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Marketing the Arts

Lessons from a Community Marketing Collaboration

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Introduction

The nonprofit arts have been a long time coming to grips with marketing. Twenty-five years of uninterrupted and increasing government subsidy, cozy relationships with a cadre of national foundations and the patronage of wealthy individuals enabled the country's large, predominantly Eurocentric arts institutions to flourish from the early 1960s to the mid-80s with little attention to market forces. In this hothouse environment, they grew and multiplied, devoting themselves to the pursuit of art for art's sake.

While American abstract artists achieved international acclaim and American composers of atonal music led the avant-garde, audiences asked, "What does it mean?" and stayed away in droves. Many arts institutions felt their audiences dwindling, but the idiosyncrasies of nonprofit economics made it possible to survive the slide. If less revenue was coming from audiences, more could always be found in the pockets of individual contributors and the coffers of governments.

When a rocky economy crippled by an out-of-control national deficit met up with an ideological antipathy for the arts in the White House and Congress, the three-legged stool of nonprofit arts funding (earned income, private donors and government) collapsed. At the same time, changing demographics and challenges from emerging ethnic and community-based arts groups were marginalizing many traditional arts institutions still further. "Relevance" and "community" became the new anthems. Suddenly, the audience mattered again.

In 1994, the John S. and James L. Knight Foundation embarked on an experiment to help a group of four artistically outstanding, but fiscally struggling, arts organizations in Charlotte, N.C., figure out what it meant to be responsive to an audience, relevant to a community, savvy about competition. In short, we wanted to help them market themselves. The ensuing effort was not simply about selling more tickets. It was about finding a place in the community and meaning in people's lives. The process required the participating arts groups to think about themselves and their audiences in new ways.

The experiment is still incomplete. It's too soon to demonstrate changes in audience behavior in Charlotte. But five years later, the participating arts organizations are financially healthier and still learning.

While this publication describes a marketing collaboration of performing arts organizations in Charlotte, the participants' experiences and lessons extend far beyond North Carolina, far beyond the disciplines of the performing arts. With the help of four good partner organizations, we've extracted some core components of what might make such cooperative ventures work elsewhere. The lessons and core components are relevant and, we hope, useful for cultural organizations of all disciplines as well as for other nonprofit organizations, regardless of mission.

We are grateful for the grit shown by our Charlotte friends and partners, who not only took up the challenges of forging the arts marketing collaborative but also took time out to reflect on what they learned in the process. For the risks they took, and for the roles they played in crafting a new model, they deserve to take some bows.

Penelope McPhee
Vice President and Chief Program Officer
John S. and James L. Knight Foundation

Executive Summary

Knight Foundation Strategy

Nonprofit arts agencies throughout the United States face numerous challenges. Many are struggling to develop new audiences at a time when costs are rising, federal government funds are decreasing and there is fierce competition for shrinking corporate support. These challenges are intensified by the field's legacy of expansion since the 1960s, which left many arts organizations with heavy fixed costs. Even in economically healthy communities, arts groups need every possible strategic advantage.

Since 1994, the John S. and James L. Knight Foundation has supported an innovative communitywide approach to cooperative marketing for nonprofit arts organizations. The effort has had three goals: to increase collaboration among participating groups, to improve the quality and effectiveness of their marketing and to increase revenues, thus helping stabilize the organizations and allowing them to focus more on artistic development.

We first supported this cooperative arts marketing experiment in Charlotte, N.C., one of the country's most vigorously growing environments for the arts. With a 1994 Knight Foundation grant, the North Carolina Blumenthal Performing Arts Center carried out a pilot effort to create a cooperative Marketing Services Organization (MSO). The idea was for the MSO to serve the needs of the performing arts center and three of its tenants – presenters of dance, theater and opera. Not only is the MSO now self-sustaining, it has attracted outside clients willing to pay competitive professional rates for its marketing services.

Along the way, the Foundation and participating organizations learned a great deal about the nature of collaborative relationships. We wanted to learn more. So, with a view toward encouraging future partnerships and sharing our experiences with other nonprofits and funders, we attempted to document the MSO's successes and identify the challenges that remain.

In 1998, after the end of the Charlotte MSO grants, Knight Foundation and AMS Planning & Research Corp. of Fairfield, Conn., evaluated the MSO. We found that the participating arts groups were able to sustain the collaboration and remain in the partnership, even after the grant funding ended and the groups had to bear the cost of marketing services. Our evaluation also found that the MSO was successful in helping stabilize the participating arts groups, increase revenues and raise the overall quality of their marketing materials.

As part of the evaluation, Knight Foundation also worked with researcher Thomas Backer of Human Interaction Research Institute, Northridge, Calif., to identify the core components of the MSO concept. These core components raise issues any community would need to address in adapting the MSO concept to fit local needs. Backer explored organizational and community issues likely to affect the success of future marketing collaborations and identified potential obstacles that must be overcome if they are to succeed.

Evaluation Highlights

1

Outcome 1: The MSO helped create and strengthen collaboration among the member groups.

Supporting Evidence:

- Five years after the initial grant to create the MSO, the organization remains in place and has grown from six staff members to 12.
- The four original member organizations remain committed to the MSO.
- After the Knight Foundation grant period ended, each member group reallocated funds from its operating budget to pay \$36,000 in annual fees for MSO services. Fees were raised to \$42,000 in 1998-99.
- Member groups have begun to cooperate further on a variety of marketing and sales activities.

The Charlotte MSO
(Marketing Services Organization)

The Charlotte MSO

The Charlotte MSO today is led by a senior marketing executive with a full-time staff of 10 plus one part-time employee and a commissioned sales representative. The mission of the MSO is to improve the overall quality of marketing, increase revenues and build audiences for each of the four participating organizations – Opera Carolina, Charlotte Repertory Theatre, North Carolina Dance Theatre (NCDT) and the North Carolina Blumenthal Performing Arts Center.

A specific objective of the Knight-supported project has been making market research and audience analysis an ongoing part of marketing campaigns. Another is improving marketing effectiveness through integrated mailing lists, improved graphic design and increased use of in-kind marketing support. A third is increasing the array of marketing services available to each organization. Whenever possible, the MSO attempts to leverage outside resources and reduce expenses from advertising media and other vendors by taking advantage of economies of scale.

The AMS research showed that the MSO has had a positive impact on earned revenue for the participating arts groups. Ticket revenues grew for three of the four groups, and the fourth company is now gaining subscribers after a period of decline. Other measures, such as audience awareness and percentage of seats sold, show more mixed results.

Implementing the MSO has not been an easy task for the participating groups. Making the transition from individual marketing programs to a cooperative approach has required effort, flexibility and a high level of trust in relationships that continue to evolve. In both concept and implementation, the MSO has required reinforcement along the way. But the very existence of the MSO, now well beyond the experimental phase, demonstrates the groups' continued commitment.

The MSO has improved the quality of marketing for its member arts organizations and has fostered collaboration among the groups. The marketing team has created new sources of revenue, such as the outside clients and a successful *Playbill* publishing operation. The member groups continue to work together in ways they never had done before and almost certainly would not be doing today without the MSO. For the members, the benefits of the MSO collaboration continue to outweigh any real or perceived difficulties of the partnership.

Evaluation Highlights

2

Outcome 2: The MSO improved the overall quality and effectiveness of marketing for member groups.

Supporting Evidence:

- As members of the cooperative, the four arts groups enjoy a level of service they could not acquire on their own or through in-house marketing.
- An independent creative assessment of MSO marketing materials found that quality has increased.
- Focus group participants said it is now easier to get information on member arts groups' activities in the Charlotte area because of increased advertising and direct mail.
- Audience members surveyed said the member arts groups had improved the quality of promotional materials. Respondents singled out the North Carolina Dance Theatre's "The Other Athletes in Town" marketing campaign for praise.
- Additional nonprofit organizations and even for-profit businesses in Charlotte have hired the MSO at competitive professional rates for their marketing needs.

The Long Beach Approach

In 1998 Knight Foundation awarded a one-year planning grant to a local cultural affairs council, Public Corporation for the Arts (PCA) in Long Beach, Calif., to study the feasibility of replicating and adapting the cooperative marketing strategy in its community. PCA hired AMS to conduct market research and help develop a cooperative marketing plan. In February 1999, PCA sponsored a workshop in Long Beach to learn about the experiences of other innovative arts marketing programs in place across the country. They completed their plan in July 1999, and are now implementing a pilot program.

Like Charlotte, Long Beach hopes to help local groups market the arts and increase revenues through ticket sales and admissions. However, because Long Beach differs from Charlotte in many ways, PCA is applying the core components of the model to meet local community needs.

As in Charlotte, audience research continues to be an important component of the planning process. PCA also is receiving technical assistance through a W. K. Kellogg Foundation-funded effort to build capacity and encourage partnerships in the Long Beach community.

Core Components

Our evaluation also attempted to define the key elements of the MSO strategy. Our goal was to help other communities take advantage of the lessons learned from Charlotte's experience in collaborative marketing. Research by Backer identified core components.

First, a successful marketing collaboration needs to start with a clear strategic plan and a pilot phase of limited scope. Participants must define key marketing activities with leverage potential. In other words, they need to agree on a specific mix of marketing services. Establishing strong leadership is essential, not only in the MSO but also in each of the participating groups.

Further, the role of the host organization must be clearly understood and appropriately structured to support the MSO's work. A related issue is how participating groups will integrate MSO marketing with their internal marketing activities.

The issue of the MSO's long-term sustainability needs to be addressed from the earliest planning phase. And finally, ongoing market research and regular evaluation must be incorporated into the program to provide the information and assessment essential for continued success.

The Charlotte MSO

(Marketing Services Organization)

3

Evaluation Highlights

Outcome 3: The MSO helped stabilize participating organizations.

Supporting Evidence:

- From the 1994-95 season to 1997-98, revenue from ticket sales increased 67 percent for the Charlotte Repertory Theatre, 20 percent for the North Carolina Dance Theatre's main series, 40 percent for NCDT's annual production of *The Nutcracker* and 34 percent for the Blumenthal Center's Broadway Lights series.
- From the 1994-95 season to 1997-98, the number of tickets sold increased 35 percent for NCDT's annual production of *The Nutcracker*, 34 percent for the Broadway Lights series and 12 percent for NCDT's main series.
- Charlotte Repertory Theatre was able to upgrade the position of artistic director from part-time to full-time and create a new development position. Both positions have been sustained.
- The performing arts center generated new revenue from popular touring Broadway shows without harming sales for North Carolina Dance Theatre, Opera Carolina or Charlotte Repertory Theatre.
- NCDT emerged from severe financial problems in 1994-95 and has re-established itself artistically.
- The MSO helped Opera Carolina improve its marketing impact with such recommendations as separating fund-raising efforts from subscription sales.
- The MSO's original director, Carol May, was promoted to vice president of the performing arts center in 1999, with Donna Sawyer, a former marketing agency executive and arts center manager, assuming responsibility as MSO director.

