The More You Know: Incorporating Data and Research to Limit the Risks of Producing on Broadway

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I. Introduction

What defines a commercial Broadway success? For the purposes of this thesis, it is defined as a commercial Broadway production that, at the very least, recoups its capitalization and at the most, consistently returns a profit to its investors. A true commercial Broadway success in today’s theatrical landscape has become more of a rarity than a given, a fact that I find troublesome. The aim of my thesis is not to propose a formulaic solution to ensure commercial success on Broadway—that would be futile and given the ever-changing variables impacting success, next to impossible. More realistically, I aim to explore what more can be done to better ensure the health and future of the commercial Broadway industry through the thoughtful and well researched marketing and positioning of its theatrical offerings.

As an avid theategoer, theatre lover, and producing student, I am perplexed by the “science” (or lack there of) behind producing theatre commercially on Broadway. Shows come and go and the theatrical landscape is in constant flux. Some shows, like *The Phantom of the Opera* or *The Lion King*, become Broadway-mainstays while others open and close in the blink of an eye. There are many factors that contribute to the ultimate commercial success or failure of a Broadway show. Whether it is the timing of its opening, the outcome of reviews, or the hype and relevance of the subject matter, there is no clear cut formula to ensure a financially successful commercial Broadway run. Regardless of their outcome or longevity, the one thing these shows all have in common is some form of a crafted marketing strategy.

Regardless of a show’s marketing strategy, is the show in question something ticket buyers want to see? Investigation and market research can help a producer figure
that out before putting in years of time and energy, and spending millions of dollars mounting a Broadway-scale production. For example, Broadway-bound shows that originate from source material, such as book or movie, and remain as true to the source as possible, are ideal to be tested in order to understand if audiences want to see this story as a staged production and will in fact buy tickets. Today, many of Broadway’s titles originate from [and relatively faithfully reproduce] previously known sources and some good examples of this are *An American in Paris, The Lion King, Wicked, School of Rock* and *Waitress*. Revivals are also strong testable candidates to see if there is demand or interest in seeing the title back on Broadway. Some shows however, such as *Hamilton* and *Fun Home*, originate from an existing source but significantly transform it, taking on a life of their own; if these ideas were tested, the would probably say they should never see the light of day. On paper, a show can sound outlandish or unappealing to the typical theatergoer and would not benefit from market research. For example, the idea of Mormon missionaries travelling to Uganda and singing about taboo and racy topics while explicitly and borderline offensively exploring the nature of the Mormon faith does not sound like it would be a smash hit with international tourists or women in their 60s from Westchester. Nevertheless, *The Book of Mormon* has turned into one of Broadway’s greatest successes of the last decade and continues to make money week after week.

Investing in a Broadway show is a financial risk like any other business venture and investors must contribute knowing that they will most likely not see a return. Through my time working in Broadway production offices and as a Theatre Management and Producing student at Columbia, I have become increasingly concerned for Broadway’s current and future financial health and well-being. While producers and
investors have come to accept this high-risk ideology, I believe the high rate of failures and instability will eventually leave investors sour on Broadway and they will take their financial interests elsewhere. I seek to explore and analyze what more can be done at the outset to sharpen strategic planning and strengthen the understanding of the ever-changing theatrical landscape.

It is essential for producers to answer several important questions when developing a Broadway-bound production: 1) Do theatergoers want to see the show? 2) When you are in the process of creating and developing your production, how do you strategically position your show? 3) How do you initially sell the concept and continue re-tooling its marketing and selling points throughout the life of the production? As producer Lorenzo Thione aptly explains, “If you have a choice to make, there is either a better choice or the two options are equivalent. If there is a better choice, data will show an increased likelihood of making the better choice over experience or a gut feeling.”

Theatrical producers should incorporate methods of testing, research, and both qualitative data and quantitative data into the developmental process of a production’s marketing and strategic positioning. These practices will provide more accurate measurements of their product and their audiences, which will in turn limit the risk of commercial failure on Broadway and create a more sustainable industry overall.

In Chapter One, I will explore the current Broadway landscape, as we know it. In Chapter Two, I will uncover why data and research is so important and how it can elevate business outcomes in the world of commercial Broadway theatre. In Chapter Three, I will take a look at what data is currently available, being collected, and what we as theatre professionals should be applying to our producing methods. In Chapter Four, I will
explore how to test and collect data effectively, at what point in the process data should be collected, and how we must think like ticket buyers in order to optimally appeal to them. In Chapter Five, I will explore industries outside of theatre to provide perspective on how data and research are viewed and valued and what more we can be doing to benefit overall. In Chapter Six, I will investigate New York City’s preeminent theatrical marketing and advertising agencies and gleaning their perspectives on best data collection and testing practices and their experiences working with market research on some of Broadway’s biggest shows. In Chapter Seven, I will explore the mindset of the Broadway investor and their perspectives on data and research in relation to their investing experiences and their position on continuing to invest. In Chapter Eight, I will look at the challenges and expenses of gathering data and properly implementing it into a strategy, despite these obstacles.
Chapter One: The Current Broadway Landscape

My desire to further explore this topic came out of my frustration for how many commercial failures Broadway sees each season. According to a 2015 article in the New York Post, “The Great White Way flows red for four out of five musical shows, according to top Broadway producers…Broadway musicals typically take years to produce and tens of millions of dollars to mount, with 80 percent commonly bleeding red ink.”\(^1\) Odds like this are not representative of a healthy and sustainable industry. Producer Ken Davenport and his associate Dylan Jarrett conducted a study,\(^2\) analyzing Broadway’s commercial successes from 1994-2014, that also came to a similarly dismal conclusion – some 21 percent of musical shows recouped their costs while 79 percent did not. The study revealed a few other industry trends as to what factored into Broadway successes over the last 20 years. Of the 21 percent of shows that recouped, 81 percent had Caucasian protagonists, 53 percent were adaptations, 44 percent were based on movies, 50 percent opened in the spring, 9 percent are about kids aged 13-17 and 78 percent are about adults 18+.

While these may just appear to be statistics at random, I view them as valuable industry insight that can assist in projecting future trends and creating more successful productions overall. I am beginning my thesis with pieces of this study to demonstrate the kind of data and support I believe commercial producers and their marketing teams should be employing in their everyday routines. While I understand theatre is an artistic

\(^2\) Ken Davenport, “Sure, These Broadway Shows Recouped! But, Why? A By the Numbers Infographic”, The Producer’s Perspective,
creation, the ultimate goal on Broadway is turn a profit. Comprehending and updating our understanding of industry trends can make all the difference in producing a successful Broadway show and keeping it afloat until recoupment, or better yet, for years to come.

In understanding the theatrical landscape and data’s potential impact, I have decided to break it down into categories of shows that makeup a typical Broadway season. The two major categories are straight plays and musicals. In further breaking this down there are known-source musicals (adapted from a previously known title or source material e.g. *The Phantom of the Opera, Beautiful, Finding Neverland*), transformative musicals (transformative in nature or conceptually odd on paper e.g. *Hamilton and Fun Home*), wholly original musicals (e.g. *Something Rotten and Bright Star*), and musical revivals (e.g. *The Color Purple and Fiddler on the Roof*). For plays, there are known-source plays (e.g. *The Curious Incident of the Dog and the Nighttime*), wholly original plays (e.g. *The Humans*), play revivals (e.g. *The Crucible*), and to further break it down, star-driven limited run plays (either known-source, original, or revival e.g. *China Doll or The Elephant Man*). These categories are not mutually exclusive and some shows can overlap one or more categories. Of all the categories listed above, data and market research would be most beneficial on known-source musicals, wholly original musicals, musical revivals, known-source plays, original plays, and play revivals. Unfortunately, when producing a play, funds are even tighter than when producing a large-scale Broadway musical, which gives producers a reason to shy away from conducting in-depth market research on their plays and resorting to (hopeful) slam-dunk celebrity driven limited runs. On the other hand, these categories lend themselves to more tangible and testable show-specific questions. Whether debunking preconceived notions of
adaptations or revivals or better understanding the barrier of entry for new work, through effective testing and research methods, these questions can be answered and clarified.

