AUDIENCE OUTLOOK MONITOR

Trends & Changes: What are Arts & Culture Organizations Considering Post-COVID?

A conversation with Alan Brown
June 9, 2020

Agenda

- Initial input: What operational issues are you wrestling with right now?
    - Submit through Q&A panel; your issues will be shared anonymously
- What are audiences saying about returning to cultural facilities?
    - Highlights from first round of surveys
- Organizational strategies for surviving and re-emerging stronger

What organizational questions or issues are you dealing with at this moment in time?

Organizational Issues/Questions

- How do we retain the trust of our audiences when we are struggling to make decisions in our organizations? In other words: what should we doing to keep the trust of our audiences?

- What are some key ways we can stay connected to our audiences during the next 6-12 months when we may not be offering "live" programming in the ways we have in the past?

- Are there particular segments of our audience that we should be paying more attention to than others?

- Should we even be focusing on new audiences right now? If yes, which ones?

- How do we balance our messaging around race and support for Black colleagues? What are the actions we should be taking?

- How do we raise money in this environment?

- It's become harder to manage our board - so many opinions! Any advice on how to make good decisions right now?

Organizational Issues/Questions

- Competition – our artists are producing their own programs; how can we cooperate?
- Safety measures – which are most important?
- How to manage boards? Consensus is difficult.
- If we can't produce live programs, how do we differentiate our digital footprint?
- Do audiences value local artistic work, if its virtual?
- When to re-open?

What are audiences saying about returning to cultural facilities?

# National and International Study Sites

- Detroit (multi-disciplinary cohort)
- Atlanta (multi-disciplinary cohort)
- Cincinnati (multi-disciplinary cohort)
- Boston (multi-disciplinary cohort)
- Chicago (multi-disciplinary cohort)
- New Jersey and Connecticut (theatres)
- San Francisco (multi-disciplinary cohort)
- New York City (Off-Broadway theatres)
- New York City (large institutions, multi-disciplinary)
- Los Angeles (Music Center resident companies)
- Los Angeles (small and mid-sized organizations serving diverse populations)
- Minneapolis/St. Paul (small multi-disciplinary cohort)
- Ontario, Canada (large, multi-disciplinary cohort)
- Canadian theatres cohort (national)
- University presenters cohort (national)
- Performing Arts Centers cohort (national)
- Australia (nationwide, multi-disciplinary cohort)
- Norway (nationwide, multi-disciplinary cohort)

Methodology

- In Atlanta, the study is commissioned by the Arthur M. Blank Family Foundation

- 20 participating organizations, including museums and performance-based organizations

- All orgs. deploy the survey either monthly or bi-monthly

- All reporting done in the WolfBrown online dashboard tool

- Periodic webinars and other cohort learning efforts

- A total of 4,016 responses to first wave of surveying

Roughly half of all respondents say that someone in their HH is vulnerable to a serious health outcome from COVID infection

% with Someone in the HH vulnerable to COVID-19

Detroit: 49%
Atlanta: 48%
Cincinnati: 48%
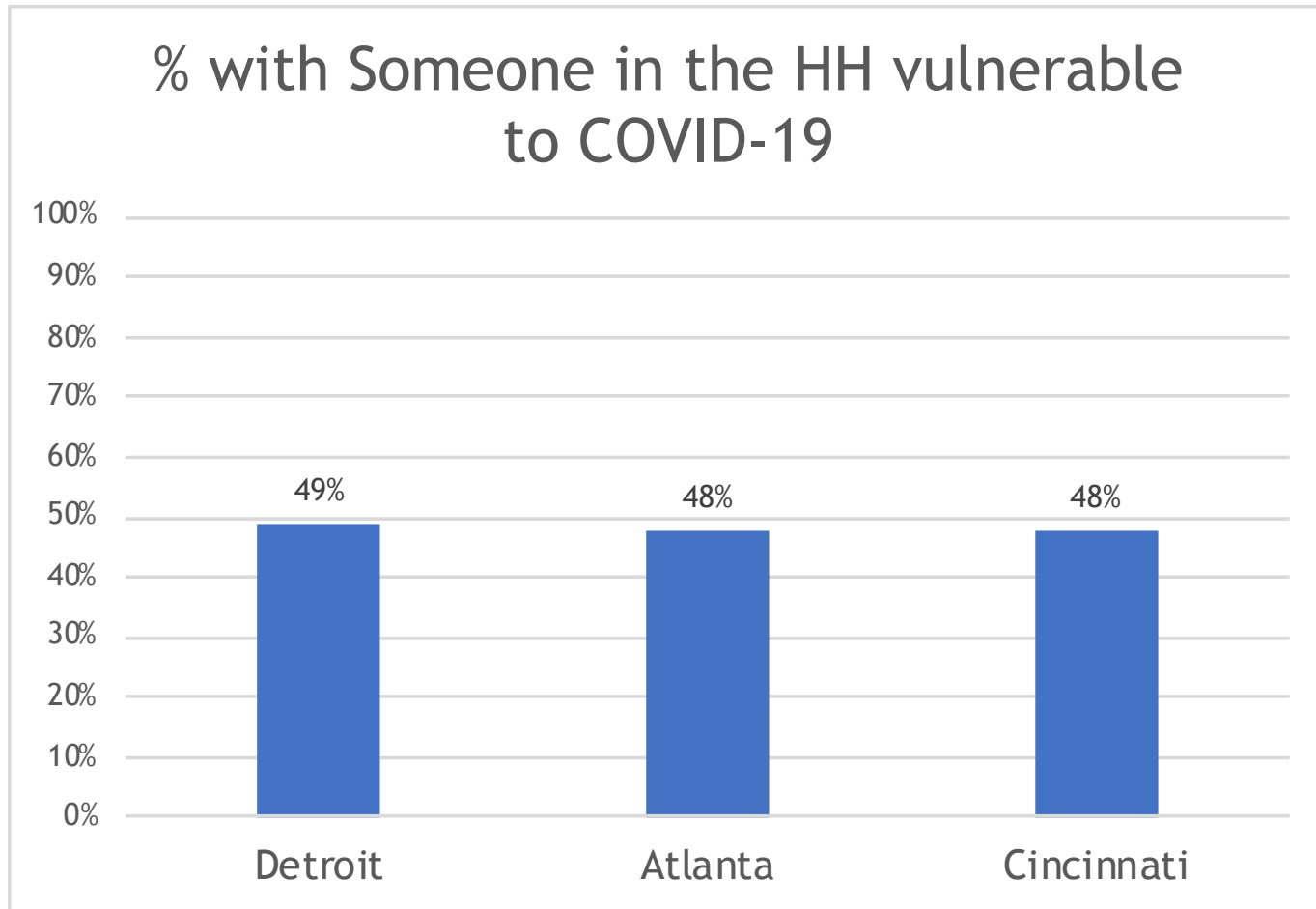
Movie theatres can open if they want to...

How comfortable would you feel going to the local movie theater today if there were no restrictions or closures?

