Contents

- Introduction to Oliver Wyman and project overview
- Phase I high-level insights: Customer behaviors and clustering
- Phase II high-level insights: Repurchase and satisfaction drivers
- Phase III high-level insights: Offer design and testing
- Integrated recommendations
Introduction to Oliver Wyman

Oliver Wyman was formed in 2007 when three fast-growing firms joined forces to create one of the world’s leading management consultancies.

**Mercer Management Consulting**
- 26 offices worldwide
- World leader in *general management consulting*

**Mercer Oliver Wyman**
- 29 offices worldwide
- World leader in *financial services consulting*

**Mercer Delta Organizational Consulting**
- 14 offices worldwide
- World leader in *organizational change consulting*

**Oliver Wyman**
- $1.5BN in revenue
- 2,900 staff
- 40 offices
- Clients include 9 of the Fortune 10 and half of the Fortune 100
Situation, objectives, and guiding principles

Oliver Wyman is collaborating with nine of the most prominent US orchestras to grow their audiences and reduce churn.

- In 2007, the Senior Marketing Professionals Group, comprised of representatives from nine prominent US orchestras and facilitated by Engaged Audiences LLC, asked Oliver Wyman to help them understand the barriers to and motivators of repeat visitation, and to identify ways to stimulate repurchasing, increase frequency, and reduce churn.

- Oliver Wyman undertook this pro bono initiative as an opportunity to help performing arts institutions by using its industry knowledge and its unique skills and expertise on customer-led, fact-based growth strategy.

- The engagement was staffed with a dedicated team of top consultants led by the head of Oliver Wyman’s global media and entertainment practice.
Project overview – Analytical path

To reduce churn, it is essential to understand guests’ behaviors, uncover the true drivers of those behaviors, and design the right offers.

Phase I
- Detailed box office analysis and customer clustering
  - Areas of focus: Historical behavior
    - Who exactly are orchestra-goers?

Phase II
- Satisfaction / perception research
  - Areas of focus: Customer experience
    - What elements of their experience drive them to return … or churn?

Phase III
- Offer design and testing
  - Areas of focus: Decision at the point of purchase
    - What offers will be the most successful in bringing them back?

Integrated recommendations

Action plan

What should orchestras do differently?
New customers and churn
Orchestras do a great job of bringing new people into their halls but have difficulty retaining them year on year.

Evolution of attendance between 2005-06 season and 2006-07 season

Source: All orchestras box office data (2006), Oliver Wyman analysis
1. National average: volume-weighted average of the 9 participating orchestras
Predictors of churn
Frequency and tenure are the most significant predictors of churn

Hypothesized churn predictors explored

- Frequency
- Tenure
- Subscription vs. single ticket buyers
- Price
- Number of tickets bought
- Distance from concert hall
- Donor status
- Seasonality
- Day of the week
- Repertoire

Churn by tenure – 05-06 season

Churn by frequency – 05-06 season

Source: All orchestras box office data (2006), Oliver Wyman analysis
1. Years since first concert attended
2. Number of concerts attended in 2005-06
Clustering of guests
We used frequency and tenure to define six clusters of guests with very different behaviors – but encouragingly similar DNA

- **Unconverted trialists**: First-timers who attend one concert and don’t come back
- **Special occasions**: Customers who attend only one concert a year, but might attend for multiple years
- **Non-committed**: People who attend a couple of concerts a year but still churn at high rates
- **Snackers**: Subscribers who consistently attend smaller concert packages and are very loyal in attending concerts for many years
- **High potentials**: Those who attend a lot of concerts and are likely to purchase a subscription but are not yet long term converts
- **Core audience**: Patrons, almost all of whom are subscribers, who attend numerous concerts every year for many years

Source: All orchestras box office data (2006 national averages), Oliver Wyman analysis
Relative importance … and potential

The unconverted trialists are not very visible at any particular concert, but they represent a huge portion of those touched during a year.

