Los Angeles
Market Segmentation Study

A Consumer Profile of the
Los Angeles Cultural Community

Prepared for

Los Angeles County Arts Commission

Prepared by

TRG ARTS | DATA-DRIVEN PATRON RESULTS

October, 2008

Executive Summary

The Los Angeles County Arts Commission, through its general contractor, the Los Angeles Stage Alliance (LASA), contracted with TRG to aggregate, summarize, and report the demographic and psychographic trends of arts and cultural patrons within the Los Angeles area. TRG also was charged with examining cross-over consumer behavior among arts organizations as well multi-purchase behavior among LA cultural consumers. The research seeks to provide a meaningful profile of consumers and their patronage behavior – as a whole, by individual organization, and by arts disciplines.

Methodology

The project began in June 2008 with LASA and TRG collaborating through early September to recruit individual organizations' participation and collect data from them. In all, **99 organizations** submitted patron transaction data for a total of **1,149,000 unique households**. The typical data submission included three to five years of patron data. All data was then standardized through a set of hygiene and other practices that TRG employs to ensure consistency of analytic data points. The entire consumer file was then enhanced with household level demographic data before research and analysis commenced.

The TRG Data Lab team, using a proprietary set of database analytical tools, generated a series of reports for the community overall and for each of the 99 individual organizations.

- Cross-over Report – This analysis shows the number of consumers who have a relationship with any two organizations or any two arts genres. It is a detailed analysis of how many consumers each organization shares with every other organization. At the community level, the report details the number of consumers each genre (theater, opera, dance, etc.) has in common. Each individual organization will see the number of cultural consumers has in common with each of the others.
- Demographic profile and geographic mapping -- This audience profile data describes the community's consumers in terms of demographic metrics, geographic information, and consumer behavior characteristics. The research team describes the overall community profiles in this report. Each organization will receive an individual demographic profile that shows their "consumer geographic map." Each organization's map can be compared to the broader community.
- Dynamic Cluster Analysis -- To provide a market context for understanding consumers, TRG also utilized dynamic cluster analysis, a process that examines meaningful, addressable groups of similar consumers. The resulting seven consumer profiles detail the nature of each cluster and the percentage each cluster represents in the overall community. This report details the community findings. Each organization will receive a cluster analysis description and report detailing the number of their individual patrons that fall into each cluster as well as a data file with cluster name appended to each patron file.

Overall community findings are summarized in this report. Each of the 99 participating organizations will receive an individual findings report -- including cross-over, demographic/geographic attributes, and cluster analysis summary -- in the form of a user-friendly set of Excel workbooks. Additionally, TRG will return to each organization their data set with corresponding cluster name appended to each household's record.

Cross-over Analysis

TRG developed a master report indicating cross-over between organizations. The study found that 280,000 of the community's 1.1 million households were among two or more organizations' consumers. More than half of the "multi-buyers," as the study will refer to them, had a relationship with just two different organizations. The entire master report is provided in the workbook set that accompanies this document.

A second summary report illustrates cross-over between arts and culture genres. With guidance from LASA, each of the 99 participating organizations was assigned to one of six genres:

- Cultural, visual or advocacy
- Dance
- Opera
- Performing Arts Center
- Symphony
- Theatre
- Vocal

It is TRG's experience that patrons who show interest and engage with multiple organizations or art forms are the community's most active, most likely to be engaged consumers. Simply put: the more a consumer buys within a cultural community, they more they are likely to buy more.

Organization	Total	Crossover	CULTURAL / VISUAL / ADVOCACY	DANCE	OPERA	PAC	SYMPHONY	THEATRE	VOCAL
CULTURAL / VISUAL / ADVOCACY	336,346	120,000		5,123	15,833	35,109	36,320	88,397	12,351
DANCE	20,667	9,920	5,123		967	3,965	2,278	6,590	995
OPERA	47,768	32,225	15,833	967		9,862	13,491	23,015	4,325
PAC	140,891	71,170	35,109	3,965	9,862		20,908	51,135	7,667
SYMPHONY	175,312	81,983	36,320	2,278	13,491	20,908		59,011	7,853
THEATRE	686,945	162,345	88,397	6,590	23,015	51,135	59,011		15,527
VOCAL	36,689	22,988	12,351	995	4,325	7,667	7,853	15,527	

Looking at the six arts and culture genres, two sets of relationships were particularly noteworthy.

- Patrons of vocal organizations cross over two-thirds of the time with other organizations, significantly with theatre.
- Nearly half of the opera patrons cross over into theatre with opera as a whole being a high cross-over genre.

