

CRStager

marketing & audience development

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The Resurrection of the Sacramento Philharmonic & Opera

By Christopher Stager, CRStager marketing & audience development

“The only thing Orchestras have in common is that they are all unique.”

In four years, the Sacramento Philharmonic & Opera (SPO) went from closing its doors to selling out its concerts. How did it happen? I will share the details after this cautionary note...

There is no such thing as a one-size-fits-all approach to marketing orchestras. Purported “industry trends” are most often based on limited information and draw inaccurate and misleading conclusions. They often confuse correlation with causation factors. Whatever trends are national, solutions are invariably local. The “magic bullet” – sought by many – does not exist. What works is a laser focus on marketing fundamentals.

So before we begin let me state: Nearly every marketing problem is really a math problem. To gauge our performance and market potential we need data, history and a benchmark to understanding whether marketing performance is good or bad from the start. It is the equations that matter most. Percentages can impress, but can often mean little. Consider this extreme fictional case as an example:

Marketing: “We increased subscription sales by 56%.”

CRStager: “Wow, that sounds amazing. How many classical concerts do you perform?”

Marketing: “Five.”

CRStager: “How many seats are in your hall?”

Marketing: “800.”

CRStager: “How many subscriptions were you selling before?”

Marketing: “150.”

CRStager: “So you sold 84 more subscriptions.”

Marketing: “Yes! That’s 56%!”

CRStager: “It sure is. You were subscribing 19% of the capacity your hall before,

and now you’re selling 29%.”

Marketing: “Yes.”

CRStager: “How many people live in your community?”

Marketing: “1.3 million.”

CRStager: “I think I see the problem.”

Marketing: “What problem?”

The variables in this extreme example illustrate “the problem.” There are few seats, a handful of concerts, and a large population from which to draw. The margin for error is great, and mediocre marketing will fill the hall under these conditions. The percentages will sound impressive, but the Orchestra’s reach is slim. 113 subscriber households, and even presuming all the singles for five concert were purchased, one per household, for 1,415 households, the total reach is just 1,528 patron households, or one-tenth of one percent of the market.

Impressive percentages. Great numbers to report. But the reach into the community is negligible. And whatever the tactics to fill the seats, are they likely to translate to a larger orchestra, with more seats, in a smaller market?

Unlikely. That would take an entirely different strategy. So now let us consider the Sacramento Philharmonic & Opera.

The Sacramento Symphony went bankrupt in 1992 and out of business in 1996. A year later, the Sacramento Philharmonic was formed, and within a year or two this organization was also facing big financial problems.

In 2013 the Sacramento Philharmonic merged with the opera. A perplexing union – how could a weak orchestra and a weaker opera company forge their troubled forces into something stronger?

They didn’t. In late 2014 the SPO went dark – for the third time in the span of 22 years. The organization produced a large-scale opera without a workable funding plan. Ticket sales and fundraising missed the mark. The combined organizations failed, with a struggling symphony as the collateral damage.

But one board member, Laurie Nelson, continued to believe and single-handedly rallied support. In 2015, Alice Sauro, the newly appointed Executive Director, brought together a team of people (including me) who had worked together to turnaround the Detroit Symphony after its 6-month strike in 2011. (I want here to thank Alice for reviewing and revising my “Rashomon” recall of facts and figures.)

Jump to 2019, four seasons later: The Sacramento Community Center Theater has 1,800 seats.* With 1,332 subscribed seats, capacity on subscription is 74%. The renewal rate hovers around a very healthy 83%, and each year an additional 220 or so new subscriptions are sold through the traditional channels of direct mail and telemarketing.

*(*Actually, it has 2,350 seats. But I’ll explain what I mean in the section below about scaling the hall.)*

First things first – It all begins with Programming. Programming is the number one driver of ticket sales. On one hand, each individual program attracts its single ticket buyers. On the other, how this collection of concerts aligns should create an attractive series for subscribers. As a “driver,” however, programming doesn’t mean just populist works. I have worked with many

orchestras with compelling, singular programming philosophies and when deviating from those values ticket sales will suffer. So when I mention programming, I'm not necessarily talking about more Rachmaninoff Concertos and "Boléro" every other week.

In Sacramento we wanted programming to be a mix of the populist and the challenging. We wanted the orchestra to be able to play a full spectrum of music including Baroque, Mozart and Beethoven, Russian masterworks, American music and, very important, opera. We balanced programming warhorses with pieces that people don't know as well.

But beyond that, we proposed a new model – an orchestra without a music director –and invited guest conductors suited to the specific corners of the repertoire that was programmed. A conductor appropriate for Bach's Brandenburgs is unlikely to be ideal for "Rigoletto." Audiences, as well as the musicians, have embraced this artistic model.

