We Need to Talk About More Than Just Millennials

2019 National Arts Marketing Project Conference

Presented by

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Client Engagement Officer

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Director of Client Services
Agenda

- Introduction to TRG
- Why Loyalty Matters
- Topline Trends – Generational Arts Participation
- Strategic and Tactical Audience Growth Approaches by Generation
- Discussion & Questions
Data-Driven CONSULTING
Colorado-based with a UK office
40 team members

22 years, four countries
US, Canada, Australia, United Kingdom

More than 1,000 arts/cultural clients
Scalable products for sustainable patron growth and revenues.

Who We Are
What We Do
We Teach. We Learn.

- Consulting
- Facilitating & Teaching
- Community Networks
- Data Center Services
- Consulting
The Loyalty Effect

The math, the impact.

The math in patron loyalty is the most important part of the resilience story.

Why?

As the proportion of loyal patrons grows in an organization’s database, the relative cost of managing the relationships in the database declines.

Reichheld’s iconic *The Loyalty Effect* details the impact of consumer loyalty on businesses.

He was the designer of the Net Promoter Score.
# Why Loyalty Matters

## Net Revenue – Theatre Case Study

<table>
<thead>
<tr>
<th></th>
<th>Single Ticket Buyers</th>
<th>New Subscribers</th>
<th>Renewing Subscribers</th>
<th>Renewing Subscriber-Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per Patron Yield</strong></td>
<td>$53.84</td>
<td>$156.05</td>
<td>$341.51</td>
<td>$550.42</td>
</tr>
<tr>
<td><strong>Cost-of-Sale</strong></td>
<td>20%</td>
<td>25%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Renewal Rate</strong></td>
<td>23%</td>
<td>46%</td>
<td>69%</td>
<td>88%</td>
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</tbody>
</table>
How Does Life Stage Affect Audience Development?

- 15 Million Patron Records
- 110 Performing Arts Organizations
- Over 7 Years: 2011-2017
Millennials are Not the Answer to Your Audience Growth Problem
Generation Overview

Silent 30M, age 75-92
Boomers 74M, age 56-74
Gen X 49M, age 40-55
Millennials 83M, age 23-39
Gen Z 86M, age 0-22
Percentage of Arts Patrons by Generation

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</thead>
<tbody>
<tr>
<td>The Silent Generation</td>
<td>23%</td>
<td>22%</td>
<td>21%</td>
<td>20%</td>
<td>19%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>The Baby Boomer Generation</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>44%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Generation X</td>
<td>22%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>25%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>The Millennial Generation</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Generation Z</td>
<td>0.05%</td>
<td>0.04%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.20%</td>
</tr>
</tbody>
</table>
Spoiler Alert – 10 Years Later

<table>
<thead>
<tr>
<th>Generation</th>
<th>2019 Ages</th>
<th>2019 % Population</th>
<th>2030 Ages</th>
<th>2030 % Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silent</td>
<td>75-92</td>
<td>6.5%</td>
<td>85-102</td>
<td>2.6%</td>
</tr>
<tr>
<td>Boomer</td>
<td>56-74</td>
<td>21.4%</td>
<td>66-84</td>
<td>16.9%</td>
</tr>
<tr>
<td>Generation X</td>
<td>40-55</td>
<td>19.7%</td>
<td>50-65</td>
<td>17.8%</td>
</tr>
<tr>
<td>Millennial</td>
<td>23-39</td>
<td>23.2%</td>
<td>33-49</td>
<td>22.3%</td>
</tr>
<tr>
<td>Post-Millennial</td>
<td>8-22</td>
<td>18.9%</td>
<td>18-32</td>
<td>19.0%</td>
</tr>
</tbody>
</table>
Average Income

Average Income in the US by Age Group
Who’s Buying and Who’s Giving?

Performing Arts Patrons: Involvement of Generations in Donations and Subscriptions

- Donors: The Millennial Generation: 3%, Generation X: 6%, The Baby Boomer Generation: 8%, The Silent Generation: 15%
- Subscribers: The Millennial Generation: 3%, Generation X: 5%, The Baby Boomer Generation: 10%, The Silent Generation: 22%
Every Generation
Is Your...
*Problem & Answer*
Silent & Boomers

Single Ticket Buyer Households by Generation
Silent & Boomers

Subscriber Households by Generation

- Baby Boomers
- Silent
Silent & Boomers

Donor Households by Generation

- Baby Boomers
- Silent
Silent & Boomers Story

1) A majority of arts and cultural patronage is still comprised of Silent and Boomers.

1) Loyalty is not deepening, but needs to be maintained.

2) Estate and legacy planning, with philanthropic support narrowed to those institutions that are most closely aligned with passions and interest (which were cultivated a long time ago).
Generation X

- 8% Single Tickets % Decrease
- 10% Subscription % Increased
- 27% Donations % Increased

Generation X Participation
Generation X Story

1) In the prime of career building, earnings are higher for Gen X than other generations at the same age.

2) Disposable incomes are reaching their highest levels.

3) The audience you need to be cultivating immediately.
Millennials

Single Tickets Purchased Prior to Becoming a Subscriber

Silent: 1.0  Baby Boomers: 1.1  Generation X: 1.4  Millennials: 2.3
Millennials

Season Package Shows Visited Prior to Becoming a Donor

- Silent: 2.6
- Baby Boomers: 4.7
- Generation X: 8.6
- Millennials: 14.8
Millennials

2 times longer to subscribe...
3 times longer to donate than Boomers

1 in 4
will return in the next 5 years.
42%
will not repeat.

