Spektrix
Insights
Report 2019

SPEKTRIX

FOREWORD

At Spektrix, we believe that opportunities for people to experience arts and cultural events are fundamental to a high quality of life and the health of our communities. It is our mission to enable the vital organizations presenting these events to engage and deepen relationships with the broadest range of audiences.

With this mission in mind, I am pleased to introduce the first edition of the Spektrix Insights Report. Building on our benchmark reports released in 2015 and 2017, the Insights Report delivers new and deeper analysis on effectively engaging and deepening relationships with audiences. It features new data including online device usage and accessible online booking, and a number of concrete examples of organizations demonstrating best practice in audience engagement and revenue generation. We also hope you will gain useful perspective and insights from valued industry partners, and from our own expert consultants.

Nearly 12 years ago I co-founded Spektrix on the idea that cloud-based software paired with expert consultative support could bring significant advantages for arts organizations looking for effective ticketing, marketing and fundraising technology. Today we work with 400 clients across the United Kingdom, the Republic of Ireland, Canada and the United States using the same system concepts, and thereby generating a powerful amount of aggregate data and inspirational best practice.

From the foundation of our data and the success stories that came out of it, we want to share insight, expertise and best practice with the entire sector. I hope you are inspired by what you find.

MICHAEL NABARRO
CO-FOUNDER AND CEO

Executive Summary

The Spektrix Insights Report is a look into the consumer transaction data of up to 343 arts organizations that use the Spektrix ticketing, marketing, and fundraising CRM system. Focused on metrics for audience engagement, revenue management and customer and donor experience, it includes a quantitative analysis of more than 25 million items purchased across the Spektrix system in 2018. This analysis is placed within the wider context drawn from our economic landscape, the arts sector and other related industries such as retail. It includes a range of examples from the organizations that sit in the top 10% of our key metrics.

OUR FINDINGS

Against a challenging economic backdrop for arts organizations[1], there are positive signs of resilience and investment in future-looking strategies. Yet there is a great deal to learn from one another as we see considerable variance between organizations.

LOYALTY IS A REAL GROWTH AREA

- Encouraging loyal audiences remains an area with sizeable uplift potential:
  - On average, 56% of transactions recorded by an organization in 2018 were made by patrons who were new to that organization.
  - Proportions of returning buyers and frequent bookers are largely unchanged since last reported in 2017.

MAKE IT PERSONAL

- Customization yields results:
  - On average, targeted segmentation roughly doubles email marketing engagement.
  - Microtargeting based on recent patron behavior has shown to increase engagement by 20 times in some cases.

MOBILE IS THE FUTURE

- New insight into patron and donor behavior finds the move to online, and specifically mobile, is dramatic:
  - 60% of transactions are made online.
  - 46% of visits to our Spektrix online purchase path are on mobile phones.
- Even as online transactions become more prevalent, in-person contact remains an important channel for higher-value transactions. On average, these are 40% larger than online transactions, likely due to in-person cultivation of major gifts and group sales – but the pattern is also evident in everyday transactions.
  - Donations with ticket sales are more than six times more likely when a transaction occurs online. However, they are worth almost double in value when made in person or on the phone.
  - Online upselling of supplementary items occurs 1.7 times more often than in person and over the phone. However, in-person upselling represents 35% more in value.

UNMET DEMAND FROM AUDIENCES

- There appears to be considerable unmet demand for wheelchair-accessible seats available for online booking:
  - Only 15% of United Kingdom and Republic of Ireland organizations had one or more online bookings which included a wheelchair hold last year.
  - On average, in the United Kingdom and Republic of Ireland, 4% of bookings including wheelchair access needs occurred online – nearly five times lower than in the United States and Canada where equal access to online booking is mandated by law.

UNTAPPED OPPORTUNITIES

- Yield management metrics indicate some organizations are leaving vital revenue on the table. Those that implement a strategy to maximize revenue on high-demand events, and tend to have an upward trend in their prices as the show approaches, can make an extra 10% or more on their original base price.

