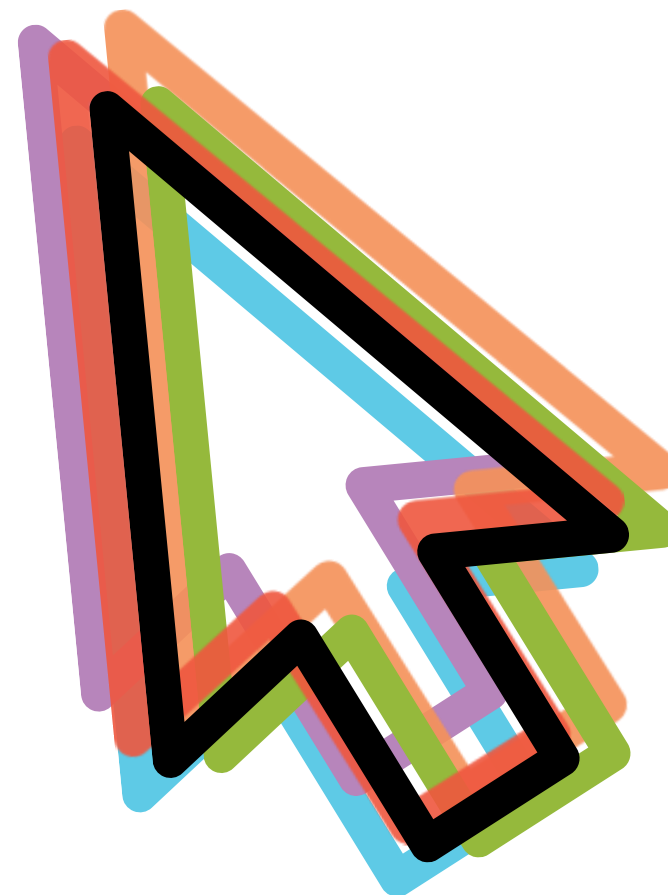




ORCHESTRAS  
ORCHESTRES | CANADA

**THE FUTURE OF THE  
DIGITAL ORCHESTRA  
FINANCES**

**L'AVENIR DE L'ORCHESTRE  
NUMÉRIQUE  
FINANCES**



Canada Council  
for the Arts

Conseil des arts  
du Canada



ORCHESTRAS  
ORCHESTRES | CANADA



## THE FUTURE OF THE DIGITAL ORCHESTRA FINANCES

## L'AVENIR DE L'ORCHESTRE NUMÉRIQUE FINANCES



**Hugh Donnan**  
Chief Executive Officer  
Newfoundland Symphony Orchestra



**Carol Kehoe**  
Executive Director  
Tafelmusik



**Bernard LeBlanc**  
Director of Symphonic Services  
Canadian Federation of Musicians



**Neil Middleton**  
VP Marketing & Sales and Executive  
Producer of Digital Content  
Vancouver Symphony Orchestra



Canada Council  
for the Arts

Conseil des arts  
du Canada

## LOGISTICS

**Please keep your video/audio muted.  
We are recording.**

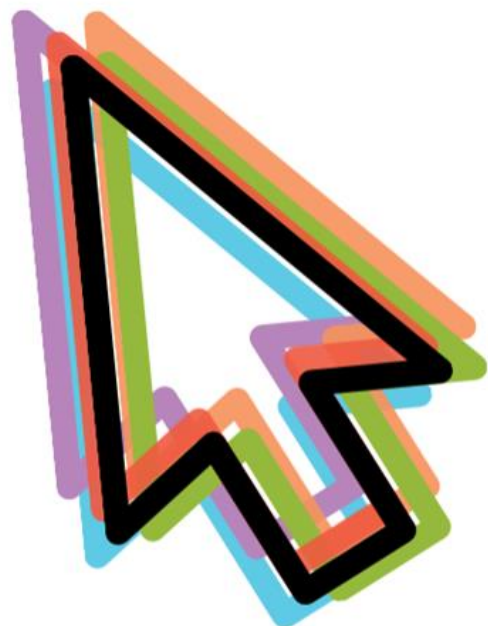
**Q&A portion near end. Type your  
questions in chat!**

