

# THE FUTURE OF THE BOX OFFICE

by MICHAEL NABARRO

From our experience of working with over 130 arts organisations over the last five years, we are sharing our thoughts on the main challenges facing performing arts organisations over the next few years. Starting with the box office, arts organisations have an opportunity to instil innovation from the inside out to meet future challenges.

The box office is one of the places in arts organisations where the effects of the digital revolution are already beginning to be keenly felt: just think about the way that online sales have grown over the last decade, the increased importance of mobile ticketing, and the role of social media, before, during and after the purchase process. From the perspective of arts organisations, a digital-savvy box office can also facilitate the sharing of customer data with marketing and fundraising teams, instilling resourcefulness, openness, and cross-departmental collaboration, at a time when these values are of critical importance. So that's why we see the box office as the engine of innovation for arts organisations across the UK and an interesting place to begin thinking about meeting these challenges. >>>


# FUNDING CHALLENGES

As has been widely reported, the arts are facing immense funding challenges, and this is unlikely to change in the short to medium term. Central and local government spending cuts have placed pressure on arts organisations to find efficiency savings or alternative sources of income.

Arts Council England's budget has been reduced from £449.5m in 2010/2011 to £349m in 2014/2015. An expected further 5% cut in 2015/2016 would see direct government funding in the arts drop to £331.5m by the end of this Parliamentary term. Many local government authorities have also dramatically cut arts provision in their budgets (as just one example, [Newcastle City Council has cut its arts spending by 50%](#)).

There is a temptation for arts organisations to cut their way out of this hole, reduce expenditure and therefore the reliance on public funding. But a vicious circle like this is not going to solve the long term sustainability issue within the arts, and will have a deteriorative effect on the sector as a whole. Cutting expenditure in order to meet reduced funding levels will result in less arts activity, and less interest from funders and consumers in the future.

The focus has to be on increasing the amount of funding available to replace public money, in order to sustain and then increase the level of activity. And while campaigns to make the case for public funding of the arts are vital and should continue, arts organisations also need to 'hedge' their bets, and consider how they can diversify their income streams.



The 'box office' can be a starting point for a lot of this work by cross-selling and up-selling other events and products, and training front of house staff to talk to customers about donations, memberships and support for fundraising projects. Training staff on an intuitive box office system lets them put the focus back onto customer service and build better relationships that make it easier to ask for donations.

This is not just an approach for organisations that sell their own tickets. Spektrix's work with UK touring theatre company Headlong, demonstrates that organisations that traditionally don't have direct access to their audience, are increasingly looking at ways of diversifying their income streams by selling their own allocation of tickets, and building direct relationships to audiences by offering memberships and priority booking periods.

This opens up other doors for organisations that have been diligent in building up groups of loyal patrons as part of a membership or 'friends' scheme. Recent research from Arts & Business shows that [over 50% of donations from individuals are triggered by participation in such schemes.](#)

For not-for-profit organisations, this will mean a focus on philanthropic giving in the box office - making asking for a donation and Gift Aid status a common occurrence behind the nation's box offices - perhaps even within the ticket price like a lot of visitor attractions. Many are doing this already by asking for a specific and separate donation as customers go through the ticket booking process. And [online giving is booming](#) with increasing online customers, so there's plenty of evidence to suggest this is already happening when customers are left to their own devices.


But there should also be a shift towards using the box office to identify the most loyal, engaged audiences, and move them to a philanthropic giving cycle. In short, this requires a greater collaboration between the box office and the fundraising department by funnelling data gathered by ticket sales into fundraising strategies.

# COMPETITION FOR AUDIENCE ATTENTION

For many sections of the public, the arts are [simply not regarded as an important part of leisure time](#). Competition from sports, cinema, television and of course the internet means the arts is fighting for attention against a broad range of other market sectors – many of which have much greater resources at their disposal for direct marketing.

Email is a great example – think about how many messages you receive on a daily basis; and then think about the messages your arts organisation sends out every day, week or month. How relevant and important are the messages you are sending to your customers? Do these messages break through the humdrum of everyday life? This question was recently underlined by [GoogleMail's reorganisation of their inbox filters](#). GoogleMail now offers users the option of automatically filtering messages into folders so that promotional emails all end up in the same folder, potentially resulting in emails from arts organisations being put into the same category as emails from all kinds of promotional emails from commercial enterprises as diverse as cinemas and supermarket chains.

The fact is that although the arts can no longer rely on a season brochure hitting the doormat and the recipient dutifully going through it to work out what to book (we're not sure we ever could rely on this really), nor can they completely trust their emails will make an impact. So while some arts organisations are completely foregoing print material in favour of refocusing efforts on better digital engagement (like the [Bristol Watershed](#)), it requires an even greater dedication to creating careful marketing messages to provide the most relevant message to audiences at the most relevant times. This doesn't come without its own challenges: extra time to craft specific messages for different audience segments, and the simple technological challenge of splitting up these segments in order to contact them.