CONSIDERATIONS

These findings paint a complex picture of patron behavior and expectations, but also show some useful common factors for successfully connecting with audiences and building effective revenue.

- **Patrons expect a customized approach.** Whether it is what they are booking, the channel they are using, the emails they click on, or what they choose to support with donations, a one-size fits all approach is often less than half as effective as a custom approach.

- **Customer and donor context matters.** A focus on customizing offers, donation asks and communications based on audience members' interests is effective; approaches that also take into consideration people's immediate context are even more so. Cues like device usage, recent website visits, in-person visits and basket abandonment can help organizations design relevant and effective engagement triggers.

- **Investing in technological tools is important, but only part of the picture.** Thanks to the continued move to online transactions, applying effective audience engagement and revenue-generating tools online (and in particular on mobile) is more important than ever. However, investing in the customer- and donor-facing team's ability to connect with audiences in person and on the phone yields major gains in revenue and engagement that technology is hard pressed to match.

APPENDIX

1 U.K. - Consumer confidence reached a five-year low in early 2019 and retail sales have again decreased year over year. In the U.S. the middle class has seen stagnating real wages (after inflation) for many years, and lower-income families have seen their real wages drop.

In the following pages of the report you will explore data and success stories that we hope will inspire you at your organization.

INTRODUCTION TO THE DATA

This report includes aggregate data primarily from January 1-December 31, 2018, gathered across up to 343 performing arts organizations from the United States, Canada, the United Kingdom and the Republic of Ireland. This large aggregate data set comes directly from our Spektrix client databases, and gives a unique quantitative view of key performance metrics from across regions and disciplines.

For each of the metrics included, we have defined a way to measure consistently across the whole data set, and then looked at average percentages rather than raw figures to make the data points comparable across differing sizes and types of organizations. Where appropriate, we have also drawn comparisons between different organization types (these are defined in the "About this Report" section on page 60) and global regions, where this may have a direct impact on the success metrics.

HOW TO READ THIS REPORT

This report has been structured into five sections to guide you through the data and analysis. In each, you will find an introduction to the metrics and why they're important measurements, including the **Key Findings** from our analysis. We then share some **Success Stories** from organizations that are operating in the highest 10% for that metric, showing how their average compares to the full average of the data set. We share some **Considerations** for assessing your own organization's performance against the averages for the data set. In each section, we include **Industry Insight** from a professional consultant who specializes in that area. If you would like to **Benchmark** your organization's performance more fully, we also provide more in-depth data at the end of each section.

Asking
for Donations

The importance of individual philanthropy to the arts sector's bottom line continues to increase. In this section, we focus on the important first stage of the donor pipeline and the critical base of every donor pyramid, donations under $50/£50/€50[1].

Specifically, we look at metrics on:

- **Donations under $/£/€50 made as add-ons to ticket purchases**

- **The effectiveness of various channels for donations under this threshold**

KEY FINDINGS

Less than 2% of phone or in-person transactions include donations, while **13% of online transactions do.**

Donations made by phone or in person are **nearly double online donations as a percentage of basket value (15% vs. 8%).**

Training frontline staff on asking for donations **has led to up to a five-times increase in phone or in-person donation rates.**

Average rates in the U.S. and Canada are 6% online and less than 1% in person or by phone. **However, some organizations in this region see 20%+ online conversion rates.**

PROVING THE RULES

Relative levels of subsidy, individual, corporate and trust and foundation support for the arts varies considerably between the U.S., Canada, the U.K., and Ireland. Nevertheless, arts organizations in each of these regions find themselves confronted with shifts from historic reliance on larger institutional funders, such as corporations or government bodies, to a greater need to attract individual donors to meet fundraising targets. At the same time, individual giving itself is in flux, showing an increase in total year-over-year contributions, while the number of donors is in decline[2].

In this environment, a focus on bringing new donors into an organization at an introductory level may help to preserve and grow this valuable funding category. Two commonly held rules of thumb for successfully soliciting donations from individuals are "don't ask, don't get" and "people give to people"[3]. Our data bears both of these out. Organizations that prioritize asking for donations – and in particular utilize sales teams to do so – are seeing impressive results in converting ticket buyers into donors. Yet, in-person or phone asks are not always possible, with the vast majority of transactions in our data set occurring online (see Section 4), so finding ways to effectively ask for donations online cannot be ignored.

