑ An organisation that sees the value of **capturing appropriate customer data** accurately – and then treating it with the privacy and respect customers deserve
- ❑ An organisation that can **identify first time attenders** and target them appropriately for repeat attendance
- ❑ An organisation that has a '**single view**' of the customer and supplements it with additional information in order to serve the customer better

What we found

- ❑ In general, **enough data collected** for robust segmentation & analysis, but not always accurate or detailed enough
- ❑ Poor procedures on **data handling** - matching customers to existing records; duplication of mailing lists and databases; cleaning and archiving; data protection
- ❑ Most organisations don't try to supplement their data with **additional customer information** in order to encourage repeat attendance.
- ❑ Some organisations simply don't have the **right tools for the job** (ie. some ticketing systems)
- ❑ Others haven't had the **training** to understand what they do have

Analysis, Measurement & Evaluation



What we're looking for:

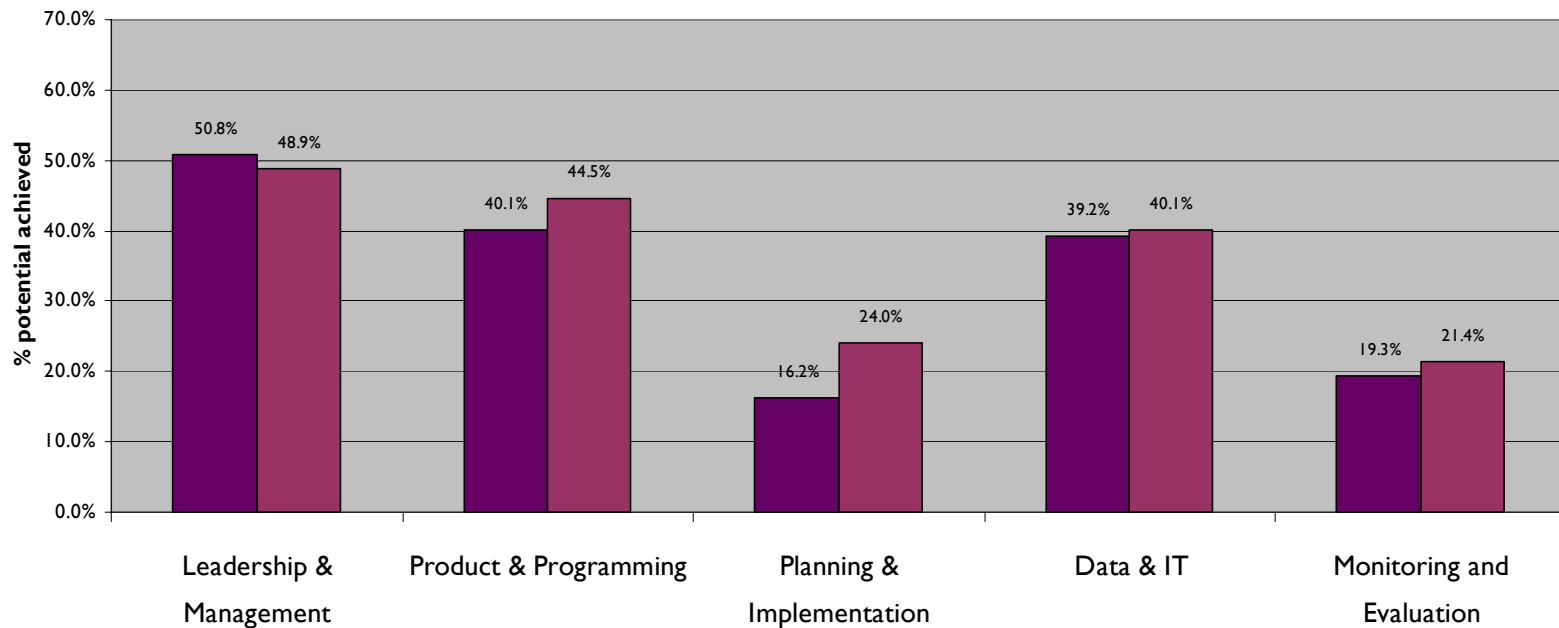
- ❑ An organisation that takes relationship building seriously enough to have **key performance indicators** at the very highest level, relating to acquisition, retention and conversion of customers
- ❑ An organisation that knows **how much it costs** to recruit and retain a customer, and learns which customers are the best to recruit for maximum value
- ❑ An organisation that aggressively fights to win back **lapsed customers**
- ❑ An organisation that regularly **checks the customer's viewpoint** and changes its behaviour responsively

What we found

- ❑ Most organisations do something to try and **understand their customers** more but it's rarely set in the context of managing customer relationships
- ❑ Many have very **good complaints procedures** – but they are not always joined up or used to provide a holistic picture
- ❑ Very few have **targets for retention of customers**
- ❑ Little or no calculation or tracking of **customer value**
- ❑ Lack of requests for this information from CEOs/Boards would suggest **poor evaluation** in most organisations

Part Two: Management Processes

How the findings compare with UK average



ie. We're all struggling with the same issues!

Implications – for the sector

- ❑ We need to **change our assumptions** about our audiences and their behaviour – they are outdated, and clearly wrong!
- ❑ **Availability of product** of the right kind and at the right scale affects the ability to build audience loyalty, and particularly so in NI
- ❑ We're **not competing** with each other for audiences – they come too infrequently – so let's work together to share what works

Implications – for individual organisations

- Do you manage and use the data you collect about your customers as well as you could?
 - To serve the customer better
 - To track the effectiveness of your marketing spend
 - To target people more appropriately
 - To influence programming and strategic decisions
- Are you asking the right questions of your marketing staff?
- Are you measuring the right things?
- What simple things could you put in place to make a tangible difference?

Retain and Gain project – next steps

- ❑ to assess the **levels of audience loyalty** in Northern Ireland Arts Organisations
- ❑ to assess the current **organisational capability** to deliver a CRM approach for greater income generation
- ❑ to provide an injection of **training**, ideas and support to help organisations implement a CRM approach
- ❑ to increase **skills levels and confidence** amongst arts marketing professionals
- ❑ to embed **knowledge and skills** within Northern Ireland to multiply learning outcomes into the future.

Retain and Gain project – next steps

- **CRM Strategy training** – 7/8 October
- **CRM Implementation training** (using box office system) – November
- **Project networking** meeting for marketing staff – January 09

Katy Raines

Partner, Indigo-Ltd UK

katy.raines@indigo-ltd.com

+44 (0) 7786 543593