Advancing Nonprofit Arts Marketing

John Bare, Director of Evaluation, John S. and James L. Knight Foundation

The Role of Arts and Culture in Healthy Communities

A thriving cultural climate makes a community a better place to live and work. The Knight brothers knew this from decades of experience in all types of communities throughout the country. Knight Foundation support for the arts is one way we try to enhance the quality of life in our communities. We also support a variety of nonprofit organizations engaged in other priority areas: education, literacy, the welfare of children and families, community development, citizenship and homelessness.

We have a long tradition of giving to cultural institutions in our 26 communities of interest and to major arts organizations active at the national level. Art museums and galleries; history, natural history, science, children's and other museums; theater companies; symphony orchestras, opera companies and other music organizations; dance companies and historic preservation organizations all are eligible to receive Knight support.

We look especially for opportunities to support arts and culture efforts in several distinct ways: creating and producing new works, strengthening collaboration among community arts organizations, bringing cultural works of the highest quality to Knight communities, enabling premier organizations from those communities to make their mark regionally and nationally, providing arts education opportunities, strengthening the organizational stability of local arts groups and cultivating innovative leadership for arts organizations.

Two core values drive the Foundation's grant making in arts and culture. First, the Foundation's trustees and staff support the highest level of artistic quality and innovation. We encourage local arts groups to provide first-rate cultural offerings and award grants to further that objective. Second, we believe community engagement is an essential requirement for a healthy cultural environment. The Foundation encourages local arts groups to build and sustain diverse audiences by offering a wide variety of artistic and cultural pursuits.

Effective cultural organizations respond to the character and needs of their communities. The arts programs we support are not carried out in isolation, but rather as part of the everyday fabric of civic life. We rely on local cultural groups to help us understand the community setting and the audiences they hope to serve. In supporting arts and culture programs, Knight Foundation aims to nourish community growth.

Our Strategic Objectives in Charlotte

By 1994, when several Charlotte arts organizations identified marketing as a priority need, Knight Foundation already had demonstrated a commitment to strategic grant making and collaborations among local arts groups. For example, when North Carolina Dance Theatre moved from Winston-Salem, N.C., to Charlotte in 1990, the company was severely in debt and at risk of closing. A Knight Foundation stabilization grant helped give NCDT new life, but also specifically required the company to collaborate with the Charlotte-Mecklenburg Arts & Science Council. The grant met the programmatic needs of the dance company and, at the same time, advanced one of our strategic objectives.

On more stable footing, NCDT sought to improve its marketing services. At about the same time, Charlotte Repertory Theatre (Charlotte Rep) identified a similar need. The marketing needs of both performing arts groups were closely linked with those of the North Carolina Blumenthal Performing Arts Center, the performance venue for NCDT, Charlotte Rep, Opera Carolina and other local groups.

The Blumenthal Center, which opened in 1992, is itself a presenting organization and by the mid-1990s was identified as Charlotte's community center for the performing arts. It had established a strong marketing operation with significant resources.

As in most communities, the individual arts groups in Charlotte were struggling to maintain their own marketing programs. The absence of a coherent larger marketing strategy resulted in redundancies, inefficiencies and inadequacies of scale. Yet interests clearly overlapped, and Knight Foundation recognized the potential for collaboration. The performing arts center needed strong resident companies that delivered quality performances and attracted audiences. The individual groups, in turn, needed a strong local performance venue that excelled at marketing. It seemed likely that the performing arts companies could benefit by teaming up with the center.

Under the leadership of Rolfe Neill, then publisher of The Charlotte Observer and adviser to the Foundation on Charlotte grant making, and Penelope McPhee, then director of Knight's Arts and Culture Programs, the Foundation and the local arts groups began to explore several possibilities for cooperative arts marketing. One idea was outsourcing services to a professional marketing firm that would work for several groups. Another idea was creating a separate nonprofit arts marketing firm to serve multiple clients. A strong motivating force was the desire to provide the groups with greater access to national-caliber marketing than they would have individually.

For Charlotte, the best approach was having an existing nonprofit organization host a new cooperative marketing shop to consolidate marketing services for a select group of organizations. Knight Foundation invited the performing arts center to plan, create and host what would become the Marketing Services Organization (MSO). The Blumenthal Center's existing marketing capability provided a solid base for the new partnership.

In 1994, Knight Foundation awarded a \$109,580 grant to the performing arts center to create a business plan for the MSO, serve as host for the new venture and carry out a one-year pilot effort with Charlotte Repertory Theatre as the initial client company. AMS Planning & Research Corp. of Fairfield, Conn., worked closely with the center, conducting baseline market research and developing the business plan. In 1995, based on the plan and the MSO's work in the pilot phase, Knight Foundation awarded a \$430,000 grant for full implementation of the MSO over the next two years. The Blumenthal Center summarized its grant request this way: *"In order to increase earned revenue, the Performing Arts Center proposes an in-house marketing agency to serve the marketing needs, including long-range and strategic planning, for itself and three of its resident companies, North Carolina Dance Theatre, Opera Carolina and Charlotte Repertory Theatre. The creation of this agency would be a model of outsourcing and cooperation, improving the level of marketing beyond the level that any one of these groups could afford on their own."*

From the Foundation's perspective, funding the Charlotte MSO did more than provide marketing services to four arts groups. The grants helped advance several strategic objectives for healthy arts communities. The MSO project presented a particularly compelling opportunity because of the alignment of the grant recipient's needs and the Foundation's broader objectives.

For the Foundation, three key programmatic objectives emerged: increased collaboration among the four companies, increased organizational stability for all participants and increased quality and effectiveness of marketing efforts.

Collaboration

In the early 1990s, some Charlotte arts groups were experiencing difficulties that threatened their long-term organizational health. In response to their requests for funds, the Foundation and our local adviser worked with the groups to devise a solution. Our aim was to help the groups help themselves. Collaboration, in this case, turned out to be part of the answer.

The opportunity also advanced the Foundation's strategic interest in innovative nonprofit leadership. We support efforts to cultivate and nurture leaders who can help arts organizations change and, when necessary, reinvent themselves to succeed in a changing marketplace. Collaboration, of course, relies on effective leadership. It also depends upon the participants' abilities to build new relationships and sustain them over time.

The MSO required entrepreneurial leadership from Judith Allen, president of the Blumenthal Center. She and others sometimes faced difficult interpersonal and organizational relationships, but their leadership enabled the collaboration to continue and flourish beyond the duration of the grants.

Collaboration can be a powerful tool. Knight Foundation's trustees and staff believe partnerships among nonprofit organizations are central to improving the quality of community life. In partnerships, nonprofits can achieve a level of performance they might not reach on their own. Collaboration, of course, is not a one-time task. The MSO required constant attention from leaders who championed the effort. Further, staff and board changes within the member groups continually brought newcomers into the picture. Each change required leaders to educate new members about the rationale and value of the partnership.

MSO participants needed encouragement to fuel morale. They crafted new ways to resolve personality conflicts and organizational differences. Inevitably, the collaboration raised issues of turf protection and questions about the loss of artistic identity. In some cases, the MSO required leaders to reconsider basic assumptions of organizational culture.

"The keys to creating and sustaining the relationship are simple: trust and mutual respect," said Keith Martin, managing director of the Charlotte Rep. "We entered into the partnership as if it were a marriage and worked hard to make it succeed."

Organizational Stability

The Charlotte MSO strategy benefited member groups in two ways. First, the organizations turned over marketing responsibilities to the MSO, with Knight funds covering costs during start-up. The groups were free to reallocate resources that otherwise would have been used for their own marketing efforts. Member groups used this opportunity to reduce debt, improve artistic quality and devote more staff to program issues. Second, member groups were able to benefit from a higher level of marketing effectiveness. Stronger marketing was expected to raise the groups' profiles and increase revenues.

At the end of the grant period, according to the MSO's business plan, member groups would begin paying fees, at below market rates, to the MSO in order to continue receiving high-level marketing services. As host institution, the performing arts center would subsidize part of the difference and would work with the companies to generate new revenue streams such as outside clients that would pay higher rates for MSO services.

As with many grant-funded projects, the transition from grant support to direct funding by the member organizations was a critical issue. The groups' ability to strengthen operations and expand their financial base would mean the difference between a short-term experiment and an ongoing collaboration with significant impact on the organizations and the cultural community.

The MSO concept was designed to help the individual companies become more stable organizations, while the Blumenthal Center would benefit from healthier tenants, coordinated marketing efforts, maximized ticket sales and reduced scheduling conflicts.

Quality and Effectiveness of Marketing

For the member arts groups, the promise of improved marketing services served as a key incentive. Improved marketing was expected to lead to high-quality promotional materials and strong campaigns. Ultimately, increased revenues and larger audiences would result.

There were early fears expressed by Charlotte arts leaders that a unified marketing structure might lead to a "vague sameness" among all the groups' promotional campaigns. So far, each company has been able to keep creative control over its marketing messages and with the help of the MSO has carried out campaigns reflecting its distinct personality.

For Knight Foundation, the importance of improved marketing quality was intertwined with our strategic interests in collaboration and organizational stability. In order to benefit from improved marketing, the groups needed to support the partnership. For example, members had to be willing to share their mailing lists and audience databases, resources that usually were considered valuable private assets. The effectiveness of the collaboration depended, in part, on leadership and trust.

Just as important, the MSO members could not have remained partners after the Knight Foundation implementation grant ended unless they each had become financially stable enough to cover their share of the MSO costs.

Evaluation Strategy

At the outset of any evaluation, it is appropriate to review the project's original goals. These help define the project's terms of success. The MSO grants had three goals:

- 1 Help participating arts groups build and sustain relationships that would allow the MSO to succeed and strengthen future collaborations among the groups.
- 2 Stabilize and strengthen marketing, financial and organizational capacity of the participants.
- 3 Raise the overall quality and effectiveness of marketing for the participating groups.

Before the MSO can begin to have a broader impact, it must demonstrate progress in each of the three areas. The evaluation started with a review of the MSO's 1995 business plan to compare progress against the original expectations and determine how the MSO addressed potential barriers identified at the outset. The Foundation worked with AMS Planning & Research Corp. to replicate the 1995 market research that established baseline data for the MSO.

The evaluation included a community survey, audience survey, audience focus groups, analysis of customer databases, a market segmentation analysis and an expert assessment of the creative materials the MSO produced. Research helped document successes and identify areas where more work is needed. Knight Foundation shared all of the data with the MSO to enable it to update its in-house marketing resources and strengthen its overall research capacity. It will be important for the MSO to repeat these measures at regular intervals to track future progress.