**Instructions in chat to enable:**

- **Live simultaneous interpretation in English and French.**
- **Viewing slide decks in English or French.**

**English closed-captioning from  
Rev.com.**

**Recording + summary resources in the  
coming weeks.**



## LOGISTIQUE

**Veillez garder votre vidéo/audio en  
mode silencieux. Nous enregistrons.**

**Une partie questions-réponses est  
prévue vers la fin. Posez vos questions  
dans le *chat*!**

**Instructions dans le *chat* pour activer.**

- **L'interprétation simultanée en direct en anglais et en français.**
- **La possibilité de visionner des diaporamas en anglais ou en français.**

**Sous-titrage en anglais de Rev.com.**

**Enregistrement + résumés dans les  
semaines à venir.**



# Finance Forum

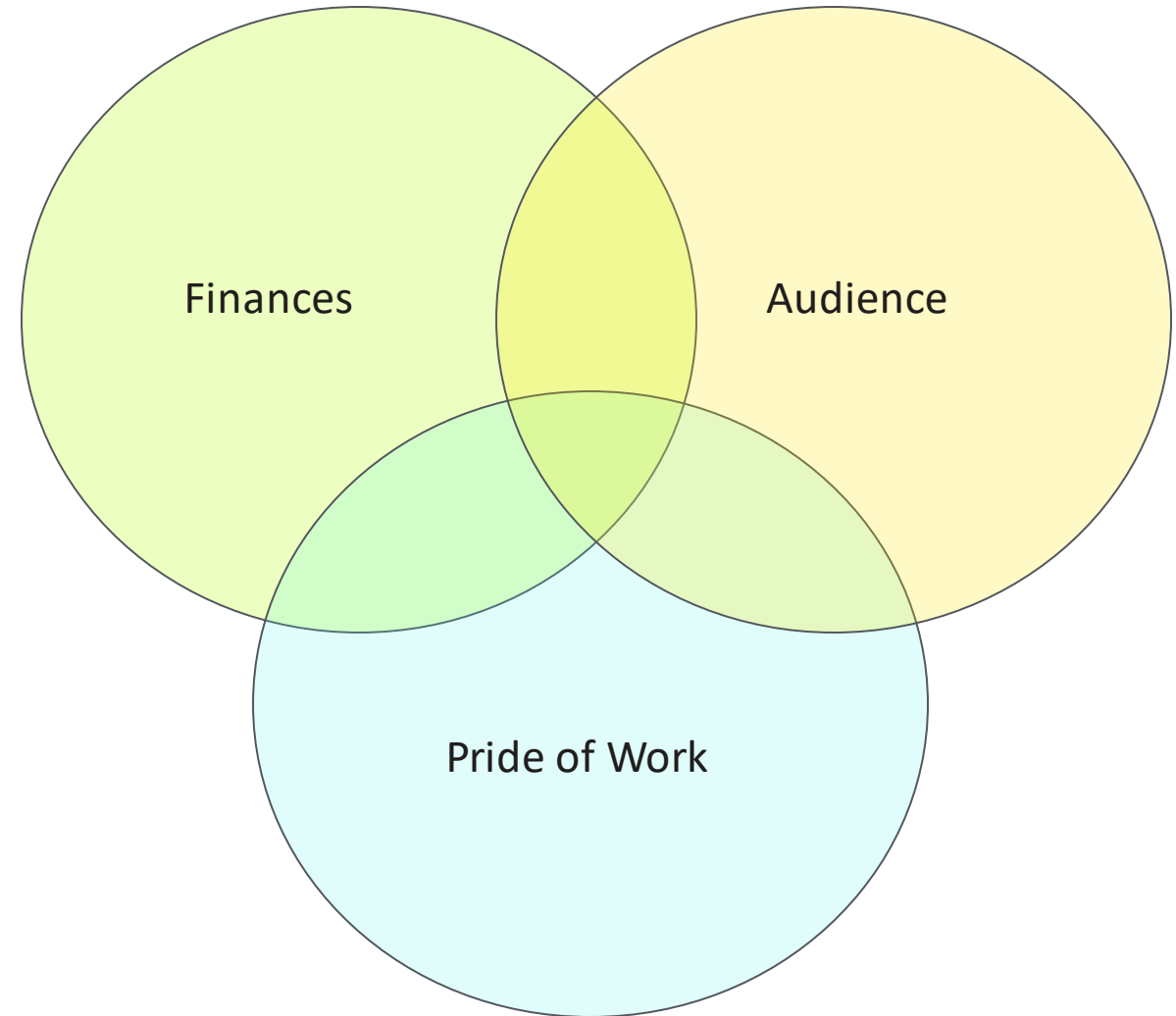
## Interview Findings

Michael Morreale

# Three forums about Three Connected Considerations

By October 2020 84% of orchestras tried at least 1 digital initiative.

- Three elements that matter to success in digital
- **Audience:** Will happen if digital creates a great experience they value
- **Finances:** Has to be financially sustainable
- **Pride of Work:** If people are proud of the experience they create for the audience, they will be inspired to do more...



# Finances: Summary

- Digital projects by Canadian orchestras have not been financially self-supporting during the pandemic.
- We expect orchestras will get learn how to better sell digital performances.
- During the pandemic, special circumstances have shrunk the revenue-cost gap temporarily and enabled a burst of activity. (See sidebar.)
- A return to pre-Covid operating conditions will increase the revenue-cost gap significantly.
- Orchestras will need to understand the value of online to make the business case for digital expenditures.

Special circumstances have supported digital, but they will mostly go away post-pandemic.

- The CFM's Covid-19 side letter has reduced artistic costs for digital significantly
- Wage subsidies have kept musicians and staff employed
- The performing arts could only be consumed digitally
- Orchestras were largely able to retain pre-paid subscriptions and sponsorships
- Non-traditional venues became practical
- Some new project grants became available
- Staff had capacity in the absence of live concerts to devote to digital
- New projects created excitement (but also burnout)