Source: All orchestras box office data (2006), Oliver Wyman analysis
1. Average number of households across all orchestras: 21,218. Average number of total seats: 151,732
Long-term value of guests by cluster

Successfully graduating these unconverted trialists yields a very significant increase in long-term value.

5-year value for one average household (by cluster)

Source: Atlanta Symphony Orchestra, The Cleveland Orchestra, New York Philharmonic, San Francisco Symphony box office data (06-07), Oliver Wyman analysis. Figures inclusive of donations

1. Donations are much more highly correlated with tenure than frequency
High-level recommendation: Explicit and differentiated focus on unconverted trialists
Judy’s orchestra experience

“This was my first time back to the orchestra since I was a kid, but it is likely to be my last”

I hadn’t been to the Orchestra since I was a kid, so I bought 2 tickets for a Mozart concert. That day, work got completely crazy so I couldn’t make it.

I tried calling the orchestra to exchange the tickets, but I was told my only option was to “donate” them!

I decided to give it another shot 3 months later when my favorite composer, Tchaikovsky, was playing.

Parking was a nightmare. It took us 25 minutes to find a spot!

By then, it was too late to have dinner. I was starving at intermission but the bar was super crowded, didn’t have any food, and a drink was $12!

The musicians played very well but I knew nothing about two of the pieces played.

Imagine my surprise when 3 days later the orchestra called me to ask if I wanted to buy a subscription. I told them no and then 3 weeks later they called for a donation!

Although I don’t think I’m ever going back, they continue to flood me with mail, phone calls and emails. What a drag!

Buy & Donate Now

Illustrative
Factor analysis
From the 78 attributes tested, we identified 16 as the most robust factors that influence customer behaviors

Core product
- Repertoire
  - During the season, the selection of works is appealing
  - During any given performance, the selection of piece(s) is appealing
  - The selection of performances within a subscription series is appealing

- Hall
  - The auditorium architecture and décor are appealing
  - The lobby is attractive
  - The auditorium acoustics are state of the art

- Contemporary music
  - I enjoy contemporary orchestral music
  - I like the sound of contemporary orchestral music
  - I understand contemporary orchestral music
  - I am very interested in not so well-known composers

Music enhancement
- Enriching experience
  - Attending a concert is stimulating
  - Attending a concert is entertaining
  - Attending a concert is always a special experience
  - I can feel a connection between the artists and myself when they perform
  - I feel a connection between myself and my fellow attendees

- Orchestra prestige and quality
  - The orchestra brings us famous guest conductors
  - This orchestra is one of the nation’s leading orchestras
  - The orchestra brings us famous guest soloists
  - The musicians’ level of play is always outstanding

- Music information
  - I look for information on the music before a concert

- Live commentary
  - Pre-concert discussions increase my enjoyment of the concert
  - The conductor’s personal comments enhance my enjoyment of the concert

- Special effects
  - Special lighting and / or visuals enhance the music

- Ability to attend
  - My health permits me to attend concerts whenever I want
  - I never miss a concert I have tickets for

- Social experience
  - Social outing
    - I always find friends / family members to go with me
    - I always top the concert with a nice dinner or drinks
    - I don’t mind going alone to a performance

  - Bar
    - The orchestra’s bar offers the refreshments that I want
    - The service at the orchestra’s bar is fast and friendly
    - The orchestra’s bar is good value for the money

  - Exchanges
    - Exchanging tickets is easy

  - “The orchestra club”
    - Being able to talk about concerts give me some “prestige” at work / with friends
    - I enjoy meeting other attendees during the orchestra’s receptions
    - I love events where I can meet the performers and the directors in person

Transactional
- Planning and purchasing
  - I can easily get schedule / price information on the orchestra’s website
  - Purchasing tickets is easy

- Exchanges
  - Exchanging tickets is easy
**Drivers of repurchase – Single visit patrons**

We used a range of techniques to reveal the true drivers of revisitation … in this case parking, repertoire, exchanges, and music enhancement.

