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*Opera
Phila
delphia*

Marketing Strategy Consultation Report 2022

OPG

CONSULTING GROUP

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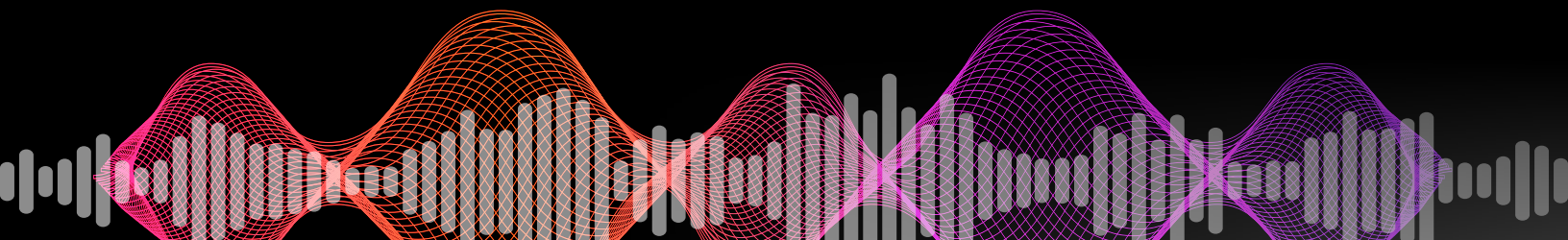
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Executive Summary

Opera Philadelphia (OP) has lost significant revenue with household subscribers (HH) and Single-ticket Buyers (STB) which has led to the need to develop a new marketing strategy with an audience segmentation approach.

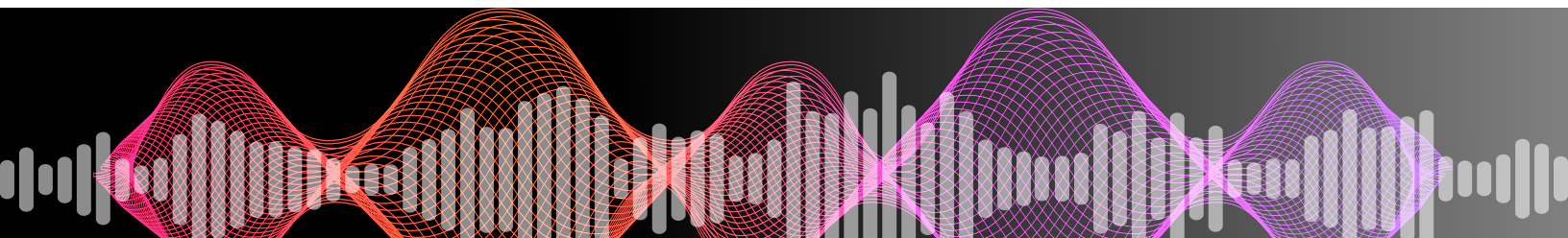
OP's major revenue driver is the HH segment. With STB and HH on the decline it is essential for OP to consider alternative strategies to increase revenue. We recommend focusing on increasing revenue by addressing the issue of attendance amongst STB and HH, as well as exploring opportunities in a newly identified segment--Thrill-seekers (TS).

This segment will be captured by producing relatable genres and providing optional access to performances on current technology/social platforms.

The segmentation approach to Opera Philadelphia will target the following segments: (1) HH subscribers (2) Single ticket holders (3) Thrill-seekers segment. The research analysis indicates that certain demographics and specific attributes influence our key findings to target these segments. The demographics collected are based on age, gender, education and income. This data was further broken down with questions regarding entertainment preference, lifestyle, art event attendance and festival interest.

This marketing plan will preserve the interest of OP subscribers while enticing the single-ticket holder to purchase multiple tickets throughout the season. The thrill-seekers segment will be targeted through creative venues like a music festival and flexible viewing options, for instance live streaming.

In increasing attendance and awareness, you will have the opportunity to expand the market share by collaborating with local and regional opera houses, contributing to a current cause or performing art scholarship program and introducing current performances that provide a high quality opera experience. This will be implemented over one year which includes planning in July and August prior to the September - June opera season. The budget to implement this strategy will be between 12% - 20% of your targeted revenue dedicated towards marketing and advertising (Gotter,2018).



Overview

Opera Philadelphia was founded in 1975, as a performing arts organization that delivers traditional opera performances to traditional-minded audiences. In the opera industry, Opera Philadelphia was a leading company that attracted audiences with unique and innovative tactics.

Your motive has been to showcase the best voices and talent with opera performances that continue to captivate the existing and new audiences while attracting younger audiences by exposing this artform through educational programs. Despite your efforts and marketing strategy, revenue is declining in both household subscribers (HH) and single-ticket holders (Exhibit A).

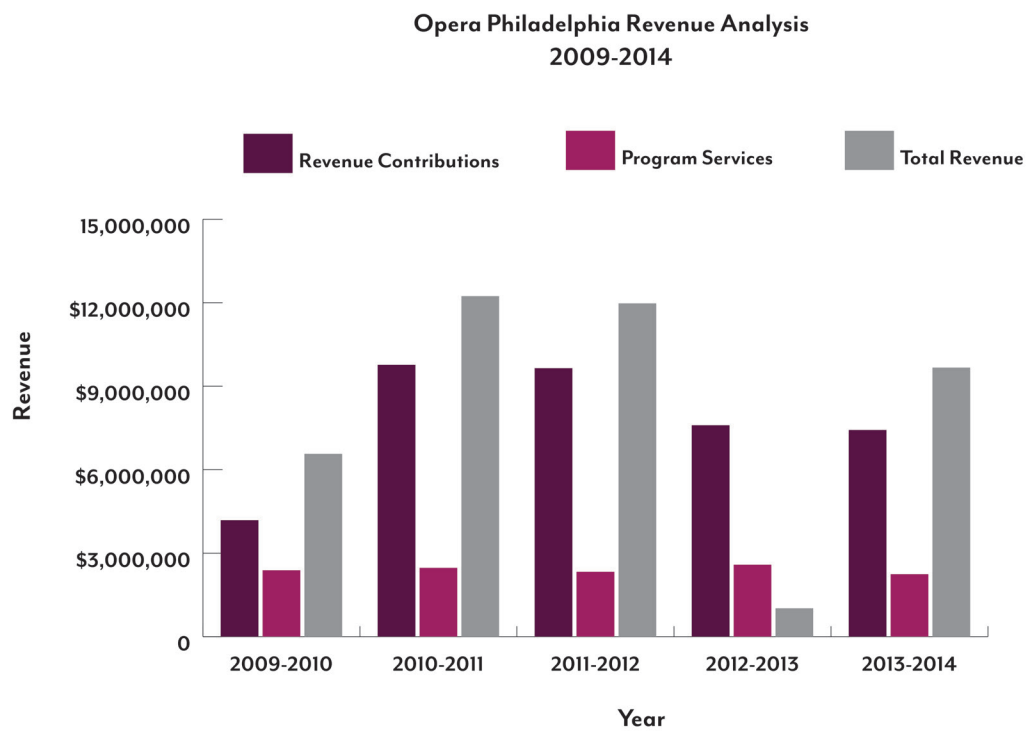
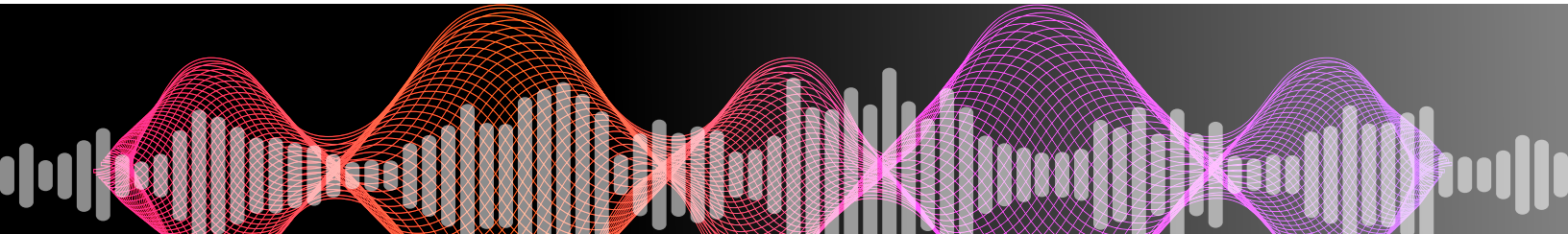


Exhibit A- Opera Philadelphia Revenue Analysis 2009-2014



Overview

The problem with Opera Philadelphia is the steep decline in household subscribers (HH) and single-ticket buyers (STB). Based on our research analysis, HH and STB’s top reasoning for not attending an opera production was due to schedule, entertainment preference, financial priorities and production value dissatisfaction (Exhibit B).