Beyond the basic threshold of success for the start-up phase, the MSO also established more ambitious expectations for its long-term community impact. The participating organizations and the Foundation shared a desire for the MSO to help build diverse audiences for the arts and raise overall community awareness of arts institutions in Charlotte.

The evaluation research explored questions beyond those the Foundation needed to gauge the success of the MSO start-up phase. In these additional areas of exploration, instances in which the evaluation revealed little or no progress are not taken as evidence of the project's failure. Rather, these findings reveal programmatic needs and opportunities for the MSO to address in the future. The additional research also will help Knight Foundation shape its future funding strategies.

Finally, Knight Foundation engaged Thomas Backer to document the issues that other communities should consider in deciding whether and how to replicate the MSO model. The idea was not to impose the Charlotte MSO model on other communities, but to provide information that would help other funders and nonprofit organizations in other Knight communities when they consider engaging in similar collaborations.



North Carolina Blumenthal Performing Arts Center



Opera Carolina



Charlotte Repertory Theatre



North Carolina Dance Theatre

Charlotte Marketing Services Organization Evaluation and Research

Alan Brown, Managing Director, AMS Planning & Research Corp.

A New Model for Collective Marketing

A two-year grant from Knight Foundation subsidized marketing services for the MSO's four member groups: the Blumenthal Performing Arts Center, Opera Carolina, Charlotte Repertory Theatre and North Carolina Dance Theatre. The grant also provided lump sums of "marketing implementation dollars" to finance new marketing initiatives. According to the 1995 MSO business plan:

- Each of the member groups would be assigned an account executive from the MSO and would be allocated a total of 150 hours per month for all services, but excluding the MSO director's hours. In exchange for this level of service, each group would each pay a flat annual retainer of \$36,000, all subsidized over two years by the grant. This figure represented a balance of what the client groups had been paying, what the Foundation would fund and what the MSO could afford to provide.
- The performing arts groups would reallocate what they otherwise would have spent on marketing during these two years. They hoped to save enough money, or generate additional revenues from ticket sales, to pay for their own participation in the MSO during the third year.
- Each of the four member groups could spend \$29,000 in grant funds on new marketing initiatives (\$17,000 in 1995-96 and \$12,000 in 1996-97). These funds were used for telemarketing, targeted direct mail campaigns, web site development and other special projects. Funds were held and released by the performing arts center on an as-needed basis.
- The center would house the MSO operation, absorb administrative overhead and contribute a flat amount of \$164,000 per year during the start-up phase (an amount approximating the center's annual marketing overhead costs).
- Member groups using more than 150 hours of marketing services per month would be charged for the excess hours at a rate approximating cost recovery.
- The MSO would also take on outside clients, both nonprofit and for-profit, as capacity allowed. Billings from outside clients and net revenues from other entrepreneurial ventures (such as the *Playbill* program) would help offset MSO overhead.
- Any remaining MSO overhead would be charged back to the four groups on a pro rata basis.

Evaluation Methodology

The evaluation examined the MSO in terms of its impact on the organizations and the community. The community impact research used a public survey, an audience survey, focus groups with audience members and a customer database analysis. The organizational impact portion began with a review of existing conditions and included leadership interviews, a financial analysis and a review of creative strategies and collateral materials.

The evaluation was designed to include a "control group" analysis of the Charlotte Symphony Orchestra, to see how a nonparticipating organization had fared during the MSO start-up period. Upon further investigation, researchers learned that the symphony had endured severe financial difficulties during this period and would not be helpful as a genuine control for the MSO. Instead, the evaluation included the symphony only in the audience survey and in the customer database analysis portions of the research. Also, interview data from symphony staff informed the evaluation.

Evaluation Results

Organizational Impact

In 1998, its fourth year of operation, the MSO was a valued, high-quality service provider. The four member groups continued to benefit from a range of marketing services they could not otherwise afford. The organizations have achieved a new level of collaboration, and the performing arts center has enhanced its leadership role in the arts community. As evidence of Knight Foundation's successful exit strategy (the transition from grant support to self-sufficiency), all four of the original participating groups have committed to continuing with the MSO beyond the Foundation funding period. Moreover, the Charlotte arts community has a new marketing resource, the impact of which reaches beyond the Blumenthal Center and its resident companies.

Collaboration

The MSO start-up was a successful experiment in collaboration and collaborative marketing. The member groups were able to put the MSO concept into practice by establishing an agency-like cooperative of marketing professionals working under the Blumenthal Center umbrella. Strong financial incentives to participate were essential in gaining the commitment of all four groups.

Further, the center's larger interest in maintaining healthy tenants served as motivation to help create and sustain the collaboration. To the three performing arts groups who were not only part of the collaborative but also the MSO's primary clients, the MSO was, in the words of one participant, "the agency we cannot fire." To the MSO, the clients were valuable tenants without whom the center would be dark.

Without this interconnectedness, and without the golden handcuffs of financial incentives, it might have been impossible for the MSO concept to work.

Stabilization

The MSO grant represented a major opportunity for each of the three performing arts groups to develop their capacity and stabilize financially. There were two strategic opportunities.

One was a chance to reallocate marketing funds during the grant period to address other needs. The second was a chance to increase earned revenues through gains in marketing effectiveness. It is important to note that the MSO never sought to influence its members' programming or artistic decisions. Because organizational stability is a complex proposition involving many variables, including programmatic and artistic developments, the MSO represents an effort to strengthen one leg of the organizational stool directly, and perhaps other legs indirectly.

Charlotte Repertory Theatre is a much stronger organization now than before its relationship with the MSO. During the early years of the MSO, Charlotte Rep used funds saved from the marketing position to create new staff positions. The organization upgraded the position of artistic director from part-time to full-time and created a new development post. As its revenue increased through 1998, the organization was able to sustain both of these positions.

North Carolina Dance Theatre emerged from severe financial problems in 1994-95 and has re-established itself both artistically and financially. Whereas the company may be credited with righting itself with a great deal of community support, a portion of the increased stability should be attributed to sales growth driven by the MSO, particularly in relation to the annual production of *The Nutcracker*.

For a variety of reasons, the MSO has played a smaller role in Opera Carolina's road to stabilization. During the MSO start-up phase, the opera's financial situation grew somewhat more precarious, and attendance fell. At the time of the 1998 evaluation, Opera Carolina leaders reported that the situation was improving substantially for 1998-99 season, the opera's 50th anniversary season. After a difficult time building a collaboration, it appears that the opera and the MSO are headed for a more productive relationship.

Marketing Effectiveness

The MSO's overall level of proficiency at marketing cultural presentations in Charlotte has increased. "The bar has definitely been raised," said one marketing professional who works outside the MSO.

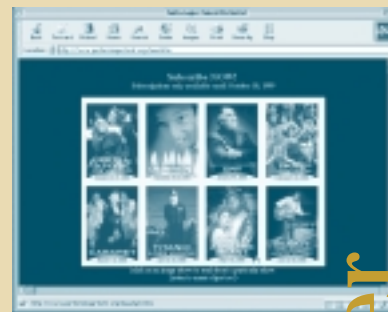
The 1995 business plan identified nine areas in which the MSO was expected to bring about improvement. What follows is a summary of the progress the MSO has made in each area:

- 1 Campaign Planning. Tactical planning has greatly improved since 1995. Each organization is on a planning and evaluation cycle, and expenses are tightly controlled. Overall, the marketing process is much stronger.
- 2 Collateral Materials. All of the groups have realized gains in the quality, consistency and timeliness of collateral materials.

- 3 Creative Work. An independent review of creative strategies and design found meaningful improvements in creative output, particularly during 1998. In particular, the MSO has greatly improved its use of photography and other imagery. Still, much remains to be done in the creative area; this is a strategic area for future development.
- 4 Customer Segmentation. Beyond the initial research effort in 1995, there has been moderate progress in the conceptual development of customer segmentation models and in the design of targeted marketing programs. Niche segments (such as students, young professionals and seniors) are routinely identified and targeted. The more difficult job of defining audience segments along attitudinal, behavioral and other psychographic dimensions remains an objective. Few arts groups have the human or financial resources to achieve this level of marketing sophistication or implement multiple campaigns targeted at different audience segments. In fact, few are able to conduct the research to define the segments in the first place. All of this is within reach for the MSO in the next stage of its development.
- 5 Database Marketing. The MSO has made excellent progress in the use of direct mail and in the maintenance of its customer database.
- 6 Telemarketing. On two occasions, the MSO implemented a fully staffed in-house telemarketing effort. The operations were discontinued due to the lack of funding by the performing arts groups. Through 1998, it has not been cost-effective to subcontract telemarketing to an outside firm. Developing an in-house telemarketing/customer relationship function remains an objective for the MSO.
- 7 Packaging Alternatives. Major improvements are reflected in the design of packaging options and sales incentives, particularly for Charlotte Rep and the Broadway Lights Series. Opera Carolina did not separate its patron/subscriber ticket packages until the season in which the evaluation was under way, so the results of this effort were not available.
- 8 Collaborative Marketing Efforts. The MSO's joint marketing efforts have included pocket calendars, table tents and joint group sales mailings. Through 1998, cross-institution ticket packages had not been implemented, partly because of difficulties programming the performing arts center's box office software.
- 9 Market Research. After the 1995 planning phase, the MSO conducted focus groups to inform its work. However, as of 1998 there was no overall research plan, and all the groups needed current data and research tools. By sharing the evaluation instruments and research results, Knight Foundation was able to provide the MSO with some of the information it needed.

As it matures, the MSO has the opportunity to take on a larger role. While all four member groups grew more proficient at marketing, most of the gains resulted from tactical and infrastructure improvements, rather than from broader strategic developments such as repositioning, market segmentation and targeting, relationship marketing and creative strategy development. Among the major tactical gains have been improved use of databases, direct mail and in-house design tools.

North Carolina Blumenthal Performing Arts Center
 130 North Tryon St.
 Charlotte, N.C. 28237
 (704) 333-4686
www.performingartsctr.org



North Carolina Blumenthal Performing Arts Center

The North Carolina Blumenthal Performing Arts Center, designed by renowned architect Cesar Pelli and opened in 1992, is home to the Charlotte Symphony Orchestra, Charlotte Repertory Theatre, Opera Carolina, North Carolina Dance Theatre, Charlotte Choral Society and the Carolinas Concert Association. The performing arts center also presents the Broadway Lights Series, featuring national touring Broadway productions, and a wide range of special attractions. An education department develops innovative partnerships with schools and community organizations to bring the performing arts to life for residents of the community and region.

