CASE STUDY: Best Practices
Permission-Based Marketing: Using E-Mail to Engage African-American and Hispanic Audiences at the Chicago Theatre

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I. Background

Organization name: The Chicago Association for the Performing Arts

Website URL: http://www.capa.com

Founded: Began managing the Chicago Theatre in 1998

Profile: The Chicago Association for the Performing Arts (CAPA) is the not-for-profit presenting organization that manages the 3,600-seat Chicago Theatre at 175 N. State Street in downtown Chicago. CAPA also owns three large theatres in downtown Columbus, Ohio and manages three others for the State of Ohio as the Columbus Association for the Performing Arts, and manages and programs the Shubert Theatre in New Haven, Connecticut as the Connecticut Association for the Performing Arts. Over 1 million patrons attend events annually at CAPA-managed theatres.

Annual Budget: $22 million for all CAPA venues/$5 million for the Chicago Theatre (Approximate)

Mission Statement:
CAPA’s mission is to use entertainment to enliven and enrich metropolitan life through our work at the Chicago Theatre and enhance a continuing downtown renaissance by welcoming people of all ages, backgrounds, and cultures with diverse forms of entertainment. Our goal is to awaken, enlighten, challenge, and invigorate the broadest audience possible through the presentation of world-class artists from all cultures and disciplines resulting in a heightened awareness and appreciation for these art forms and the nations that created them.
II. Description of the Project
The Chicago Association for the Performing Arts assumed management of the Chicago Theatre from the Walt Disney Company in 1998. In addition to managing all of the theatre’s activity since assuming management (including numerous rental dates from independent promoters), CAPA self-produced a number of shows at the theatre each year that were marketed using traditional methods including direct mail, public relations, and advertising. Because marketing/advertising budgets were, and continue to be relatively small for each show, CAPA needed to develop a reliable and affordable communication program to help drive ticket sales and as a method of engaging the many audience segments who attend events at the theatre throughout the year. The diversity of CAPA’s programming dictated that special emphasis needed to be placed on engaging African-American and Hispanic audience members. Given the high volume and diversity of people who attended events each year, a permission-based marketing campaign seemed like an ideal solution. In late 2000 CAPA hired a new Theatre Manager who began the organization’s first permission-based email marketing initiative that was dubbed "eCAPA".

The eCAPA program was initiated in November of 2000 with this goal:

Develop a large database of email addresses of people who either attended events at the theatre or expressed an interest in receiving information about upcoming events. Place special emphasis on capturing email addresses of African-American and Hispanic patrons due to the unique opportunity for audience development these segments offered.

Situation Analysis

Internal factors influenced the organization’s ability to develop a permission-based marketing initiative prior to this project. CAPA marketing staff worked out of the organization’s Columbus, Ohio offices and the Chicago-based managers (at that time) had little background in audience development. This resulted in CAPA becoming very dependent on the effectiveness of media buys and public relations efforts to sell tickets. Predictably, some shows sold well while others didn’t. What was missing from the mix was a tool that would provide the hundreds of thousands of people who attended events at the theatre each year a way of receiving relevant information in an inexpensive and timely fashion.

External factors: In addition to the internal changes that precipitated the development of eCAPA, there were external influences as well:

- The number of new Internet users had reached unprecedented levels – 2 million people were joining the on-line community each month.
- Internet usage by African-Americans and Hispanics was higher than other population segments, thereby dispelling the belief that a “digital divide” existed.
- The philanthropic community expressed interest in seeing arts organizations use new and emerging technology as a means of developing new audiences.
III. **Strategy and Implementation**

To our knowledge, few, if any, arts organizations were using permission-based marketing targeting these segments.

We estimated that approximately 50,000 active email addresses would be needed to significantly affect ticket sales and show budgeting. The **call to action** was simple and straightforward:

- **Sign up** for the eCAPA program and **receive** email notices and special offers for upcoming shows at the Chicago Theatre on a regular basis.

The secondary messages included a list of the following benefits to eCAPA members:

- Anyone can **join at no cost**.
- Members **receive advance notice** and the ability to **purchase tickets** to most shows at the Chicago Theatre before they go on sale to the general public.
- Members will occasionally **receive e-mail-only offers** for discounted or free tickets.
- Members will **never have their name/email address sold** or conveyed to another organization.
- Members can **opt out at any time**.

