COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

# *TargetMarkets*

## Background and Methodology

This report summarizes the results of a secondary analysis of the customer data files from a broad and diverse cross section of performing arts groups, cultural organizations, and entertainment attractions throughout the greater Cleveland area. The study was conducted in July of 1998 by AMS Planning & Research Corp. of Fairfield, CT, in conjunction with the development of a community cultural plan for Northeast Ohio.

This study is a secondary analysis of the geographic, lifestyle, and demographic characteristics of cultural and entertainment participants in Northeast Ohio. Results from this analysis are most typically used to assist in the evaluation of marketing activities and to develop improved marketing strategies, specifically with respect to direct mail. In this context, with regard to the community cultural plan, this patron analysis is just one component of a much larger body of research currently being conducted. The consultants use the many pieces of data contained within this report to help determine characteristics of the consumers of cultural and entertainment programs in Northeast Ohio area and the relationship of these characteristics to the overall population.

### *Discipline Groupings*

More than 50 files were submitted for analysis. Due the variety of quality among the files submitted, some files could not be converted into the required format and were not able to be included in the final analysis. Throughout this report, results are presented on the combined data file. However, groupings of organizations based on discipline were created to provide a greater level of detail. These discipline groupings and the organizations that comprise them are presented in the following table:

| Discipline Category | Organizations |
|---|---|
| Broadway | • Playhouse Square Broadway Ticket Buyers |
| Cleveland Metroparks | • Cleveland Metroparks |
| Dance | • Cleveland San Jose Ballet<br>• DANCECleveland<br>• Repertory Project |
| Media and Film | • Cleveland Cinematheque<br>• Cleveland Film Society<br>• WCPN<br>• WVIZ |
| Multi-Disciplinary | • Berea Arts Festival<br>• Cleveland Performance Art Festival<br>• Committee for Public Art<br>• E. J. Thomas Hall<br>• Fine Arts Association of Willoughby<br>• Playhouse Square Non-Broadway Ticket Buyers<br>• Shore Cultural Centre<br>• Showtime at High Noon<br>• Young Audiences of Greater Cleveland |
| Music | • Apollo's Fire<br>• Cleveland Chamber Symphony<br>• Cleveland Jazz Orchestra<br>• Cleveland Opera<br>• The Cleveland Orchestra<br>• Early Music America, Inc.<br>• Music and Performing Arts at Trinity Cathedral<br>• Ohio Chamber Orchestra<br>• Singer's Club of Cleveland<br>• Tri-C Jazz Fest |
| Nature Centers | • Nature Center at Shaker Lakes<br>• Stan Hywet Hall and Gardens |
| Non-Visual Art Museums | • Cleveland Health Education Museum<br>• Inventure Place<br>• Intermuseum Conservation Association<br>• Rainbow Children's Museum<br>• Rock and Roll Hall of Fame and Museum<br>• Western Reserve Historical Society |

| Discipline Category | Organizations |
|---|---|
| Theatre | • Beck Center for the Arts<br>• Dobama Theatre<br>• Ensemble Theatre<br>• Great Lakes Theater Festival<br>• Near West Theater |
| Visual Art Museums | • Cleveland Institute of Art<br>• Cleveland Museum of Art<br>• NOVA (New Organization for the Visual Arts)<br>• Sculpture Center<br>• SPACES |

Market area maps and MicroVision™ profiles are presented for these separate discipline categories.

*Crossover*

A merge/purge analysis was performed on all of the lists submitted to analyze duplication of names among different organizations. The merge/purge report follows this executive summary.

A total of 408,598 names were submitted for analysis. There were 155,771 duplicate names that were eliminated from the analysis. Crossover between organizations is varied from list to list. For instance, many organizations had extremely high crossover with Playhouse Square's single ticket buyer list (98% among Great Lakes Theater Festival's single ticket buyers, 94% among Cleveland San Jose Ballet's 1997 buyer list). In general, crossover between the lists of the larger cultural organizations (i.e. symphony, opera, ballet, etc.) was higher than between the lists of other organizations (i.e. attractions, "non-traditional" performing arts). This is a fairly typical phenomenon as cultural organizations have a tradition of "swapping" lists with one another and audiences tend to patron similar types of organizations. On the other hand, crossover with some of the attractions – like the Rock and Roll Hall of Fame and Museum, which attracts more tourists – was relatively low, generally less than 10% for all other organizations. This might suggest that attractions with a broader appeal attract a broader range of patrons (both geographically and demographically), and thus has less crossover with other lists.