Legend:
- Very Comfortable
- Somewhat Comfortable
- Not Comfortable

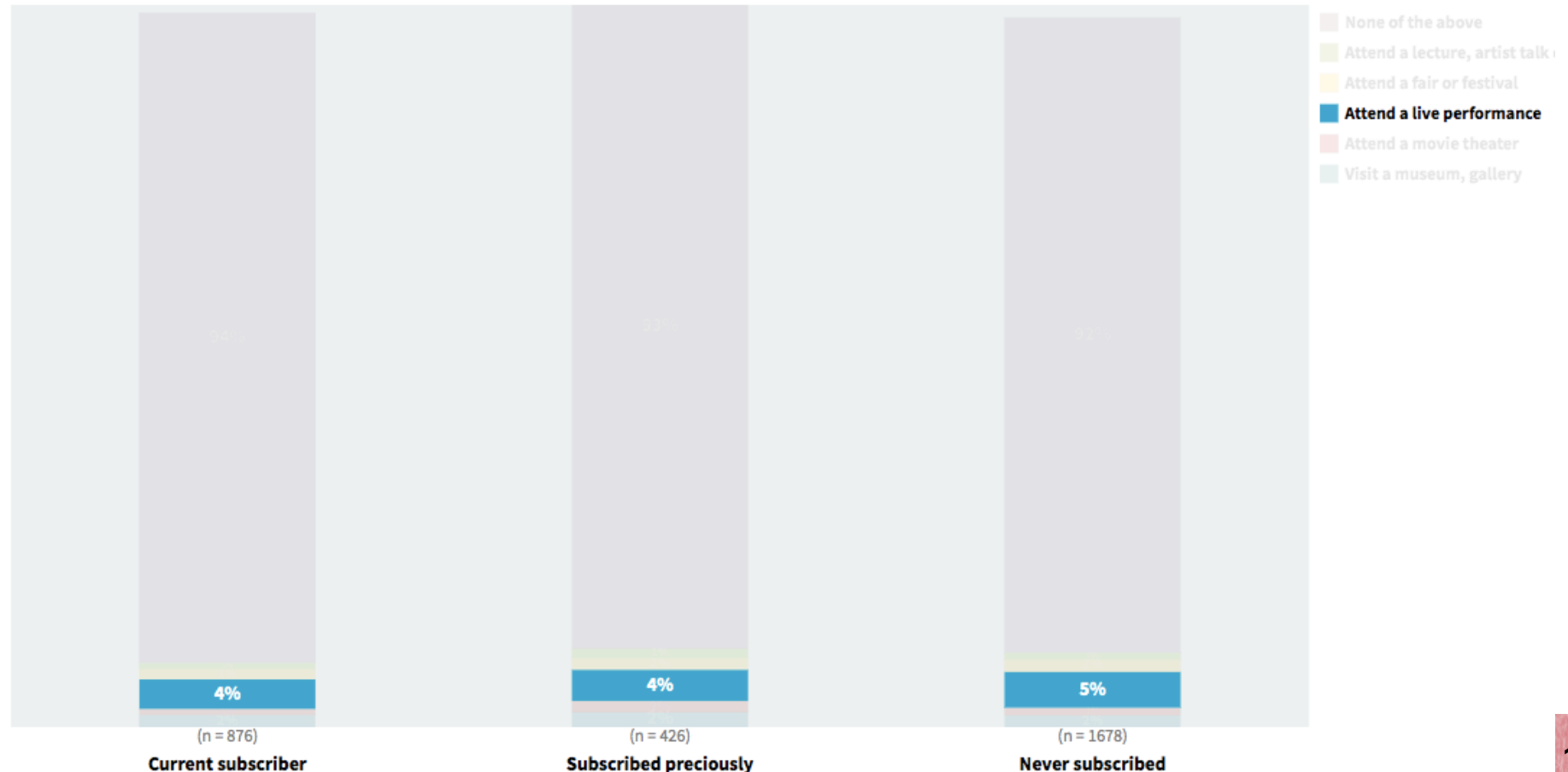9%

16%

76%

(n = 4098)

all
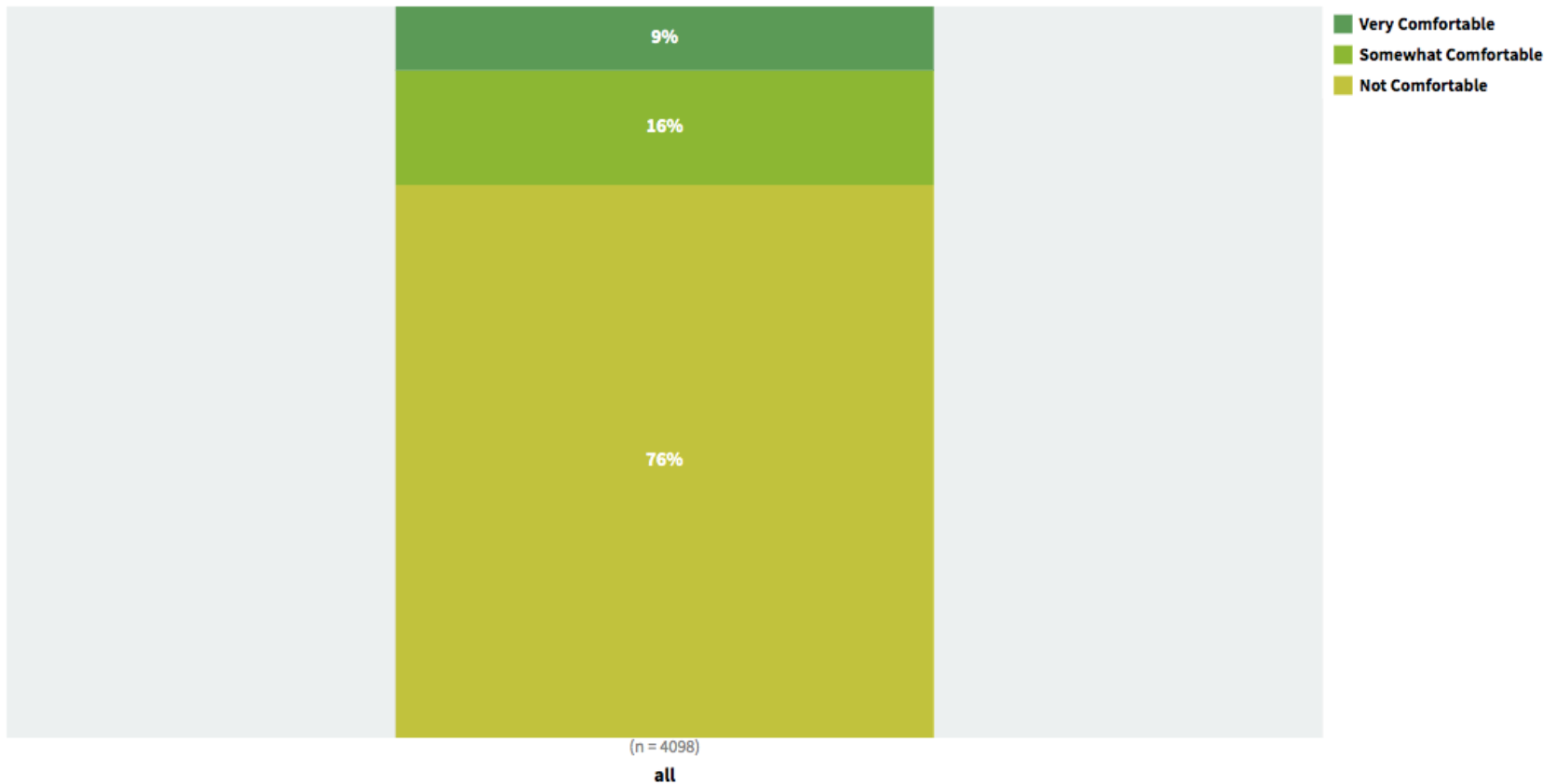
The rate of advance planning to attend a live performance is quite low, as expected

