

*Harmony*TM

FORUM OF THE SYMPHONY ORCHESTRA INSTITUTE
NUMBER 9 • OCTOBER 1999

The Marketing Process

by

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Editor's Digest

The Marketing Process

Author Stephen Belth opens his essay by reminding readers that the growth of the arts in the United States since the 1960s has been, in his words, "staggering." As this decade ends, the numbers of symphony orchestra concertgoers are numbered in the tens of millions. He then posits that organizational stability for orchestras requires steady audience growth, and proceeds to explore ways in which to accomplish that growth.

A Commercial Model

Belth suggests that the commercial world offers some key marketing tenets that will serve symphony orchestras well. He reviews the commercial world's "Four Ps" of product, price, place, and promotion in an orchestral context. He goes on to explain that marketing is a process that begins with the orchestra's inception.

Involvement of Participants

In sections describing opportunities for board members, music directors, musicians, volunteers, and staff, Belth outlines ways in which all members of the symphony orchestra family can, and should, contribute to the marketing effort.

In a section headed "When Time is Money," the author suggests that there are no shortcuts for integrating the marketing process into the overall orchestra organization, and details the timelines that all participants should understand.

A carefully detailed sidebar outlines the collaborative steps that the marketing department and all other staff and volunteer leaders should undertake to implement a successful marketing plan.

The Marketing Process

Growth in the arts since the 1960s has been staggering. Five state arts councils existed in 1965; today there are fifty. Nearly 2 million Americans are currently in the work force as artists, and patronage of the arts represents a \$37 billion industry.¹

The number of orchestras has grown by only 25 percent since the founding of the National Endowment for the Arts. Yet, with an increase in the number of performances each year, overall attendance at symphony orchestra concerts may well have doubled.² In 1999, approximately 1,800 orchestras will enrich the lives of tens of millions of concertgoers.³ As the decade ends, American orchestras have become not only a fundamental part of the cultural landscape, many are also considered among the best in the world.

Organizational stability among orchestra institutions requires steady audience growth as part of its equation. Rising costs and broadening community roles require that audiences expand. As a consequence, the marketing process has become a particularly vital activity for symphony orchestra organizations.

From the major orchestras on down, what was once called the press office—with one or two staff responsible for distributing the season brochure and managing the promotional budget—has evolved, out of necessity, into the marketing department, with more personnel required to accomplish an expanding array of tasks. Elaborate communications tools, such as databases and the Internet, have become commonplace, and the “take-us-or-leave-us” attitude that concertgoers once encountered has been replaced with a philosophy of customer service.

Yet, despite increased budgets for producing and distributing season brochures and developing new and creative tactics within the promotional mix, symphony orchestras have experienced a leveling off of audience interest. Subscriptions have dropped consistently in the last five years, and younger audiences are not

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making their way to classical music concerts at the same rate as in previous years. Ironically, this comes at a time when other art forms are boasting audience expansion. As orchestras have realized that they face competition to win a greater share of the growing arts audience, they have also discovered that successful marketing is not simply a matter of money. Were that the case, more elaborate season brochures would guarantee large audiences.

So if developing audiences is not simply a matter of budget, might the problem be the marketing process itself? Were the marketing process to serve orchestras more efficiently, it should be possible to improve concert attendance significantly without automatically increasing budgets, and without sacrificing artistic integrity in the process.

However, before beginning any discussion about marketing, it is important to recognize that central to audience building is fostering trust and credibility among customers. If marketing efforts fail to gain repeat business, they are doomed. For orchestras, this means that the integrity of the orchestra and its institutional mission must rest at the core of any promotional campaign. Pandering to audiences with gimmickry and cleverness may cause the customer to buy the product once. But if those customers are disappointed, they will never buy again.

“If marketing efforts fail to gain repeat business, they are doomed.”

Exploring the Commercial Model

Key market development tenets that have proven successful in the commercial world can serve as a model. The American Marketing Association defines marketing as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.”⁴ This means that decisions at all levels of the company must be made with an awareness of their impact on customer reaction and response, and that marketing must be embraced with an institutionally integrated approach.

In the commercial world, some of the most critical marketing functions are in the hands of non-marketing executives. Market research, promotion, and advertising are accepted and understood as tasks of a marketing department. However, product and package design, product engineering, customer service, and product distribution are led by separate groups that have influence on consumer response. Minimally, these groups must have an understanding of the marketing process to interpret consumer feedback and to improve results of their output.

