

Digital marketing and CRM within the arts and cultural sector

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Summary

This report is a response to a brief from Arts Council England (ACE) to look at how arts and cultural organisations can learn from best practice in digital marketing and customer relationship management (CRM) by organisations outside the sector. It considers two questions in particular:

- What are the most effective ways in which to undertake digital marketing to better understand and engage audiences?
- Which practical indicators could be adopted to help track and demonstrate progress?

Terminology

This report includes ideas and recommendations both for Arts Council England as a central body (referred to as ‘ACE’), and for individual arts and cultural organisations (referred to as ‘ACE organisations’). References are also made to the Arts Marketing Association (AMA) and The Audience Agency (TAA).

Formatting

Most sections are presented with the following formatting:

Recommendation title (numbered)

Recommendation description (red highlight)

Further paragraphs explaining the rationale for the recommendation (plain text).

Exemplar organisations that have already addressed the recommendation (green highlight).

Questions ACE may wish to ask its National Council to consider (blue highlight).

Links are included the first time an organisation or project is mentioned (underlined).

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1. Introduction

Background

We have been asked by ACE to suggest ways in which arts and cultural organisations might learn from digital marketing best practice, especially from outside the sector. We have approached this in the context of the goals set out in the Arts Council plan 2011-2015 and ten-year vision Achieving great art for everyone.

Given our very limited time and resources, rather than attempting an exhaustive guide to digital marketing, we have chosen to address the areas in which we think there is the greatest opportunity. We therefore concentrate on areas in which bodies under ACE's aegis have scope for improvement and where there are successful practices elsewhere that are likely to be readily transferable.

Though we have some knowledge of arts and cultural organisations, we have had only limited time for primary research and have therefore not conducted a detailed consultation with organisations across the sector. We acknowledge that there may be initiatives under way of which we are not yet aware and that some of the recommendations would benefit from further input from the organisations they affect.

We hope that this report will lead to some useful conversations and worthwhile projects, and will therefore increase access to arts and culture for all.

While there are undoubtedly useful lessons to draw from other sectors, we think it is important to bear in mind that:

- The arts and cultural sector is not like a supermarket chain. Arts and culture are not solely driven by audiences and consumer desire but are also platforms for authorship (by artists). And unlike a retailer that owns all its stores, ACE doesn't have direct control of the organisations it funds, nor the data that they collect.
- In the public sector at least, arts and cultural organisations need to address new audiences of people who are hard to reach. Commercial organisations in other sectors may be in a position to ignore them.
- Art pushes boundaries. Marketing professionals recommend aiming a well-defined offer to a clearly described target audience. However, some art, of its nature, is necessarily new and ill defined, making marketing in this part of the sector particularly difficult.
- While certain digital marketing issues affect everyone in the sector, the scale of an organisation leads to different challenges. For example, a small organisation may have the advantage of agility but lack the range of in-house specialist skills necessary, including the important ability to commission external specialists.
- Especially in the arts, the boundary is blurred between that which is marketing activity and the delivery of art itself.
- There can be a cultural disconnect inside organisations that are focused on arts and cultural activities that at the same time need to operate more commercially in order to be sustainable.

We return to these themes in the sections that follow.

Executive summary

This report reflects on best practice in digital marketing with a particular focus on organisations outside the arts and cultural sector, and makes recommendations that ACE should adopt to ensure that funded organisations maximise the value they derive from digital marketing activities.

Most arts and cultural organisations are equipped for, and experienced at, traditional PR and audience segmentation. For example, acquiring audiences through direct marketing is routine. There is also evidence within the sector of high quality support, resources and training for many aspects of digital marketing, especially among larger organisations.

There is a wide range of need and capacity among arts and cultural organisations, with a few at the cutting edge of understanding and deployment of digital marketing techniques and some still struggling. There will be challenges in adopting many of our recommendations due to the differing levels of skill and scale across the sector. Indeed, in some parts of the country, internet connectivity may also be a factor.

ACE urgently needs to ensure that as many as possible of the bodies it funds are moving coherently towards real confidence in digital marketing, in part to counter the threats from the range of competing demands for audience attention, especially in the digital domain.

Across the sector as a whole, we think there is scope for significant improvement in digital marketing, especially in the way data is collected, shared and analysed. In comparison with commercial counterparts in other sectors, many arts and cultural organisations fall short of achieving the potential returns on the investments they have already made in this area.

Businesses are spending more on digital marketing. An [eConsultancy report](#) in February 2013 found that 71% of companies plan to increase their digital marketing budget by between 20% and 30%. There is also a trend among digital marketers to spend money more wisely by adopting 'lean marketing' techniques (based on the 'lean' software development model evolved by technology start-ups and described later in this document).

We have been commissioned to comment on digital marketing issues. However, we wish to stress that digital activities should never be developed in isolation or devolved to a single expert. Improving digital practice in a sustainable way requires proper integration with 'traditional' activities, and a supportive organisational culture that is open to rapid experimentation and confident enough to allow 'mistakes'.

ACE, and the bodies it funds, will need to allocate additional funding towards digital marketing, possibly at the expense of some other areas, and ensure that this money is used as efficiently as possible. This implies that any learning must be rapidly transferred across the sector.

This report first addresses structural issues that affect the whole sector, and then particular requirements of individual organisations. Finally it discusses emerging techniques and proposes an approach to measurement and metrics.

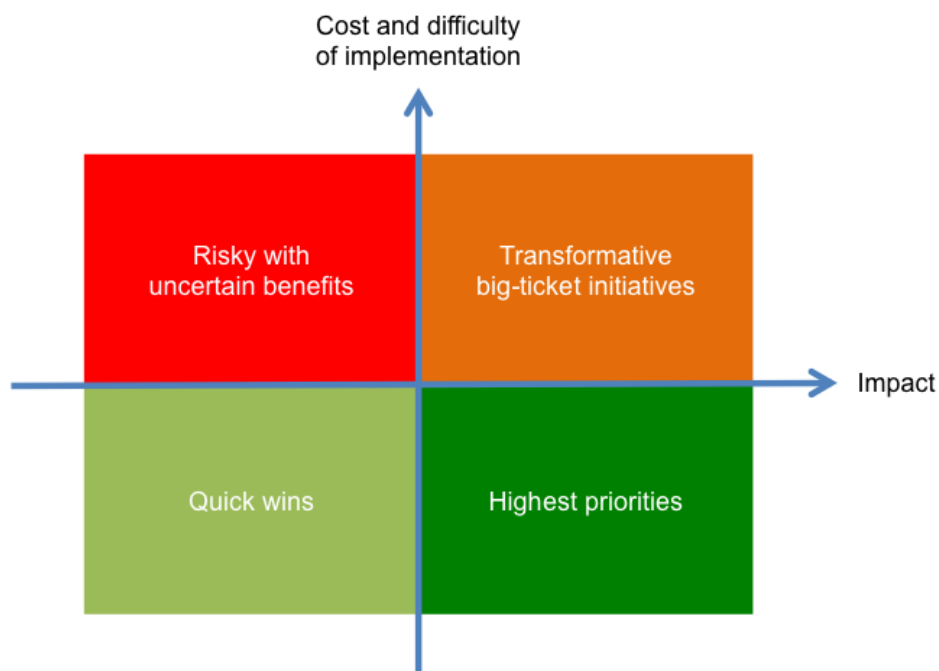
Summary of recommendations

To deliver the improvements outlined in this report, ACE can intervene in four main ways:

- Changing current funding models and/or evaluation criteria
- Funding transformational interventions
- Leading from the centre to encourage collaboration and formation of consortia
- Improving existing best practice resources and uptake

In order to give a feel for the balance of possible interventions, we have identified the mode that is likely to be the most helpful for each of our recommendations, though of course ACE will often need to work across several modes at once.

There are 29 recommendations in this report. Each is categorised according to the following grid to aid decision making:



Each section describes recommendations in order of increasing impact and complexity, starting in each case with 'quick wins' followed by 'highest priority' items, and concluding with 'transformative big-ticket initiatives' which are likely to be more costly and difficult to implement.

We think that ACE should fully tackle as many of the highest priority items as possible while at the same time deciding which of the transformative initiatives to scope in more detail.

List of recommendations

Recommendation summary	Priority	Mode	Page
Foundations			
<p>R2.1 Audience segmentation</p> <p>The arts and cultural sector would benefit from a more standardised, shared approach to audience segmentation. ACE should encourage the development of a more understandable, flexible segmentation model that can be used by the full range of ACE organisations from the smallest to the largest so that cross-organisational interpretation of data is made easier.</p>	High priority	Improve existing	11
<p>R2.2 Honing customer proposition for digital channels</p> <p>ACE should encourage the development of guidelines to help small arts organisations to develop their customer proposition clearly across digital channels (e.g. email, Facebook, Twitter). It should support this by directing ACE organisations to training opportunities.</p>	High priority	Improve existing	12
<p>R2.3 Common customer life cycle model</p> <p>ACE should commission development of a common customer life cycle model for the arts: defining the journey from customer insight and acquisition, through various stages of engagement, transaction and recommendation to others. This will facilitate more effective sharing of data and learning. This could be delivered via the AMA.</p>	High priority	Improve existing	14
<p>R2.4 Best practice with customer data</p> <p>ACE has a role in helping organisations understand the value of customer data and should persuade them of the need to collect this data in responsible and ethical ways. This should include best practice guidelines that encourage organisations to offer more effective incentives for individuals to provide their data.</p>	High priority	Improve existing	15
<p>R2.5 Awareness of the least engaged</p> <p>ACE should ensure that government and other public funders clearly understand ACE's position on the difficult balance between 'efficiency' and increasing the number of customers among the less engaged.</p>	High priority	Lead from centre	17
<p>R2.6 New digital loyalty scheme for the arts</p> <p>ACE should consider the development of a loyalty scheme for the arts with the primary aim of gathering more detailed data about how, when and where people access the arts. As creating such a loyalty scheme will be a significant undertaking we recommend a pilot (or series of pilots) to further test the feasibility before encouraging wider take up.</p>	Big ticket	New funding	18

