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Case Study | Customer Relationship Management

As they like it

By Wendy Cooper

Attracting new audiences was a top priority for the legendary Royal Shakespeare Company. But before the RSC could proceed, it needed to sharpen its marketing skills.

Selling theater tickets was much simpler in Shakespeare's day. The playhouse at the turn of the 17th century had few rivals as a source of entertainment. And Shakespeare was widely considered the best show in town.

For many, of course, he remains so. And the theater company that bears his name, established by Royal Charter in 1925, still enjoys an excellent reputation. About five years ago, however, the Royal Shakespeare Company began to realize that its enviable standing alone wasn't enough to keep it growing in an environment with so many entertainment options.

At that time, box office receipts accounted for 35 percent of the RSC's income; an additional 40 percent or so came from government grants. But not only was the RSC's audience steadily aging, fewer patrons were signing up for revenue-enhancing loyalty programs, such as advance priority booking for members.

To compete effectively, the RSC knew it needed to reengage with its existing audience and expand to include more families, younger people and people from minority ethnic groups. By boosting ticket sales from these groups, the company would also increase its appeal to corporate sponsors, which contributed close to 9 percent of its income.

To draw in these new audiences, the RSC needed to target its marketing efforts more effectively. But the company wasn't nearly as adept at customer insight as it was at staging Elizabethan drama. Its only source of box office information was a basic ticketing database that yielded few significant details

Royal Shakespeare Company

Executive director: Vikki Heywood

Headquarters location: Stratford-upon-Avon, England

Year founded: 1925

Number of people who attended performances*: More than 670,000

Number of company shows produced*: 19

Number of company performances*: 993

Annual revenue*: £34.7 million

Box-office receipts*: £15 million

about the company's existing patrons. More worrisome, recalls Vikki Heywood, the RSC's executive director, the company did not know "how to develop a method of changing and developing that audience as an ongoing program."

Five years later, the RSC has transformed its approach to customer relationship management. Working with Accenture, which provided its services as part of a sponsorship relationship that started in 2003, the company has integrated box office, marketing and fund-raising data in a single customer database—based on Tessitura Software—with comprehensive, real-time Internet capability to enable ticket selling, donations, memberships and online seat selection.

Audience segmentation and analysis techniques have helped the RSC boost its membership list by 40 percent and its regular attendance—by far the greatest overall contribution to the company's revenues—by more than 70 percent. Box office receipts now account for 43 percent of income.

Artistic future

The audience insight project is also helping attract much more diverse theatergoers to RSC venues, which include Stratford-upon-Avon and London's West End. Indeed, it is actually shaping the RSC's artistic future by helping to identify touring venues in the United Kingdom.

"We've learned that by focusing on how you want to change your audience, you can also change the way you approach your plays," Heywood explains. "That's been the most innovative thing to come out of this—the realization that production style can be a mechanism by which we can develop and broaden the audience for our work."

Work started on the project in 2003, when the joint RSC/Accenture team began to collate and process more

than seven years' worth of data from more than 2 million RSC patrons. They discovered that the RSC had eight different types of customers at its main venue in Stratford-upon-Avon, half of whom made a significant number of return visits. The team identified six customer types in London, where a relatively small core audience—17 percent of RSC patrons—accounted for 45 percent of financial contributions.

Next, the team identified four key segments across both venues: "regulars," who attended performances at least four times a year and accounted for 59 percent of the RSC's revenues; "semi-regulars"; Internet users; and those who attended family shows. Further analysis of income, profession, age-of-children and lifestyle data helped the RSC fine-tune its marketing approach by revealing how customer characteristics differed across the various segments. In contrast to Stratford-upon-Avon audiences, for example, London patrons' decisions to attend a show were strongly influenced by casting.

More digging yielded even more valuable information. Thanks to a geo-demographic analysis, for instance, the RSC learned that taking its work to a global market—the United States, Hong Kong or Australia, for example—motivated foreign audiences to see RSC shows when they visited the United Kingdom. "We now know a lot more about how people become attracted to come to Stratford-upon-Avon," says Heywood. And the RSC has used these findings to define the optimal geographic targets for its regional and national tours.

The segmentation analysis has also helped the RSC figure out just who is likely to attend plays at its temporary venue, The Courtyard Theatre in Stratford-upon-Avon. (The company's primary performing space, the Royal Shakespeare Theatre, is undergoing transformation and is scheduled to reopen in 2010.) By not spending

^{* 2006/2007} season

money targeting customers who are unlikely to come, the company has filled the theater more cost effectively. Indeed, the annual number of Stratford-upon-Avon ticket buyers has increased by more than 50 percent.

More diverse demographics

The RSC marketing team is targeting new audiences much more effectively as well. According to Mary Butlin, head of market planning at the RSC, "Our direct-mail strategy for the last London season took only about 45 minutes to plan. The audiences to target were so clear-cut, and we could tell from Accenture's analysis exactly when to communicate with different groups to maximize response—even in London, which is notoriously difficult."

Indeed, thanks to targeted mailings for London audiences, the RSC sold out significantly earlier than in previous years—allowing the company to more accurately predict its financial results and focus on efforts to attract more diverse audiences. For example, insights gleaned from the audience analyses spurred the RSC to launch a promotion targeting 16–to-25 year olds in both the Stratford-upon-Avon and London markets.

Other arts organizations tend to offer reduced pricing for shows on certain nights of the week or for lesser-known productions. The RSC now offers young people £5 tickets at all its productions (a typical full-price ticket is between £20 and £40). This campaign, alone, has attracted 33,000 new young theatergoers.

The RSC is now well positioned to continue building audience loyalty and market share in the future. What's more, affirms Heywood, "our ability to set targets with confidence has increased dramatically since this program has been in effect."

The company's deep understanding of its customers has also helped it hit those targets more quickly. And by meeting its commercial targets faster and earlier each season, the RSC is, of course, strengthening its financial future.

Equally important, by nurturing a much more audience-focused approach to the company's work, the customer relationship management program is helping to shape the RSC's artistic direction. "The CRM model enables us to have much more sophisticated relationships with our audiences," says Heywood. "And it is those relationships that are allowing us to develop and change the audience in ways that meet our evolving business needs."

For example, audience analyses emboldened the RSC to take the risk, back in 2006, and launch an ambitious, yearlong Complete Works of Shakespeare Festival, which ran from April 2006 to April 2007. For the first time in the RSC's more than 80-year history, some of the works were presented by the RSC and some were staged by visiting companies. A number of productions were offered in different languages and targeted to different cultural groups.

The decision to provide a broader range of productions and experiences clearly paid off. The RSC sold more than 500,000 festival tickets in Stratford-upon-Avon, which represented an increase in ticket sales of about 20 percent from previous Stratford-upon-Avon seasons.

Shakespeare, whose success as a playwright made him a substantial

personal fortune, would surely have approved. Indeed, nearly 400 years after his death, it's still true that "The play's the thing."

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