Producers have commonly gauged audience response in a variety of non-quantitative ways. In the 1970s, most Broadway shows followed the pattern of an out-of-town tryout, often in New Haven or Boston, and then a transfer to a Broadway house. *A Chorus Line* was one of the first shows to utilize a now-popular development process: beginning with a series of workshops, then developing the show through a number of readings and smaller productions, and eventually opening in a larger house. Other shows such as *Hair* and more recently *Fun Home* and *Hamilton* have transferred from not-for-profit theaters to find great commercial success on Broadway. Shows that develop and come to fruition in front of audiences provide a greater opportunity for the producers to analyze customer response and gather show specific information. Before we had the technology and capability of gathering and analyzing data, an out of town tryout or pre-Broadway workshop in the 70’s left a producer to mostly rely on audience reaction and gut instinct. While phenomenal productions were mounted years before data, testing, and research, these newer tools at our disposal allow us to market a show with more accuracy and a deeper understanding of our target audiences. Today, producers have the advantage of combining audience response with concrete market research to better a show’s chances and elevate outcomes. Producer Hal Luftig did just that when producing the out of town tryout of *Kinky Boots* in Chicago. Not only did he pay attention to audience response, but also he simultaneously conducted market research to best prepare his strategy for the Broadway run. Mr. Luftig’s thoughtful combination of research, both quantitative and qualitative, led to a very successful Broadway debut and a Best Musical Tony win for
*Kinky Boots.* In the ever-changing digital era of the 21st century, our shows are now competing in a vacuum of extensive entertainment and media options that can be as accessible as one tap on a smart phone. Our producing methods must rise to this challenge and use our additional resources to account for and compete for the attention of diverse tourist audiences, local and nationwide audiences, evolving trends, social media buzz, word of mouth, and so much more.

There are many risks when producing a multi-million dollar Broadway production. As producer Steven Baruch says, the theatre is “a feast or famine kind of business.”³ If you invest in a hit with longevity, a rarity nowadays, the returns can be enormous. The greatest risk of producing a Broadway show is obviously a complete financial loss, as Mr. Baruch notes, “The risk is that you’re going to lose all your money, and therefore we (producers) don’t really want people to invest unless they can afford to lose all their money.” Producer and Executive Director of the Broadway League, Charlotte St. Martin, reports that history has shown that over the last 60 years, “only one out of five Broadway productions recoups its investment.” Given that the average financial investment on Broadway ranges from $20,000-$25,000 with a wide-ranging spectrum anywhere from $10,000 to $500,000-$1,000,000, those odds are certainly not in favor of the investor. While you can be an “accredited investor”⁴ or one of 35 non-accredited investors, it does not make the risk any less precarious. Assuming cash flow is

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⁴ “Accredited Investor”: a government-defined term that means a person with income exceeding $200,000 in each of the two most recent years (or joint income with a spouse exceeding $300,000) or someone with a net worth, or joint net worth with a spouse, that exceeds $1 million. Brooke Sopelsa, “The Risks, Rewards and Realities of Investing in Theater”
in the black, investors get back their full investment prior to splitting the profits with the producers. If the show has a low production cost, the initial investment could be paid back very quickly. This scenario is often illustrated by star driven plays with a set limited engagement. Unfortunately, as production expenses continue to increase, with large cast sizes, elaborate sets, and rising operating costs, even a thriving production could take over a year to recoup the initial investment.

To compensate and accommodate for the rising capitalization and operating costs of Broadway productions, ticket prices have been increasing accordingly. For the first time ever, the 2013-2014 season saw Broadway ticket prices on average surpass $100.\(^5\) For the last five seasons, the average price of a Broadway ticket has climbed 34% and, according to producer Stephen Hendel, "At some point, Broadway shows run the risk of pricing tickets beyond the capacity of many potential audiences."\(^6\) Twenty-five years ago, it only took up to six months for a hit to recoup.\(^7\) This upward pricing trend has clearly made it more of a challenge to recoup on Broadway. In addition to the rising costs associated with producing theatre in New York, the advent of dynamic ticket pricing has changed the ticket buying landscape as well. Dynamic pricing allows tickets to be priced at a premium for desirable seats and at a lower cost for less desirable seats, depending on what the market is bearing on a daily basis. There are also shows that struggle with the challenges of trying to survive primarily on discounted tickets. It is near impossible for a

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5 David Ng, “Average cost of a Broadway ticket passes $100 for the first time”, http://www.latimes.com/entertainment/arts/la-et-cm-broadway-ticket-prices-20140610-story.html
6 Stephen Hendel’s assertion in the article, “Average cost of a Broadway ticket passes $100 for the first time”
7 David Ng’s assertion in his article, “Average cost of a Broadway ticket passes $100 for the first time”
show to stay open without a significant number of full priced tickets purchased. Producer Barbara Whitman remarked:

“I experienced the pressure of surviving on discounted tickets when producing *Legally Blonde*. In the past, I had mainly produced smaller-budget shows that kept weekly operating costs low—so this was never a real problem for me. I came to understand that while discounts appeal to consumers and help us fill our theater when we aren’t getting regular or premium priced ticket buyers, it doesn’t help us optimally meet our weekly operating needs and will ultimately force us to close.”

Since *Legally Blonde*, Ms. Whitman has mainly chosen projects that she feels passionate about and that have a smaller budget. She adds, “Once you’ve recouped, if you can at least cover your weekly costs, you can stay around until you hit the stronger weeks of the year.” Any market research or show specific information that could help these productions better target and reach full-priced ticket buyers could really have a significant impact on a show’s trajectory and getting as close to recoupment as possible.

Beyond audience reception, exorbitant expenses, and rising ticket costs, there are other unforeseeable factors that can impact a show’s rise or fall. Some seasons have a strong competitive nature where incoming productions, such as this season’s *Hamilton*, attract a great deal of buzz and anticipation, which can detract attention and ticket sales from other shows, leading them to close early. A current example is this season’s struggling World War II epic musical, *Allegiance*. While speaking with the producer, Mr. Thione, he explained, “We are finding that *Allegiance*’s obstacles in struggling to find an

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8 Whitman, Barbara. Interview. 7 March 2016. All quotes in this section stem from this interview.
9 Whitman, Barbara. Interview. 7 March 2016.
audience are endemic to the season. *Hamilton*, the more hip frontrunner, has many of the same qualities that we do: a new musical with historical roots and a strong message.”

Unfortunately, *Hamilton* striking gold was an unforeseeable factor that has sucked out all of the air for this kind of conversation at another musical outing. As a result, the residual impact places *Allegiance* 3rd or 4th on someone’s list and they therefore will not end up seeing it. Mr. Thione says if he had known ahead of time of *Hamilton*’s prowess, similarities, and that it would be entering the market around the same time, he would have built a show that could run at 2/3 the cost to adjust the show to meet demand in the market place. On the other hand, it took 7 years to build *Allegiance* and 3 years from its world premiere to reach its Broadway run—Mr. Thione was not going to say no to a Broadway house becoming available when some obstacles are truly unforeseeable.

Other factors such as severe weather or world events can impact travel into New York and shift the box office numbers in favor of certain productions. For example, the September 11th terrorist attacks created a significant shift in they types of shows Broadway audiences were looking to see. Regarding 2001’s light-hearted West End transfer, *Mamma Mia!*, David Meyer, a New York theatergoer noted, “It was exactly what we needed…This was not *Who’s Afraid of Virginia Woolf*? time. This was *Mamma Mia!* time.”