Individual organization cross-over reports and data files will reveal the specific number and names of consumers who cross over with other organizations. In these cross-over analyses, each organization will learn the degree to which their own consumers share an interest in other cultural forms and organizations.

LA Cultural Consumers: A Demographic Profile

Income and education are the two metrics that most directly impact the robustness of arts and culture patronage in America's communities today. Age and racial ethnicity also are important factors. America's most active patrons of the arts generally are households with their community's highest income and levels of education. In most communities, the majority of arts patrons are age 45 or older and Caucasian. Therefore, the traditional patron profile is that of a well-educated, affluent, white, mature adult.

Los Angeles cultural consumers fit the traditional arts patron profile, representing an older, well educated and affluent segment of the overall Los Angeles market population. As we will see in the cluster analysis, however, "traditional" in LA has a unique blend of attributes.

Metric	LA Cultural Consumers	LA Market Overall
Age 45+	71%	34%
Bachelor's Degree +	67%	19%
Household Income (median)	$72,000	$55,600
Home Ownership	95%	58%
Caucasian	70%	35%
Hispanic	12%	48%
Married	66%	40%
Have Children (18 & under) present	74%	40%
Woman working outside home	42%	40%

Looking specifically at demographics, the study found that nearly three-fourths of the market's arts consumers are 45 years or older compared to one in three of the total population.

Indicators of wealth -- levels of education, household income, and home ownership – are significantly higher among cultural consumers than the market as a whole. Among an ethnically diverse Los Angeles population, cultural consumers are 70% Caucasian. Hispanic persons represent nearly half of the Los Angeles population and just 12% of cultural consumers. The study also showed that far greater numbers of Los Angeles households identify their ethnicity as multiple or other races; very few among the cultural community were found to have that demographic attribute.

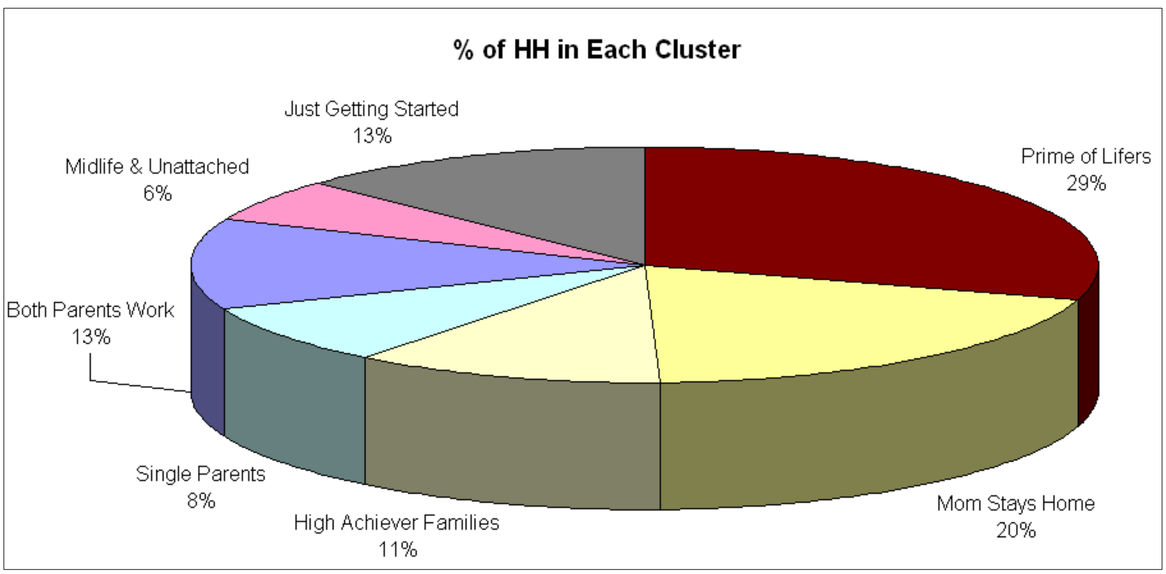
Two-thirds of LA cultural consumers are married and nearly three-fourths have children age 18 or under living in the home. Of the households with children present, two-thirds have one child. This married-with-children household is less prevalent in the market overall. Women who work outside the home is one life stage metric that is comparable among cultural consumers and the LA market. The presence of working women is one of the defining factors in cluster analysis.

Seven Distinctive Patron Clusters

Dynamic clustering is a "custom" database analysis model. Consumer segments are not pre-determined in advance (e.g. by genre or participation type – donor, ticket buyer etc.) and customers are not assigned to a pre-defined segment. Instead, the unique demographic and psychographic profile of each customer in a database is used to define groups of consumers with very specific similar attributes.