- **Impact**
  - Indexed to highest correlation coefficient
  - Parking
  - Music information
  - Repertoire
  - Exchanges
  - Live commentary
  - Access

- **Rating**
  - Gap to highest score (indexed)

- **Relative focus**

**Other tested but not significant factors included:**
- Ability to attend
- Special effects
- Hall
- The orchestra club
- Enriching experience
- Social outing
- Planning and purchasing
- Contemporary music
- Bar
- Orchestra prestige and quality

Source: Oliver Wyman customer experience methodology, results from one individual participating orchestra
Areas of focus by cluster

Experience is tantamount for all; however, experience for core audience is the music, while for trialists it is a seamless end-to-end experience.

Important elements of the customer experience

<table>
<thead>
<tr>
<th>Core audience</th>
<th>Unconverted trialists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repertoire</strong></td>
<td><strong>Repertoire</strong></td>
</tr>
<tr>
<td><em>Don’t surprise me</em></td>
<td><em>Don’t surprise me</em></td>
</tr>
<tr>
<td><strong>Enriching experience</strong></td>
<td><strong>Music information</strong></td>
</tr>
<tr>
<td><em>Stimulate me and help me connect with artists and attendees</em></td>
<td><em>Initiate me</em></td>
</tr>
<tr>
<td><strong>Social experience</strong></td>
<td><strong>Social experience</strong></td>
</tr>
<tr>
<td><em>Let’s socialize!</em></td>
<td><em>Let’s socialize!</em></td>
</tr>
<tr>
<td><strong>Exchanges</strong></td>
<td><strong>Exchanges</strong></td>
</tr>
<tr>
<td><em>Me too!</em></td>
<td><em>Me too!</em></td>
</tr>
<tr>
<td><strong>Access and Parking</strong></td>
<td><strong>Access and Parking</strong></td>
</tr>
<tr>
<td><em>No hassle</em></td>
<td><em>No hassle</em></td>
</tr>
</tbody>
</table>

Note: Areas of focus can differ by orchestra, as their current performance should also be taken into account in the prioritization process. But the seeking of a holistic experience is consistent nationwide.
John’s great anniversary
It was such a special and festive night …

I wanted to go to the Philharmonic with my wife on a Saturday close to our anniversary.

Fortunately, they had a Beethoven (my favorite!) concert with a violin soloist that month.

It was so easy to purchase tickets online, I could even pick the seats. Exchanges were free – just in case we couldn’t find a babysitter!

I was afraid of commuting, but I did reserve and prepay a parking spot near the concert hall when buying my tickets. The confirmation email even had the directions!

I really liked the email we got a week before the concert with comments from the conductor and a podcast. It got us really excited about the evening.

We had dinner in a nice restaurant nearby that the orchestra recommended. They had a pre-theater menu, which was very good and served quickly.

We arrived early at the hall, so we left our coats at the complimentary coat check and read the playbill. Turned out, the soloist was a famous guy from South America!

The conductor shared a funny anecdote and gave us something to listen to.

BO analysis & clustering
Customer experience
Offer design & testing

Illustrative

Continued …
John’s great anniversary
… we decided to do it again a month later

The music was great. I wasn’t expected anything less from the Philharmonic!

During intermission, we had a glass of champagne with my wife’s favorite chocolate treat. We had enough time to sit and chat at a table.

Leaving the hall and the parking was quick.

The following week we received a CD of the performance we attended reminding us of the good time we had.

A week later we received a brochure with 2 or 3 concert packages in the spring. They offered great discounts and free drinks to the first concert.

We bought a two-concert package.

We’re still wondering why we didn’t do it earlier!

BO analysis & clustering
Customer experience
Offer design & testing

Illustrative
High-level recommendation: Create a seamless and social end-to-end experience for unconverted trialists
Phase III overview – Simulating a future purchase decision
Understanding the trade-offs that guests would actually make enabled us to identify the offers that will bring them back

Q: Which of these offers would you have purchased had they been available this season?

