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ASSOCIATION OF CALIFORNIA  
SYMPHONY ORCHESTRAS

*Empowering Our Music Community*

# **A New Day: How Music Organizations are Adapting to the Economic Climate and the Changing Media Landscape.**

*A Collaboration between  
the Association of California Symphony Orchestras,  
the California Arts Council  
and the California Cultural Data Project Working Group*

**A Confidential Report** by  
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## **Project Background**

For the past four years, there has been a lively, ongoing discussion among ACSO's members about how difficult it is to sell tickets in a struggling economy. Orchestras have painstakingly reopened contract negotiations with musicians. The perception is that salaries have not grown in many organizations and in some cases key staff positions have been combined or eliminated. These decisions impact an organization's ability to sell tickets and raise money. At the same time, the media landscape continues to change as more and more consumers move away from traditional media to embrace various forms of digital and social media. ACSO kept hearing about these issues over and over from its constituents and wanted to look at empirical data to better understand what was happening in the field.

## **Project Summary**

In June of 2012, the Association of California Symphony Orchestras (ACSO) was selected to participate in a state-wide research project, which was supported through an important collaboration between the California Arts Council and the California Cultural Data Project (CCDP) Working Group. The purpose of the research project was two-fold:

- 1) To understand how the Great Recession of 2008-09 has impacted the operational budgets of California orchestras, chamber ensembles, and choral groups;
- 2) To learn how arts organizations throughout California have adapted the way they market to their constituents in response to the economic environment and the ever-changing media landscape.

To gather data, ACSO worked with the California Cultural Data Project Working Group to analyze existing data collected by the CCDP about California's classical music organizations, and also conducted an online survey of its membership to assist with addressing the second research question.

ACSO's broad goal in undertaking this project was to disseminate this information to its members at its annual conference, and make it readily accessible to the public on its web site.

## **PART 1: Earned Revenue, Contributed Revenue and Ticket Sales Trends**

*Data compiled from the California Cultural Data Project.*

### **Research Goals:**

How has the Great Recession of 2008-09 impacted the earned and contributed revenue, number of performances offered, audience attendance, and budgets of California orchestras? Is it as bad as we think? Is it getting better yet?

## Interpreting the CCDP Data

While the data collected by the California Cultural Data Project provides a compelling overview of the state's cultural sector, it does not necessarily reflect classical music industry trends entirely accurately. This is because the three largest-budget orchestras (Los Angeles Philharmonic, San Francisco Symphony, San Diego Symphony) represent between 60 and 80 percent of the total income-related figures, and between 70 to 85 percent of expense categories *for the entire data set*. Milestone events (such as the arrival of a young, charismatic new music director) for even one of these large-budget orchestras completely overshadowed industry trends for the remaining smaller-budget organizations. Thus, for purposes of this analysis, we have removed those three organizations from the data pool. Additionally, many organizations did not provide consistent data over the three-year period being analyzed. Those missing one or more years were also removed to make the number of organizations reporting and the periods of analysis consistent.

**TABLE A**  
Classical music orgs participating in California Cultural Data Project

Data Categories	# of Org's Reporting	2007-2008 Season	2008-2009 Season	2009-2010 Season	Pct Change over 2 seasons
Total No. of Concerts	119	1,811	1,820	1,827	0.9%
Total No. of Tickets Sold	106	843,757	792,466	679,249	-19.5%
Total Ticket Revenue	103	\$6,486,549	\$6,868,723	\$7,067,351	8.9%
Total No. of Subscribers	54	29,636	28,716	31,274	5.5%
Subscription Revenue	51	\$6,060,849	\$6,175,326	\$6,071,325	0.2%
Total No. of Donors	117	23,385	23,728	25,053	7.1%
Total Contributed Revenue	119	\$40,131,644	\$34,995,924	\$34,878,086	-13.1%
Total Revenue	119	\$63,896,476	\$59,224,590	\$61,717,671	-3.4%
Staff Salaries	65	\$23,559,629	\$24,522,251	\$23,280,000	-1.2%
Advertising/Marketing Expenses:	115	\$6,911,901	\$7,349,005	\$7,029,259	1.7%
Total Expenses:	119	\$62,710,726	\$63,240,503	\$59,871,017	-4.7%

## Key Findings

After removing the largest three organizations and those that did not provide complete data, some clear trends emerged for the three seasons analyzed:

- While the number of concerts offered remained fairly stable, the number of tickets sold dropped steeply during the economic downturn – **down 19.5%** between 2008 and 2010.
- Surprisingly during this same time period, **revenue from ticket sales increased 8.9%** over the period, indicating that organizations used targeted price increases or changed its program mix to offer more higher-priced special events.