When consumers are grouped in dynamic clusters, the analytic model finds subtle variances from the demographic "norm." In conducting the process, the study team took care to observe outlier attributes in each model to prevent over-classification or pigeon-holing consumers into too small clusters that lack actionable meaning. The resulting analysis showed that Los Angeles arts and culture consumers, like most performing arts models, are relatively homogenous overall. From the subtle differences in life stage or demographic attributes, seven clusters emerged.

It is in the cluster analysis that the intrinsic nature of the Los Angeles market is more evident.



In TRG's experience, two major groups frequently emerge from cluster analysis: young singles and empty nesters. The findings vary by market and arts genre, but one or the other typically is found. (For example, orchestra patrons typically have large numbers of retirees and empty nesters.) This was not the case in the Los Angeles model. There are LA clusters that hint at these two groups. However, most of the community's consumers cluster around the middle and transitional periods between these two life stages.

Lifestyle and interest data is used in dynamic cluster modeling to better understand variations between the cluster groups. The following individual cluster profiles identify the subtle and distinctive differences among Los Angeles cultural consumers.

Prime of Lifers

29%
Of the Community

With an average age of 55, average annual income of $70,000 - $80,000 and no children living in the household, these patrons are at a stage in life when they can invest time and money in their interests. More than half are married "empty nesters," and the vast majority own their own homes. This group of patrons is among the oldest in the community of which they comprise 29%, the LA Cultural Community's largest demographic cluster.

Mom Stays Home

These patron households are mature families in the most traditional sense. They are married home-owners with school-age children – the majority of whom are in middle and high school. This group has very few working women, with the highest number of homemakers in all LA cultural community demographic clusters. Their average age is 53 and average annual income is $85,000-$95,000, the highest of all LA cultural consumers.

20%
Of the Community

13%
Of the Community

Both Parents Work

The patrons in these households earn an average of $88,000 - $98,000; they are married, own their home, have children at home, and have a working woman present. Their average age is 54. While most of their children are in middle or high school, some households still have children who are 5 years old or younger. These are high school and vocational/technical school graduates whose occupations range from blue collar jobs to white collar clerical, administrative, and professional technical careers.

Just Getting Started The youngest and least affluent group of LA Cultural Consumers, these patrons average 28 years of age and are earning an average of $31,000 - $41,000 annually. Nearly half own their home, some are married, and some have children. Educational attainment is mixed; they are both college-educated and high school / Vo-tech grads. All other LA cultural consumers are very active mail order customers, but very few of these patrons use that purchase channel.

13%
Of the Community

11%
Of the Community

High Achiever Families

These patrons are the LA cultural community's best-educated (vast majority college or graduate school educated), oldest (average age is 56), and among the wealthiest patrons (average annual income of $88,000 - $98,000). Most are home owners, married and still have school-aged children living at home. This also is the community's largest career-oriented group with a strong trend toward women in the workforce. Nearly half are employed in the medical, technical or other professions.

Single Parents

8%
Of the Community

These patrons have children in the household, are not married, and most are home-owners. They are younger (average age of 48) and their households include more pre-school aged children than those of other LA cultural community families. Their average annual income of $60,000 - $70,000 is just below average for the community.

6%
Of the Community

Midlife and Unattached

At 6%, this is the smallest LA cultural consumer group. Their average age is 54 and half have a female head-of-household. They rent rather than own a home, few are married, and even fewer have children living at home. They are a mix of college-educated and high school / vocational / technical school graduates who earn an annual average income of $45,000 - $55,000, well below the community's $70,000 average.

