

ARTS MARKETING

the Pocket Guide

by Dr Sharron Dickman

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Centre for Professional Development



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1st Floor, 35 Cotham Road, Kew, Vic, 3101

Tel: (03) 9205 0600 or 1800 036 186 Fax: (03) 9853 0342

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Centre for Professional Development (CPD) is one of Australia's leading business publishers of practical how-to information.

ABOUT THE AUTHOR

Dr Sharron Dickman is General Manager at Pathfinder Marketing and has extensive experience in public relations, marketing, research, and education. A Fellow of the Australian Institute of Travel and Tourism and the Australian Marketing Institute (AMI), she is a recipient of the AMI's Patron's Medal for services to marketing. She has lectured at Deakin University (Museum Studies and Arts and Entertainment Management), Melbourne University, James Cook University in Queensland, Glenormiston Agricultural College, and the Centre for Corporate and Industry Education at the Council of Adult Education.

Sharron's industry background includes experience in advertising and consumer research, first with J Walter Thompson Advertising and then as Marketing and Promotions Manager with Sovereign Hill Goldmining Township. Her publications include: *Tourism: An Introductory Text*, *The Marketing Mix: promoting museums, galleries and exhibitions* (published by the Museums Association of Australia) and *Promoting Small Tourism Businesses*. She is a member of the Victorian Arts Marketing Task Force.

FOREWORD

The Australia Council, through the Audience Development & Advocacy Division, is pleased to present *Arts Marketing: The Pocket Guide* to the arts community.

Arts Marketing: The Pocket Guide provides a starting point for those new to marketing, and can be read as a handy navigational tool on the road to successful arts marketing.

Arts Marketing: The Pocket Guide is designed to assist arts organisations and artists in determining and addressing their marketing needs at a fundamental level and will be complemented by additional marketing and audience development resources, produced as initiatives of the Audience Development & Advocacy Division. These will include a workbook titled *Marketing Strategies for Arts Organisations*, an audience research guide, a marketing planning guide, a study of arts marketing and audience development cases in regional Australia, and a set of Australian arts marketing case studies.

Marketing and audience development have been identified by many arts organisations as areas they would like to develop further, but for which they have limited resources. The range of initiatives being developed by the Council is designed to address this problem and help strengthen the operations of our arts organisations, wherever they may be and whatever artform they may work in.

Dr Margaret Seares
Chair
Australia Council

THE ROLE OF ARTS MARKETING



The Role of Marketing in Effective Arts Management

Today's arts administrator still needs aesthetic appreciation, enthusiasm, and commitment to their art, but this needs to be combined with practical business sense and, increasingly, an understanding of marketing, and the way in which effective marketing can enhance long-term success.

Marketing provides the framework to increase product offerings and to promote arts and entertainment through a wide range of activities. Through strategic marketing it is possible to heighten levels of satisfaction of current customers, and also reach new audiences.

Marketing Definition

Marketing is: the analysis, planning, implementation, and control of programs designed to increase visitor awareness and use of collections, facilities, and services in a way that will mutually benefit both the organisation and the visitor.

Although many people tend to use the terms marketing and promotion as if they were interchangeable, this is not the case. Promotion is, in fact, only one element of the total marketing concept.

Probably the most salient aspect of marketing is its recognition of the importance of the consumer. It focuses on the development of sound research strategies to obtain information about consumers' needs and wants, and enables organisations to identify market segments which are most likely to respond to their products and services. It also enables arts organisations to identify the most effective way to reach these target markets.



The Changing Context for Arts Marketing

Marketing in the arts was once such a sensitive topic that administrators were reluctant to even use the word, believing that it suggested 'selling out' artistic principles in favour of finding the lowest common denominator for dealing with the public. Part of the problem was based on a misunderstanding of the principles of marketing, and the way in which marketing can enhance the delivery of products and services.

The changing environment in which arts organisations operate has meant that more and more organisations are recognising the advantages of using marketing principles to assist them in making sound, practical decisions which ultimately give them even more scope for creativity and innovation.

The Impetus for Change

The impetus for change has come from many directions:

- ◆ Consumers
- ◆ Government
- ◆ Sponsors
- ◆ Competition.

Consumers

Faced with more options on how to spend their leisure time and discretionary income, consumers are more demanding and less loyal than ever before.

Government

At both federal and State levels, government remains a major supporter of the arts. However, most governments have implemented programs aimed at increasing the business skills of arts administrators, especially in the area of marketing. Governments have indicated that although they will continue to fund cultural and arts programs, they expect organisations to become financially more resourceful and more able to develop and maintain their own funding base, either through increased attendances or increased commercial sponsorships.

Sponsors

The downturn in the economy means that commercial sponsorship has become more difficult. Arts organisations have to present their sponsorship requests in terms of what they need — but also in terms of how the sponsorship will benefit the business making the contribution. The increased number and variety of sponsorship opportunities has made the environment more competitive, with increasing numbers of organisations pursuing ever smaller numbers of sponsors.

Competitors

Arts administrators agree the marketplace is becoming more competitive. The public can choose from a vast number of alternatives, not only in general terms (what shall we do? Sports? Music? Theatre? Cinema?) but also within artforms (Music — Local bands? Classical? Cabaret? Orchestral? Choral? Light opera? Pop concert?).

Organisations are developing a marketing orientation to meet these challenges and ensure they not only survive in a difficult environment, but grow and develop, and build a long-lasting base of loyal supporters.



Building Blocks for Marketing — the Six Ps

Marketing's building blocks have been traditionally referred to as the six Ps: product, place, price, processes, promotion, and people. These are defined as follows.

Product

The major facilities, goods, or services being offered. The product will vary depending on the organisation, for example:

- ◆ Art gallery — the permanent collection, education programs, catalogues, research services, any special blockbuster exhibits, books, merchandise, and souvenirs.
- ◆ Theatre — the season program, the timing of performances, the individual plays, the resident actors and special guest performers, the sets, the printed programs, and other merchandise.
- ◆ Festival — the theme, the major events, the combination and range of activities being offered, the calibre of performers, food, displays, entertainment, stalls, and merchandise.

Place

The venue at which the activity takes place. This includes the location, the facilities available, the parking, the comfort, and the size of the venue. Again, using specific examples, some of the elements of place include:

- ◆ Art Gallery — the location (city central, suburban, regional), the building, the size of the building, its architecture style, age, decor, level of maintenance, the amenities provided (air-conditioning, lifts, coffee shop, souvenir shop).

- ◆ Theatre — location, the building itself, the seating capacity, parking facilities, amenities (heating or air-conditioning, comfort of seating) maintenance, decor, condition of facilities, quality of sound, visibility of stage.
- ◆ Festival — location, access, parking (distance from venue, security, traffic management and control), distance between various venues or events, security and safety, maintenance and amenities (portable toilets, lost children area), quality of sound systems and visibility of stages, access to undercover areas in case of inclement weather.

Price

The prices charged for general entry, services, or facilities, or for any other elements of the product (such as printed programs, food and drinks, parking, or souvenirs). Pricing can be a major issue for consumers. Many organisations use pricing policies as a major part of their marketing strategy.

Processes

The procedures which are developed to provide information, tickets, etc. This includes box office procedures, the use of commercial external ticketing services, and the use of 1800 or 0055 numbers for information. Often a customer's experiences during the processing phase can affect their attitude towards the whole event.

Promotion

The way in which information is provided to the potential customers. It includes a wide range of options including advertising, direct selling, publicity stunts, public relations activities, and even the Internet. Sound market research can ensure cost-effective promotions which will reach their intended audiences with the right message at the right time.



People

People bring a facility to life. The friendliness of the box office assistant, the knowledge and courtesy of guides and gallery guards, and the way in which grounds staff handle complaints or lost children can create an even more lasting impression than the masterpieces on the gallery walls or the string quartet on the stage.

The Components of Marketing

Marketing includes a range of activities which can overlap with other aspects of management. Because marketing is based on a sound understanding of the product and the customer, it requires detailed research and data collection. Some of this information is of use to organisations in other management contexts.

Marketing centres around six key components:

- ◆ Research — gaining information about the business in terms of the six Ps, as well as information about visitors and non visitors and competitors.
- ◆ Analysis — identifying strengths and weaknesses, unique features and competitive advantages.
- ◆ Planning — both short-term and long-term strategic planning about the goals, mission, and objectives of the organisation.
- ◆ Promotions — the combination of paid advertising activities undertaken to increase awareness and interest in the organisation.
- ◆ Publicity and public relations — the variety of unpaid activities which are designed to increase credibility and support for the organisation.
- ◆ Staff and volunteer training — processes of recruitment and selection, induction and training for both paid staff and unpaid volunteers.

The first three elements have implications for marketing, but also for other aspects of management. Therefore research, analysis, and planning are often undertaken as part of a management team process rather than left exclusively to the marketing staff.

In smaller organisations this is usually no problem since tasks are divided among a very small team. In larger organisations, however, conflicts arising from different priorities and perceptions can occur.

The interrelationship between marketing and other activities is very strong. For example, decisions about art acquisitions, or the works to be presented in a concert series, will be of importance in marketing terms, and also relevant to curators, education officers, and performers. Decision-makers have to recognise the links.

Promotions, publicity, and public relations are all operational aspects of marketing. Although they are of immense interest to other staff, they tend to be handled by the marketing department.

Staff and volunteer training, critical to the success of an organisation, again overlaps several management areas, with input usually coming from human resource departments, marketing, and other administrative areas including curatorial, security, and education.



PLANNING MARKETING PROGRAMS



Planning Marketing Programs

Organisations that have adopted marketing as part of their philosophy also accept the need for detailed planning. Planning helps an organisation set priorities and plan activities in both the short- and long-term.

Strategic Planning

Strategic planning is usually divided into three distinct stages:

- ◆ analysis;
- ◆ strategy development; and
- ◆ implementation.