An important part of our strategy is to only send eCAPA members messages that have some perceived value – be it a discount, a first opportunity to purchase, or a free ticket.

**A. Address Collection Tactics**

We began building the database of email addresses using a few simple tactics:

- **Lobby intercepts:** Ushers would invite audience members to fill out email/address cards.
- **Incentives** for audience members to sign-up included conducting contests for free dinners, concert or airline tickets at each show.
- **Signage** was created to support the contests.

This method typically garnered collection of email addresses from 5-10% of the total attendance at each show. For a sold-out event (3,553 people), we would collect 150-350 email addresses.

**B. Other tactics included:**

- **Events:** Attending African-American and Hispanic community events and inviting attendees to sign up and be entered into a contest.

This method was marginally successful as an email collection tactic, quite successful as a method to raise awareness of our events in the target communities, though very staff-intensive.
On-Line Sign-Up: The CAPA website (www.capa.com) was altered to allow visitors to sign up for the program on-line (it’s the first thing you see on our web site), and information about the eCAPA program began to be included in all print and radio advertising.

Interim Results as of Spring 2001: Using the tactics noted above CAPA was able to build the database to 4,000 names by the spring of 2001. African-Americans (27%) and Hispanics (9%) comprised approximately 35% of the total database.

During late 2001 and into early 2002 CAPA began to experiment with other collection tactics as a way of building the size of the database including:

- Enter-to-win contests on Metromix (the Tribune Company’s entertainment web site), Viva Radio (a Hispanic music station) and in Exito! (The Tribune’s Spanish language newspaper) These tactics generated a modest amount of sign-ups, between 50-200. We plan on trying a few other media-based promotions before reaching any conclusions on the usefulness of this methodology.
- An enter-to-win contest during a two-night run of Prince called “A Winner in the House” that generated 1,000 email addresses.
- A ticket give-away promotion with all 22 Border’s Book Stores in the Chicago area that people had to fill out an entry form to enter. This contest garnered 247 email addresses from over 1,000 entries.
- A significant change in how names from Ticketmaster on-line buyers were captured. Instead of on-line buyers being invited to “opt-in” to become eCAPA members, we had Ticketmaster re-program their site to have buyers automatically added to our list with the option to “opt-out”. This was the single most successful tactic employed.
- CAPA installed a computer in the lobby for sign-ups at the box office during regular business hours and during events.

C. Tactics Considered but not Used
CAPA also considered purchasing ad space and/or email addresses from sites like Blackvoices.com and Migente.com to try to build the database from these audience segments. The cost of acquisition (on a per name basis) proved to be prohibitive so no action was taken. In addition, CAPA considered purchasing email addresses from aggregators like Yesmail.com. Yesmail, and other similar companies, offered to sell CAPA the right to email to a group of names sorted by geographic and demographic criteria with the hope of convincing these “cold-call” addresses to “convert”, or sign up for the eCAPA program. Typically, conversion rates are relatively low (2-4% was our understanding) which again made this method difficult to test. CAPA chose not to test this method during this part of the project.

IV. Technical Needs
In May 2002 CAPA entered into an agreement with PatronMail, an internet-based application service provider (ASP), to host its email list. This change enabled CAPA to transmit html (graphic-based) announcements, track email open rates, click-through rates, opt-outs, referrals, and bounce-backs. In addition, PatronMail offered a sign-up preference page that allowed eCAPA members (current and new) to select which type of shows (e.g.
comedy, jazz, urban) they wished to receive information about, and captured demographic information. Finally, PatronMail’s system tracked the results of every campaign. CAPA pays a monthly fee for this service.

In August of 2001 CAPA received funding from the Joyce Foundation to further develop the eCAPA program with an emphasis on attracting African-American and Hispanic audiences, and to share our “best practices” with the field. An advisory group of local arts marketing executives, Internet executives, advertising professionals, and others was recruited to work with CAPA staff members on the development of the program. CAPA was able to hire a new staff member to manage the eCAPA program. One of the early recommendations of this group was to collect feedback from current users to better understand how the eCAPA program was meeting their needs.