# Finances: Costs Drivers

- Orchestras mounting digital programs are experiencing higher costs per program than they would for a live performance.
- Incremental variable cost estimates ranging from approx. \$7,000 to \$50,000, with an number of organizations in the \$12 - \$15,000 range.
- Incremental *variable* costs include:
  - Costs of safe rehearsal (social distancing)
  - Incremental operations, filming, and post production (personnel)
- Additional *fixed* costs are related to additional equipment.
- A return to live would be accompanied by additional expenditures on operations staff to manage the filming of online.

# Finances: Pricing

- During the pandemic pricing strategy aimed to maximize audience access
- Pricing decisions mainly considered:
  - An assumption that online viewing is likely valued less than live ticket prices
  - Pricing was for a household, not an individual
  - Simple pricing and buying process
  - Lower the barrier to experience a performance, to attract new audience
- We heard from several organizations that online ticket revenues are approximately 5-10% of a normal year's ticket sales from live concerts

A variety of pricing models are being tested and tried

| Orchestra    | Pricing   |
|--------------|---|
| NSO          | \$12 - \$33   |
| OSM          | \$20  |
| Tafelmusik   | \$113- \$154 for 3.   |
| Calgary      | Donation only. Viewers have to register. 40% donation rate, Average donation: \$50. |
| Georgian Bay | 6 for \$65  |
| Philadelphia | Pricing: USD15 - 25   |
| KWSO         | Pick your price: \$15 to \$100  |
| VSO          | 7-day, 30 day, monthly, yearly subscription plans: Monthly: \$12.99                 |
| MCO          | Free to now; \$20 for spring concerts.  |



# Pricing: Post-pandemic Considerations

- Pricing per ticket seems to be trending towards \$20.00 - \$30.00
- Research in Quebec indicates the acceptable price is in the \$25 range for cultural events on-line
- Pricing considerations post pandemic include:
  - How to price relative to live?
  - Pricing live with a digital add-on or option
  - What is the value of digital to different audience segments?
  - What is digital's role in your orchestra's strategy?

# The Challenge

How to create an operating and financial model for digital that enables orchestras to continue to realize the potential for this new aspect of their art.

No model has emerged yet.



