

Sales Breakout Session One

Money Doesn't Grow on Trees: Diversifying Revenue Streams & Increasing Secondary Spend

Speakers: Robin Fenwick, Adrian Jackson, David O'Hara

The focus of this session was on the various methods that the speakers and their organisations have found to generate income in different ways, and increase their customers' spending. Each of the three speakers gave short talks, two of which included presentations which are also available on the Support Centre. We've provided some notes below on each of the talks, as well as some of the questions that the panel answered in the subsequent Q&A session.

Robin Fenwick, Chief Executive, Mercury Theatre (see slides)

Robin's presentation focused on three areas of work at the Mercury Theatre: up-selling, agency sales and fundraising:

Upselling

Through offering a variety of upselling offerings, many of which are automated (using the Supplementary Events feature and automated pre-show emails), 15% of the Mercury's online transactions include an up-sold item (over approximately 18 months of upselling).

Robin has analysed the Mercury's data in Spektrix and in Google Analytics to build a profile of customers who are likely to upsell:

- More likely to go on and donate (and donate more), after having bought an up-sold item. Approximately $\frac{1}{3}$ of up-sellers add a donation on top of their upsell.
- Likely to be regular attenders (therefore affluent, which makes them good prospects for loyalty marketing).
- More likely to be older customers.
- More likely to be women.

Agency & 3rd Party Sales

The Mercury offers a white label service to sell on behalf of other organisations, charging approximately £1 per ticket and providing a full-service box office including ticket dispatch, phone support and a white-label, branded website. They also offer a more bespoke service including the option to take donations and track Gift Aid and becoming co-data owners with each third party, and can work with other organisations to allow them to do things like running pop-up box offices using the Mercury's Spektrix.

Offering this service gives the Mercury the opportunity to sell different types of events to what they normally offer, and learn from these different experiences.

Third party sales accounted for around 11% of the Mercury's ticket sales by volume in the last financial year.

Fundraising

Alongside taking donations at checkout, the Mercury have taken inspiration from the Lyric Hammersmith and created a dedicated page on their website for their Mercury Rising capital campaign. Here customers can see a plan of the new building and choose items to 'buy', i.e. directing where their donation should go. This has been promoted once, when it went live, and three months later it's raised £10,000 in donations, which demonstrates the power of using Spektrix to automate your donations.

Adrian Jackson, Chief Executive, Wolverhampton Grand Theatre (see slides)

Adrian's presentation was focused around the work he has instigated at the Grand Theatre Wolverhampton in the 18 months since he started as Chief Executive, having been faced on his first day with two tasks: investing an amount of capital into the theatre, and coping with the loss of local authority funding. Adrian took the loss of funding as an opportunity to change the organisation, using the available investment to find ways of stimulating customers' spend per head with a focus on improving customer environment.

Here are the things that Adrian introduced, all aimed at diversifying revenue streams and increasing customers' spend per head:

Customer environment

The first change was a simple change of offering on the bars to improve the standard of products, followed by a 7 week refurbishment, improving the existing bars and creating a further bar area in the theatre's foyer.

Customer spend per head rose from £1.99 to £2.30 purely as a result of the change of offerings, and then rose further to £3.50 following the refurbishment (in the two months since re-opening).

Daytime trade

Adrian was keen on keeping the building open all day, not just the box office, so that walk-up customers can come in and use the bars during the day. In addition they have created new breakout spaces (such as seminar rooms) to encourage the local business community to use the venue during the day, as well as encouraging local people into the venue for reasons other than performances in the main space.

Customer management

Stimulating customers to arrive early and hopefully spend more was a big reason for refurb, which was why the focus was on creating a nice atmosphere. How to keep customers in the theatre afterwards was a question too however, so the Grand have introduced post-show entertainment including comedy nights and late night live music to both encourage existing customers to stay and also to bring in a new audience as well.

Dave O'Hara, Head of Sales and Marketing, Cambridge Live (no slides)

Cambridge Live is a charity set up in 2015 to run the Cambridge Corn Exchange, Cambridge Folk Festival, and a range of other free public events in Cambridge. The charity is part-funded by Cambridge City Council, but in every £10 only £1 is provided by public subsidy so the remaining £9 has to be earned through commercial activity.

The key aim at the launch of Cambridge Live was to create a ticketing agency for the whole region. Instead of downscaling a box office with a large number of staff, they would find opportunities to leverage that level of resource in a way that not many organisations can.