The performing arts center has three performance spaces: the 2,100-seat Belk Theater, the 434-seat Booth Playhouse, and the black-box Studio Theater, which can seat 150. The center also manages Charlotte's Spirit Square Center for the Arts and Education, a historic church built in 1909 and now operated as a community center focusing on arts education. Spirit Square includes two theaters, five art galleries and other facilities for programs sponsored by several community performing and visual arts groups.



Still, there were some strategic gains. The MSO helped reposition the Charlotte Rep as the city's primary professional theater company, distinguishing it from numerous other regional and community theater troupes. The MSO helped enhance the brand identity of NCDT by introducing company members to the community as compelling human-interest subjects. The MSO also successfully rebranded NCDT's annual production of *The Nutcracker*.

These accomplishments provide an indication of the kinds of strategic efforts the MSO may pursue as it moves beyond its start-up phase and the initial work of relationship-building. The MSO offers future opportunities to help build audiences for challenging programs such as opera, brand products for all member groups and make use of sophisticated marketing techniques such as psychographic segmentation. In particular, creating an enhanced capability for creative strategy development is an important early objective for the MSO.

Perspective on the Adoption Process

To varying degrees, each of the four member groups adopted the MSO. Charlotte Repertory Theatre fully accepted the MSO model and changed its organizational culture and management to maximize the value of the MSO. Of the four performing arts groups, Charlotte Rep had the most productions to market. Its relationship with the MSO has been the most fluid. The MSO's account executive became its de facto marketing director, with strong ties to Charlotte Rep's board and staff.

At the start-up of the MSO, North Carolina Dance Theatre was in a management transition and experiencing financial difficulties. These factors slowed its adoption of the MSO. An interim manager of NCDT had misgivings about the MSO, and NCDT staffing issues were not resolved satisfactorily prior to the MSO launch. Once under new management and artistic direction, however, NCDT's relationship with the MSO improved greatly. As of 1998, the partnership approximated the arm's-length agency relationship originally described in the 1995 business plan.

Opera Carolina had a difficult time adopting the MSO. Reasons included resistance on the part of the company, difficulty building organizational relationships and the peculiarities of an entrenched marketing paradigm that tied fund raising to ticket sales. One particular source of friction was the Opera's desire to have the MSO provide a senior account executive with discipline-specific marketing experience. After the first year, the relationship was troubled enough that MSO director Carol May took over Opera Carolina's account in order to salvage the relationship. Philosophical and organizational differences persist, but both the MSO and Opera Carolina have worked to strengthen the relationship. Both partners remain committed to the relationship, and recent developments indicate they are making progress on marketing issues.

The Blumenthal Center, as both host of the MSO and a client, adopted the MSO with internal adjustments. The additional activity required the center to redesign its budgeting and accounting systems. For the center, the level of effort required to host the MSO exceeded expectations. However, the MSO evolved into a strategic resource for the center by serving as a new, strong link to the community. Through 1998, the MSO continued to require an annual subsidy by the center, but the MSO functions as a stabilizing force. Because of the partnership, the center now plays a larger role in the health of its MSO partners and in the overall cultural development of Charlotte.



Opera Carolina
345 North College St.
Charlotte, N.C. 28202
(704) 332-7177
www.operacarolina.org

Founded in 1948 as a Charlotte Music Club project by a small group of volunteers, Opera Carolina today is the largest professional opera company in the Carolinas. The company is the product of a 1986 merger of the Charlotte Opera Association and North Carolina Opera, combining mainstage, educational and touring operations.

Opera Carolina produces a three-opera mainstage season at the Blumenthal Performing Arts Center. The company's award-winning Department of Education and Community Programs educates and entertains thousands of students and their families in North and South Carolina annually. Opera Carolina's touring company brings fully staged and costumed live operatic and music theater performances to schools and community theaters in both states.

Opera Carolina



Ticket Sales

In 1993-94, the three performing arts groups sold a total of 55,503 tickets. Five years later, the groups sold 57,908 tickets, although sales fluctuated somewhat during the interim (see Table 1). In particular, the MSO can be credited with a significant turnaround in *Nutcracker* sales for NCDT. Improvements in marketing, however, have not always translated into higher sales.

In the case of the Charlotte Repertory Theatre, the controversial *Angels in America* production generated an extraordinary gain in ticket sales in the 1995-96 season. The uproar surrounding this production taxed the relationship between the MSO and Charlotte Rep significantly, but ultimately it strengthened the ties. In 1997-98, the number of tickets sold fell back to pre-*Angels* levels; gross sales revenue remained higher primarily due to increased ticket prices.

The Blumenthal Center's Broadway Lights Series has flourished (see Table 2). During its start-up phase, the MSO marketed two blockbuster presentations for the center (*Phantom of the Opera* in 1996 and *Miss Saigon* in 1997) to near-capacity audiences. This nearly doubled the total economic volume of performances in the Charlotte market in each of those years. The other member arts groups did not experience depressed sales revenue during the blockbuster years. In other communities, touring blockbusters often result in lost revenue for local performing arts groups.

TABLE 1. Total Tickets Sold for Three Performing Arts Groups (excluding Blumenthal Center). From 1993-94 to 1997-98, combined ticket sales for NCDT, Opera Carolina and Charlotte Rep increased 4 percent, with fluctuations during the five-year period.

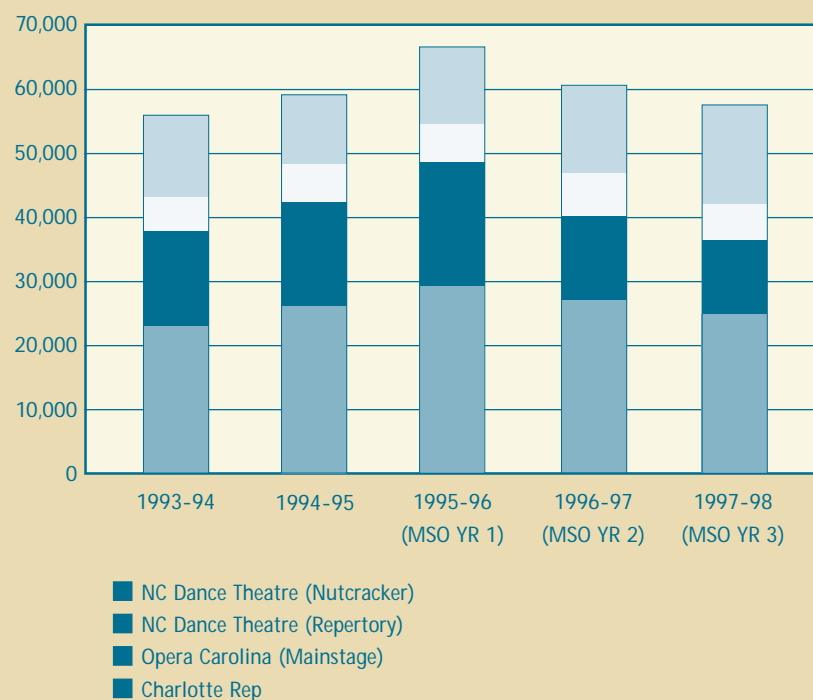
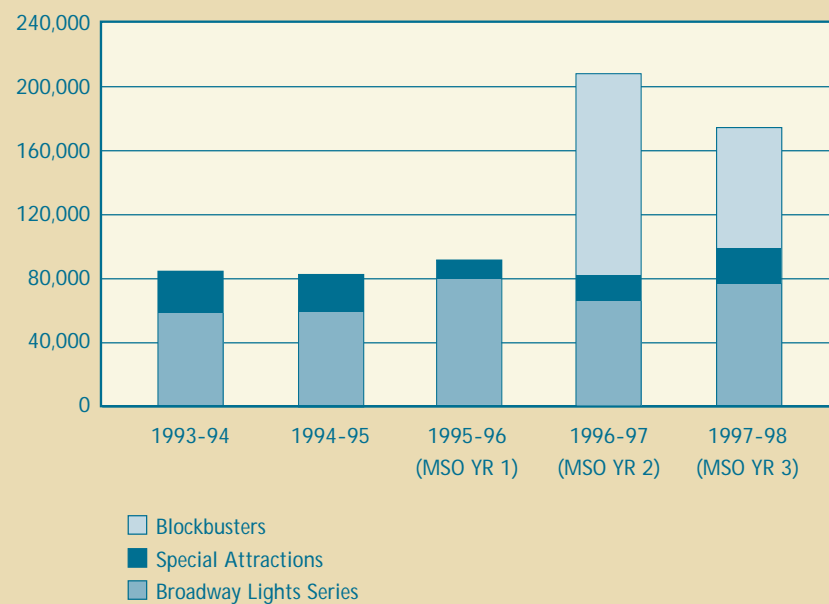


TABLE 2. Total Tickets Sold for North Carolina Blumenthal Performing Arts Center. "Blockbuster" productions at the Performing Arts Center contributed to dramatic increases in ticket sales in the second and third years of the MSO, without depressing sales of the other three arts organizations.



During the MSO's start-up phase, the Blumenthal Center, NCDT and Charlotte Rep all experienced increases in the percentage of ticket revenues realized through subscription sales, in spite of a national trend away from subscription commitments.

In contrast, Opera Carolina experienced declining sales and a drop in subscription renewal rates. Through 1998, the MSO was unable to draw audiences for challenging operas any better than the opera had done on its own. At the time of the evaluation, however, the opera's fortunes were expected to improve for the 1998-99 season, with a significant increase in subscription sales.

With respect to the number of tickets sold as a percentage of all seats available, there were notable year-to-year fluctuations (see Table 3). In particular, NCDT wrestled to establish appropriate levels of performance activity. Opera Carolina and the Broadway Lights Series enjoy the highest percentages of seats filled, although the trend is downward.

A summary of changes in key sales measures from 1994-95 (the year before the MSO launch) to 1997-98 (after three years of MSO operation) appears in Table 4.

It is important to note that after the MSO launch, NCDT, Charlotte Rep and Opera Carolina turned over their subscription and single ticket sales operations to the Blumenthal Center's box office. The evaluation discovered that unsatisfactory box office service had become a source of aggravation between the three performing arts groups and the center. From the clients' perspective, the good work of the MSO is meaningless if the box office cannot fulfill ticket orders in a timely and professional manner. The center engaged a consultant in June 1998 to help improve its box office.

TABLE 3. Percentage Sold of Seats Available for Four MSO Partner Groups. During the five-year period from 1993-94 to 1997-98, Opera Carolina and the Blumenthal Center's Broadway Lights series consistently sold a greater percentage of available tickets than NCDT and Charlotte Rep.