The good news is that arts organisations are in a much better position than their rivals to do this. Huge amounts of money are poured into collecting data by supermarkets to know more about their customers whereas box offices in the arts are always collecting customer data in ticket sale transactions both through online sales and in the box office. The value of this data goes beyond box office operations to marketing and fundraising strategy by using it to create personalised marketing campaigns and identify potential donors or members based on their booking history.

As the technology matures, we're going to see advanced personalisation technology, such as the bespoke systems created for giant enterprises like Amazon and Tesco, gradually come down in price and increase in usability for smaller organisations to make the most out of tools like marketing automation, dynamic message content and much more. Arts organisations can get ahead of the game to create relevant, timely marketing messages, with the tools they already have at their disposal in order to better break through the noise of every day life.


# INCREASINGLY DIGITAL AUDIENCES

Not only are arts audiences busier and more connected than ever before, they are also more digitally engaged. This has two main implications for the performing arts box office.

First, audiences expect organisations to be where they are – online. The web is the first stop for audiences’ research and information gathering, for finding out other attendees’ opinions or to gather together friends and arrange group visits.

It is the preferred forum for consumers to spend their money – this is particularly true in the UK, which [boasts the world’s largest e-commerce market](#), as well as the world’s fastest growing market for online advertising.

The second implication of an increasingly digital audience is that the line of distinction between online and offline events will continue to blur. This may mean events that take place across the physical and digital spheres, with audiences contributing in real time to the performance. It may also mean the syndication of arts and culture into the online sphere, alongside the physical space – through the work of organisations like Digital Theatre, or the Google Cultural Institute. This will have implications in the future on how we define audiences and how the box office gathers data on these audiences.



Both of these implications mean that arts and cultural organisations need to be ahead of the game from a technological point of view – they are increasingly called upon to be curators of the digital world as much as the physical one. There is a particular burden on arts organisations, as their disproportionately high profile in the communities they serve means that they are expected to behave and interact with customers at the same level as much bigger, better resourced consumer-facing organisations.

However, increasingly digital audiences provide a great opportunity for the box office and marketing departments to flex their technological muscles, and put into practice the skills honed over many years of looking after complex ticketing and transactional systems. We have already seen a number of organisations move towards combining a management of ‘data analysis’ or ‘information’ into the responsibilities taken by the box office, and this trend is likely to continue as the customer service element of the box office evolves. Customer service in the box office will increasingly move from direct interaction with audiences towards anticipating audience needs and providing the tools these audiences need to help themselves.

The move of audiences into the digital space is accompanied by a move to mobile, with [almost a billion people expected to use mobile ticketing by 2018](#). Box offices need to be mobile-ready, with online booking pages optimised for transactions to provide a seamless online transaction in order to maximise these opportunities for ticket sales.

# INCREASING PACE OF TECHNOLOGICAL INNOVATION


Nesta's [Manifesto for the Creative Economy](#) points out the pervasive impacts of new information and communication technologies across sectors worldwide and their potential to change entire economic growth trajectories in the industries that use them.

The fact that we inhabit a technological world that is changing startlingly quickly is self-evident. Ten years ago, in 2003, there was no iPhone, no Facebook or Twitter, no GoogleMail, no iPad, and over half the UK's population still accessed the internet through a dial-up modem.

As technology marches forward, its potential for open collaboration and distributed forms of organisation are already felt in retail, software, and travel, and we will start to see the greater adoption of these technologies in the arts sector in the next few years.

This will be driven by increased confidence in the digital tools themselves, reinforced by peer-to-peer learning and experience sharing, as well as more awareness from funders that digital engagement and innovation is critical to success. Indeed, we have recently seen [public calls for charity's to consistently invest in their technological platforms](#) in order to improve their organisational resilience.





The box office itself will complete its technological revolution (one that started many years ago with the first introduction of computerised booking systems). But rather than focusing on the systems themselves, box offices will be focusing on the end result – tools that make collaboration and innovation easier: remote access, social systems, customisable analytics tools, as well as consolidated systems across the organisation. [Southbank Centre have taken this approach](#) with their video content, consolidating storage and archiving across the organisation for anyone to access and publish as they need to, as well as integrating other platforms in the organisation.

Of course, as technology advances, regulation catches up. An early warning signal was the implementation of the Data Protection Act 1998, but where that set a trail, we now have PCI compliance, cookie controls, ticket fee guidance from the advertising standards agency and much more... Staying ahead of these regulations also requires constant vigilance and innovation itself – ensuring that technology platforms are constantly being modernised to meet changing consumer behaviour, and regulatory pressures, rather than statically failing to meet the expectations of dynamic 21st century organisations.

# CONCLUSIONS

When it comes to foreseeing the future of the box office, we can make predictions based on our past experiences, taking into account trends in other sectors and the advance of more general technologies. But of course, we won't know for sure what the future holds until we get there. What our experience should tell us is that the best approach is one where we're flexible and adaptable to new ideas and new technologies, able to innovate and try new ways of working and engaging with audiences, without the need for large teams of people or massive IT resources. Box offices that are looking towards the future are already embracing this new way of working, and over the coming years more will join them.

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*Got any questions about anything you've read or want to share your thoughts?*



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