Subscribers and Single-ticket Buyers Reasons for Non-Attendance of Opera Philadelphia

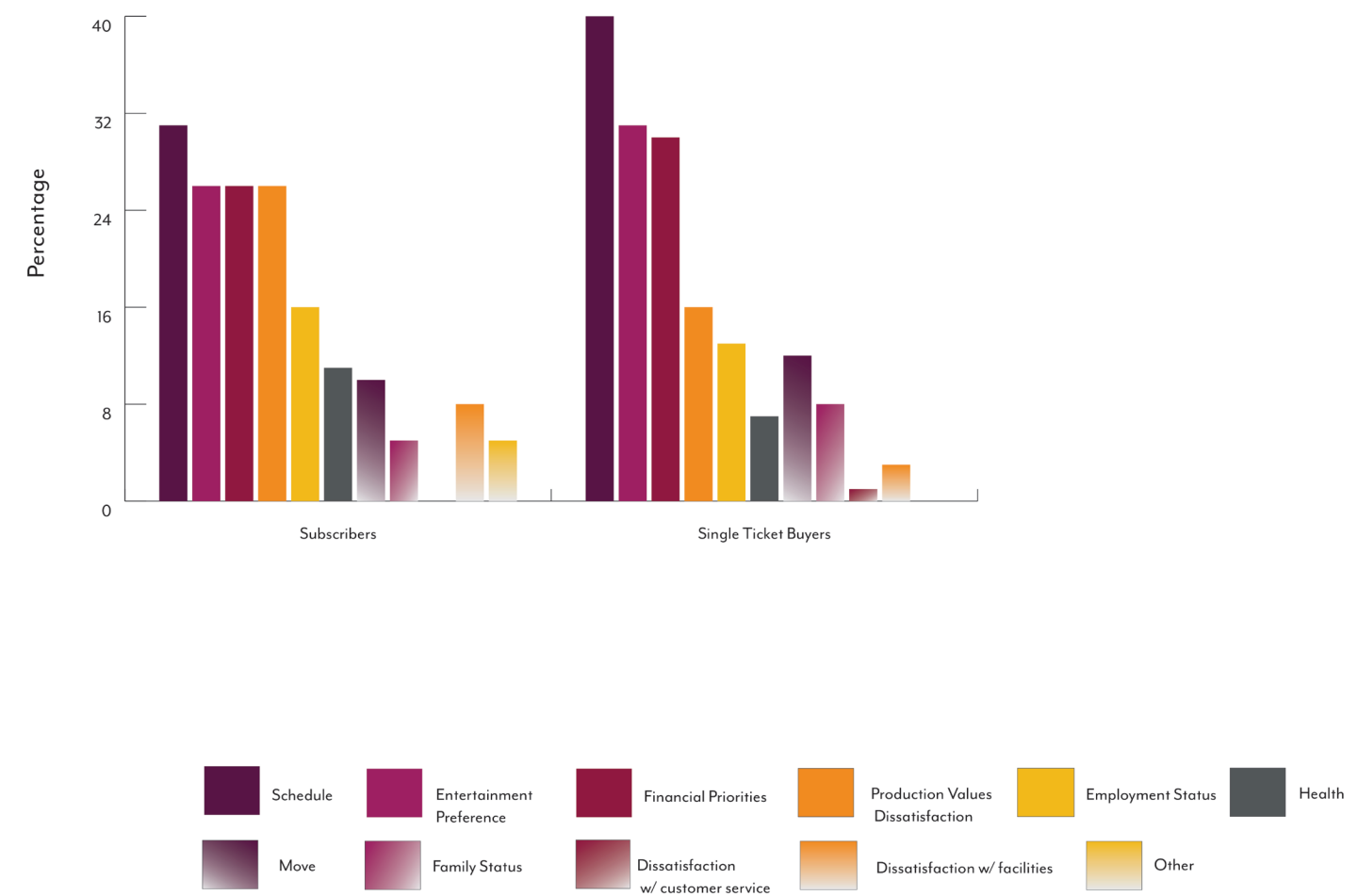
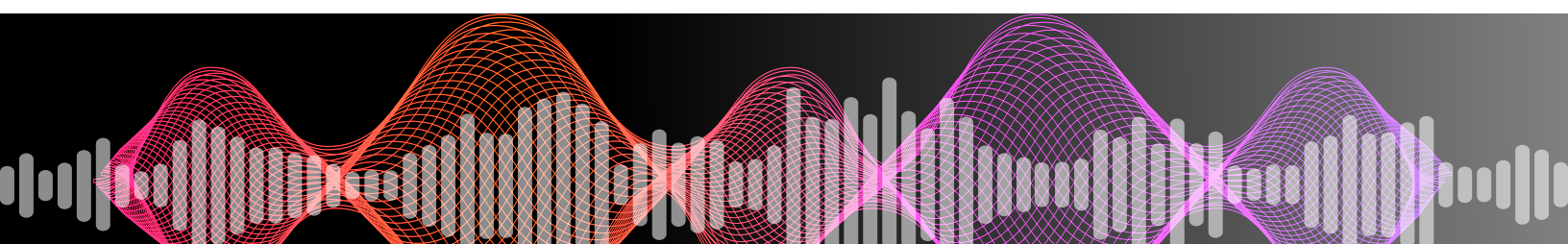


Exhibit B- HH & STB Reasons for Non-Attendance



As it stands, HH are the primary revenue generators. For each HH lost, it takes three STB to makeup for the loss revenue (Exhibit C).

These insights led to us recommending an expanded marketing strategy that addresses these pain points while exploring opportunities with a newly identified segment by expanding your genres and opera selections at Opera Philadelphia.

Our most recent research led to developing a new segment which we've coined as Thrill-seekers due to their need to have fun, be free, and partake in healthy living (Exhibit D). This segment will be captivated through higher quality productions featuring relatable story lines along with up-to-date technology that removes scheduling barriers contributing to non-attendance.



These different strategies will lead to increased attendance, thereby increasing revenue.

It is crucial to grow your subscriber base ticket holders with marketing segmentation opportunities that preserve the traditional opera goes while expanding a new perspective of sharing this artform with other cultures and generations through the latest technology.

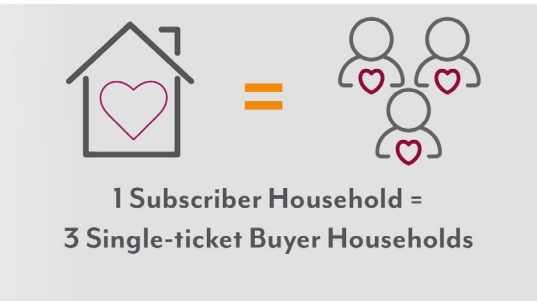
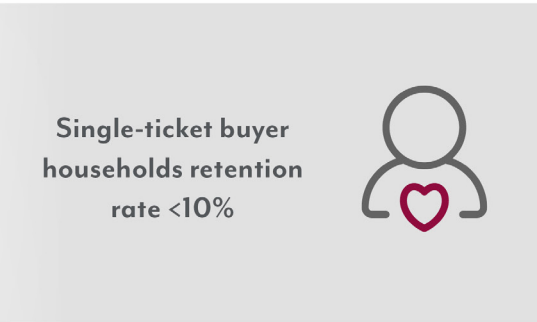
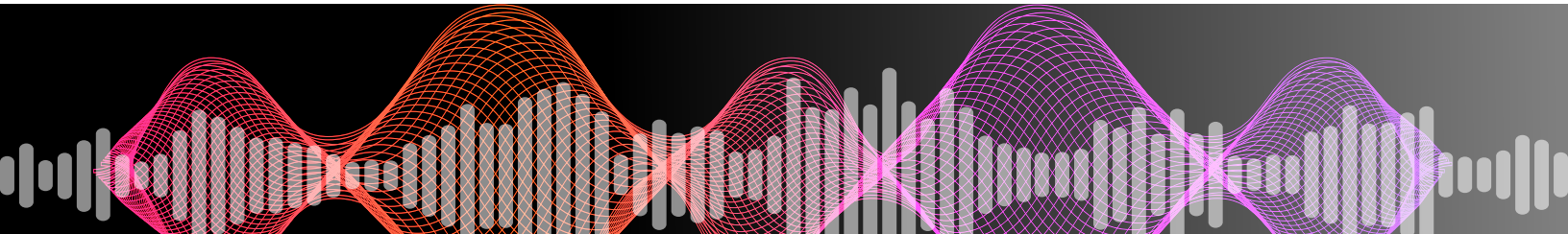


Exhibit C- Market Challenges



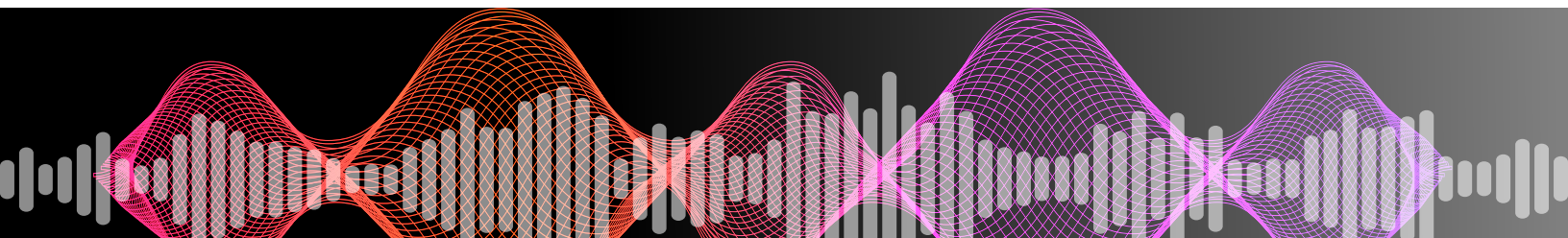
Competition

Positioned in the heart of greater Philadelphia, minutes away from a wide variety of local art and science venues, Opera Philadelphia faces strong competitors locally and regionally. This ranges from major performing arts organizations such as the Metropolitan Opera, the Center for Contemporary Opera, the New York City Opera and many others. These prominent urban opera houses represent direct competition that offer convenient locations with high-quality consumer amenities.