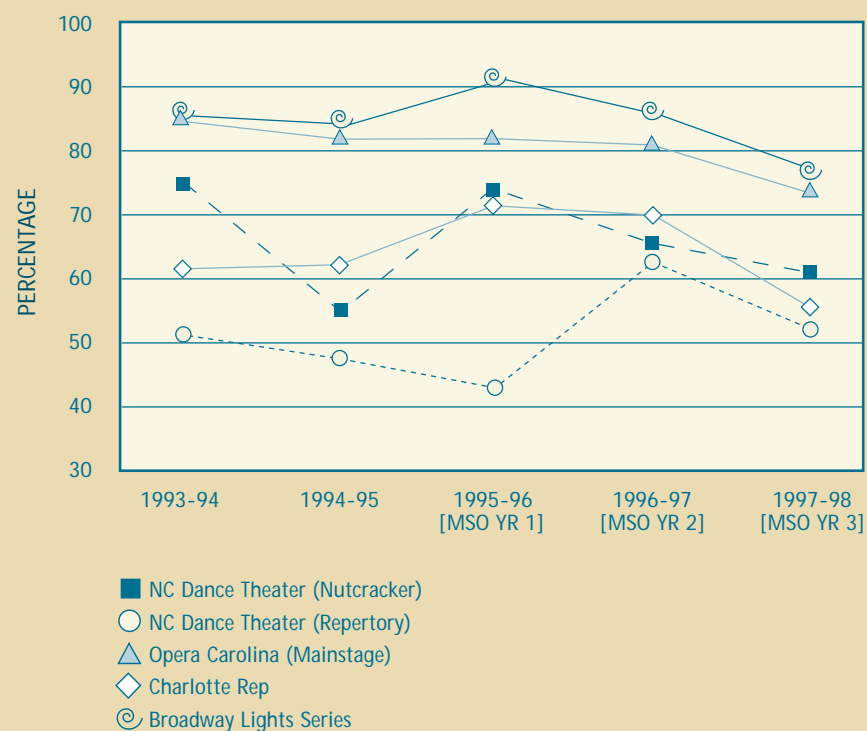


TABLE 4. Changes in Key Sales Measures, 1994-95 to 1997-98.

Gross ticket sales increased for three of the four participating groups, while other measures show more mixed results.

	Charlotte Repertory Theatre	Opera Carolina	NCDT Repertory	NCDT Nutcracker	Broadway Lights Series
Total Seats Sold on Subscription	+418%	-40%	+36%	-21%	N/A
Single Seats Sold	-52%	-13%	-6%	+39%	N/A
Total # of Seats Sold	-8%	-31%	+12%	+35%	+34%
Season Total Capacity (#of Seats)	+1%	-22%	+4%	+20%	+46%
Season % Capacity Sold	-10%	-11%	+8%	+11%	-9%
Subscription Sales Dollar Volume	+103%	-39%	+75%	0%	+73%
Single Ticket Dollar Volume	+41%	-11%	-18%	+43%	+2%
Gross Ticket Sales	+67%	-30%	+20%	+40%	+34%
Average Ticket Price	+82%	+1%	+7%	+4%	0%

MSO Finances

The MSO has grown faster than the 1995 business plan anticipated. The plan anticipated a budget of \$328,000 in year three; the actual figure was about \$526,000. As of 1998, there were 11.5 positions, compared to the six planned originally. Most of this increased activity has been driven by work for non-MSO clients, who generate revenue that helps underwrite the MSO. Income from the *Playbill* is a key to the entire MSO operation because it subsidizes overhead costs for all four member groups.

Through 1998, the Blumenthal Center did not maintain a separate set of books for the MSO, which made it difficult to determine the exact value of the center's subsidy. To estimate the size of the MSO, including soft costs and revenues that do not appear on internal reports, it was necessary to draw figures from several sources.

In the year after Knight funding ended, the MSO appeared to be a modestly subsidized operation. Aside from a relatively small direct cash subsidy, the performing arts center absorbs a variety of soft costs and forgoes potential revenues to help support the MSO. It is difficult to place a dollar value on such support.

If the MSO were a stand-alone entity, independent of any parent organization, it would have to carry more overhead and would be operating at a greater loss. Without revenues from the *Playbill* and non-MSO clients, the member performing arts groups would have to pay higher fees for MSO services. If this were the case, it is likely that one or more of them would elect to drop out. Because these groups have limited ability to pay higher retainers to the MSO, the entrepreneurial activity is crucial to the survival of the collaborative.

From the performing arts center's perspective, the benefits of the MSO outweigh the incremental additional costs of maintaining it. This is due, in part, to the center's commitment to the overall health of its resident companies. Also, the MSO's economies of scale have provided the center with benefits such as favorable rates on media purchases and joint group sales. The MSO has allowed the center to develop resources that it otherwise could not afford. With the overall growth of cultural opportunities in Charlotte, the center stands to benefit from the MSO even more in future years.

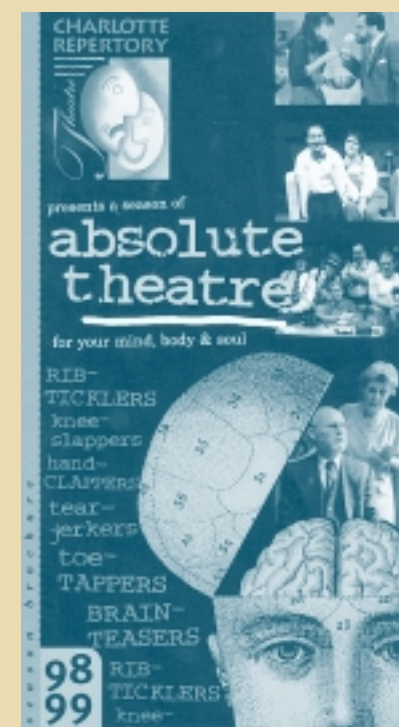


Charlotte Repertory Theatre

Charlotte Repertory Theatre
129 West Trade St., Suite 401
Charlotte, N.C. 28202
(704) 333-8587
www.charlotterep.org

Charlotte Repertory Theatre is the region's leading professional theater company. The critically acclaimed company presents contemporary plays, new works and classic literature. All Charlotte Rep productions use professional Equity actors, including local, regional and national talent.

Founded in 1976 as Actors Contemporary Ensemble by Steve Umberger and a group of local artists, the company later merged with the respected Golden Circle Theatre, which had presented the classics of modern drama since 1954 at Charlotte's Mint Museum of Art, under the guidance of founder Dorothy Masterson. In 1992 the company's move to the new Blumenthal Performing Arts Center established a presence in a facility able to support the highest quality of professional production. Umberger is Charlotte Rep's artistic director, and Keith Martin is producer and managing director.



Community Impact

The evaluation used both quantitative and qualitative research methods to assess the MSO's impact on the community. When possible, the 1998 research was designed to replicate the 1995 study in order to provide pre- and post-MSO measures. The evaluation included a public telephone survey, an audience telephone survey, a series of four focus group discussions and an analysis of the aggregated customer data file. This portion of the evaluation was designed to provide intermediate benchmarks for the Foundation and the MSO to begin to track measures of community impact. The results also help identify needs and opportunities for program planning.

Audience Survey

Ticket buyers acknowledged improvements in the frequency and quality of marketing efforts, and occasionally recognized particularly effective creative strategies. The evaluation cannot demonstrate causality between these findings and the work of the MSO, but the research results are generally consistent with the other findings. With the consent of the Charlotte Symphony Orchestra, its ticket buyers were included in the audience survey to add context.

While anywhere from 51 percent to 83 percent of the various audience groups said the quality of promotional materials had improved over the past three years, respondents were not able to offer specifics in open-ended questions. NCDT buyers were the most likely of all five groups to recognize improvements, while Charlotte Rep and Blumenthal Center buyers were least likely to recognize improvements. Symphony buyers also perceived gains in the quality of symphony promotional materials, although that group was not part of the MSO. When asked what specific promotional materials they recalled, respondents mentioned brochures most frequently – particularly NCDT's "The Other Athletes in Town" campaign, which also came up in the focus groups on an unaided basis.

To varying degrees, most buyers reported gains in their levels of awareness of the groups' programs over the past three years. But the differences among groups are telling. Opera subscribers were least likely to report gains in awareness. Opera single ticket buyers (STBs) reported the largest gains in awareness levels. Blumenthal, Charlotte Rep and NCDT subscribers all reported similar figures – about 60 percent said that they are "more aware" of programs now than they were three years ago.

About 45 percent of NCDT subscribers and single ticket buyers said they are "more involved" with the organization now than they were three years ago. Symphony and opera STBs also reported being more involved, but subscribers to both groups, and the opera in particular, were much less likely to report higher levels of involvement. This may be due to a higher incidence of first-time attenders in the STB groups. Performing arts center subscribers also reported relatively modest gains in involvement levels.



North Carolina Dance Theatre
800 North College St.
Charlotte, N.C. 28206
(704) 372-0101
www.ncdance.org

Reviewers from New York to North Carolina have called NCDT "stunning," "versatile" and "a pleasure to behold." The 30-year-old company emerged from the North Carolina School of the Arts to become one of the most successful touring companies in America. Its classically trained dancers bring passion and personality to a versatile repertoire ranging from full-length classical ballets to innovative contemporary works.

In addition to years of extensive national touring, several successful New York appearances and two European tours, NCDT has performed at major dance festivals across the United States, including the Spoleto Festival, the American Dance Festival and DanceAspen.

Founded by Robert Lindgren in 1970, NCDT has enjoyed the inspired creative vision of the late Salvatore Aiello and current Artistic Director Jean-Pierre Bonnefoux. The company performs in the Belk Theater of the Blumenthal Performing Arts Center.

North Carolina Dance Theatre



A great deal of cross-selling goes on among customer lists of the MSO member groups. One indication of the MSO's success would be an increased level of cross-institutional purchases. The evaluation could not directly compare data from the 1995 and 1998 audience surveys due to methodological differences. The research, however, did find strong cross-purchase behaviors between customer groups in 1998. For example, 73 percent of Charlotte Rep subscribers and 75 percent of the company's STBs also attended the Broadway series at least once in the 1997-98 season. About 20 percent of Broadway subscribers and 36 percent of Broadway STBs also attended at least one Charlotte Rep performance. While 25 percent of symphony subscribers also attended at least one opera performance, 40 percent of opera subscribers also attended at least one symphony classical performance.

With respect to media sources, newspaper advertisements were mentioned – on an unaided basis – as a source of information about cultural events more frequently in 1998 than on an aided basis in 1995. This suggests recognition of increased usage of the print media for information about arts programs, particularly among single ticket buyers.

To measure the relationship between ticket buying and participating in local fund-raising efforts, the audience survey measured rates of participation in the United Fund Drive. For the different audiences, participation ranged from a high of 60 percent for NCDT subscribers to a low of 35 percent for Charlotte Repertory STBs. This compares to an overall participation rate of about 14 percent, according to the community survey.