Given the various factors contributing to the subjectivity of the arts, which are innately at the foundation of this industry, there is no sure-fire way to ensure any show will make it to recoupment. While this may be so, I am determined to investigate ways to narrow the risk gap and provide Broadway productions with the awareness of

tools at their disposal to have the best chance at reaching recoupment.
Chapter Two: Why Research and Data?

While I do not contend that research and data will be the saving grace of the commercial Broadway industry, I do believe incorporating it more habitually and strategically will create a healthier and more effectively rooted business model. Like many other industries preparing to take their goods to market, more information and a calculated understanding of our products can be the most helpful tools we have. Just this past season, “Total Broadway attendances reached 13,104,078 and Broadway shows yielded $1,365,232,182 in grosses, the best attended and highest grossing season in Broadway recorded history.”[^12] While the overall increase in box office grosses and total attendance sounds promising, that is not saying much for individual productions who fell into the 4 out of 5 failure ratio. Given those theatergoing numbers, ¾ of the Broadway audience consists of tourists with global sensibilities and diverse palates. Their perspectives and ticket buying dollars must be considered when formulating marketing, positioning, and branding strategies. When tourists make up such a large percentage of our ticket buying audience, it makes testing and market research all the more essential in order to understand and reach those segments of our audience. While passion and instinct are key in deciding to invest in a Broadway bound production, I would want to be provided with concrete data as to why the producer believes this show will do well, what strategies are in place to make that happen, and what evidentiary support was gathered to assert such notions. A fully fleshed out breakdown of information and analysis to provide to your team and investors would not only put minds at ease but provide a supported

proposal to keep everyone on-brand and on-board. Data’s innate ability to clearly
illustrate its findings ensures that the whole team is provided a black and white roadmap
as to the show’s current state of affairs, audience perception and response to tested
materials and concepts, and how the team will decide to proceed given this information.
Market research is a unifying ingredient that lights the way for a clear understanding of a
show’s messaging, strategy, and branding.

Through data and research, we can have a better understanding of the product in
relation to the current theatrical market. For example, potential taglines and titles can be
surveyed to gauge what concept will best sell. Testing potential media content, show
blurbs, and art materials can reveal if now is the right time to tell this kind of story. Most
importantly, how the data is used and how and when the research is collected directs how
change can be best implemented. Knowing what information to take into account and
what holds lesser value is key in elevating your production’s outcomes. As Mr.
Davenport likes to say, “If partners can’t agree on a way to go, the data can show you the
way. Data is like a compass, it doesn’t tell you exactly how to get where you want to be.
But it starts you in the right direction.” This data can reveal invaluable insight that can
teach you how to properly navigate your positioning and marketing approaches, both
when your show is opening and further down the pipeline.

In a 2006 *New York Times* article, producer David Stone revealed that he initially
thought *Wicked* was targeting 14-year old girls and held true to this notion over the
course of the show’s lifespan. Mr. Stone’s team eventually reached out to a relatively
new research firm at the time called Live Theatrical Events to find out if the assumption
was true. The firm, springing from Nielsen, of television’s Nielsen ratings, is the product
of a partnership between Nielsen National Research Group, a corporate cousin of
Nielsen’s television-rating unit, and Broadway.com, the ticketing and theater news site.
In a 30-page in depth report, Joseph Craig, the founder of ERM, and his team recounted,
“At six performances in March of 2006, the Live Theatrical Events staff covered the
1,933-seat Gershwin Theater with questionnaires, getting about 6,100 back. That
assumption about all the adolescent girls, as it turns out, was false…in line with typical
theatergoers, audience members were slightly more apt to be 35 and older.”\(^\text{13}\) As the
producer, involved with the day-to-day running of the production, Mr. Stone was shocked
by these findings and gained an entirely new perspective on his production that he
thought he knew so well. He responded to the analysis by saying, “To show something
that flies in the face of what has become conventional wisdom,” he said, “that’s what you
do this (data collection and research) for.”\(^\text{14}\)

In an ideal world, all commercial Broadway producers would allocate a portion of
their operating budgets and capitalization to targeted marketing data and research
collection. Mr. Davenport was quoted as saying, “I will not do another show without him
(Joseph Craig/Live Theatrical Events) in my advertising budget.”\(^\text{15}\) Mr. Davenport turned
to Mr. Craig and ERM’s testing strategies for his show, *Altar Boyz*. As the landscape
changes year by year, it would provide a foundation for producers and their marketing
teams to forge a very strategic and targeted attack to make the most impact with their
production’s entry into the marketplace. Thorough understanding of the product and its
audience leads to educated decision making. As Mr. Davenport asserts, “Broadway is one

\(^{13}\) Campbell Robertson, New York Times, *Nielsen Brings a New Marketing Strategy to
Broadway*, http://www.nytimes.com/2006/08/01/arts/01niel.html.pagewanted=all&__r=0
\(^{14}\) Craig, Joseph. Interview. 9 Nov. 2015
\(^{15}\) Davenport, Ken. Interview. 15 Nov. 2015
of the few businesses on the planet that spends millions of dollars creating its product, but
doesn’t test it beforehand. If we want more successful shows and more successful
marketing initiatives, we need to ask more questions before we launch.”

The concept of “Big Data”\(^{16}\) has become a popular ideology over the last several
years and supports the notion of extracting meaningful value from data that is generated
all around us. While not yet part of Broadway’s vernacular in strategic conversations,
Fortune 500 companies, such as IBM, champion the idea that “Big data is changing the
way people within organizations work together. It is creating a culture in which business
and IT leaders must join forces to realize value from all data. Insights from big data can
enable all employees to make better decisions—deepening customer engagement,
optimizing operations, preventing threats and fraud, and capitalizing on new sources of
revenue.”\(^{17}\) IBM breaks it down by saying the acquisition and analysis of data yields a
competitive advantage, empowered decision making, and the overall value of such data in
ways that were never before possible. These leading organizations find increasing value
in data and testing that they are developing new roles and departments specifically
focusing on analytics and creating new business models to gain the most from big data.

The practice of “Big Data” development to elevate business outcomes should be
just as standard in the world of commercial Broadway theatre. While the development of
“Big Data” application is growing in the entertainment industry, with a 7.7 percent
ranking of programmers dedicated to creating these applications today, it is nowhere near
industries such as Software and Computing (18 percent), Financial (11.6 percent) and

Manufacturing (10.9 percent).\textsuperscript{18} When 38.2\% of all “Big Data” use in organizations today is in customer-facing departments including marketing, sales, and customer service, I cannot help but make the natural connection between these scientific developments and Broadway’s leading marketing teams. Evans Data Corporation’s study went on to say that marketing departments have quickly become the most common users of “Big Data” and advanced analytics applications (14.4 percent). Broadway’s delay in incorporating “Big Data” strategy is most commonly linked to cost and the quickly moving and unreliable nature of the industry and its various moving parts. Such moving parts include, access to available funds in time, Broadway theaters opening up very late or last second in the process, not yet having a marketing strategy or materials in place, and simply not having enough time before opening. These factors allow for less time to plan and allocate funds and resources to this endeavor. While the industry, and individual producers, may recognize some sort of need for increased reliability on Broadway, more action must be taken to fully catch up to other lucrative industries and understand the demand, value, and necessity for more undisputable information through market research.

There have been focus groups and audience surveys on Broadway for many years. While Broadway marketing and advertising agencies, such as SpotCo, Serino Coyne, AKA NYC, and Situation Interactive, incorporate data and analytics, the New York theatre world overall, and some producers specifically, are years behind the other entertainment industries in the way they view data, conduct business, and aim to sustain the industry long-term. Many veteran theatre producers are citing tradition and artistic

integrity as to why they are content with the lack of rigorous marketing research efforts across the board. “I don’t think it’s hugely interesting, and I don’t think everything can be translated into marketing,” said longtime producer Emanuel Azenberg. In the same article, producer Jeffrey Seller similarly states, “It is almost impossible to predict how people will actually respond to advertising…We’re still in a business that is a strange intersection of art and commerce…But all of the great shows have been promoted and created through the gut aesthetic, artistic instincts of the creators and producers.”