In the past two weeks, did you make firm plans to do any of the following activities outside the home, whether free or ticketed? (select multiple)
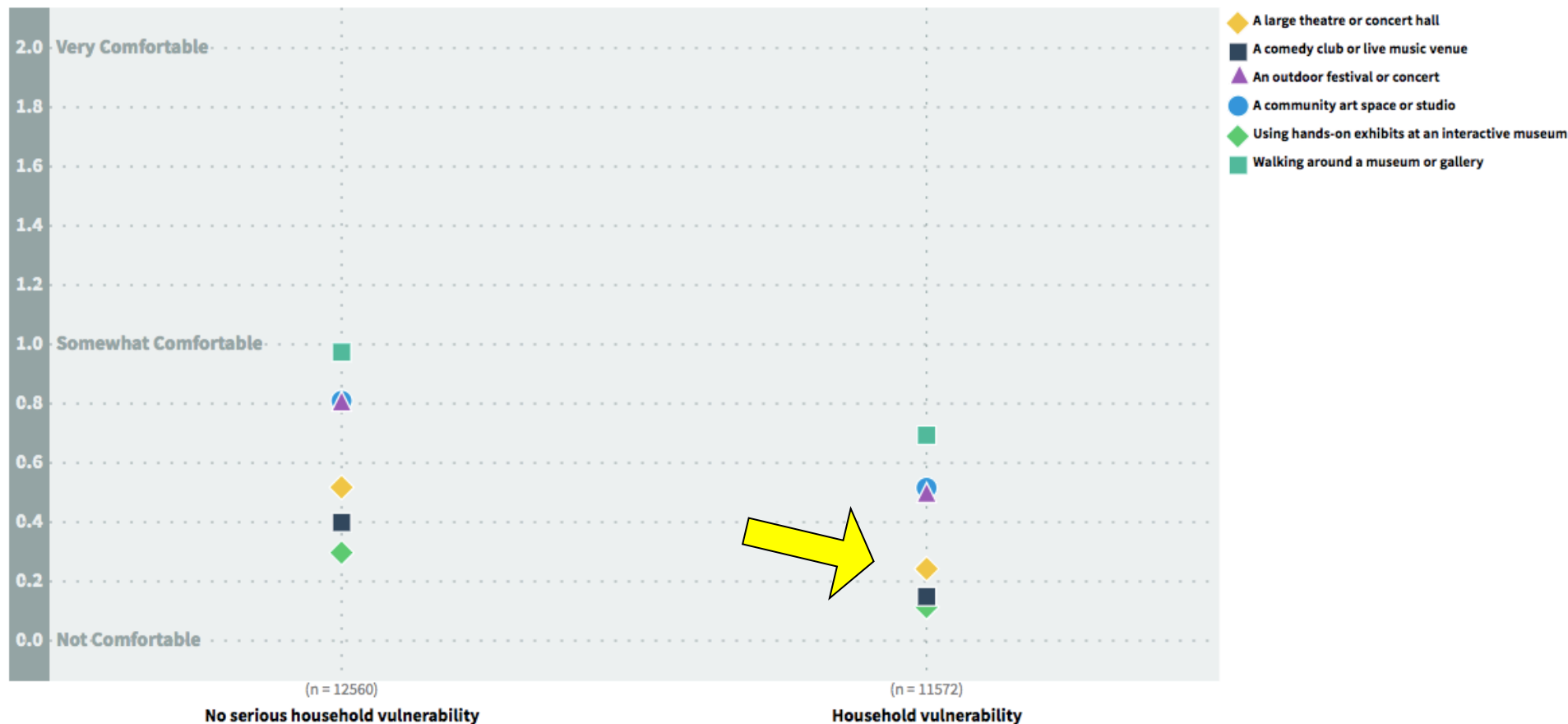
Filter: Subscription to Organization

Note: columns on 'select multiple' questions will not total 100%.

Legend:
- None of the above
- Attend a lecture, artist talk
- Attend a fair or festival
- **Attend a live performance**
- Attend a movie theater
- Visit a museum, gallery

Current subscriber	Subscribed preciously	Never subscribed
4%	4%	5%
(n = 876)	(n = 426)	(n = 1678)

Most would be uncomfortable at large theaters, especially those with vulnerabilities

How comfortable would you feel attending the following types of cultural facilities today, assuming they were open and following social distancing guidelines and other safety procedures?
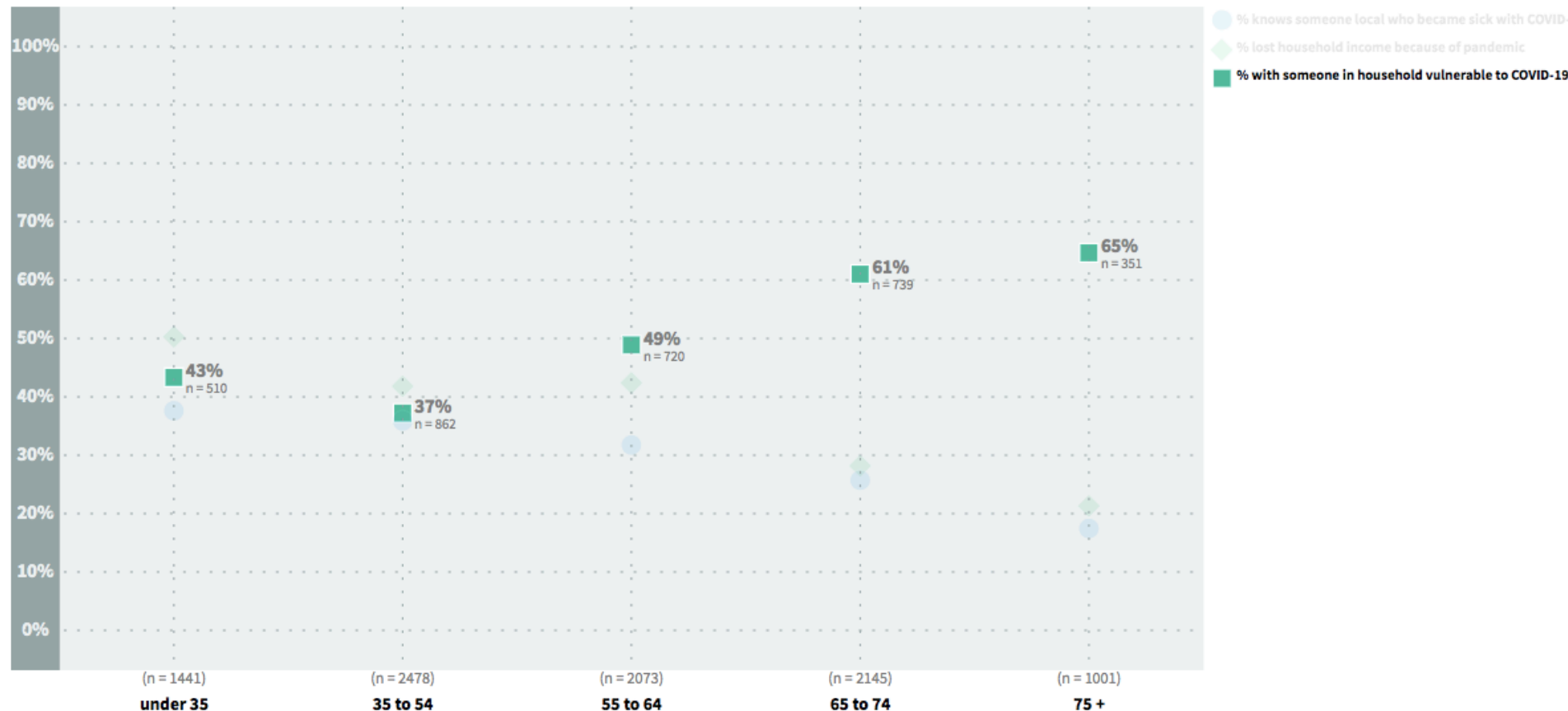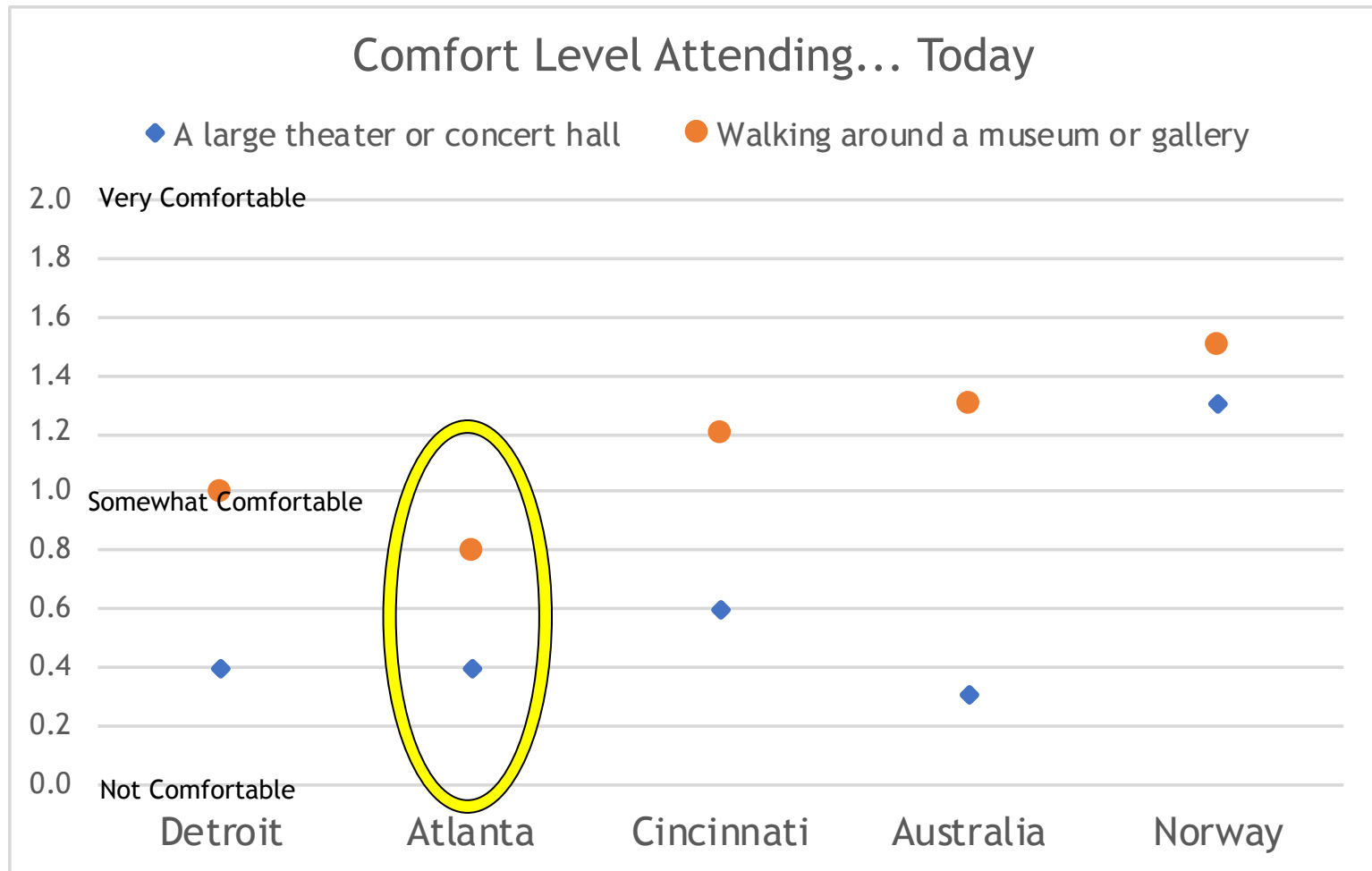
Filter: Serious Health Vulnerability