For the MSO to develop future strategies, it will be important to understand local attitudes regarding arts funding. The audience survey addressed questions in this area. A majority of all audiences reported paying "a great deal" or "some" attention to the ongoing debate about public funding. About 87 percent of ticket buyers to all four MSO organizations said that public funds should be used to support local arts programs, as compared to 79 percent of all adults in the community. Further, about 74 percent of the audience members said that the current amount of funding is "too little," as compared to 54 percent of all adults in the community.

Focus Groups

In general, the qualitative data gathered through the focus groups did not provide evidence that the MSO had a dramatic impact on individual arts consumers – in terms of heightened familiarity, affinity or loyalty. This finding seems consistent with the earlier notion that the MSO has made fine progress tactically but is just emerging as a more strategic marketing force.

In general terms, focus group participants expressed high awareness of recent changes in the Charlotte cultural marketplace. Participants expressed a renewed sense of civic pride in the cultural offerings now available in Charlotte. Often participants related these attitudes to the blossoming of uptown Charlotte as a hub of cultural activity. Despite repeated questioning, however, participants for the most part could not articulate changes in market positioning for the four arts groups. They were unable to recall specific improvements in the quality of communications or campaign slogans or images.

The focus groups did provide some hints as to the MSO's broader impact. Most participants said they had noticed an overall increase in the level of marketing activity in recent years. Despite the lack of specific examples from the participants, there was consensus among them that all member groups had become more professional and that the quality of programming had improved. Also, several participants commented on how much easier it had become to obtain information on arts activities in the Charlotte area because of the volume of advertising and more frequent direct mail.

Customer Database Analysis

The evaluation included an analysis of all customer records from the four member MSO groups and the symphony, excluding single ticket buyers to the touring Broadway shows.

The distribution of customers' home ZIP codes indicates that the market expanded geographically for these groups from 1995 to 1998. The 35-mile radius around the Blumenthal Center accounted for 90 percent of all buyers in 1995 and only 84 percent of all buyers in 1998. In 1995, the 27 ZIP codes generating the most ticket buyers accounted for 75 percent of all customers. In 1998, the 36 top ZIP codes accounted for 75 percent of buyers.

These changes reflect patterns of population growth in the Charlotte area, with two cautions. First, the 1995-98 changes are not necessarily predictive. As long as housing development remains fluid in the community, the location of customers – and potential customers – should continually shift. Second, the findings do not mean that the member arts groups have exhausted the customer potential in ZIP codes close to the center. There continue to be opportunities to build and diversify audiences in the communities in and around uptown Charlotte.

The evaluation also included an analysis of the relative changes in market penetration between 1995 and 1998. Overall, the results suggest that penetration levels throughout much of the market did not change significantly, with a few exceptions. The changes once again suggest a trend toward increased participation in the arts in areas on the geographic periphery of the current market area.

Public Survey

Through 1998, the MSO's impact on the four member arts groups was quite positive. But its impact on the overall Charlotte community was less dramatic. Still, results of the public survey were consistent with findings that the level of cultural activity increased, in both scope and quality, during the MSO's first three years.

From 1995-98, more people were exposed to information about arts programs through direct mail and print media. There was an increase in the percentage of people who had considered attending a performance of one of the member arts groups but had not yet done so. This may reflect the member groups' expanded advertising and direct mail efforts. Whatever the cause, the data indicate that larger percentages of Charlotte adults were exposed to information about various arts offerings.

About 20 percent of respondents who had lived in the Charlotte area for at least three years said that they had a higher opinion of the various arts groups in 1998, as compared to three years ago. A large majority reported no change in opinion.

The performing arts center realized the largest gains in overall market awareness from 1995 to 1998, with the percentage of respondents aware of the center rising from 78 percent to 84 percent. It is likely that the center's presentation of blockbuster musicals in 1996 and 1997 helped raise awareness.

Measures of unaided awareness levels—where the respondents identified arts organizations from an open-ended question, without a prompt—remained quite low for all groups covered in the survey. Unaided awareness ranged from 5 percent for the opera to 15 percent for the symphony. The Blumenthal Center had low top-of-mind awareness levels (below 10 percent) as “a performing arts organization,” but this is not representative of its identity as a presenting venue.

In 1998, the Charlotte arts market remained highly segmented. Just 16 percent of respondents accounted for 67 percent of the total reported attendance. Nearly half of the respondents reported no attendance at all over the past 12 months.

Among the reasons for not attending arts events in Charlotte more often, the 1998 community survey revealed that residents' concerns of safety had dropped dramatically since 1995. About 35 percent of respondents named safety concerns as a reason for not attending more arts events in 1998, down from 50 percent in 1995. This is consistent with what has been recognized within the community as a revival of activity in the uptown area. The change represents an opportunity for the MSO—and other groups in the community—to market uptown events in new ways.

In addition to questions relating directly to the evaluation, the research shed light on community attitudes toward culture in Charlotte. Among the general public, as opposed to arts consumers, even seemingly controversial subjects receive relatively little attention. Fewer than one in five respondents said they paid “a great deal of attention” to the public funding debate sparked by *Angels in America*. While a strong majority believes tax dollars should be used to fund local arts programs, about three-quarters of the respondents said that public funding should be contingent on arts groups meeting “community standards for decency.”

Hindsight

The suitability of the performing arts center as the host institution in Charlotte was a basic assumption from the earliest planning work for the MSO. In fact, the center emerged as an ideal host for the Charlotte effort for reasons never contemplated. In other communities, where similar presenter-tenant relationships do not exist, or where the marketing needs of client organizations differ significantly, it would be appropriate to consider other kinds of host institutions. These might include arts councils, advertising agencies, local corporations, independent nonprofit groups or even for-profit concerns.

Leadership was a key factor in the MSO's success. Judith Allen, as president of the Blumenthal Center, and Carol May, as director of the MSO during the start-up phase, provided strong and stable leadership. In particular, their leadership helped build and sustain new and productive relationships with staff and board members of the member groups. The continuity in personnel within the MSO was also important to building relationships with member groups, whose own staff turnover presented major obstacles.

As the MSO matures, the partners will continually weigh the benefits against the costs of the arrangement. Each group will repeatedly assess the value of the collaborative by asking: Do the benefits of the MSO services outweigh the costs—financial and emotional—of sustaining the collaborative? Could we create an in-house marketing operation that would provide the quality of service the MSO is providing for what we are currently paying?

As of 1998, all four member groups resolved those questions solidly in favor of sustaining the MSO partnership. At some point in the future, however, the equation may change for one or more of the organizations. For the MSO itself, it will be critical to maintain a high volume of marketing activity in order to preserve many of the efficiencies— including bulk rates and retaining a full-time staff member to handle design work— that make it attractive to the member groups. It is unlikely that any of the member groups could realize these benefits through an in-house marketing operation.

Finally, as the MSO matures it will have the opportunity to capitalize more often on the cross-institutional lessons and strategic integration of resources. The MSO will have the chance to put in place structured opportunities for professional development, peer review and strategic planning. In the near term, for example, the MSO will be faced with strategic cross-institutional questions related to the relationship between marketing efforts and the operation of the centralized box office.

In their own words...

In evaluating the MSO, Knight Foundation asked representatives of the Charlotte arts groups involved to answer some basic questions about their experience and provide insights for arts leaders in other communities. They responded separately in writing, but many viewpoints are shared:

What have been the keys to creating and sustaining the relationships needed for successful collaboration in the MSO?

Judith Allen, president, North Carolina Blumenthal Performing Arts Center: "A commitment to the greater good. Making it a win, win, win situation. Persistence! Great communication skills."

Carol May, MSO director and vice president of marketing and programming, North Carolina Blumenthal Performing Arts Center: "Building these relationships takes time and trust. The groups are very protective of their proprietary information going into the collaboration. It is important for everyone to understand that we all have the same objectives and must work together to make the collaboration work."

James Wright, former president, Opera Carolina: "The most important key is effective communication, which is hardly a surprise. But I cannot emphasize too strongly the importance of regular, clear communication. It is particularly important because it is likely that your account representative will not be very knowledgeable about the art form. It is, therefore, paramount that you have people on your staff who can clearly and forcefully and passionately communicate about individual operas, and the art form in general."

"It is equally important that the opera staff be willing to nurture opera novices, and to be open to new ideas about marketing our art form. We were most successful when we were open to new ideas and allowed the MSO staff sufficient creativity."

Chris Bretscher, director of communications, North Carolina Dance Theatre: "Talented and patient MSO staff, who understand the special demands and challenges of a nonprofit arts organization; open communication; regular meetings and contact with personnel at all levels of the MSO, not just our account representative."

Keith Martin, producer and managing director, Charlotte Repertory Theatre: "The keys to creating and sustaining the relationship are simple: trust and mutual respect. We entered into the partnership as if it were a marriage and worked hard to make it succeed. One element of Charlotte Rep's MSO success is the depth and breadth of the contact; there is not a single department head who does not interface with the MSO. It's not just a coincidence that they are #1 on our speed-dial!"

How has the MSO turned out differently from what you expected? In what ways has it met expectations?

Allen: "It is more difficult to manage than I thought. It's a great feeling to see the results of the resident companies' success. When we started, I did not realize I would feel responsible for every company's bottom line."

May: "The MSO is much larger than anticipated. There is more need for our services in this community than we could ever fill. The entrepreneurial businesses (i.e., *Playbill*, web, outside clients, project work), are extremely important financial sources for the MSO; without these it would be difficult to maintain the MSO. The MSO has met the expectations of improving clients' awareness in the community, increasing ticket sales and raising the bar in the quality of their marketing campaigns."

Wright: "I expected that the MSO would have a much more positive effect on our out-of-house box office than it does. Both the MSO and our staff grapple with the same box office issues and they are no more successful in solving them than we have been. This has been our greatest frustration: we assumed that a stronger unified marketing effort would help the box office, but it has not."

Bretscher: "We've had more interaction; we're pleased to have that."

Martin: "The MSO has far exceeded our expectations. Beyond the tangible benefits (economy of scale, efficiency of operation, reduction in overhead, etc.), the esprit de corps among the participants and the collaborative nature of the numerous relationships have strengthened our agency and its organizational capability."

Explain how the MSO has helped improve the overall quality of marketing for your organization? What challenges remain?

Allen: "The MSO provides comprehensive marketing plans for each organization – planning, research, implementation and assessment that clients independently could not afford. The process is evolutionary, and it will continue to unfold."

May: "Prior to the MSO none of the groups had a strategic marketing plan. We completed a tremendous amount of research and wrote their three-year plans. Incorporated in the plans are individual show campaigns. The MSO employs a creative director and two graphic designers. Working with the account executives and the clients, the design team has greatly improved the quality of the marketing and advertising pieces. All of the design team comes from ad agency backgrounds. The challenges are to continue to define clear brands for each client and to provide quality services at an affordable price."