Cluster Analysis by Genre

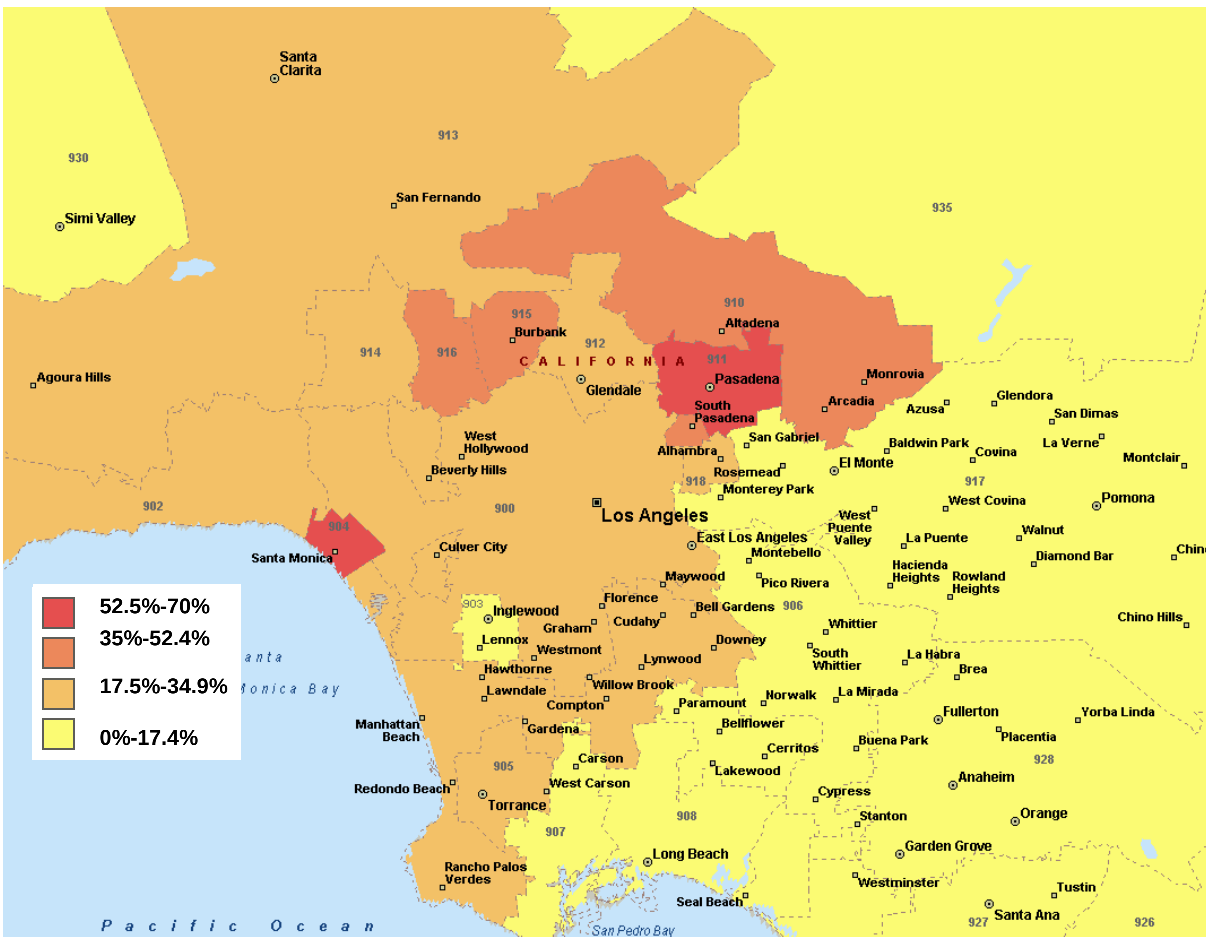
The study examined the distribution of each cluster's households by genre. In that community-wide analysis, there was very little variance between the portion each consumer cluster comprised the community and each genre. In the individual organization analysis, it became clear that some arts and culture groups are more attractive to younger audiences, specifically the Just Getting Started cluster. Each of the 99 organizations will receive an individual cluster penetration analysis.

Organization	Prime of Lifers	Mom Stays Home	High Achiever Families	Single Parents	Both Parents Work	Midlife & Unattached	Just Getting Started
LASA Community	30%	20%	11%	8%	13%	6%	13%
Genre: Cultural / Vocal / Advocacy	36%	17%	12%	7%	10%	6%	11%
Genre: Dance	36%	17%	12%	7%	10%	6%	11%
Genre: Opera	35%	17%	11%	7%	10%	6%	14%
Genre: Performing Arts Center	34%	19%	12%	8%	12%	5%	11%
Genre: Symphony	28%	20%	11%	8%	12%	6%	16%
Genre: Theatre	32%	20%	13%	8%	13%	5%	10%
Genre: Vocal	34%	20%	13%	7%	13%	4%	8%

