
Tactics: Discounting to Encourage Frequency

Frequency of attendance should be the Holy Grail for almost all arts organisations and as such yield should be sacrificed and prices discounted as much as is necessary to generate more attendances (by far the most effective use of discounting).

A core audience that is always the same at every event can have its downsides - it can make it difficult to attract new audiences, and yield from regular customers can be lower - but the benefits are too good to pass up. Frequently attending customers are much more likely to keep coming and because it is much cheaper to keep existing customers than constantly get new ones, marketing costs are reduced. Furthermore, the 'lifetime value' of these customers more than makes up for short-term losses. In addition, discounted prices and familiarity with the organisation can encourage greater risk-taking. And it makes planning a great deal easier if there is a guaranteed sales base to build on, allowing more time and resources to be deployed in developing attendance from more difficult to access markets.

Subscription schemes aim to maximise sales by increasing frequency of attendance. They make offers to encourage customers to buy a package of tickets for a package of events and thereby attend more events than they otherwise would have done.

Such schemes usually form a step on a loyalty ladder, encouraging customers through subscription into membership, friends or donor schemes. Subscription can offer an organisation the ability to programme more esoteric work within a package that could not be risked standing alone and a strong subscriber base can reduce the negative impact on sales of a poor show. Furthermore, the cost-effectiveness of the marketing operation is increased and marketing and financial planning are enhanced as a result of early indications of sales.

With all these benefits it is perhaps surprising that subscription schemes have not achieved the same popularity with arts organisations in the U.K. as across the Atlantic. In the U.S., subscription drives form the backbone of many performing arts marketing campaigns. Subscription did see a rise in popularity in the U.K. during the late 1970s and early 1980s following the success of Danny Newman's work in the U.S. and his book *Subscribe Now*¹. Since then, however, interest in subscription schemes has waned and many schemes have declined as a result of increasing competition for the leisure pound and the development of a culture demanding more immediate gratification, with less of a predisposition to planning ahead. But the benefits of subscription haven't lessened and we can still reap them by analysing our market and developing subscription packages accordingly.

¹ Danny Newman 'Subscribe Now', Theatre Communications Group (1977)

Why Do People Subscribe?

Subscription schemes appeal to people who like to plan their lives. These people use a decision as a spur to action (“If it wasn’t for my subscription I’d never go out”).

Unfortunately, the very reason why subscription is attractive to this group makes it unappealing to those who like to keep their options open and choose from the ever-increasing competition for their leisure time. For this group the prospect of pre-determined packages requiring significant commitment at an early stage lacks appeal, particularly in marketplaces where there is significant competition. The key to attracting this group initially is flexibility and the minimum of commitment.

For new subscribers, the decision may be as a result of a change in circumstances, a new social circle or a change in family or life-stage and a consequent change in self-perception and self-definition. Kotler & Scheff in *Standing Room Only* cite a study of the entry patterns of subscribers at the American Conservatory Theatre where 21% of subscribers had not attended at all in the previous 5 years (a similar pattern was identified among subscribers to the City of Birmingham Symphony Orchestra).

Habit or social reasons can play a significant role in encouraging subscriber retention and of course, many people also subscribe in order to maximise their enjoyment of the artistic experience itself.

Subscriber Benefits

In designing a benefits package for subscribers it is vital to research which benefits are valued by existing and potential subscribers as what works in one marketplace will be very different from that in another. Furthermore, some benefits may be seen as attractive in inducing initial subscription purchase while others may be about increasing satisfaction and thus retention.

Discounts are essential in creating a sense of value-for-money and, by placing a deadline on the offer, can create a sense of urgency in purchase. However, the level of discount offered is rarely the most significant factor in the decision to subscribe.

Scarcity of product can be used to drive customers into subscription by offering desirable products to subscribers only (*i.e.* products where demand outstrips capacity). But caution must be advised here. While this may be an attractive benefit for the 20% of the audience who may be our subscribers, it could rapidly alienate the remaining 80% of customers and present the organisation as elitist, unfriendly and exclusive.

Priority for subscribers on the best seats and seat retention schemes (where priority on the best seats is given, to subscribers in order, according to the length of time they have

subscribed) can operate as both an incentive for new subscribers and a powerful tool in retaining subscribers. Dropping a subscription will mean losing a level of priority that cannot be regained. In some cases subscriptions are handed down through generations.

Many performing arts organisations have stringent ticket exchange policies. However, in return for committing so far in advance to specific dates, subscribers may expect the organisation to understand their need to exchange tickets from time-to-time. By enabling them to exchange their tickets the organisation will help to ensure satisfaction with the subscription and increase its subscriber retention rates; offering exchanges into subsequent seasons can also create a useful tie-in.

Other benefits for subscribers may include priority booking (this may also ease the administration of the scheme), special events such as opportunities to meet the artists, special newsletters, naming subscribers in programmes as well as associated discounts or added value (merchandise, drinks, parking etc.).

It is perhaps worth pointing out that in relation to the benefits being delivered to the organisation, subscriber benefits are not costly and are relatively easy to implement.

Structuring A Scheme

In designing a scheme it is important to research the benefits sought and the nature of the market. Schemes range from a “Take it or leave it” offer of a complete season, or “Choose a series”, typically on the same day, where there is a choice of packages, through to “Pick & mix” where the scheme aims to give a customer maximum flexibility and choice. Other variations include purchasing a package of vouchers that can be used at any time during the season.

Having designed the scheme to suit the market and maximise sales, there are number of structural variables to consider: season length, offer timing and availability, discount levels and number of purchases required.

Where possible, barriers to purchase amongst the market should be overcome. The most common reasons for not subscribing are cited as too great a financial outlay (so allow customers to pay monthly), not wanting to commit in advance/inflexibility of personal schedules (so stress flexible exchange packages) or wanting to choose which performances to attend (offer a pick & mix subscription),

Schemes should also make the renewal process as easy as possible. Help the subscriber with their decision-making process by using a personalised mailing that makes a booking recommendation based on previous purchase and enables them to simply tick a box and make

a payment rather than filling out complicated forms. Furthermore, don't expect everyone to act on the first mailing – some subscribers will need reminders and follow-up contact.

And finally...

Identify and cultivate subscribers. Subscribers value their relationship with your organisation and consequently may contribute significant income and support throughout their lifetime.

If you have not already visited our case studies section you may wish to explore the following subscription examples:

[A Tale of Subscription – “Jump the Q”](#)

[Subscription at Derby Playhouse](#)