Since Philadelphia is a cultural hub of performance art there are other local performing and teaching institutions that pose as competitors, for example, Center City Opera, the Academy of Vocal Arts and Curtis Opera Theatre. These institutions service the community with specific niches and audience segments.

As Opera Philadelphia is a prominent and established opera company, it is also important to consider the market effect of the smaller opera houses that are producing edgier, affordable performance and different concert venues. This has been seen in Mann's Center for Performing Arts, the Electric Factory and Union Transfer.

Lastly, understanding that any competitors that utilize Over The Top (OTT) performances, which means streaming across different devices, will give brands an advantage and more power to reach audiences through SMART devices and other platforms. "The OTT market was worth \$121.61 billion in 2019 and will grow to \$1.039 trillion by 2027" (Shahzeidi, 2021).



Customers

Currently, Opera Philadelphia's customer base is comprised of Household Subscribers (HH) and Single-ticket Buyers (STB). Since this decline in revenue, focusing on defining and segmenting towards new customers (Thrill-seekers) will be crucial by obtaining a targeted marketing plan.

Our initial research partitioned STB and HH into categories of active and lapsed (those customers that have not purchased or renewed subscription in two years). This was further divided into demographic information such as gender, education, age, income and additional lifestyle data.

Household Subscribers: Strong personal values of discovery, fun, and hard work. When it comes to attending an arts event, high production quality and breaking new artistic ground are strong factors.

Single-ticket Buyers: Strong personal values of freedom, fun, and healthy living. Factors important for attending an arts event include high quality production, good value for the money spent, and offers low price in comparison to other arts events.

Thrill-seekers: Strong personal values of freedom, fun, and healthy living. Important attributes in attending an arts event include high quality productions, good value for money spent, and relatable storylines.

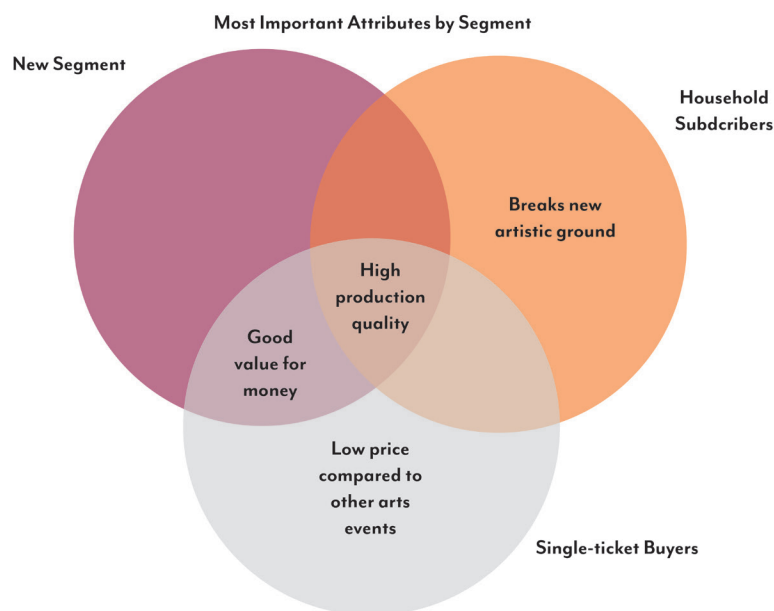
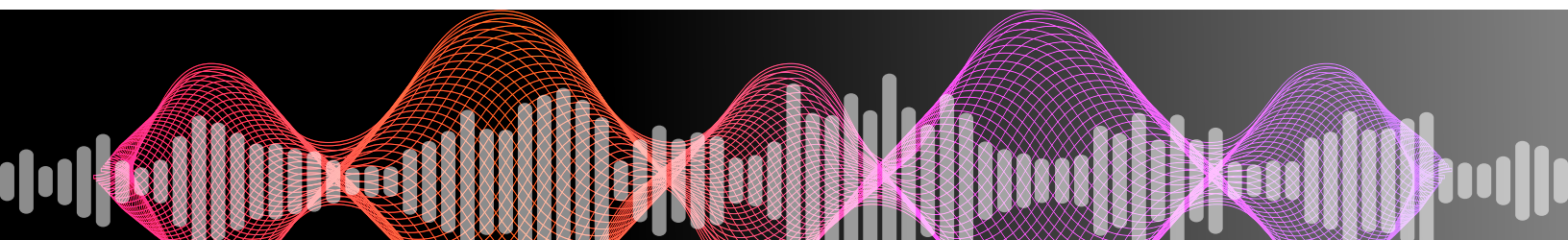


Exhibit D- Overlapping Attributes

Determining the behavioral differences and similarities through this research analysis exposed opportunities to convert STB and TS into HH over time while increasing revenue through greater attendance.

In today's climate it is important to understand the importance of being in tune with social justice issues as well as being diverse and inclusive. While your current customers do not have a strong presence of people of color, the opportunities for partnership throughout the season opens the door to become a more diverse organization.



Demographics

Age

A survey was conducted to determine the demographics of Household Subscribers (HH), Single-ticket Buyers (STB), and Thrill-seekers (TS).

Our most recent round of research and segmentation showed that people ages 28-37 make-up 58% of the Household Subscribers segment. The second leading age group is 38-47 year olds, holding 14% of the population. People ages 58-63+ account for less than 10% of the Household Subscriber population. The largest group for Single-ticket Buyers is people aged 28-37 at 35%, followed by people ages 38-47 and 48-57, both holding 15% each. >18-27 year olds hold only 11% of this segment. 28-37 year olds make up 23% of the digital art ticket buyers. Ages 38-47 and 48-57 are the second and third largest groups with 19% and 18% respectively.

Given this information, we recommend that Karina Kacala expand her role from primarily working on marketing initiatives for Single-Ticket Buyers and add Household Subscribers and Artistic-technology Attendees as well. Based on our research, we recommend not focusing on the 18-24 year olds for any group as they are not a significant piece of the puzzle at this time.