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>N. American Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Attrition</td>
<td>74%</td>
<td>71%</td>
</tr>
<tr>
<td>Overall Attrition</td>
<td>42%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Millennial Story

1) Millennial attendance is growing as they age into arts buying.

2) Millennials are generous and socially conscious, but those habits have not been developed in the arts and culture sector.

3) Millennials do not exhibit greater loyalty to arts and culture than other generations. They have not yet decided to "go steady" with the arts.
From Theory to Practice

Client Working Examples

Photo: Wolverhampton Grand Theatre
BENCHMARK
Symphony Case Study - Audiences by Generation

Biggest delta in “first wave” Millennials compared to general population

About 20% of Millennials and 10% of general population
Symphony Case Study - Audiences by Generation
Change from 2014-2018

- Greatest: -28%
- Silent: 1%
- Boomers: 27%
- Gen X: 60%
- Millennial: 61%

- STB: 61%
- FLX: 86%
- SUB: 94%
- DON: 88%

($313,700) Net with older generational changes
$146k Gen X gains
$21k Millennial gains
1% increase in Generation X…

$10,624 in additional revenue

3 Gen Xers to 1 Boomer

1% increase in Millennials…

$5,154 in additional revenue

6 Millennials to 1 Boomer; 2 Millennials to 1 Gen Xer
What are the revenue pressures you face given your audience’s changing loyalty?

Can you define the pain points?
UNDERSTAND
Performing Arts Case Study - Single Ticket Transactions

Single Ticket Participation vs. Average Spend: 2018

- 30% Single Ticket Participation
- Average Household Spend:
  - Gen Z: $85
  - Millennial: $113
  - Gen X: $151
  - Baby Boomers: $146
  - Silent Generation: $135
  - Greatest Generation: $150

30% of Households Transacting
Performing Arts Case Study - Flex Transactions

What packaging choices are driving this generational affinity for CYO/Flex?
Performing Arts Case Study - Subscription Transactions

Opportunity to grow participation with Boomers and Gen X

Subscription Participation vs. Average Spend: 2018

Average HH Spend

Ave HHs Transacting

% of HHs Transacting

Gen Z

20%

$428

11%

$50

Silent Generation

$429

20%

Gen X

5%

$309

Baby Boomers

9%

$428

Millennial

2%

$210

$400

$300

$200

$100

$0

$600

$500

$400

$300

$200

$100

$0

9% Ave HHs Transacting

$410 Ave HH Spend
Performing Arts Case Study - Donor Transactions

Participation rates reflective of life stage; spends lagging in Boomers

Donation Participation vs. Average Spend: 2018

Average HH Spend

<table>
<thead>
<tr>
<th>Generation</th>
<th>% of HHs Transacting</th>
<th>Average HH Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>5%</td>
<td>$3</td>
</tr>
<tr>
<td>Millennial</td>
<td>8%</td>
<td>$104</td>
</tr>
<tr>
<td>Gen X</td>
<td>10%</td>
<td>$453</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>13%</td>
<td>$465</td>
</tr>
<tr>
<td>Silent Generation</td>
<td>19%</td>
<td>$1,124</td>
</tr>
<tr>
<td>Greatest Generation</td>
<td>16%</td>
<td>$6,217</td>
</tr>
</tbody>
</table>

12% Ave HHs Transacting

$734 Ave HH Spend
FORECAST
EXECUTE
MEASURE
REPEAT
Marry life stage with loyalty
Which behaviors are right for me, based on my current stage?

Continually turn to data
Make plans for patron engagement based on actual engagement
Have Strategies for Each Generation

• Capitalize on Existing Loyalty Boomers
• Grow Loyalty with Generation X
• Invest for the Long-term with Millennials
• Free Oxygen Machines with Subscriptions for Silent
Life Stages & Archetypes
Baby Boomers

Surprise Stat

67% Prefer to purchase at their local retailer rather than online.

82% Are on social media.
1) **Approach**
   - Formal, respectful.
   - 1:1, face-to-face, voice-to-voice.

2) **Engage**
   - Recognize and celebrate milestones, show you know them, use tokens.
   - Want to feel that you are working for the sale.

3) **Communicate**
   - Traditional methods and channels.
   - Present options.
   - Map out all the steps.
Top 3 internet activities.

Email  News & Weather  Banking

Candor
This generation needs no help with Candor – they’re allergic to sugarcoating.
1) **Approach**
   - Direct and to the point, no surprises.
   - Be a helpful resource.

2) **Engage**
   - Be authentic, build trust.
   - Layout all the options.

3) **Communicate**
   - Peer referrals are golden.
   - Taking action. Should be easy and quick.
   - Cut out the sales hype.
Nearly 50% Ignore digital ads.

Only 15% Ignore direct mail.

Millennials

Surprise Stats
1) **Approach**
   - Informal, friendly and fun.
   - Help guide them through the process.

2) **Engage**
   - Describe how they can make it special for them.
   - Let them know how their participation is making impact.

3) **Communicate**
   - Immediacy – Taking action should be fast with a way to share what they have done.
   - Special offers, perks, instant bonuses.
   - Some traditional channels are “quirky and unique”.
Retain, Deepen Loyalty and Understand the Realities
Top 5 Takeaways

1. Know Your Patrons
2. Engage, Retain and Upgrade
3. 10 Year Revenue Forecast
4. Create Generational Plans
5. Give Gen X Some ❤️
Questions?
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