Through my findings, I strive to prove to producers, emerging and veteran alike, just how valuable, essential, and reassuring it is to invest in research and data collection, both quantitative and qualitative, when mounting a multimillion-dollar production.

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19 Perspectives from producers who disagree with the need for increased marketing research and analytics, http://www.nytimes.com/2006/08/01/arts/01niel.html?pagewanted=all&_r=0
Chapter Three: What Data is Actually Out There?

Before diving into specific research practices that are currently taking place, it is important to understand what data is currently available and being collected. On Broadway, the two primary ticketing services are Telecharge.com and Tickemaster. When you buy a ticket to a Broadway show, basic personal information about you is taken, processed, and stored for archival purposes and for future use.

I gleaned a great deal from Brian Mahoney, the Vice President of Ticket Sales at the Shubert Organization. From a Theater Owner’s perspective, he explained how much goes on behind the scenes from point of purchase onward and what we are currently learning from our audiences. Right now, he claims the most valuable thing currently taking place on Broadway is surveying customers. More specifically, finding out a) *what they think of the show* and b) *what their impression of the show is having not seen it*. He expressed that, “Oftentimes, learning what their impression of the show is having not seen it can be the most valuable information of all given that it can inform your advertising on a much deeper level, and that can make a difference in ticket sales.”

Mr. Mahoney sites upcoming Broadway musicals, *The Color Purple* and *Tuck Everlasting*, as shows that did such research in advance of going on sale in the form of online surveys to theatergoers to better inform their marketing decisions. Through both an email database and a separate direct mail database, they make it easier for shows to connect with ticket buyers and get answers to these questions. These databases, provided by the theater owners and their ticketing services, allow shows to email the list, or segments of it, and by doing so, reach real theatergoers with questions crafted by their respective advertising

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20 Mahoney, Brian. Interview. 20 Nov. 2015. All quotes in this section stem from this interview.
Mr. Mahoney named *Matilda, Les Misérables, and Hand to God* as shows that have most recently utilized this tool.

Mr. Mahoney shared how Disney learned a great deal about audience and brand perception when they conducted research on their film inspired musical, *Mary Poppins.* Through in-depth research, they learned that the impression of this musical was that it was only meant for children. To address the perception problem of who wanted to see the show, they hired actors to be “live testimonials” and filmed B-Roll expressing how adults can enjoy this musical just as much as their children will. While Mr. Mahoney is a proponent of surveys, he mentions focus groups as being utilized as well. He notes, however, that if the focus group is not made up of theatergoers, then the results have a strong chance of not being as accurate or applicable.

In more detail, Mr. Mahoney described exactly how Telecharge.com collects customer data and turns it into useful insights for shows to turn around and utilize. Once a ticket is purchased, they collect regular buyer information (name, the details of the purchase, address, email address and phone, etc.) Then, on a monthly basis, the ticket service agencies send the transaction data to their hired database company of choice. These database companies keep a person’s complete buying history on file. The database company will contract a third party consumer database-marketing firm to overlay tags/run the buyer information with their demographic statistics. Once the sets of data are run against each other, the individual buyer files are appended with a variety of factors such as income, household size, sex, presence of children, occupation, and ethnicity. Such information is commercially available and sold by companies, such as Experian and
Axiom, to the databases based on modeling and assumptions, for example using someone’s zip code to assume their income.

Not surprisingly, Mr. Mahoney informed me that very few shows are effectively utilizing the data that is collected and overlaid. The shows that do incorporate this data collection method into their overall strategy are primarily using it for the purposes of direct mail. Data collected through ticket purchase is readily available, informative, and more shows should be incorporating this illuminating consumer-based research. For instance, the producers and marketers behind Rocky did a detailed demographic study and learned that they were not getting regular theatergoers into the Winter Garden. Instead, the show was attracting occasional theatergoers, which led to an unstable following that contributed to show’s downfall. As Mr. Mahoney pointed out, “It is very hard to reach people who are not inclined to regularly go to the theatre and it’s even harder to launch a show without the support of the regular consistent theatergoing community.”

Aside from the theater owners and their ticketing services, The Broadway League, the national trade association of theatre managers and producers, collects their own data and conducts research about general theatergoing trends. The 700-plus members of the League include theatre owners and operators, producers, presenters, and general managers in North American cities, as well as suppliers of goods and services to the commercial theatre industry. According to the Broadway League’s website, “Each year, League members bring Broadway to more than 30 million people in New York and more than 200 cities across the U.S. and Canada.”

in Broadway and making it a more accessible entertainment medium for all, they also
champion and support the creation of profitable theatrical productions.

The Broadway League serves as the headquarters for statistical information about
Broadway theatre production in New York City and all of North America. Their research
and databases include grosses and attendance, seasonal statistics for New York and
touring productions, research reports featuring demographic and economic impact and
analysis for New York and touring Broadway, and technical information of all 40
Broadway theatres and more than 300 theaters in New York.

At a recent performance of the Deaf West transfer revival production of *Spring
Awakening*, there were surveys affixed to random seats in each row of the theater. Upon
further review, the paper affixed to my seat was denoted as a survey conducted by the
Broadway League to receive audience feedback and “research about Broadway
theatergoing.” 22 Questions on the survey ranged from the basics such as, “how old are
you?”, “indicate your annual household income” and “where do you live?” to more in
depth questions such as, “how many times have you attended Broadway theatre in the
past 12 months?”, “how far in advance did you purchase your ticket to this show?”,
“what motivated you to see this show?”, “where do you look for theatre information?”
The survey also asked me to fill in my zip code, city, state, email address, and cost of my
ticket for this performance. On an unexpected Thursday night in December, I became a
part of Broadway theatergoing research through a random sampling at *Spring Awakening.*
I realized however, that this survey was not specific to the show I was seeing (as data to
help better position it or as an audience member about to see it) but rather about the

22 Exhibits A & B: The Broadway League Survey conducted at a performance of *Spring
Awakening* on 12/4/15
industry on the whole and what kinds of people, from where, making certain incomes, purchasing tickets on certain platforms, and at certain price points were seeing Broadway shows. This is the kind of data that the League collects and aggregates to create an annual report on the various components that comprise the commercial Broadway industry.

While the League collects widespread demographic data and serves as a public database for the industry, it obviously cannot provide concept research or material testing for a show in development. As Lisa Cecchini, VP of Insights and Marketing at Situation Interactive said, “the surveys conducted at Broadway performances about our buyers are only reaching a segment of our buyers and it is not enough.” The League serves to survey and better understand the industry on the whole and while this provides an invaluable resource, individual shows must do their own due diligence in conducting research. Shows should use the thorough Broadway demographics that the League provides on the industry at large in conjunction with their own market research. As a database with industry trends and a bigger picture on Broadway theatergoers, to answer a show’s specific questions and concerns, additional testing and research must be conducted to better position a show that is entering the current market.

Some agencies are not satisfied with what is currently available through Ticketmaster, Telecharge.com, and the Broadway League and are taking matters into their own hands. Janette Roush, Vice President of Insights and Marketing at AKA NYC, started her own research division at AKA to fill this void and move the industry forward for her clientele. She explained, “When you get a report from an outside firm, it’s not raw data…it is often just getting pie charts of age groups and they were not digging deeper to

23 Cecchini, Lisa. Interview. 23 Nov. 2015.
pull insights out of it.” She finds it crucial to have more information about her potential and current clients and is not personally satisfied with the data collected by outside companies. She and her business partner decided to collect the information themselves and get certified by the Market Research Association in both quantitative and qualitative research.