TOP ORGANIZATIONS' AVERAGE DONATION CONVERSION RATES

12% ACHIEVED IN PERSON OR BY PHONE

30% ACHIEVED ONLINE

6x MORE ONLINE TRANSACTIONS CONTAIN DONATIONS

HOWEVER, PHONE OR COUNTER TRANSACTIONS ARE **1.9X** MORE LUCRATIVE

$ =

£

RAISING THE GAME

THREE OF THE STAND-OUT ORGANIZATIONS IN OUR DATA SET HAVE MADE STRIDES IN INCREASING THEIR LOW-LEVEL DONATIONS FROM TICKET BUYERS.

OCTAGON THEATRE
BOLTON, GREATER MANCHESTER, UK

Octagon Theatre in Bolton focuses on producing world-class theater for the audiences of North West England. Since opening in 1967, the theater has undergone many changes, and in 2018 announced funding for a major capital development of their building.

The need to raise more than £1.5 million toward their capital project compelled Octagon to dramatically overhaul their approach to fundraising. In late 2018, they brought together senior leadership, fundraisers and front-facing staff members to set shared fundraising goals, generate compelling messages, and openly address staff reservations around "making the ask." The result of this: Customer-facing teams are now motivated, skilled and empowered to ask for donations at sales points, specifically over the phone and at the box office counter, with the following achieved in just a few months:

- Phone sales with donations increased from 2% to 10%.

- In-person sales with donations increased from 8% to 32%.

- Online sales with donations increased from 8% to 11%.

- Octagon have raised 50% of their capital target.

- They have engaged thousands of first-time donors.

- Fundraising is now in every staff member's job description and discussed during performance reviews.

Octagon's initial need to convert patrons to low-level donors became the catalyst for a total step-change. The organization-wide commitment to fundraising has set them up for long-term success and ongoing donor support.
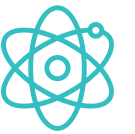
SAFFRON HALL
SAFFRON WALDEN, ESSEX, UK

Saffron Hall is a 740-seat performance space built on the grounds of the local high school. Opened in 2013, this award-winning music venue combines world-class events with dedicated school and community programs.

When implementing a donation ask at sales points, it is sometimes difficult to know how much to ask for. Saffron Hall took a purposeful approach to determining this: They examined their members' online spending patterns and found that they tended to purchase large numbers of tickets at season launch times each year. This informed the team's decision to set the donation ask at 5% of the total basket value. They also tweaked the wording of their ask multiple times until they were satisfied that the message was both compelling and transparent.

Their ask has been hugely effective – a whopping 35% of their online sales include a donation worth on average 4.6% of the overall basket value.

Saffron Hall

What's on   Visit   Support   Participate   News   About

Saffron Hall relies on the support of donations to sustain our work. Your generosity will make a difference.

Saffron Hall's Learning & Participation Activities

Will you help give thousands of young people the chance to experience great culture by adding a donation of 5% of your order?

Amount: £ 2.00

Continue with donation   Continue without donating

ACTOR'S EXPRESS
ATLANTA, GEORGIA, USA

Actor's Express, housed in a flexible 145-seat modular black box space, seeks to challenge and reflect contemporary human experiences in an inclusive environment.

Though donation add-ons to ticket sales are less common in the U.S., Actor's Express sees 24% of online ticket sales include a donation – a rate far above the global average of 13%. Here's how they do it in their own words:

" Adding donations on checkout is a lucrative source of revenue for Actor's Express. Some ticket buyers add a significant annual fund donation when they purchase a subscription or ticket, but most ticket buyers use our "Give Us $2" option. We simply added a donation screen that every patron goes through upon checkout that says "Donate $2 to support AE! Even the smallest donation has a big impact". This brings in around $5,000 for us annually.