In the three decades preceding the current one, orchestras may have intuitively employed an integrated marketing approach. Boards, volunteers, music directors, and management had simpler tasks. Fewer concerts and fewer activities made

attracting and serving audiences easier. Board members and volunteers, as consumers themselves, may have more easily communicated their interests and concerns to management. Changing lifestyles and increased competition for leisure time created conflicts with the primary marketing effort, building audiences through concert-season subscriptions. But organizational expansion within orchestras themselves has also complicated the process of keeping up with audience needs, while these organizations simultaneously move forward with their artistic goals.

To understand how marketing functions as an integrated discipline in the commercial sector, and how it might apply to orchestra management, it is helpful to define the core marketing components. Regardless of product, service, or idea, marketing professionals develop their plans around four conditions, known as the “Four P’s.” They are *product*, *price*, *place*, and *promotion*. As in commercial market planning, these same conditions apply to selling concert tickets.

“... marketing professionals develop their plans around four conditions... product, price, place, and promotion.”

Product

Product refers to the offer. What is the consumer solicited to buy? The product can be a manufactured item, such as an automobile, or a service, such as financial advice. For orchestras, the “product” is concerts, the music that is made on stage. Concerts can be “positioned” or presented with different focuses—the orchestra itself, the repertoire, the solo artist, or the overall event or theme, such as a festival or exploration.

Price

In the commercial world, effective pricing is based on supply and demand. A product with limited supply and high demand will field a high price. If the goal is high sales volume, the product will invariably be positioned to appeal to the broad marketplace through perceived lower, more “affordable” pricing.

“The factors that ultimately affect ticket-price decisions often have less to do with audience response and more to do with budget-balancing issues.”

In the case of orchestra subscription tickets, however, supply and demand are not easily followed. Because of the complexity in the decision-making process, subscription prices are often set before programming is known. Concerts that might sell out with higher prices are matched with others where seats will go empty. Thus, in an attempt to achieve balance and consistency, some concerts may be underpriced while others are overpriced. Were pricing to better conform to consumer interest, popular concerts might generate higher returns at the box office, and less popular concerts might have fuller

houses. The factors that ultimately affect ticket-price decisions often have less to do with audience response and more to do with budget-balancing issues.

Place

In consumer marketing, place refers to the location of sale or the distribution point. It also includes seasonality, or timing and ease of purchase. Goods and services to be sold must be accessible to their buyers, stores need to be conveniently located, and mail-order catalogs should be easy to use. Timing of product releases is equally important. Putting winter clothes on the racks at the end of winter (other than for a closeout sale) is an obvious mistake. Creating long checkout lines is another deterrent to successful selling.

“Place” to the concertgoing public is both a noun, as in the venue (the traditional point-of-purchase), and a verb, referring to placing or setting the number of performances, the night of the week, and the time of year. Place, as much as product, has a powerful influence on ticket-sales results.

As a convenience to the public, and to help improve the volume of ticket sales, orchestras have developed multiple distribution channels. These include mail-order, incoming phone sales, outbound telemarketing, group sales, and the oldest traditional form of venue sales, the box office. These primary sales methods fall into the category of place.

Interestingly, different segments of the audience utilize different sales outlets. Most subscription sales are made by mail or phone order, with trusting buyers providing credit card numbers to unseen agents. Many single-ticket sales are made in the same way, because buyers do not want to make a special trip to the box office or stand in line at a ticket window. But a significant segment of the audience will purchase only at the box office. These concertgoers are willing to wait until the night of their first performance before buying additional tickets for upcoming concerts. Ticket buyers are also further motivated to buy tickets for future concerts when they have just heard exhilarating performances. They can do so more easily when the box office is near at hand. Thus, the full power of “place” is not realized until after the season starts and audiences begin coming to the hall in large numbers.

With all other factors being equal, a concert program including a world premiere by an unknown composer, performed over five nights in the fall, and an all-Beethoven program performed over three nights in the spring, would have a substantially different aggregate sales result were the placement of the two programs reversed.

One way to increase overall sales for the season, without any effect on either artistic integrity or promotional budget, would be to place the more popular concerts at the beginning of the season, and programs predicted to have less box office appeal in the spring. The popular concerts have full houses regardless of seasonality, and the less appealing programs can benefit from enthusiastic audiences on-site and ready to buy more concert tickets at the box office.

Promotion

Promotion refers to communication and sales activity, such as advertising, press and public relations, and discounting, and is where virtually the entire marketing budget is spent. Yet, it constitutes only one-quarter of the marketing process. Non-marketing professionals often interchange the terms “promotion” and “marketing.”

Whether or not orchestra managers ultimately believe they can, or even want to, take into account all four of the marketing “P’s” in their planning and decision making, and use them to best advantage, it is essential that they recognize the limitations that promotional efforts can achieve in the context of the complete marketing process.