Ms. Roush started the division at AKA in 2013, beginning with research for Matilda. They conducted a survey in partnership with Telecharge.com, in which they tested people who had seen it and those who had not seen it yet—the results showed that the perception of the show, for those who had not seen it, was that the musical is geared toward children. The producers and creative team took this to heart, decided to implement the findings, and in response they created an adult friendly commercial incorporating the song “When I Grow Up” and the nostalgia adults feel for their childhoods gone by. Since the success of that study, Ms. Roush urges, “It’s not about coming up with an idea and testing it to death but finding tools to help creative people be more creative—better jumping off point for the creative team to make more educated decisions.” For example, they did a recent study for new artwork on Les Misérables. Out of five concepts, they were determining which one appealed to which kinds of people. While the producer, Cameron Mackintosh, wanted only images of the “revolution theme” with attractive guys at the barricade, the research they conducted illustrated that women wanted to see the lovers or young Cosette in Jean Valjean’s protection. This information now informs how they position the show and more importantly, where they are specifically targeting and placing their artwork with specific audience targets in mind.

24 Roush, Janette. Interview. 20 Nov. 2015. All quotes in this section stem from this interview.
Industry leaders like Ms. Roush will take Broadway to the next level. They are questioning the current system, or lack thereof, and finding more effective solutions that yield stronger and more data-driven outcomes. For the sake of growth, we need to be asking ourselves “What more can we gather, analyze and better incorporate into our current practices?” and “What can we do to move the industry forward?” If more agencies and producers began to ask those questions with the intent to make a change, more Broadway shows would be in a better position to plan, understand, strategize, and reach recoupment from the get-go.
Chapter Four: Exploring the “How” and “When”—Ways to Test and Collect Data, When to Do So, and How to Think Like a Ticket Buyer

Exploring ways to test and collect data is crucial in understanding what possibilities are out there in valuable data collection, analysis, and implementation. Some producers practice one or two methods of testing while some recoil from any involvement whatsoever. I stand behind a methodology that combines several forms of testing, both quantitatively and qualitatively. These forms of analysis provide the most thorough research possible, to inform overall strategy and to give a show its greatest fighting chance from the start.

Introduced in an earlier chapter, Joseph Craig is one of Broadway’s greatest champions for market research and data collection. Mr. Craig has more than 20 years of experience in entertainment marketing and market research. He was a co-owner at ERM specializing in market research/marketing consulting for film, Broadway, and Off-Broadway theatrical productions and other live entertainment and leisure-time attractions. His extensive experience on several major commercial productions has provided me with a great deal of insight into how we evaluate Broadway shows, our decision to purchase a ticket, and the true power of market research.

Mr. Craig helped me understand the methodology behind effective theatrical market research and most importantly, that it all begins with your paying audience. The audience member’s “intent to see” is at the center of all decision-making and strategic thinking—what do audiences want to see and get out of a given show? Mr. Craig explained that stopping to think about the thought process of an audience member and their gravitational pull towards a given show stems from all that went into creating it,
starting with the producer. This is broken down into components that you most likely learned in grade school: Who, What, When, Where, and How?

**Who:** Who is this audience for this show? This crucial first step allows producers to target their marketing efforts into a focused campaign that will get their core audience into the theatre and subsequently out on the street “spreading the gospel.”

**What:** What is the show? Is it delivering what it is promising and furthermore, is it good? Every show on Broadway will tout how remarkable and grippingly entertaining it is but does the hype meet expectations?

**When:** When am I going to see the show? Does the theatergoer feel a sense of urgency in buying their ticket or will they just get around to it eventually? This is another key aspect of the thought process that often indicates the show’s power to attract audiences immediately. A hit will inevitably make you work harder to see the show so you can join the conversation and have that social caché—the worst thing is for your show to come off as uneventful or middle of the road due to the lack of excitement or reward in having seen it.

**Where:** Where am I sitting? Am I in the best possible position to see this? For example, for a seat to *Hamilton*, you would be content sitting in the rafters or with a slightly obstructed view because all that matters is that you are in the theatre and experiencing this exclusive event. For a show such as *Kinky Boots*, now that the show has less steam and is not the hottest ticket on the Rialto, a ticket buyer might feel differently and want the absolute best seats their money can buy because the cost might feel higher.
**How:** How much am I going to pay? Is a given production worth my time and money? Have I perceived this show to be something special and worth such a large investment?

This is a thought process that we as theatergoers have without even realizing it. We process our likes and dislikes so quickly that we often lose sight of what is at the core of our theatrical decision-making. It is a thought process that all producers and marketers should be aware of to better understand our audiences and where our show stands in the theatrical landscape at any given time. As Mr. Craig adamantly pointed out, “Research is so important because you are forcing theatergoers to stop and think these decisions through. They are breaking down how they really feel and it changes the way we perceive and in turn, produce commercially on Broadway.”

When hiring a market research firm to consult on your show, there are several testing methods to gather significant data and audience feedback that can prove vital in shaping the marketing strategy and overall trajectory of a show. In Mr. Craig’s 20 years of experience, he has found that when all the testing methods are thoughtfully combined in a specific way, they can provide the most detailed and overarching picture of how a show will be perceived in the marketplace.

If a producer is wise, they will go to a company like ERM in the earliest stages of a show’s gestation period. The research and data collection process begins with Concept Testing. Oftentimes, this is best executed through focus groups. This is where testers see what audiences are responding to, what they like and do not like, and areas that need the most work and clarification. Mr. Craig refers to this as “the best possible starting point”

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25 Craig, Joseph. Interview. 9 Nov. 2015. All quotes in this section stem from this interview.
for Broadway producers looking to begin their market research process to best position their shows as they take them to market.

Taking the data collection process to the next level, the following phase widens the research pool. Online Surveys, sent to those who identify as theatergoers, allow a broader and more diverse audience to weigh in and provide more detailed and thoughtful responses. Oftentimes, those who create the surveys incorporate questions about other shows to make the survey seem generic and broad. In fact, while the participant thinks the questions are at random, the survey is generated to ask targeted questions about one specific show. This data helps better understand what aspects of a show and overall theatrical trends an audience member is responding to. Mr. Craig referred to this testing as “consolidating the highs and lows of a production to better inform the producers of the perceived value of their product.”

As previously mentioned, Out of Town Tryouts/Post-Show Data Collection have been standard practice for quite some time but are still a crucial aspect of the “sequential testing method.” While the producers and creative team are putting the show up in front of a paying audience for the first time, away from the harsher judgment of New York critics and reviews, a great deal of the important work comes after the performance has ended. After many of the performances, market research is conducted in the form of paper surveys and additional focus groups. Between 12 and 20 performances can be sampled to get the most conclusive and diversified findings. Between 10 and 20 people are held back after a given performance, while the show is fresh in their minds, to be asked a series of questions and for testers to determine what audiences will be talking about and turning into the predominant word of mouth. These conversations and surveys
are vital aspects of the “journey to Broadway” in that they are a window into early audience perception, how the show matched up with their expectations, and how that will play into audience perception in New York. Post-show data collection helps the team narrow down what the key selling points are and what strengths to highlight through the show’s positioning and marketing strategy as the show prepares for a Broadway campaign.

There was a time when Mr. Craig and his clients incorporated **Dial Testing** into their sequential research process, usually during out of town tryouts and the preview period. This method of testing interferes much more so with the creative process and is not one I would advocate for when proposing a greater need for data and metrics in our industry. Mr. Davenport, on the other hand, is a producer who champions dial testing, and is proud to say, “I’ve done quantitative and qualitative focus groups and I was the first producer to incorporate dial testing to the development of the show. Every single time I test, I learn something. Do I take everything the data or dials say as the gospel? No. But I often say that data settles 3AM arguments.”

