Segmentation: Behaviours or Attitudes?

A holistic approach to Segmentation

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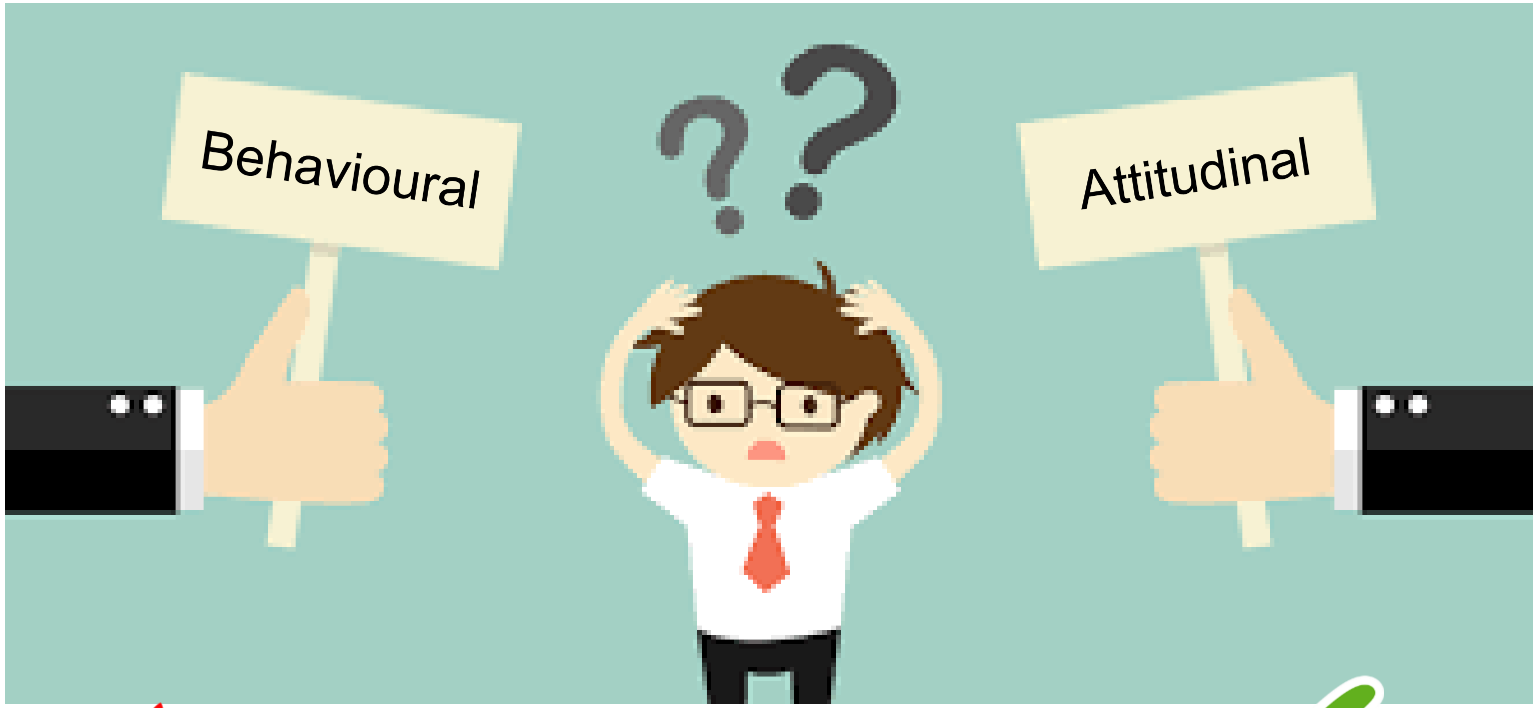
Segmentation Dilemma



Deep understanding
of segments

Flag and contact everyone

RSC and Baker Richards Approach

Cherry = Further research and learnings from using the segments

Icing = Attitudinal Survey

Sponge = Behavioural Segmentation

Who are our new customer segments?

(Interim names used)

RSC Devotee
High frequency, high price tickets, Swan and RST

Migrating Swan
Visitors, buy high price tickets, mixed repertoire but Swan preference

Local bargain hunters
Locals, mid-frequency, buy low price tickets, high discount

Shakespeare Tourist
Visitors, low frequency, high price, Shakespeare only, RST only

Shakespeare mid-price night out

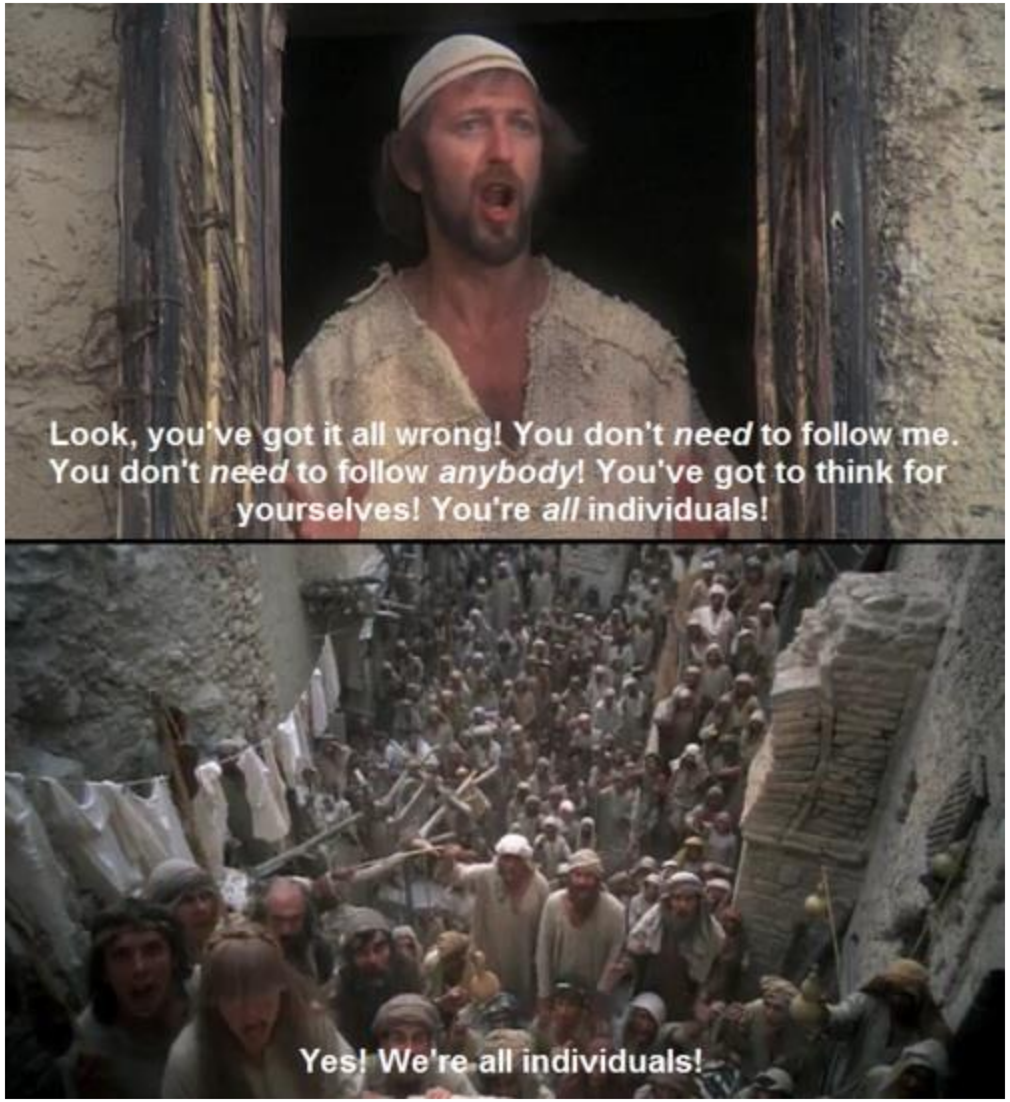
Locals, low frequency, mid-price, Shakespeare only, RST only