KRISTEN GWOCK SILTON
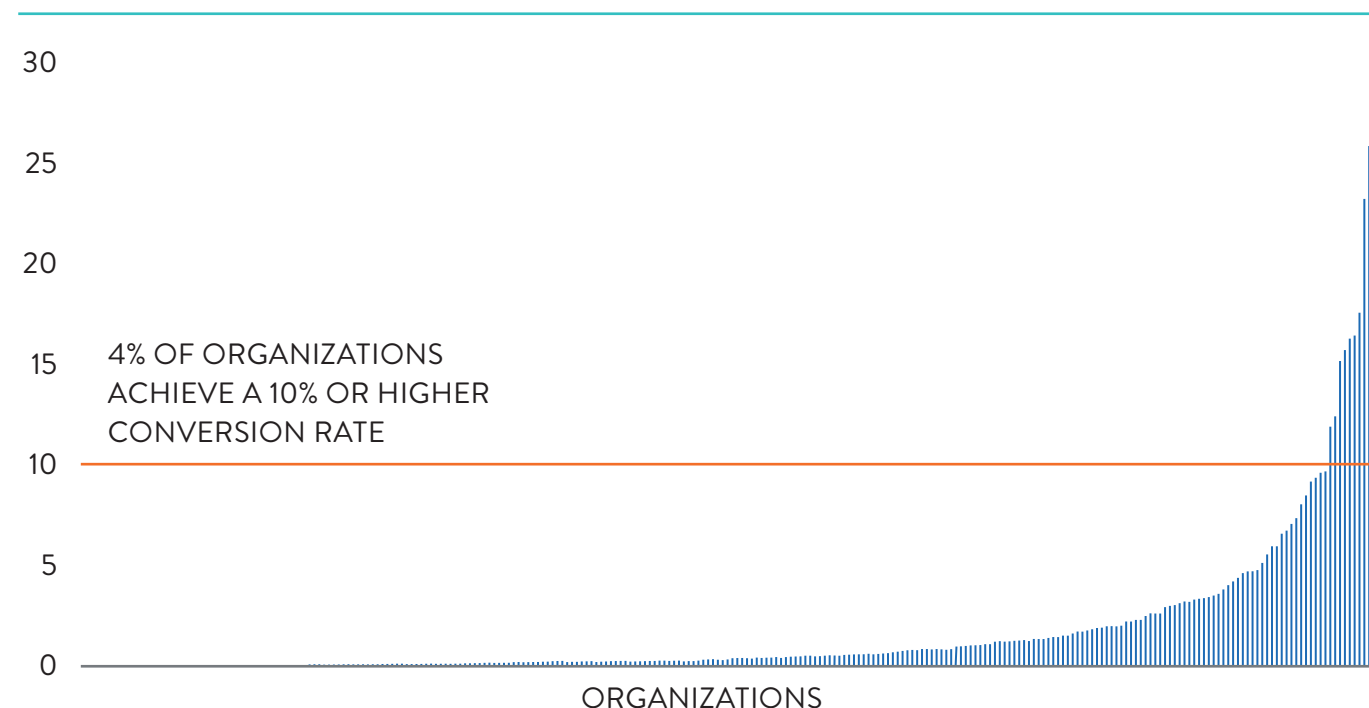MARKETING AND DEVELOPMENT DIRECTOR

CONSIDERATIONS

- The pressure is on to increase donations from individuals, to identify new donors and maximize the effectiveness of lower-level giving. **Is your organization doing all it can?**

- Training and engaging sales teams and other audience-facing staff in fundraising has proven benefits. **Is your leadership demonstrating the importance of fundraising to your entire organization?**