Mr. Craig shared that he has come to realize that dial testing is not feasible in a theatrical setting. Audience members trying to track their evolving tastes over the course of a performance would focus too much on the technology in their hands rather than the show and therefore, would make the results even less accurate. If I am to persuade producers to value data and testing, I must reiterate that I do not propose the use of any collected research and insights to change or manipulate the artists’ vision and final product on stage. If the testing method

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26 Davenport, Ken. Interview. 15 Nov. 2015
is not meant to shape the marketing strategy and messaging to best reach the intended audience, I do not believe in incorporating it.

When the show returns from its out of town tryout and arrives in New York City to prepare for Broadway, **Material Testing** is the next important step in the sequence of data collection and critical analysis. The team gathers all of the data and research collected thus far and begins basing their key marketing materials off of the trends and findings. From there, those thoughtfully crafted materials are tested with audiences in the form of additional focus groups or online artwork tests, where theatergoers are asked for responses to the materials and what they say about the show. Mr. Craig stressed the extreme importance of testing everything you possibly can when it comes to crafting a proper strategic marketing and advertising campaign. It is essential to put every commercial, mailer, and email blast to the test to ensure they are sending the intended message and furthermore, to glean what audiences are perceiving from the artwork and messaging. It is vital to put these materials in front of people outside of the producing team, creative team, and marketing agency to understand what is truly working for paying audiences and what is not connecting whatsoever. Understanding your audience and what is engaging them most will allow you to get the greatest value for your advertising buys and strategic placement.

It is also essential to understand *when* research and testing should be taking place over the life of a given show. Currently, as Steven Chaikelson noted, “the two main occasions that producers decide to incorporate data and research are when a show is long-running and stable but producers want to check up and reposition the brand or when a
show is too-far gone and it is ultimately too late it save it.”27 As individual producers and
as an industry on the whole, we have to change this thought process and collect data at all
stages in a show’s arc—especially the beginning. On the other hand, as a show continues
to run on Broadway, the team should periodically go back and review how it is testing
amongst audiences. As Mr. Craig noted, “Just because the show is running, it doesn’t
mean the research is over! Do check ups to make sure everything is still working for you
the way it should.”

A major factor to consider with shows that continue to run is the constant
evolution of theatergoing audiences. As audiences consistently change and grow, so must
a show’s strategic positioning and marketing campaigns. Ms. Whitman, producer of Fun
Home, echoed these sentiments by saying:

“After a very successful run at the Public Theater, we opened Fun Home on
Broadway right before the Tony nominations began and used our initial campaign
to highlight our various competitive categories. After receiving several
nominations, the hype surrounding the show incited a strong emotional reaction
from our audiences, bloggers, and reviewers. Our instinct told us to listen to our
audiences and we shifted our strategy towards highlighting our emotional quotes
and heartwarming images of Michael Cerveris embracing Sydney Lucas to play
into the outpouring of love and support for the show.”28

Once Fun Home had won Best Musical, among other Tony Awards, the campaign
naturally shifted to get as much mileage out of the winnings as possible. At a certain

27 Chaikelson, Steven. Interview. 26 October 2015.
28 Whitman, Barbara. Interview. 7 March 2016. All quotes in this section stem from this
interview.
point, Ms. Whitman and her producing partners knew they would have to shift away from their Tony buzz, “Not only did we listen to our outpouring of audience response on social media, but we also conducted a survey through Telecharge.com. All of our findings pointed to the emotional and familial aspects of the show, which greatly informed our marketing shift away from the Tony campaign. *Fun Home*, and every show for that matter, will always have to refine its messaging and respond to what its audience is responding to.” As a show endures, you can begin to reveal more and illustrate the product because it is now viewed as a “sure thing.” For example, in the beginning stages of *The Lion King*, only line drawings were represented in Disney’s marketing and advertising placements for the show. As the show became one of the most successful mainstays on Broadway and around the world, they started showing the elaborate costumes and beautiful dancers who bring the story to life on stage.

In addition to the above sequence of testing and data collection, Mr. Craig also advises administering **General Theatergoing Surveys**. Through these surveys, testers, and producers get a clearer sense of overall industry trends and what theatergoers value most in their general audience experience. Some key theatergoing factors that audiences value most when considering a Broadway experience are:

1) **Long Running Shows**: a show’s longevity gives a ticket-buyer a greater level of security and more value for their dollar.

2) **Stars**: what celebrity or big named actor will they have the chance to see in person.

3) **Seat Location**: will they have the best view possible of this production.

4) **Price**: how much are they paying in relation to the quality of show they are watching—placing a dollar value on the experience.
5) **Word of Mouth**: what are the reviews from family, friends, and those they trust—will seeing this show allow them to join a greater social conversation.

6) **Critic Reviews and Awards**: what are the “experts” saying about the show they are interested in and how much does that shape their perception going into the ticket-buying process.

Once all testing has been completed, the information that has been carefully gathered and analyzed is handed over to the producers. From that moment on, it is up to the producers what they choose to do with said information. As Mr. Craig pointed out, “Some producers take it and some don’t. It is to their detriment not to take the data and apply it to their game-plan because they will only have half the story moving forward, a crucial missing piece of the puzzle.” While I cannot reveal any of Mr. Craig’s clients by name, he provided me with several examples where data implementation was the key to a show’s successful direction and positioning in the marketplace. While of course not guaranteeing a show’s recoupment, Mr. Craig affirmed that insights gathered via the above research methodologies better a show’s chances and mitigate the risk involved when producing a Broadway show. “Wouldn’t you rather know going in what you have on your hands and further down the line, if the show makes it there, how to modify it and adjust to suit ever-changing audiences?”
Chapter Five: Testing and Research Conducted in Other Industries

Testing, research, and data collection is commonplace in most other industries. Through my research, I have gleaned that the complex levels of technology and analysis used by many companies, both big and small, on a daily basis far exceed anything currently taking place on Broadway. These industries rely heavily on their methods of research and base their entire business models and strategies for efficacy entirely on their findings. Looking at industries other than Broadway, such as Politics, Media, and Healthcare, the power and value of data and effective research implementation will be further illustrated.

Political Campaigns

To get a better picture of the research and data methodology in politics, I called on Jennifer Romberg, a political strategist and consultant on several progressive campaigns. According to Ms. Romberg:

“Quantitative data, research, and analysis are all incredibly valuable aspects of a political campaign. Data and analysis determines if a certain district is in play, and if a candidate will run a competitive campaign in a specific area. It also determines how we conduct our campaigns - from who we contact, to how we message and spend our resources and money.”

In the world of political campaigns, there are three types of data used:

1) Demographics and previous elections results (trends and precedent.)
2) Tested experiments on campaign best practices (research and testing.)

29 Romberg, Jennifer. Interview. 11 Nov. 2015. All quotes in this section stem from this interview.
3) The campaign’s collected data from voter contact.

From her experience working on many Democratic campaigns, Jennifer introduced me to the Analyst Institute. Ms. Romberg referred to it as, “The biggest data collection project for progressive campaigns. For progressive campaigns, they research, experiment, and test best practices for campaigning in areas like voter contact and persuadability, messaging, and direct mail.” The Analyst Institute believes that, “The progressive community can gain a sustainable competitive advantage through the widespread practice of evaluating voter contact strategies and through the systematic dissemination of empirically-validated findings.” Such practices in the theatre that yielded “empirically-validated findings” would leave much less room for miscalculation and provide quantitative evidence to spearhead a more educated and targeted strategy towards ticket buyers.

Similarly to theatre, politics incorporates previous trends, surveys, and other collected metrics to determine which voters they decide to contact. Unlike theatre, it is standard for all campaigns to pay for research companies to conduct in-depth tests and create a database to store and break down this compiled information. Individual campaigns often incorporate polling firms and previous election results to determine the viability of a campaign. The data collected by the campaigns themselves comes from voter contact. Ms. Romberg explained, “We use all of the data we receive from talking to voters to determine who to ultimately target for turnout. We also are logging this data into the database that is saved for all future campaigns.”