Analysis

Includes a review of the current situation, in terms of both the internal aspects of the organisation (size, budget, staff numbers, types of products offered, etc.) and the external operating context (including the policies and attitudes of governments, sponsors, and competitors).

Strategy development

The process for setting goals and objectives for an organisation. What new products or services could be introduced? What goals does the organisation have in terms of attendances, quality of performances, or income and expenses?

Implementation

Involves the identification of the specific ways in which goals will be achieved. What programs will be offered to increase perceptions of quality? What specific services will be introduced to increase revenue? How will the promotion budget be spent to ensure increases in attendances?



There are three key tools used in undertaking a detailed analysis of an organisation:

- ◆ the PEST analysis;
- ◆ the SWOT analysis;
- ◆ the facilities audit.

Understanding the External Context

Even though we may have no way of directly controlling external factors, they can still have a major influence on an organisation's activities and viability.

It is important to be aware of these external influences and take them into consideration when making planning decisions.

The external context is usually divided into two key areas:

- ◆ Macro-environment.
- ◆ Competitive environment.

To understand the macro-environment a technique called a PEST analysis is usually undertaken. PEST stands for:

- ◆ Political.
- ◆ Economic.
- ◆ Social.
- ◆ Technological.

Political context

Includes the potential impact of taxation, legislation (including import tariffs, fringe benefits tax, luxury taxes), the change of rules about charitable contributions or investment in film and television projects, duties paid on importation of books and CDs, and government policies on subsidising arts companies, grants to writers and artists, and overseas trade missions.

Government regulations have an impact at all levels, including State policies on development and planning schemes, local council ordinances on parking rules and fees, advertising, and zoning regulations.

Economic context

The economic climate can have a major influence on the arts. The amount of discretionary income people have will impact on how much they participate, and the amount that they are prepared to pay for admissions. Consumer and business confidence can also affect levels of sponsorship and contributions.

Social trends

Often linked to economic indicators, but there are also other factors such as fashions and trends which influence how people respond to arts marketing. If people are worried about their future or their jobs they are less likely to spend on 'big ticket' items such as overseas holidays or expensive home entertainment systems, but they may be more likely to attend community festivals, hire videos, and visit take away food outlets.



Technological trends

These have a major impact on planning. New technology means changing patterns for information collection (using the Internet rather than printed brochures). Technology can also change the way in which we operate. Examples include computer designed ticketing systems and the dramatically improved quality of home entertainment video and sound systems.

Often it is tempting to believe that because we are offering something unique we don't have competition. The competition for an opera might be other live music performances such as light opera or a choral group, but it might also be a video of 'The Three Tenors' which the consumer will borrow from a video library and watch at home.

Understanding the Internal Context

One of the most commonly used planning tools in Australia today, the SWOT analysis, is popular with arts administrators because it is simple, straightforward, and can be very valuable, even for administrators without a strong business background.

SWOT stands for:

- ◆ Strengths
- ◆ Weaknesses
- ◆ Opportunities
- ◆ Threats.

A SWOT analysis is a method of looking objectively at an organisation and assessing its good and bad points, and finding ways of maximising strengths and minimising weaknesses.

The strengths of an organisation might include its location, the depth, quality, and rarity of its collection, the skills and qualifications of staff members, or the high level of support for a community festival.

Weaknesses are the problems which the organisation faces, and might include such things as obsolete equipment, lack of storage, and ageing volunteers with fewer young people participating.

Opportunities include actions which arise from either strengths or weaknesses, such as offering special daytime lectures for older visitors, utilising the knowledge and expertise of staff, or developing a youth program which will increase the number of younger volunteers.

Threats are the potential risks the organisation faces if it fails to capitalise on its strengths or redress its weaknesses, or recognise external factors which may have an impact. This could include having to reduce the season because of unreliable equipment, or having key staff poached by other organisations that offer them more recognition or research opportunities.

The format for a SWOT analysis usually involves as many staff, volunteers, and Board or Committee members as possible, and even a cross-section of customers if feasible. Usually each participant works alone, for about 10 minutes, listing as many items as possible under each of the four headings.

Then the group compares, comments on, and discusses the results. Often the results are very different, with some people seeing something as a strength when someone else has identified it as a weakness.

Undertaking a Facilities Audit

An important part of the planning process is an analysis of the organisation. This is usually done through a facilities audit. A facilities audit includes an objective evaluation of: premises, collections or products, visitor data, personnel, promotions, financial position, and the identification of what it is that makes your festival, gallery, or arts company unique.



A facilities audit should be presented as a written report, consisting of several paragraphs for each of the following topics.

Premises

- ◆ Location:
 - site, address, and position (central city, suburban, etc.);
 - proximity of other attractions or facilities;
 - access to public transport;
 - access to parking;
 - ambience and security.
- ◆ Buildings:
 - age;
 - architecture style;
 - condition and maintenance;
 - facilities and services (e.g. restaurants, shops).
- ◆ Surroundings:
 - landscaping;
 - walkways and pathways;
 - other attractions, amenities, and facilities.

Collections and/or Products and Services

- ◆ Types of offerings:
 - major offerings (e.g. Asian Art, contemporary craft, light opera, chamber music);
 - additional programs (e.g. children's music appreciation, painting and drawing programs, secondary school lectures).

- ◆ Quality:
 - breadth, depth, and rarity of collection, programs, etc.;
 - quality of interpretation or programming;
 - ability and qualifications of staff and volunteers.

Visitor data

- ◆ Visitor numbers:
 - overall attendance;
 - attendance at various programs or events;
 - seasonality;
 - frequency;
 - breakdown of visitor types (e.g. students, tourists, families, researchers, etc.);
 - demographic data on visitors;
 - sociographic data on visitors.
- ◆ Visitor satisfaction levels:
 - things most liked about visit;
 - things disliked about visit;
 - intention to revisit.

Personnel

- ◆ Paid staff:
 - qualifications and training;
 - length of service;
 - interests and career goals.



- ◆ Volunteers:
 - training;
 - frequency of service;
 - skills and types of participation;
 - length of service as a volunteer.
- ◆ Board or Committee members:
 - level of experience and expertise;
 - length of service;
 - business and industry connections;
 - level of commitment and attendance at events;
 - overall contribution to organisation.

Promotions

- ◆ Media mix:
 - media used;
 - frequency;
 - creative campaigns used;
 - budget;
 - evaluation methods used.
- ◆ Publicity and public relations:
 - types of campaigns;
 - frequency;
 - budget;
 - evaluation methods used.

- ◆ Merchandising and souvenirs:
 - range;
 - sources;
 - prices (purchase and mark-up);
 - shop or display systems used;
 - advertising and promotion;
 - evaluation methods used.

Financial position

- ◆ Sources and amounts of funding:
 - recurrent;
 - capital works and maintenance;
 - special projects.
- ◆ Funding shortfalls:
 - identified gaps;
 - required amounts.
- ◆ Stability of funding.

Uniqueness

Identification of the elements which make the organisation unique in comparison with other arts organisations. What are the key factors which make it different, better, unique, or special.



DETERMINING CONSUMER NEEDS AND IDENTIFYING MARKETS



Analysing the Market

One of the key fundamentals of the development of marketing focus is the importance of understanding consumers and their needs and desires. To develop effective marketing strategies we need to understand how people feel about the arts, and about specific arts and entertainment products and services. We also need to understand consumers' interests, motivations, fears, and aspirations.

Understanding Consumer Needs

Consumer behaviour is the study of what people want, how they make decisions, what factors influence those decisions, and how they evaluate their satisfaction with products and services. It also provides an opportunity to identify areas of unmet demand and the potential for new or improved products and services.

The study of consumer behaviour is interesting because of the unique individuality of each consumer. No two people are exactly alike. They have different needs, interests, goals, and fears. They respond differently to advertisements, and to products.

Consumer behaviour is based on needs satisfaction and decision making.

Maslow's Hierarchy of Needs

Needs can be classified in a variety of ways. One of the most popular theories on consumer behaviour was developed by A.H. Maslow. His theory was that because people have so many needs, they give order to them and satisfy those that are most important first.

In order of importance, Maslow classified them as:

- ◆ physiological needs — food, shelter, warmth;
- ◆ safety needs — freedom from pain, security;



- ◆ love and belongingness needs — the general desire for acceptance;
- ◆ esteem needs — to have prestige and the respect of others;
- ◆ self actualisation — to continue to develop one's self.

Most of the activities of arts and entertainment organisations are centred around the three highest levels: love and belongingness (e.g. popular festivals, ethnic celebrations); esteem needs (e.g. reserved seating at the theatre); self-actualisation (e.g. guided tours of blockbuster exhibitions).

Consumer Decision Making

Consumer decision making involves four stages:

- ◆ **Identification of a need** ('I've had a stressful week. I want to go out on Saturday night').
- ◆ **Gathering information on alternatives** ('I can visit friends, go to the pub, go into the city, visit a local cinema, go out for dinner, or go to the theatre').
- ◆ **Assessing alternatives** ('I'd like to be with other people, so I'll see what my friends are doing, and if they are going to a cinema or pub I'll go with them').
- ◆ **Making and implementing the decision** ('I've called John and Sally, they want to see the new release film at the cinema centre. We will all meet there at 7 pm').

As the above examples indicate, decision making can be affected by others and group decision making can mean that members of the group compromise on final outcomes. Financial considerations may also affect decisions.

Market Segmentation

Given the complexity and uniqueness of individuals, it might seem difficult, if not impossible, to group them into categories. However, broad classifications are possible, and the identification of market segments is an important part of marketing strategy.

Approaches to consumers can take a variety of forms:

- ◆ Mass marketing.
- ◆ Differentiated marketing.
- ◆ Target marketing.
- ◆ Niche marketing.

Mass marketing

Trying to appeal to the widest cross-section of the population with the least number of products.

Differentiated marketing

Developing several products which appeal to a wide range of the public. For example, a community orchestra may plan two concert programs, one of classical music and one of popular music, hoping that most people will be attracted to either one or the other.