Family Night Out
Locals, low frequency, high price, Shakespeare and family, RST only.

Why behavioural segmentation

Segmentation is…

…the subdivision of a market or customer base into discrete groups that share similar characteristics.



Three main forms of segmentation

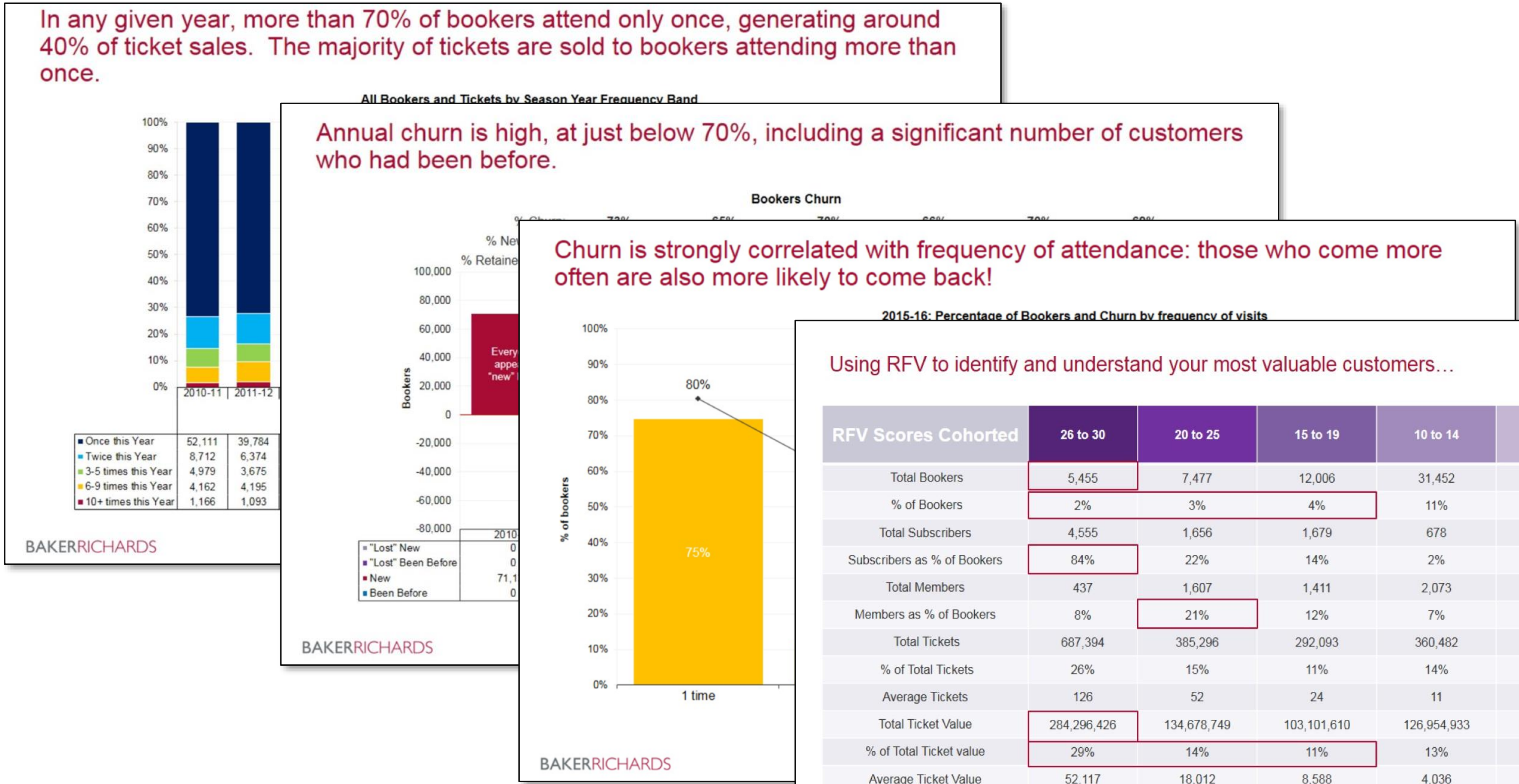
1. Attitudinal (e.g. grouping together people who are seeking intellectual stimulation or relaxation)
   - Usually derived from primary research, but often inferred from other data or from modelling based on research samples.

2. Demographic (e.g. grouping on the basis of age, income, etc.)
   - Where data is mostly derived and purchased from outside sources.

3. Behavioural (e.g. grouping together people who behave in similar ways in terms of what they do or buy).
   - Yankelovich & Meer: *"To be valid, a segmentation must identify groups that matter to a company's financial performance"* (Harvard Business Review, February 2006)

Understanding engagement in the long term: what is the lifetime value?