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30 The Analyst Institute is a clearinghouse for evidence-based best practices in progressive voter contact. The Analyst Institute assists organizations in building testing into their voter contact efforts, especially with regard to high priority topics.
31 https://analystinstitute.org
As to when data is collected and implemented in the world of political campaigning, Ms. Romberg explained, “Campaigns will probably pay for polling in the beginning, to get baseline numbers. Ideally, campaigns will poll after they have started effectively delivering a message to voters, to see if the message has moved the needle at all on the voter. They may do this many times throughout a campaign to direct strategy, depending on how much money that have to spend on it. Then, obviously, Election Day is the final poll.” Unlike the theatre, there is a culminating moment (Election Day) when all of the testing and strategy can be quantified into a result. A show has weekly grosses to measure the effectiveness of the overall strategy and marketing efforts, but audience members do not just check off a box in a voting booth to express their opinion. Individual shows would benefit from periodical tests to direct strategy and have more frequent measurements of whether the messaging has been effective in converting interested theatergoers into paying audience members.

In summary, Ms. Romberg concluded, “Progressive campaigns use data to determine every move of the campaign. Data determines if a campaign is viable, which voters to contact, what messaging is working, and which campaign practices are most effective.”

Media

Another industry that incorporates a great deal of data, testing, and research is the world of media. I spoke with Andy Borinstein, Executive Director at Time Inc., who spends a great deal of his time leading research and insight efforts by conducting frequent focus groups. Mr. Borinstein has spent 30 years championing research and data collection
and believes the process must originate with specific questions that you want to answer. Before delving into research and testing, Mr. Borinstein suggests, “If possible, try to look at behavioral data that may exist such as ticket sales for various types of shows [musicals, revivals, dramas, comedies, etc.], check if anyone has previously done any research into the questions you are trying to answer, can the answers you seek be logically answered without doing research.”32 Most likely in theatre, those questions are often unique to the show you are producing, the materials being created specifically for it and proprietary to the individual producer who previously conducted research. In the event you cannot look at trends or data that specifically answers your questions, it may be time to consider another approach such as conducting in-depth interviews, focus groups, or surveys and analyzing the results.

Mr. Borinstein also raised the point of having a firm understanding of who your show speaks to and how it will impact the outcome of your research. Therefore, the participants you choose to survey and recruit to participate in your focus groups should be carefully chosen. For example, testing frequent theatergoers versus occasional theatergoers will yield very different responses, as will testing native New Yorkers versus tourists. Once you choose your target participants, Mr. Borinstein described best research practices followed in the world of media, especially when testing a new product or beginning at the earliest stage with concept testing:

1) Internal brainstorming to come up with new ideas to test.

2) Focus groups with potential audience for the product to see what consumer opportunities or barriers may surface.

32 Borinstein, Andy. Interview. 22 Nov. 2015. All quotes in this section stem from this interview.
3) Quantitative survey with the potential audience for the new product typically an online survey.

4) In-depth interviews with creative materials to hone in on various marketing or brand messaging.

Interestingly, these are the same testing methods often incorporated on Broadway, but their use is not commonplace among all producers or considered “industry standard.” The foundation of the media industry is built on market research and testing materials to best position the brand and best reach the consumer. Similarly recommended in theatrical market research, beginning the process with concept testing and moving towards quantitative and qualitative analysis yields successful and reliable results that Mr. Borinstein could not live without in his line of work.

Mr. Borinstein’s entire career has been based on data, research, and testing and when done properly and professionally, he wholeheartedly supports its implementation. Mr. Borinstein noted:

“I believe risk can certainly be mitigated in theatre if rigorous research standards are adhered to and implemented as it they are in media and other industries. Additional factors being the correct prospective audience is queried, the final product closely resembles the concept tested and the environment doesn’t shift too much from the time the test takes place to when the show is launched. The latter is unpredictable and may have a great impact on one’s ability to accurately gauge consumer reaction.”
All of that being said, while films can often be green-lit based more so on data and research and less on creative instinct, I would like to reiterate that I am proposing that research and data support the creative theatrical process, not dictate the artistic outcome.

**Healthcare**

Research and quantitative data collection is a key factor in the healthcare industry. John Aro, a consultant and business analyst specializing in healthcare metrics and operational reporting, shed some light on the value of data and its implementation. In summary, Mr. Aro explains that “Quantitative data is used through data mining that collects data while paying claims, both pharmacy and medical, to determine the statistical likelihood of certain disease states. The data is then analyzed to determine if it supports risk adjustment and mitigation.”

Mr. Aro shared that the healthcare and insurance industries use their data analytics and algorithms to incorporate competitive premium pricing, making your product attractive to the consumer, increasing market share, and positioning your product as competitively comparable to the other offerings in the current marketplace. Likewise on Broadway, Disney Theatrical Group is famous for using a highly technical algorithm to calibrate ticket prices based on demand. Now, other shows have incorporated a dynamic pricing structure to remain competitive. In both industries, this financial model provides a greater understanding of what the market is bearing and how to build trust with your consumers for fair and competitively comparable pricing.

Regarding the evolution of the research technology and the importance of data

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33 Aro, John. Interview. 14 November 2015. All quotes in this section stem from this interview.

34 Explained by Tom Schumacher, President of Disney Theatrical Group, in our producing course, Spring 2015.
and research, Mr. Aro notes that, “Testing methods have become so advanced over time that in fact, it has spawned an entire industry that provides these services. These companies have evolved so quickly and are so effective that few insurers do this work internally anymore.” Theatre can learn from this ideology and begin to understand the value of data collection and analysis through outsourcing these services to capable and highly skilled market research companies or conducting their own studies. According to Mr. Aro, healthcare plans do a great deal of quantitative research analysis of customer service data to spot emerging issues related to business process changes or software release defects. Operational areas of research and data collection focus on enhancing profitability by lowering the cost of servicing their membership. In relation to theatre, this research could translate to focus on a show’s individual profitability, to spot potential issues and areas of concern before they derail the production, confuse the messaging, or take its strategy off course.

In the healthcare industry, quantitative analysis is incorporated on a daily basis. It is not an additive choice or viewed as an outsourced expense but rather a necessity that goes unquestioned to understand their constituents and how to best serve them. To effectively provide healthcare for so many Americans and manage individual needs takes a great deal of information, research, and examination. As time goes on, even more attention is being paid to this area of best business practices and while the commercial Broadway industry lags behind, producers must take note of the many benefits and risk mitigation tactics that are out there and applicable to their line of business.
Chapter Six: Measuring the Marketing—The Agency Perspective

Understanding the perspectives of those who strategize, sell, and brand their Broadway clients on a daily basis is a key component of my argument for the increased use of data and analytics when developing, marketing, and positioning Broadway shows. As marketers, they are presented with the arduous task of effectively reaching consumers and making the experience worthwhile. They are asking theatergoers to purchase an expensive ticket to see a show that only exists in one place at a certain time and on top of all of that, to show up. This undertaking is a lot to ask of someone when they can watch a movie or access content online with much more ease and at a much lower cost. They are working hand-in-hand with producers to shine the best possible light on their shows in order to keep them running for as long as they can. By incorporating a number of strategic processes and testing methods, both quantitative and qualitative, and understanding the needs of their diverse clientele, New York City’s preeminent theatrical marketing and advertising agencies strive to support their shows over the course of their Broadway lives.

To broaden my knowledge of the agency world and their best-practices, I spoke with three experts in their field: Stephen Sosnowski, Vice President of Media and Account Services at SpotCo; Janette Roush, Vice President of Insights and Marketing at AKA NYC; and Lisa Cecchini, Vice President of Media and Insights at Situation Interactive. Their consensus, from an agency perspective, is that analytical insights and research are essential elements in the overall producing and development process. When producers are open to incorporating data as a means to inform their messaging,
positioning, and general decision making, their shows can ultimately benefit, foresee, and manage any issues before they arise.