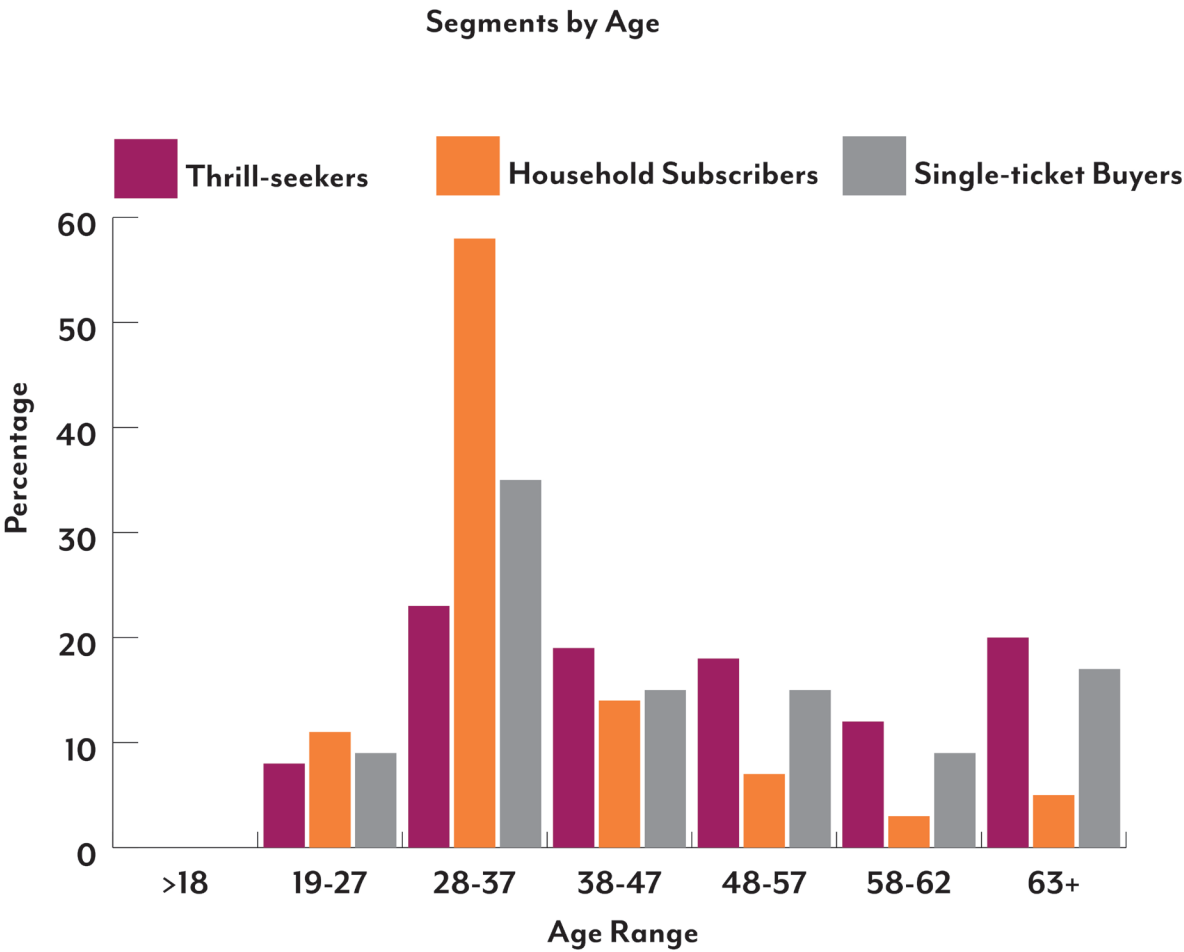
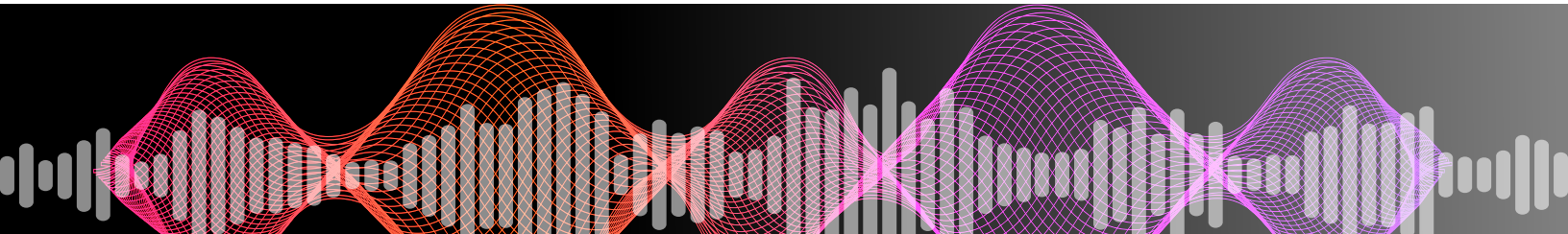


Exhibit E- Segments Broken Down by Age Range



Demographics

Income

The primary income range across the three segments is between \$75k-\$149.9k. The breakdown is as follows:

Household Subscribers

\$75k-\$99,999: 30%

\$100k-\$149,999: 34%

Single-ticket Buyers

\$75k-\$99,999: 29%

\$100k-\$149,999: 29%

Thrill-seekers

\$75k-\$99,999: 26%

\$100k-\$149,999: 36%

Exhibit F shows that consumers’ primary concern for attending Opera Philadelphia is not price. Instead consumers across the three segments are interested in high quality productions, good value for the money spent, and a relatable story line.

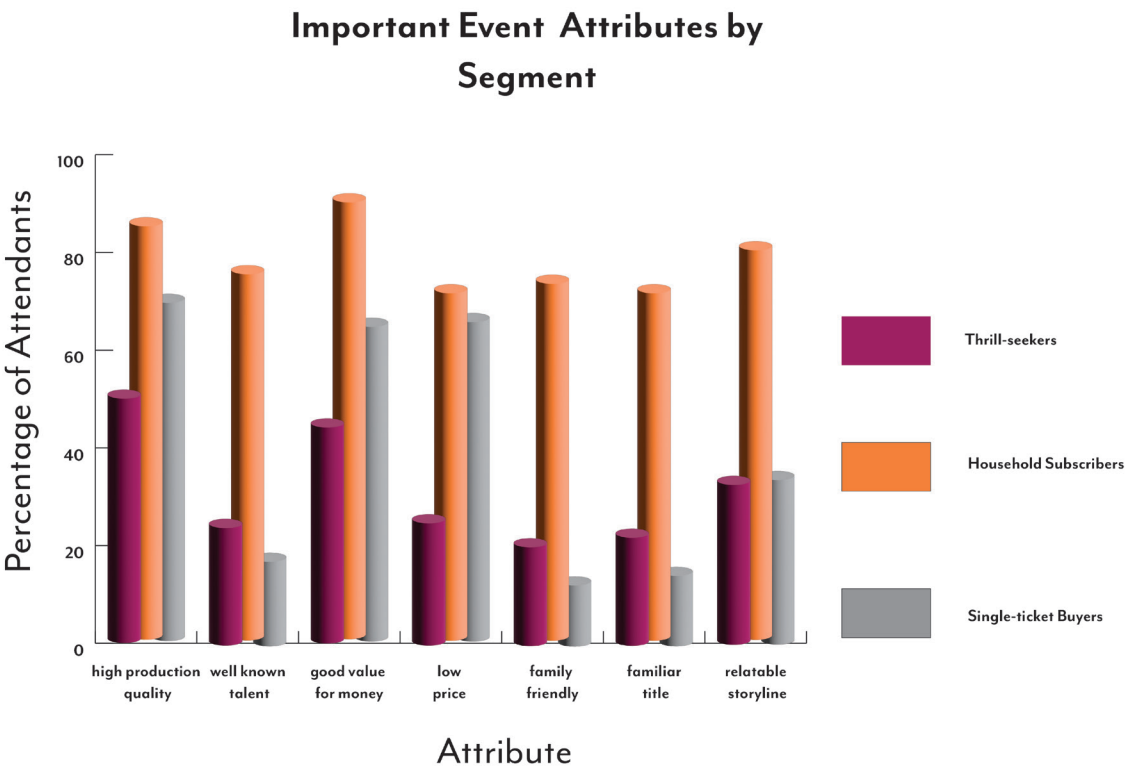
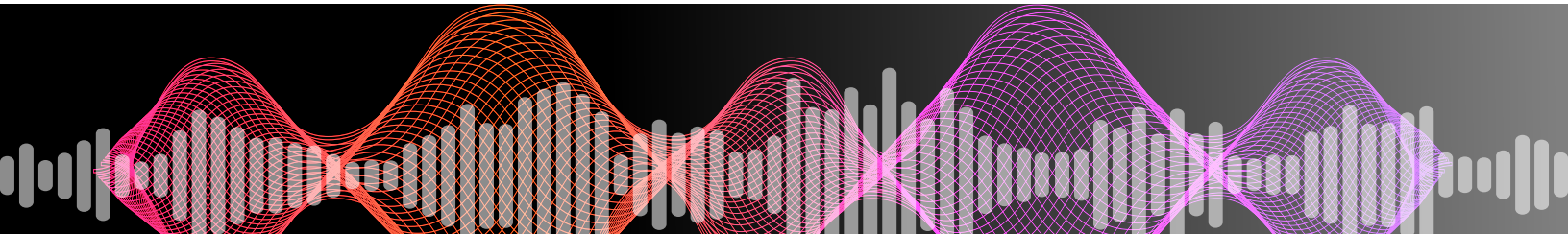


Exhibit F- Event Attributes by Importance



Demographics

Education

Across the three segments, a Bachelor's degree is the highest level of education achieved for the majority of consumers. The second highest level of education is a Masters degree. This information tells us that your general customer base is educated and therefore are more than likely young to middle aged professionals. Knowing this helps to identify areas to target to bring in new customers. Based on the salary and education demographics we recommend marketing to business professionals in the surrounding area such as Center City as they make up more than 70,000 of the employment population in that area (Center City District, 2022). In addition, we recommend you place advertisements and conduct outreach activities with the local universities such as Temple University and the Curtis Institute of Music as they both have music programs.

Gender

Amongst Household Subscribers and Thrill-seekers, the consumer base is almost equally male and female. 51% of Thrill-seekers are female, while 48% are male. 43% of Household Subscribers are female while 55% are male. Single-ticket Buyers have the greatest gap in gender with 67% being female and 32% male. The three segments also have a combination of people who chose not to specify gender, or who did not answer at all. These factors account for why the percentages across the segments do not add up to 100%.

Since there isn't a huge skew in data between genders across the majority of the segments, we do not recommend using gender as a factor in the new marketing strategy.