DET KGL·TEATER



Using RFV to identify and understand your most valuable customers…

RFV Scores Cohorted	26 to 30	20 to 25	15 to 19	10 to 14	3 to 9	Total
Total Bookers	5,455	7,477	12,006	31,452	234,602	290,992
% of Bookers	2%	3%	4%	11%	81%	100%
Total Subscribers	4,555	1,656	1,679	678	463	9,031
Subscribers as % of Bookers	84%	22%	14%	2%	0%	3%
Total Members	437	1,607	1,411	2,073	3,753	9,281
Members as % of Bookers	8%	21%	12%	7%	2%	3%
Total Tickets	687,394	385,296	292,093	360,482	879,495	2,604,760
% of Total Tickets	26%	15%	11%	14%	34%	100%
Average Tickets	126	52	24	11	4	9
Total Ticket Value	284,296,426	134,678,749	103,101,610	126,954,933	318,270,788	967,302,505
% of Total Ticket value	29%	14%	11%	13%	33%	100%
Average Ticket Value	52,117	18,012	8,588	4,036	1,357	3,324
Yield/Ticket	414	350	353	352	362	371
Total Membership Value	404,765	704,830	437,595	522,701	821,683	2,891,574

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Turn your marketing upside down

To achieve true customer relationship management all marketing activities should be turned upside down, focusing much more on the customer than the product.

Read more

Segmentation made simple

How creating a simple segmentation model from two measures of frequency of attendance can offer important insights into customer behavior.

Read more

Five ways to increase your sales

The pressure to increase ticket sales is an ongoing challenge for many organisations. We offer a simple approach.

Read more

SMARTer objectives make more effective strategy

When it comes to business or marketing planning, breaking your aims into manageable chunks is the secret to success.

Read more

RSC Segmentation Project

Our Brief

- Review the existing RSC behavioural segmentation model
- Undertake in-depth customer behaviour analysis
- Create a new custom segmentation, which can be rolled out across the organisation.

Our Approach

Our Approach

Our Approach

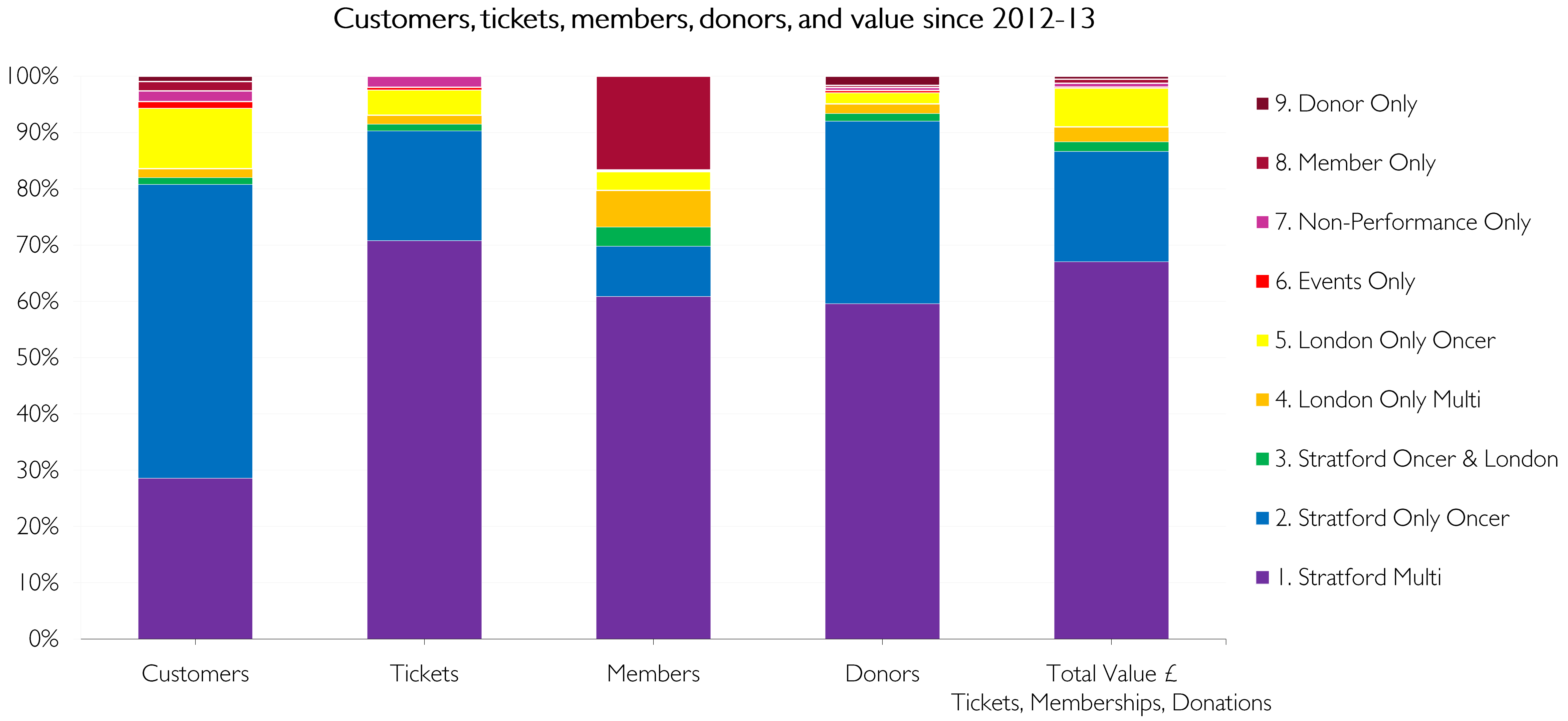
Discovery

- Understand your current business model
- Understand your existing custom segmentation
- Priorities for the project
- Series of 'fact-find' meetings with key team members
- Opportunity for you to start asking us questions of your data that we can address within the project

Analysis

- Analysis of existing segmentation along with the Segmentation Engine's pre-defined Basic and RFV Segmentations
  - Cross-tabbing behavioural variables, e.g. frequency, party size, donor value etc.
  - Churn, Migration and Flow reports on the segments.
- Outline possible custom performance classifications and repertoire scoring
- Clustering and factor analysis to inform segmentation
- Evaluate the effectiveness of the existing segmentation and identify of key issues to be addressed in any revisions

The majority of tickets and income (c. 70%) since12-13 comes from the Stratford Multi bookers, who will be the focus of the subsequent clustering analysis



The clustering process reveals – 'without prejudice' – the variables which are significant in separating customers into different groups (clusters)