- An increasing majority of transactions are now made online, so we can't rely on the in-person ask anymore. The same methodology used for other marketing messages can be helpful: refine, test and repeat. This can help you identify the messages and ask amounts that find the most valuable balance for your organization between higher donation rates and larger donation amounts. **How is your organization optimizing your online ask?**
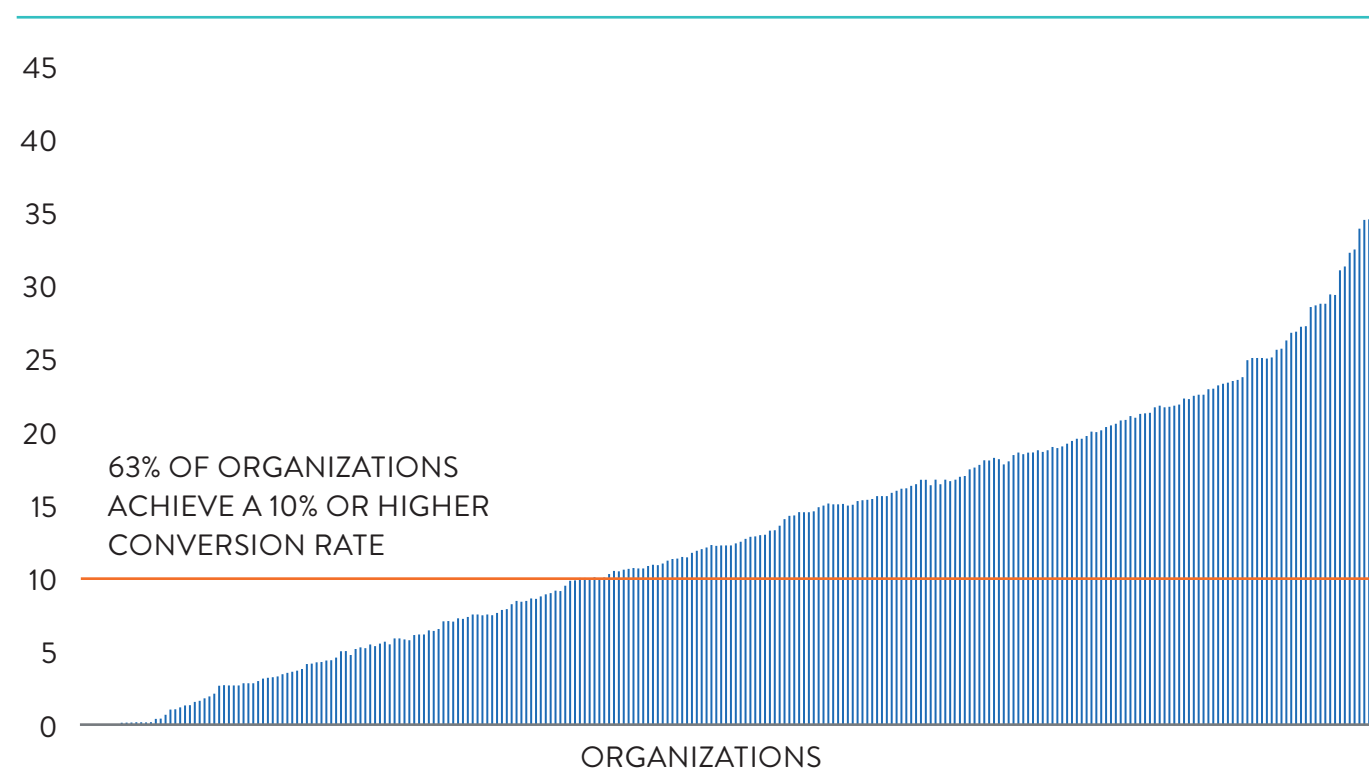
BENCHMARK DATA

% AVERAGE BASKETS WITH DONATIONS – PHONE/COUNTER

4% OF ORGANIZATIONS ACHIEVE A 10% OR HIGHER CONVERSION RATE

ORGANIZATIONS

% AVERAGE BASKETS WITH DONATIONS – WEB

63% OF ORGANIZATIONS ACHIEVE A 10% OR HIGHER CONVERSION RATE

ORGANIZATIONS

Spektrix *insight:*

Anne Wareing, a Senior Consultant who specializes in fundraising at Spektrix, shares her experience of donor motivations.

As consumers in a digital age, we're constantly bombarded with online advertising, and are keenly sensitive to messages that speak to us personally versus those that show no understanding of our context or preferences.