Approach and insights

- Customers chose between various offers with different key elements
- Each of the 5,678 respondents made 12 offer choices, yielding over 68,000 purchase decisions
- Statistical modeling identified the individual utility of each offer element
- This allowed us to define optimal offers by customer group
  – Tested various combinations of offers to maximize the utility for a given cluster / group
  – Built orchestra-specific recommendations
Summary – Unconverted trialists (all orchestras)

Change in share of offer of single tickets
All other attributes and offers held constant

Significant variation by day of week / seat band – pricing implications?

Discounts by far the most powerful lever

- 50% off Bring friend free
- 25% off Current
- 15% off No exch.
- -15% off No exch.

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn: unweighted N = 1,908
**Summary – Unconverted trialists**
Discounting is by far the greatest lever to increase share of single tickets for unconverted trialists

### Attributes tested
- Genre
- Contemporary
- Familiarity
- Composition
- Soloist
- Music information
- Day of the week

### Most impactful on purchase
- Discount (esp. 50% off)
- Genre (favorite composer)
- Day of the week (Saturday)
- Seat (quality)
- Instrumental soloist

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn: unweighted N = 1,908
**Killer offer for unconverted trialists**
Defined using the optimal levels for most attributes, the killer offer increases trialists’ share of single tickets by 40%.

<table>
<thead>
<tr>
<th>Base offer</th>
<th>Killer offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weeknight</td>
<td>Saturday night</td>
</tr>
<tr>
<td>Romantic music</td>
<td>Favorite composer</td>
</tr>
<tr>
<td>All orchestral / no soloists</td>
<td>Famous instrumental soloist</td>
</tr>
<tr>
<td>Program notes on the Website</td>
<td>Conductor’s insights in advance</td>
</tr>
<tr>
<td>Three familiar and unfamiliar pieces</td>
<td>Three familiar and unfamiliar pieces</td>
</tr>
<tr>
<td>Quality seats</td>
<td>Quality seats</td>
</tr>
<tr>
<td><strong>Three familiar and unfamiliar pieces</strong></td>
<td>Bring a friend for free</td>
</tr>
<tr>
<td><strong>Quality seats</strong></td>
<td>Free drink</td>
</tr>
<tr>
<td><strong>Bring a friend for free</strong></td>
<td>Free exchanges</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn: unweighted N = 1,908
Examples of alternative offers
More realistic offers reveal distinct tradeoffs between programming, logistics, and promotions in achieving the same share

Alternative offer #1
- Saturday night
- Favorite composer
- All orchestral / no soloist
- Conductor’s insights in advance
- No discounts
- No promotions
- No exchanges

Alternative offer #2
- Friday night
- 20th century music
- Famous instrumental soloist
- Pre-concert talks
- 25% off
- Free drink
- No exchanges

Alternative offer #3
- Weeknight
- Classical music
- All orchestral / no soloist
- Program notes on the Web
- Bring a friend for free
- No promotions
- Free exchanges

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn: unweighted N = 1,908
### Music – Favorite composers and solo instruments

**Trialists and core audience share similar tastes**

#### Favorite composer

<table>
<thead>
<tr>
<th>Composer</th>
<th>Unconverted trialists</th>
<th>Core audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beethoven</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Mozart</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>Tchaikovsky</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>Bach</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Mahler</td>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>Brahms</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Rachmaninof</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Shostakovich</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Dvorak</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Chopin</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Vivaldi</td>
<td>11%</td>
<td>19%</td>
</tr>
<tr>
<td>Stravinsky</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Copland</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Gershwin</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Sibelius</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Prokofiev</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Handel</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Debussy</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Strauss</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Ravel</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Mendelssohn</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Bartók</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Schubert</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Bernstein</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Berlioz</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Haydn</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Elgar</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Liszt</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Schumann</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Rossini</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn: unweighted N = 1,908 for UC and 1,202 for CO

#### Favorite solo instrument

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Unconverted trialists</th>
<th>Core audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piano</td>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>Violin</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>Cello</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>French horn</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Trumpet</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Clarinet</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Flute</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Viola</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
# Impact of package size and single-ticket offers

Targeting trialists with single tickets first sells twice as many tickets over 2 years than trying to sell them subscriptions up-front.