Individual organizations can use this information in a couple of ways: 1) to identify the organizations with which they have high crossover for collaborative marketing opportunities; 2) organizations with lower crossover could exchange lists to expand potential customer bases. More and more communities around the country are benefiting from cooperative marketing efforts. In Denver, for example, there is a consortium of fifteen arts organizations whose marketing directors meet regularly to develop strategies around the pooling of marketing resources. These groups collaborate on database maintenance, direct mail, and advertising.

*Methodology*

The address lists provided were then processed through the Metromail national database of consumer households to obtain added information about each address. In addition to several demographic variables, each address was matched with a lifestyle code. The MicroVision lifestyle segmentation system, developed by Equifax National Decision Systems, assigns one of fifty lifestyle segments to each of the 25 million ZIP+4's in the U.S., based on a range of demographic and consumption data. (See the report appendix for segment descriptions.) In the body of the report, you'll find a number of tables and graphs comparing the lifestyle profiles of customers to the market area, and to the U.S.

## Market Area Definition

A total of 252,827 unduplicated records from the combined files were analyzed. An analysis of the frequency distribution by ZIP Code for the combined data file produced the following results:

- 90% of all addresses are located in 323 ZIP Codes
- 75% of all addresses are located in 78 ZIP Codes
- 50% of all addresses are located in 33 ZIP Codes
- 25% of all addresses are located in 10 ZIP Codes

The combined customer list is broken into these quartiles and mapped by ZIP Code. Based on this map, included in the body of this report, the Cleveland market or "trade" area was defined as a 45-mile radius around downtown Cleveland, in which 84% of all customer households live. This market area includes all of Cleveland proper and stretches to the west to include Huron and Berlin Heights and to the northeast to Painesville and Perry. The southern border of the market area includes Wooster and Canton.

The 45-mile market area is consistent with research AMS has conducted for other organizations around the United States. A standard market area is typically 30 miles from a performance venue. Since the file analysis includes lists from many organizations and many different venues, it has expanded the overall market area somewhat. The bulk of the first, second, and third-quartile ZIP Codes are included within a 30-mile boundary, however the presence of "satellite" markets in Wooster and Canton have pushed the market area boundary out to 45 miles.

Market area maps were created for each of the ten discipline groups. In general, Broadway, Dance, Media and Film, Multi-disciplinary, Music, and Visual Arts organizations have market areas similar in shape and ZIP Code distribution to each other and the combined file.

Cleveland Metroparks and Theatre organizations have much more concentrated market areas – the bulk of which lie within 15 miles of downtown. Nature Centers show a market area in two clusters – around Chagrin Falls and in Akron. Non-visual art museums have a much larger market area, closer to 60-miles – these organizations are pulling more of the customer base from a wider geography, which is largely attributable to the Rock and Roll Hall of Fame and Museum.

## Market Penetration

A market penetration analysis was performed for all ZIP Codes in the market area on the combined file. A penetration index was computed, accounting for both the number of customers and the total number of households in each ZIP Code. Market penetration is highest throughout ZIP Codes immediately to the east of downtown – the Beachwood and Chagrin Falls area. Penetration is also high to the west of downtown, in Westlake and Bay Village. There is a corridor of above-average penetration ZIP Codes stretching from downtown Cleveland to Akron.

A market penetration map may be found in the report for the aggregate analysis group. The top ten ZIP Codes with the highest penetration index are listed in the table below:

| ZIP Code | Geography Name | # of customer Hholds | 1997 Est. HHolds | Penetration Index* |
|---|---|---|---|---|
| 44114 | Cleveland, OH | 2,274 | 2,209 | 714 |
| 44040 | Gates Mills, OH | 1,060 | 1,144 | 552 |
| 44122 | Beachwood, OH | 8,882 | 14,555 | 364 |
| 44022 | Chagrin Falls, OH | 4,021 | 7,095 | 338 |
| 44118 | Cleveland, OH | 8,755 | 16,742 | 312 |
| 44115 | Cleveland, OH | 1,359 | 2,800 | 289 |
| 44140 | Bay Village, OH | 2,813 | 6,601 | 254 |
| 44141 | Brecksville, OH | 2,179 | 5,235 | 248 |
| 44116 | Rocky River, OH | 4,031 | 9,854 | 244 |
| 44072 | Novelty, OH | 682 | 1,803 | 225 |

*The average penetration index is 100. For example, an index of 400 means that the ZIP Code has 4 times the number of patrons as the average ZIP Code in your trade area.

