

Case Study: 5th Avenue Theatre, Part 2

31% of Renewing Subscribers Upgrade Larger Packages Result from Rewarding Loyalty

THE SCENARIO:

Beginning in the 2006-07 season, Executive Producer and Artistic Director David Armstrong implemented a bold vision to expand 5th Avenue Theatre's season from four to seven productions so theatre lovers in Seattle could enjoy a broad spectrum of American musical theatre. The 5th's subscription model, however, had not evolved to support that vision. The Theatre continued to reward 4-show subscribers with the same benefits as 7-show subscribers, fearing that changes could negatively impact their core audience.

TRG consultants began work with 5th Avenue Theatre in fall of 2009, focusing on reversing subscription declines by deepening the loyalty of existing subscribers and attracting new subscribers. This work along with smaller initiatives like the Super Subscriber campaign (see first case study), have now blossomed into an institution-wide commitment to patron loyalty as the driving business strategy.

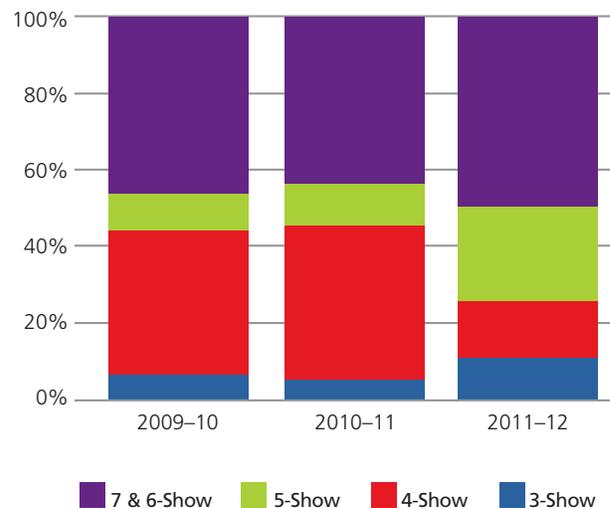
Small packages, short on loyalty. While 7-show package holders typically renewed at 80% or more, renewal rates for 4-show subscribers hovered around 60%. Also, 4-show subscribers occupied a substantial number of high-demand seats in prime areas, leaving highly visible empty seats for the less popular musicals. Increasing the number of larger-package subscribers would not only have a positive and ongoing effect on revenue, it would also increase the perception of success in the hall.

THE RESULTS:

Just getting patrons to take one more show resulted in significant revenue growth for The 5th.

- 28% of subscribers who took a 4-show or smaller package the previous season upgraded to a 5-show package when they renewed in the new season.
- For acquisition, new subscribers had previously chosen 4-show packages over 5-show packages by a 4 to 1 margin. With the focus on incentivizing subscribers to take 5 shows, that ratio became a 1 to 1 margin.
- These changes together drove more than \$200,000 in incremental revenue for the Theatre.

**The 5th Avenue Theatre
Subscribers by Package Type**



HOW THEY DID IT:

Strengthening the value message. 5th Avenue Theatre realigned its subscriber benefits to incentivize subscribers to upgrade by providing a benefit they really valued as part of that larger package.

Leveraging programming. The 2011–2012 season included a limited run of *Les Miserables*, a production the 5th knew would be a major blockbuster based on its 2005–06 run. Given the high demand, TRG recommended that only subscribers who chose five or more shows as part of their package could choose *Les Miserables* to be a part of that series. Vice President of Marketing and Communications Sean Kelly was skeptical at first: “I thought this had the potential to really infuriate patrons and might not deliver the expected results,” he said. And in fact, some patrons weren’t happy with the change, and Kelly had to deal with many of the complaints personally. “But at the end of the day, we want patrons to see more shows. Of course we do! So we needed to put an incentive into place to do so,” he said. The strategy resulted in record-breaking upgrades. The upgrade rate to 5-show packages alone was 28% and worth over \$200,000 in additional revenue.

ABOUT 5TH AVENUE THEATRE:

Since the late 1970s, Seattle’s 5th Avenue Theatre has offered the latest touring offerings from New York City, along with locally produced, world premieres of exciting new musicals and expertly mounted productions of both contemporary and Golden Age of Broadway hits. The 5th Avenue Theatre attracts an annual attendance of more than 250,000 patrons and ranks among the nation’s largest and most respected theater companies. For more information, visit www.5thavenue.org.