Recommendation summary	Priority	Mode	Page
Structure and culture			
<p>R3.1 Digital expertise in senior roles ACE should promote a policy for trustee board and senior management team recruitment that ensures all organisations have senior people who understand marketing and digital techniques. Ideally this expertise would be shared, not one person's responsibility.</p>	High priority	Funding criteria	21
<p>R3.2 Digital strategy training for all trustees and executives Each ACE organisation should ensure that its digital marketing strategy is developed and adopted as part of its fundamental business strategy, and never in isolation. ACE should offer training to all trustees and senior executives in this regard.</p>	High priority	Improve existing	21
<p>R3.3 ACE digital advisory board ACE should establish a digital advisory board to oversee progress in the use of digital media, including digital marketing. This should be comprised of digital experts from commercial, charitable and other organisations who are leaders in their sectors. The advisory board should report to the main executive board and should also be available as a resource to the National Council.</p>	High priority	Lead from centre	22
<p>R3.4 Consolidating digital and marketing functions ACE organisations must take steps to align (and ideally consolidate) digital and marketing functions. Although not all commercial companies have managed to fully consolidate, the most successful have done so. This could become a criterion for evaluation of core funding (see R3.6).</p>	High priority	Funding criteria	22
<p>R3.5 Virtual 'Lean Digital Marketing Academy' ACE should establish a centre of excellence for 'lean marketing' by arts organisations to capitalise on their creative strengths. This would promote an experimental, evidence-based approach to digital marketing. It would itself be developed through a 'lean' methodology (and hence low cost). The Academy would be primarily virtual and could be a further development of CultureHive.</p>	High priority	Lead from centre	23
<p>R3.6 Digital marketing criteria for funding ACE should consider how it can build improved digital marketing into its funding criteria so that ACE organisations must demonstrate a commitment to developing the approaches outlined in this report.</p>	High priority	Funding criteria	24
<p>R3.7 Procurement checklists for digital services Every arts and cultural organisation is likely to need to commission at least some digital services from external organisations. ACE should require those that it funds, and strongly encourage the others, to understand and remedy any weaknesses in commissioning and procurement.</p>	High priority	Improve existing	25
<p>R3.8 Support for marketing consortia ACE should scale up its support and encouragement for consortia that can benefit from combined economies of scale, consolidated customer data, shared specialist skills, and the ability to procure and manage more sophisticated technology.</p>	Big ticket	Lead from centre	25
<p>R3.9 Digital marketing 'accelerators' & collaboration fund ACE should create a series of 'accelerators' (mirroring a style commonly used in the business start-up community) to rapidly improve the execution of digital marketing through sharing of knowledge and funding of practical development.</p>	Big ticket	New funding	26

Recommendation summary	Priority	Mode	Page
Approaches, skills and resources			
<p>R4.1 Clearer editorial structure for CultureHive CultureHive is an excellent collection of resources, and would be made even stronger if given more structure. For example, in addition to the search facility, it would benefit from a set of key themes around digital marketing and the highlighting of areas in which new resources need to be commissioned or sourced.</p>	Quick win	Improve existing	28
<p>R4.2 Conversion rate toolkit ACE should commission a toolkit of resources to ensure that ACE organisations have access to the skills and knowledge to optimise their conversion rates on digital channels. In particular, intelligent use of A/B testing (where changes are tested for effectiveness against a control group, allowing rapid iteration and improvement) is essential and currently under-used.</p>	High priority	Improve existing	28
<p>R4.3 Agile marketing toolkit ACE should commission a toolkit of resources to support an agile approach to digital marketing. It should also strongly encourage marketing teams to include a technologist. ACE could deliver this as a key component of the ‘Lean Digital Marketing Academy’ or make additional resources available through CultureHive.</p>	High priority	Improve existing	29
<p>R4.4 Digital partnership guidelines ACE should continue to promote a range of digital partnerships within the sector. However, working in partnership is a skill in itself, so ACE should ensure that potential partners have the expertise necessary to negotiate and enter into positive relationships.</p>	High priority	Improve existing	30
<p>R4.5 Free digital marketing software checklist ACE (or its partners) should publish a list of free or low-cost digital marketing tools. The value of this list could be improved by allowing ACE organisations to review or comment on them.</p>	High priority	Improve existing	31
<p>R4.6 Customer follow-up automation toolkit ACE should encourage organisations to make full use of digital tools to automate follow-up, as this is one of the most effective ways to maximise conversion. This could be delivered as an online resource and/or as part of the ‘Lean Digital Marketing Academy’.</p>	High priority	Improve existing	32
<p>R4.7 Story-based campaign competition ACE should create a competition for story-based campaigning that specifically encourages innovation in the use of digital content to drive engagement and conversion. ACE organisations could be part of the competition, which would be judged on a combination of metrics and innovation. Winners would receive cash prizes to invest in new campaigns.</p>	Big ticket	New funding	32

Recommendation summary	Priority	Mode	Page
Metrics			
R5.1 Measuring the right things It is imperative that whatever metrics are collected truly measure success (e.g. the number of page views on a website is not necessarily a measure of success). ACE must ensure that any new metrics it requests or suggests are tailored to the real goals arts and cultural organisations are trying to achieve. ACE should also ensure that any recommendations to gather and share more data come hand-in-hand with training and support on how that data should be used.	High priority	Improve existing	33
R5.2 Digital marketing KPIs ACE should publish a set of recommended metrics that organisations can use for digital marketing key performance indicators (KPIs). These could then be shared as benchmarks with other organisations within the arts and cultural sector. A palette of standardised metrics from which individual organisations can select the most appropriate is sensible.	High priority	Lead from centre	34
R5.3 Digital marketing operational metrics ACE should publish recommended approaches and metrics for digital marketing teams to manage their day-to-day operations.	High priority	Lead from centre	36
R5.4 Qualitative ‘appreciation’ metric ACE should propose a qualitative ‘appreciation’ metric for the arts comparable with the Appreciation Index (AI) used for television, Pulse score used for radio and National Passenger Survey score used for the railways. This should be digitally implemented to minimise costs.	Big ticket	Lead from centre	37
Emerging techniques and technologies			
R6.1 Visibility of emerging techniques ACE should ensure the arts and cultural community have a broad understanding of emerging techniques and that there is a critical mass of people in ACE organisations with specialist knowledge. This could be achieved through the digital marketing ‘accelerators’ or the ‘Lean Digital Marketing Academy’.	High priority	Improve existing	38
R6.2 Revenue management reporting tools ACE should consider developing and promoting a standardised set of specialised revenue management reporting tools. This would enable a larger number of organisations to benefit from revenue management of tickets.	Big ticket	Improve existing	38
R6.3 Secondary ticket markets ACE should engage with secondary ticket markets to ensure a good deal for venues.	Big ticket	Lead from centre	39

2. Foundations

To emulate the commercial organisations in other sectors that use digital marketing most successfully, arts and cultural organisations need to ensure they:

- Understand their customers and their potential customers, and know those who are unlikely to be their customers
- Articulate their customer proposition to these segmented audiences
- Manage customer relationships through customer life cycles

These processes enable organisations to prioritise where digital investment will produce most effective returns.

We appreciate that many of the points that follow are covered by the work of AMA and TAA. However, we think that in some areas there is scope to go further.

Understanding customers

R2.1 Audience segmentation

The arts and cultural sector would benefit from a more standardised, shared approach to audience segmentation. ACE should encourage the development of a more understandable, flexible segmentation model that can be used by the full range of ACE organisations from the smallest to the largest so that cross-organisational interpretation of data is made easier.

We wish to underline the importance of audience insight and effective prioritisation. The first step in marketing any product or service is to understand what users, and potential users, want or need. The second step is to segment users and define clear routes for them, encouraging progression from first contact with a product or service to being a regular user.

The Woodland Trust, a large and high-performing UK charity, knows it can take a decade or more for someone to develop from a ‘warm prospect’ to being an active supporter making donations or committed to volunteering. Its philosophy is to take individuals on a lifetime journey of support through audience segments arranged as a ‘commitment ladder’ based on eight key personas. Successful digital marketing boils down to ‘journey management’, and this means learning as much as possible about each segment so campaigns can be designed that will motivate people up the ‘commitment ladder’.

Careful segmentation allows organisations to clearly understand and target their audiences or user groups. One way many organisations achieve this is to align the segmentation with a more widely used model such as Mosaic. This adds richness to any personas created since the model will include detailed information on areas such as people’s media habits. The model will also be widely understood by media agencies. To support a successful digital marketing campaign, segmentation models must include customer attitudes to technology (as well as other attitudes).

The Woodland Trust understands that its target supporters have widely differing levels of engagement with digital technology. The charity uses the Mosaic classification to help add richness to the information it has about people in each segment. For example, many potential supporters use smartphones while others have older mobile phones with stickers listing friends' telephone numbers stuck to the back. By understanding these finer detail it's possible to design campaigns that are more likely to engage with their target audiences.

ACE already has an arts-based segmentation for English adults published in Arts audiences: insight 2011 (at which Grayson Perry recently poked fun in his Reith lecture on contemporary art). However, the model is limited because the segments are not granular enough to be easily mappable against other systems or to provide detailed insight about most groups (e.g. the 'not currently engaged: older and home-bound' with 11% of the population is too large to be much more than a catch all for older people not included elsewhere).