At the same time, an exploration of the marketing process within the orchestra paradigm demonstrates how the myriad decisions dealing with fundamental institutional activities affect the outcome of audience attendance.

Marketing as a Process

The process of marketing an orchestra begins with that orchestra’s inception. A group of community leaders determine that their community should have an orchestra and that audiences should have the opportunity to hear it perform. The group forms an orchestral association and hires a managing director to administer the orchestra and a music director to determine and lead its artistic direction. The first steps of the marketing process have begun, and the initial stages of product development have been put in place.

The community leaders have identified a consumer need—orchestral music—and put together the beginnings of what could be metaphorically deemed the marketing team. The music director’s work could be likened to design and engineering. The artistic vision, in terms of quality of the orchestra, repertoire, and artists, are answers to the needs posed by the community leaders, who are both consumers and strategic initiators.

By approving an operating budget, the board determines the level of orchestra performance the community can and will support. By empowering an artistic leader to develop concepts and direction, the board moves further towards deciding on the quality of the product.

The music director makes the next set of marketing decisions. Quality of the orchestra, repertoire, and artists are the elements that represent product, and are the three most important influences in attracting and keeping audiences.

Executive directors have tremendous marketing responsibilities as they approve details of product, price, and place. These decisions include accepting the terms and availability of artists, making available ample rehearsal time in order for the orchestra to perform pieces at the highest level of quality, and working with the music director to develop musicianship based on what the community is able and willing to support.

As to price, and place, the executive director must sign off on where, how, and how many concerts will be performed. These decisions involve scheduling performances, as to both time during the season and program frequency, and setting prices which will balance the operating budget while meeting with the approval of audiences as evidenced by their ticket purchases.

Collectively, these decisions are the equivalents of the commercial marketing process in which design, engineering, and budget management determine which products and services will be accepted by which consumer groups.

The board, the music director, and the executive director are responsible for making or approving most of the decisions critical to the marketing of an orchestral season before the first word of the promotional plan is written. Once those pieces are determined, the advertising and promotional team, or the marketing department, receives its assignment to develop and implement the sales campaign.

“... marketing must find not just any audience, but rather the right audience, and in sufficient numbers.”

Because concert success is measured by several factors, including the quality of the performance, the enthusiasm of the audience, and the percentage of concert-hall capacity sold, marketing must find not just any audience, but rather the right audience, and in sufficient numbers.

Looking at an orchestral concert season as a consumer product for sale may be distasteful to some in the industry. However, if one accepts that concerts should be well attended, and in light of current audience patterns, orchestra organizations must

explore every means available to improve long-term attendance of the concertgoing public.

The Marketing Chain

In order to make informed decisions about market-influencing factors, the board, the music director, and the executive director depend on feedback and information they receive from senior staff. And so artistic administration and orchestra management are next in the marketing chain. These managers work with the music director to determine the organization’s ability to carry out the artistic concepts, and to shepherd the steps necessary to achieve artistic goals. When will artists appear? How many performances of the program will there be? Which hall will be used? What is the overall balance of the season? These staff members have significant input on “product,” and are responsible for virtually every aspect of “place.”

The finance director also wears a marketing hat. He or she develops a budget of income and expenses required to operate the season, and monitors it throughout the year. Boards and management insist that budgets be balanced, and the finance director assumes a marketing role by agreeing to ticket prices

“... the finance director assumes a marketing role by agreeing to ticket prices and sales projections for the season that are designed to help balance the budget.”

and sales projections for the season that are designed to help balance the budget. Accurate sales data, backed by a meaningful marketing plan, are necessities. Without them, prices and sales goals may well be set beyond realistic levels, resulting in budget shortfalls.

Finally, the last of the “Four P’s,” promotion, is in the hands of the marketing department. Ironically, because of relatively high renewal rates and a loyal following of subscribers and ticket buyers, only a small portion of the promotion budget is needed to announce the season and deliver sales of 50 to 70 percent of the tickets that are likely to be sold. The bulk of the promotional cost is devoted to selling the

30 to 50 percent of the tickets, at a time when success has already been affected by decisions made by the board, the executive director, and the artistic, orchestra management, and finance groups.

Designing an absolute blueprint to integrate marketing into an orchestra’s management system is impossible, since virtually every management team is set up differently. As with sets of fingerprints, orchestra administrations may have similarities, but they also have unique characteristics which set them apart. Therefore, a more constructive direction would point to a checklist that the different constituencies within the orchestra family could use as a starting point for a more complete marketing plan.