Rebranding to Cambridge Live Tickets allowed for a change in how the organisation communicated with its audience, packaging up all of its shows under one umbrella and combining large, commercial events with smaller, independent ones. Email marketing could then cover a range of events, similar to how larger agencies work, all from a single source - Cambridge Live are the editor of that content.

The key for Cambridge Live was to put the start of the sales process front and centre. They have various websites for different venues, but these all drive customers to the Cambridge Live Tickets website, to encourage upselling and cross-selling. The idea is that this is a mutually beneficial position for the organisation as a whole.

Introducing Spektrix as a ticketing system has reduced the amount of resources and time spent on manual tasks (such as markbacks and event setup) and allowed Cambridge Live to grow. They have tripled the number of clients they are selling for since launching, and have seen a clear increase in overall sales, such as a 25% increase in sales for their classical series. This is down to the ability to tap into and map against other similar shows that are being sold within the region.

Q&A session

Q: How do you get buy-in from your stakeholders for developing a diverse revenue stream, balancing your commercial and artistic objectives?

A:

- Focus on your board - try to make sure you have people who understand that it's about finding a balance between commercial and artistic activity.
- Demonstrate to your board the need for commercial activity, as it then provides a platform for artistic activity.
- Be honest and upfront about your commercial strategy, publicising it and talking about it publicly.
- Make it explicit in your business plan that growing and diversifying your income streams is one of your main objectives, as this creates a framework for people to innovate and explore new ideas.
- Find ways to integrate things into your commercial activities which benefit the customer as well as the organisation. For example upsells can benefit customers (in terms of better or added value) as well as your organisation.
- There's a simple test: does your commercial activity sustain and support your charitable and artistic objectives? If it does, it's worth pursuing; if it doesn't then don't do it.

Q: Are there any ideas that you've picked up from outside the sector which have informed your strategy?

A:

- Look to the rest of the town/city in which you reside, as you have to compete with other activities - do you offer as good as or better service than the rest of the nightlife nearby?
- Think about the John Lewis model - do your customers feel like they're getting value regardless of the price they're paying? Consistency of quality is the key element.
- Be mindful of technology trends. The theatre model of one person selling you a ticket and another person taking it back off you hasn't changed for many years, but technology is changing that now. If 90% of your sales are being made online, you have an opportunity to use your sales team's skills elsewhere and explore new sources of income.

Q: What advice do you wish you'd been given when you were starting off?

A:

- Make sure you have, and stick to, clear risk management strategies. Make sure you are only accepting sustainable risks.
- Look for and take onboard comments and advice from existing staff, local businesses and local customers.
- Make sure that your staff buy in to your ideas and plans, by being transparent about your plans and ambitions.

Q: What are the main factors in ensuring the arts sector succeeds in future?

A:

- Looking upwards and outwards to what the world is doing - “are we relevant to the world around us?” The arts needs to look out at the needs of society and work out what we can meet them.
- Properly motivated, customers can be advocates - we have the data about our customers, the importance is understanding how to use it to find ways of motivating customers.
- Make sure to offer what people want - think of the full package, i.e. making sure customers have the right environment as well. A visit to the theatre isn't just about the event, but the whole night out.
- Making sure there are the mechanisms and infrastructure in place to capitalise on future opportunities, evolve and learn from other industries.

Q: Does dynamic pricing deter customers? How does it weigh up against revenue generated?

A:

- Wolverhampton Grand are having good results already off the back of work done with TRG Arts, with little or no resistance from customers. They are now constantly dynamically pricing shows, and early results suggest that over a year the impact will be very positive.
- The Mercury in contrast have used dynamic pricing once or twice in the last couple of years but while they accept how useful it can be, they haven't so far seen the need to use it heavily. The Mercury prefers the transparency of fixed pricing but are not opposed to using dynamic pricing in future if necessary.
- Cambridge Live are mainly a touring house so don't have as much control over their auditorium as some venues, but when they have longer running shows which are more heavily invested in they are open to exploring all options for maximising income.

Further reading

If you're interested in anything mentioned in this session, please get in touch with the Spektrix Support Team to discuss it further. In the meantime, here are some Support articles that you might find useful:

- Dynamic pricing: see [this article](#) containing notes from the 2016 Spektrix Workshops.
- Upselling and cross-selling: see the articles on [Supplementary Events](#) and [Recommended Events](#).
- Pre & Post-Show Emails: [click here](#) for our Support article on how to set these up (you will need to use our dotmailer integration for this to work).
- Donations: [click here](#) for our Support article on how to set up different ways for customers to donate.