- The **number of subscribers declined** from 2008 to 2009 but rebounded with a healthy increase in 2010. A possible explanation is that organizations responded to the initial dip by offering smaller, less expensive subscription packages. **Subscription revenue was essentially flat** over the period.
- Total **contributed revenue declined 13.1%** while **total revenue declined only 3.4%** ostensibly because of the increase in ticket revenue reported above.
- Expenses went up slightly from 2008 to 2009, but then **declined 5%** the next season as organizations reacted to the overall impact of the recession.
- It appears that the significant dip in contributed revenue was made up in subsequent seasons partially through higher ticket sales and partially through a reduction in expenses.

### **2010-11 Season and Beyond**

An effort to assess data beyond the 2010 season was undertaken last January with an online survey sent to ACSO members. Among other information (discussed in Part 2 of this report), the survey requested 2011-12 financial, donor and ticket sales results, in addition to those for prior years, to better understand how organizations were doing post-recession. The 2013 online survey obtained partial or complete financial data from 99 organizations, however when survey participants were matched with those who participated in the California Cultural Data Project, only a dozen organizations were able to provide all four years of data, which was, unfortunately, not a large enough sample size to be considered statistically valid.

## **PART 2: ACSO Online Marketing Survey**

### **Research Goals**

How have arts organizations throughout California adapted the way they market to their constituents in response to the changing technology and media landscape?

### **Survey Methodology**

An online survey was created using SurveyMonkey, and the link was emailed to 187 members of ACSO in January of 2013.

The survey contained 28 questions, broken into 4 sections – 4 questions about the organization itself; 15 questions about the use of traditional marketing, social media and digital marketing; and 9 questions about organization’s past, current and projected ticket sales and contributed revenue.

While the response rate was strong -- 53% of organizations responded to the survey -- it should be noted that only 18.7% of those invited to participate completed the questions about the organization’s current and past finances, ticket sales, and donations.

<b>Online Survey Response Data</b>	<b>Number/Percentage</b>
Invited to participate	187/100%
Completed marketing questions	99/53%
Completed 4-year financial metrics	35/18.7%

### Arts Organizations Represented in the Survey

According to the answers in section 1, the majority (71.1%) of organizations that responded are focused primarily on choral or orchestra performance.

<b>Organization's Primary Focus</b>	<b>Percentage</b>
Orchestral or Choral Performance	71.1%
Youth Education	19.6
Festivals	7.2
Other	2.1

The field in California is widely stratified in terms of size of organization: A plurality (41.2%) of responding organizations report having annual budgets of \$50,000 to \$499,999; only 6.2% report annual budgets over \$5 million.

<b>Organization's Annual Budget</b>	<b>Number</b>	<b>Percentage</b>
\$5 million or more	6	6.2%
\$2.5 million to under \$5 million	8	8.2%
\$1 million to under \$2.5 million	22	22.7
\$500,000 to \$999,999	13	13.4
\$50,000 to \$499,999	40	41.2
Less than \$50,000	8	8.2

Perhaps most tellingly, only 22.7% have more than 10 employees, and 13.4% report no employees (only volunteers), leaving 63.9% of organizations with 10 or fewer employees. Staffing levels appear to support the finding discussed later in this report that 69.8% of respondents feel that they do not have the staff resources to use social media effectively.