Race

Philadelphia is a hub of cultural and artistic genius. Unfortunately, Opera Philadelphia's current market doesn't depict the vast diversity of the city. While people of color account for approximately 53% of Philadelphia's population (United States Census Bureau, 2021), Opera Philadelphia is dominated by a predominantly Caucasian market. Through partnerships with opera houses like Music Arias, Opera Philadelphia can expand its customer base and become more socially conscious. This type of partnership will allow your organization to be more authentic in producing shows that center around sensitive subjects such as race relations and racial injustice.

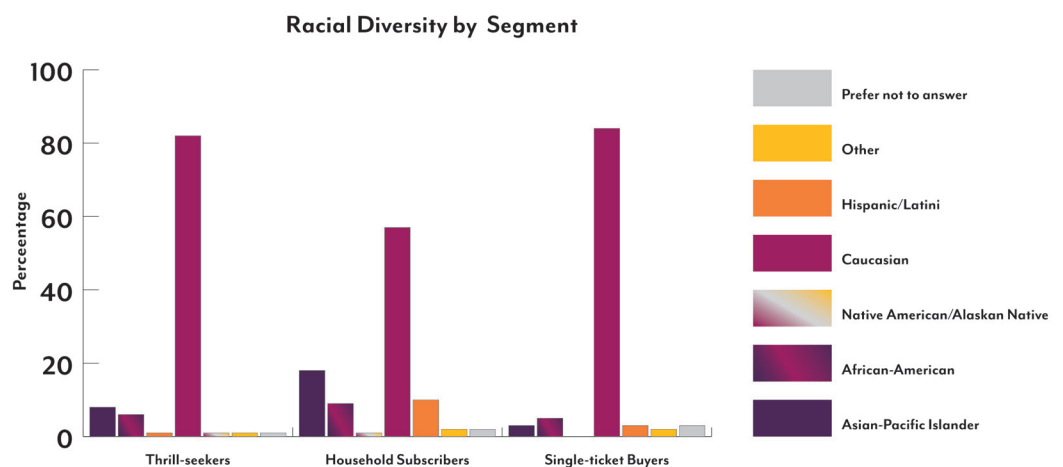
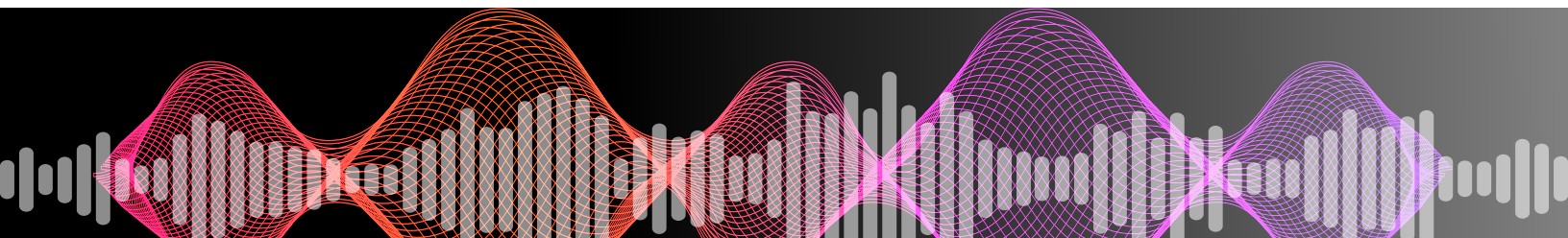


Exhibit G- Racial Diversity



Preferred Attributes

In our last round of segmentation, we found that there is one key aspect that is highly important to all three segments in regards to important attributes of an arts event one may be considering attending. This primary attribute is that the event has a high production quality. The level of importance between the segments is as follows: (also shown in Exhibit F)

Thrill-seekers: 52%

Household Subscribers: 88%

Single-ticket Buyers: 72%

The second most important attribute when attending an arts event is that the event has a good value for the money. The breakdown by segment is as follows:

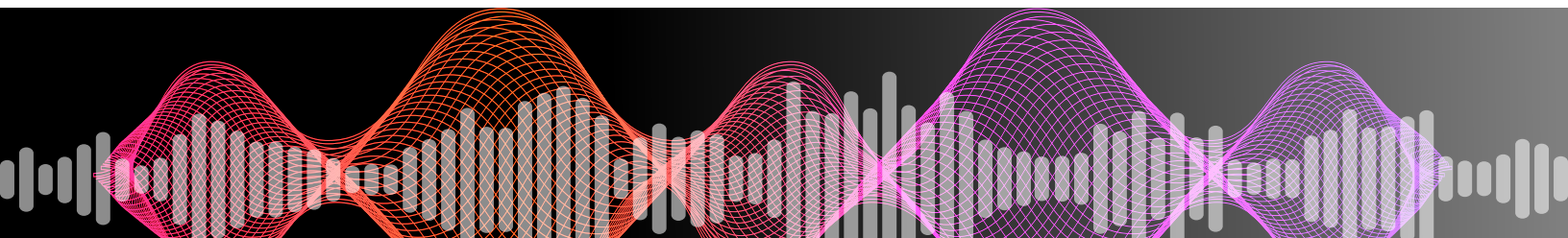
Thrill-seekers: 46%

Household Subscribers: 80%

Single-ticket Buyers: 93%

There are two outliers that have a strong impact on Household Subscribers and Single-ticket Buyers. For Household Subscribers, 82% of attendees deem it important for an arts event to be ground-breaking. Conversely, 68% of Single-ticket Buyers deem it important for the arts event to offer a lower price in comparison to other arts events.

Through our initial research we found that while some Household Subscribers and Single-ticket Buyers stopped attending due to financial priorities, it was not the driving force. Looking at the data as a collective, we concluded that the segments hold value over price. As long as your consumers feel as though they are getting their money's worth, they are willing to pay the cost of being a subscriber or purchasing individual tickets. For these reasons, we recommend that price not be a part of your positioning strategy. Instead we recommend positioning towards quality. We will further address this later in the report along with our recommended strategy to accomplish this.



Customer Value and Behavior

According to the initial round of research, Single-ticket Buyers and Household Subscribers initially began attending Opera Philadelphia because they had a personal interest or passion for it. Upon further segmentation, we found that Opera Philadelphia’s consumer base has a strong need to feel as though they are living life to the fullest and having fun while doing it (Exhibit D). While there are several other personal values that resonate strongly with your consumer base, having fun is the area that all three segments have in common (Exhibit I). Both Thrillseekers and Single-ticket Buyers have a strong need to live a healthy, long life. This belief is shared by 84% of Thrillseekers and 88% of Single-ticket Buyers.

Household Subscribers has two personal values that are outliers: hard work at 87% and discovery, or being open to new ideas, at 88%.

Knowing that these segments all agree that they want to have fun, combined with your primary segment of Household Subscribers’ need for newness drives our recommendation to implement a seasonal music festival in addition to collaborative efforts with regional opera houses.

Meeting the primary needs of these segments on a personal value level should lead to brand loyalty. Future predictive analysis will likely show that as their primary needs are being met, their loyalty will grow and this will lead to an increase in Household Subscribers.

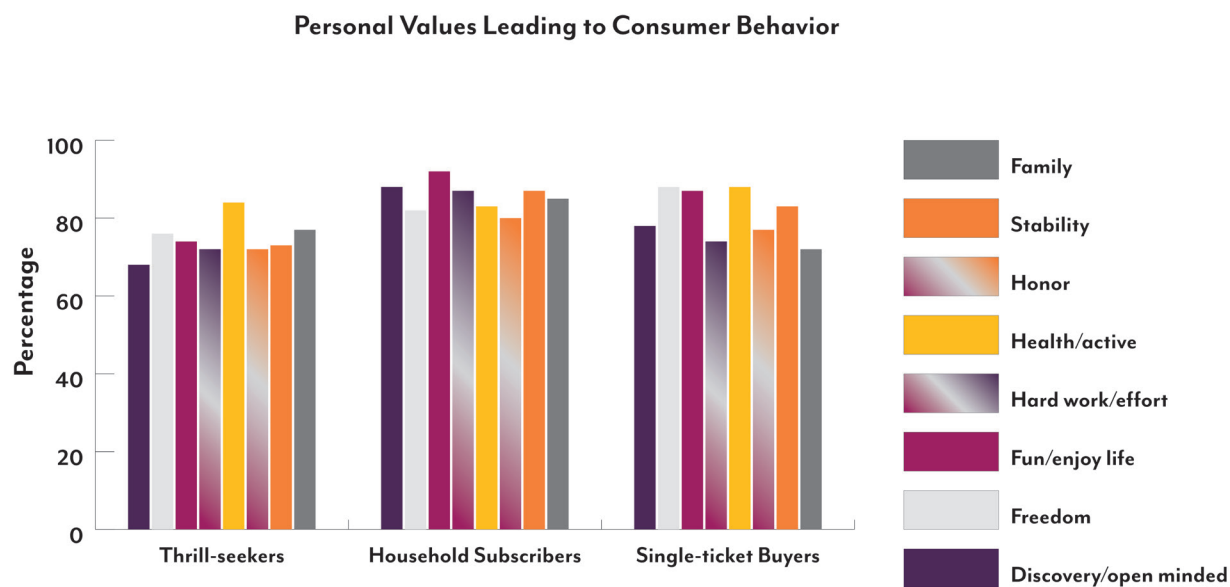
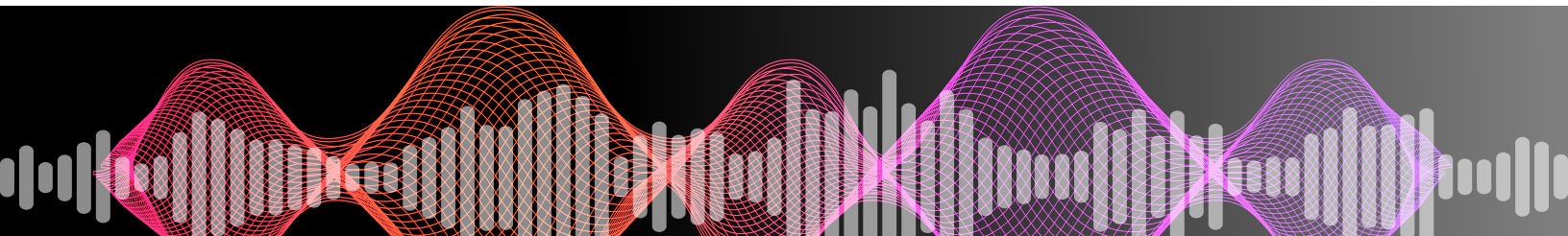