“To accomplish our mission we must keep our rates significantly lower than commercial agency rates. This can create a perception of less quality services. The MSO must pay market rates to hire qualified staff, yet most of our clients pay about one-third the market rate for our services. Without a major benefactor (the performing arts center), it is virtually impossible for the MSO to cover all of our costs. Each time an executive director leaves or the board changes, you must constantly keep retelling your story and selling the MSO concept. You basically start from scratch in building back the relationship. Another challenge is that you may now be responsible for many groups’ sales goals, yet you don’t always have input on programming or budgeting decisions.”

Wright: “Because of our affiliation with the MSO, our graphics are stronger and there is stronger graphic and copy cohesion in our season and single ticket campaigns. We also have much more accurate marketing records and more useful annual marketing plans.”

Bretscher: “The MSO has helped improve the overall quality because the MSO designers and account executive are very familiar with our product/art form and the unique challenges of a nonprofit arts organization. The familiarity and experience enable us all to be more effective and more productive in less time. They also keep good records that allow us to analyze ticket sales and other data and to study trends.”

“Challenges that remain include taking advantage more of technology and some of the options it offers, like buying tickets over the Internet, i.e., from our web site. We would also like to have more research and data available. Another challenge that remains is that of balancing deadline-driven tasks with the demand for high-quality publications and products. For example, it would be beneficial to have things like press releases and brochures proofed and edited more thoroughly before they came to us. Also, it would be nice if the web site could be proofed more carefully.”

Martin: “Before the MSO, our underpaid, understaffed and underfunded marketing efforts were not very successful; burnout was inevitable and turnover was high. The numerous print and media deadlines were a suggestion, not an absolute and they were missed so frequently that our vendors started giving us earlier due-dates so as to offset our frequent tardiness. Never – not once – has the MSO missed a deadline.”

As arts groups in other communities consider creating their own local version of the MSO, what is the most important advice you’d provide them?

Allen: “Getting clients to value the MSO and its services. Presently, the resident companies pay about one-third the market rate. It is easy to devalue the services when they are discounted. Additionally, the performing arts center subsidizes the MSO annually at \$150,000.”

May: “Make sure you’ve done adequate research and budget projections. The process will not be easy; it takes a tremendous amount of trust and relationship building.”

Wright: “I would strongly recommend that you retain a marketing person on your staff. You need a liaison, a “runner,” someone to be at the entire dress rehearsal (and not ‘on the clock’), etc. You will also require someone conversant with marketing who is knowledgeable about the art form. Further, we felt it was not prudent to pay the MSO to market our educational tour and various local education and outreach projects; our marketing staffer was responsible for those tasks.”

Bretscher: “Establish realistic expectations for short- and long-term goals, and be consistent in product and policy.”

Martin: “Advice? Do it! Make the leap of faith and trust your collaborators. Here at Charlotte Rep, we can barely remember (and have tried to forget) what it was like before the MSO – and we can’t imagine how we would survive without them.”

Please comment on any additional aspect of the MSO that you believe is important.

Allen: “Turnover in either the MSO or the leadership of the resident companies makes continuing the MSO very difficult. You have to start all over explaining a ‘new’ concept that is generally not acceptable to clients and you have to build a trust level and prove yourself over and over and over.”

Bretscher: “Our account executive is wonderful to work with. Having MSO staff members who are open to suggestions from the client or art group is critical.”

Martin: “We all want the same outcomes: effective marketing, quality promotional materials, exciting concepts and eye-catching graphics. With the MSO, Charlotte Rep gets the added bonus of planning and research, solid demographics along with the accurate assessment and evaluation of prior efforts. This has enabled us to get the greatest bang for our marketing buck. To quote one staffer, ‘We milk our marketing dollars so hard, they moo!’”

Marketing Services Organizations for Nonprofit Arts Groups: Core Components and Replication

Thomas E. Backer, Ph.D., Human Interaction Research Institute

Program Replication

In the past, U.S. foundations funded innovative programs, and the government took responsibility for replicating the ones that worked best. As government resources for replication have dwindled in recent years, foundations have sought ways to take a more active role in helping good programs spread more widely.

It is a smart philanthropic investment to concentrate on ways to reproduce good programs, rather than devoting so much effort to creating hundreds of new ways to solve problems. For example, the Soros Foundation recently replicated Head Start in eastern European countries instead of creating a web of new, unproven programs in an attempt to address children's needs.

A substantial base of science and experience guides program replication. The strategy outlined here draws on that experience and uses a "core components" approach, which involves a systematic effort to identify the critical elements of a program. These elements must be reproduced faithfully if replication is to succeed. Other aspects of the program can be included, excluded or modified to fit varying local needs.

Documenting core components of an innovation increases the potential of the replicated program and its local acceptance. First, it helps lower resistance among potential stakeholders, provides motivation for participants and helps them take ownership of the model program. Second, it helps those interested in the possibility of replication determine whether or not the critical elements of the program are likely to fit the local environment. This helps organizations avoid wasting energy trying to implement a model that isn't really appropriate for a particular setting.

Core Components of the Charlotte Marketing Services Organization

The review of the Charlotte MSO included an examination of program documents, a review of evaluation research, interviews with leaders of Charlotte arts community organizations and consultations with staff from Knight Foundation and AMS Planning & Research Corp. The review identified eight core components of the Charlotte MSO model.

First, a successful marketing collaboration must have a clear strategic plan. Second, it should start with a pilot phase of limited scope. Third, the participants need to define key marketing activities with leverage potential. They must agree on a specific mix of marketing services. Fourth, strong leadership is essential, not only in the MSO but also in each of the participating groups.

Fifth, the role of the host organization must be clearly understood and structured in a way to support the MSO's work. A sixth issue is how participating groups will integrate MSO marketing with their internal marketing activities. The seventh component, the long-term sustainability of the MSO, needs to be addressed from the earliest planning phase. And finally, ongoing market research and regular evaluation must be incorporated into the program to provide the information and assessment essential for continued success.

Each potential replication site will have its own unique set of resources or timing advantages. Addressing these eight components in creating a marketing services organization will help maximize the value of whatever assets exist within the community.

1 Strategic Planning

Both a business plan for the MSO and long-range marketing plans for each of the participating arts groups are essential to success. In Charlotte, an outside consultant helped the Blumenthal Center develop the MSO business plan. MSO staff developed the long-range marketing plans for each member group.

Outside support for these activities is essential, as they occur in the planning period before there is payoff from the effort to motivate internal financial commitments. In the case of Charlotte, that support came from Knight Foundation; other potential sources include other foundations, government agencies, corporate or other private donors. It is particularly important for the plans to establish systems that provide for operating support when outside funding ends.

2 Pilot Study

Because the MSO is such a departure for nonprofit arts groups accustomed to operating autonomously, a pilot phase during which the MSO serves a small number of clients is essential. This trial period allows stakeholders to observe how the concept is put into practice. It also allows MSO leaders to refine the model before full implementation.

3 Key Marketing Activities with Leverage Potential

The MSO needs to define the activities it will pursue during the initial period in which outside funding supplements operating costs. It should determine which activities will remain in the MSO's permanent service mix, once the start-up phase ends. Examples of these activities include:

- Sharing of mailing lists among all member groups
- Increasing volume and quality of creative services to help fulfill the potential of this unusual, somewhat risky enterprise (a senior marketing executive and in-house graphic design staff are two Charlotte examples)
- Centrally purchasing marketing and advertising services to produce economies of scale
- Using cross-promotions to increase attendance and overall awareness of community cultural opportunities (a mailing about Opera Carolina's *The Crucible* to the Charlotte Rep's mailing list, for instance)
- Using market research to help decide critical issues like pricing policy (such as Opera Carolina's decision to change its policy linking direct contributions to seat assignment for renewing subscribers)
- Pursuing in-kind arrangements for marketing media (such as the Charlotte MSO's deal with local television stations to provide broadcast time in return for ad space in the MSO's *Playbill*).

4 Leadership

Coordinated leadership from four areas is vital to the MSO's success. The effort needs champions in the local arts community who initially promote the idea of collaboration, leadership at the host organization, leadership from within each of the MSO clients and leadership from members of the MSO staff.

5 Determining Role of Host Organization

Planners may select an existing agency to house the MSO (as in Charlotte) or create a new organization to run the MSO operation and possibly serve other purposes as well. Whatever the ultimate decision, the host organization of the cooperative will play a critical role in providing financial, leadership and structural support.

In the case of Charlotte, where Knight Foundation hoped its grant support would leverage funds, it was essential for the host organization to make a significant financial and in-kind contribution. Alternatively, the host organization could raise the necessary funds from other public or private sources. In Charlotte, the performing arts center also provided a home, literally and figuratively, for the MSO. The center helped the MSO weather the expected start-up difficulties. In fact, the MSO was in many ways an expansion of the center's existing marketing operation.

Finally, in Charlotte there were complex structural relationships between the center, the MSO and the three performing arts clients. In most cases, each member benefited when other partners grew stronger. The relationships created enormous incentives for the members to maintain the MSO. These structural supports were an essential ingredient in the early success of the MSO and its survival beyond the period of Knight funding.

6 Integration with Client Internal Marketing

The MSO concept is not designed to undertake all of the marketing activities of its client nonprofit arts agencies. In Charlotte, for instance, NCDT continued to do its own marketing for its touring operations. Opera Carolina maintained internal marketing of its education program. The MSO worked closely with the marketing staff responsible for these activities, and with the marketing committees of the boards of each member group.

7 Attention to Sustainability

Like most new projects, the MSO was at risk of going out of business when its initial outside funding ended. From the beginning, MSO leaders must plan for the transition from outside funding to internal support. The MSO's business plan should spell out the terms for achieving sustainability, and participating groups must agree to those conditions from the outset. It is important for the outside funder to define an exit strategy including clear language on the limits of its initial support and future priorities.

The Charlotte MSO was never fully dependent on outside funding because almost half its early support came from the host organization. Also, Knight Foundation defined an exit strategy based on declining grant support.

8 Marketing Research and Program Evaluation

Systematic data gathering plays a key role in the development of the MSO. Research is critical both in the planning stages and at the end of the demonstration period. Follow-up research provides helpful comparative data and serves as an evaluative tool. With repeated measures, the MSO can develop intermediate benchmarks to track progress toward long-term goals. In addition to measuring the impact of the MSO, evaluation research also should assess the quality and strength of the relationships required to sustain the collaborative.

Community Context

In implementing the core components, planners working to replicate the MSO concept must consider other developments in the local community. In particular, planners should address two key questions.

What else is happening in the arts community that may affect planning of the MSO?