ROYAL SHAKESPEARE COMPANY

Set Customer Scope

All 2+ Bookers at Stratford Since 2012-13+*

→

Set Performance Universe

Stratford 2012-13+

London 2012-13+

→

Create Variables

Full list of Variables on next slide

↓

First Run in SPSS with all Variables using 2-step clustering

←

Analyse Results and Refine Variable Selection

←

Run Multiple Cluster Solutions with Refined Variable Set

*Excluding 25 outliers who made 200+ bookings

Variables used in clustering

- Annual frequency at Stratford
- London Booker
- Wider Engagement Score (max 5)
  A calculated score based on count of additional bookings made for Events, Tours, Tower, Exhibitions and Restaurant
- Genres attended at Stratford (max 4)
  - % Bookings for Shakespeare
  - % Bookings for Non-Shakespeare
  - % Bookings for Family
  - % Bookings for New Writing
- Venues attended at Stratford (max 3)
  - % Bookings for RST
  - % Bookings for Swan
  - % Bookings for TOP
- Weeks in Advance
- Weeks Between Attendances
- Price Preference Index
  Indicator of bookers seat choice: above 100 means that a booker chose on average seats that were more expensive than average price
- Face-value Discount
  The % difference between the price paid for a ticket and the face-value of the seat purchased
- Ticket Yield
- Price Yield Displacement
  The % difference between the price paid for a ticket and the average price of the seats available
- % Tickets for Top Price Seats
- % Tickets for Top 2 Priced Seats
- % Tickets purchased at Full Price
- Over 60 ticket buyer
- Member
- Donor
- Drivetime Under 1 Hour

After identifying the driving variables, 3 cluster solutions were produced. Key clusters remained consistent in each solution

RSC ROYAL SHAKESPEARE COMPANY

5 Cluster	Description	6 Cluster	Description	7 Cluster	Description
1	Visitors, Shakespeare Preference, RST Preference, High Price	1	Visitors, Shakespeare Preference, RST Preference, High Price	1	Visitors, Shakespeare Preference, RST Preference, High Price
2	Visitors, Mixed Repertoire, Swan Preference, High Price	2	Visitors, Mixed Repertoire, Swan Preference, High Price	2a	Visitors, Mixed Repertoire, Swan Preference, High Price
				2b	Mixed Repertoire, Swan Preference, Low Price
3	Locals, Low Frequency, Shakespeare & Family, RST Preference, Mid Price	3a	Locals, Low Frequency, Shakespeare, RST Preference, Mid Price	3a	Locals, Low Frequency, Shakespeare, RST Preference, Mid Price
		3b	Low Frequency, Shakespeare & Family, RST Preference, High Price	3b	Low Frequency, Shakespeare & Family, RST Preference, High Price
4	Locals, Mid Frequency, Low Price, High Discount	4	Locals, Mid Frequency, Low Price, High Discount	4	Locals, Mid Frequency, Low Price, High Discount
5	High Frequency, Eclectic, Engaged, High Price, Members	5	High Frequency, Eclectic, Engaged, High Price, Members	5	High Frequency, Eclectic, Engaged, High Price, Members

The 6 cluster solution split out the low frequency locals into 2 different clusters identifying a Family driven cluster

There was always a cluster of visitors, going mostly to Shakespeare at RST paying high prices

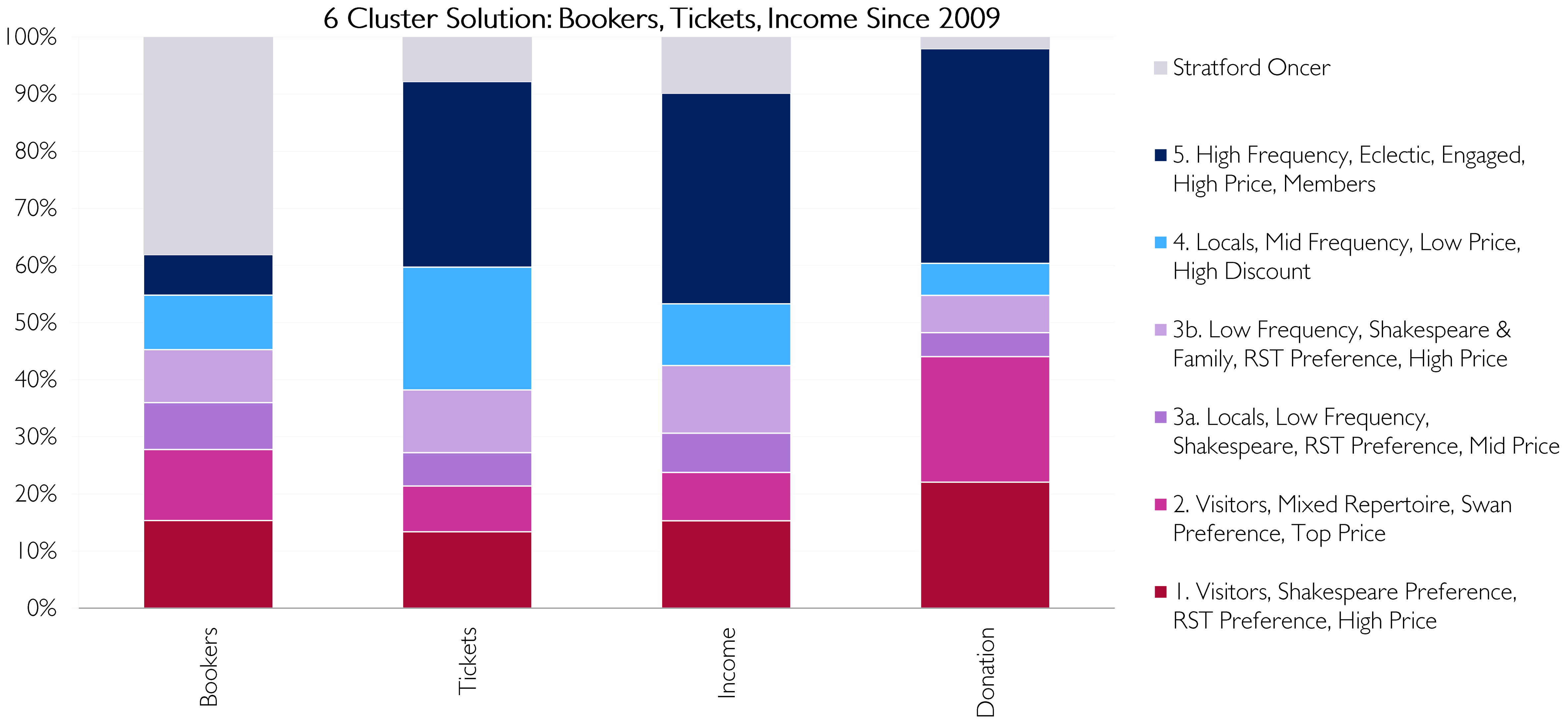
There was always a cluster of visitors going to mixed repertoire, mostly at Swan and paying high prices

