Marketing, audience, income

Cees Langeveld
Objectives
Objectives

- Maximizing cultural value
- Maximizing audience
- Within the constraint of financial possibilities
Opportunities

- Product
  - Primary product
  - Ancillary services
- Price policy
- Audience
Product
Characteristics product

- Supply side
  - Kind of arts
  - Place
  - Image
  - Ancillary services
  - Product development
Product differentiation

Varying a product so a different price may be requested. In the theater, for example, a ticket including a separate cloakroom and personal service in the break. Possibly a meet and greet with the soloists or stars, cancellation possibilities, a program booklet, valet parking, dinner and reception.
Product differentiation


prices: 2.25 – 7 euro
Communication
Old media

- Advertisements printed
- Commercials
- Free publicity
- Signing
New media

- Twitter, facebook, etc.
- New, few research
- Social groups
- Share, don't sell
- Make friends, not clients
Traditional and new marketing communication

Traditional
- Product groups
- Target groups
- Old media

New
- 1 to 1 approach
- Personas
- New media
<table>
<thead>
<tr>
<th>Personas example</th>
<th>Betty (passant)</th>
<th>Linda (regular)</th>
<th>John (lover)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit: 1-2 per year</td>
<td>Visit: 3-5 per year</td>
<td>Visit: 6 per year</td>
<td>Visit: 6 per year</td>
</tr>
<tr>
<td>Turnover: 45%</td>
<td>Turnover: 16%</td>
<td>Turnover: 26%</td>
<td>Turnover: 26%</td>
</tr>
<tr>
<td>Retention: 20%</td>
<td>Retention: 60%</td>
<td>Retention: 80%</td>
<td>Retention: 80%</td>
</tr>
<tr>
<td>Genre: entertainment</td>
<td>Genre: everything</td>
<td>Genre: fine arts, some entertainment</td>
<td>Genre: fine arts, some entertainment</td>
</tr>
<tr>
<td>Loyalty: no</td>
<td>Loyalty: medium</td>
<td>Loyalty: high</td>
<td>Loyalty: high</td>
</tr>
<tr>
<td>Incidental buyer</td>
<td>Subscriber + incidental</td>
<td>Subscriber</td>
<td>Subscriber</td>
</tr>
<tr>
<td>Circa 32 year</td>
<td>Circa 55 year</td>
<td>Circa 55 year</td>
<td>Circa 55 year</td>
</tr>
<tr>
<td>Female</td>
<td>Female</td>
<td>Female</td>
<td>Female</td>
</tr>
<tr>
<td>Social media: yes</td>
<td>Social media: yes</td>
<td>Social media: yes</td>
<td>Social media: yes</td>
</tr>
<tr>
<td>Discount: can, not necessary</td>
<td>Discount: sensitive</td>
<td>Discount: not necessary</td>
<td>Discount: not necessary</td>
</tr>
<tr>
<td>Likes advice</td>
<td>Sensitive for persuasion</td>
<td>Likes service, courses, information</td>
<td>Likes service, courses, information</td>
</tr>
<tr>
<td></td>
<td>Sensitive for substitutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Doesn’t need advice</td>
<td></td>
<td>Doesn’t need advice</td>
</tr>
</tbody>
</table>
Audience

1. Audience broadening: attracting greater numbers of traditional visitors
2. Audience deepening: intensifying engagement with current visitors
3. Audience diversifying: attracting new groups of consumers
1. Audience broadening: attracting greater numbers of traditional visitors
Aspects involved from the demand side

- Needs/utility
- Price sensitivity
- Education
- Motivation
- Loyalty
- Income
- Size population
- Scatter
2. Audience deepening: intensifying engagement with current visitors
Customer loyalty

- Social media
- Show appreciation
- Loyalty programs
- Customer panel
- Newsletters

De Rooij (2013): incidental visitors decide for performance, frequent visitors decide because of distance
Motivation

- Intrinsical and extrinsical motivation
- Intrinsical: the reason to visit performing arts is the artistic content of the performance.
- Extrinsical: the reason to visit performing arts is related to social reasons like to spend a night with friends (Bouder-Pailier, 1999).
## Motivation

<table>
<thead>
<tr>
<th>Cat 1</th>
<th>Cat 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enjoy attending performing arts</td>
<td>Very strong theater lovers</td>
</tr>
<tr>
<td>Influenced by media, friends</td>
<td>Know what to visit</td>
</tr>
<tr>
<td>Go for intellectual enrichment</td>
<td>Go for the piece</td>
</tr>
<tr>
<td>Want to meet other people</td>
<td>Do not want to meet other people</td>
</tr>
<tr>
<td>Want to be identified as theater lover</td>
<td>Want to be identified as theater lover</td>
</tr>
</tbody>
</table>
3a. Audience diversifying: attracting new groups of consumers in existing areas
New audience entertainment

- combination of different media: harry potter, disney: book, film, entertainment park orlando, musical, cd, magazine
- publicity: looking for Maria, developing of stars
- make stars of your actresses and actors
- retail: outlet supermarkets, gaz stations
New audience pop music

- Distribute the music
- Radio, internet, tv (mtv), festivals
- Former days concerts to promote cd's, nowadays music to promote concerts
New audience fine arts