<b>Number of Employees</b>	<b>Percentage</b>
None	13.4%
1-2	15.5
3-5	29.9
6-10	18.6
More than 10	22.7

## Assessment of Web and Social Media vs. Traditional Marketing Tools

Websites are now fully integrated into the profile of organizations: 100% of the responding organizations report having a website (compared to 99% nationally\*), and 22.6% have a mobile version of the site. Unsurprisingly, 95.7% of respondents rate their website among the top five most effective marketing tools. Social media and email newsletters – both, notably, very low-cost tools – are the second and third most-used, and deemed most effective, digital marketing tools.

Digital Media Marketing Tools Used	Pct used	Percentage to rank tool among top 5 most effective
Website	100%	95.7%
Social media (Facebook, Twitter, etc.)	94.6	82.8
Email newsletter	87.1	77.4
Online banner advertising	30.1	22.6
Google keyword buys	25.8	21.5
Search engine optimization	23.7	20.4
Mobile website (e.g., viewed on tablet or phone)	22.6	14
Blog	19.4	11.8
Other (YouTube, online calendars, digital cross promotions with other arts organizations)	10.8	10.8
Mobile app	6.5	5.4
Text messages	3.2	4.3

Usage of the top three traditional marketing tools (direct mail, public relations and poster/flyers) is now lower than that of the top three digital tools (web site, social media, email newsletter). Moreover, it is not always considered as effective as digital tools: 87.2% use direct mail, and 84.6% think it is most effective; 85.1% use PR and 78% count it as most effective.

The numbers begin to drop with additional traditional tools, suggesting that use of these more expensive channels are being questioned more thoroughly, especially when assessed for effectiveness in comparison to digital tools: 80.9% use posters and flyers, but only 56% consider it top-five most effective; 78.7 % use advertising, and 65.9% consider it top-five most effective.

Traditional Marketing Tools Used	Percentage to Use	Percentage to rank tool among top 5 most effective
Direct Mail (brochures, postcards)	87.2%	84.6%
Public Relations	85.1	78
Posters/flyers/banners	80.9	56
Print advertising (newspapers, magazines, etc.)	78.7	65.9

Radio advertising	58.5	50.5
Telemarketing	33.0	18.7
Referral/Reward program	28.7	19.8
Cable or Broadcast TV advertising	19.1	11
Printed newsletter	18.1	16.5
Outdoor advertising (billboard, transit, etc.)	17.0	12.1

### Website Usage In General

Websites are increasingly transactional, as well as promotional, for these organizations, lining up precisely with nationally reported percentages\*. 86% of organizations enable websites to collect donations (consistent with 86% nationally); 72.1% sell single tickets via their websites (matching 72% nationally); 51.2% sell subscriptions. One area in which reporting organizations lag far behind their national counterparts is in the sale of merchandise (such as CDs) online: 14% of ACSO members report online sales vs. 47% nationally.

Equally, however, websites appear to continue to serve function as a repository for information, as well as a channel for current and potential audiences to connect to the organization in multiple ways.

<b>Functions that are integrated into website</b>	<b>Percentage</b>
Online Donations	86.0%
Artist bios	79.1
Single ticket sales	72.1
Links to share content via Facebook or other social media	72.1
Videos	65.1
Widget to sign up for e-newsletter	54.7
Subscription sales	51.2
Performance calendar filtered by date or concert type	51.2
Program notes	50
Sound clips	46.5
Photo slideshows	43
Hall seating chart	41.9
Social media feeds	29.1
Merchandise sales (e.g., CDs)	14

### Social Media Usage

Within social media platforms, there is one clear “must”: Facebook, which 96.6 % of respondents report using. Additionally, 65.2% use Twitter; 60.7% use YouTube; and 16.9% use LinkedIn. Various other social media outlets are used by less than 10% of reporting organizations.

<b>Which social media platforms are used</b>	<b>Percentage</b>
Facebook page	96.6%
Twitter stream	65.2
YouTube channel	60.7
LinkedIn	16.9
Flickr	7.9
Google+ page	7.9
Pinterest	7.9
Instagram	5.6
Vimeo	4.5
Foursquare	4.5

The vast majority (95.3%) report using social media primarily to engage with audience before, during, after performance (compared to 82% nationally\*). Other goals include learning more about their audience, patrons or stakeholders (51.8%); monitoring what people are saying about their organization (49.4% , vs. 77% nationally); receiving audience feedback or testing an idea (48.2% vs. 52% nationally).