The 7 cluster solution identified a further cluster of customers paying low prices for mixed repertoire at Swan

A cluster of locals, looking for deals always appeared

High frequency, highly engaged customers likely to be members were also in each solution

60% of multi-bookers account for nearly all the tickets and income over the last 10 years. Cluster 5 are only 5% of bookers, but 35% of income. 40% of bookers have only been once…

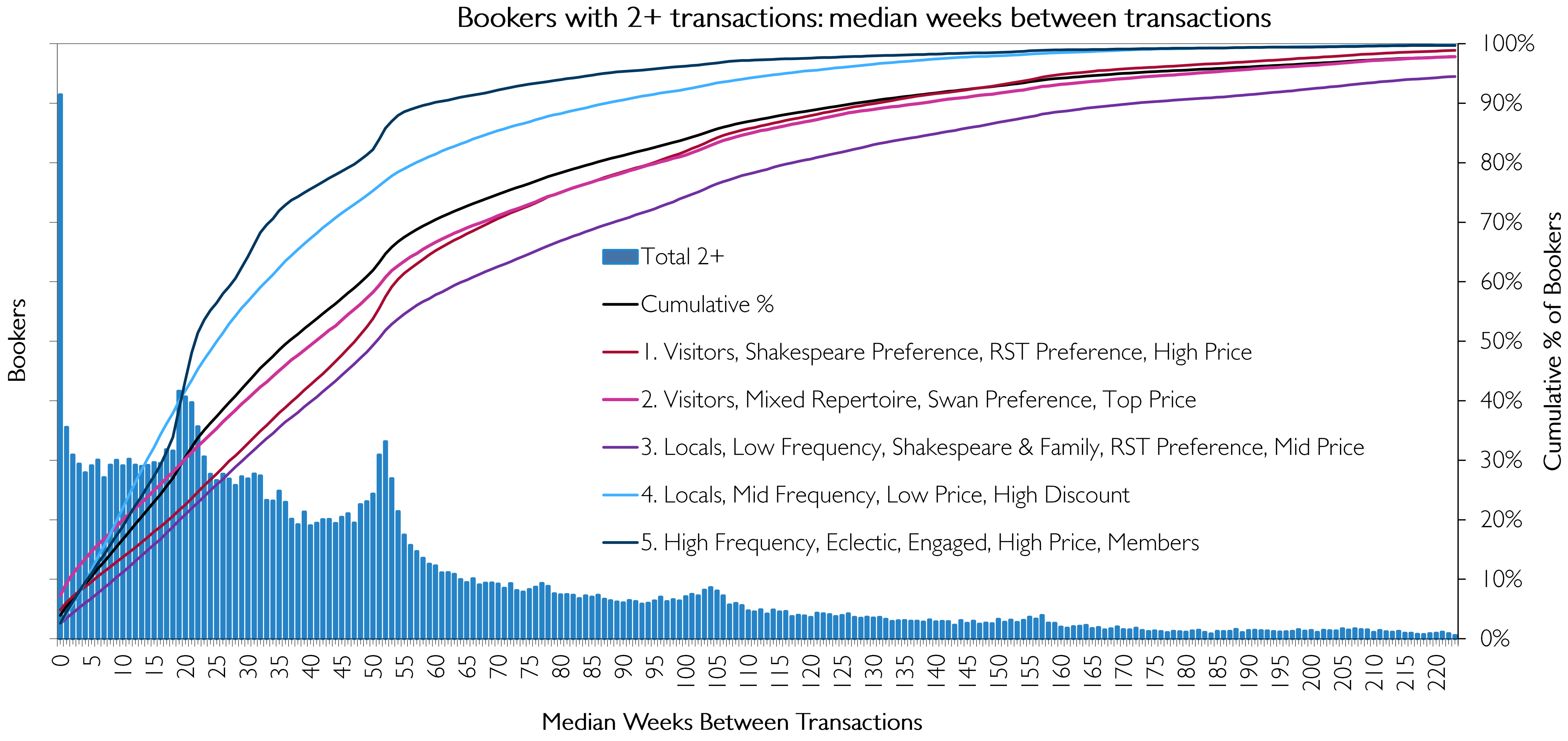


How to deal with the 'oncers'

Segmenting oncers

- Oncers at Stratford make up nearly 40% of bookers at Stratford since 2009
- We can map oncers onto the new cluster solution based on key behaviours in their first transaction
  - Geography
  - Genre
  - Venue
  - Price
  - Discount
- But only a few oncers are likely to turn into repeat bookers so also need to determine lapsed…