Target marketing

Identifies sub-groups within a large market and develops products to meet those needs. For example, the cinema complex may plan a school holiday program which includes afternoon showings of new release children's films, Disney classics, and children's adventure films. They may even include special entertainment such as on-stage appearances of Disney characters.



Niche marketing

Like target marketing, niche marketing aims at specific markets, however it is more focused, and aimed at smaller, more specific population groups.

Most organisations recognise the importance of segmenting markets and identifying who their customers are. In its simplest form, many organisations design an annual program to include a balance of mass, target, and niche markets.

Identifying Target and Niche Markets

There are a number of ways to define markets. Perhaps the most common are:

- ◆ Geographic.
- ◆ Demographic.
- ◆ Psychographic.
- ◆ Behavioural.

Geographic

Geographic segmentation means dividing the market into different geographical units such as States, regions, cities, or suburbs. For example, a suburban cinema complex may attract customers from within a particular radius of the centre, but rarely receive visitors from outside the community.

Demographic

Demographic segmentation consists of dividing the market into groups on the basis of demographic variables such as age, sex, family size, education levels, ethnic origin, income, or occupation.

Age distribution, for example, can be used to decide whether a school holiday program aimed at very young children (aged 6–8) will be more popular than one aimed at older children (aged 10–12). Information on the number of children in various age brackets, where they live, and the income of families will assist in estimating potential attendance numbers.

Psychographic

Psychographic segmentation provides insights into the social class, personal values, stage in family life cycle, and attitudes of consumers. In Australia one of the most commonly used classification systems for psychographic research is the Roy Morgan/Ogilvy & Mather Values Segments. The values segments are commonly used in major research in the arts and entertainment and tourism industries.

There are 10 values segments which identify how groups of Australians think. Based on a series of carefully worded questions, each segment provides an insight into a 'mind set' describing individuals' perceptions of themselves. Psychographics link people by how they 'see the world' and how they live their lives.

Behavioural segmentation relates specifically to the patterns of behaviour of target groups in relation to specific products. For example, frequency of attending arts events and attitudes towards various artforms.

The 10 segments are:

**1. Basic Needs
(4% of the population)**

Refers to the pattern of responses from people who hold traditional views of life, enjoy passive activities, and are fairly satisfied with their life. These people are generally retired, pensioners, widowers, and people with low incomes.

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- 2. A Fairer Deal (5% of the population)** Refers to people who are relatively dissatisfied with their lives and includes the highest level of unskilled workers. They are pessimistic, cynical, and insecure. They think everyone else has all the fun and they miss out. Anger, disillusionment, and often hostility to authority lead to a desire to fight back against the system.
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- 3. Conventional Family Life (12% of the population)** Life revolves around the home and giving children the life opportunities they deserve. They place a high value on time with family and friends. They strive for financial security and see making money as a way to improve their lifestyle and make things more secure for their children.
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- 4. Traditional Family Life (19% of the population)** These are the over-50 'empty nesters'. They retain a strong commitment to family roles and values and are interested in their extended family and grandchildren. Life centres around home, garden, and traditional activities and they are very cautious about new things and ideas.
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- 5. Look at Me (13% of the population)** Young, active, and unsophisticated, they are self-centred, peer driven, and looking for fun and freedom away from the family. They seek an exciting, prosperous life, and are primarily unmarried with no children to worry about. They are fashion and trend conscious, and are active socially. They are not interested in causes and political activity, but take their sport and leisure very seriously.
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- 6. Something Better (8% of the population)** Probably well-educated, they have a responsible job, feel confident, ambitious, and see themselves as progressive. They want all the good things of life and are prepared to overextend themselves financially to have things now rather than wait until later.
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- 7. Real Conservatives (7% of the population)** They view themselves as conservative in most things. They are asset rich, but income poor; they are interested in security, tradition, and stability. They hold conservative social, religious, moral, and ethical views.
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- 8. Young Optimists (8% of the population)** They are generally optimistic about the future and most likely to view themselves as middle to upper-middle class. They are today's students, computer technologists, and young professionals. They are focused on building their career, travelling overseas, and setting up their own flat.
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- 9. Visible Achievers (16% of the population)** Generally over 30 years of age they enjoy above average incomes, want personal recognition of their success, and are interested in gathering about them all the visible signs of achievement. They believe they are in control of their lives and they take an interest in public affairs and politics. They have a strong focus on themselves and their family's needs and desires.
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10. Socially Aware (10% of the population)

Socially responsible, community-minded people, they are likely to be involved in community activities, environmental and conservation groups, and believe they are progressive and open-minded. They are early-adopters of products and ideas, and they take a global view of the world and political issues.

Arts research indicates that the groups of most interest to arts and entertainment organisations are:

4. Traditional Family Life.
5. Look at Me.
8. Young Optimists.
9. Visible Achievers.
10. Socially Aware.

Information on populations can be obtained from a variety of sources, including the Australia Council, the Australian Bureau of Statistics, and State and Territory arts authorities. A major research project on arts audiences has been undertaken by Arts 21 in Victoria, and information is available on consumers in terms of general attendance and by specific artforms.

Market Research

Managers have responsibility for planning, organising, directing, controlling, and staffing an organisation. All these tasks require decision making. The best decision making takes place when the manager has accurate, timely, and adequate information upon which to base the required decision. Research is the means for obtaining the information needed for decision making.

Market research can be defined as:

The planned, systematic, and organised acquisition of and analysis of objective data for the purposes of improving the marketing management's decision making process.

The key elements of that definition are that the research should be planned, systematic, objective, and usable in decision making. Sometimes the process of data collection can be so interesting that it is hard to know when to stop.

Research can be undertaken on virtually every aspect of the marketing mix, your own organisation, and the competition, as well as on consumers (both users and non users).

Applications for Marketing Research

- ◆ Research on consumers:
 - identifying existing consumers;
 - identifying potential consumers;
 - identifying lapsed consumers;
 - developing detailed consumer profiles;
 - identifying changes in attitudes and behaviour patterns.
- ◆ Research on products and services:
 - measuring attitudes towards existing products or services;
 - identifying potential new products or services;
 - identifying products which may be at the end of their life cycle;
 - evaluating competitors' products;
 - evaluating consumer attitudes towards presentation and packaging.



- ◆ Research on pricing:
 - identifying attitudes towards prices;
 - identifying costs;
 - testing alternative pricing strategies.
- ◆ Research on place:
 - identifying attitudes towards location;
 - identifying demand for products or services at other locations;
 - identifying co-operative opportunities for distribution of information or services.
- ◆ Research on promotion:
 - testing and comparing different media options;
 - testing alternative messages;
 - measuring advertising and promotion effectiveness.
- ◆ Research on competition:
 - measuring awareness;
 - identifying key competitors and their strengths;
 - identifying frequency of use of competitors' products and services;
 - comparing consumer attitudes to an organisation's services and those of competitors.

Identifying the Problem

For most organisations the starting point is to define the problem, then identify possible sources of data or information which will assist in solving the problem, for example, published research reports or studies done by other arts institutions.

The types of issues commonly of interest in arts and entertainment organisations includes strategies to:

- ◆ improve facilities;
- ◆ improve profitability;
- ◆ improve customer service;
- ◆ better understand visitors and non visitors;
- ◆ seek funding; and
- ◆ increase the effectiveness of promotions.

Improve facilities

Define problems and set strategies before major commitments are made to change facilities, or add to or expand current services, such as souvenir outlets, food and beverage facilities, or valet or discount parking.

Improve profitability

Identify profit targets and ways to reach them before making decisions to alter admission or fee structures, or before putting out to private tender services such as laundry, maintenance and cleaning, or food services.

Improve customer service

Analyse customer feedback surveys before changing hours of operation, front of house staff numbers or responsibilities, or the way in which tickets or reservations are handled.



Better understand visitors and non visitors

Identify customers, how often they come, what they like and dislike about the facilities or services, what services they use, when they visit, how they travel, and whether they come alone or with others.

Seek funding

Sponsors are taking a more businesslike approach to giving money. They require more detailed information on who the customers are, and exactly what benefits they will derive from sponsorship. Accurate data will enable an organisation to present more convincing arguments for sponsorship and grants.

Increase the effectiveness of promotions

Measure the effectiveness of promotions, what promotional material customers have seen, what they remember, whether or not they liked the messages, and if the promotional material affected their purchase decisions.

Secondary Market Research

Secondary data is information which is already available. It includes information collected internally, such as sales figures, attendance figures, details on the types of tickets sold (adult, children, family, groups, concessions, etc.). It also includes information from government reports, such as data collection by the Australian Bureau of Statistics, the Department of Tourism, and the Australia Council.

Other sources of information include copies of conference papers, speeches, reports to regulatory or funding bodies, annual reports, reports from trade or professional associations, articles, and even advertisements which have appeared in newspapers, magazines, trade papers, and newsletters. Student research projects and theses or dissertations are also available through university libraries.

One of the major sources of secondary data these days is the Internet. Although it can be time consuming to search through literally thousands of articles, the information available is impressive.

Primary Market Research

Primary research refers to any information you collect yourself to solve a specific problem. It can be informal or formal. At the most informal level it means walking around your facility, talking to staff or visitors, watching what they do, or talking to guides and volunteers. At the more formal level it means undertaking a major research study.

Types of research include:

- ◆ Telephone interviews.
- ◆ Postal surveys.
- ◆ Focus groups.
- ◆ Personal interviews.
- ◆ Omnibus surveys.

Telephone interviews

A quick and cost-effective way to obtain information from customers. A sample of customers is contacted by telephone and asked a set series of questions. It is useful for obtaining straightforward information, for example:

- ◆ Have you been to the theatre this year?
- ◆ When did you go last?
- ◆ What did you see?
- ◆ Did anyone else accompany you?
- ◆ How far in advance did you book your tickets?
- ◆ What did you enjoy most about the performance?