Downtown ZIP Codes typically have a high proportion of customer households to overall households – this is usually explained by patrons using business addresses when ordering tickets and is fairly typical and explains the extremely high penetration in ZIP Code 44114 and the moderately high penetration in ZIP Code 44115.

## Lifestyle Segmentation

With respect to MicroVision profiles, the combined file is relatively homogenous, considering the size of the file and the wide range of organizations represented. Nearly 50% of all records fall into just six MicroVision segments. It is not unusual to find such a concentrated segmentation when analyzing MicroVision. This is a function both of the presence of certain segments within the 45-mile market area as well as the tendency of certain segments to be cultural and entertainment participants. In Northeast Ohio, each of the top six segments (with the exception of #23 – Settled In[1]) are segments which are consistently found among the top-performing segments for cultural and entertainment organizations and attractions across the country.

Key lifestyle segments are summarized in the table below:

| Lifestyle Segment | All Files | Market Area | U.S. |
|---|---|---|---|
| Home Sweet Home (#10) | **10.8%** | **8.8%** | **6.3%** |
| Settled In (#23) | **9.8%** | **10.5%** | **4.2%** |
| Established Wealth (#3) | **6.2%** | **3.3%** | **1.8%** |
| Upper Crust (#1) | **6.2%** | **1.4%** | **1.6%** |
| Good Step Forward (#12) | **6.1%** | **3.5%** | **3.0%** |
| Movers and Shakers (#8) | **5.4%** | **2.4%** | **2.8%** |
| **TOTAL%** | **44.50%** | **29.90%** | **19.70%** |

A mix of segments characterizes this MicroVision profile. High-income, high-education segments, such as Established Wealth and Upper Crust, are represented in the profile. Home Sweet Home is a middle-market segment, characterized by white, urban parents of teen-age children, with medium-high incomes and average education. Settled-In is an older segment (between the ages of 55 and 64 years), middle-income, and average education, predominantly white and of Northern European ancestry. Descriptions of lifestyle segments are found in the appendix to this report.

Using this information, customers can be compared to the 45-mile market area. For example, while segment #1 “Upper Crust” comprises only 1.4% of all households in the market area, it represents 6.2% of customers in the combined file, generating an index of 428. This may be interpreted as follows: “A household classified as ‘Upper Crust’ is over four times as likely to be cultural and entertainment patron as the average market area household.”

Mailing lists can be purchased using MicroVision segments. Typically organizations will look to purchase certain MicroVision segment households in their top ZIP Codes and overlay other variables (such as high income or high

[1] MicroVision segment names, such as “Settled In”, “Established Wealth”, “Upper Crust”, etc., are generic names assigned by Equifax National Decision Systems.

education) and "prospect" mail to them. Prospecting is a strategy to expand existing mailing lists by mailing post cards asking if people would like to receive more detailed information about their product or programs. This process is more cost effective than mailing expensive brochures to purchased mailing lists.

The following table illustrates the differences among the MicroVision profiles of the ten discipline groupings:

