

## Case Study: Theatre Calgary

# 49% Subscription Revenue Growth

## New Subscribers Fuel Sustaining Revenue

### THE SCENARIO:

Theatre Calgary had seen growing earned revenue for several years, but in 2009–10 the Theatre experienced a sharp decline in both single tickets and subscription sales, due in part to the economic downturn that occurred in Calgary in early 2009. It became clear to the Company that, beyond outside economic factors, achieving sustainable levels of revenue required changing past practices.



Theatre Calgary's 2010–2011 production of *The Drowsy Chaperone*. Photo by Trudie Lee.

**High loyalty, low acquisition.** Subscribers were highly loyal at Theatre Calgary, and served as a major source of earned revenue. Renewal rates hovered at 80%, and the Theatre had made appropriate investments in keeping these loyal patrons. However, the Theatre wasn't spending marketing dollars in a way that attracted new subscribers or single ticket buyers. Consequently, there weren't many new patrons coming to the Theatre and replenishing its subscriber prospect pool.

**High prices.** Theatre Calgary's lowest price point was too high to encourage first-time single buyers—\$40 (Canadian) for previews and \$60 for regular-run shows. There were few seats in this "entry-level" price range, even further raising the barrier to first-time attendance.

**Indirect marketing.** The Theatre's marketing investments to acquire new subscribers were heavily skewed towards print media (i.e. magazines and newspaper ads and inserts). At the same time, Theatre Calgary had invested relatively little money in direct mail, spending over 14 times more on print media than direct mail for subscriber acquisition.

While some print media was targeted by zip code, the Theatre was spending disproportionately on generally untargeted marketing methods.

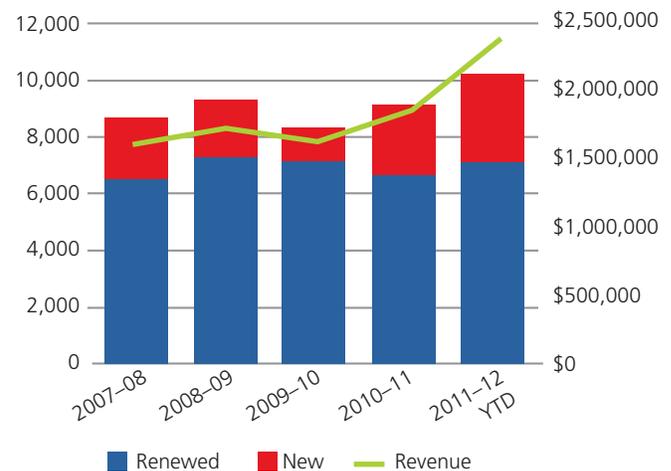
### THE RESULTS:

TRG started working with Theatre Calgary in May 2010 and by December 2011 had helped the Company achieve the following results:

- Subscription revenue up 49% over the pre-TRG season (2009–10).
- Total number of subscriptions rose to 10,000, exceeding expectations and past results.
- The number of new subscribers nearly tripled since the 2009–10 season.

In addition, single ticket sales for the first three shows of the 2011–12 season surpassed revenue expectations by \$225,000, due to both acquisition efforts and re-scaling the house. The newly renovated production of *A Christmas Carol* generated record-breaking ticket sales and sold out two weeks before closing.

Theatre Calgary  
New vs. Renewed Subscribers & Revenue



**HOW THEATRE CALGARY DID IT:**

TRG’s data analysis confirmed that while Theatre Calgary’s renewal rates were strong, new subscriber numbers were too low to generate growth. The best way for Theatre Calgary to increase revenue was to increase the number of subscribers overall, and especially new subscribers.

Theatre Calgary embraced the acquisition challenge from the start. In fact, President Tom McCabe challenged TRG to help the Theatre hit the 10,000 subscriber mark in the 2011–12 season. To do so, growth in ticket buyers and new subscribers was crucial.

**“We are thrilled and hope the future remains as bright as our current season, which could be our best ever. Thanks again for lifting the veil of complacency from our eyes.”**

~ Tom McCabe  
President,  
Theatre Calgary

**Optimizing opportunity.** Subscription and single ticket sales rebounded shortly after the start of TRG’s partnership with Theatre Calgary at the beginning of the 2010–11 season. For 2011–12, opportunities abounded. It was a season of blockbuster programming like *To Kill a Mockingbird* with star-studded casts and a new production of *A Christmas Carol*. Programming would attract large numbers of new patrons who could be cultivated for repeat patronage, ultimately increasing the number of new subscriber prospects. Plus, an economic rebound was underway in Calgary and the Theatre’s staff had spent the last year with TRG consultants putting best industry practices in place. Both factors served as a good foundation for growth in 2011–12.

**Targeted media.** To get new subscribers, Theatre Calgary first had to “prime the pump” with new single ticket buyers and multi-buyers. TRG consultants counseled diversification of marketing investments. The Theatre augmented spending on radio as well as TV advertising for the biggest productions to reach large numbers of new single ticket buyers. It also ramped up spending on direct mail to make targeted appeals to likely ticket buyers from its own database. Further, Theatre Calgary deployed new online advertising technologies, targeting ads to patrons based on their online behaviors.

**Direct marketing.** Theatre Calgary reallocated its subscription budget, funding more aggressive direct mail and telemarketing efforts. Through TRG’s data services the Theatre was able to identify and contact segments of the database most likely to respond to direct marketing, increasing return on investment.

**Pricing to attract and keep subscribers.** TRG counseled Theatre Calgary to create a lower entry-level price point, as well as more low-priced seats in the theatre. Based on historical seating data, consultants re-scaled the theater for the 2011–12 season, redistributing the number of seats in each price point. Subscriber pricing got simpler too. Consultants phased out eligibility discounts such as those for seniors and streamlined package pricing. Subscription offers became friendlier for newcomers and a greater value to full series subscribers. The Company’s loyalists got the best price per seat and Theatre Calgary generated overall higher revenue per subscription sold.

**ABOUT THEATRE CALGARY:** Founded in 1968, Theatre Calgary is southern Alberta’s largest theatre company. Theatre Calgary produces six shows per season, including an annual production of *A Christmas Carol*. For more information, visit [www.theatrecalgary.com](http://www.theatrecalgary.com).