Legend:
- ◆ A large theatre or concert hall
- ■ A comedy club or live music venue
- ▲ An outdoor festival or concert
- ● A community art space or studio
- ◆ Using hands-on exhibits at an interactive museum
- ■ Walking around a museum or gallery

2.0 Very Comfortable	
1.8	
1.6	
1.4	
1.2	
1.0 Somewhat Comfortable	
0.8	
0.6	
0.4	
0.2	
0.0 Not Comfortable	

(n = 12560) No serious household vulnerability

(n = 11572) Household vulnerability

Observe the clear pattern with age, but still over a third of younger respondents report a vulnerability (Atlanta data only)
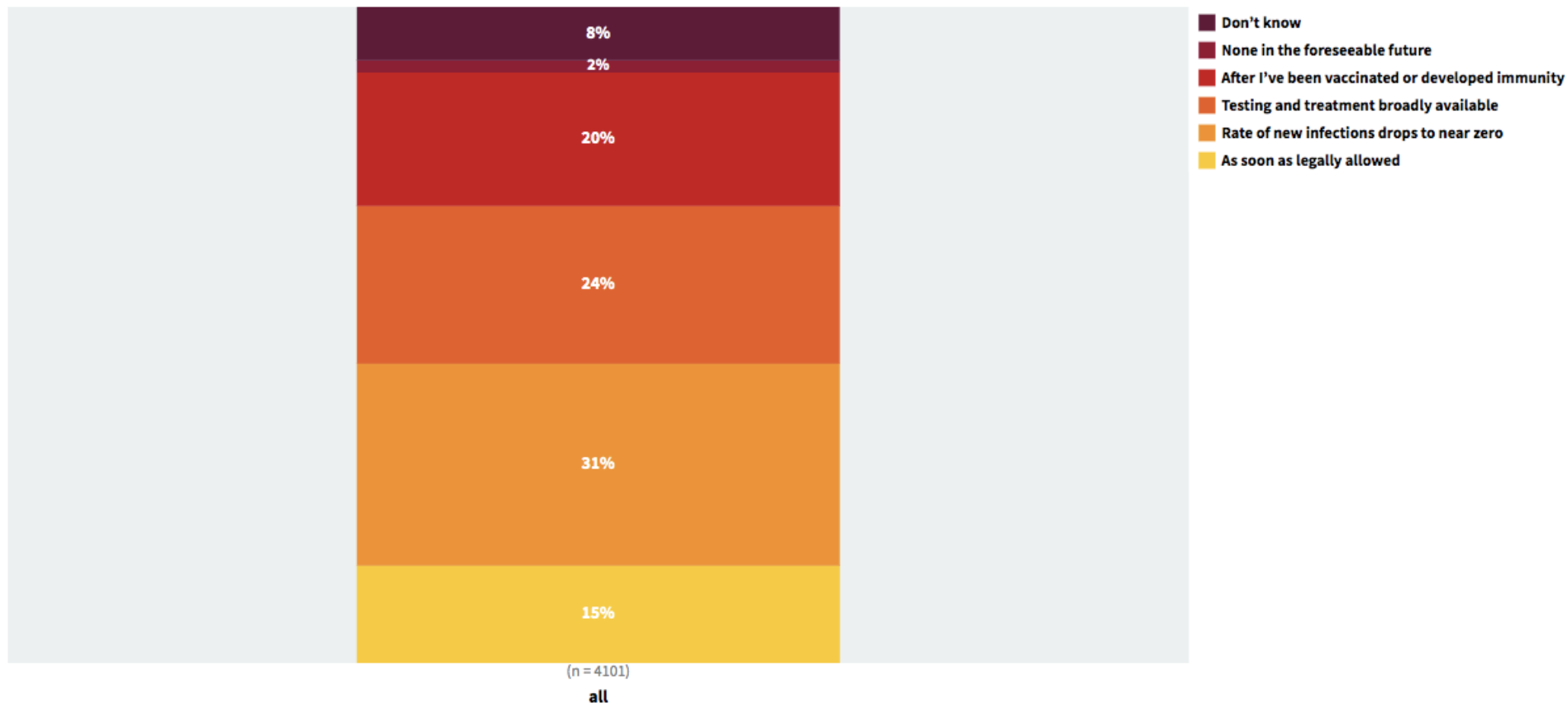
Personal Impact of COVID-19

Filter: **Age Cohort**

Legend:
- ○ % knows someone local who became sick with COVID-
- ◇ % lost household income because of pandemic
- ■ **% with someone in household vulnerable to COVID-19**