Various other segmentation models also exist from non-sector specific (e.g. Acorn, Cameo, Mosaic) to sector specific (e.g. Culture Segments). Our recommendation is not to reinvent a completely new system but build a framework for a better appreciation and use the existing tools so behaviours can be more easily comparable.

We understand from TAA that it's already started work to tackle this issue, having commissioned a large-scale population profile from Experian (who run Mosaic). The aim is that this should be granular enough to make it properly mappable and will eventually be cross-matched with additional data from its Audience Finder project. However, it could take several years to complete this work and reach agreement about its wider usage.

It's essential that any new segmentation tools are developed in such a way that they can be utilised at minimal or no cost by organisations with less funding, and at a level of sophistication appropriate to organisations' resource and skill levels. This work is therefore likely to require additional core funding.

Articulating the customer proposition

R2.2 Honing customer proposition for digital channels

ACE should encourage the development of guidelines to help small arts organisations to develop their customer proposition clearly across digital channels (e.g. email, Facebook, Twitter). It should support this by directing ACE organisations to training opportunities.

One particular problem for the arts sector is an understandable tension between being supplier-driven (enabling artists to create and to publish) and being market-driven (giving segmented audiences what they want). Public arts organisations necessarily need to have a broader range of audiences to satisfy than commercial companies in other sectors, and this can stand in the way of efficient digital marketing. However, the essential principles still apply.

Organisations must be able to articulate what their offer is, how they do it, and why they do it. Arts and cultural organisations will never make the most effective use of digital channels unless they can clearly state their customer proposition to the public, and until it is understood and capable of being expressed by all staff. This is especially important for less established brands (i.e. those whose customer propositions are less well understood by the wider community).

Alongside the brand values, represented by everything from production quality to the ambience of the bar or cafe, any digital activities should fully reflect the values of the organisation and communicate these with clarity and consistency. Too often digital activities seem to convey a different culture from the rest of an organisation perhaps because they are often delivered as an afterthought.

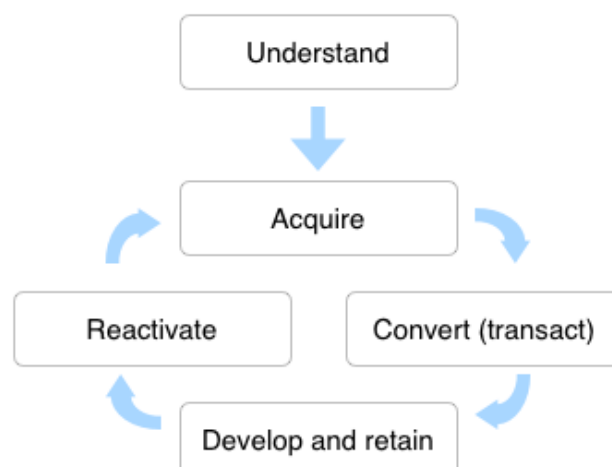
The need to be clear about offer, values and positioning is especially important for digital channels, where clarity is vital in the fight for attention. Without a digitally appropriate articulation of the customer proposition, digital marketing campaigns will fail to achieve optimal impact and return.

Organisations should also consider how the overall offer and tone translate across all digital channels (e.g. email, Facebook, Twitter) and how these channels can be sustained given the public's growing expectation that digital culture is 'always on', and when they see other consumer brands providing 'instant' replies to customer service enquiries.

The AMA and its [CultureHive](#) initiative already appear to support these activities to some extent. We understand further training that will be provided in the next round of the CultureHive programme, will cover this recommendation more comprehensively.

Managing the customer life cycle

Digital marketing sits within, and is an important part of, the life cycle that exists between every business or organisation and its customers or audiences. To understand the role of digital marketing in an organisation, it is helpful to look at the role it plays at different stages of this life cycle. There are several different ways of summarising customer life cycles that are commonly used, for example:



For some organisations it makes sense to look at the customer life cycle in terms of movement between online and offline activity. Understanding and influencing these audience journeys and progressions is key to directing digital marketing resources for greatest effect.

R2.3 Common customer life cycle model

ACE should commission development of a common customer life cycle model for the arts: defining the journey from customer insight and acquisition, through various stages of engagement, transaction and recommendation to others. This will allow more effective sharing of data and learning. This could be delivered via the AMA.

The starting point for every organisation is to understand its customer life cycle, and to develop a channel strategy to support it. This becomes the basis for prioritising digital investment.

Because a detailed understanding of the customer life cycle is so fundamental, we recommend development of a common model that individual organisations can adapt if necessary. Such a resource could be distributed via CultureHive and build upon a number of existing resources, including the [Let's Get Real](#) report produced by [Culture24](#).

The resource should include:

- A standardised customer life cycle model – a diagrammatic representation of a life cycle based on best practice, highlighting important stages, similar to the one included at the start of this section
- A checklist or toolkit for each stage of the life cycle – some of this is already available via CultureHive (e.g. [How to strategically grow your audience](#))
- A channel strategy template – this would define goals for each channel and map audience segments to each channel (in this context channel refer to different routes for customers acquisition e.g. advertising, email, Facebook)
- A defined set of performance metrics (see section 5)
- A model to estimate key metrics such as cost per acquisition (CPA) and customer lifetime value (CLV) in particular (see section 5)
- Case study examples of each stage of the life cycle to include commercial as well as cultural examples (some already available on CultureHive, others to commission)

Armed with this resource, organisations will be better equipped to:

- Develop a shared understanding of the customer life cycle, which will allow more meaningful collaboration across departments, at all levels within an organisation, and between organisations
- Make, and act on decisions about investment priorities based on commonly understood data, leading to better benchmarking and likely improvements in reach and efficiency

Companies with leading digital brands have mastered the understanding of customer life cycles and used them to focus their digital activity:

Burberry has transformed its whole business by realising that segmenting customers by social influence on digital channels would increase the brand's reach without sacrificing its positioning. By moving 60% of its marketing budget to digital, it has embraced channels such as Instagram and live streaming so that you can buy directly from its digital catwalk. This strategy has been credited with the doubling of sales since 2007 in a very challenging commercial environment.

The World Wide Fund for Nature (WWF) takes pains to define and manage the life cycles of its donors and volunteers and has seen a marked improvement in its key measures of performance since doing so. The ability of all parts of the organisation to rally around particular activities has been especially valuable.

We understand a customer lifecycle model, similar to the one we are recommending, was commissioned from Morris Hargreaves McIntyre by the Newcastle Gateshead Cultural Venues consortium. This describes the potential to move people through different levels of engagement and participation from being 'potential attenders' to being 'one-off treaters', 'creatures of habit', 'cautious gamblers' and ultimately 'confident explorers' (see transcript of speech given by Erica Whyman, Chief Executive of Northern Stage)

This work might offer a starting point for a full digital lifecycle model and could be further enhanced by developing a programme of support to help organisations make use of it.

R2.4 Best practice with customer data

ACE has a role in helping organisations understand the value of customer data and should persuade them of the need to collect this data in responsible and ethical ways. This should include best practice guidelines that encourage organisations to offer more effective incentives for individuals to provide their data.

Most smaller arts and cultural organisations still do fairly basic market research (e.g. measuring the time that visitors enter and leave a gallery) while commercial companies in other sectors are moving towards knowing exactly where their customers are and when, what they're looking at, and what they're ultimately buying. Much of the development in this area is being driven by retail, with shopper tracking systems and services being developed by Intel, IPSOS, Moxie and ShopperTrak, among others.

Even a limited amount of additional data is better than none, so ACE should start by promoting techniques that smaller organisations could use for themselves without the need for mass collaboration or centralised infrastructure.

Commercial organisations understand that handing over personal data is a transaction that needs to benefit the individual, or at least appear to do so. Many shops, for example, now offer loyalty schemes (e.g. Nectar, Tesco Clubcard) that give discounts in return for customer data. And there are various tactics used to acquire email addresses:

Snow+Rock, along with other retailers, now offers to email the receipt when a customer has completed a transaction in the store 'so you have a safe copy if you ever need it for the guarantee'. It is thus able to match a new transaction with previous ones and with any online activity without relying on a complex loyalty scheme.

It is harder to gather data when you're offering a free service with no transaction, but it's not impossible. Discounts, competitions and the promise of further information are all ways to encourage users to share their contact details:

The Natural History Museum NaturePlus scheme encourages visitors to save content from selected exhibits to view later online. When a user visits the website later they are asked to register with their email address which, as long as users opt in, can then be used for marketing purposes.

ZSL London Zoo offers its members discount vouchers to share with friends and relatives. When these are redeemed the user must fill in their name, address, email address and date of birth to be eligible to claim half price admission.

It is important not to confuse the need for customer feedback with the need for customer data. When looking for feedback in order to improve a service, requesting customer data can lower response rates, which is why many feedback systems simply ask for a quick anonymous response.

For customer feedback Tate has a simple paper form that asks visitors 'what do you think – please write your comments below?' and while it does ask 'if you would like a response to your comment please include your email address', this is in small print at the bottom of the form and not compulsory. A similar form appears on the website where again providing an email address is optional.

Heathrow Airport uses a feedback device consisting of diagrams of faces displaying various emotions. Travellers with no knowledge of English are able to give instant feedback about their experience with a push of one button from a choice of four. This leads to high response rates.

NICE Fizzback enables organisations to receive rapid and aggregated feedback on their services via text messages from customers' mobile phones.

These methods can be contrasted with more advanced data collection to support ongoing digital marketing campaigns:

The Woodland Trust's philosophy of 'journey management' works by gathering some piece of data for each individual it has contact with, such as a mobile number or name and address – anything that allows a person to be tracked as they increase their commitment.

The charity uses a range of techniques to gather data ranging from encouraging 'text to give' (to capture a mobile number) to having recruiters at specific events (to collect more detailed information). Either forms the first step of an ongoing contact programme, with user records expanded as more personal data is revealed.