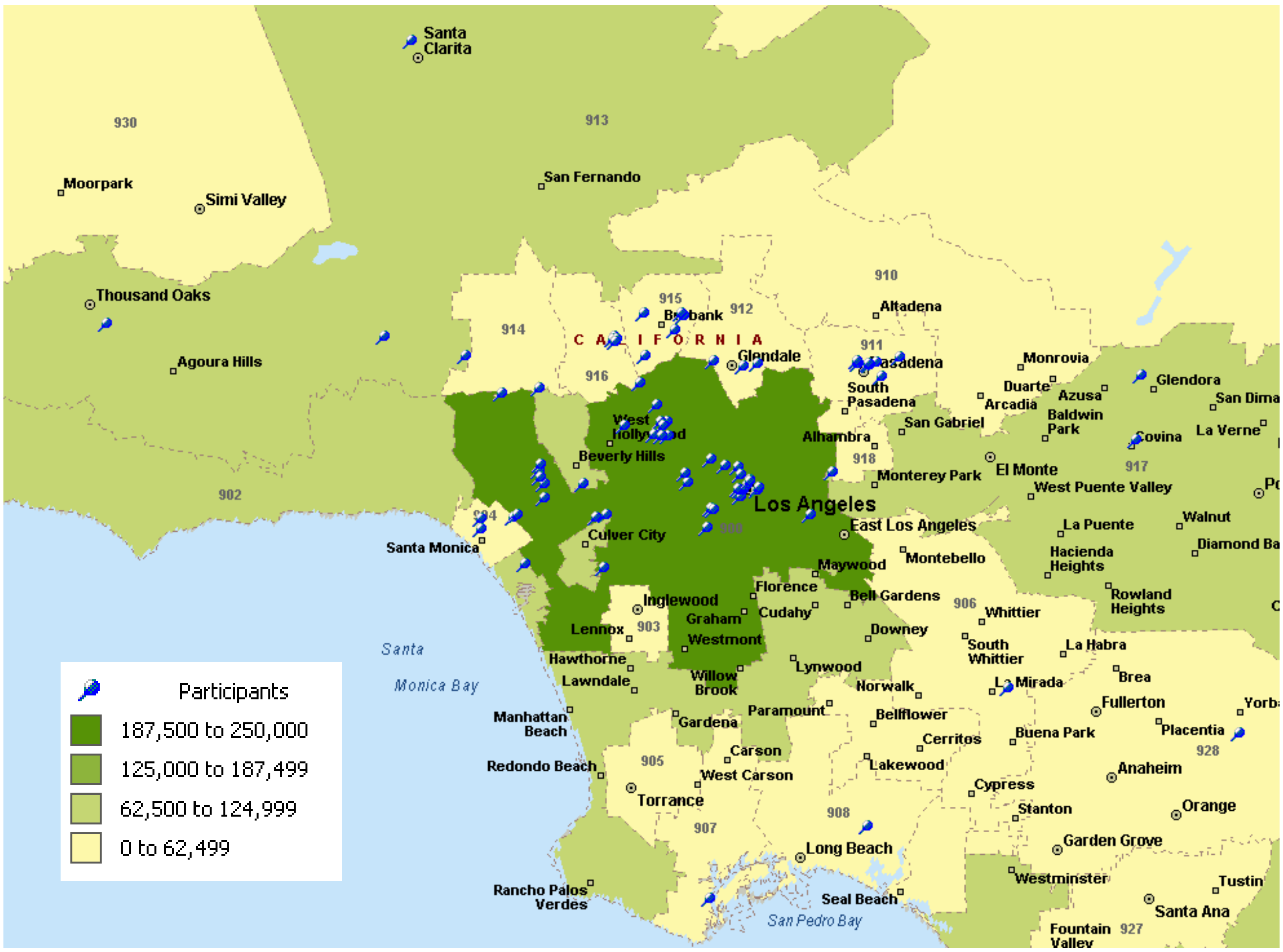
Using this understanding of type of consumers that populate each genre and each organization, the community has better information for understanding consumers and their behavior. Within each participating organization, clusters of consumers can be specifically addressed with information and offers that can be tailored to their life stage and demographic attributes.

The Geography of Cultural Consumers

The study examined and mapped cultural consumer penetration. The following map represents the percentage of cultural consumers that populate each area of the greater Los Angeles community. Greater penetration is indicated by the deeper range of orange-red color. This analysis shows that Santa Monica and Pasadena are the most densely penetrated areas of the Los Angeles cultural community.



The study also examined penetration by facility location, that is, the numbers of cultural consumers living at or near the location of the 99 participating arts and culture organizations. Not surprisingly, communities with the largest number of organizations have the largest numbers of consumers. In short, consumers seldom travel far from home to participate in arts and culture. In the next map, the green shading represents the density of consumer households present in the locations of participating organizations. The darker the green shade, the greater the consumer density or penetration.



Conclusion

By providing this study, the Los Angeles County Arts Commission has provided the cultural community with an excellent foundation of understanding about its consumers. Sharing this information is equally significant. Each participating organization will benefit from its own individual report. Each can see and seize opportunities for further consumer engagement and further development – a strategic opportunity that enhances both institutional viability and life for all residents of the community.

TRG | Target Resource Group
701 Gold Hill Place
Suite 201
Woodland Park, CO 80863