Data points (% with someone in household vulnerable to COVID-19):
- under 35: 43% (n = 510)
- 35 to 54: 37% (n = 862)
- 55 to 64: 49% (n = 720)
- 65 to 74: 61% (n = 739)
- 75 +: 65% (n = 351)

X-axis categories:
- under 35 (n = 1441)
- 35 to 54 (n = 2478)
- 55 to 64 (n = 2073)
- 65 to 74 (n = 2145)
- 75 + (n = 1001)

Most patrons are substantially more comfortable with museums, compared to theatres

Comfort Level Attending… Today

◆ A large theater or concert hall   ● Walking around a museum or gallery

2.0 Very Comfortable
1.8
1.6
1.4
1.2
1.0 Somewhat Comfortable
0.8
0.6
0.4
0.2
0.0 Not Comfortable

Detroit   Atlanta   Cincinnati   Australia   Norway

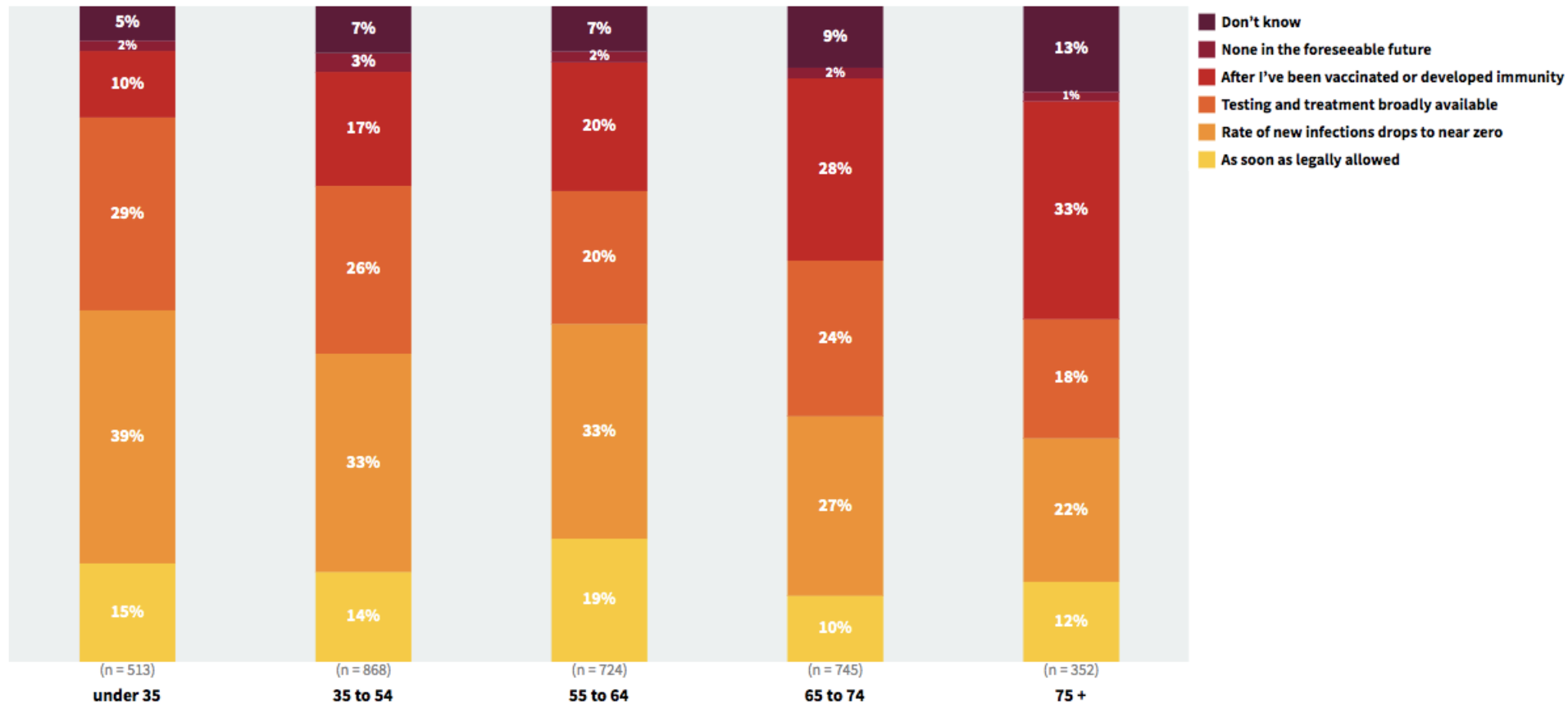# 15% of respondents are ready to go out now; another 31% will be ready to go out when infection rates approach zero

Under what conditions will you resume attending arts and cultural events?

■	Don't know
■	None in the foreseeable future
■	After I've been vaccinated or developed immunity
■	Testing and treatment broadly available
■	Rate of new infections drops to near zero
■	As soon as legally allowed

8%
2%
20%
24%
31%
15%

(n = 4101)
all

Older respondents (75+) are three times more likely to say they'll wait for a vaccine

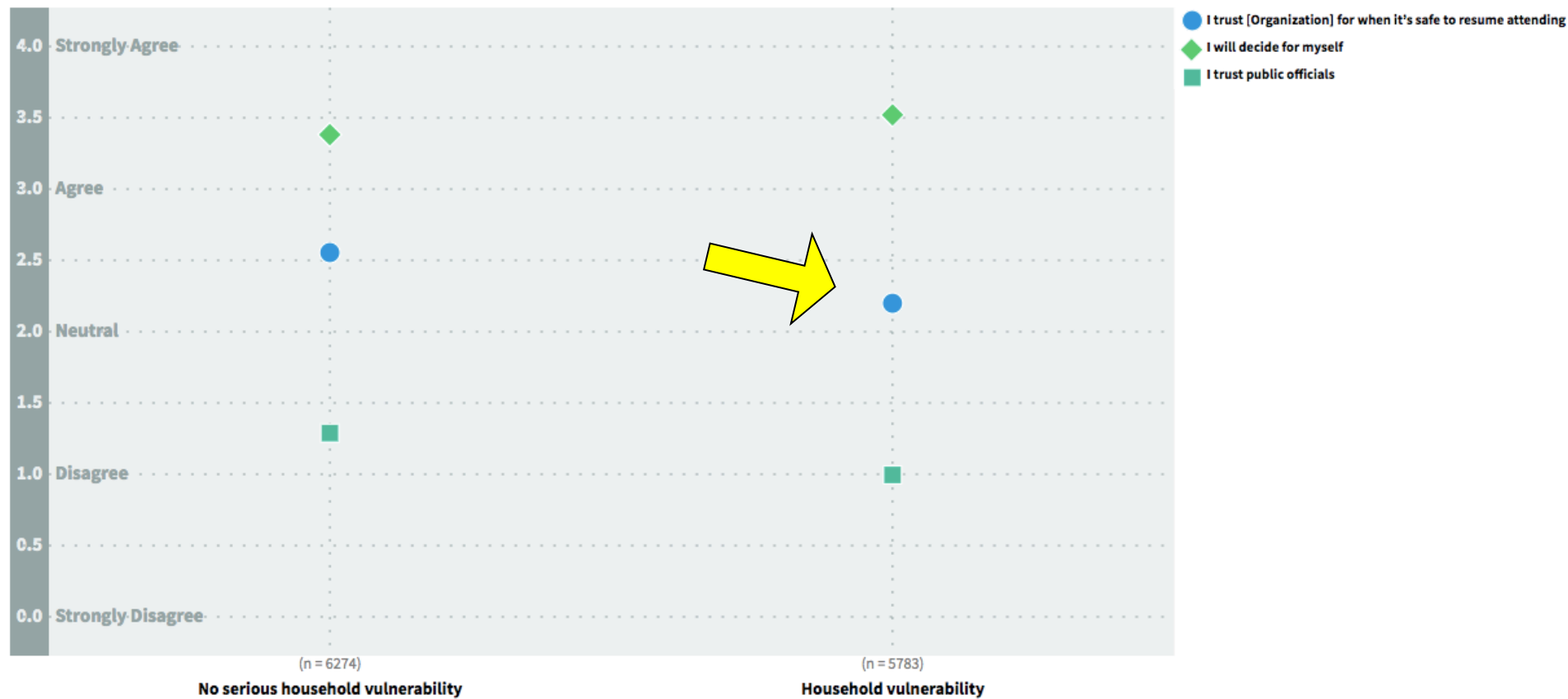Under what conditions will you resume attending arts and cultural events?