The Woodland Trust knows that alongside other digital techniques, it's still effective to have someone with a clipboard at a big event asking people for personal details. Generally people don't mind giving these, especially if it's clear what they will be used for and if there is some benefit such as the chance of winning a competition prize.

Many arts and cultural organisations are wary of collecting data in ways that could interfere with the experience a person has come for (i.e. you don't want to interrupt someone while they are engaged with an artwork to ask them for their name and address). Clear guidance from ACE about benefits, less-intrusive techniques and risks would help.

We know TAA is already planning to provide support for this through its Audience Finder project and that resources will be added to the AMA's CultureHive website to disseminate key advice. We also know there is a strong appetite from other arts marketers to use digital tools for understanding audiences better and for monitoring digital marketing activities.

A practical next step would be to bring together leading organisations including the AMA, Culture24, TAA, Nesta and ACE to agree on consistent messages to the sector. The aim should be to consider key issues and develop recommendations around them, including:

- How different art forms can be measured
- How customer data can be collected at non-ticketed events
- How smaller organisations can adopt best practice with limited resources
- How qualitative data including social impact can best be measured

Ongoing relationships with customers

R2.5 Awareness of the least engaged

ACE should ensure that government and other public funders clearly understand ACE's position on the difficult balance between 'efficiency' and increasing the number of customers among the less engaged.

Q1. How should ACE communicate the dilemma of appealing to engaged audiences while at the same time bringing in customers who are less engaged? What guidance could be provided to ACE organisations to help them do this?

Commercial companies in other sectors understand that the easiest way to generate additional revenue is targeting those already considered to be the 'best customers', encouraging them spend more per transaction and discouraging them from completing those transactions elsewhere.

The arts and cultural sector could potentially drive attendance by focusing solely on the 'best customers', and a much bigger impact on reach by extending the focus to those 'open to persuasion'.

Digital technologies provide even greater opportunities to get more return from the 'best customers' but as arts and cultural organisations aim to achieve 'great art for everyone'

they must strike a balance between the ‘best customers’ and everyone else – a balance between the increasing need to make money against public service responsibilities.

TCC has an annual turnover of around €600m from providing loyalty schemes that target the small segment of ‘best customers’ from a selection of retail outlets (approximately a 15% segment of overall customers). Targeting the ‘best customers’ avoids the need for complex customer data analysis since an organisation can simply concentrate on rewarding those who make the largest transactions. This has significant results that are easy to measure without the need for complex loyalty tracking. A ‘best customer’ programme is a proven technique that remains one of the most efficient ways of increasing revenue.

R2.6 New digital loyalty scheme for the arts

ACE should consider the development of a loyalty scheme for the arts with the primary aim of gathering more detailed data about how, when and where people access the arts. As creating such a loyalty scheme will be a significant undertaking we recommend a pilot (or series of pilots) to further test the feasibility before encouraging wider take up.

Q2. Does ACE see value in an arts wide loyalty scheme, and if so how would it balance providing strong encouragement for such a scheme with the need for it to have grassroots support?

A loyalty scheme for the arts would have mutual benefits for organisations and audiences:

- For organisations
 - Gathering more detailed data about how, when and where people access arts
 - Gathering additional information about who people are and their behaviours over time
 - Being able to use this information so marketing can be better targeted
- For audiences
 - Rewarding people who access the arts more frequently
 - Rewarding people who encourage others to access arts (for the first time and more frequently)
 - Better recommendation via collaborative filtering

Aside from the smaller-scale data gathering described earlier, ACE organisations would benefit from a wider, joined up scheme to collect and analyse detailed audience data. While ACE has already commissioned TAA to run a number of projects to help organisations make better use of their user data, we think there is an opportunity to go further and create an arts-wide loyalty scheme.

The term ‘loyalty scheme’ can refer to any programme of rewards offered by an organisation to its frequent customers. It may provide customers with advance access to new products, special discounts, free gifts or introductions to fellow members. Customers typically register their personal information and are given a unique ID, typically a membership number, which they then use when making a transaction.

Loyalty schemes provide two key functions:

- They give a customer rewards for brand loyalty
- They provide the issuing organisation with valuable consumer information

While any organisation can evaluate anonymous transactions, a loyalty scheme provides additional data about when products or services are accessed and whether certain marketing programmes have been more effective than others.

Basic loyalty schemes have been around since the 18th century, with supermarket loyalty cards, frequent-flyer programmes and credit card incentive programmes being the most visible current examples. Supermarkets in particular know that the best way to find out more about their customers is by running such schemes to gather detailed user data.

Recent developments in loyalty schemes include the trend towards rewarding ‘emotional loyalty’ rather than just ‘transactional loyalty’ (i.e. rewarding the people who are already engaged when they become advocates who engage others) and the emergence of mobile-based schemes with a lower administrative overhead for issuers (e.g. [Loyalli](#)).

An arts-wide loyalty scheme would make it easier for ACE to measure progress against its stated aim of ‘achieving great art for everyone’ and in particular its goals of ‘Reach – more people attending and taking part in the arts’ and ‘Engagement – more people feeling that the arts are meaningful to them’.

We recommend testing the feasibility of a fully mobile-based scheme. Requiring hardware to be installed, particularly across a huge arts network with organisations both large and small, could prove too complex and costly to be practical. Marketing professionals we spoke to and many commentators believe mobile is the logical next step for existing card-based schemes.

We also recommend that the scheme is less likely to be supported if it’s created from the top down. The most successful schemes, from Green Shield Stamps to the Nectar Card, started life as independent businesses, and an arts scheme would need grassroots support.

The scheme could operate alongside existing membership offers (e.g. the Southbank Centre and Tate membership schemes) since it would be aiming to fulfil a different function – primarily to collect user data across organisations and also collect user data on access to free events where there is often no transaction.

There is a role for ACE in promoting the connection of existing loyalty schemes as well as the introduction of new ones into the network. One possible route would be to examine the potential of extending an existing subscription scheme (e.g. [ArtFund National Art Pass](#)).

The way data is collected, and the incentives offered in return, need to be considered in more detail but could combine various approaches including:

- A user ‘checking in’ using location tracking on a mobile device (c.f. [Foursquare](#))
- A user scanning a QR code with a mobile device (e.g. [Loyalli](#))

- Earned ‘status’ displayed as ‘points’ or ‘badges’ on a user profile page (as recognition of ‘best customers’ is often sufficient incentive to take part)
- Earned ‘status’ converted into more tangible benefits (e.g. visit five galleries participating in the scheme to receive a 10% discount in the shop)
- Additional incentives given to anyone who encourages new people to access the arts and/or take part in the scheme, especially those in harder to reach groups

There will be challenges in developing a sector-wide scheme:

- It could be hard to promote publicly as not everyone agrees what’s meant by ‘arts’
- It could be shunned by organisations that already have their own successful schemes
- It could be difficult to apply to non-ticketed events where no transaction takes place
- It could be complicated to devise and administer an equitable mechanism for rewards
- It could be hard to avoid rewarding people who are already engaged (although one solution would be to reward those encouraging new attendees as in previous section)

We believe ACE should encourage the development of a pilot service in order to test:

- The public’s willingness to engage with such a scheme
- Arts and cultural organisations’ willingness to engage with such a scheme
- The use of data that’s collected
- The scalability, replicability and sustainability of the scheme were it to be rolled out across the sector

There is already one pilot under way in Wales that could provide a useful reference point:

Chapter in Cardiff introduced the first arts CRM driven, points-based loyalty card in the UK, the Chapter CL1C Card. It has since been replicated by other venues in the UK and further afield. The card has the twofold benefit of encouraging loyalty and facilitating data capture. Additionally, Chapter is able to encourage the public to risk trying new things by rewarding people more for engaging with more challenging parts of its programme.

Working with Cardiff University and digital agency Tincan, Chapter has just received REACT funding to pilot ‘Artsvaark’, a scheme that will reward digital engagement on a review (or recommend), reward, and redeem basis. Mobile access and earned ‘status’ will be key elements of the scheme. Further information about the project is available from Carol Jones, former Head of Marketing for Chapter.

We conclude that loyalty schemes don’t need to be large or complicated to work which is why a small-scale pilot would be a practical first step.

The Gardener’s Reward Card is a loyalty system operated by a small group of independent garden centres across the UK. Each centre that uses the system has its own branded loyalty scheme unique to its own outlets, but it shares the cost of administering its own scheme with the other members of the group resulting in economies of scale.

3. Structure and culture

There are several structural and cultural issues within the sector that could be addressed in order to make digital marketing more effective. With a clear understanding of the customer proposition in place (as described in the previous section), organisations need to have an overall strategy for delivery.

Board and senior management teams

R3.1 Digital expertise in senior roles

ACE should promote a policy for trustee board and senior management team recruitment that ensures all organisations have senior people who understand marketing and digital techniques. Ideally this expertise would be shared, not one person's responsibility.

It is especially important to have sufficient digital expertise on trustee boards to be able to make good judgments on strategy, to understand when the organisation (through action or inaction) is exposing itself to untoward risk, to help to decide what to manage in-house or commission externally, and to have credibility within its own and with other organisations.

At executive board level, there needs to be some shared knowledge of digital management in addition to the specific knowledge expected of a Chief Information Officer (CIO) or Chief Technology Officer (CTO) on the board. In this context, it is helpful to distinguish between knowledge of back-office finance and HR systems, CRM database systems and the digital provision of arts experiences. The back-office systems have some of the attributes of off-the-shelf utilities, while digital marketing activities often require more agile experimentation and development.

R3.2 Digital strategy training for all trustees and executives

Each ACE organisation should ensure that its digital marketing strategy is developed and adopted as part of its fundamental business strategy, and never in isolation. ACE should offer training to all trustees and senior executives in this regard.