<b>How organizations use social media</b>	<b>Percentage</b>
To engage with audience before, during, after a performance	95.3%
To learn more about their audience, patrons or stakeholders	51.8
To monitor what people are saying about their organization	49.4
To get feedback from the public or test an idea	48.2

To meet these goals, presumably, the organizations report posting a range of information and messages via social media:

<b>Specific types of information posted on social media sites</b>	<b>Percentage</b>
Concert info	97.6%
Photos/videos	87%
News about organization	88.2
Links to news articles or reviews	67.1
Special offers/discounts	58.8
Donor event info	55.3
Customer service announcements (change of venue/time)	43.5
Music trivia	37.6
Contests to win free stuff	28.2
Surveys/polls	18.8

Notably, California orchestras appear to lag behind their national arts counterparts in use of online surveys (18.8% vs. 64% nationally\*).

There is strong agreement (either “very true” or “somewhat true”) that social media has the following impacts on organization:

<b>Agreement with statements on impact of social</b>	<b>Very True</b>	<b>Somewhat True</b>
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<b>media on your organization</b>	<b>(%)</b>	<b>(%)</b>
Allows organization to engage with audience	50.6	48.9
Enhances public profile	60.7%	38.1%
Helps organization reach a broader audience than it would otherwise	54.7	39.5
Increases traffic to website	39.3	53.6
Helps current audience feel more a part of the organization	40.5	47.6

There is less agreement on other impacts of social media:

<b>Agreement with statements on impact of social media on your organization</b>	<b>Very True (%)</b>	<b>Somewhat True (%)</b>	<b>Not at all true (%)</b>
Helps to increase attendance at concerts	21.2%	58.8%	20%
Increases attendance at fundraising events	11.9	44.0	44
Increases audience understanding of art form	20.5	58.6	28.9
Reduces marketing/promotional costs	25.0	31.0	44

### Impact of Digital Marketing and Social Media on Organizations' Infrastructure

Usage of digital marketing and social media tools bring with them the need for ongoing maintenance and participation. This has implications for how both human and financial resources are deployed. As the Pew national study noted:

“Survey respondents were also asked to describe the greatest challenge for their organizations in adopting these kinds of digital technologies....

Staff time, plain and simple...Without resources to add staff, digital projects have been integrated with existing workflows. We're all doing our best to do more with less. Staying on top of (and sifting through) the rapidly changing field of digital technologies remains an ongoing challenge.”

Source: “Arts Organizations and Digital Technologies,” a report of Pew Internet and American Life, a project of the Pew Charitable Trusts, page 5; January 14, 2013.

Respondents to the ACSO survey support this national finding: A majority (69.8%) report concern that their organization does not have the personnel or resources to use social media effectively. At the same time, there is almost unanimous consensus that social media is worth the time the organization spends on it. Perhaps not surprisingly, there appears to be a generational gap in staff attitudes toward social media usage:

<b>Agreement with the statement:</b>	<b>Very True (%)</b>	<b>Somewhat True (%)</b>	<b>Not at all True (%)</b>
My organization does not have the personnel or resources it needs to use social media effectively	32.5%	37.3%	30.1%
Social media is worth the time our organization spends on it	60.5	34.9	4.7
The younger employees in our organization have a more positive view of social media than the older employees	45.8	27.7	26.5

When asked about who manages the digital marketing efforts for each organization, a combination of resources is revealed:

<b>Who manages digital marketing efforts for the organization?</b>	<b>Percentage</b>
Paid staff	68.2%
Volunteers	37.6
Outside consultant or agency	18.8
Interns	11.8

And, despite the awareness of sub-optimal resource levels, over half of respondents (57.4%) report posting to social media sites once or more per week, with an additional 21.8% reporting posting once or more per day. So usage is clearly high.