ORCHESTRAS  
ORCHESTRES | CANADA



## THE FUTURE OF THE DIGITAL ORCHESTRA FINANCES

## L'AVENIR DE L'ORCHESTRE NUMÉRIQUE FINANCES



**Hugh Donnan**  
Chief Executive Officer  
Newfoundland Symphony Orchestra



**Carol Kehoe**  
Executive Director  
Tafelmusik



**Bernard LeBlanc**  
Director of Symphonic Services  
Canadian Federation of Musicians



**Neil Middleton**  
VP Marketing & Sales and Executive  
Producer of Digital Content  
Vancouver Symphony Orchestra



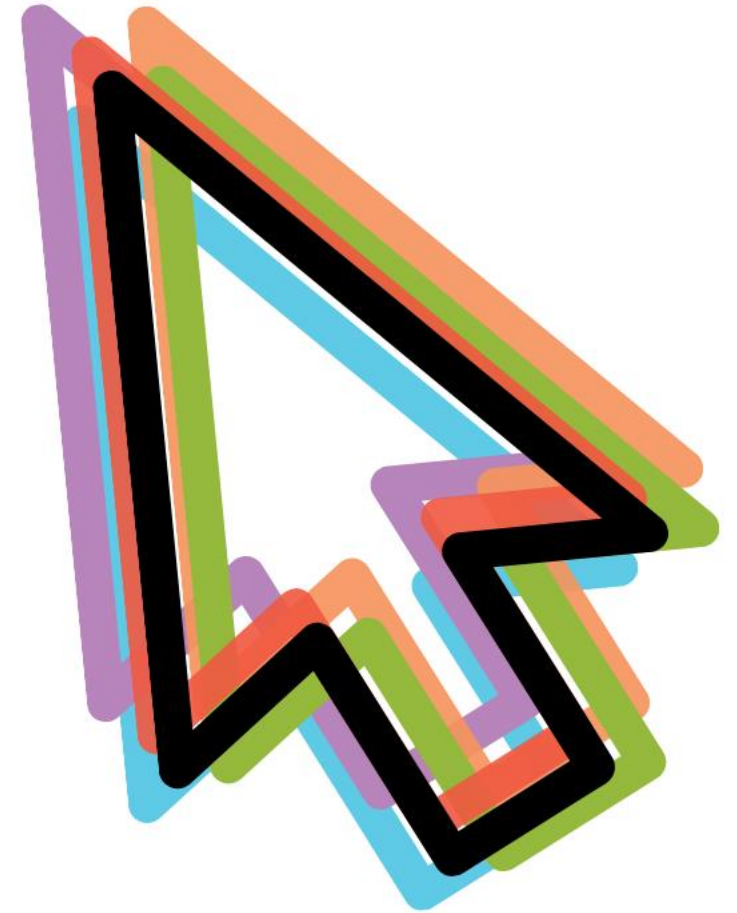
Canada Council  
for the Arts

Conseil des arts  
du Canada

**THE FUTURE OF THE  
DIGITAL ORCHESTRA  
FINANCES**



**Carol Kehoe**  
Executive Director  
Tafelmusik



**L'avenir de  
l'orchestre numérique  
FINANCES**

# Orchestras Canada

What operating and financial models hold the most promise?