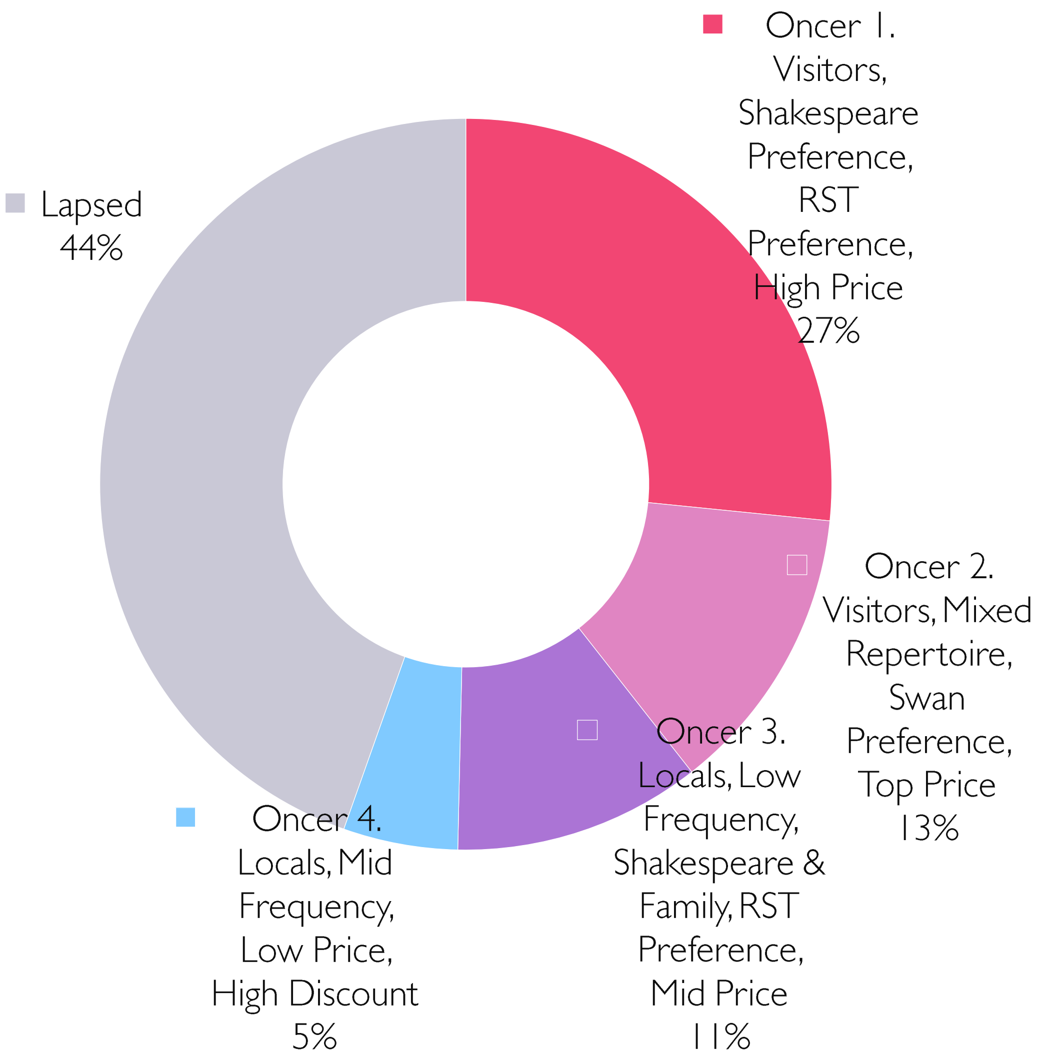
By three years, 95% of repeat bookers have made their 2nd booking so consider any oncer that hasn't come back after 3 years lapsed for good.



Segmenting oncers

- Based on the selection criteria for the repeat clusters, it is possible to segment oncers into the same clusters (except for the cluster of high frequency, members) using the following variables:

Filter out lapsed (> 3 years)	
Allocate remaining into following clusters	Cluster
Is Local AND (Yield < £30 AND FVD >10%) OR Yield < £25% OR FVD > 30%	4
Is Local AND (Booked Shakespeare OR Family) OR FVD = 0%	3
Is Local AND (Not Booked Shakespeare or Family)	2
Is Visitor AND Booked Shakespeare AND RST	1
Is Visitor AND Booked Family	3
Is Visitor AND (Booked Swan OR TOP)	2
Is Visitor AND (Booked RST AND NOT Shakespeare	2



Our Approach

Design

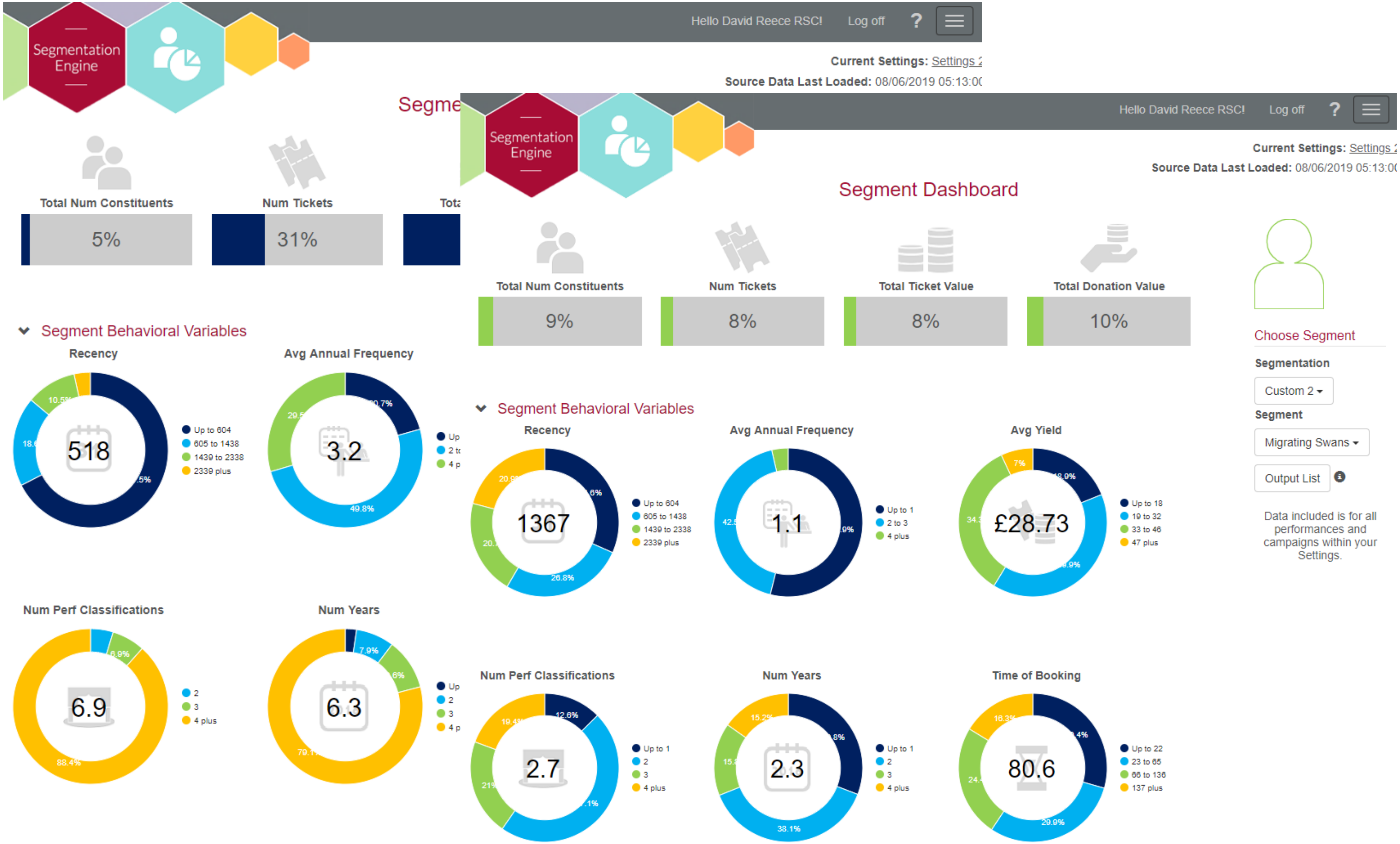
- Workshop exercise where we discuss your objectives in light of the analysis
- Review the potential scope and parameters for the segmentation(s)
- Implications for strategy
- Output = algorithm that will automatically generate the segmentation(s) in the Segmentation Engine