Generally, the interviews have to be short (not more than 4–5 minutes) or people will lose interest. The questions must be clear, concise, and easy to understand.

You can obtain names from subscription lists, or from information provided in competitions, through visitors or guest books, from membership information in Friends or Volunteer groups, or through lists of donors, school groups, or other groups who have booked tours, education programs, or other special activities.

If you are interviewing business people at their place of work (e.g. asking questions about attitudes towards sponsorship), it is best to send a letter beforehand, outlining the purpose of the survey and offering to make an appointment at a suitable time.

Postal surveys

The two major differences between telephone and postal surveys are the time involved and the response rate. Telephone surveys provide almost immediate responses, and usually, if the questionnaire is well designed and brief, the response rate is good.

Postal surveys are delivered to customers via the post. They take much longer because of the time required to send out and return the surveys.

But probably the biggest problem is the low response rate (often as little as 5–15%). Sometimes companies include an incentive — such as a prize draw (which takes away anonymity) — to increase response rates. This low response rate means that a large sample has to be used to get even a small response.

The questionnaire must be simple, easy to understand, and not look too complicated or long; otherwise you may receive a lot of incomplete responses.

One effective way of using a postal survey is to hand out questionnaires to visitors or customers while they are at your venue, along with a reply paid envelope.

Focus groups

Focus groups are one of the most popular forms of research used by arts and entertainment organisations.

A focus group is composed of a small number of people (ideally 6–9) invited to discuss a particular topic, usually under the guidance of a group facilitator.

The discussion usually lasts between one and one-and-a-half hours. Focus groups are used to generate discussion and get people's opinions and feelings rather than just to get facts and figures.

Focus groups are usually recorded, and the facilitator has a list of topics to be covered, although not in questionnaire format. It is best to have an experienced, professionally trained researcher undertake the facilitation. Recruiting groups also requires care — if not enough people turn up then it may be hard to maintain any dialogue. If the facilitator isn't skilled, one or two people may dominate, or the discussion may go off on the wrong track.

Participants are usually not paid, although a small gift (cinema pass, showbags, etc.) and refreshments are generally provided.

Although not statistically representative, focus groups selected from target or niche markets can provide valuable insights and ideas for arts and entertainment administrators.



Personal interviews

Personal interviews are perhaps the most time consuming, resource intensive — and therefore expensive — forms of research. Personal interviews are one-to-one interviews between customers and an interviewer, working through a prepared list of topics.

Interviews are pre-arranged and provide an opportunity for respondents to discuss the topic in some depth. Personal interviews are used when talking to key players (e.g. sponsors or government agencies).

Omnibus surveys

Omnibus surveys provide a cost-effective method of researching several topics at the same time. The same survey includes questions from a number of different companies or organisations, common demographic information is collected, and each participating organisation receives a copy of the results of their part of the survey. Omnibus surveys can be carried out as telephone surveys, postal surveys, or one-on-one interviews. The advantage is the cost savings related to shared costs for printing, interviewing, coding, and results analysis.

A number of research organisations carry out regular surveys of the public and organisations can 'buy' questions for the survey.

While omnibus surveys can be cost-effective, it is important to know where in the survey your questions will be placed, what other types of organisations are asking questions on the same survey, and how long the total questionnaire will take the respondent to complete.

Budgeting for Research Projects

Research can be an expensive element of a marketing budget depending on the type of research required. When setting priorities and budgets the steps to follow are:

- ◆ list all the projects that could be undertaken;
- ◆ estimate the costs of each project;
- ◆ estimate the likely benefits to the organisation of each project, especially if the results can act as a benchmark for future comparisons;
- ◆ compare the costs to benefits;
- ◆ decide which projects will produce the most benefit;
- ◆ set priorities depending on the research budget.

It may not be possible to undertake every project in just one year. Planning and setting priorities will help develop a long-term marketing research program with strategic benefits.

Using an external market research consultant

You can find the name of market research companies in the Yellow Pages or through professional magazines such as *Marketing* and *Professional Marketing*.

Companies should be members of the Market Research Society and follow their Code of Conduct.



Assessing a market research company

The best way to select a research company is to talk to others who have carried out research and ask for recommendations. If you have seen research published by other organisations you can also follow-up with the company involved in the project. A member of your staff may have previously been involved in research, or your Board or Committee members may have recommendations. In assessing a market research company you should consider:

- ◆ Their areas of expertise: consumer, industrial, or commercial research.
- ◆ Their experience in the arts and entertainment industry.
- ◆ The type of research they specialise in — surveys, focus groups, statistical analysis, etc.
- ◆ The scope of their services — local, national, international.
- ◆ The way they report results — just data results, or analysis as well as data.

There is an old saying in research that the final results are only as good as the original briefing. When working with a research company it is important that you are very clear about what you are trying to achieve. It is important to put your agreement in writing.

WRITING AN EFFECTIVE MARKETING PLAN



Marketing Plans

A marketing plan may be written as an independent document, or marketing may be a separate section of an overall corporate business plan. Because some marketing objectives will be derived from broad corporate objectives (e.g. increased sales, better quality products, and customer service) it is important to:

- ◆ Review your organisation's strategic business plan to see which objectives have marketing implications.
- ◆ Ascertain that goals or objectives identified by the marketing group are in line with the overall corporate plan.
- ◆ Look at financial objectives to see how marketing activities will contribute to corporate goals.
- ◆ Identify any areas of potential conflict or overlap which will require input from other management sectors.

Your marketing plan should be in writing. In smaller organisations it does not need to be a lengthy document, but it is important that it helps the management, staff, and volunteers understand what the organisation is trying to achieve.

Informal Planning Processes

Sometimes the jargon used in business documents can be intimidating to people without a strong business background. The best way to approach the task of writing a marketing plan is to ask three simple questions:

- ◆ Where are we now?
- ◆ Where do we want to go?
- ◆ How do we get there from here?



Where Are We Now?

This is the starting point. Include your mission statement, the SWOT and PEST analysis, the facilities audit, information on competition, and any information available on consumers.

Where Do We Want To Go?

What would you like to achieve in the short-term (6–12 months) and what are your long-term goals (3–5 years). It could be a written description or bullet points and will usually mention:

- ◆ attendance numbers;
- ◆ sponsorship;
- ◆ income and profitability;
- ◆ profile/visibility;
- ◆ reputation.

It is important to be precise — use numbers rather than vague descriptions. Increase visitor numbers by 15 per cent is more useful than saying increase visitor numbers significantly.

How Do We Get There From Here?

This is the action plan which will enable you to achieve the goals which have been set. It is not enough to talk in generalities at this point. Increase visitor numbers by 15 per cent is a goal. The way it will be achieved now needs to be spelled out in detail.

These three questions are the essence of marketing planning. For planning and discussion purposes they may be enough to work with. However, if a business or marketing plan has to be presented to a potential sponsor, a funding authority, or a government department, this informal approach will not have the appropriate professional tone.

Formal Planning Processes

Although the concept is the same, a formal marketing plan will usually use different language. The marketing plan should be divided into segments:

- ◆ Situation analysis (Where are we now?):
 - mission;
 - environment analysis;
 - market sector analysis;
 - current performance.
- ◆ Marketing objectives (Where do we want to go?):
 - short-term (1–2 years);
 - long-term (3–5 years and beyond).
- ◆ Action plan (How do we get there from here?):
 - strategies;
 - research;
 - activities:
 - a. product and services actions;
 - b. pricing issues;
 - c. sales strategy;
 - d. promotion activities;
 - timing;
 - budgets;
 - staff responsibilities.
- ◆ Review and assessment.

By working through this structure you will be able to develop a comprehensive, integrated marketing plan.



Implementing Marketing Plans

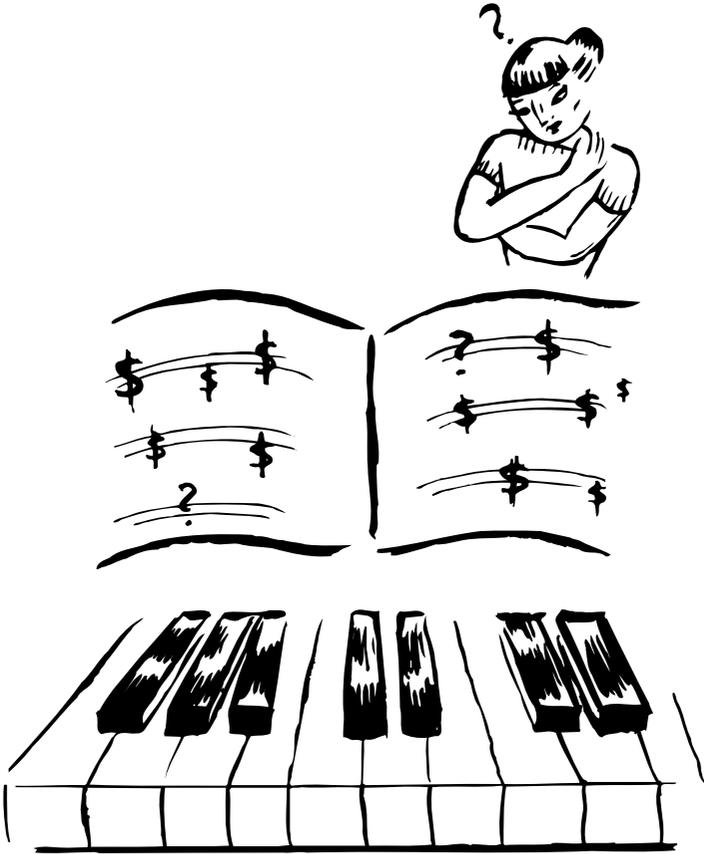
Writing a marketing plan is not enough. The major problem with formal planning processes is that too often, once they are completed the report is filed away and not referred to again until next year, when the planning process begins again, and the document is used as the base for the following year's report.