Each season programming includes one opera. Due to the high costs associated with a fully-staged opera, there has been a measured approach to bringing opera back to the stage, beginning with scenes from opera, then concert opera, then semi-staged, and a goal of staged opera with the opening of the renovated hall in the 2020-21 season.

Next, we scaled the hall. Each year the SPO performs six programs, including one opera. There is one performance of each program in a hall that has 2,350 seats. I know, earlier I said the hall had 1,800 seats. Let me explain:

The return concert in summer of 2015, appropriately Mahler's "Resurrection" Symphony, surprised me by drawing a paying audience of over 1,600. From this, I divined that the demand, with a well-executed subscription campaign and single tickets on sale for a longer period than that initial Mahler return concert, would be met at 1,800.

This was easy: There are 500 upper balcony seats in the Community Center Theater. I simply closed the upper balcony to stabilize capacity at 1,800. This created scarcity and drove demand. We only open the balcony when demand warrants employing variable pricing (inspired by airlines). It's a virtuous cycle – demand for and scarcity of tickets drives single ticket prices higher. Customers learn quickly that if they want a good seat they have to purchase sooner, or better yet, subscribe to guarantee their seat and enjoy a lower price. In the FY19 season, we opened the balcony for all six performances.

From the beginning, the reborn Sacramento Philharmonic & Opera embraced a "patron friendly" pricing model. Tickets start at just \$15 and subscription packages range from \$156 to \$205 for all six concerts. With lower prices, a new and growing subscriber base could (and has) more quickly morph into Annual Fund donors.

What is the market potential and how are we performing? It's a good question and astute executive directors want to know the answer. How a market is likely to fill a hall is a simple math problem. In my experience of compiling data from dozens of orchestras, I always want to know the ratio of available seats in relation to the market size. When that ratio exceeds 3% it becomes more difficult to regularly fill all of the seats.

The SPO pulls its audience from the greater Sacramento area consisting of 2-million people.** The hall has 2,400 seats available for six concerts, which is a total of 14,400 available seats in a season. This seat availability represents less than 1% of the market (14,400 seats ÷ 2,000,000 people = .0072%), which means the size of the hall in relation to the population makes it easier to keep full. This is a very favorable condition.

***Metro population 12+, as defined by The Nielsen Company.*

Sacramento Philharmonic & Opera has found its sweet spot – and the market size suggests there is room to grow.

In the fictitious example with which I began, a hall with 800 seats performing five classical concerts has 4,000 seats to fill in a season. If the population is 1.3 million, their ratio of seats to the size of the community is .003% or one third of 1%. The accounts we earlier calculated in our exercise represent one-tenth of 1% of the available market. Very slim reach and very few seats. Success is easy to have and easy to claim.

How we keep the house full. We sold all subscriptions in a conventional manner: multiple mailings from February through August and into the season, supported by professional telemarketing. We offered patron-friendly pricing to get skeptical people in the door. (The institution's closure left many people holding tickets to concerts they had paid for but were cancelled. Lower prices lowered the risk and residual resentment.) We have followed these dicta:

- **Rule #1** – Launch the renewal and new acquisition subscription campaigns **at the same time** in January or no later than February***. Yes, launch Renewal and New Acquisition campaigns **concurrently**, promising the first new subscribers the best seats when they become available (in essence, the unrenewed seats.) ****I'll write in depth about why launching your season early is so important at a later time. Suffice it to say, if new subscriptions are to sell they need a lot of time to sell. The earlier you start, the better the return.*
- **Rule #2** – Deploy a 6-week renewal period for subscribers with 3 to 4 mailings, followed by a round of telemarketing for a final chance to close renewals. After the calling, release all unrenewed seats to new subscribers.
- **Rule #3** – Make a compelling offer with a deadline. SPO offers at least one concert free with the purchase of the basic 6-concert (one opera) series.

Market subscriptions to all single ticket buyers through a Perpetual Subscription Acquisition Campaign.

It has been noted and reliably supported that patrons who attend at least two concerts are three times more likely to subscribe than those who attend just once. Frequently the custom is to cultivate that second transaction before asking people to subscribe. But there's a problem:

Generally, the base of people who only attend once is at least three times larger than those who attend two or more times. Thus, one-time buyers generate nearly as many new subscriptions as those who attend two or more times, albeit at a higher cost of sale because there are more of them to mail to and call.

A dilemma. What is the answer?

Invite everyone to subscribe – everyone, all the time. Yes, continue to steer the first time single ticket buyers towards that second event, but simultaneously persuade them to subscribe. You will find recency is just as much a predictor of subscribing as frequency.

I have come to learn that the consumer's need for immediate return on investment (not to mention our own insatiable need to keep subscriptions growing) requires a perpetual subscription acquisition campaign: 365 / 24 / 7. If people come to a great concert and have a transcendent experience, we want to get them into a series beginning with the next soonest concert.