Filter: Age Cohort

	under 35 (n = 513)	35 to 54 (n = 868)	55 to 64 (n = 724)	65 to 74 (n = 745)	75 + (n = 352)
Don't know	5%	7%	7%	9%	13%
None in the foreseeable future	2%	3%	2%	2%	1%
After I've been vaccinated or developed immunity	10%	17%	20%	28%	33%
Testing and treatment broadly available	29%	26%	20%	24%	18%
Rate of new infections drops to near zero	39%	33%	33%	27%	22%
As soon as legally allowed	15%	14%	19%	10%	12%

Respondents in "Covid-Vulnerable" Hholds are twice as likely to say they'll wait for a vaccine

Under what conditions will you resume attending arts and cultural events?

Filter: Serious Health Vulnerability

Legend:
- Don't know
- None in the foreseeable future
- After I've been vaccinated or developed immunity
- Testing and treatment broadly available
- Rate of new infections drops to near zero
- As soon as legally allowed

- Household vulnerability
- No serious household vulnerability

No serious household vulnerability (n = 2104):
- 8%
- 2%
- 14%
- 24%
- 31%
- 22%

Household vulnerability (n = 1936):
- 8%
- 2%
- 27%
- 24%
- 31%
- 7%

Georgia Aggregate (May 14)

Atlanta: Crisis of trust in public officials

Who do you trust to determine when its safe…

◆ I trust public officials   ● I trust organization   ■ I will decide for myself
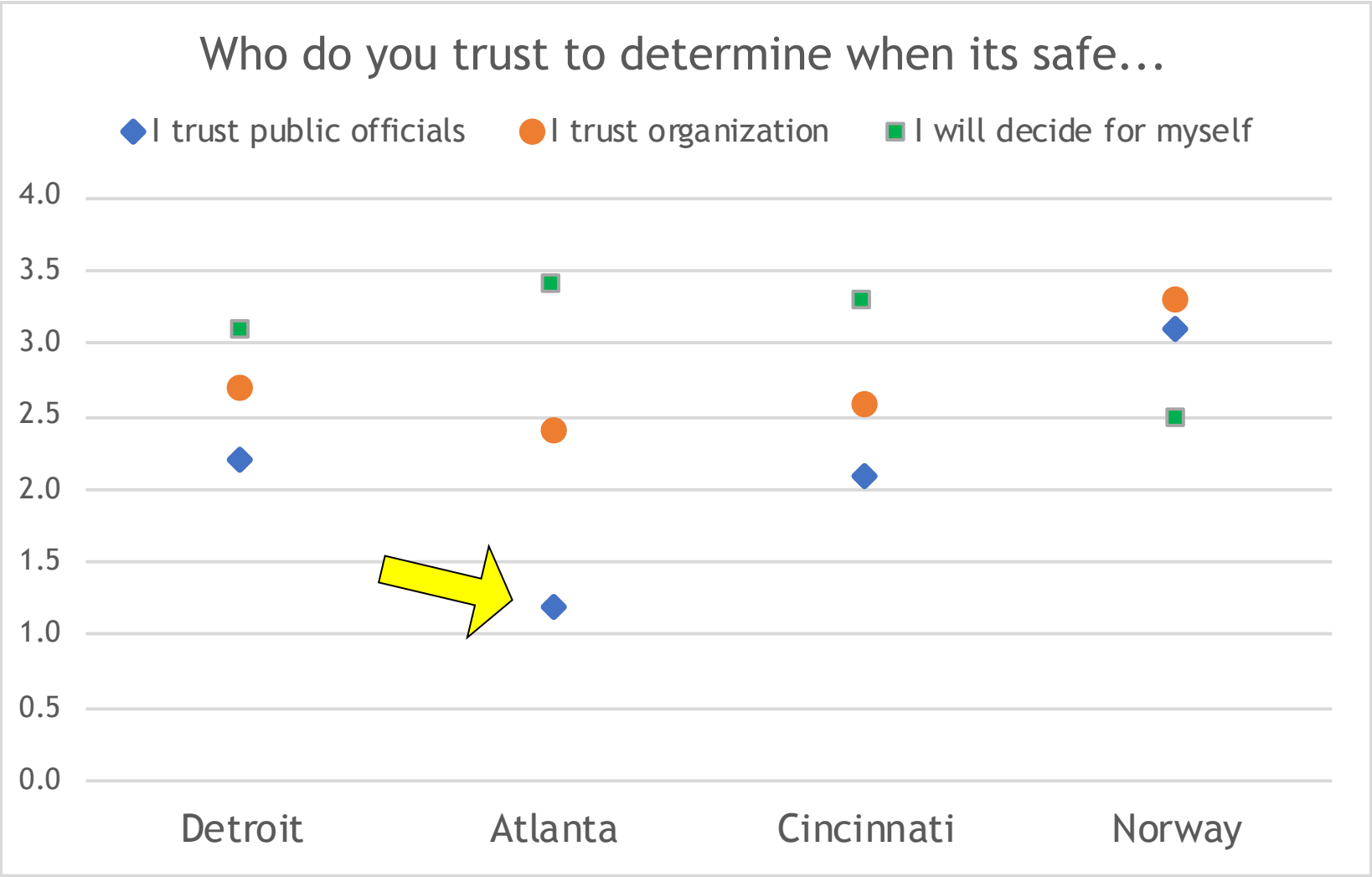
Covid-vulnerable respondents trust Atlanta organizations even less, so you'll need to work harder to assure them

Who do you trust to determine when it is safe for people like me to go out again?

Filter: Serious Health Vulnerability

● I trust [Organization] for when it's safe to resume attending
◆ I will decide for myself
■ I trust public officials