V. **E-Mail Process and Schedule**

There is no set schedule for eCAPA e-mails (not weekly, monthly, etc). Instead, we send email announcements when we have a compelling offer. The process includes creating the offer, testing, sending and analyzing the results.

When creating the email, keep it simple, short and informative - a description of the offer and a brief description of the event or artist. If recipients want additional information, they can click on one of the supplied links. We usually include links to the artists’ websites, the CAPA website and a listing of upcoming events. After previewing the email in the Patronmail system in both html and text form to make sure it is attractive and easy to understand, we send a few test emails. This allows us to see what the email looks like in the inbox, to make sure the subject line stands out, and - this is very important - to test all the links.

After the email is sent to the appropriate portion of the list, the analysis begins. CAPA’s ASP provides initial results within an hour. Things we look for include percentage of emails opened (shows how compelling the subject line is), click-through rates (shows how interested the recipients are in getting more information or purchasing tickets), unsubscribe rate (less than 1% is good) and the “refer a friend” results. Also, we find out the number of tickets the offer sold.

VI. **Surveys**

In November of 2001 CAPA conducted an online survey (using Zoomerang.com) to learn more about the demographic make-up of the eCAPA members and to better understand their preferences and behaviors. Surveys were sent to 7,878 subscribers and 326 people responded. The following is a summary of the results:

- 73% of respondents were female, 70% had no children living at home
- 64% were Caucasian, 26% were African-American, and 6% were Hispanic
- 29% were 21-34 years of age, 31% were 35-44, 24% were 45-55, and 12% were 55-64
- 66% of people who receive email at work checked messages several times a day, 8% checked once a day. 52% of those who receive messages at home checked several times a day, 24% checked once a day, and 18% checked 2-3 times per week or less.
- We wanted to understand why people delete email without opening them. 67% cited no interest in the subject line, 42% cited not knowing who the message was from, and 33% deleted if it looked like “spam” or junk mail.
- Next we asked about their satisfaction with eCAPA. 51% responded that they were very satisfied, 37% were somewhat satisfied, 6% were somewhat unsatisfied, and 1% were mostly unsatisfied.
- 32% had purchased tickets after receiving an email from CAPA and 20% forwarded eCAPA emails to others.
- We asked how often eCAPA members wanted to receive emails from us. 30% said once a week, 26% said as often as new information is available, 21% said twice a month, and 11% said once a month.
- We wanted to know which of the benefits they liked the best. 99% said discounts, 97% said being able to purchase tickets before the general public, 94% cited getting regular information via email, 92% said the ability to link to more detailed information, and 88% cited special offers from sponsors.

The results of this survey, and anecdotal feedback, helped CAPA to fine-tune how this program was managed. By the spring of 2002 CAPA had collected 10,000 email addresses and had begun using this list to sell tickets. Some of the results were notable:

- In December of 2001 CAPA sold over 450 tickets with one email to “A Concert for a Landmine Free World” benefit before any paid advertising or other announcements had been used.
- In May of 2002 CAPA presented Ellen DeGeneres. A single eCAPA announcement sold 818 tickets for over $40,000 before any paid advertising had been used.
- In June of 2002 CAPA rolled out a paid membership program. Using eCAPA as the primary means of communication, we were able to sell well over 100 memberships bringing in over $7,500 in new revenue. These “paid” members were offered a number of additional benefits including first option to purchase tickets.
- In July of 2002 CAPA hosted the Chicago Premiere of Dreamworks’ “Road to Perdition”. The studio gave CAPA 50 tickets to give away. We received over 1,500 requests in less than 24 hours.

In August CAPA sent a second survey to eCAPA members to measure patron satisfactions and preferences. We sent 10,464 surveys (again, via Zoomerang.com) and received a 14% response rate – over 1,400 completed surveys. This survey allowed patrons to make suggestions about artists they wanted to see at the Chicago Theatre and measured their satisfaction with customer service, how often they attended events at the theatre, what types of entertainment they wished to see, and how they felt about CAPA’s management.

Currently, eCAPA membership exceeds 20,000 households, 25% of whom are African-American, and 9% of whom are Hispanic.
VII. Challenges

The speed of patron response is unlike anything we’ve ever seen. Early results suggest that a permission-based email marketing program can be an incredibly powerful tool if used correctly.

