

# Boston Business Journal

## IN DEPTH: PHILANTHROPY

### The State of the Arts

Financial and competitive pressures force nonprofit performance groups to adapt their marketing strategies

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In some ways, Josiah Spaulding Jr. views the hassle as worth it.

Spaulding, president of the Wang Center for the Performing Arts, caused a flap recently when he announced that his Theater District mainstay will next year replace Boston Ballet's "The Nutcracker" with a Radio City extravaganza featuring a troupe of traveling Rockettes.

Spaulding said the media's klieg lights are finally illuminating a story he said is reaching its inevitable climax: Boston's nonprofit performing-arts groups are under increasingly fierce commercial competition and financial pressure, and it's changing the way these groups go after potential ticket-buyers.

The Wang's numbers illustrate the story.

In fiscal 2003, the Wang Center for the Performing Arts posted a loss of \$330,000 -- an improvement from 2002's loss of \$430,000, but down from a surplus of \$1.3 million in 2001 and \$2 million the year before that.

The loss comes despite the center's ability to raise a record \$4.3 million through individual giving, increased sponsorships and the new Loge Club -- a members-only club that offers a variety of amenities, including choice tickets and pre-show receptions for Wang performances.

The Wang's ticket sales, like those of many other performing-arts groups and venues in the city, continue to slide, dropping to approximately 570,000 tickets last season, compared with as much as 800,000 per season throughout the mid to late 1990s.

It's a problem that's affecting the entire arts community in Boston as groups adjust to a continuing soft economy, changes in the buying patterns of audience members and, above all, the kind of competition from which many say the city has long been insulated.

"The biggest factor, I believe, is Boston is definitely feeling, for the first time, more competition that we've ever had here," said Valerie Wilder, executive director of the Boston Ballet.

Competition among arts groups is nothing new for the Hub, according to a recent Boston Foundation study. The report found that Boston is home to more cultural nonprofit groups per person than even New York.

Rather, for many arts groups today, "competition" is essentially another word for Clear Channel Entertainment Inc., the media conglomerate that brings to Boston popular touring acts such as "The Producers" through its Broadway in Boston division, operates the Colonial and Wilbur theaters and Charles Playhouse and next year will open Boston's refurbished Opera House with a production of "The Lion King."

"It's having an impact on everybody," said Wilder.

But Tony McLean, president of Clear Channel's Broadway in Boston division, points out there's always been commercial competition in Boston. Before Clear Channel, other for-profit interests ran the Colonial and Wilbur, he said. He also said that the Wang has gotten "blockbusters" such as the musical "Chicago," which he wanted for his own theaters. Because Clear Channel sells so many tickets in

Boston, it is the single-largest contributor to discount ticket booth BosTix -- a portion of whose proceeds go to support the nonprofit Arts/Boston.

"It's tough for everybody," said McLean, adding that such activity is in fact good for Boston. "It says there's a healthy arts community here."

The heads of most arts groups say the competition from commercial shows was bound to increase in Boston, as it already has in other cities.

So now, groups have begun adjusting to competition and fewer discretionary dollars in the wallets of their patrons, through new initiatives in marketing, fund raising and operational efficiencies.

At the Wang, as with other arts groups, Spaulding reports that tickets increasingly are being purchased the week of a performance rather than many months in advance. And that means changing the center's marketing strategy in favor of what he calls "guerrilla advertising."

Today, more than 50 percent of the Wang's tickets are sold the week of the show, compared with 50 percent being sold six weeks in advance, as has historically been the case.

A few years back, he said, you "could take out a full-page ad in the Globe and sell all your tickets." Now, the Wang also advertises on taxis, billboards and just about anywhere it can hope to catch the attention of last-minute, impulse buyers.

Other arts groups are also targeting their marketing efforts more narrowly.

At Jose Mateo's Ballet Theatre in Harvard Square, marketers have increased the amount of grass-roots, community-based advertising they pursue, with tactics including everything from sandwich boards to visiting local business groups to talk about the theater, said communications director Julie Hayen, who said the grass-roots efforts are a response to a diminished marketing budget.

Likewise, after observing a correlation between sports fans and theatergoers, the American Repertory Theatre in Cambridge -- known for its idiosyncratic works -- is actually going after the Patriots and Celtics crowds.

Sports fans are "people who seek out active engagement within the community" and, as such, are likely to go to other cultural events, said Rob Orchard, executive director of the ART, who said his theater uses mailing lists to target such potential ticket buyers.

For many groups, reeling in Boston's modern audience members also means going online.

For example, four years ago the Boston Gay Men's Chorus sold just 2 percent of its tickets online, and today, that percentage is around 45 percent, said chorus executive director Steve Smith.

Mary Deissler, CEO and executive director of the Handel & Haydn Society, also has turned to the Internet, crediting the medium with an upswing in ticket sales over the past year. "Early on, (we) thought the Internet would have a lot of promise for us because of the 24/7 accessibility," said Deissler.

So far, many of the changes appear to be working.

Hayen, of Jose Mateo's, said her company's grass-roots advertising efforts yielded the need for 10 additional performances of its version of "The Nutcracker" this season. And Handel & Haydn's Internet focus resulted in the group being among the few performing-arts groups in Boston that saw audience numbers grow last season -- from 32,500 the previous season to 35,400 last year. The ART's tickets, though not up last year, were relatively flat, at 123,137.

But groups also are being realistic about the future and the need for increased fund raising and operational efficiencies.

Groups such as the Wang and Boston Ballet have specified increased corporate support as part of their business plans, and the nonprofit Arts & Business Council of Greater Boston is urging smaller arts groups to "sell themselves" to corporate sponsors, emphasizing their

unique audience demographics, said Celeste Wilson, executive director of the group.

But, noted Wilson, corporations traditionally are not a main source of funding for nonprofits -- generating only about 5 percent of their revenue -- and she said groups need to look to individuals for the bulk of their funding.

Being realistic also means adjusting to diminishing audience numbers as well as changing programming and day-to-day operations.

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Last year, the Boston Ballet initiated a restructuring that cut its budget to \$20 million from \$23 million, enacted layoffs and cut the total number of performances the group stages each season.

Realizing that it will no longer get all the "blockbuster" shows, Spaulding said the Wang Center is focusing on creating both its own local shows and working with sister theaters throughout the country to create and rotate new productions.

Spaulding's decision to bring in the Radio City Music Hall extravaganza is another example of being realistic, he said, adding that uncertainty about the Boston Ballet's financial health factored into his decision. He said he has extended an invitation to the company to bring the Nutcracker back to the Wang in 2005, but no deal has been reached.

However, adds Spaulding, in a statement that also applies to the local arts scene: "I do think the world has changed, and we do need to create new traditions for new Bostonians."

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