(n = 6274) No serious household vulnerability
(n = 5783) Household vulnerability

20

Over half are willing to wear masks and adhere to distancing guidelines, and a third aren't sure
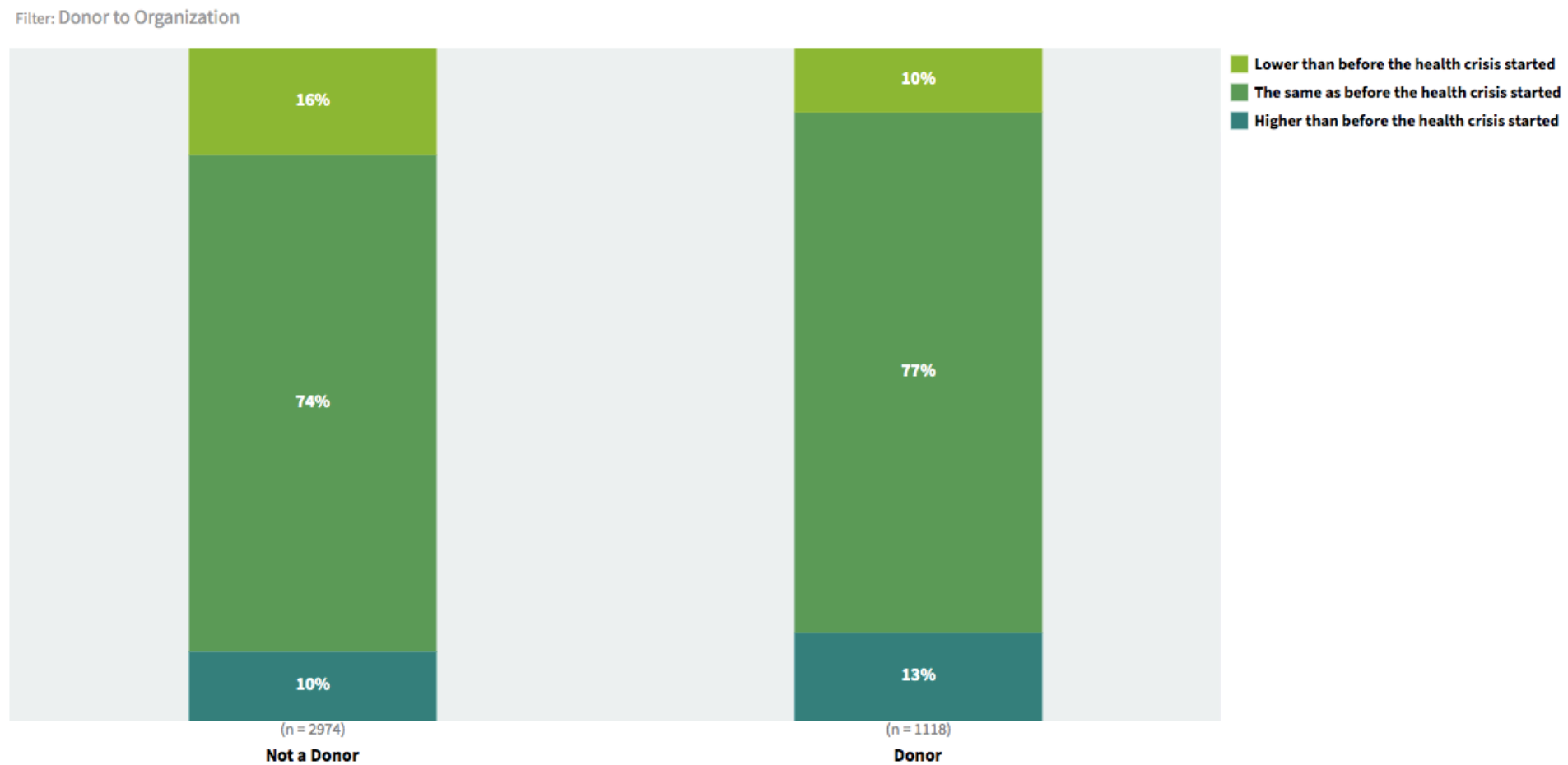
If you are required to wear a mask and adhere to distancing guidelines and other safety precautions, will you still [attend our mainstage performances] [major exhibitions]?

Filter: Serious Health Vulnerability

Legend:
- Maybe
- Yes
- No

No serious household vulnerability (n = 2100): Maybe 31%, Yes 56%, No 13%

Household vulnerability (n = 1933): Maybe 33%, Yes 59%, No 9%

And now for the good news...

When you feel safe going out again, do you anticipate your overall spending on [subscriptions or tickets for our performances][memberships and admissions] will be...

Filter: Donor to Organization

Legend:
- Lower than before the health crisis started
- The same as before the health crisis started
- Higher than before the health crisis started

Not a Donor (n = 2974):
- 16%
- 74%
- 10%

Donor (n = 1118):
- 10%
- 77%
- 13%

Do you have any questions about survey results, before we move on?

Part 2:

Organizational strategies for surviving the Covid crisis and re-emerging stronger

Four Categories of Organizational Situations

- **Facing Insolvency**
  - Likely to run out of cash within a three month period; dim prospects for accessing additional cash; don't want to "hibernate," or can't

- **Entering Survival Mode**
  - Lack more than several months of cash, but have some ability to generate revenues or access more cash on an emergency basis. Most are forced to look at a new baseline equilibrium (e.g., some variation on "hibernation"). The jury is out as to how or when they'll be able to resume programming or slip further towards insolvency.

- **Conditionally Secure**
  - Have more than several months of working cash and real prospects for accessing additional cash – depending on how things go. Some are banking on a successful fundraising campaign, or a successful request to a donor to unrestrict an endowment gift, or the willingness of board members to authorize a line of credit secured against endowment or capital funds.

- **Secure**
  - Have sufficient access to cash to wait out the COVID crisis either with or without hibernating, and a viable business model post-COVID. Some have taken deep cuts.

A sector on the precipice

Overall Condition of 45 Cultural Organizations as of late April 2020

- Facing Insolvency, 2
- Entering Survival Mode, 17
- Conditionally Secure, 15
- Secure, 11
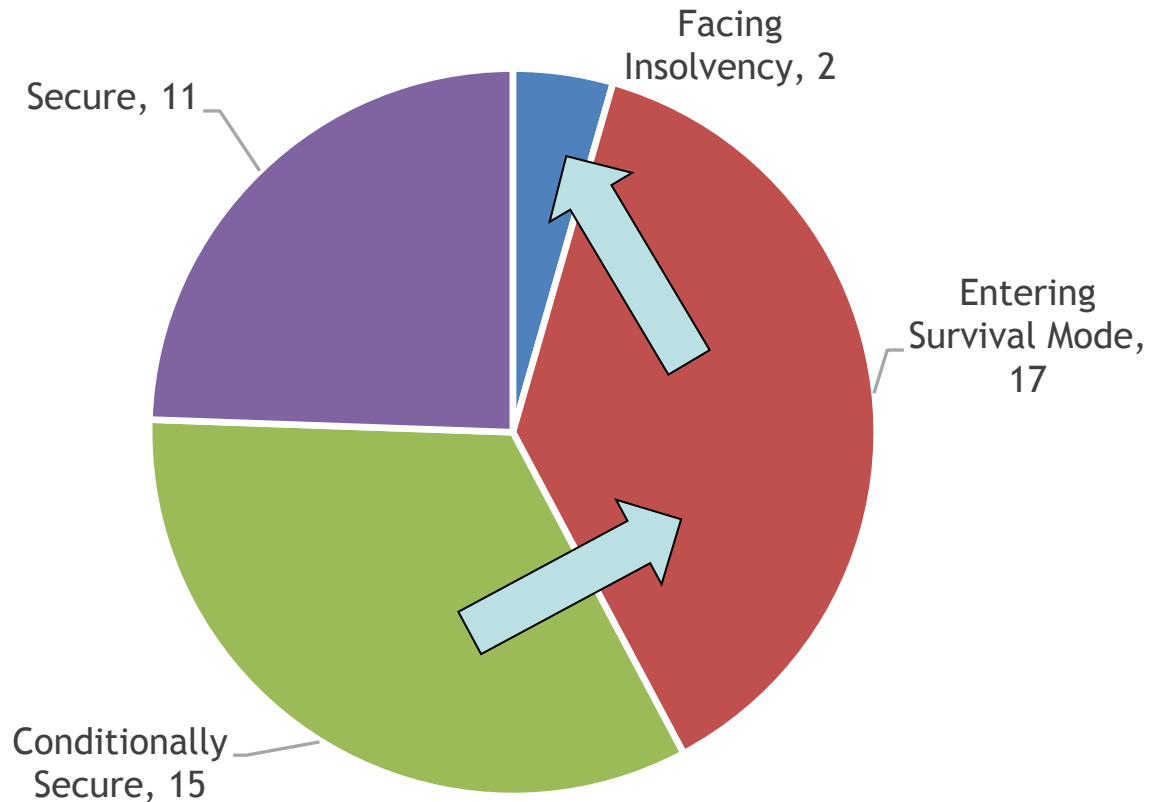
What does it mean to hibernate?

Hibernation: a diminished state of equilibrium where cash inflow (from any reliable source) covers cash expenses for an indefinite period of time.

What do you need to emerge from hibernation?

A viable business model that is scaled to demand?

Sufficient cash to ramp up programming?

Enough reserves to avoid another long winter's nap?

Do you really want to emerge into "the twilight?"

Can you afford to?