There are challenges:

- If you are dealing with a multi-segment audience with varied interests, the relevance of each email campaign is limited to a much lower number of households resulting in lower ticket sales. Our sales data confirms beyond question that when patrons state preferences and receive only the most relevant email notices, the rate of return is significantly higher than emails sent without segmentation.
- Building and maintaining a substantial database takes time and effort. Depending on the size of the organization and the variety of programs, the number of email addresses needed to have significant impact will vary. CAPA’s short-term goal is to collect 50,000 email addresses and eventually grow the database to well over 100,000. For smaller organizations the number of addresses needed will likely be much less than that, making the development of a useful list much more accessible.
- SPAM. Email-based marketing has been abused so badly by the spammers that many, if not most people are reticent to give anyone their email address. Interestingly, African-Americans seem less concerned about SPAM. It is critical to assure prospective members that they won’t have their name sold or misused, and to not violate the permission they have granted you.

CAPA’s experience suggests that these and other challenges will eventually be far outweighed by the benefits.

VIII. Conclusion

The eCAPA program has allowed our organization to communicate effectively, consistently and inexpensively with a broad cross-section of Chicago Theatre patrons, and African-American and Hispanic patrons in particular. While we can’t offer a formula that will guarantee the same results, let’s revisit the strategies and tactics that have made CAPA’s use of email so effective.

1. Make a commitment to moving as many patrons as possible from direct mail to email-based communication.
2. Develop guidelines for what you will offer prospective users (e.g. early purchase opportunities, discounts, unique information) and how you will use email-based communication with your audiences.
3. Research software/outsource options for hosting your list and sending bulk emails. Make sure the software/outsource options can send html and text messages, track each campaign, allow users to select preferences, and capture demographic information. Research shows that html messages are 340% more effective than text; however, 30% of email users are unable to receive html. Most ASPs have “sniffer” technology that allows them to know what format the user can receive.
4. Use every opportunity to allow your patrons to sign up for inclusion in your program. Tactics that have proven to be effective include lobby intercepts, inclusion on all print/electronic materials, web site sign-up, collection at community events, and promotional contests with appropriate partners.

5. Place the sign-up prominently on your website. Statistics tell us that 80% of people who visit your website will never come back – so you need to capture them immediately.

6. If your organization handles your own ticketing, make sure that your box office staff, phone sales operators and your online ticketing system offer information about your email program and encourage signup.

7. Once your database grows to a good size, use one of the on-line survey tools to better understand your users’ needs.

8. Encourage and incent forwarding. Good offers and content can reach a far greater number of people due to the viral nature of the Internet.

9. The subject line is critical! To avoid deletes we advise using a consistent message so that users will recognize your messages vs. those from “spammers”. Also, make sure the “from” line clearly indicates who the email is from – and keep it consistent.

10. If possible, offer users the ability to choose what specific information they want to receive.

11. Work hard to keep the information relevant. Nothing will cause a user to opt out faster than being hit with emails that aren’t relevant.

12. Customer service is key. Make sure you designate a person to handle any customer problems or complaints. Nothing goes further in making your customers happy than a prompt, helpful response.

13. Never, never, never violate the permission the user has granted you.

References & Resources

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Websites:

www.patronmail.com

The website of PatronMail, a company that hosts email lists and provides on-line software for the transmission of bulk emails.

www.zoomerang.com

The website for Zoomerang, an on-line survey site.
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Jim Hirsch has been the Vice President and Executive Director of the Chicago Association for the Performing Arts, managers of the legendary Chicago Theatre, since September of 2000. Prior to joining CAPA, he was the Executive Director of the Old Town School of Folk Music for 18 years. During his tenure, the Old Town School grew from a $250,000 annual budget serving 600 students a week to a $7 million annual budget serving over 5,000 students each week. In addition, Jim has worked with a number of organizations as a consultant.

Jim Hirsch’s awards and recognition include:

Beatrice Foundation’s “Management Award of Excellence” in 1986  
Named to Crain’s Chicago Business “40 Under 40” in 1994  
Columbia College “Arts Entrepreneur of the Year” in 1996  
Chicago Magazine “Chicagoan of the Year” in 1998