Because the marketing plan has specific goals and objectives, it is important to monitor activity regularly to ensure the objectives are being met — or that corrective action can be taken to improve the situation.

The marketing plan includes information on timing, staff responsibilities, and budgets. These should be reviewed regularly in individual and team meetings. Staff should report on their activities, and at a regular interval, calendars should be checked to ensure target dates have been met. Budgets need to be monitored on a monthly basis to ensure there are no cost overruns, and also to ensure that money allocated for specific projects is being drawn and that the project has actually begun.

5

ANALYSING AND PRICING YOUR CORE PRODUCT OR SERVICE



Analysing the Product

Most arts and entertainment organisations' products are a combination of tangible and intangible elements. The product includes the building, the services provided, and of course the core product.

Products are usually divided into core and augmented products.

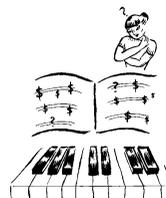
- ◆ Core products are directly related to the mission and objectives of the organisation. The core product of a cinema is the films it shows. The core product for a festival is the event program.
- ◆ Core products can be further divided, with some products standing out as flagship components of the core product. Flagship components are key products, with a high level of visibility, or things which are 'expected' by visitors. In the case of a film it could be the superb quality sound system.
- ◆ Augmented products are the extras which are provided. For example, the quality of food and beverages at the festival or the souvenirs for sale. Although augmented products are secondary, they are very important, and often the key factors which influence a person's decision about which event to attend.

The visitors' satisfaction level with a venue or its services may be dependent on both core activities and augmented activities.

Services as a Product

Services are an integral part of the arts and entertainment industry. The key characteristics of services are:

- ◆ Services are intangible — services are usually made up of information, ideas, or presentations, rather than concrete items. A lecture may include printed notes, but the key element is the information and the way in which it is delivered.



- ◆ Service is inseparable from the provider — the presenter of the lecture is a key element in the enjoyment of the program. A theatre production is the result of the performances of the actors, and the way they work together.
- ◆ Service is variable in its characteristics — a person attending a lecture does not know in advance just how good the lecture will be. Even if they have heard the lecturer before, or attended other lecture programs at the same venue, there is always an element of the unknown.
- ◆ They are perishable — Although we can put unsold merchandise away from one night to the next, a seat in the theatre which is unsold on Monday, cannot be sold twice on Tuesday. Another performance must be scheduled to fill the seat again.
- ◆ Services are influenced by the customer — many arts and entertainment services are affected by some degree of customer involvement. Successful street theatre depends on the ability of the busker to involve the audience. A guide taking a school group through a museum will react differently depending on the age, behaviour, and interest of the group.

The product mix is critical to the viability and growth of an organisation. The introduction of new products of services, reviews of products, and a clear understanding of which elements are flagship items and which might be replaceable is important.

Pricing the Product

Consumers face a range of options for how they spend their time and money. To reach decisions they analyse options in terms of a cost-benefit analysis. This may be done quickly, or sometimes with detailed research and analysis.

Organisations face similar situations. There may be several new exhibitions, ideas, or programs, all of which are within the scope of an organisation's mission and objectives. Deciding which to choose may include a review of the costs of production as well as the anticipated return.

Setting the price for an art or entertainment activity can be difficult. Because money spent on the arts is, in most cases, discretionary income, and the choices are considerable, it is important to understand consumer motivations, the competition and its pricing structure, and the bottom line costs of putting on an activity or event.

There are three commonly used systems for establishing price structures:

- ◆ cost-based pricing;
- ◆ demand-based pricing;
- ◆ competition-based pricing.

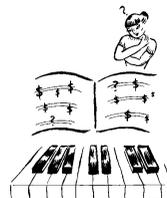
Cost-based Pricing

Based on the principle that an organisation should recover all, or a reasonable amount of, the costs of providing goods and services.

The organisation may seek to recover the costs of putting on an event, or it may seek to make enough on the event to cover the operating costs and a certain percentage of recurrent expenditure, or even contribute a profit.

On the other hand, it is possible that because of its mission or objective it may offer prices below costs and seek subsidisation from other sources, or review costs on an annual rather than a project basis.

While one event is profitable, it may in fact, subsidise another less profitable event. As long as costs are met overall, then the organisation has achieved its goals.



Demand-based Pricing

Based on the level of demand, rather than on the cost of providing goods and services. Sometimes working solely on the basis of cost can actually disadvantage an organisation. The product may have considerable value to the potential consumer who is, in fact, prepared to pay a far higher price than simply the recovery costs of producing it.

Demand-based pricing follows the premise that products should be priced to reflect their perceived value. When the customer rates the product highly the price can exceed the production costs.

Competition-based Pricing

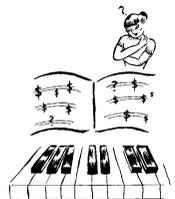
Competition-based pricing, as the name implies, is influenced by the activities of competitors. If there are a lot of competitors (as in the cinema industry) it is likely that prices will be comparable from site to site. If, however, the offering is unique (Michael Jackson in Concert or The Three Tenors) then final pricing decisions will not necessarily hinge on what others are charging.

Budgeting for Marketing

There are five ways of setting a marketing budget:

- ◆ Affordable method — the budget is set based on the amount of money the organisation believes it can afford to spend on marketing. The amount may vary from year to year, and depends on other priorities.
- ◆ Percentage-of-sales method — commonly used by larger non profit organisations and profit-making companies. Usually identifies the marketing budget as a percentage of total sales. In the arts and entertainment business this figure is usually somewhere between three and seven per cent of sales. In some areas, such as theatre and cinema, it may be higher.

- ◆ Competitive-based methods — based on matching, or using slightly more or slightly less than the amount of money spent by competitors. In this case the marketing budget is usually centred around promotion costs. The reasoning behind it is that the organisation monitors the spending of competitors and ensures it budgets a similar amount.
- ◆ Objective-and-task method — requires staff to define all the tasks which need to be done during the budget period, and cost them. The budget is then set to meet these needs.
- ◆ Response-optimisation method — forecasts the likely behaviour of the market in response to various possible marketing activities and chooses which will bring the highest return to the organisation.



COMMUNICATING WITH THE MARKETPLACE



Communications Objectives

Setting communications objectives involves two components: deciding what to say and identifying the audience for the message.

The message may be any number of things, such as information about the organisation, an announcement of upcoming activities, or requests for funding or sponsorships.

Once it is established what needs to be said, it can be determined who should receive the message. Audiences can include:

- ◆ consumers (the general public or specific target markets);
- ◆ suppliers and distributors;
- ◆ government departments and authorities;
- ◆ the media;
- ◆ directors and board members;
- ◆ staff and volunteers;
- ◆ sponsors or donors;
- ◆ special interest groups;
- ◆ the competition.

Although there may be the same message for each group, the amount of information provided, or the specific detail, may vary depending on the target group.

Major media, especially radio and television, make provision for community service announcements which are available to non-profit organisations. In addition, some commercial organisations (advertising agencies, public relations specialists) will provide staff assistance and cover basic costs for public service oriented campaigns, although the number of people involved will vary with the size and type of organisation.



Advertising Media

Promotion can take many forms, including paid advertising, unpaid promotions (publicity and public relations), and direct marketing.

The advantages of paid advertising relate to the degree of control the organisation has. Paid advertising gives advertisers the right to select the exact media which will be used, the precise message to be delivered, and to specify the time, location, number of repetitions, and distribution of the advertisement.

Newspaper advertisements provide the organisation with full control over the material in the ad — its length, the exact wording and illustrations used, the day of the week in which it will appear, the number of times it will be run and, for an additional fee, the page and position of the ad.

In radio and television the advertiser has complete control over the script, the setting, the actors, and all elements of the production of the advertisement, as well as which radio or television stations it will be broadcast on, what days, what time, and the frequency of the broadcasts.

However, this control comes at a price. Publicity and public relations are 'free' activities but there is no guarantee whether an item or news story will even be run, much less exactly what will be said.

Paid advertising media include:

- ◆ Print media:
 - newspapers (national, major daily papers, weekend and Sunday papers, regional and community papers);
 - magazines (national and local — general and special interest);
 - trade journals and papers;
 - association publications;

- special interest publications (magazines or newspapers for specific hobbies, etc.);
- guidebooks and catalogues.
- ◆ Broadcast media:
 - radio;
 - television;
 - Internet (discussed in Chapter 9 — Direct Marketing).
- ◆ Display advertising:
 - posters (on site or at other locations);
 - billboards (inside or outside, on site or at other locations);
 - information displays (airport or tourist centre signs, etc.).

Evaluating Media

Media selection depends very much on the message and the target market. Major daily and weekend newspapers, radio, and television are mass media communication channels. They are an effective method for reaching large segments of the population.

Of particular interest is the number of listeners, readers, or viewers, and the cost of reaching them (which is usually expressed in cost per thousand — the cost of the advertising divided by the number of viewers).

Newspapers

There are three main categories of newspapers — national, metropolitan, and suburban. National newspapers include publications such as *The Australian* and *The Australian Financial Review*. Metropolitan newspapers include *The Age*, the *Sydney Morning Herald*, and the *Brisbane Courier Mail*. Suburban newspapers, often called community newspapers, are distributed (usually free) within suburban communities.



Newspaper advertising has several advantages:

- ◆ It is immediate.
- ◆ It is wide-reaching.
- ◆ It is non intrusive.
- ◆ It is measurable.
- ◆ It can be very cost-effective.

There are also disadvantages in using newspaper advertising:

- ◆ It dates very quickly — nothing is as old as yesterday's newspapers.
- ◆ It is a very competitive environment.
- ◆ Potential wastage — not every reader will necessarily be a potential customer.

Magazines/Trade Journals/Specialist Publications

Magazines and trade papers have the advantage of being able to reach very specific markets — stamp collectors, computer buffs, cooking and gardening enthusiasts, home renovators... the list is endless. Australians are noted for having the world's highest per capita readership of magazines.