Exhibit I- Personal Values

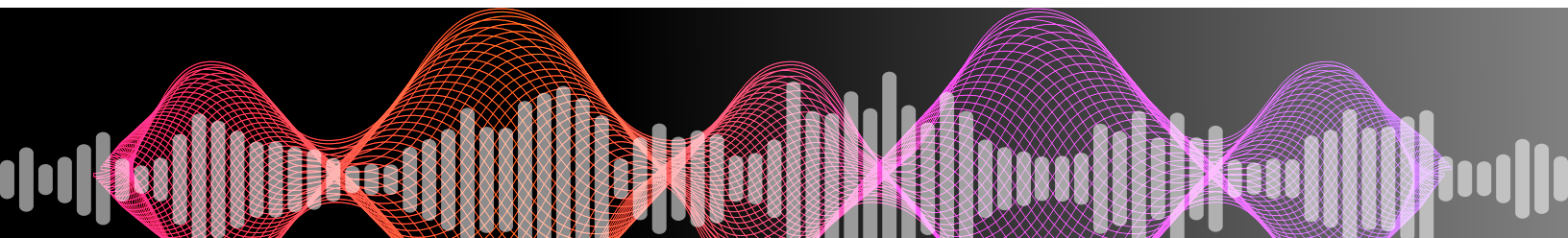


Perception of Opera Philadelphia

Prior to further segmentation, we determined that 58% of Single-ticket buyers felt like Opera Philadelphia had gotten worse due to the quality of production. Conversely, 74% of Household Subscribers felt Opera Philadelphia had gotten better due to improved productions. While these two viewpoints are direct opposites of one another, they are still very telling and fit with our research that it is important to the market to have high quality productions.

Also in line with our research is the fact that Household Subscribers need more viewing options. 57% of Household Subscribers believe that Opera Philadelphia has gotten worse due to too few performances.

While there are other factors affecting the perception of Opera Philadelphia within the market, the above stated perceptions stand out the most. With this in mind we tailored our recommendations around these perceptions.



Strategy

According to Opera Philadelphia records, attendance amongst Household Subscribers and Single-ticket Buyers has been declining since 2010 (Exhibit J) resulting in a major loss of revenue. Our research shows that it takes three STB to makeup for the loss of one HH Subscriber. After surveying current Opera Philadelphia attendees, we found that the primary reasons for the decline is due to scheduling conflicts, financial priorities, dissatisfaction with production value, and entertainment preference (Exhibit B) and that the most important aspect of an Opera show is a high quality production. Due to these reasons, we recommend repositioning your current marketing strategy to focus on increasing attendance which will then lead to an increase in revenue. With later studies using predictive analysis, it is our hypothesis that Single-ticket buyers and Thrill-seekers will convert into subscribers decreasing the current deficit

Single-ticket Buyer Household and Subscriber Household Attendance Trend

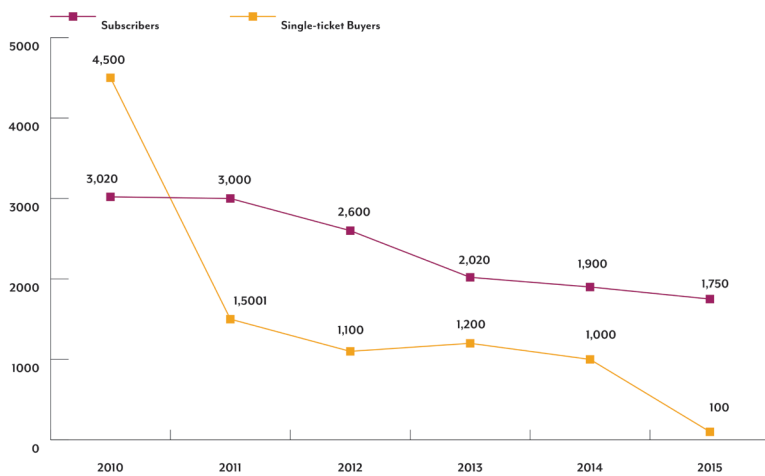


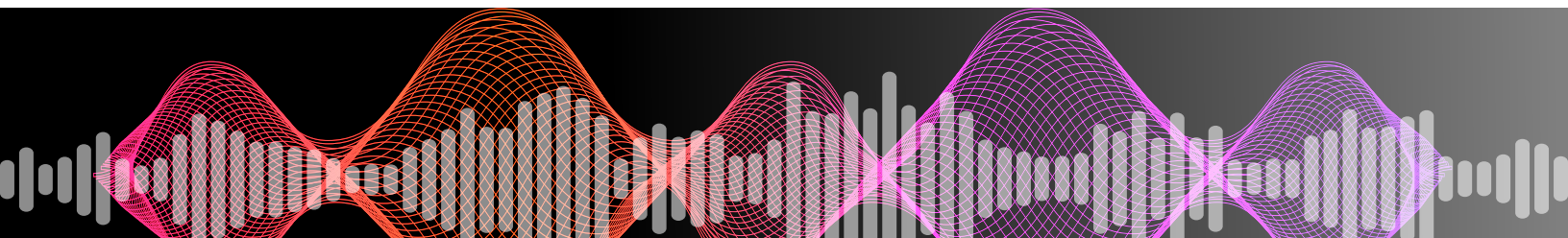
Exhibit J- Decline in Market

In order to accomplish this, we recommend a series of actions as follows:

1. Music Festival
2. New higher-quality productions
3. Flexible viewing options
4. Disabled-friendly shows

Music Festival

Our data shows that 65% of Household Subscribers attended an opera in the past 12 months while 59% attended a music festival (Exhibit K). Furthermore, 42% of Thrill-seekers and Single-ticket Buyers attended a music festival in the past 12 months. From this we concluded there is a strong willingness and interest in music festivals. Based on this information, we recommend you begin hosting a music festival in addition to the regular season opera shows.



Strategy

Exhibit K- Type of Event Attended in Past 12 Months

Given that the majority of consumers attend between 1-2 music festivals a year, we recommend hosting a festival at the opening of the season and mid-way through the season (Exhibit L).

The music festival should incorporate both Opera Philadelphia talent along with local and regional opera houses such as Pittsburgh Festival Opera and Urban Arias. In addition to musical numbers, you should tap into the local health market vendors such as Sprout market and vendors that will get attendees moving being that health and fun are at the core of your market’s values.