The few weeks following a first concert attended by unconverted trialists is an important time and opportunity to target them. Let’s examine two options starting with 100 patrons:

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offer</strong></td>
<td><strong>Option 2</strong></td>
</tr>
<tr>
<td>Offer a killer (^1) <strong>large subscription</strong> (5 concerts) for next season</td>
<td>First offer a killer (^1) package for <strong>one individual concert this season</strong></td>
</tr>
<tr>
<td>Results</td>
<td><strong>Then</strong> try to sell a killer (^1) <strong>large subscription</strong> for next season</td>
</tr>
<tr>
<td>20 customers</td>
<td>30 customers</td>
</tr>
<tr>
<td>152 tickets sold</td>
<td><strong>296 tickets sold</strong></td>
</tr>
</tbody>
</table>

---

Source: Oliver Wyman Strategic Choice Analysis® survey. Box office data for weighting of orchestra, cluster, and churn, unweighted N = 1,908

1. Killer offer includes 50%, free exchange, Saturday night concert with 3 familiar and unfamiliar pieces from customer’s favorite composer, conductor’s notes in advance, famous instrumental soloist, free drinks.
High-level recommendation: Use tailored promotional offers to sell another single ticket or two to unconverted trialists before asking for a commitment.
Integrated recommendations
Orchestras need to redefine their value proposition for unconverted trialists

1. Place an explicit and differentiated focus on unconverted trialists

2. Create a seamless and social end-to-end experience for unconverted trialists

3. Use tailored promotional offers to sell another single ticket or two to unconverted trialists before asking them for a commitment

Targeting unconverted trialists explicitly and defining a new and comprehensive value proposition for them
<table>
<thead>
<tr>
<th>Repertoire</th>
<th>Music information</th>
<th>Social experience</th>
<th>Exchanges</th>
<th>Access</th>
<th>Relationship building</th>
<th>Compelling offers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t surprise me: I want pieces that “ring a bell”</td>
<td>Initiate me: Really? Interesting to know!</td>
<td>Let’s socialize!: I want to have a good time with my friends</td>
<td>Me too!: I want flexibility</td>
<td>No hassle: I just want to park and forget about my car</td>
<td>Don’t ask me to marry you after the first date: I don’t want to commit yet</td>
<td>Such a good deal: A no-brainer to go another time</td>
</tr>
<tr>
<td>Enough familiar concerts to choose from during the season</td>
<td>Enough background to enjoy the performance</td>
<td>Enjoyable pre- (and post-) concert experience</td>
<td>Easy to exchange tickets, even for single tickets</td>
<td>Easy to get to and park at the hall</td>
<td>One step at a time</td>
<td>Right discount / promotional offer combination</td>
</tr>
</tbody>
</table>
## Orchestra Audience Growth Initiative – Participants

### Senior Marketing Professionals Group – Orchestras
- Charlie Wade, Atlanta Symphony Orchestra
- Kim Noltemy, Boston Symphony Orchestra
- Kevin Giglinto, Chicago Symphony Orchestra
- Sandi Macdonald / Emily Grimes, The Cleveland Orchestra
- Joan Cumming / Shana Mathur, Los Angeles Philharmonic
- Stephen Duncan / Susan Loris, Milwaukee Symphony Orchestra
- David Snead, New York Philharmonic
- Ed Cambror, The Philadelphia Orchestra
- Michele Prisk, San Francisco Symphony

### Engaged Audiences LLC
- Jack McAuliffe, President

### Oliver Wyman – Project Team
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- Claire-Marie Andlauer
- Christina Chinloy
- Detelina Kalkandjieva
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- Li Ma
- Mark Weinberger

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- David Fishbaum (Chicago)
- Bob Fox and Paul Markowitz (Boston)
- Martin Kon (New York / Los Angeles)
- Eric Nelsen (Chicago / Milwaukee)
- John Senior (Philadelphia)
- Dave Sovie (San Francisco)
- John Wenstrup (Cleveland)