Trade publications are also valuable in reaching specific target markets. Although some trade publications can be found in newsagents, many are posted directly to association or industry members.

Advantages of magazine advertising:

- ◆ Selective reach — it is possible to define and reach specific market segments.
- ◆ Cost-effective.
- ◆ High level of readership per copy.

- ◆ High retention rate — magazines are often saved and referred to more than once.
- ◆ High quality reproduction.

The main disadvantages of magazine advertising are:

- ◆ Long lead time — many magazines are published monthly or quarterly, so advertising and articles are required well in advance, and information has to be valid for a considerable time.
- ◆ Overlap — there are many competing publications in the marketplace. Choosing the best one can be difficult, but advertising in them all can be very expensive.
- ◆ A very competitive environment — it is easy for a small or unimaginative ad to be lost.

Guidebooks and Catalogues

Many organisations produce guidebooks and catalogues, such as tourist information guidebooks, annual catalogues, or calendars of events. Some, especially tourist information guides and calendars of events, have particular relevance for arts and entertainment organisations.

Some tourist publications only permit association members to advertise, and advertisements can be expensive, but co-operative opportunities exist and are worth considering.

Many commercial guidebooks approach arts or entertainment organisations selling advertising space. It can often be very difficult to determine the value of such advertising.

Questions to ask and issues to consider:

- ◆ What is the circulation of the publication?
- ◆ Is it sold or distributed free of charge? If free of charge, how many copies are distributed, when and where?



- ◆ Ask to see a copy of previous publications. What is the quality like?
- ◆ Follow-up with advertisers in previous publications. Did they get responses? Would they use it again?
- ◆ How does the price compare with other similar publications?
- ◆ Ask if the newspaper will run a feature story on your organisation, as well the advertisement.

Television

There are two types of television in the marketplace today — free-to-air television and cable or satellite pay-to-view television. For many small arts organisations television advertising (other than through community service announcements) is not a viable financial option.

However, larger organisations will consider television if they have a major special event or activity coming up which can justify costly exposure in a mass communication medium. It is not a cost-effective way to reach small, specialist niche markets.

The advantages of television:

- ◆ Can be fairly selective — television stations can provide research data on viewership which will profile viewers of specific programs.
- ◆ Immediate response — it is possible to measure the response via the use of telephone enquiries and to receive almost instant responses to advertising.
- ◆ High impact — it is a very effective way of creating a memorable and lasting image.
- ◆ Delivers prestige or credibility — research has shown that television advertising can increase a perception of credibility for an advertiser.

The disadvantages of television advertising:

- ◆ Cost and effectiveness — because television is a mass communication media it is expensive, and there is likely to be a significant amount of ‘wastage’.
- ◆ High production costs.
- ◆ Need for repetition — a general rule is that an advertisement must be run a minimum of seven times before it has any impact.

Radio

When television became popular there were many pundits who predicted the end of radio.

But radio is still popular. Morning and afternoon drive-time programs draw hundreds of thousands of listeners, and radio is still the preferred source of information for fast-breaking news and for emergencies.

There are national and local advertising opportunities, through networks, and there are many community stations as well as ethnic and special interest stations (news, sport, etc.).

The advantages of radio are:

- ◆ Low production costs — it is easy, and good creative ads are truly memorable.
- ◆ Short lead time — ads can be produced and put to air very quickly.
- ◆ It is cost-effective.



Disadvantages of radio advertising:

- ◆ Potential wastage — again, like other forms of mass communication, a lot of people not interested in your service or product will also hear your message.
- ◆ Short life — radios are often on while other things are happening — people are driving, doing housework, preparing or eating meals, etc. Your message may be lost.

Display Advertising

One of the most popular forms of advertising in the arts and entertainment industry is display advertising — using posters, handbills, billboards, on-site displays (in community centres, shopping centres, etc.). The posters may even become collectors items or souvenirs.

Display advertising is cost-effective and highly visible. You can use volunteers or staff to hand out flyers, put signs in shop windows, and set up displays at shopping centres.

Remember:

- ◆ Approval may be required — for distributing information in public places, open spaces, in shopping centres, and in government owned buildings or facilities such as airports and train stations.
- ◆ Environmental consideration is important — over enthusiastic volunteers can create problems with litter, or putting up posters in prohibited places.

Information on the Media

The most comprehensive source of information on the media in Australia is *Margaret Gee's Australian Media Guide*. Updated quarterly, and available on subscription, it covers all Australian newspapers, magazines, newsletters, radio and television stations, including multicultural organisations and overseas press representatives.

HOW ADVERTISING AND PROMOTION CAN BENEFIT YOUR ORGANISATION



Creating Advertisements

Different advertising media offer different creative opportunities, which will also influence the final product. Although some organisations are happy to prepare their ads in-house, most benefit from the assistance of a trained professional.

Advertising agencies provide a full range of services, including basic market research, the creative development of ads, an effective range of media for ads, and negotiation with the media. Some agencies will undertake a certain amount of community service advertising, or agree to sponsor an organisation and provide in-kind sponsorship in terms of ad creation or production.

Local newspapers and radio and television stations may also assist with the production of advertisements.

Placing Advertisements

You can either book advertisements directly with the media or through an advertising agency. Local print and broadcast media are quite happy to deal directly with advertisers. Larger organisations may require bookings to come through an agency (agencies are often able to negotiate better prices). A telephone call to the advertising department will provide the necessary information.

You will need to put everything in writing and be specific about:

- ◆ Print:
 - the name of the publication;
 - the date(s) you want the ad to appear;
 - the size of the ad;
 - the exact format and wording;



- whether colour is to be used;
 - the location of the ad (where on the page, in what particular section, etc.);
 - restate the price you have been quoted to confirm it is correct.
- ◆ Broadcast:
- the name of the station;
 - the specific program(s) in which the ad is to appear;
 - the date(s) you want the ad to appear;
 - the length of the ad;
 - the exact format and wording;
 - restate the price you have been quoted to confirm it is correct.

Publicity and Promotions

Publicity is defined as:

news or information about an organisation, including its products and services, that is published on behalf of the organisation, but is not paid for by them.

Although it is not paid for, publicity is certainly not free. Time and effort and cost may be involved in organising publicity activities — and there is no guarantee that they will result in good coverage in the media.

However, the coverage which results from a well-executed publicity story can bring an organisation a level of exposure they could never afford at commercial advertising rates.

What Makes Publicity Unique

Although the public may be sceptical of advertising, publicity often seems more like news. The same individuals who make it a point to refuse to read or watch advertisements will watch a news item about the arrival of a new animal at the zoo or a 'documentary' about the making of the latest Hollywood special effects film.

The things that make publicity unique are:

- ◆ Editors, program managers, or producers have control over the publicity item. They decide whether or not to use it, when, and in what context.
- ◆ Editors and producers can decide to use all, none, or part of a publicity release. Once you give the media release or story to the media to use at their discretion, you lose control over the final product.
- ◆ Publicity has a much higher level of public credibility than other forms of promotion.
- ◆ Publicity often picks up the authority and prestige of the media vehicle in which it appears.
- ◆ Publicity may reach and influence people who are inaccessible through other promotional activities. Sponsorship decision-makers and celebrities who would probably not notice advertisements may take note of a publicity item.
- ◆ A review will carry more weight with some people than an advertisement. Unfortunately a negative review may well have a negative impact.



- ◆ Publicity costs are small when compared with the amount of possible return. An organisation with a limited promotion budget can make publicity a significant part of the strategic planning.

Types of Publicity

Publicity includes a variety of activities designed to raise the visibility of an organisation. As a general rule these activities are oriented toward the media, so they can be incorporated into programs and publication.

The three most common forms of publicity are:

- ◆ news releases;
- ◆ feature articles;
- ◆ photographs.

Writing a news release or a feature story means you have to identify something about your organisation that is interesting or newsworthy.

- ◆ Is anything timely taking place, such as a new exhibition or the opening of the season?
- ◆ Is there anything taking place with a 'local' angle, such as a visiting expert or the arrival of new products from overseas?
- ◆ Is anything taking place which would be of interest to a particular audience? For example, an exhibition on Antarctica would appeal to anyone who ever visited or worked there.
- ◆ Is there any aspect of your operation which would be of special interest to people? For example, staff with interesting qualifications or background?

There are professional public relations companies who can organise publicity, but the charges for their services often put them beyond the reach of small organisations. It is important to assess how much publicity your organisation can manage. You need to assess the resources you can realistically allocate to publicity activities in terms of:

- ◆ human resources;
- ◆ time; and
- ◆ budget.

Many small organisations or non profit groups have limited numbers of staff and volunteers. Diverting them from core activities to work on publicity may not be in the best long-term interest of the organisation, and may conflict with their commitment or motivation in working for the organisation. On the other hand, most volunteers enjoy the prospect of working with the media, and enjoy meeting celebrities. Many of them will be prepared to put extra effort into these types of publicity activities.

Public Relations

Generally speaking, key publics can be divided into two broad categories:

- ◆ internal public — staff, volunteers, Board and Committee members.
- ◆ external publics:
 - consumers (the target markets for our products);
 - suppliers and distributors;
 - government departments and authorities;
 - the media;
 - sponsors and donors;
 - special interest groups;
 - local community/neighbourhood.

The attitudes of these groups can be measured in various ways — including formal research and informal contact with opinion leaders or key individuals from each group. Then specific public relations objectives can be set for each segment of the public.

Internal Public Relations Programs

Dissatisfied staff can successfully undermine even the most expensive advertising and promotions campaigns. If they do not feel valued by the organisation they only do the minimum necessary to avoid being terminated — or even worse, they won't be overly concerned about the provision of quality customer service.

Volunteers may start out with a high level of enthusiasm, but if they feel taken advantage of, or that the organisation is mismanaged, they soon lose that initial enthusiasm. They may do more than just drop out, they may feel strongly enough to air their grievances publicly.