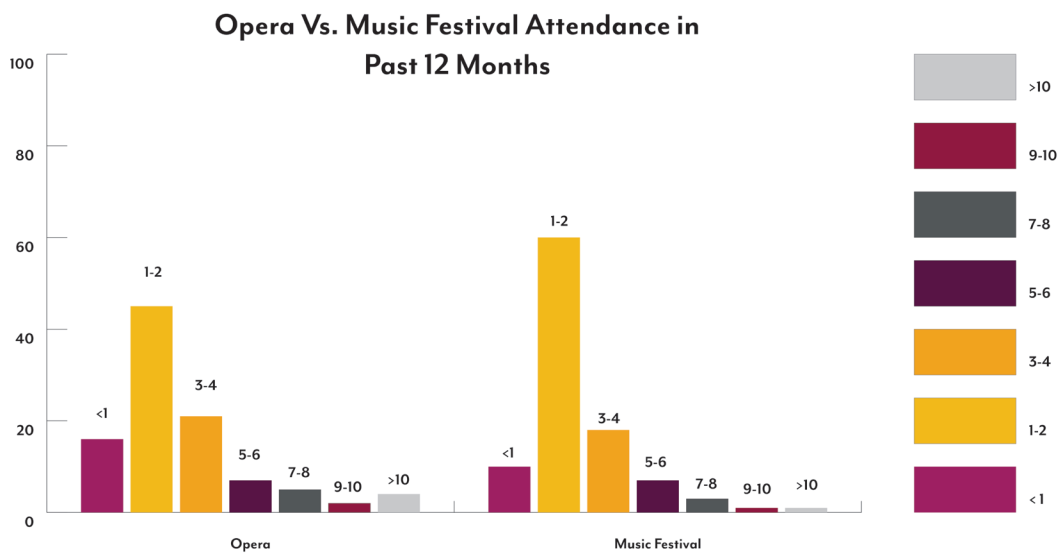
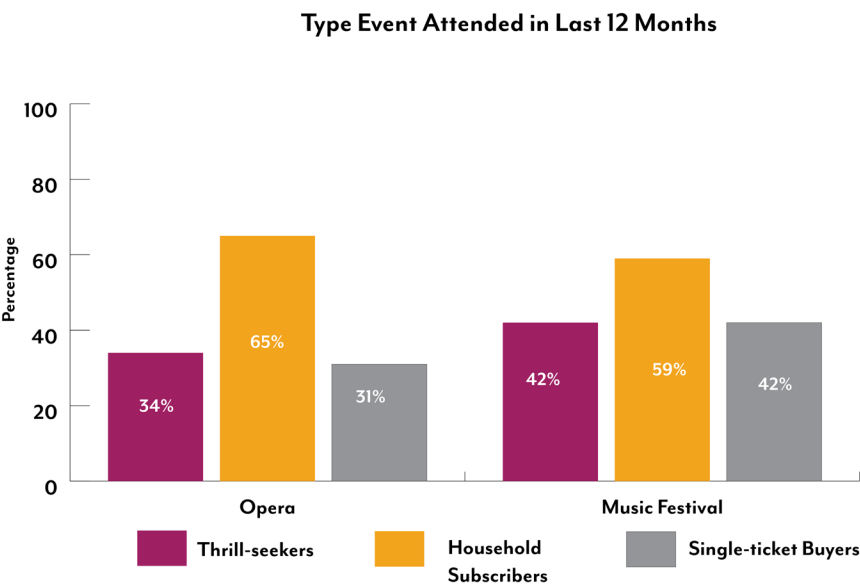
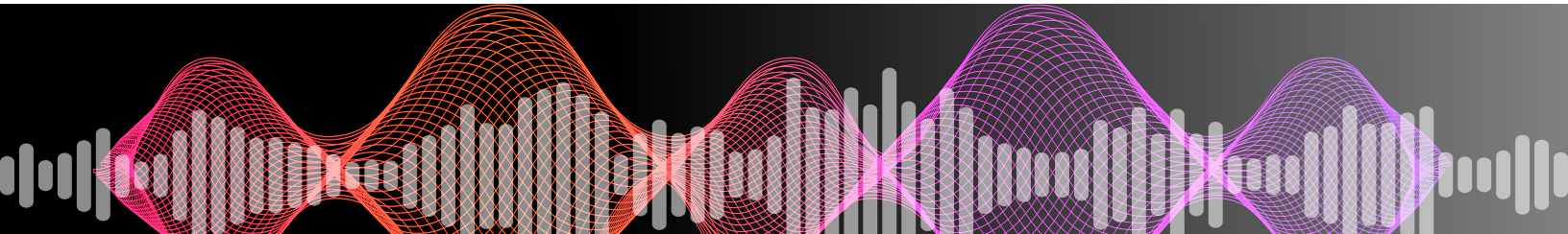


Exhibit L- Frequency of Event Attendance



Strategy

Production Quality

As we previously mentioned, the primary attribute consumers want to experience across all three segments is a high quality production. Even though low price has a high importance level to Household Subscribers and Single-ticket Buyers, they still value production quality and experiencing a good quality for their money spent more than they are concerned about price. Focusing on this notion, we recommend that as a part of your new strategy which will be carried out by Katrina and Ryan, partnering with other opera houses during the season for at least one show. We recommend this being the second show which would begin running midway through the season, aligning with the second music festival. We understand that you all previously conducted partnered shows, however this time we recommend your partnerships be strategic by choosing opera houses that have a proven track record in earned revenue. The opera houses listed below are a great pool to choose from. Of these we suggest beginning the partnership with Philadelphia Festival Opera to continue to build upon the relationship that will have started during the music festival.

Other Recommended Opera Houses Based on Revenue Generated (Chart courtesy of Opera America 2021 Annual Field Report)

CONSTANT SAMPLE GROUP BASED ON DATA REPORTED FROM:									
The American Opera Project Anchorage Opera Cedar Rapids Opera Theatre El Paso Opera Encompass New Opera Theatre									
Eugene Opera Fargo-Moorhead Opera Haymarket Opera Company IN Series The Industry									
Intermountain Opera Bozeman Musical Traditions On Site Opera Opera Birmingham Opera for the Young Opera Maine									
Opera Modesto Opera Orlando Opera Roanoke Opera Southwest Pacific Opera Project Pittsburgh Festival Opera									
Tri-Cities Opera UrbanArias Washington Concert Opera West Edge Opera									

We chose this group of opera houses because according to Opera America’s 2021 Annual Field Report, they have shown an increase in earned revenue from the box office and an increase in attendance from 2016-2019 (Exhibit M). We excluded 2020 from this data because it was an anomaly year due to COVID-19. Based on the trend, this pool of opera houses would’ve continued to experience an increase.

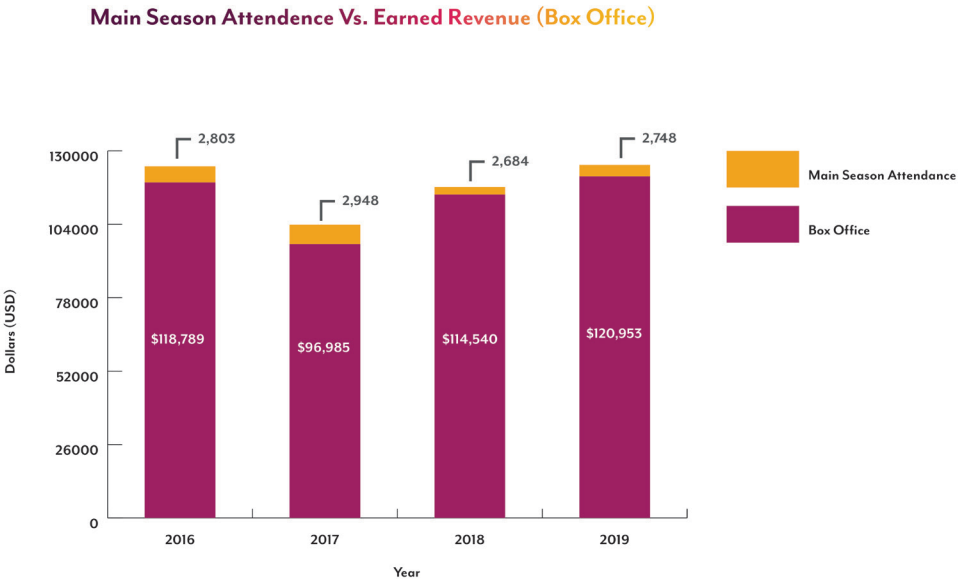
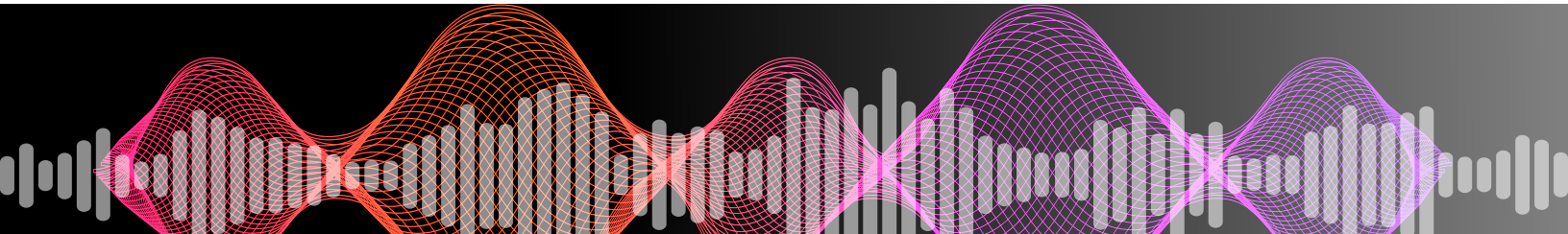


Exhibit M- Opera America Budget 4 Attendance Vs. Box Office Earned Revenue



Strategy

Over the past five years, Budget 4 opera houses had a 3.7% increase in personnel expenses which means they've actively poured funds into not only talent development, but also production (Opera America, 2021). With Philadelphia Festival Opera being a powerhouse in production, there is a lot to learn and benefit from in this collaboration so that Opera Philadelphia can be recognized as a production powerhouse over time.