If we send a single ticket buyer a subscription brochure in March, why should it only present concerts that begin in October? Aren't there great concerts still in April and May? And don't those impending dates provide that important direct mail motivator of urgency?

In Sacramento, as in other markets, we have accelerated new subscription sales by linking the current season to the next, bundling final Spring concerts along with the following season. A February subscription brochure could include April and May concerts for the current season along with the full season for the following year. In this example, an 8-concert subscription package is created that crosses over two fiscal years. New subscribers begin attending concerts within six weeks of subscribing (if not sooner) and enjoy a more immediate return on their investment.

In Sacramento, where subscriber demand is high in the popular sections of the house, up to 25% of single tickets are sold in the balcony. All balcony seat buyers are immediately approached to subscribe and attend right away. The high demand and scarcity for "good seats" fuels subscription sales in the more desirable sections.

Single Ticket Sales. Driving this single ticket demand is a traditional single ticket campaign. Past buyers are re-engaged through direct mail and e-mail. New, first time patrons are attracted through radio commercials on non-classical commercial stations. And there are the requisite one-column, color print ads in the weekend entertainment section of the *Sacramento Bee*. (The investment in digital advertising is minimal.)

Last season, with single ticket demand so high, more costly commercial radio could be eliminated as direct mail to past patrons liquidated remaining inventory and built their attendance frequency. They fuel the subsequent season's subscription campaign.

IN CONCLUSION...

When I was first asked by then Board Chair Laurie Nelson to head the marketing effort of the turnaround team, I said, "It's closed three times. Maybe they're just not that into you."

Soon I found I was very wrong. There is a hunger for orchestral music and opera in Sacramento, and we fed it with strong programming, diversity in artistic leadership, popular prices and limited seat availability, a myopic focus on rebuilding subscriptions, and timely execution of marketing fundamentals.

Remember my fictional exchange at the beginning of this article? Sacramento shares one of the posed challenges: low market penetration.

In a market of 2-million people there are less than 13,000 patron accounts documented as past buyers. It's very low penetration, masked by a scarcity of seats and very high subscription levels.

For the 2019-20 season, the Sacramento Philharmonic will be displaced as its hall undergoes renovation. The orchestra will perform in three regional venues and the repertoire has been tailored specifically to each. The subscription season concludes not in the spring of 2020, but in the fall with the return to the Community Center Theatre. By adding on that fall concert, essentially a 12-month season, I was able to keep renewal levels high (though not as high.) To retain your seat in the new hall, you had to renew to this nomadic season. This kept those fickle "I'll just skip this season and come next season" buyers to a minimum.

For the last four years, the reformed Sacramento Philharmonic & Opera has wisely favored caution over aspiration. They have not repeated the mistakes of the past. The organization has been transformed from insolvency, to stability, to sustainability.

I have been working with Executive Director Alice Sauro on strategic planning. Once the Orchestra returns to its post-renovated home in Fall of 2020, that house will be 200 seats smaller. Should prices increase – and be less "patron

friendly”? Should some programs be performed twice? Should another performance week be added? Should opera offerings be expanded?

For the 2020-21 season, the challenges must be carefully considered and wisely implemented so that the Sacramento Philharmonic & Opera’s success will continue.

A handwritten signature in black ink, appearing to read "Christopher Stager". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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CHRISTOPHER STAGER introduced CRStager marketing & audience development in 1999 to help orchestras, opera companies and performing arts presenters focus their marketing and fundraising challenges around the specific contour of their community, rather than solely on presumed national trends or industry averages. In close collaboration with each client, the institution's specific values and its market potential are defined. Marketing plans are developed to communicate those values and build the base of active ticket buyers.

This "values-based" philosophy has had positive results for institutions throughout the nation. CRStager marketing clients have included the Baltimore Symphony, Boston Pops, The Cleveland Orchestra, Dallas Symphony, Detroit Symphony, Houston Grand Opera, Houston Symphony, Los Angeles Chamber Orchestra, Milwaukee Symphony, The Philadelphia Orchestra, Philharmonia Baroque, the Pittsburgh Symphony, Sacramento Philharmonic & Opera, Saint Louis Symphony, San Francisco Symphony, Toronto Symphony, and numerous others. He has also provided creative materials to these organizations, as well as to the New York Philharmonic, Chicago Symphony, and others.

He directed the marketing for all four years (2011-2014) of Spring For Music, showcasing American orchestras at Carnegie Hall. In 2016, he aided the producers of Mozart in the Jungle, developing capacity utilization and sales models to accurately reflect dramatic plot points. He has been a guest speaker on Marketing for Musicians at the San Francisco Conservatory and Roosevelt University, and is often quoted in the media on issues relating to orchestra marketing.

With 30 years of classical music marketing experience in collaboration more than 100 organizations, Christopher Stager has developed marketing strategies specific to each that have generated over \$500,000,000 in ticket sales –unprecedented in the industry.

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