

The RAVE model for artistic regeneration

The RAVE model involves completely re-thinking the ways in which we engage with our public and the messages we present to society as a whole.

In recent years we have seen significant changes in the business and social environment within which we operate. A changing situation demands new operational solutions and this one represents a holistic approach to audience development and fund-raising for artistic work in the 21st century. It seeks to develop interest in artistic work on the one hand and to use this interest to generate sustainable operation on the other through building Revenue, broadening Access, growing Volume and increasing Engagement.

The practical details of our experiment so far with this model are detailed elsewhere, this piece of writing is primarily to outline some of the reasons why I think we need a new approach and why this particular one appears to work.

In essence I think many of our problems arise because we have not correctly understood how artistic enterprise is related to the world of business – either the nature of the similarities or the critical nature of the difference:

- **We are obliged to accept the key rule of commerce**, the need for financial viability: like it or not, we must ultimately generate the resources needed to sustain and develop our activities.
- **Where there *is* a difference from commerce is in how we obtain these resources.** In free-market commerce it is entirely from sales but not in the arts. Here the models around the world vary somewhat in practice but not in principle, since everywhere there is an alliance of philanthropy with free-market economics. The only difference is the source of subsidy – whether it comes from individuals, from corporations, from government or a mixture of these.

The distinction between artistic and commercial enterprise is not (as I think many of us prefer to think) **the profit motive or lack of it:** *it is the fact that we have the benefit of an alternative source of financial nourishment with which to sustain our operation.* Admittedly there been flirtations with commercial success which retain a certain seductive allure (from Paganini to Karajan for example) but in I suspect that real success has only ever been achieved by only a tiny minority of extant practitioners at any given time. In general, if we look at the bigger picture, **over hundreds of years the arts have been kept afloat not through commerce but through philanthropic support.**

If we think about it, the number of people engaged in this support has probably also increased hugely since Haydn's day and it means that we can say that through the high-level engagement of a number of people we have generated a huge amount financial support for our work for an ongoing period of hundreds of years: a fantastic success by any yardstick.

How much evidence do we need indicating a system which works? Yet instead of looking at this success and considering how it might be replicated or developed more widely, we have historically made an entirely different approach to those who by definition are clearly as-yet less fully engaged with our mission: we have attempted

to peddle our wares in a manner which apes commerce – but mostly with a fraction of the marketing budget – and we are surprised that this has failed to produce optimal results.

If we look at the situation logically, what we should do is try to find a way to move away from an aspect of our financial model which has clearly failed (commerce) through finding a way to develop the area which clearly works (philanthropy).

We therefore need a new model giving us a practical foundation from which to:

- **Interest more people in the work we are doing and our plans for the future**
- **Strengthen the engagement and support of those with an interest**

There is no quick fix: the only cure which can generate the miracle we seek is to generate a cycle of virtuous returns arising from the greater engagement of a growing number of people with the value of artistic experience.

RAVE seeks to address this question through a practical mechanism. In strategic terms we might consider that the key target an alternative business model needs to address is simply:

- **Revenue** – the need to develop increasing and sustainable revenue streams.

Since the thesis is that the only way to achieve this is through greater engagement of a growing number of people, we approach this target through three branches which form the roots of this system:

- **Access** – the need to encourage new people to become involved and participation in new experiences for those already involved.
- **Volume** – the need to build the numbers of people engaging with us
- **Engagement** – the need to increase the depth of engagement of those already interacting with us.

We approach these goals with through re-thinking four key elements of our interaction with the public:

- **Base price** (i.e. the lowest price available to all)
- **Subscriber incentives**
- **Time**
- **Donor Benefits**

We know from experience all around the world that the issue of access and volume mostly comes down to price: the best way to encourage participation in the arts is not to charge for admission. We may cast jealous eyes at the pop and sporting worlds and countless consumers paying prices we dream about but the reality of artistic experience around the world is that newcomers (and many old hands) do not

wish to (or are unable to) pay a commercially viable price for it. Rather than fighting against this tide, would it not make more sense to swim with it and thus create a clear division between the worlds of artistry and commerce?

Similarly, we know that audiences tend to be risk-averse in terms of programme choice, generally choosing the familiar over the unknown and here again price plays an important part: eliminate the financial risk of a wasted evening and people become a great deal less risk-averse.

The RAVE model therefore uses pricing to create simple incentives:

- towards the targets of Access and Volume through a ridiculously low base price,
- towards Engagement through incentives to subscribe and donate.

The first key element of the model is a base price that cannot conceivably represent an economic return for the organisation. This is emphatically *not* about selling something for a low price but about developing the concept of sharing something with a value which cannot be measured in simple commercial terms. In a commodity-based world, as soon as a price exceeds, say \$10, the customer is likely to make an assumption that he or she is involved in a transactional value proposition and that the vendor is meeting some target from the deal; we must break that expectation in order to progress.