| **Lifestyle Segment (from above)** | **B'way** | **Metro-parks** | **Dance** | **Media/ Film** | **Multi-Disc.** | **Music** | **Nature** | **Non-Visual** | **Theatre** | **Visual Arts** |
|---|---|---|---|---|---|---|---|---|---|---|
| #10 | 13.3% | 12.5% | 12.1% | 10.7% | 10.9% | 10.1% | 7.3% | 9.9% | 10.1% | 9.7% |
| #23 | 10.7% | 17.1% | 10.0% | 10.0% | 10.3% | 8.3% | 5.5% | 8.7% | 9.8% | 7.1% |
| #3 | 6.3% | 4.7% | 6.9% | 5.6% | 5.4% | 6.7% | 10.5% | 6.8% | 6.3% | 6.9% |
| #1 | 4.0% | 2.3% | 5.6% | 5.1% | 3.9% | 7.4% | 26.2% | 8.7% | 4.2% | 9.5% |
| #12 | 4.1% | 4.4% | 5.9% | 6.4% | 5.0% | 6.8% | 7.6% | 5.2% | 8.0% | 8.8% |
| #8 | 3.7% | 4.3% | 5.1% | 5.1% | 3.9% | 6.3% | 11.5% | 6.1% | 6.2% | 7.2% |
| **TOTAL%** | **42.10** | **45.30** | **45.60** | **42.90** | **39.40** | **45.60** | **68.60** | **45.40** | **44.60** | **49.20** |

The various profiles presented above are generally comparable to one another. Nature Centers have a significantly more homogenous customer base which is more heavily clustered among the high income, high education segments, which Multi-disciplinary organizations have a less homogenous customer base.

Further analyses of these lifestyle groups are found in the report. These data are useful for targeting certain segments or groups of segments with the highest potential to become subscribers and single ticket buyers. Mailing lists may be purchased commercially based on MicroVision segment numbers and a variety of demographic screens.

## Market Potential

Based on the MicroVision profile, each ZIP Code in the northern Ohio region was analyzed for its potential to contain ticket buyers to Northeast Ohio cultural and entertainment events, regardless of existing barriers to attendance. A "market potential index" was computed for each ZIP Code and mapped. Essentially, this computation compares the MicroVision profile of current buyers in the Cleveland market area with the MicroVision profile of each ZIP Code and computes a measure of similarity, expressed as an relative index.

A map depicting market potential can be found in the body of the report. Market potential is generally highest in areas with above-average current penetration. These include the eastern- and western-most suburbs of Cleveland as well as ZIP Codes to the north of Akron, and to the north of Canton. Generally, high-potential ZIPs will also be those with the highest actual penetration, although exceptions may be found.

A Market Area Penetration/Potential "Gap" Analysis was performed, to identify ZIP codes with high potential but low penetration, and vice versa. For each ZIP Code, the Penetration Index (100=avg.) was subtracted from the Potential Index (100=avg.), and the difference was mapped. Recall that the penetration index is based on actual customers, while the potential index is a theoretical measure of market quality based solely on MicroVision.

The map for this analysis illustrates that certain ZIP Codes in downtown Cleveland (largely business ZIP Codes) as well as most of the east side suburbs have a "surplus" of penetration, while areas to the west and the southeast have a "surplus" of potential. ZIP Codes within the 30-to 45-mile ring around downtown generally have higher potential indexes than penetration indexes.