Board members, similarly, may become disenchanted with an organisation and leave. If they express their concerns to others, word may soon travel through business circles with an impact on both the ability of the organisation to recruit appropriate board members, and also a negative impact on sponsorship, funding grants, or other support.

Some internal public relations opportunities are:

- ◆ newsletters or house journals;
- ◆ special reports and briefing papers for staff;
- ◆ visits to the facility for employees' families;
- ◆ notice boards and posters;
- ◆ induction programs;
- ◆ regularly scheduled meetings and seminars — full staff gatherings, departmental or small group meetings;
- ◆ suggestion boxes;



- ◆ business development programs — for new ideas, products, etc.;
- ◆ production of company videos;
- ◆ awards programs for employees;
- ◆ public information circulated to staff;
- ◆ social clubs;
- ◆ special events (annual dinners, etc.).

External Public Relations Programs

External public relations programs focus on a variety of external organisations, including government departments, the media, suppliers and distributors, sponsors and donors, special interest groups, and the local community in which the organisation is located.

The types of activities which can be undertaken to reach external publics include the use of:

- ◆ **Written material** — media releases, articles, feature stories, publications, annual reports, catalogues, general newsletters, magazines, direct mail letters, and circulars.
- ◆ **Audio-visual and electronic material** — films, Internet Home page programs, audio and video cassettes, prerecorded information on telephone numbers, and such things as helplines and special information lines set up for blockbuster events, etc.
- ◆ **Interviews and speeches** — involvement of staff and volunteers in conferences and conventions, presenting scholarly papers, being interviewed on radio and television, speaking at school careers nights, or at Rotary, Lions, or Red Cross meetings.

- ◆ **Public service announcements** — as noted previously not-for-profit organisations can make use of public service announcements on television and radio to promote their organisations and special projects or events.
- ◆ **Events** — planning and staging events is always a popular way of reaching various publics. The more original the event, the more likely it will receive coverage.

Handling a Crisis

Sooner or later, something is bound to go wrong. And when it does, it is important to react calmly, professionally, and quickly. A public relations crisis can be something which will generate public sympathy and concern — a fire or flood, for example. Or it could be something which will damage the organisation's standing, such as a scandal, theft, or serious accident.

It is important to train senior management and board members to deal with the media in the event of a crisis.

The rules for handling an emergency are broad, but simple:

- ◆ Don't try to run away — Pretending that nothing has happened, refusing to take phone calls, or trying to evade the media will just make the situation worse.
- ◆ Be helpful — It is also important to at least 'appear' helpful. Don't stonewall. The media is investigating potential news — that's their job. Don't comment until you have all the facts.
- ◆ Don't respond to third person situations or hypotheticals — Never, never respond to third person situations — for example, *we have heard that someone has reported to the police that something has been removed from your gallery*. Also avoid answering hypotheticals, such as *If the censor is approached and does decide the film was not classified appropriately, would you consider cancelling the screening?*



- ◆ Answer truthfully — Although it may not always be the easiest approach, it is important to tell the truth. Lying, hedging the facts, or deliberately misleading the press will not work. A determined reporter will discover the ruse and then may put a more negative ‘spin’ on the story than is really necessary.
- ◆ Stay calm!!! — At least put on the appearance of staying calm. Your apparent composure may help those around you stay in control of themselves.

USING AND HANDLING THE MEDIA



Working with the Media

There are a number of rules to follow if you want to develop a sound working relationship with the media.

- ◆ Study the media in advance. Don't contact producers of a television or radio program without first having seen or heard at least one show. Not knowing basic things about the program (who the host is, who the major sponsors are, the types of stories presented, etc.) is really quite insulting to the producer.
- ◆ Find out if the program is produced live-to-air or filmed in advance. Some programs, such as holiday shows and home and gardening shows are produced months in advance.
- ◆ Programs can't always guarantee when they will actually put material to air. If they have invested time and money in coming to do a story then it will probably run — sometime. You can ask, by all means, and if it doesn't appear when they said, you can check to see what's happening. But don't keep calling every day.
- ◆ Television — in particular — can be time consuming, frustrating, and exasperating. It can take many hours to shoot something that will end up being less than two or three minutes of television time. It requires setting up lights, sound equipment, doing rehearsals, waiting for on-camera celebrities, and doing re-take after re-take.
- ◆ It may be tempting to go away and 'leave them to it'. Don't! Stay with them, be cheerful and helpful, provide coffee for the crew, and keep an eye on everything that is happening.



- ◆ Let the crew know if you have ‘things’ which can add visual appeal (a particularly attractive or unusual location, animals, artefacts, etc.) or which will add colour to a broadcast.
- ◆ Brief everyone about upcoming media publicity. Tell staff when the media are expected, and make certain that the frontline staff — guards, receptionist, and admissions staff — are informed. Tell them what will be happening and approximately how long you think it will take.
- ◆ Bring along extra copies of your news release, etc. Always assume that someone will have mislaid the information. Having extra copies of your material will ensure the media get the names, dates, and details right.
- ◆ Try not to be overwhelmed by celebrities. Meeting on-air hosts and reporters can be quite exciting for staff, but try not to appear too star struck.
- ◆ Look after the crew. Thank everyone for their help, especially the behind-the-scenes people, producers, panel operators, camera and sound crew, etc. They can make or break the way you look and sound. Remember to look after them as well as the on-air celebrities.
- ◆ Make your own arrangements for tapes, copies, etc. It is unprofessional to ask the media people to provide you with a video of the program, etc. That’s your job.
- ◆ Accept the fact that the media can be abrupt, sometimes rude, often disorganised, and frequently late. They can agree to come, and then ring at the last minute to cancel. But that’s the way it is. You still have to be polite. Remember, they have something you want — access to your target markets!!!

Evaluating Effectiveness

The most common way is to keep track of the articles, television, and radio coverage.

The usual practice is to use one or two press clipping services. They employ people to clip all types of printed publicity from newspapers, consumer magazines, business publications, and trade papers.

Clippings are sent to the clients on a regular basis. Clipping services can not only keep track of your publicity, but they can send you copies of publicity received by your competitors as well. Then you can calculate the dollar cost of the media space you have received based on the number of articles, their size, etc.

There are also services which will monitor radio and television broadcasts for you, but they are quite expensive. If you do find out that something has appeared on radio or television and you missed it, these commercial organisations usually keep copies of most media broadcasts for a set period of time, and you can purchase copies from their 'library'.

How to Write a Media Release

Although there are no hard and fast rules about writing media releases there are some guidelines which should be followed to give your media release the best chance of being used.

The major complaints from journalists about media releases from arts and entertainment organisations are that they are not professionally presented, they are too long, and they do not come to the point quickly enough.



Format

- ◆ Keep the text short — ideally one side of a single A4 page of letterhead. Material should be typed and one-and-a-half line spaced. Use generous margins on either side of the text (a minimum of 2 cm — editors like to write in the margin!). Do not include fancy computer graphics, etc. to decorate your printed page.
- ◆ Head the page — MEDIA RELEASE (not press release).
- ◆ Below the media release make it clear when the information can be used. Write 'For Immediate Release' or 'Embargoed Until ...' [date and time].
- ◆ Provide a heading which identifies the subject matter of your media release. Do not spend a lot of time writing a catchy 'headline'. Headlines in media stories are written by sub-editors who rarely use the headline you've worked so hard to create.
- ◆ Supply information which will assist the journalist. If photos are to be included send colour transparencies, clearly labelled. If the event is visual, and you can genuinely offer several minutes of good visual coverage, let television journalists know what is on offer and when filming can be arranged.
- ◆ At the end of the release include the name and telephone number of a contact person and a summary of the relevant details (dates, time, cost, etc.)

Style

- ◆ Use clear, accessible everyday language, suitable to the readers or viewers you are targeting. Technical or highly academic descriptions may sound boring or confusing.
- ◆ Avoid long sentences. Complicated sentence construction is a problem when the information is being read over the radio or television. A sentence which carries on for 10 or more lines looks confusing in newsprint.
- ◆ Use quotes from relevant people when possible.

Content

- ◆ The first paragraph is the most important part of the media release and should include key information. An old journalist's trick is to remember the five Ws:
 - Who?
 - What?
 - When?
 - Where?
 - Why?... and... if it's relevant... How?
- ◆ Find an 'angle' in your story — something particularly newsworthy about your festival, event, or exhibition that will attract a journalist's interest. Is it the first? The biggest? The oldest? The richest?
- ◆ Use the main part of the text for more detailed discussion of the information provided in the first paragraphs. Be sure to mention sponsors particularly if doing so is part of your sponsorship agreement.
- ◆ Use the pyramid approach. Always assume that the editor will cut your story. So, make certain the most important information comes first, then the next most interesting detail, followed by other information. Don't save the best for last — it might never be picked up!

Timing and Delivery

- ◆ Think about who in the media might be particularly interested in your exhibition. Follow the rules of etiquette and send information to the Chief of Staff, but you can also send information to specific journalists if you have a working relationship with them.
- ◆ Pay strict attention to deadlines and facsimile releases if necessary.



- ◆ Always follow up with a phone call (prior to the event) to ensure that the release has been received and be prepared to answer questions.
- ◆ Check and re-check everything for accuracy. Be especially vigilant in terms of the spelling of names, people's titles, and dates and times.
- ◆ Send your release to both on-air presenters and producers.

Media Conferences and Interviews

Organising a media conference or interview is a quick and efficient way to brief the media. It is particularly worthwhile when something has happened which is likely to generate interest, for example:

- ◆ a major event or announcement;
- ◆ a crisis of some sort;
- ◆ a controversial or newsworthy event;
- ◆ release of a government report which affects your organisation;
- ◆ a celebrity, overseas expert, or other noteworthy individual who is available.