If not, what is the alternative?

The sky is falling!

Please read Adrian Ellis's keynote talk to the Opera America membership last week
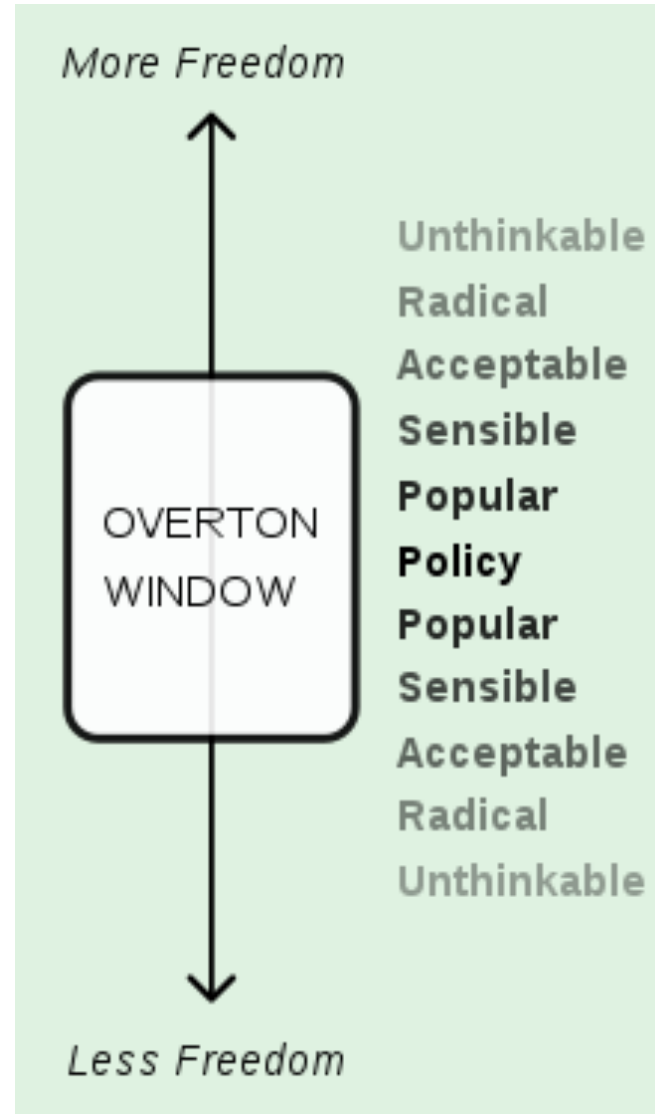
"In this chaos there is a mandate"

Opera America

Monday, June 1

Adrian Ellis, Director AEA Consulting and Chairman gcdn.net

https://aeaconsulting.com/insights/making_change

The **Overton window** is the range of policies politically acceptable to the mainstream population at a given time. It is also known as the **window of discourse**.

More Freedom

Unthinkable
Radical
Acceptable
Sensible
Popular
Policy
Popular
Sensible
Acceptable
Radical
Unthinkable

OVERTON WINDOW

Less Freedom

12 years ago, the first of many near-death experiences with "change management"...

…some choruses were struggling with survival in a changing environment

- Fragmentation and diversification of cultural tastes
- More rapid diffusion of culture
- Rising levels of active participation (especially among youth and young adults)
- The emergence of curatorial participation (e.g., downloading and organizing music, selecting and editing images)
- A higher level of importance attached to the settings where a cultural experiences take place
- The critical role of social context in driving arts participation
- Demand for shorter and more intense experiences
- An increased emphasis on convenience
- The expectation that all types of leisure experiences can be customized

How to think about change

- Change is continuous, most of the time you just can't see it
  - The environment in which you do business is changing faster and faster;
  - The only certain pathway to failure is not changing
- There are two kinds of change: planned change, and **unplanned change**
- The first step in a change process is accepting that things cannot stay the same
  - Without that, real change is difficult or impossible

In a healthy cultural ecosystem…

- There is natural birth and growth
- There is fierce competition for resources
- There is regular dying or 'reinvention'

When is a good time for strategic planning?

- Fallacy that planning is episodic
- In a healthy organization, fundamentals are always open for debate
  - Is the way we interpret our mission still relevant?
  - How do we create value and impact?
- Move towards a continuous planning model

So, what level of change is right for your organization?

- No change
- Adaptive change or radical adaptive change
- Paradigmatic change
- Dissolution or receivership

No Change. Just raise more money.

- Preservation is not a change strategy
  - e.g., find more resources to continue to do what you've always done
- This is the tacit pre-text of most "strategic planning" efforts

Adaptive or evolutionary change

- "Tweak" things around the edges
- Squeeze the operating model harder
  - incremental cost reductions
  - Shift focus or adjust programming mix (e.g., new efforts to engage audiences, start a new product line)
- Requires lots of consensus-building
- Resource intensive; can be costly and painful
- Work harder at board development and making community connections

Radical adaptive change

Don't change the mission, but...

- Substantially re-scale the institution to re-align with demand
- Retrench to the "core product"
  - e.g., St. Louis Symphony Orchestra
- Temporarily shut down to raise enough money to re-start on firmer ground
- Find new collaborators to achieve scale, economize
  - e.g., Utah Symphony + Utah Opera

Paradigmatic change

- Typically occurs only under extreme duress or threat of extinction; seldom planned
  - Requires acceptance that the status quo is not an option
  - Requires embracing uncertainty and acknowledging that there's a better way, though we don't know it yet
- The Overton Window is wide open: "If we could start over again, what would we look like?" (i.e., re-conceptualize the model)
  - "Burn down the house" exercise
- Forge new partnerships (e.g., mergers, co-presenters) based on common values
  - Some stakeholders (and board members) may drop out
- A once-in-a-lifecycle opportunity to respond to fundamental changes in the operating environment
  - e.g., new venues/settings; focus on new stakeholders

Back to the struggling choruses: Examples of different missions

- Offer concerts featuring LGBT singers
- Engage the LGBT community in song
- Provide musical training and performance opportunities for LGBT musicians (whoa, that might mean instrumentalists, too)
- Nurture creativity within the LGBT community

'End-of-lifecycle' Change (e.g., dissolution or receivership)

- When is it appropriate to declare victory, say 'mission accomplished' and move on?
  - Not to be confused with failure
- Dissolution can also be a renewal strategy
  - A new approach to regeneration (e.g., sunset the existing business model on a planned timeline; split your board in two; one half manages the ending, the other half re-imagines)
- Engage your stakeholders in a process of re-invention
  - Identify your top stakeholder groups (What stake do they have in you? What stake do you have in them?)
  - Ask them what they want/need from you

What level of change are you looking at?

What road blocks are you hitting?

Personal
Development

Economic &
Social Benefits

Human
Interaction

Imprint of
the Arts
Experience

Communal
Meaning

5 Value Clusters

CUMULATIVE

BEFORE/AFTER

DURING

INDIVIDUAL → INTERPERSONAL → COMMUNITY

Self-Actualization
Improved Social Skills
Creative Competency
Ability to Think Critically
Character Development
Emotional Maturity
Health & Wellness

Tolerance
Civic Pride
Social Capital
Creative Workforce
Economic Impact
Harm Avoidance
Community Engagement,
Stewardship

Expanded Capacity for Empathy
Larger Social Network
More Satisfying Relationships
Family Cohesion
Teamwork Skills

5
**Value
Clusters**

Health and Wellness
Social Bonding
Aesthetic Growth
Intellectual Stimulation
Spiritual Value
Emotional Resonance
Captivation or "Flow"

Community Engagement,
Stewardship
Sustain Cultural Heritage
Political Dialogue
Create Shared Memory,
Communal Meaning
Transfer Values and Ideals
Social Contact,
Sense of Belonging

Value System for Arts Experience

INDIVIDUAL → **INTERPERSONAL** → **COMMUNITY**