Carol Kehoe, Executive Director, Tafelmusik

May 28, 2021



**2020/21**  
Passions of the Soul

Spring Digital Season



# Who is buying, and when?

## Subscribers

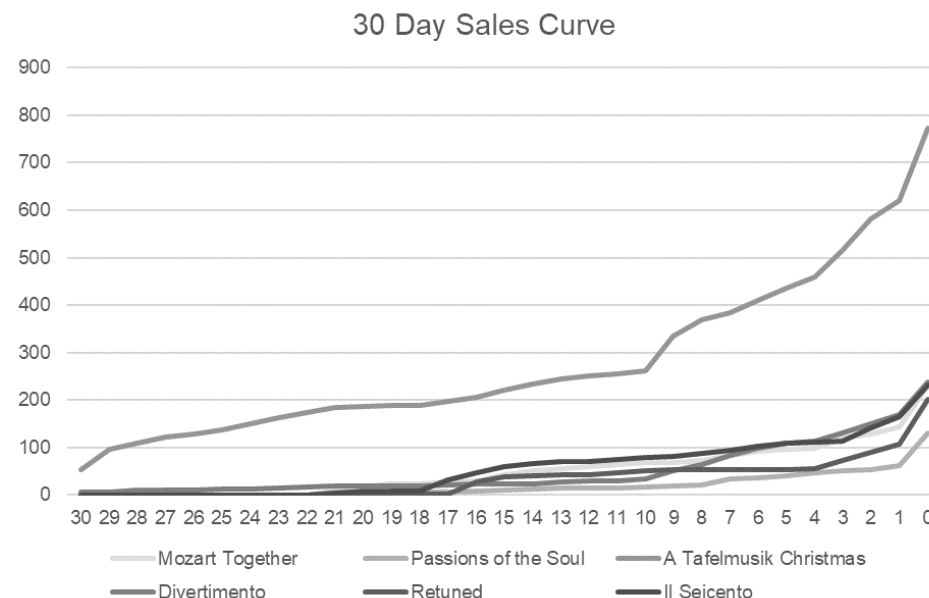
- Who are they:
  - 72% of buyers are senior (65+)
  - 97% reside in Ontario, 80% reside in GTA
  - New subscribers: only 40% reside in GTA. Top markets include: Ottawa and Guelph
- When do they buy:
  - We roll them in automatically at the start of each trimester
  - Then keep them engaged with content, email reminders, and benefits throughout that trimester



# Who is buying, and when?

## Single ticket buyers

- Who are they:
  - 28% of buyers are seniors
  - 84% reside in Ontario, half in GTA
  - Top markets outside of GTA: Ottawa, London, Burlington
  - New to file: 75% from Ontario (36% in TO)
- When do they buy:
  - 50% of single ticket sales occur in the 3 days leading up to the concert





# Learnings

- **All patrons (stix and subs) highly value extended viewing access**
  - Adding “Deluxe” single tickets with extended viewing
  - additional revenue to date and strengthens perceived value of subscribing
- **Digital concert buyers buy their concert tickets last minute**
  - Campaigns now focus on the week of a concert rather than 3 weeks before
- **Digital marketing ROI increases when supported by dynamic video content**
  - Now use two concert video clips in email and social campaigns
- **Livestreams aren't more valuable than pre-recorded concerts**
  - In survey our patrons don't value livestreams more, therefore LSs do not provide an opportunity for a higher ticket price



# Learnings (cont.)

- **Digital concerts do not automatically guarantee larger international audiences**
  - We will need to target/market within specific cities with an interest in our/baroque music to attract new audiences
  - Partnerships are also be important to introduce audiences to each other's performances and events
- **Certain products are lead acquisition**
  - Tafel Talks (initially priced at \$15) are now \$5 and offered complimentary to community organizations to gain more email addresses
  - Free concerts on YouTube lead to more followers, who can then be asked to sign up for our email list



# Looking ahead

## Digital Subscription

- “Digital Season Pass” model, more similar to Netflix or Spotify than traditional subscription package
- Requires one-time payment of **\$225** - concerts will be released periodically and available for the full year
- Can be sold through the whole season
- Benefits: highest savings on single tickets, one year extended viewing, first access to any live concerts, subscriber lectures and Q&As

## Single Ticket

- Providing three levels of pricing to make available added benefits to those who want them (or gift them) while maintaining an accessible price point for new audiences
- \$19/\$26/\$36