How can leaders and general managers acquire the skills they need in order to complement that of specialists on the team? Learning from others is a good start. Good work needs to be shared more widely and in different forums but perhaps the most helpful approach is to learn from mistakes. Making mistakes and correcting them are key processes in personal and organisational learning but need to happen in an atmosphere of trust. Many do not share their valuable experiences for fear of reputational damage.

While the details of a training programme are beyond the scope of this study, one example might be for every trustee and senior executive to be a member of at least one small network of people whom they trust – people who can call each other for recommendations of techniques or with whom they can safely test ideas. Some groups might meet every month or two for a working lunch, with a volunteer trustee or executive facilitator from a relevant peer organisation.

These sessions, probably of 6-8 people, could be self-financing (i.e. the cost of lunch) but perhaps initially instigated by ACE or AMA so the sessions would not just preach to the converted and would draw in new people. The volunteer facilitators might usefully report the general themes to ACE every few months, taking care not to break participants' trust.

R3.3 ACE digital advisory board

ACE should establish a digital advisory board to oversee progress in the use of digital media, including digital marketing. This should be comprised of digital experts from commercial, charitable and other organisations who are leaders in their sectors. The advisory board should report to the main executive board and should also be available as a resource to the National Council.

It is common in other sectors to have a group of people who understand the organisation and its aims well who are able to offer advice on digital strategy, including marketing. Advisory boards are widely used by many organisations and have a proven effectiveness to drive particular areas of change.

A common risk is that organisations recruit advisory boards but don't use them. They are more likely to use them if there is also proper championing of digital activity within the executive and non-executive boards. It is therefore essential that any digital advisors are not siloed but used as an additional input to marketing and a source of digital skills that should ideally be present on the main boards (see R3.1).

Digital and marketing functions

R3.4 Consolidating digital and marketing functions

ACE organisations must take steps to align (and ideally consolidate) digital and 'traditional' marketing functions. Although not all commercial companies have managed to fully consolidate, the most successful have done so. This could become a criterion for evaluation of core funding (see R3.6).

A digital marketing strategy should be a key part of a marketing strategy, which itself is a major component of the strategy for an organisation as a whole. We would also expect any mid- to large-sized organisation to have a technology strategy to sit alongside its marketing work.

Organisations must shift their view of digital from being primarily a communications platform to being the main conversion tool. This will apply to both commercial transactions (e.g. ticket purchases) and non-commercial transactions (e.g. user acquisition). In order to deliver the potential offered by digital tools, the digital function must be fully aligned both strategically and operationally with the marketing function.

The scale and capability of different organisations will need to be considered more fully for consolidated digital and marketing functions to become a criterion of core funding. Smaller organisations could be helped to meet the requirement by participating in the support and accelerator programmes proposed later in this document (see R3.9).

'Lean methodology' and creative experimentation

'Lean methodology' refers to techniques adapted by digital companies from the 'lean manufacturing' processes used in the Japanese car industry. Essentially 'lean' refers to doing the least possible work to achieve the greatest possible value, a more systematic application of the commonly quoted 'Pareto principle' or '80-20 rule' that the most important 80% of any work is usually done in 20% of the total time.

By focusing the development of technology products and services on what most needs to be done to get the service to market quickly, often through agreeing a set of 'minimum marketable features' (MMFs), it is possible to bring a digital product to launch in a fraction of the time required by traditional development methods. 'Lean marketing' extends these principles to the marketing domain.

In devising new digital marketing processes, it is far better to be almost right and quick (and then to rapidly iterate to make improvements) than to wait for perfection. The 'lean' model evolved by technology start-ups is a good example of the potential for success from the commercial world, and a good basis on which to develop the digital marketing function within arts and cultural organisations. There are lots of resources available to help with this (e.g. [Dreamstake Academy](#)).

R3.5 Virtual 'Lean Digital Marketing Academy'

ACE should establish a centre of excellence for 'lean marketing' by arts organisations to capitalise on their creative strengths. This would promote an experimental, evidence-based approach to digital marketing. It would itself be developed through a 'lean' methodology (and hence low cost). The Academy would be primarily virtual and could be a further development of CultureHive.

The 'Lean Digital Marketing Academy' would:

- Develop or appropriate case studies and resources – perhaps including online video courses (e.g. [Dreamstake Academy](#))
- Develop a mentor scheme and online surgeries for particular needs
- Offer a system of accreditation for those organisations demonstrating best practice
- Host inspiring events (virtual and real) with entrepreneurs (c.f. [Silicon Valley Comes to the UK](#))
- Promote a more supportive approach to agile research and development within organisations bearing in mind their aversion to making 'mistakes' and their attachment to out-dated procurement methods

'Lean' works best when rapid iteration is supported by a culture of innovation and creativity, because it allows innovative ideas to be tested cheaply with real audiences. The creative strength within many ACE organisations could be harnessed to deliver significant value by adopting such an approach. If managers, trustees, staff and creative agencies can all develop a real understanding of this key concept then it has the potential to drive radical benefits to ACE organisations.

AirBnB launched its first website within 48 hours of having the idea, and this became the initial building block from which the company emerged through constant iteration in response to customer feedback and demand. Even as a multinational company, it is a strong proponent of a 'lean', evidence-based approach to developing its business, and in particular marketing it. However, its real success is in marrying this evidence-based technique with a strong creative approach. Using both together it can test innovative ideas with its audience to craft a strong message, as well as generating lots of PR, as described by co-founder Joe Gebbia.

Google has adopted 'lean' methodologies for the development of many of its services, generally releasing them in 'beta' and iterating rapidly as a result of user-data and feedback. This process gives Google the added advantage of being seen to be first into various markets.

R3.6 Digital marketing criteria for funding

ACE should consider how it can build improved digital marketing into its funding criteria so that ACE organisations must demonstrate a commitment to developing the approaches outlined in this report.

ACE can have the greatest influence over organisational behaviour when it makes its funding decisions contingent on the changes it wishes to see. For projects in which digital marketing is a relevant component (and there will clearly be some creative projects where it is not applicable) funding criteria could be extended to require applicants to provide:

- A clear strategy for digital marketing – forming part of the wider strategy for the organisation as a whole, not developed in isolation
- Evidence of knowledge of digital marketing within the team – demonstrated through attendance at AMA events, uptake of resources provided by the AMA, or by accreditation from other recognised marketing specialists
- A clear plan for how to manage and/or procure digital marketing activities – explaining where expertise will be sought if it is not available internally
- A commitment to publishing evaluation of digital marketing activities with a clear description of lessons learned and what people would do differently next time
- Demonstration that digital and other marketing functions have been properly co-ordinated, if not consolidated (see R3.4)

The challenge is to design the funding in order to encourage organisations to request help where they know there are gaps in their knowledge rather than penalising them for bringing these to ACE's attention. This funding lever would be complemented by the recommendation to set up digital marketing 'accelerators' and collaboration funding (see R3.9).

Intelligent purchasing

R3.7 Procurement checklists for digital services

Every arts and cultural organisation is likely to need to commission at least some digital services from external organisations. ACE should require those that it funds, and strongly encourage the others, to understand and remedy any weaknesses in commissioning and procurement.

ACE could provide checklists and direct organisations towards training and other resources that would help with the procurement process itself, as well as the overlay of digital marketing. This could include a checklist of questions to:

- Ask internally to test whether the necessary digital marketing skills are available
- Ask internally to test whether the necessary procurement skills are available
- Ask of a shortlist of potential suppliers

When the purchaser is not sufficiently knowledgeable about what they're buying, blindly following procurement rules can lead to successful box-ticking but very unsuccessful and wasteful projects. We have seen this frequently in the public sector.

We have also seen commissioning and procurement go badly wrong in organisations that have considerable digital expertise, because government or European procurement guidelines are misinterpreted or misapplied.

Intelligent purchasing means knowing what you want to achieve, having a good understanding of what it will take to deliver, a clear process for procurement, and a clear process for managing contractors. Many organisations need help with intelligent purchasing and ACE could at least direct arts organisations to others who can help.

R3.8 Support for marketing consortia

ACE should scale up its support and encouragement for consortia that can benefit from combined economies of scale, consolidated customer data, shared specialist skills, and the ability to procure and manage more sophisticated technology.

Q3. How could ACE best encourage arts organisations to develop consortia to share functions like ticketing and to share customer data for marketing purposes?

Many small- and medium-sized ACE organisations have sufficient capacity and skills only to cover the very basics of digital marketing. While for some organisations this will be adequate, there will be many opportunities that a more formal collaboration of local organisations might unlock.

It is tempting to assume that the main competition for arts and cultural organisations is other organisations in the same sector. In fact, the sternest competition is for people's leisure time and disposable income is more likely to be from online entertainment such as Netflix or from other commercial venues such as pubs and cinemas.

We think there is a significant opportunity for arts and cultural organisations to work together to gain a larger market share for arts and cultural activities. Consortia could be based around a particular region although need not be confined by place. By working in groups, organisations can achieve benefits of scale and sharing of resources. For example:

- Savings through better procurement
- Shared customer data that allows better intelligence, cross-selling and upselling
- Shared functions like ticketing – and the possibility of innovations such as yield management
- Collaborative buying (e.g. advertising)
- Shared specialist skills
- More effective local policy development and lobbying

We endorse ACE's support for the Ticketing Network East Midlands, which is now successfully sharing digital ticketing infrastructure. ACE should continue to lead and support more speedy development of these relationships to deliver value to individual organisations, and ultimately a better product to the end customer.

Consortia are typically developed by businesses where there is an opportunity to create mutually beneficial assets or information available to their members, or where there is a need to spread the risk of innovation across many businesses in return for product development that can benefit all the members. In the case of arts organisations, both apply.