Additional Board Opportunities

Inception is but one of the board’s marketing responsibilities. Board members’ ongoing enthusiasm as consumers and funders is necessary for orchestra survival. Because board members are chosen for their leadership roles in the community, their presence on the board serves as an endorsement of the orchestra. Board members also serve as spokespersons for the orchestra to the public, to their company employees, and in their social circles. Their words and deeds do have an impact on the orchestra’s audiences and supporters. The institution should help prepare them to understand and be able to present the organization’s message.

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Also, as they make decisions that affect the concertgoing public, such as approving prices and the marketing expenses of the operating budget, board members should be provided with meaningful marketing data and receive recommendations to help them make their decisions effectively. A board marketing committee can help. The committee, as a subgroup of the board, can

review marketing plans and promote support among the larger body. The marketing committee can help flush out questions and concerns in advance, so that the complete board can receive a concise, but thorough, marketing proposal to approve.

More about Music Directors

Music directors are not only key marketing decision makers, but also part of the product as well. Their faces represent the images of their orchestras. Music directors have the ability to rally constituencies in support of their seasons, or to turn them away. How well they are connected with their communities and how the public perceives them will influence audience attendance as much as will their abilities as conductors. Engaging music directors to help audiences understand the programmatic and artistic philosophy of the season will further help to build loyalty.

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Providing the music director with demographic research to help understand who the orchestra audience really is can influence artistic decision making in a positive way. Neither music directors nor members of the orchestra enjoy seeing empty seats, and understanding the level of audience sophistication will help in the timing of programmatic decisions.

Musicians

One of the most important constituencies, and often overlooked in the marketing process, are the orchestra members themselves. Orchestra members' acceptance of the marketing message can help support the sales outcome. Musicians are both members of their communities and voices of their orchestras. They are also part of the product. They function as both official and unofficial spokespersons to the media, and they have a direct influence on the music community through their individual teaching and performances beyond their orchestra concerts.

“Musicians are both members of their communities and voices of their orchestras. They are also part of the product.”

Because their personalities vary, not every musician will want to be involved in helping promote the orchestra. However, each member should have the opportunity to at least know from the inside how the season is being promoted. This can be accomplished through either a marketing presentation or by providing printed information. Orchestra members will eventually see the season brochure once it reaches the public. But the marketing effort will be furthered by making the orchestra itself part of the process.

Volunteers

Orchestra organizations are, by their nature, volunteer institutions. Boards provide volunteer leadership, and other volunteer groups help support fundraising. Some orchestras rely on volunteer groups for a percentage of ticket sales, through drives for subscriptions or special concerts and events. In that sense, volunteers serve as both direct and indirect sales forces of the institution.

As such, volunteers serve as mouthpieces, and therefore are publicity arms to their communities about orchestra activities. They should be involved in the marketing process, and the messages they present, as with those of board members, should be consistent with the institution's mission.

One way to accomplish this is to provide a marketing presentation to the various volunteer committees to help them buy into the institutional message, with the result of making them more effective as a sales force. Other methods to win volunteer acceptance include developing motivations and incentives to help them achieve their fundraising and ticket-sales goals. While professional sales forces earn commissions, volunteers can win prizes and awards for their successes.

Staff

Just as each musician is responsible for a piece of the musical result, each department within the orchestra's administration affects sales results as well. The artistic department affects selection of programs and artists. Operations impacts scheduling and performance space. Development creates messages that generate contributed income from the public. Finance sets income requirements relating to budget and pricing.

The orchestra staff, as much as any other constituency, needs to have an understanding of institutional message. Their support for that message will further help the public to recognize and bond with the institution.

The staff should be presented with the marketing plan, and have their roles explained, department by department. They should have the opportunity to ask questions about the parts they play and the impact they have in reinforcing audience loyalty. Virtually all orchestra staff members interact with the public. From ushers to the box office, from maintenance to accounting, well-organized and integrated communications can help save disgruntled subscribers and keep them as satisfied ones.

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Reverse Marketing Timeline

The following timeline highlights critical collaborative steps between marketing and other departments.

Month 18 through month 12

- ◆ Meet with artistic and executive Leadership
 - Review concepts for the season
 - Develop themes
 - Establish program and artist highlights
 - Identify special concerts and events
- ◆ Meet with development staff
 - Coordinate institutional messages for marketing and fundraising
 - Determine scheduling conflicts between marketing communications and fundraising efforts
 - Coordinate timing of shared resources such as databases, direct mail, and telemarketing/telefunding
- ◆ Meet with operations staff
 - Determine logistical issues for special marketing/public relations events
 - Confirm number of concerts in season and per series
- ◆ Meet with finance staff
 - Set revenue goals
 - Determine pricing issues
 - Establish expense budget constraints

Month 11

- ◆ Meet with executive director and senior staff
 - Present season theme or message
 - Selling points
 - Strengths and weaknesses
 - Price plan
 - Scheduling and timing issues
 - Make adjustments to messages and marketing schedule

When Time is Money

While there are no shortcuts to integrating the marketing process within an orchestra institution, results are achievable without restructuring organizational responsibilities. The two necessary elements are time and cooperation. Sufficient time is required for planning, decision making, approvals, and implementation. Cooperation by all involved to fulfill their parts of the marketing process is essential for the timeline to be meaningful.