While the data shows 13% of all online transactions contain a donation, organizations are leaving money on the table when it comes to online asks. We know this because personal interactions (on the phone or face-to-face), while substantially fewer in number, yield proportionally higher donations.

An online ask can be based on the event for which someone is purchasing tickets, what events they've previously attended, the value of what they're purchasing at that moment, where they live, and plenty of other behavioral and demographic factors. Address specific patron groups (consider the New Wolsey Theatre examples in Section 1), and describe how their gift will impact your organization. This may give you license to ask for more than a generic request with no particular group in mind. A higher ask may also be appropriate when based directly on the value of items already in a patron's basket.

As consumers, we expect to understand what we're paying for, and this is no less true for donors. So ask yourself: Would your audiences donate *more* if they knew that their donations were supporting something specific, especially if it felt personal to them?

APPENDIX 2

1   Based on current exchange rates these values are roughly similar and
this threshold approximates a common entry-level donation.

2   https://blog.philanthropy.iupui.edu/2018/07/12/fewer-americans-
are-giving-money-to-charity-but-total-donations-are-at-record-
levels-anyway/ U.K.: https://www.cafonline.org/about-us/
publications/2018-publications/uk-giving-report-2018

3   https://generosityresearch.nd.edu/assets/17632/generosity_and_
philanthropy_final.pdf

About this Report

ORGANIZATIONAL CLASSIFICATIONS

For some benchmarking statistics we have grouped the organizations in our data set into cohorts so that the data is comparable for similar types of organizations. They are as follows:

- **Arts Center** – multi artform.
- **Classical/Music** – including opera, orchestras, concert halls.
- **Festival** – majority of programming occurs during a condensed time period, normally annual/biennial cycle.
- **Producing** – primary programming is of resident company, artistic output is produced in-house.
- **Receiving & Presenting Venues** – majority if not all programmed events produced externally.
- **College/University** – schools/colleges/universities that predominantly focus on music and drama (e.g. conservatories or drama schools), where the mission is mainly to showcase student work.

ABOUT THE AUTHORS

SARAH FROST
CLIENT INSIGHT MANAGER

Sarah is serious about data and using it to help make great things happen in the arts. She works frontline on strategic initiatives with organizations that use Spektrix, supporting them to leverage data for decision making and to monitor their success. Sarah has a detailed understanding of the sector's challenges and ambitions, and using her Spektrix and data know-how has helped make a real difference for many organizations. She has previously worked in arts and publishing marketing roles and is based in our Manchester office.

LIV NILSSEN
SECTOR STRATEGY LEAD

Liv brings 15 years' experience in performing arts management and fundraising in both the U.S. and the U.K. to the global Spektrix team. Her role is to ensure that we have the biggest impact on the arts and cultural sector as possible. She is the Co-author of our *Boldly Compliant - GDPR* series and is always looking to further understand the world from our clients' perspectives, share learnings and make connections that help realize and even grow their ambitions.

ABOUT SPEKTRIX STRATEGIC CONSULTATION

Strategic Consultation

The combination of our people, software tools and extensive industry experience puts us in a unique position to consult with our clients on a wide range of topics. The areas we support range from strategic to tactical and from one-off workshops to long-term projects. We often focus on business change supported by best practice use of our software. The service is available to all of our clients and there is no extra cost for accessing it.

Support and Training

We're on hand to help our clients seven days a week with their use of Spektrix and getting the most out of our tools.

What's next?

Would you like to speak to us about anything you have read in this report?

If you're an organization that's not using Spektrix, book a call with one of our expert team members to explore how your organization shapes up against your industry peers. **Click here** to book a slot or call (646) 741-4337.

If you're an organization already using Spektrix and would like to explore how you can take the insights from this report and make changes within your organization, please visit our Support Center where you can access our consultative support, contact us via **support@spektrix.com** or call (646) 569-9097 or 1-800-961-5971. All our consultative support is included at no extra cost.

For partners, press or sector questions please contact us at **hello@spektrix.com** to explore opportunities for utilizing the data.