Ticketing Network East Midlands is a company founded by consortium members Lakeside Arts, Theatre Royal Concert Hall, Nottingham Playhouse and Dance4. The members of the consortium have outsourced all their digital ticketing and CRM to this consortium, which has been able to procure and manage ticketing and CRM technology (Tessitura), allowing them to compete strongly for customers in and around Nottingham. The technology consolidates online, box office and telephone sales, and enables consortium members to sell directly from their own websites.

In the US, many small- and medium-sized businesses are members of the Independent Buyers consortium, which has an overall buying power of over \$1bn. This offers very significant savings on purchases, many of which are for ICT and digital technology. The group also offers aggregated services to members, such as energy buying and accountancy consolidation.

'Accelerators'

R3.9 Digital marketing 'accelerators' and collaboration fund

ACE should create a series of 'accelerators' (mirroring a style commonly used in the business startup community) to rapidly improve the execution of digital marketing through sharing of knowledge and funding of practical development.

This could encourage collaboration between large and small organisations, businesses and regional arts organisations. There are two possible formats that could work separately or in parallel. We recommend at least one of these be adopted:

R3.9.1 Regional ‘accelerators’

Regional ‘accelerators’ would combine local facilities such as college ICT suites with support and mentorship supplied by local businesses. Where appropriate they might be led by a large arts organisation in the region.

‘Accelerators’ could function in a number of ways. In the startup world, ‘accelerators’ often physically host people or organisations taking part. More practicable might be to host a marketing team for a day per week over a particular period. The teams would use this opportunity to gain expert mentoring and support to help them improve the success and efficiency of their operations and campaigns.

Such a scheme would benefit from funding to support the best ideas generated within the ‘accelerator’ meetings (see R3.9.2).

R3.9.2 Digital marketing collaboration fund

Collaboration funding would encourage proposals for practical projects that bring together digital marketing specialists from organisations that have them (most likely national and larger regional organisations) with smaller organisations where those functions are less developed (most likely smaller regional or local organisations).

This funding could follow a similar model to the [Digital R&D Fund for the Arts](#) (which delivered eight pilot projects through partnerships between arts and cultural organisations, technology providers and researchers) but with a much tighter focus on digital marketing.

The funding criteria of this new fund would need to be very specific to ensure projects define clear, practical outcomes rather than more general innovative research and development (which is highly valuable in a different context).

An example could be a national organisation (e.g. Tate) applying for funding to reversion some of its digital assets (e.g. [The Tate Guide to Modern Art Terms](#)) so they could be customised by regional or local galleries (e.g. members of the [Plus Tate](#) network).

The lead partner could include its own branding to gain credit in exchange for sharing tools with regional or local galleries that would otherwise not be able to provide such services. There would be opportunities for cross-fertilisation of audiences as well as knowledge and data sharing.

Such a funding scheme would benefit from careful guidance in the form of monitoring from other experts that could be achieved through the regional ‘accelerators’ described previously (see R3.9.1).

The [REACT](#) fund (Research and Enterprise in Arts and Creative Technology) provides a useful reference model for collaborative funding.

4. Approaches, skills and resources

This section describes areas where new approaches, skills and resources could deliver particular value for ACE and ACE organisations. In particular, we focus on data driven decision making, which is the foundation commercial digital marketing.

In many areas, some resources already exist – primarily via CultureHive and the AMA. In cases where new resources are recommended, these could be distributed through either or both channels. In some cases they may also be appropriate for the ‘Lean Digital Marketing Academy’ proposed in the previous section.

Q4. What levers can ACE use to disseminate recommendations about best practice in order to drive speedy take-up?

R4.1 Clearer editorial structure for CultureHive

CultureHive is an excellent collection of resources, and would be made even stronger if given more structure. For example, in addition to the search facility, it would benefit from a set of key themes around digital marketing and the highlighting of areas in which new resources need to be commissioned or sourced.

CultureHive should include more resources from outside the arts and cultural sectors. There are some helpful reference materials that could be used for inspiration (e.g. from [SoDA](#) and the [Digital Marketing Consortium](#)).

We understand AMA is now working on revising the editorial structure for CultureHive to include themes across all areas of marketing and audience development. This work will be extremely valuable

Conversion rate optimisation (CRO)

R4.2 Conversion rate toolkit

ACE should commission a toolkit of resources to ensure that ACE organisations have access to the skills and knowledge to optimise their conversion rates on digital channels. In particular, intelligent use of A/B testing (where changes are tested for effectiveness against a control group, allowing rapid iteration and improvement) is essential and currently under-used.

As users progress through different stages of the relationship with an organisation (e.g. from interested bystander to membership, or from email recipient to purchaser) digital marketing will support that conversion process. At each stage, digital marketing techniques will be used to increase the conversion rate.

There are many commercial examples of companies using CRO to increase engagement and/or revenue:

The \$300m button – how changing the text on a button from ‘register’ to ‘continue’ made the difference of \$300m in sales to an e-commerce company (see [case study](#)).

[Top Cashback](#) – worked with an agency to increase conversion by between 17% (on the homepage) to 74% on other key pages (see [case study](#)).

The Obama campaign 1 – very focused on optimising its digital channels during the early stages of his first nomination (see [case study](#)).

The Obama campaign 2 – digital techniques also played a big part in his re-election, which used many of the approaches outlined above, combined with very intensive analysis of social media usage data on tens of millions of individuals (see [case study](#)).

The following should be included in the toolkit:

- A/B testing toolkit. Including description and direction of necessary technology
- ‘How to’ resources (e.g. [A/B testing](#), [copy optimisation](#), [usability testing](#), [reducing checkout friction](#))
- Boilerplate brief and evaluation criteria for CRO procurement
- Other useful resources (e.g. [introduction to CRO](#), [user testing networks](#))
- The best blogs (e.g. [Kissmetrics](#), [CRE](#))

Optimising the capacity for digital channels to convert visitors to registered users, members or customers is where some of the easiest gains can be achieved in digital marketing.

The reason is simple: getting people to a website (e.g. via advertising) is very expensive compared to getting people already on your site to convert. According to MarketMotive (2011), companies in the US spend on average \$92 to get customers to their sites, but only \$1 to convert them.

We understand the AMA has recently commissioned a resource covering return on investment (ROI). As this is not yet available we cannot comment on whether it covers all the points in this recommendation.

Agile digital marketing

R4.3 Agile marketing toolkit

ACE should commission a toolkit of resources to support an agile approach to digital marketing. It should also strongly encourage marketing teams to include a technologist. ACE could deliver this as a key component of the ‘Lean Digital Marketing Academy’ or make additional resources available through CultureHive.

There is some crossover here with our earlier recommendation for a ‘Lean Digital Marketing Academy’, which would deliver a range of similar resources. However, we

include this specific recommendation again as the toolkit described here could exist without the Academy being established.

To be successful in CRO and other approaches in this report, marketing teams must organise their work to respond effectively to change, and embrace technology (and therefore a technologist) as a central part of that. Adopting agile approaches in marketing will enable organisations to shorten the time it takes to create an actionable insight from user data, and hence improve performance of a channel or campaign.

Such approaches are relatively well established in commercial companies but require a radically different way of planning and running campaigns. Campaigns are divided into short ‘sprints’ designed to respond to change, rather than based on lengthy upfront planning. There are many useful online guides to agile marketing available (e.g. [How 3 Brands Use Agile Marketing Tactics](#)).

Agile marketing is highly analytical, relying to a large degree both on collection and timely interpretation of customer data and deployment of appropriate tools (e.g. [Google Analytics](#) or [Crazy Egg](#)). For these reasons, having a technologist available who can query data and manage these tools is increasingly essential.

[News UK](#) has embraced an agile approach to digital marketing. At the Digital Futures 2012 conference, Katie Venneck-Smith implored fellow marketers to ‘marry the technologist’ (see [video](#)).

Partnerships

R4.4 Digital partnership guidelines

ACE should continue to promote a range of digital partnerships within the sector. However, working in partnership is a skill in itself, so ACE should ensure that potential partners have the expertise necessary to negotiate and enter into positive relationships.

In the course of their work, organisations will generally be trying to increase reach, reputation or revenue, or some combination of the three. The easiest partnerships are those in which partners are satisfied to emphasise different criteria, or at least genuinely share.

In the arts and cultural sector, in which participants are frequently driven by credit, one of the barriers to successful collaboration is the sharing of limelight, whether with the public or perhaps a government department.

Another benefit of partnerships is ready access to a new audience. In the digital world this can also be achieved with cross-promotion through selected partners’ email membership lists (so-called ‘solus’ emails).

We observe organisations entering into collaborations that do not themselves have sufficient experience of successful partnerships to know clearly enough what success should look like.

Without good models, it is hard for them to foster a positive and symbiotic relationship. Just as the children of stable marriages are more likely to have successful relationships of their own, these organisations would benefit from having seen, and preferably participated in, good partnerships.

ACE can encourage successful partnerships through the way it funds projects and the types of projects it funds. This can be achieved through the recommendation to set up digital marketing ‘accelerators’ and collaboration funding (see R3.9).

Free and low cost tools

R4.5 Free digital marketing software checklist

ACE (or its partners) should publish a list of free or low-cost digital marketing tools. The value of this list could be improved by allowing ACE organisations to review or comment on them.

There is a huge range of digital marketing tools available, many of them free. A list of those that can be used for different types of task, and an idea of their effectiveness would be an excellent resource, especially for smaller organisations that don’t have the time or expertise to carry out careful testing.

In order to keep such a resource current and meaningful, comments and ratings by ACE organisations would add value. There are several existing articles that could be used as a starting point (e.g. [14 tools that reveal why potential customers abandon your website](#) and this infographic [all about social media monitoring](#)).