TAFELMUSIK

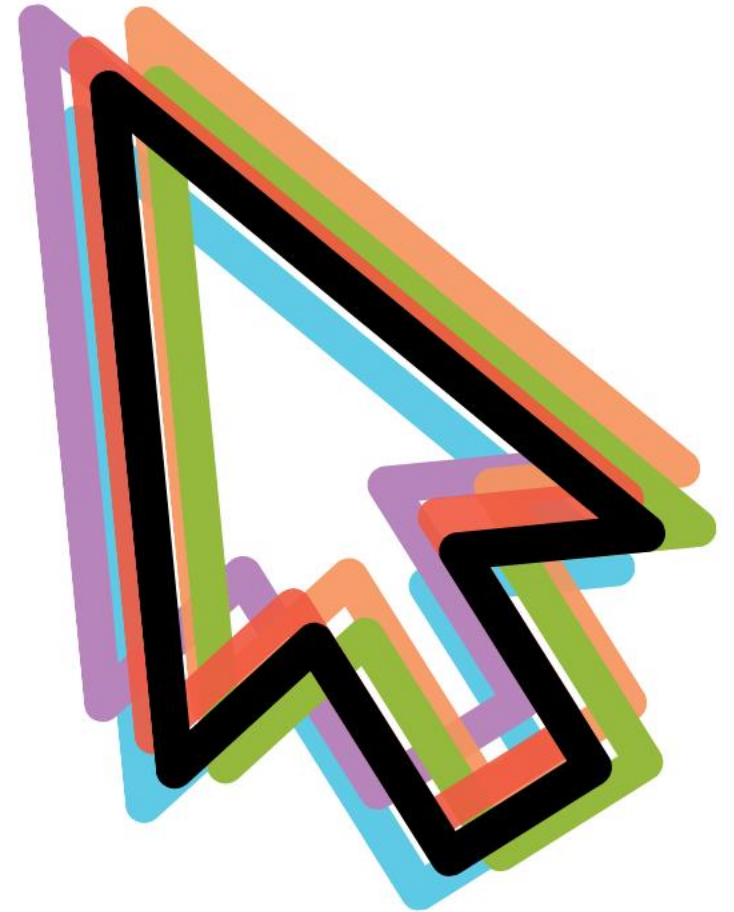


**THE FUTURE OF THE  
DIGITAL ORCHESTRA  
FINANCES**



**Neil Middleton**

VP of Marketing & Sales and  
Executive Producer of Digital Content  
Vancouver Symphony Orchestra



**L'avenir de  
l'orchestre numérique  
FINANCES**

## Financing Digital: Where's the Value?

In short: We're still learning.



## Financing Digital: Where's the Value?

### Business Models

- Cost Centre
- Break Even
- Revenue Driver



# Many Choices On Where to Invest

| Revenue Sources  | Capture Expenses   | Distribution Expenses   |
|--|--|---|
| <ul style="list-style-type: none"><li>• Tickets</li><li>• Subscriptions</li><li>• Donations</li><li>• Sponsorship</li><li>• Advertising</li><li>• Value-add</li><li>• Grants</li></ul> | <ul style="list-style-type: none"><li>• Crew</li><li>• Producers</li><li>• Sound Engineers</li><li>• Camera Operators</li><li>• Editors</li><li>• Graphics</li><li>• Cameras &amp; Lenses</li><li>• Switchers, Cabling, Hard Drives, Computers</li></ul> | <ul style="list-style-type: none"><li>• Distribution Platform</li><li>• Marketing</li><li>• Distribution Rights</li></ul> |



# Questions to Consider

---

Where is the value?

---

What are we trying to achieve?

---

How does it support our mission and mandate?

---

Who is excited by this work?

---

Do we produce in house or outsource?

---

Who is the audience for the content?

---

What quality and quantity do we need?

---

Where do we get most value for our investment?

---

What is the best monetization model for us?

---

How do we price? Core and/or acquisition?