Planning the media conference will require attention to the following:

- ◆ Notification — generally notices are sent out at least 24 hours in advance outlining the venue, time, subject, spokesperson, and what additional information, photo opportunities, interview opportunities, etc. will be available. A contact name is included. These are usually followed up by a telephone call as a reminder and to check on intended attendance.
- ◆ Timing — provide at least 24 hours notice. Late morning or early afternoon is best, particularly if you want coverage on the prime time television news broadcasts.
- ◆ Location — at your own location if you are centrally located; otherwise in a central spot with easy parking and access for the media (who may be carrying television cameras and sound equipment).

- ◆ Format — the format is fairly standard — journalists are greeted by the PR, marketing person, or CEO. A press release or media release is distributed. The spokesperson is introduced and delivers the message. Usually there is then time for questions, but sometimes only a statement is made.
- ◆ Room layout — should be large enough to allow for setting up lighting, seating for journalists, display space if required, space to set up a table, or whatever else is needed for the speaker and presentation.



DIRECT MARKETING



Direct Marketing

Direct marketing refers to any form of marketing communication that takes place directly between the organisation and the potential customer. Direct mail has been popular for a long time. Telephone marketing is a growing element of direct marketing. The Internet is one of the fastest growing forms of direct marketing, with both domestic and international potential.

Direct marketing also includes sales promotion — the use of samples, competitions, coupons and information handed out at shopping centres, train stations or airports, or included with other purchases, and catalogue selling.

It includes:

- ◆ direct mail;
- ◆ telephone sales (telemarketing);
- ◆ the Internet;
- ◆ on-site promotions.

Direct Mail

The use of direct mail is becoming increasingly popular in the arts and entertainment industry. Mailing lists can be developed from an organisation's own customer or visitor information. Mailing can also be done through commercial mailing houses, which can target specific groups such as members of professional associations (architects, doctors, accountants, etc.).

Some organisations work co-operatively with others, when they feel there is a good membership 'match' and their products are not in competition with one another.



Direct mail can be an extremely effective way to reach a target audience.

- ◆ It goes to the person directly.
- ◆ It can be very cost-effective.
- ◆ It is especially useful for communicating with existing or lapsed customers.
- ◆ It can be valuable if you want to reach your target market to tell them about new services or products, give them news, or seek support.

Direct marketing has serious drawbacks if it is not done correctly. The major problem is the accuracy and usefulness of the mailing list. If you advertise your ballet production in a newspaper, targeting adult males interested in physical fitness, your ad may or may not reach the people you intended. But there is also the chance others will see it, (someone looking for a gift for a male relative, or children who show the ad to someone in the target market). Even though your message didn't reach your intended target directly, you may still benefit.

However, if you post an item of direct mail to a person who is not in the target market, they are not going to recommend you contact someone else and pass along another address or telephone number. You have completely wasted your money.

For effective direct mail:

- ◆ Locate the target market you have identified — there is no room for error. This means putting together your own contact list or purchasing one from a commercial mailing list house. Prices vary depending on the type of list you want.
- ◆ Ensure the accuracy of the contact list — correct names, titles, and addresses — and it must be up-to-date. Sending mail to someone who has relocated, changed jobs, or died is not only a waste of money, but it could have negative feedback.

- ◆ Make certain the mailing stands out — through design or the quality of the offer — otherwise it may be discarded without even being opened.
- ◆ Build in a response method — a telephone number to ring, a coupon to return, an order form to complete. It is no use stimulating interest or enthusiasm and then making it difficult for the recipient to actually respond.
- ◆ Reply quickly to direct mail responses and enquiries. It sounds obvious, but it is a real problem in Australia. It's a complete waste of money to set up a direct mail campaign and then not follow-up when people respond.

Telemarketing

Telemarketing, as its name implies, is based on using the telephone to achieve sales objectives. There are two types of telemarketing:

- ◆ Inbound — the organisation provides a Free Call line, recorded information lines to provide information, or a 0055 number for orders or competitions (can be part of a direct mail response system). A telephone response system makes it easy and convenient for people to respond. It can also be used for customer service contact and information.
- ◆ Outbound — the organisation makes contact via telephone to reach target markets with specific messages. Telemarketing can be used to follow-up sales leads (e.g. people who have indicated interest in a festival event or a subscription to a concert series) or to sell direct to potential customers.

Although organisations can and do undertake their own telemarketing programs, both inbound and outbound telemarketing can be subcontracted to professional organisations which specialise in telemarketing. These organisations generally provide highly sophisticated equipment, trained staff, and have experience in designing effective telemarketing programs.



Although direct marketing can be effective, there has been some resistance to outbound telemarketing, which is sometimes criticised for being intrusive or an invasion of privacy. The Australian Direct Marketing Association has issued a standard practice for telemarketing which provides guidelines on issues such as privacy, identification, and dealing with clients.

The Internet

One of the fastest growing areas of direct marketing is the Internet.

The arts, leisure, and tourism industry is one of the biggest suppliers of information to the Internet. Banking was the major area of commerce on the Internet in the mid-1990s, but it is estimated that travel and leisure will overtake it before the year 2000.

Galleries, museums, arts and entertainment venues, theatre groups, and festivals list their programs or exhibitions, hours, and special events on their site. Museums and galleries have Web sites which offer 'virtual' tours of the gallery, providing information on artists and illustrations of works in the collection.

There are search engines and browsing tools to help you locate relevant sites and information on the World Wide Web. The Internet makes it possible for even small organisations to make their product known internationally and to reach niche markets which might otherwise have been impossible to contact.

Although many organisations have set up their own Home page, smaller organisations lacking the technology expertise may find it useful to begin by working through others. Contact local tourism associations, arts councils, or local government to see what information is already being listed about your community, and how your organisation can be involved.

HOW TO INCORPORATE A MERCHANDISING PROGRAM INTO YOUR ORGANISATION



Merchandising

Merchandising has become big business for many arts and entertainment organisations. Even those who, several years ago, assumed that merchandising was exclusively the realm of the cinema, Disney, and Hollywood now accept that merchandising can make a major contribution to the bottom line of an organisation.

Merchandising not only provides a source of revenue, it also meets the visitors' need to have a permanent reminder of a visit. This is especially important for children, tourists, and visitors to special exhibitions. There needs to be a range of merchandise, at various prices, which reflects the image, theme, and quality of the organisation.

Shops in museums and art galleries have been established for a long time, but it is only in the last few years that other organisations such as orchestras and the opera have discovered that people will buy not only souvenir programs, but also coffee mugs, jewellery, T-shirts, scarves, tapes, and CDs as mementos.

Merchandising is a form of retailing and requires specialised skill. The selection, pricing, and display of merchandise will all affect the bottom line success of merchandising. When it works well it can provide a big profit base for an organisation. When it fails the organisation can be left with expensive stock which cannot be sold to recoup costs.

Most organisations rely on advice or assistance from retailing professionals, and often sublease their shops, or use temporary staff for special exhibitions.

Visits to other shops, and discussions with similar organisations will provide information on reliable suppliers and those who accept small orders, as well as recommendations on what to stock.



Some of the most common merchandise items for arts and entertainment organisations are:

- ◆ bookmarks;
- ◆ books;
- ◆ calendars;
- ◆ CDs, tapes, CD-ROM games;
- ◆ clothing — T-shirts, socks, jumpers, windcheaters, scarves, hats, caps;
- ◆ diaries;
- ◆ food (chocolates, boiled lollies, herbs, spices);
- ◆ framed prints;
- ◆ jewellery;
- ◆ jigsaw puzzles;
- ◆ key rings;
- ◆ mugs, glasses, china, pottery, crystal;
- ◆ paperweights;
- ◆ pens, pencils, rubbers, rulers;
- ◆ placemats;
- ◆ postcards;
- ◆ prints and photographs;
- ◆ posters;
- ◆ souvenir teaspoons;
- ◆ stationery;
- ◆ stuffed toys;
- ◆ table mats;
- ◆ tea towels;
- ◆ toys.

RELATIONSHIP MARKETING



Relationship Marketing

Research proves that it is far more efficient to develop an ongoing relationship with customers than to constantly have to seek new customers. The importance of repeat business in the arts and entertainment sector cannot be overemphasised.

A loyal base of customers who regularly attend exhibitions, or purchase subscription tickets to see a number of plays or concerts, makes it easier to plan and to predict sales.

It is also cheaper to service an existing clientele than to develop and run advertising campaigns to attract new audiences.

Customer Loyalty Programs

Many arts organisations are developing 'loyalty marketing' programs for customers, seeking to build an ongoing relationship through direct contact. Loyalty programs include memberships (Friends or Supporters groups) which offer special discounts, admissions, etc.

Perhaps the most common form of customer loyalty program in the arts industry is the subscription program.

Subscription programs can offer a variety of benefits to consumers:

- ◆ Priority booking for popular programs.
- ◆ Discounted prices for multiple bookings.
- ◆ Free souvenir programs as part of the ticket price.
- ◆ Preferred seating.
- ◆ Special performances not available to the general public.
- ◆ Access to privileges such as lectures, opportunities to meet performers, etc.



- ◆ Special motor vehicle parking arrangements.
- ◆ Pre- or post-event activities, such as coffee, cocktails, etc.
- ◆ Special areas such as meeting rooms or private lounges.
- ◆ Co-operative promotions with other organisations (theatres, galleries, restaurants, etc.).

Loyalty programs don't just benefit the consumer, of course. They provide advantages for the organisation as well, including:

- ◆ a sound base for estimating attendances;
- ◆ revenue in advance of functions or activities;
- ◆ raised awareness of the breadth of program offerings;
- ◆ secure customer loyalty in a competitive market;
- ◆ increased levels of contact with customers;
- ◆ a database of information on subscribers' interests;
- ◆ an opportunity for the company to experiment with works which might not be commercially viable on a program-by-program basis (subscribers are more likely to attend at least one new, untried, or experimental work, which they might not have otherwise been prepared to experience).