Whilst we want to make it clear that we are not engaged in commerce, making events free creates all kinds of problems so we decided on a compromise option of a base price which is the nearest to nothing which makes any sense. In this case it was £5.00 – less than two coffees in most cafés. Anyone going out for the evening, other than for a walk, is going to spend this amount.

A base price set at a negligible level makes it clear that our message is something other than straightforward commerce, encourages participation from those new to the game, and experimentation with unfamiliar content from those accustomed to it as well as attendance from those without significant disposable wealth.

The second key element of the model is encouragement to engage with the programme as a whole rather than cherry-pick elements of known interest. If people are persuaded to try new experiences they find to be positive, this helps to build greater knowledge and understanding of the art form – and hence contributes to building engagement as well as sales volume. Again the carrot is price: the cost of a ticket for a single concert is double the equivalent subscription price.

If we wish to build the relationship, though, it must be about more than the price of a ticket since in any healthy relationship there should be rewards for both parties. We are practically giving the tickets away but we are asking for something else instead of money: commitment. Thus **the third key element is time**, because the only way to get the base price is to make a commitment early, to commit to all the concerts and to do so at least a month before the season starts. Then the prices increase 50% and on the day of the first concert they increase again – still only to what I regard as a modest level but this gives an incentive to those who are engaged with our aims to commit early and donate if they wish to see our work continue.

The fourth key element is the structured donor scheme. Low ticket prices both indicate need and also stimulate generosity: many people, when given something,

like to give something back and giving, rather than demanding, is the kind of behaviour which the arts world should seek to encourage.

In any case, we know that people support things they value and that a voluntary contribution has a greater emotional value for both parties than the same amount as a commodity purchase – it is therefore far more likely to convert to a sustainable revenue stream. The message we are trying to communicate is, “we wish to share this with you and if you think we should continue to offer such experiences we need you to help financially.” If we are not collectively able to make this argument then we are in any case doomed, the only question is when.

We also provide a significant incentive for donors (and for early donation) through management of seat allocation: getting a good place in the hall demands engagement with the organisation because every seat is the same price and everyone is free to express a preference. Naturally many people have a quite specific preference and in many of these it is within a small area. **Mostly demand is controlled through price bands but a key innovation of RAVE system is to prioritise seat allocation according to the level of value of commitment to the organisation, thus in effect the best seats are auctioned through sealed-bid.** In the less popular areas it means that subscribers get priority over those who book single tickets and that the person who contributes least to the organisation in the longer term – the casual, walk-up customer – will be given whatever remains available, not have the option of paying a little extra for a better seat than someone who has been a regular supporter of the organisation for ten years.

Results

The results of a two-season experiment with a six-concert season in Watford have been astonishing, and I speak as one of the few who expected this to work! The most meaningful statistics (concerning audience-derived income, not total revenue) over the two-year period are:

Seats sold per concert	+20%
Subscription sales	+67%
Percentage of tickets sold on subscription	+39% (from 68% to 94%)
Gross revenue (sales + donations)	+28%
Net revenue (gross revenue adjusted for tax)	+43%
Donations value	+229%
Percentage of net revenue from donations	+131% (from 22% to 50%)
Sales revenue	-8%

Despite a huge reduction in ticket prices (the base price is about 1/3 of what the lowest price would otherwise have been), the rise in sales volume means that ticket income has dropped by only 8% and that despite the apparent absurdity of the “two-coffees” ticket price base, with a little more growth we will not only be playing to more people but also generating more sales revenue than before. In any case, the

increase in donations to 50% of audience-generated revenue not only more than compensates for the reduction but probably represents a more sustainable revenue stream, since sales indicate an interest in a commodity but donations demonstrate a sympathy with our longer-term objectives and an interest in supporting them.

It is clear that we are meeting targets of wider access, greater volume, increasing engagement and generating a huge and potentially sustainable revenue increase at the same time. And growth breeds more growth so the key challenge now is to see whether we can sustain the momentum and unlock some of the immense potential. Personally I am in no doubt about the validity and desirability of the essential model, for me the remaining questions are not in the principles of how we should fund the arts but in the details.

Two years ago, if anyone had asked me how to generate artistic progress I would have said, “*a bigger budget*”. Now I have realised that this is not the answer, and in fact this is a case of looking the wrong way down a telescope: genuine progress involves the increasing engagement and broadening experience of a growing number of people. If we can set that process working then the resources we need become a natural consequence rather than a pre-requisite.

As an artist the biggest reward of working within the RAVE model is the building engagement which arises from growing commitment to the organisation through donation and growing commitment to concerts in the form of a 94% subscription base. These factors combine to represent solid roots for genuine artistic growth; although it may take longer than I would like to move the artistic agenda in the direction I seek, we are heading the right way and growing our support organically and effectively. I think this is the real lesson we should learn from the success of *EI sistema*: rather than trying to simply replicate the actual process we should understand the principle that if we grow things the right way the results can be amazing. It is not ideas we need but the infrastructure to take them forwards.