In Charlotte, the MSO arrived during a time of extraordinary growth in the nonprofit arts community. In addition, after years of being considered unsafe, the uptown area came again to be seen as a favorable location for going out to arts events; this was intertwined with the opening in 1992 of the spectacular new Blumenthal Center and also the success of its Broadway series.

The substantial growth of NationsBank and First Union Bank (both of which have corporate headquarters in the city) strengthened the Charlotte economy. The two banks provided a strong corporate support base for the arts. These contextual factors helped create an environment in which a bold experiment like the MSO could succeed.

What is the community's long-term vision for arts and culture?

In Charlotte, leaders have made a concerted effort to organize and unify arts activities in the community. They created a five-year master plan for arts and culture in Charlotte. In particular, Charlotte has a strong Arts & Science Council that functions as the major funder of nonprofit arts in the community. The community's vision for arts and culture helped create a strategic base for the MSO and its marketing activities.

Barriers to Success

Lessons from the Charlotte experience also point to several challenges communities may face as they work to implement an MSO.

Loss of Control

Leaders of arts organizations fear systems that reduce their artistic freedom, including how their creative works are presented and marketed to the public. In an MSO, in fact, there is a loss of choice and control, which should not be minimized, but can be managed.

In Charlotte, arts groups feared the MSO would create a "vague sameness" to their marketing. One person described the prospect of a "managed art" system. However, leaders interviewed in Charlotte were unanimous in asserting that this fear had not materialized. Early on, the MSO helped each organization develop its own corporate identity. As a result, each entity was able to keep basic creative control over the content of marketing, while yielding some control over implementation and delivery of that content to the public.

Some leaders of arts organizations believe that successful marketers must be expert in the specific discipline in which they are working. Thus, an account executive for an opera company must be an opera expert, and so forth. Fears were expressed in Charlotte that MSO staff members did not have suitable expertise. Retention of creative control over the marketing content has helped reduce this concern.

Competitiveness

In public statements, much is made about the highly collaborative, collegial spirit of arts groups in Charlotte. Privately, almost everyone interviewed acknowledged that member arts organizations also are highly competitive. One group, for instance, asked MSO staff to keep secret details of a particular campaign because of fears that another arts group might appropriate the ideas.

Charlotte arts organizations are accustomed to competing for scarce resources, as are arts groups all over the country. No amount of community collegiality will remove that competitive spirit. Overall, Charlotte's arts community managed this competitive energy in positive ways.

Joint Decision Making

In Charlotte, MSO marketing efforts often affect more than one member arts group. As a result, arriving at decisions that satisfy the leaders of each group has been especially complicated. Several leaders of member groups reported that lengthy negotiations were sometimes needed to reach agreement for actions on otherwise basic marketing issues. Leaders did not suggest a solution for this. Instead, they perceived this simply as a price to be paid for having both creative autonomy and shared resources.

Lack of Inclusiveness

The Charlotte Symphony, a major player in the community's art scene, was not among the MSO's original clients, in part because the symphony presents as many events as all four MSO groups combined, and partly because of the symphony's severe financial problems at the time. During evaluation discussions, other reasons were offered as to why the symphony was not included in the MSO. Some leaders mentioned personality conflicts. Others noted that the symphony already had an internal marketing unit that was quite successful.

Whatever the explanation, the decision not to include the symphony has not prevented the MSO from succeeding. It has, however, reduced opportunities for cross-marketing and reduced the upper limit of economies of scale that might be achieved. At one point, discussions were held between the MSO and the symphony about using the MSO graphic design capability. But the symphony needed a full-time person, not part-time access to MSO staff. The symphony currently has no plans for involvement with the MSO, but there have been informal collaborations.

Funding Expectations

In Charlotte, several arts leaders said that there had been an expectation among the member groups that Knight Foundation would provide additional transition funding – despite a clear statement in the 1995 business plan that explained the limits of the Foundation's support. In fact, each client signed a contract with the MSO acknowledging that it would be responsible for its own costs beginning in year three.

Even so, leaders said their expectation for additional funding continued to influence their planning. As a result, they said they had to scramble to support the MSO financially at the end of Knight funding.

Replication Issues in Long Beach

In 1998, Knight Foundation awarded a planning grant to Public Corporation for the Arts (PCA) in Long Beach. The grant allowed PCA to conduct audience research, survey other innovative arts marketing efforts across the country, convene a panel of experts to consider how an MSO might be implemented locally and develop a strategic plan for such an organization in Long Beach.

In addition to drawing on lessons from Charlotte, PCA sought information about other innovative arts marketing approaches around the country. These included the Cultural and Scientific Facilities District in Denver, the Grants for the Arts Program in San Francisco, the Texas Arts Marketing Initiative, the Arts Marketing Center (funded by American Express and based in Chicago) and an experimental marketing unit for Canadian arts organizations funded by the McConnell Family Foundation.

At the time of the planning grant, important elements to support a version of the MSO were already in place in Long Beach. PCA, an umbrella organization for arts in Long Beach, had been in existence for 20 years and had credibility in the community. PCA developed a master plan for arts and culture in Long Beach and convened a communitywide marketing committee to serve as an oversight body. A new nonprofit, Long Beach Inc., had begun promoting the city, including arts and culture activities. New institutions, such as the Long Beach Aquarium and Museum of Latin American Art, were expanding the cultural footprint of the city.

Long Beach also faced some immediate challenges. As many as 80 nonprofit arts organizations could play a role in the local arts partnership, yet no single venue was ready to coordinate the groups' activities. PCA had only begun exploring possibilities for a presenting program; the lack of a presenting program limited opportunities for new revenue streams. PCA had recently undergone a leadership change, so there also were questions about who would champion the marketing project. Finally, Long Beach is part of the larger cultural community of Los Angeles, and many residents of Long Beach seek arts and culture experiences outside the city.

Update: The View from Long Beach

Building on the lessons learned in Charlotte and from cooperative arts marketing efforts elsewhere, the Public Corporation for the Arts (PCA), in Long Beach, worked with AMS Planning & Research Corp. to develop a plan for marketing the arts in that community. The idea was to devise a set of strategies to meet the specific needs and characteristics of the Long Beach area. Based on these efforts, Long Beach is now moving forward to implement its plan.

PCA wants to explore the feasibility of involving many more arts organizations than in Charlotte and to test an expanded collaborative marketing model that might be implemented in other cities. The Long Beach plan also sets forth several other goals: contributing to the overall cultural development of the community, raising the profile of the arts in Long Beach, providing a platform for more cooperation among arts groups and upgrading their marketing capabilities. Not least, the plan also aims to increase revenues for arts organizations, thus contributing to a more stable financial environment for the cultural community.

Recognizing the experimental and collaborative nature of their project, Long Beach arts leaders decided to call it an Arts Marketing Lab. And learning from Charlotte's financial experiences, PCA already is emphasizing the need for the venture to be self-supporting after its start-up phase. The plan calls for a "high degree of entrepreneurial activity."

The biggest difference between the approaches in the two communities is the broader scope of the Long Beach Arts Marketing Lab. Over time, PCA hopes the lab will serve dozens of arts groups of various sizes, while also serving cultural attractions, programs and even individual artists. Like Charlotte, however, launch plans call for a pilot phase with a limited number of participating partners. PCA hopes the pilot will get under way in the first half of 2000.

In its implementation effort, PCA intends to create new revenue streams to support ongoing operations of the Arts Marketing Lab. Meanwhile, PCA is developing a fund-raising strategy to cover start-up costs until those revenue sources come on line.

As the community's overall cultural affairs organization, PCA represents a different type of host from Charlotte's Blumenthal Performing Arts Center, which not only hosts the MSO but also serves as performance venue for all its participating groups. The Long Beach initiative will not focus on a single venue for performing arts. Instead, PCA hopes eventually to create an entirely new marketing entity for the Long Beach arts community, in effect, an "ad agency for the arts."

The Charlotte experience demonstrated the value of good planning and regular assessments of progress, challenges and results. Long Beach – and potentially many other communities – will be able to benefit from Charlotte's leadership.

www.pca.org

Next Steps: Knight Foundation Support for Cooperative Marketing

Gary Burger, Director of Arts and Culture Programs, John S. and James L. Knight Foundation

The experience over time in Charlotte and the developing experience in Long Beach provide valuable background for our discussions about the effectiveness of Knight Foundation support of cooperative marketing efforts.

As expressed throughout this report, the intent of our evaluation efforts is not to create a blueprint to be imposed elsewhere. Rather, it is to try to understand the forces that produce positive results and to determine how these forces might best be brought to bear in other situations. The end result is not that we know just how cooperative marketing is to be done or that we have derived a formula applicable everywhere. Instead, what we have learned is that there are specific characteristics – what we call core components – that seem to have a profound impact on a project’s prospects for success.

This information will be particularly useful to us in evaluating marketing initiatives submitted to Knight Foundation for support in the future. We hope, however, that a much more important benefit will be to the field at large – that the lessons learned in these undertakings will be useful to others. Knight Foundation can assist both in disseminating these lessons and in making connections between institutions undertaking similar initiatives.

Ultimately, the impetus for cooperative marketing efforts should come from within communities, not from Knight Foundation or other funders. Our most important functions may be to help make connections when groups are pursuing collaborations and to share information and experiences.

Part of what we’ve learned in Charlotte and Long Beach is that organizations planning an MSO must have both a history of cooperation and a strong conviction that collaboration will produce the greatest benefit. As such efforts emerge from a community, we see the Foundation as a resource for strengthening networks, providing contacts for information on other successful undertakings and, of course, providing funding. The latter could be in the form of grants for planning, market research, pilot projects, full-scale project implementation or comprehensive project evaluation.

Our overriding interest is in helping to improve the quality of life in our communities. If arts organizations determine that cooperative marketing efforts will enhance their ability to provide the programs and services desired by their communities, Knight Foundation will be interested in participating in the conversation and in providing support. If another approach is more promising, our response would be no less positive. What is most important to us is that projects grow out of genuine community needs and that they address those needs directly. Projects must be developed thoughtfully and build upon the community’s collective experiences. Projects should carry with them a reasonable probability for both success and sustainability. With these elements in place, Knight Foundation will be a most enthusiastic partner.

Building Blocks of Collaborative Arts Marketing

Based on work in Charlotte, Long Beach and elsewhere, Alan Brown, Managing Director of AMS Planning & Research, defines key elements of collaborative arts marketing:

- Sharing best practices and transferring marketing know-how across organizations
- Pooling database resources and joint prospecting
- Jointly negotiating vendor relationships
- Leveraging buying power in the media
- Consolidating box office and customer service operations
- Coordinating product packaging and cultural tourism
- Cooperating on skills development, planning, research and evaluation
- Cooperating on public information programs and campaigns for arts advocacy and awareness.

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