- difficult
- use existent audience as ambassador
- education, develop taste, courses, lectures

Raging reporters, ambassadors, ‘look at dance’, help with buying tickets, internet course

- friendly ticket prices for youngsters
- trigger people to try other genres
- follow your visitors
3b. Audience diversifying: attracting new groups of consumers in new areas
- Difficult
- Time intensive
- Find key figures (ethical groups)
- Look for their means of communication
- Commit them
Pricing methods

- Value based
- Production costs +
Traditional pricing policy

- Experience
- History
- Marketresearch
- 'fingerspitzengefühl'
- Product/quality/exclusiveness
- Attractiveness
Methods of pricing

- Discount
- Price differentiation
- Price discrimination
- Product differentiation and premium prices
- Non-price rationing
- Dynamic pricing
- Psychological prices
- Early bird prices
- All-in prices
- Subscriptions

- Free tickets
- Day of the week
- Time of the day
- Newcomers discount
- Last-minute tickets
- Pay what you want
- Exit prices
- Auction
- Joined purchasing
- Under pricing
Research on price differentiation

- Price differentiation leads to higher income
- Price differentiation leads to more visitors
- Price differentiation leads to different visitors


Price discrimination (3 levels): calculating a different price for the same service or product. This may be:

1) to an individual (negotiate the price of a car),
2) giving volume discounts
3) charging lower prices to children, students or seniors.
Dynamic pricing

- Prices go up with increasing scarcity
- Prices go up with increasing necessity
- Relatively small variance in prices in the performing arts
Dynamic Pricing
<table>
<thead>
<tr>
<th>determinant</th>
<th>Influence on willingness to pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popularity genre</td>
<td>+</td>
</tr>
<tr>
<td>Size production</td>
<td>+</td>
</tr>
<tr>
<td>International reputation</td>
<td>+</td>
</tr>
<tr>
<td>Degree of renewal</td>
<td>+</td>
</tr>
<tr>
<td>Decor, visual effects</td>
<td>+</td>
</tr>
<tr>
<td>Scarcity</td>
<td>+</td>
</tr>
<tr>
<td>Durance of performance</td>
<td>+</td>
</tr>
<tr>
<td>In house production</td>
<td>+</td>
</tr>
<tr>
<td>Well known/relation to artist</td>
<td>+</td>
</tr>
<tr>
<td>Well known producer</td>
<td>+</td>
</tr>
<tr>
<td>Well known director, playwright, composer</td>
<td>+</td>
</tr>
<tr>
<td>Image theater</td>
<td>+</td>
</tr>
<tr>
<td>Price differentiation</td>
<td>+</td>
</tr>
<tr>
<td>Capacity theater</td>
<td>+</td>
</tr>
<tr>
<td>Location theater</td>
<td>+</td>
</tr>
<tr>
<td>Private/subsidised theater</td>
<td>+</td>
</tr>
<tr>
<td>Quantity of free publicity</td>
<td>+</td>
</tr>
<tr>
<td>Tv programmes/critics/brochures</td>
<td>+</td>
</tr>
<tr>
<td>Price discrimination</td>
<td>Price differentiation</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Price reduction for:</td>
<td>Ranks</td>
</tr>
<tr>
<td>Students</td>
<td>Time: early bird</td>
</tr>
<tr>
<td>Elderly</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td></td>
</tr>
<tr>
<td>Groups</td>
<td></td>
</tr>
<tr>
<td>Own employees</td>
<td></td>
</tr>
</tbody>
</table>
Van Westendorp Price Sensitivity Model

Reference price

• Own experience (internal reference price)
  • Previous purchase
  • High frequency, go for the arts, no experience with substitution goods, price sensible
• Memory related
Continuation

• External experience (external reference price)
  • Price other brands
  • Substitution goods
  • Advertised prices
  • Stimulus related
  • Low frequency, like to go out, compare substitution goods, not price sensible
<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Example</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segments</td>
<td>Age, family, groups, loyal customers, private persons, companies, sponsors</td>
<td>Price discrimination</td>
</tr>
<tr>
<td>Purpose</td>
<td>Own consumption, relation marketing, giving as present</td>
<td>Motivation</td>
</tr>
<tr>
<td>Distribution</td>
<td>Internet, retail, box office</td>
<td>Product differentiation</td>
</tr>
<tr>
<td>Time of purchase</td>
<td>Early booking, during season, last minute</td>
<td>Price differentiation</td>
</tr>
<tr>
<td>Time of performance</td>
<td>Day of the week, morning, matinee, evening, night, midnight</td>
<td>Product/price differentiation</td>
</tr>
<tr>
<td>Quantity</td>
<td>Number of tickets or performances</td>
<td>Price discrimination, second level</td>
</tr>
<tr>
<td>Price sensitivity</td>
<td>Voucher, basic price, closing day of price promotion</td>
<td></td>
</tr>
<tr>
<td>Ranks</td>
<td>Range of prices within hall</td>
<td>Price differentiation</td>
</tr>
<tr>
<td>Ancillary services</td>
<td>Special lobby, cancellation terms</td>
<td>Product differentiation</td>
</tr>
<tr>
<td>Performances</td>
<td>Premiere, gala, dernière</td>
<td>Product differentiation</td>
</tr>
</tbody>
</table>
Thanks for your attention