Flexible Viewing Options

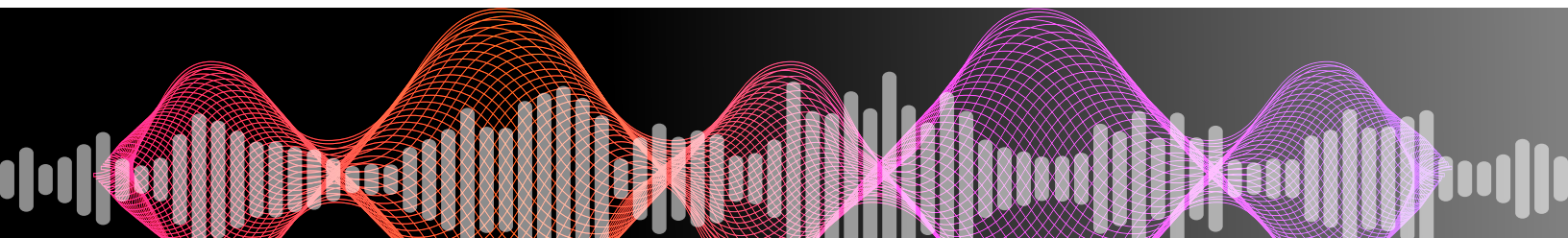
If you refer back to Exhibit B, you will see that scheduling is the primary reason for non-attendance across the three segments. In order to address this and keep up with the personal value of freedom which is also prevalent across all three segments, we recommend introducing flexible viewing options in addition to increasing the amount of show times available for consumers to attend.

Primarily we suggest Opera Philadelphia begin live streaming options via Youtube. Members of each segment can still purchase their normal tickets, then they will be given a unique code to allow for viewing of the show. This code will not be sharable, that way you all aren't losing revenue.

We also understand that it is important for your consumers to experience a healthy lifestyle. For those on the go who still don't have time to sit and view the live stream can scan a QR code provided by Opera Philadelphia which will then allow consumers to listen to the show and have the ability to pause, rewind, or fast forward at anytime. To still allow for a sort of production experience, consumers will have the option to sync a led light show on their personal device with their heartbeat through devices like FitBit and Apple Watch, have the light show randomized, or choose their favorite blend of colors to enjoy while listening.

Having access to these digital listening and viewing options will both give your consumers control, flexibility, a high quality production, and a new groundbreaking option for participating.

Lastly, if society is ever in a quarantine state again, these options give your consumers and employees an opportunity to still be entertained and still make a livelihood thereby preventing a greater loss of revenue for Opera Philadelphia overall.



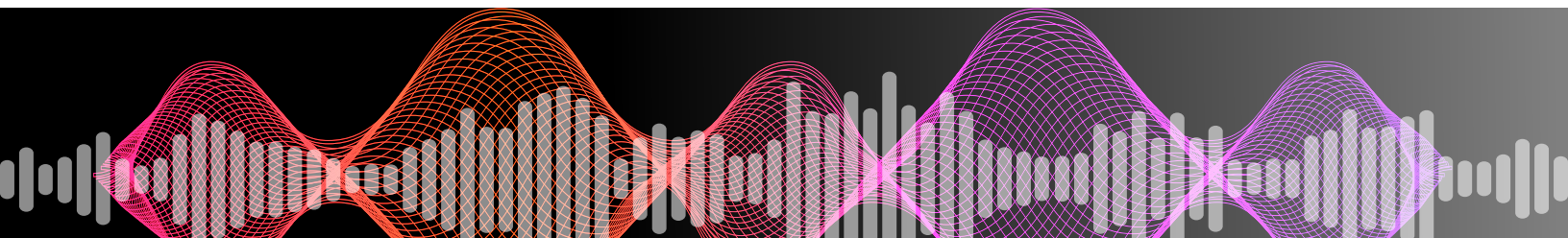
Strategy

Sensory-friendly Shows

It is important to be inclusive in everything you do. While our research doesn't cover the disabled community, we do believe it's important to set you up for success in this realm, as everyone should be able to freely enjoy this art form.

For individuals who may have sensory sensitivities, we recommend a silent listening show at a scheduled time each week there is a performance. In order to accomplish this Opera Philadelphia should partner with Autism Speaks Walk to put on this sensory friendly event. Attendees will be given adjustable wireless headphones where they can control the volume level they are listening to. Attendees will also receive a pair of TheraSpec glasses which are designed for light sensitivity issues (Bullock, 2018).

A portion of the proceeds should go to autism awareness.

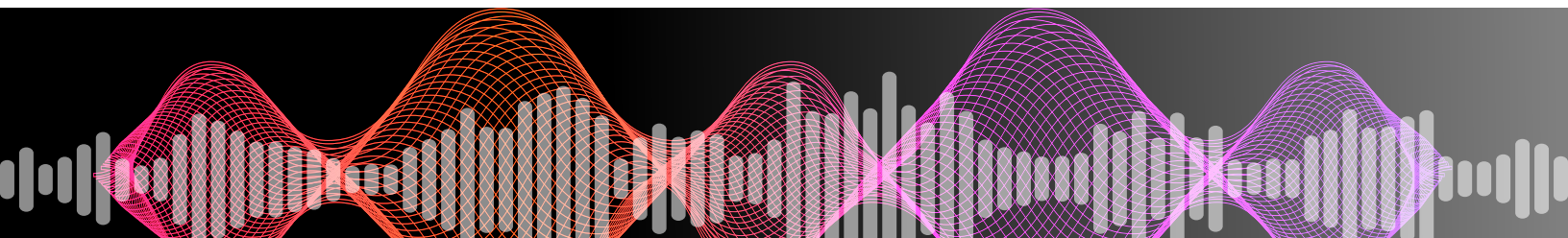


Positioning

Knowing that your consumer base highly values quality over anything else, we recommend using this as your positioning strategy.

Your consumers are willing to pay the price of attending or subscribing to Opera Philadelphia, but the quality and the price must align. Marketing messages should sell to the point of the experience and quality of production, not to the price or exclusivity of the opera.

Brands positioning themselves based on quality do not typically communicate their price point. Instead, high quality is the focal point to create a desire so customers want the product regardless of the price (BYB Marketing, 2020).



Conclusion

Historically, Opera Philadelphia had been influential as a cultural hub for the opera industry. This proposed marketing strategy is essential to recapture your existing market and to tap into a new segment that has an interest in this artform.

This strategy allows Opera Philadelphia to connect to the community through the creation of a music festival while acknowledging the needs of your consumers through their personal values of freedom, fun, and enjoying life that resonate to each segment.

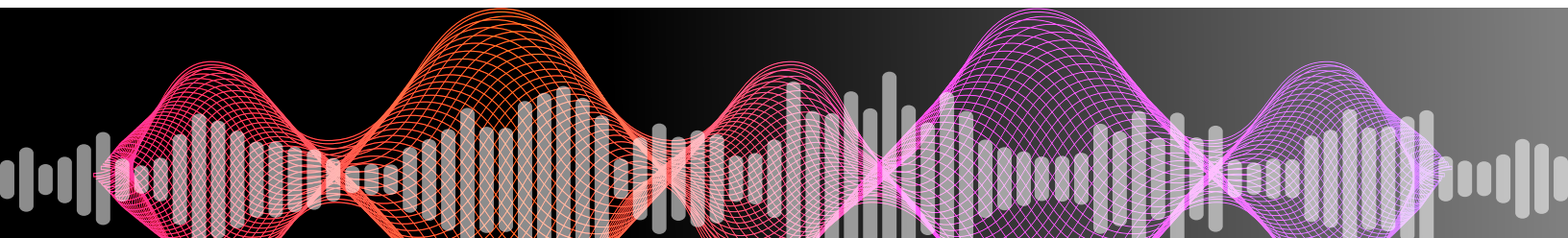
This marketing plan is designed for Opera Philadelphia to regain its reputation as a stellar opera house. We have taken further steps to propose a plan that includes partnering with local and regional opera houses which will cast a wider net to audiences who may have been non-attenders due to loyalty to another brand. These partnerships allow for potential new customers to enjoy the best of both worlds through Opera Philadelphia.

Casting a wider net of exposure does not stop there because using technology like livestreaming will also increase audience bandwidth.

Never forget the audience that has been tried and true, your HH subscribers that are the lovers of the artistically evolving industry. Providing a great show in both quality and value is important for Opera Philadelphia's future and current success.

These solid recommendations will increase brand awareness and attendance thereby leading to the ultimate goal of increased revenue through a growing Household Subscriber customer base. In following these recommendations, you will adequately meet the needs of each of your segments from appealing to the thrill seekers that embrace new ideas to the subscribers who value breaking of new artistic ground.

All segments value a high quality production and deserve it and with marketing strategy and accurate audience segmentation. It is time to start building this cultural experience back to the prestigious place it deserves.



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