<b>On average, frequency of posting to social media sites</b>	<b>Percentage</b>
Several times per week	33.3%
About once per week	24.1
About once per day	17.2
Once every few weeks	11.5
Less often than once every few weeks	5.7
Several times per day	4.6
Not at all	3.4

At the same time, roughly 25% of ACSO-member organizations are not staying current with basic web technology:

<b>Frequency of website redesign</b>	<b>Percentage</b>
Every 2-4 years	47.1%

Yearly	25.9
Every 5-7 years	22.4
Every 8-10 years	2.4
Never	2.4

## Revenue

Unfortunately, ACSO survey respondents did not offer enough consistent answers in the fourth section, about past, current and projected revenue, to provide a solid basis for analysis. It is clear that many of the organizations either do not have easy access to these figures, or, possibly, the person tasked with completing the survey did not have those figures available. It is also possible that the majority of organizations – many of which are small, mostly volunteer-based organizations – are simply not equipped to track and analyze these figures in an organized or comparative manner. This is an area of industry-wide weakness that needs to be addressed through the use of basic dashboard metrics.

63% of the survey respondents addressed the question regarding projections for both earned and contributed revenues for the current season (2012-13). The consensus was notably optimistic – the majority expected flat or increased revenue in both categories – indicating that the recession has bottomed out and support is on the rise again.

<b>2012-13 Income Projections</b>	<b>Earned Revenue</b>	<b>Contributed Revenue</b>
Increase	38.1%	48.4%
Stay about the same	31.7	33.9
Decrease	25.4	14.5

*\*The national study alluded to in Part 2 of this report is “Arts Organizations and Digital Technologies,” an national online survey of recipients of NEA funding between 2006 and 2011, published on January 14, 2013 by the Pew Internet and American Life, a project of the Pew Charitable Trusts.*

**APPENDIX**  
**ACSO Online Survey Participating Organizations**

American Youth Symphony	MUSE/IQUE
Angeles Chorale	Music in the Mountains
Auburn Symphony	Musici in the Vineyards
Bakersfield Symphony Orchestra	New Century Chamber Orchestra
Berkeley Youth Orchestra	North State Symphony
California Chamber Orchestra	Nova Vista Symphony
California Junior Symphony Association (Peter Meremblum Youth Orchestras)	Oakland East Bay Symphony
California Philharmonic Youth Orchestra	Oakland Youth Orchestra
California Symphony	Orange County Women's Chorus
Carson City Symphony Association	Pacific Symphony
Central Valley Youth Symphony	Palo Alto Chamber Orchestra
Chamber Music Monterey Bay	Pasadena Community Orchestra
Civic Youth Orchestra	Pasadena Symphony Association
Community Women's Orchestra (Oakland, CA)	Peninsula Symphony
Conejo Valley Youth Orchestra	Peninsula Symphony Association
Crown City Symphony	Philharmonia Baroque Orchestra
Downey Symphonic Society	Prelude String Orchestra
El Camino Youth Symphony Association	Redlands Symphony Orchestra
Firebird Youth Chinese Orchestra	Sacramento Philharmonic
Fremont Symphony Orchestra	San Bernardino Symphony Association
Fresno Philharmonic	San Diego Youth Symphony and Conservatory
Incredible Children's Art Network (ICAN)	San Francisco Contemporary Music Players
La Jolla Symphony & Chorus	San Francisco Symphony
Las Vegas Philharmonic	San Luis Obispo Symphony
Livermore Amador Symphony	Santa Barbara Chamber Orchestra
Long Beach Symphony Orchestra	Santa Cecilia Orchestra
Los Angeles Chamber Orchestra	Santa Cruz County Symphony
Los Angeles Doctors Symphony Orchestra	Santa Maria Philharmonic Society
Los Angeles Philharmonic Association	Santa Rosa Symphony
Mainly Mozart	Solano Community Symphony
Marin Symphony	Stockton Symphony
Mission Chamber Orchestra of San Jose	Susanville symphony
Modesto Symphony Orchestra	Symphony Irvine
Monterey Symphony	The Colburn School
	The Hutchins Consort

Tulare County Symphony  
Vallejo Symphony  
Vallejo Symphony Association  
Verdugo Young Musicians Association

Young Musicians Foundation  
Young People's Symphony Orchestra  
Youth Orchestras of Fresno

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