The types of tools included would be:

- Online analytics tools (e.g. [Google Analytics](#))
- Emailing and CRM tools (e.g. [MailChimp](#), [Highrise](#), [Salesforce](#))
- Usability (e.g. [Crazy Egg](#), [Clicktale](#), [SurveyMonkey](#), [Qualaroo](#), [UserTesting.com](#), [WhatUsersDo](#))
- Social media monitoring (e.g. [HootSuite](#), [Social Mention](#), [Wildfire](#))
- Customer support (e.g. [UserVoice](#), [Zopim](#))

This resource could also include or refer to an objective assessment of other important digital tools such as:

- Content management systems (e.g. [The CMS Matrix](#))
- CRM systems
- Box office and ticketing systems

Automating customer follow-up

R4.6 Customer follow-up automation toolkit

ACE should encourage organisations to make full use of digital tools to automate follow-up, as this is one of the most effective ways to maximise conversion. This could be delivered as an online resource and/or as part of the ‘Lean Digital Marketing Academy’.

One of the basics of CRM is to make sure that new customer prospects are followed up. This can be time consuming if not automated, but that automation can entail a significant investment. However, there are also some relatively simple ways of doing it using free or cheap tools such as MailChimp and Sales Force.

One web services company has implemented the following process using Sales Force and MailChimp, triggered by a new customer signup:

- Day 1: signup welcome mail
- Day 3: sales manager emails every trial user asking if s/he needs help or wants a demo
- Day 23 (7 days before trial gets over): an automated mail telling that trial is about to get over
- Day 37 (7 days after trial gets over): a mail asking for feedback on why customer didn't upgrade their plan

The company has multiple touch points with the potential customer, not just one. This has significantly helped its business because people often sign-up for a trial and then get distracted or sometimes don't remember that they signed-up at all.

Storytelling

R4.7 Story-based campaign competition

ACE should create a competition for story-based campaigning that specifically encourages innovation in the use of digital content to drive engagement and conversion. ACE organisations could be part of the competition, which would be judged on a combination of metrics and innovation. Winners would receive cash prizes to invest in new campaigns.

Commercial companies spend large amounts of time and money developing compelling stories. Most arts and cultural organisations have ready-made stories but the challenge is how to tell them digitally in a way that makes people engage with them. By developing the skills and examples through a competition, ACE would be stimulating the exploitation of organisations' most valuable assets – their stories.

Commercial and campaigning organisations (e.g. charities) are experts in using story content to drive conversion. Here are two very different examples:

Coca-Cola's Liquid & Linked campaign provides a glimpse into the thinking of this corporate behemoth explaining in detail how its marketing strategy is based around involving its customers deeply in its campaigns (e.g. through user generated content and other feedback loops). In a cunning virtuous circle, the presentation itself is part of the same strategy (i.e. by telling people in detail how its marketing strategy works Coca-Cola is reinforcing the story of openness and inclusivity).

Purpose.com is a digital campaigning organisation that specialise in stories to generate digital action. Its GetUp! video was for a while the most popular film on the whole of YouTube. The campaign was part of a clever strategy – by creating a viral video, it raised a lot of money which it then spent on TV ads that were effective in lobbying members of Parliament on an upcoming vote.

5. Metrics

Successful use of metrics

R5.1 Measuring the right things

It is imperative that whatever metrics are collected truly measure success (e.g. the number of page views on a website is not necessarily a measure of success). ACE must ensure that any new metrics it requests or suggests are tailored to the real goals arts and cultural organisations are trying to achieve. ACE should also ensure that any recommendations to gather and share more data come hand-in-hand with training and support on how that data should be used.

Culture 24's Let's Get Real report has done an excellent job of starting this debate. But for digital marketing, even more clarity is required on what should be measured and why.

Supermarket chains and online retailers do not look at page views as their primary metrics. Instead they look at sales, because these are central to their success and sales may be unconnected to page views. Most commercial organisations focus on measuring an end goal, even if that end goal isn't completed online (e.g. Did the user pick up the phone and buy insurance through us? After the user downloaded the voucher did they actually visit the restaurant?).

For arts and cultural organisations the situation is more complicated as they are concerned with engaging people with something that is often intangible and may involve no transaction at the end. While the measurement of 'how many people were engaged' is relatively easy, the measurement of 'how engaged people were' is more complex. Real engagement is far harder to measure than sales.

The most important measures for arts and cultural organisations are likely to be of the following types:

- Audience size
- Audience engagement/satisfaction
- Overall cost
- Cost per person reached
- Perceived value for money
- Credit with key stakeholder groups
- Number of supporters/recommenders

The easiest of these to measure are quantitative which we explore next (see R5.2 and R5.3). The hardest to measure are qualitative which we explore at the end of the chapter (see R5.4).

Short term and longer term goals

Commercial digital marketing groups ensure they use dashboards and metrics very frequently in order to adjust their services. The management of supermarkets and many commercial broadcasters examine, analyse and discuss their user data at least daily. This rigour doesn't always come easily to arts and cultural organisations that historically may be more used to one-time publishing or display.

While arts and cultural organisations clearly need to improve the quality and amount of data they gather, there is a real danger that amassing data becomes a goal in itself for organisations that are not equipped to analyse it and use it effectively. While there could be great benefits derived from mining 'big data' these should not be sought at the expense of collecting, understanding and using more focused datasets.

We think that the greatest returns to the sector in the short and medium term will come from better application of the techniques we have outlined in this paper, rather than attempting to be at the cutting edge of large-scale data-mining. However, as new techniques become mainstream, they should be considered and adopted on a case-by-case basis, possibly using partners to reduce financial risk.

Top line metrics

R5.2 Digital marketing KPIs

ACE should publish a set of recommended metrics that organisations can use for digital marketing key performance indicators (KPIs). These could then be shared as benchmarks with other organisations within the arts and cultural sector. A palette of standardised metrics from which individual organisations can select the most appropriate is sensible.

We haven't suggested using digital marketing KPIs to benchmark with other organisations outside the sector as our experience is that commercial organisations will be unwilling to share this data (as we highlighted in our initial proposal for this work). However, there

could be an opportunity to share comparable data with the Association of Leading Visitor Attractions (ALVA) that should be explored further.

Organisations that have professional digital marketing operations measure a variation of the following metrics. Generally speaking, these are best represented as charts over time in order to show trends.

Entry points

- Total number of people viewing main converting platforms (e.g. Facebook, mobile app, website)
- Average email open and click through rates

Acquisition

- Cost per acquisition (CPA) – measures cost to acquire new user from paid advertising
- Effective CPA (eCPA) – actual cost of acquiring new users
- Average customer lifetime value (CLV) – a benchmark that is important in order to sense check eCPA (because for a sustainable model, customer lifetime value must be greater than eCPA)
- Viral coefficient – proportion of new customers that come from viral techniques. Viral marketing, as its name suggests, has been inspired by epidemiology, and includes:
 - Maximising the number of contacts
 - Maximising the likelihood of passing a message on (maximise contagion)
 - Reducing the time taken to pass it on (minimise incubation period)

Conversion and sales

For the following metrics, channels might include email, Facebook, paid advertising and search:

- User registration
 - Average conversion by channel
 - Average conversion rates by both new and returning visitors
- Sales
 - Average conversion by channel
 - Average conversion rates by both new and returning visitors
- Average order size
- Gross margin by channel (if available)

Churn

- Bounce rate (number of people leaving with only one page view, for homepage and main landing pages)
- Unsubscribe rate by channel

Engagement

- Covered in detail in Culture24's Let's Get Real report

We understand some work is already underway looking at top line metrics (e.g. the AMA has recently commissioned a resource covering return on investment that will touch upon these points). However, we believe producing a palette of standardised metrics is key, so ideally the work would be led, or at the very least actively promoted, by ACE itself.

Management metrics

R5.3 Digital marketing operational metrics

ACE should publish recommended approaches and metrics for digital marketing teams to manage their day-to-day operations.

ACE organisations will all have slightly different needs in terms of management metrics, and therefore a completely standard set is not appropriate. At the very least, top-line metrics will be required and in many cases more detailed metrics will also be useful for optimising performance and fixing problems.

The tools and processes needed to collect these metrics have not been covered in detail in this report, although some tools are mentioned in the section on freely available software.

The following table shows a model for conversion metrics using Dave McClure's five step Startup Metrics for Pirates (acquisition, activation, retention, referral and revenue or AARRR! for short). It also shows average conversion rates at each stage:

Category	Status	Conversion	Value
Acquisition	Visits site	100%	£0.00
Acquisition	Doesn't abandon (e.g. visits 1+ page)	70%	£0.05
Activation	Happy first visit (e.g. X pages, Y seconds)	30%	£0.25
Activation	Signs up to anything that could lead to repeat visit (e.g. email alert)	5%	£1
Activation	Registers for account	2%	£3
Retention	Opens email and clicks through	3%	£2
Retention	Repeats visit (e.g. 3+ visits in 30 days)	2%	£5
Referral	Refers 1+ user who visits the site	2%	£3
Referral	Refers 1+ user who goes on to activation	1%	£10
Revenue	Generates minimum revenue	2%	£5
Revenue	Generates break-even revenue	1%	£25

We recognise that some of this work is now under way within TAA projects.

R5.4 Qualitative ‘appreciation’ metric

ACE should propose a qualitative ‘appreciation’ metric for the arts comparable with the Appreciation Index (AI) used for television, Pulse score used for radio and National Passenger Survey score used for the railways. This should be digitally implemented to minimise costs.

Such an index would need to come with all the caveats of the broadcasting AI but would provide a useful guide and benchmark, and a more effective alternative to the pervasive practice of inappropriately tracking website page views.