Implement

- Test version of the segmentation within the Segmentation Engine for your review using T-Stats
- Opportunity to make adjustments before the final version is implemented
- Agree custom coding of performances taxonomy

Custom Segmentation 2 Report - 2

	Loyal RSC Devotees	Shakespeare Tourists	Migrating Swans	Family Night Out	Shakespeare Midprice Night Out	Local Bargain Hunters	Potential Shakespeare Tourists	Potential Migrating Swans	Potential Family Night Out	Potential Shakespeare Midprice	Potential Local Bargain Hunter	London Only	Events or Non Perf Only	Member or Donor Only	Outlier	Other	Total
Total Num Constituents	19,571	42,375	34,363	25,619	22,725	26,397	53,443	20,746	15,737	2,936	12,602	67,237	0	29,898	0	32	373,681
+ Attendance																	More
Num Bookers	19,571	42,375	34,363	25,619	22,725	26,397	53,443	20,746	15,737	2,936	12,602	67,237	0	14	0	32	343,797
% Constituents	5.7%	12.3%	10.0%	7.5%	6.6%	7.7%	15.5%	6.0%	4.6%	0.9%	3.7%	19.6%	0.0%	0.0%	0.0%	0.0%	100.0%
Avg Recency	518	1,178	1,367	830	1,069	1,118	545	546	361	551	473	1,838	0	1,489	0	1,731	1,046
Avg Annual Frequency	3.2	1.1	1.1	1.0	0.9	2.1	1.0	1.0	1.0	1.0	1.0	1.1	0.0	1.1	0.0	1.7	1.5
Avg Num Years	6.3	2.6	2.3	3.3	2.7	3.8	1.1	1.1	1.1	1.1	1.1	1.1	0.0	1.9	0.0	1.3	2.2
% Tickets	30.6%	12.6%	7.5%	10.3%	5.5%	20.2%	3.7%	1.4%	1.1%	0.2%	0.9%	5.9%	0.0%	0.0%	0.0%	0.0%	100.0%
+ Income																	More
% Total Ticket Value	33.1%	13.8%	7.6%	10.7%	6.2%	9.7%	4.9%	1.4%	1.8%	0.2%	0.5%	10.1%	0.0%	0.0%	0.0%	0.0%	100.0%
+ Subscriptions																	More
% Current-Year Subscribers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
+ Donations																	More
% Donors	11.1%	13.8%	9.1%	8.3%	6.7%	7.0%	8.8%	3.1%	2.2%	0.4%	1.1%	9.3%	0.0%	19.0%	0.0%	0.0%	100.0%
% Total Donation Value	16.6%	9.8%	9.7%	2.9%	1.8%	2.5%	0.4%	0.2%	0.2%	0.0%	0.2%	2.3%	0.0%	53.5%	0.0%	0.0%	100.0%
Performance Classifications																	
Avg Num Perf Classifications	6.9	2.7	2.7	3.1	2.7	4.3	1.1	1.1	1.1	1.1	1.1	1.1	0.0	2.0	0.0	1.6	2.3



Segmentation Engine
Hello David Reece RSC!
Log off
Current Settings: Settings 2
Source Data Last Loaded: 08/06/2019 05:13:00
Segme
Total Num Constituents
5%
Num Tickets
31%
Segment Behavioral Variables
Recency
518
Up to 604
605 to 1438
1439 to 2338
2339 plus
Avg Annual Frequency
3.2
49.8%
Num Perf Classifications
6.9
2
3
4 plus
88.4%
Num Years
6.3
7.9%
Segmentation Engine
Hello David Reece RSC!
Log off
Current Settings: Settings 2
Source Data Last Loaded: 08/06/2019 05:13:00
Segment Dashboard
Total Num Constituents
9%
Num Tickets
8%
Total Ticket Value
8%
Total Donation Value
10%
Choose Segment
Segmentation
Custom 2
Segment
Migrating Swans
Output List
Data included is for all performances and campaigns within your Settings.
Segment Behavioral Variables
Recency
1367
26.8%
Up to 604
605 to 1438
1439 to 2338
2339 plus
Avg Annual Frequency
1.1
Up to 1
2 to 3
4 plus
Avg Yield
£28.73
7%
Up to 18
19 to 32
33 to 46
47 plus
Num Perf Classifications
2.7
12.6%
Up to 1
2
3
4 plus
Num Years
2.3
38.1%
Up to 1
2
3
4 plus
Time of Booking
80.6
29.9%
Up to 22
23 to 65
66 to 136
137 plus

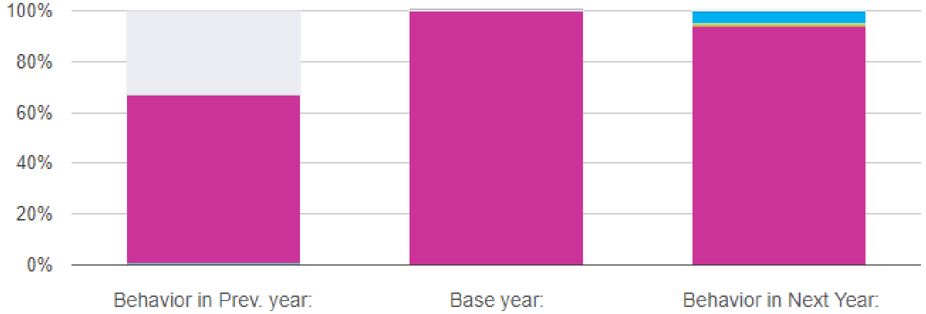
Hello David Reece RSC! Log off ?