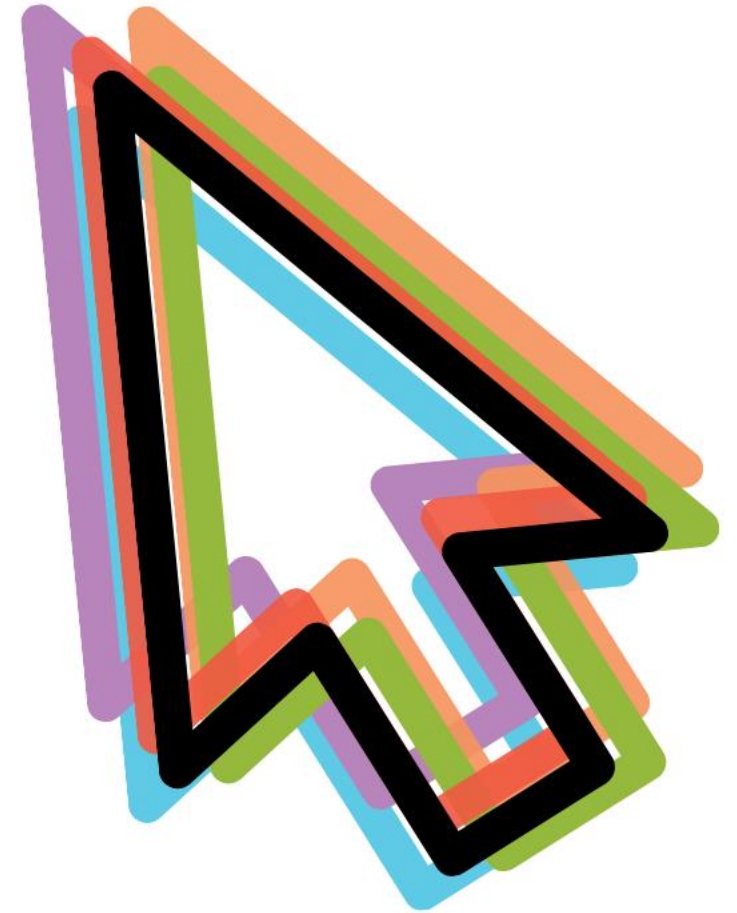
---

Where is the synergy with live performance?

**THE FUTURE OF THE  
DIGITAL ORCHESTRA  
FINANCES**



**Hugh Donnan**  
Chief Executive Officer  
Newfoundland Symphony Orchestra



**L'avenir de  
l'orchestre numérique  
FINANCES**



**NSO**

NEWFOUNDLAND  
SYMPHONY ORCHESTRA

MARC DAVID, MUSIC DIRECTOR

*reimagining*  
2020-2021  
SEASON

# Financing...

## ...In the Time of COVID

**NSO**  
NEWFOUNDLAND  
SYMPHONY ORCHESTRA

2020-2021 SEASON

*reIMAGiNing*

## The Challenge

- Arrival of COVID-19
- NSO NOT a digital player in any way
- Very small team (particularly in AV/production capabilities)

But...

- Great relationship with players
- Board 100% on board
- Desire to MOVE FORWARD



## The Plan

- Build new digital capabilities
- Create new packaging (digital only; possibly hybrid?)
- Had to go term-by-term
- Find new ways to market the NSO
- Be prepared to pivot when necessary

## Key Considerations

- What are our costs per concert
- Smaller orchestra on stage, local soloists
- Digital doesn't pay the bills
- How do we plan??



## The Solution

- Fully digital season (16 concerts total)
- Found ways to engage most players
- Created new sponsorship and support opportunities (Pay it Forward etc)





## The Results

- Over 200 subscribing households (previously only 200 individual subs)
- Residents across Newfoundland and Labrador signing on!
- Viewers in other parts of Canada, US and Beyond
- Brand new outreach programs (seniors' homes, health service orgs)
- Digital kept us relevant; now becomes a PART of offering
- New revenue stream; new markets

## The Future (2021-22)

- The future is still hard to predict
- Plan to offer fully-live (likely restricted) season in 2021-22
- Will record and premiere online 8 concerts from the 16 concert season – hybrid packaging possible
- Continue to serve our new digital subscribers who are not able to attend physical concerts (other parts of NL, isolated, elsewhere in Canada etc)
- Future opportunities to build a concert catalogue etc..

# Thank You!



**NSO**  
NEWFOUNDLAND  
SYMPHONY ORCHESTRA

2020-2021 SEASON

*reIMAGiNing*



ORCHESTRAS  
ORCHESTRES | CANADA



## THE FUTURE OF THE DIGITAL ORCHESTRA FINANCES

## L'AVENIR DE L'ORCHESTRE NUMÉRIQUE FINANCES



**Hugh Donnan**  
Chief Executive Officer  
Newfoundland Symphony Orchestra



**Carol Kehoe**  
Executive Director  
Tafelmusik



**Bernard LeBlanc**  
Director of Symphonic Services  
Canadian Federation of Musicians



**Neil Middleton**  
VP Marketing & Sales and Executive  
Producer of Digital Content  
Vancouver Symphony Orchestra



Canada Council  
for the Arts

Conseil des arts  
du Canada