Month 10

- ◆ Develop and present final marketing plan
 - Theme
 - Offers
 - Tactics
 - Production schedule
 - Market segments
 - Budgets

Month 9

- ◆ Receive majority of confirmed programs and artists
- ◆ Schedule season announcement
- ◆ Set presentation date with constituent groups

Month 8 and Month 7

- ◆ Hold constituent presentations (marketing committee, board, staff, musicians, volunteers)
- ◆ Season press announcement
- ◆ Launch renewals

Month 6 through Month 3

- ◆ Launch and continue new subscriber campaign

Month 2 and Month 1

- ◆ Launch single ticket drive

Month 0

Season opens

Enough time must be allowed for follow-through for each marketing and selling step. Lost selling weeks resulting from delays or poor planning can rarely be made up. Trying to compensate by reducing lead time may result in errors, missteps, and extra expenses from unbudgeted rush production charges.

Understandably, some changes in artists and programs will occur after established deadlines have passed, and these occasional problems can be worked into the marketing production schedule without threatening results. However, an institution's interests will be best served if the various departments plan to complete the majority of their tasks permitting the marketing process its full time allotment.

Ideally, the time to begin marketing the next season to the public is during the orchestra's current season. That is the time of greatest public awareness to help support the marketing effort. Audiences are in town and highly conscious of the orchestra as they attend concerts. The orchestra has its highest visibility in the media through reviews by music critics and paid advertising.

Most orchestra seasons start in the fall, and the best time to launch the marketing campaign is the preceding winter. A winter start gives subscribers enough time to complete their renewal orders, and allows the marketing department to work on acquiring new subscribers and ticket buyers. A byproduct of marketing the upcoming season during the current one is that it helps create greater awareness for the orchestra and supports single-ticket sales for the season in progress. That is yet another reason spring sales tend to be generally stronger than fall sales.

So, working backwards, when should the marketing cycle for a particular season begin? Orchestras should be ready to start approximately 18 months prior to a season's opening. Unlike rock impresarios and mainstream concert promoters, whose artists will only confirm weeks or months ahead of a performance, orchestra artistic departments should be well along in booking soloists and guest conductors 18 months in advance, since the most sought-after artists commit their schedules years in advance. Season themes and special performances must also be sketched out early, if only to allow the orchestra the opportunity to book the artists most appropriate for these performances.

Budget projections also need to be drafted this far out, though not necessarily finalized, so that the planning for ticket prices, and sales and fundraising goals, can go through the proper senior management and board approvals.

The responsibility for setting the marketing timeline and scheduling the necessary meetings of the various constituencies involved falls to the marketing director. In addition to having creative ideas about promoting a season, marketing directors should be well organized, detail oriented, and excellent interviewers and presenters. They are the ones who facilitate the different constituency meetings, and they should be capable both of providing relevant marketing and sales information and knowing how to draw the participants into the process.

“If the full timeline is in place, the orchestra organization is working on at least three seasons at any given time.”

If the full timeline is in place, the orchestra organization is working on at least three seasons at any given time. The current season is well under way, with the final promotions in place for remaining concerts. The marketing for the upcoming season has reached the point at which new subscribers are being solicited and renewal subscribers are finalizing their orders, and the season to follow is at the start of its planning.

All that is left to complete the marketing process is cooperation among the various departments.

Without departmental cooperation to prepare their pieces of the process, the marketing department is only able to do part of its job. Cooperation is not just a matter of attitude. In this case, it may require changes in the timing of task completion.

Change is hard to accept. Yet, if orchestra organizations are to succeed in cultivating and expanding their audiences, they must rethink institutional attitudes towards marketing. It is not simply a matter of learning the techniques. For orchestra leadership to make marketing work, they must embrace the concepts. Promotion departments can no longer alone be held accountable for the growth or decline in ticket sales because they manage only a piece of the process. Audience development and growth is an institutionally shared responsibility and can only succeed when the process is a fully integrated collaboration.

“... if orchestra organizations are to succeed in cultivating and expanding their audiences, they must rethink institutional attitudes towards marketing.”

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Notes

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