

NEWS

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The 2002 Marketing Mix

This issue of the ArtsMarket newsletter is devoted to the fundamentals of audience development – the marketing mix. We get dozens of questions on what percent of a budget should be spent on what marketing tactic, from institutions of all sizes. Many want to stay ahead of the curve, others seek some reinforcement when it comes to budgeting for the annual campaign.

Here are some responding ideas...

Web Site Sales

The percent of total sales generated by Web sites continues to grow – rapidly. In 2002, for the first time, taking consumer orders outpaced providing information as the top Web task for all businesses. This is obviously related to a match between more and more consumer use of Web-based purchasing and better Web sites. The impressive increases in Web sales show the importance of boosting Web site capacity, keeping Web sites fresh and appealing and perfecting systems for e-mail follow-up and customer service. As the following chart illustrates, growth really took off at the top end: businesses doing 10% or more of their sales via the Web jumped by over 10% in one year. The median number of sales through the Web jumped by 5% in just one year.

Percentage of sales

generated by Web sites¹

	2002	2001
None	21%	23%
1%	6%	8%
2%	4%	4%
3%	2%	4%
4-5%	12%	9%
6-9%	3%	0
10%	13%	12%
11-20%	25%	13%
20% or more	23%	16%
No answer	5%	11%
Mean	18%	15%
Median	10%	5%

The findings feel right. Consumers are suddenly more conditioned to use the Web, to expect Web sales. It is important for every organization to realize this and to make Web sales as easy as possible. Lack a secure site? Find a simple middle ground, like a print and fax mail order, or an e-mail that you can quickly respond to via e-mail or phone.

Balancing Act: Direct Mail vs. Web

Just how much of a marketing campaign should go into direct mail? There is no standard answer, of course. What we do know is that for the arts,

¹*Direct Marketing*, September 2002. Results of the Annual Direct Marketing On-Line Marketing Survey.



direct mail and Web information/sales are both supremely important: high levels of content, specific information and high price all make these two media critical as the centerpieces of all audience development efforts.

A good rule of thumb is to spend between 40 and 50% of a total marketing budget on direct marketing. Yes, that is high, but with careful targeting and prospecting, it is very strategic. Consider spending that in more fine-tuned ways than ever. For example, most arts and cultural organizations budget the most – and traditionally receive the highest return – from the annual renewal campaign.

Still, renewal numbers aren't high enough, particularly in a recession economy. Many organizations have underutilized cross-selling at this stage, preferring to keep it simple for themselves (and their telemarketers) rather than retain and win more consumers. It is admittedly easier to just sell subscriptions rather than offer a former subscriber a chance for a miniseries, a "two-fer" or other special offer. There is always the sentiment that "We'll lose them as subscribers if we offer them the chance to choose something cheaper." Isn't there something wrong here? That approach gives the customer no credit for wanting to be a part of your organization, but simply not at the level offered.

The antidote to this is cross-selling. Aggressive cross-selling works. Try campaigns-within-campaigns: smaller series within series, special event offerings. This captures every possible sale early in the process. It also allows for follow-up sales throughout the year. It gives people a chance to maintain a relationship with your organization, even if their checkbook is thinner this year than last.

Smart direct marketing strategies include many opportunities to keep people attuned to your

organization throughout the year. That's why putting everything into a single burst of subscription renewal/acquisitions is a mistake. Save funds for the special pre-holiday order, the mid-winter special offer and the spring sale. Balance the big season piece with smaller, less dense pieces sent to lists you are testing – for example, the special events list from another performing arts organization. Find ways to stay visible, to always sell.

Then comes e-marketing. That's the next key investment, before standard advertising. Collect e-mail addresses, and use those as well as a sales-friendly Web site. Market the Web site, and keep it completely fresh, all the time. Web sites are increasingly important for single-ticket sales and special events like holiday concerts. (The Boston Pops, for example, sells 20% of its tickets via its Web site, and nearly 15% of Tanglewood ticket sales are sold via the Web.) Subscription sales for the full season, in contrast, still are firmly in the direct-mail camp. E-marketing is beginning to work for contributions as well, especially when Web sites are effective at telling the story. That's something hard to do in a standard brochure – reader fatigue gets in the way – but easy to do with a click and point to a new page that takes the Web viewer behind the scenes.

E-marketing's other asset is e-mail sales. In the not too distant future, e-mail may be the major communication link to new prospects. Building e-mail lists has to be a priority. Every order, every survey has to include a request for the respondent email address. Having a large database of e-mail probably won't reduce your marketing budget, but it will maximize it. You can send color brochures, customized to the respondent's selected interest area. You can make 11th-hour special offers. The Museum of Contemporary Art San Diego has scored huge successes this year in launching a new affinity



group aimed at young professionals, exclusively through opt-in e-mail. Because e-mail is the only way to get access to the news of social events, people are literally standing in line to write their e-mail addresses. Word of mouth and “send this e-mail to a friend” have done the rest: all the events so far this year have been standing room only.

All of this suggests re-examining how to best deploy and prioritize staff time. If those e-mail addresses are getting stacked on slips of paper or everyone revolves around the “renewal campaign,” consider ways to break out of routine and get in front of new practices. If the box office doesn’t have information on single-ticket buyers – something that happens way too often – find a solution so it is possible to get those buyers into the information loop. Change practices, change expectations.

With direct marketing and e-marketing addressed, we are left with the traditional twin pillars of advertising and public relations. Advertising needs a mix that gives fundamental institutional presence (good signage, for example) and repeat visibility about the destination. Weekly print ads with “this week (or this month) at the Museum” are standards, and they work. People don’t remember the full range of programming offered by most cultural organizations. These ads trigger attendance. (Members and subscribers – those most “in the know” – often don’t know what is taking place. Several membership studies we have done have identified lack of a consistent information source as a reason members don’t come more often, and why they drop their memberships!)

Public relations has gone through a sleeper period, but is re-emerging industry-wide as essential to overall marketing success. Good PR uses networks, contacts, endorsements and partnerships to help create and keep market

position. It takes time and hard work, but it is an equally valuable investment for audience and fund development.

Consistency: Something to Expect

These comments on selling throughout the year, using e-mail lists to trigger last-minute sales, weekly ads and PR all share a premise: that there is something to anticipate, something to sell. That is not only doing programming all year – it is systematizing programming so that audiences can anticipate openings, events, miniseries and the like. And it is systematizing programming and programming ads so that people come to expect key events. We know of one organization that is so entrepreneurial in creating new museum programs that it constantly launched new lectures, classes, workshops. Not only did their membership not keep up, but the touchstone experiences regularly offered were lost to their members in the mix of all the “attend this” messages. When they pared back the number of new and more random events and fully positioned in key events, attendance shot up, and members noted they were getting their money’s worth from their membership.

Need more information?

E-mail us. We’d love your questions and will respond individually, as well as possibly use your query as the basis for future articles.

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MARK YOUR CALENDARS!

WORKSHOP

Louise K. Stevens
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Tuesday, October 8, 2002
9:00-11:00 a.m.

Durham Arts Council
120 Morris Street, Durham



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