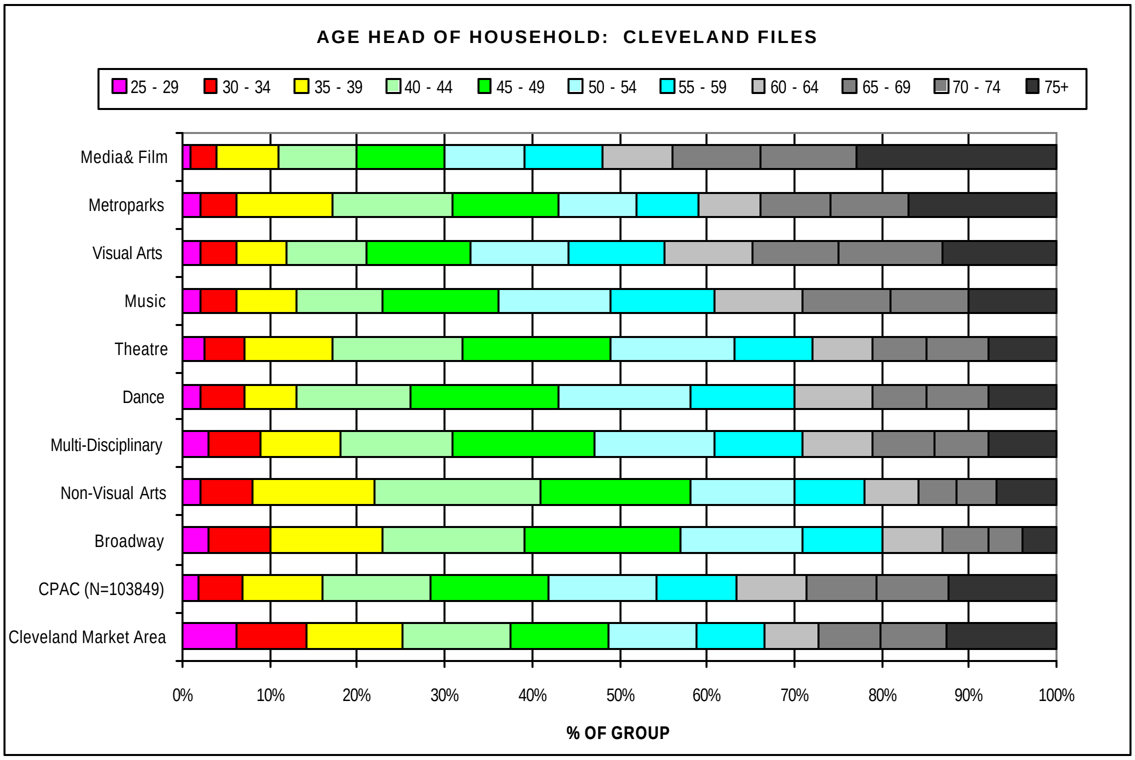
The Gap Analysis illustrates the impact of geography on participation at cultural and entertainment attractions in the Cleveland area. ZIP Codes closer to downtown Cleveland are more heavily penetrated relative to their potential, and ZIP Codes further away have higher potential (theoretically) than actual penetration. This is not to suggest that near ZIP Codes are fully saturated or that all marketing resources should be diverted to the fringe areas. Other factors such as distance, drive time, competition, natural barriers, etc. will affect penetration in these areas.

## Appended Demographic Data

As the data file was passed through the Metromail database, additional variables were attached, whenever possible. These data are compiled by Metromail and gathered from a variety of secondary sources (consumer warranty cards, change-of-address, registration forms). They are presented in the following charts and compared to Metromail data for all households in the 45-mile market area.

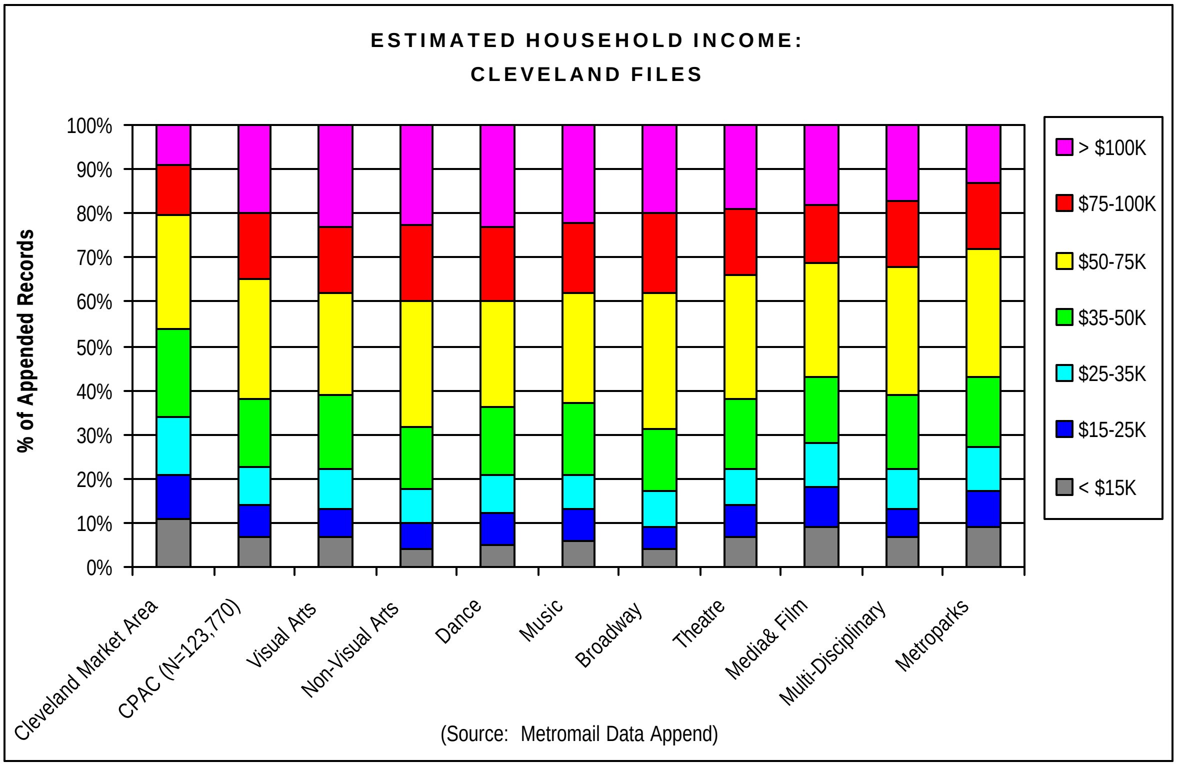
According to appended age data, the combined Northeast Ohio file has a greater percentage of customers in the middle age ranges (35 through 64) than the market area. The combined file has a nearly identical percentage of customers in age groups 65 through 75 +. In the lower age groups (25 through 34), the combined file has lesser representation than is present in the market area.