Satisfaction surveys on a digital product or service can be useful, but these work best when audiences are sufficiently large to give statistically valid results. A small arts organisation might struggle to meet their need for, say, 500 survey completions. Asking every single visitor to complete a survey damages the user experience.

As we highlighted earlier, much of the development in the area of customer data acquisition is being driven by retail, with shopper tracking systems and services being developed by Intel, Ipsos MORI, Moxie and ShopperTrak, among others. Emerging techniques include ‘gaze’ tracking to monitor which brands shoppers are looking at and for how long.

Simpler devices that work for many other organisations invite customers to press a single button to submit a satisfaction rating asking the simple question ‘how do you rate your experience?’ Such systems are often used at airports, cafes and other service industry outlets. The score from such systems can provide a useful measure although the level of insight it provides is minimal.

A more practical option for smaller arts organisations is a digital equivalent of the model described above which can be run via email or through an app. This could be combined with the in with the digital loyalty scheme described earlier in this report (see R2.6) whereby a representative sample of known visitors to arts events and venues are asked to rate their experience immediately or shortly afterwards.

For television, the Broadcasters’ Audience Research Board (BARB) compiles detailed quantitative ratings based on viewing in approximately 5,100 homes, equating to roughly 11,500 individuals. Meanwhile, qualitative information is collected as an Appreciation Index (AI) score as part of a television appreciation survey run by GfK NOP for the BBC Audience Research Unit. Similar data is collected for radio through the Pulse panel of 20,000 UK adults.

For railways, Passenger Focus (the independent passenger watchdog) consults over 50,000 passengers a year to produce the National Passenger Survey – a network-wide picture of passengers’ satisfaction with rail travel. Passenger opinions of train services are collected twice a year from a representative sample of journeys.

Such data is costly to collect but provides useful examples of qualitative information that could be gathered for the arts.

6. Emerging techniques and technologies

R6.1 Visibility of emerging techniques

ACE should ensure the arts and cultural community have a broad understanding of emerging techniques and that there is a critical mass of people in ACE organisations with specialist knowledge. This could be achieved through the digital marketing ‘accelerators’ or the ‘Lean Digital Marketing Academy’.

Digital marketing is constantly evolving. While some of the following techniques and technologies have been around for some time, they are becoming more commonly used by commercial organisations in other sectors, and offer significant potential for arts and cultural organisations.

However these technologies will not be appropriate for all organisations, and being able to make an evidence-based assessment of the costs, risks and benefits will be important in each case.

Ticketing – yield management and secondary markets

Ticketing is an important part of the business operations of many ACE organisations and provides a major sales opportunity. However, commercial activity is not the core focus of most arts and cultural organisations, unlike for example airlines which are focused on generating revenue on behalf of shareholders above all else.

There are two particular areas of ticketing innovation relating to digital marketing: yield management and the secondary ticket market.

R6.2 Revenue management reporting tools

ACE should consider developing and promoting a standardised set of specialised revenue management reporting tools. This would enable a larger number of organisations to benefit from revenue management of tickets.

Yield (or revenue) management is the ability to vary pricing of a limited asset based on market demand. It is a technique that has been used extensively by many businesses from British Airways to Avis car rental.

The benefit is that supply responds to demand, thereby maximising price when demand is high, and maximising unit sales when demand is low. In addition to maximising revenue, this technique can also be useful in developing new audiences (e.g. student audiences respond favourably to lower priced seats).

Application of this principle to ticket sales is not new. ACE commissioned the book ‘Boxing Clever: getting the most out of the box office’ as far back as 1993. More recently, this book has been re-issued as ‘Full House: turning data into audiences’ with an [accompanying website](#).

However, the number of arts and cultural venues that have deployed these techniques is still relatively small. The main reasons are:

- Cultural – increasing the price of the most expensive seats for a popular show can be controversial
- Subjective quality of product – whereas the value of different airline tickets can all be codified, the success of a show is much more difficult to evaluate algorithmically
- Size – significant investment is required to make this model work, and hence only viable for larger organisations or consortia (see R3.8); success also depends on constant interpretation of sales data

Revenue management will not be sensible for smaller organisations, but there are two things ACE can do to make the benefits of yield management available to a larger set of organisations:

- Develop specialised box office reporting
- Encourage ticketing consortia (see R3.8)

Some of the leading theatres in the UK use dynamic pricing for many of their shows. This involves creating a zoning system for each show to vary the number of seats available within each price bracket. Customised reports analyse box office sales against expected booking curves so the zones can be reconfigured dynamically based on demand.

R6.3 Secondary ticket markets

ACE should engage with secondary ticket markets to ensure a good deal for venues.

Secondary ticketing markets such as Seatwave are now major players in the ticketing world. As these marketplaces are here to stay, ACE should engage actively with these companies to ensure that arts and cultural organisations are well represented, and that they get the best possible deals from these marketplaces.

Seatwave is Europe's largest secondary ticket marketplace with over three million tickets on sale at any one time including those from many ACE organisations. Market research shows this marketplace is popular with ticket holders, with 57% agreeing or agreeing strongly that if they bought a ticket they should have the right to sell it, and 73% disagreeing or disagreeing strongly with the statement that 'tickets should only be used by the person who originally bought them, and never resold or returned if they can't make it to the concert'.

Other ticketing markets

There are other emerging digital possibilities for distributing unsold tickets, which may be beneficial for ACE organisations to be aware of and engage with.

Yplan bundles tickets that are unsold on the day of the event, and sells them on to its network for people who want to discover new opportunities for entertainment. It currently operates in London and is about to launch in New York.

Viral marketing

Viral marketing is not at all new but it remains the most cost effective way to reach new audiences because the cost is not per customer. The ‘viral coefficient’ is a measure of how effective an organisation is at viral marketing, and measures the ratio of paid to non-paid acquisition.

Fab.com engineered one of the most successful viral launches of recent time. Re-launching its website, it decided to use a credit system whereby users could earn a further credit on its site by inviting other people to join. Combined with its new offer based on passionate interest in good design, this resulted in every member inviting an average of three other users. 50% of its new members came from this viral ‘member invite member’ scheme. In the first 30 days, this equated to 50,000 new members, and after the first three months over 500,000 people had been invited.

Profiling, targeting and retargeting

New digital marketing tools and networks are making it increasingly possible to target paid advertising more accurately, to re-target those who have started but not completed a transaction, and to profile existing audiences to deliver the right communications.

These tools can be incredibly effective and are used extensively by commercial organisations in other sectors that want to reduce their cost of acquisition and improve the take-up of their services. However, in most cases these techniques only become effective above a certain critical mass of users.

For example, retargeting serves the same advertisements to an individual as they surf across multiple websites. The adverts could be for an ecommerce site where a user has previously added something to their basket but not completed the transaction. By reminding people about products and services in this way it is possible to increase the number of transactions that are completed.

But the economics of deploying such a service only make sense if you have large numbers of people adding things to their baskets each day. These approaches may therefore work well for groups of organisations working in consortia, but are unlikely to be effective for all but the largest organisations if working individually.

Crimtan provides a profiling technology that delivers advertisers with targeted advertising and prospecting for new customers. It works across retail, travel and finance clients, and has almost doubled the click-through rate from adverts for clients using its service.

Reactive design for web and mobile

The growth of mobile platforms for digital marketing is well documented, and continues to underline the case for organisations to offer mobile as a platform to their users.

In a recent study by affiliate network Affiliate Window, it was found that clicks from mobile platforms have increased from 2% to 19% (or 1.8% to 11% excluding tablets). This means that organisations working with mobile optimised platforms achieve much better conversion. For example, in the gift market a retailer with mobile optimised site achieved 5.3% conversion from mobile users compared to a retailer without an optimised site achieving only 1.3%.

Reactive design (i.e. design that is coded to react to the platform on which it is displayed) has become a fast growing field. However, it can be costly so it is important for organisations to be clear about the business case for its use. It is another example of a technique that offers potentially significant benefits to those working in consortia.

O'Neill demonstrates how reactive design can work in this [case study of clothing conversions](#).

Big data

The comprehensive report [Counting What Counts](#) by Anthony Lilley with Professor Paul Moore covers the potentially great benefits and challenges of 'big data' in detail. It also highlights that many arts and cultural organisations are less advanced in their use of data than their commercial counterparts in other sectors, with most operating within what it describes as a 'Data 1.0' mode of working in 'not making the most of even their existing data'.

Taking a data driven approach to decision making is at the core of the recommendations in this report, and 'big data' analysis provides opportunities to build on these approaches to deliver potentially valuable new applications (e.g. predictive analysis of demand using information from other events).

However, we think that the greatest returns to the sector in the short and medium term will come from better application of the techniques we have outlined in this paper, rather than attempting to be at the cutting edge of large-scale data-mining. As we touched upon earlier it's particularly important to fully understand what metrics can tell you before expending the cost of measuring and analysing them.

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Mike is digital entrepreneur and strategist. He recently co-founded Commonplace, a digital tool for communities and property developers. He is a member of international charity ActionAid's Digital Advisory Board, the UK Parliament's Advisory Council on Public Engagement, and an external advisor to Westminster University. Mike led business development at Artfinder.com, and was Director of Digital Media at the Royal Botanic Gardens, Kew, where he wrote and implemented their digital strategy and delivered a suite of products to promote, connect and sell their work.

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About Thoughtsmith

Thoughtsmith is a network of consulting professionals who work with government departments, arts and cultural institutions and other large organisations to develop digital, creative and business strategy.

We help to translate strategy into practical delivery by designing innovative new services to engage hard-to-reach groups and by making existing services more exciting, cheaper or more sustainable.

Thoughtsmith's main areas of activity are arts, culture, education and science. In addition to strategy and service-design, we work at the most senior levels and with the utmost discretion as advisers, facilitators and critical friends.

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CREATIVE THINKING FOR A CONNECTED WORLD

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