Current Settings: Settings 2

Source Data Last Loaded: 08/06/2019 05:13:00

Flow Report - Custom 2

Years and Segments are determined by scope of Custom Segmentation. Some constituents may be filtered out by your Current Settings



Choose Segment

Potential Shakespeare Tou

	2015	2016	2017
Never before	17,566	0	0
Not that year	0	0	0
Loyal RSC Devotees that year	0	0	46
Shakespeare Tourists that year	0	0	1,936
Migrating Swans that year	0	0	358
Family Night Out that year	0	0	220
Shakespeare Midprice Night Out that year	0	0	0
Local Bargain Hunters that year	0	0	0
Potential Shakespeare Tourists that year	35,338	53,424	38,780
Potential Migrating Swans that year	0	0	0
Potential Family Night Out that year	0	0	0
Potential Shakespeare Midprice that year	0	0	0

Adding some attitude

The Survey

- Arts attendance, including at other venues and what stops greater attendance
- Attitudes about **theatre, the RSC and purchasing decision-making**

Attitudes about Theatre

Going to the theatre is an infrequent special treat for me	○	○	○	○	○	○	○	Going to the theatre is a regular part of my life
I go to the theatre to be intellectually challenged	○	○	○	○	○	○	○	I go to the theatre to switch off and relax
I'd rather see a comedic play than a tragedy	○	○	○	○	○	○	○	I'd rather see a tragic play than a comedy
I prefer productions with a risk taking, innovative feel	○	○	○	○	○	○	○	I prefer productions with a classic, traditional feel
I prefer to see well-known productions	○	○	○	○	○	○	○	I prefer to see less well-known productions, such as those that are performed less often
I prefer to see newly written plays	○	○	○	○	○	○	○	I prefer to see well established plays
I'm more likely to go to see a production if it features a well known actor	○	○	○	○	○	○	○	Casting does not have much impact on my decision to see a production
I like to wait for reviews before deciding whether to see a play	○	○	○	○	○	○	○	I don't wait for reviews and like to see a play early on and make up my own mind about it
If I like a play, I will see the same play more than once	○	○	○	○	○	○	○	I wouldn't consider seeing the same play more than once

- Demographics, travel and accommodation
- Media consumption

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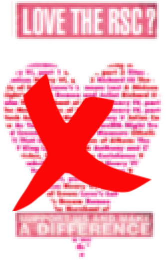
Migrating Swan

Booking behaviour:
- **Only 15% live within an hour drive time** and book avg. 10 weeks in advance
- Attend all three theatres but **favour the Swan** (69% bookings in Swan, 30% RST, 2% TOP)
- **41% buy top price tickets** (second highest group) and **28% have seen new writing** (highest %)
- 5% have a Membership and 11% have also booked in London
- Book for 1.8 shows on average per year and one of the least likely to use any form of discount

Interested in "new writing" but **less likely to be aware of The Other Place**



Not as strong emotional connection with RSC and attend lots of other theatres

More of them (21%) travel **by train** and **stay overnight**

53% read the **Guardian** and they are **frequent cinema goers**

* This does not necessarily mean that a characteristic is dominant in that group, but simply that is generally held more in that segment than we see in other segments.

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Migrating Swans

*“**I go to the theatre at least once a week.** It is a key part of my identity, and it is an important part of my social, romantic, family and personal life. I have been to see RSC productions in Stratford once, but it is **very expensive to stay and to get tickets**. I occasionally see RSC productions at the **Barbican**, if I am particularly excited by a production or cast.”*

*“The arts, including theatre and RSC, are an important aspect of life in that they 'feed' the quality of life. That can be by seeing **different interpretations of well known material or new work** or work that I have not seen before.”*

*“I like it [theatre] to be an **intellectual** stimulus that comes through entertainment, and I wouldn't like to be without it.”*

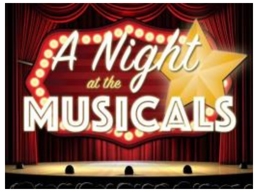
*“I like to visit a number of theatre productions each year and go to **whatever theatre appears to have the best proposition**.”*

*“**Theatre is important to me**. I do enjoy RSC productions, but **Stratford is not an easy place to get to** from London. I prefer to take the train, there is no direct train!”*

Family Night Out

Booking behaviour:
- **47% live within an hour drive time** and book once (1.2) per year 13 weeks ahead
- Book mostly at the **RST 92% but 45% Shakespeare and 45% family productions**
- £34 avg ticket price and **less likely to pay top price (12%)** and **slightly higher use of discount (16%)**
- 13% have a membership and 12% have booked in London
- Similar likelihood of (genuine) donation (12%) or ticket top up (31%)

Attend the theatre **with children under 18 (26%) or grandchildren (12%)** (so **<u>not all are families</u>**)



Prefer to attend **comedies and well-known titles**, attend **musicals regularly** and more likely to have seen *Matilda*

See **ticket price as a the biggest barrier** to attendance and view theatre as an **infrequent treat** rather than a regular part of their life

More female (66%) and **(slightly) more likely to be from a BAME (3%) or C2DE (7%) background**

Find out about productions through **social media (30%),** read the **Daily Telegraph (22%) or Daily Mail (15%)**

* This does not necessarily mean that a characteristic is dominant in that group, but simply that is generally held more in that segment than we see in other segments.

ROYAL SHAKESPEARE COMPANY

Family Night Out

*"Seeing a play at the theatre is a great opportunity to **get the whole family together** and do something special."*

*"We will try to **attend the Christmas Production as a family**."*

*"We live near Stratford-upon-Avon and like to see **Shakespeare or musical plays every year**. we do not really like the tragedies as we go for **entertainment**."*

*"[The theatre] **brings us together as a family**."*

*"The whole family loves seeing Shakespeare at the RSC. But it is **very expensive** to take the family."*

*"Theatre visits are a **luxury**."*

*"I was brought up being taken to the see RSC productions. And even though as youngster I didn't always understand what was happening on stage I was always aware of the **magic** involved, and that it could **transport me to another world**."*

What's next?

- **Launching and naming** (some in the team have already been working with the segments)
- **Tracking highlights and lowlights** of using segments
- Adding in segmentation to **Tessitura reports** we use
- Adding in segmentation to **other surveys**, e.g. on productions
- Materials to help **communicate more widely**, e.g. videos

Summary