Data is presented in the following graph for each of the discipline groups (with the exception of Nature Centers as the size of that analysis group was not large enough to present the appended data). In general, groups with a greater percentage of younger customers include Broadway (38% under the age of 50), Non-visual Art Museums (43% under the age of 50), and Theatre (33% under the age of 50). This is contrasted by Media & Film (20% under the age of 50), Visual Art Museums (22% under the age of 50), and Music groups (23% under the age of 50).



The following graph illustrates appended income data for the Northeast Ohio combined data file. With 35% of the households appending with a household income for $75,000 or higher, the combined file appears to be wealthier than the market area, in which 20% of the households have incomes greater than $75,000.

Visual Art Museums, Non-Visual Art Museums, and Dance groups appended with the highest incomes, 40% of those households earn more than $75,000.




As these data are compiled from secondary sources, they should be corroborated with primary research and compared to the other demographic data being collected in the various research tasks being conducted during this project.

## DNA Segmentation

Finally, results for yet another segmentation system are included in the report — DNA Demographic, developed by Metromail and Fair Issacs. DNA is a relatively new, household-level segmentation system that offers yet another perspective on your customer file. The basis for DNA is five-year age bands. Within each age band, a number of unique "cells" represent different demographic characteristics and consumption habits. A separate book describes each of the 104 DNA cells in great detail.

As DNA is a new market segmentation system, AMS is not able to draw comparative conclusions from the DNA profile of the combined Northeast Ohio file. DNA results are presented in this report to offer an additional layer of information and an additional tool for direct marketing. Most often, DNA is used as a filter for selection criteria when purchasing household name from list brokers.

## Tactical Applications

There is a tremendous amount of data contained within this report. Marketers can use this information to identify top ZIP Codes in their market as well as top MicroVision segments and DNA cells and to purchase lists based on certain criteria and direct mail to these households. Any list broker or direct mail marketing firm can assist organizations wishing to purchase MicroVision or DNA names. Many organizations repeat this type of research every several years to track trends and changes among their customer base and within their market.

However, due to the high volume of participating organizations and customer files, the applications of the results contained within this report to individual organizations are of the most general in nature. Individual marketers will benefit from learning about the dimensions and characteristics of the existing "cultural and entertainment" market in Northeast Ohio. They will further benefit from the market area demographics (population, education, and income maps as well as demographic charts and graphs) contained within this report. Additionally, there are examples across the country of collaborative efforts where groups of organizations combine marketing resources in direct mail campaigns and this research will prove useful in helping to select and determine the criteria for list purchases and we would encourage such endeavors.

Organizations that seek to use the data in this report to inform their marketing efforts would be best served by looking at the characteristics for their discipline category or by investigating the possibility of isolating their data for further analysis. Individual organizations with this goal should contact the Partnership directly for additional information.

## Attachments

- Merge/Purge Report
- Market Area Map
- Market Potential Map
- Market Penetration Map
- Market Penetration/Potential Gap Map
- Market Area Demographic Report
- Top 6 MicroVision Segments
- DNA Segment Description: 4503