My first question surrounded what data or findings are most valuable when positioning and marketing a show and, furthermore, how to collect and extract this information. From Ms. Cecchini’s digital marketing perspective, she finds the most value in:

“Investing a lot of time and testing into the website and variations of the website—clients often want to cut the spending on the website but the reality is that 60-70% of online sales come from the official show’s website and attention must be paid to its delivery and utility. Additionally, at the onset of a Broadway run, testing the key art is hugely important because it is many people’s first impressions of an incoming show.”

While Ms. Cecchini made some excellent points, Mr. Sosnowski took a more audience-centric approach noting, “It is most valuable to understand theatergoers’ “want to see” in the early stages of a developing a production. Measured in various ways, this means evaluating how much people want to see this title/theme/story specifically as a staged production.” Mr. Sosnowski also cited the value in “Having a clear understanding of the landscape, how your show rates comparatively to other titles.” This is commonly researched and understood through testing positioning statements. The agency crafts several statements about the show (short copy blurbs) that consists of quick selling points and tests the variations in each statement. As a marketer and producer, Mr. Sosnowski

35 Cecchini, Lisa. Interview. 23 Nov. 2015. All quotes in this section stem from this interview.
36 Sosnowski, Stephen. Interview. 19 Nov. 2015. All quotes in this section stem from this interview.
stresses the importance of knowing what message is clicking most with audiences early on and using that to guide the rest of the marketing and development process.

Furthermore, Mr. Sosnowski encourages producers to conduct market research before they come to Broadway. On this season’s *School of Rock*, they conducted research before working on the account to see what the title, the movie, and what its composer, Andrew Lloyd Webber, meant to people. “We needed to go deeper and learn what people liked about the movie…was it Jack Black, the songs, the story, all of those or none of those.”

For wholly original shows without brand recognition, the team must incorporate more general and broad-stroke testing methods that pinpoint and narrow down potential areas of concern. While it may appear to be more of a challenge to test without preconceived notions of the material, the team can glean the raw audience perception based off of the show and its marketing strategy as it stands without any prior opinions of the material interfering in the live stage production.

Valuable insights can be gathered in many ways that continue to evolve with time, creativity, and technologically driven business models. Both quantitative and qualitative data have their merits within the grand scheme of theatrical testing and research.

Mr. Sosnowski argues that, given each show has a different audience, each show should do its own research. The timing and methods for gathering data should be decided on a show-by-show basis and depend on the place and life of the show. While traditional old fashioned focus groups, where you get real time gut reactions, are illuminating for certain shows, that is not the case for all. Quantitative research helps to get at specific issues much more directly, and early on in a show’s life, could be incredibly helpful and impactful on future decision-making. Mr. Sosnowski often compares the impact of
qualitative versus quantitative analysis. Qualitative research begins with proposals from research companies based on what the agency and the producers want to learn. Then, they conduct focus groups: two in New Jersey to get suburban perspectives, and a few groups in Manhattan that usually consist of 10-20 people each. Quantitative research, in the form of surveys and blasts online, goes out to 500 or more people and can be more accurate than focus groups. Among the aspects that are tested are the creative, copy lines, and titles. Access to these names and email accounts come from lists and databases that are hired and acquired by the agencies.

All three experts agreed that if it is decided that market research will be conducted, there should be a system in place that plans for testing at the onset and throughout the life of the show. “It is optimal to test 7-8 months before the show comes to market, but oftentimes it is not always possible to predict when you will secure a Broadway house. Ongoing research efforts should take up 5-10% of the annual marketing budget on market research and testing”, Ms. Cecchini asserts. Ms. Cecchini went on by saying, “in many cases, you get a Broadway house and you don’t have enough time to do adequate research…knowing that, a producer must plan for it because it is a worthwhile investment early on and into the future, if your show is lucky enough to have one.”

From the agency perspective, Ms. Cecchini pinpointed a few go-to testing methods that have been most effective for her clients, with some accompanying anecdotes and additional input by Ms. Roush:

1) **Testing Key Art:** On Broadway’s *Cinderella*, Ms. Cecchini had two very different concepts for artwork. They chose to test both versions before tickets were on sale and given the unbalanced results, it was a very smart decision.
2) **Focus Groups**: On the upcoming Cirque du Soleil Broadway outing, Ms. Cecchini explains, “We were able to get a sense of how “cirque” fans feel about it being a Broadway show and in turn, how Broadway fans feel about a cirque show, a non-traditional Broadway production, coming to the Great White Way.”

3) **Surveys**: Sending out surveys the day after people have seen the show is most effective and sees a good return rate. People enjoy responding to a recent experience, feeling like their feedback is heard and most importantly, gives the marketers and understanding of their motivation for seeing the show. For example, on *Beautiful*, Ms. Cecchini has been using these surveys to glean how big of fans of Carole King are the audience members to see what the longevity was of using Carole’s image and star quality as a marketing goal. Ms. Cecchini went even further and asked people what their favorite song was and uses that data for “music videos” and content marketing. Ms. Roush introduced me to a panel called “Show and Tell.” It costs under $5,000 and consists of a panel of 12,000 theatergoers who get emailed well-crafted surveys that answer specific questions through indirect questioning methods. Ms. Roush added, “For more information on reaching a broader audience, they look at Telecharge.com and Ticketmaster demographics for who is not buying yet and how to target them more.”

4) **A/B Testing**: For ticket packages, Ms. Cecchini tested different versions of the ticket calendars on the *Beautiful* website. She tested one calendar that showed all the dates available or one that highlighted weekdays, which are notoriously the hardest selling days, as “best days with most availability to see the show.” Ms. Roush added, “A/B testing for email blasts are super effective: you send out two versions of a blast and see

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Roush, Janette. Interview. 20 Nov. 2015. All quotes in this section stem from this interview.
what sticks for online ticket purchases. The e-blast vendor will separate out 10% of the audience you send your blasts to, send one version of your test to 5% and the other version to the other 5% and see which does better.” This practice is very common and allows theatergoers to get tested without knowing it.

5) **Google Trends/Analytics, Facebook Insights, Sysomos**: When looking for condensed insights that are readily available, Google Trends and Facebook Insights are right at your fingertips and available to anyone. These platforms illustrate comparisons and denote who is searching for what kind of content. Ms. Roush also introduced me to *Sysomos Social Media Monitoring*[^38], an online tool that helps you monitor, analyze, gather insights and ultimately, make the decisions that allow you to create better products and services for your customers. This Toronto-based platform touts that it helps users make better decisions based on actionable data gathered from social listening tools. Overall, Sysomos is a sentiment reporting tool that shows you on social media what the overall sentiment is on a given topic or searchable data.

Once the data is gathered, the agencies decide with the producing teams how to implement the findings. When the agency’s decisions and recommendations are coming from something tangible and data they can point to, it can be a powerful tool. Producers who are open to using data, such as *Allegiance’s* Mr. Thione, say it provides more security when a creative idea is backed with data, and it never hurts, even if the data or the response to it comes out neutral.[^39] Ms. Roush implements the insights by evaluating what theater the show is going in, the price scale, doing a SWOT analysis (strengths, weaknesses, opportunities, threats), and finding tactics and strategies that make sense

[^38]: Sysomos Social Media Monitoring, https://sysomos.com
with the product and the audience she is targeting. For instance, placements and media buys are based on the audiences and demographics you want to attract. Ms. Roush’s next step is creating a report of findings with cross-tabulations of different cross-sections of data to see what is out of the norm and how to manage the irregularities. After that, the strategy takes on its own direction depending on the needs of the show. On *Matilda*, for instance, there are internal discussions with the creative staff, using weekly meetings to discuss different topics at each meeting and seeing what the team responds to. Being smart and using your knowledge of the industry combined with your gut is Ms. Cecchini’s go-to formula. For instance, knowing that a show with African-American casts will appeal to African-American audiences makes a great deal of sense.

There are also times when an agency should not exhaustively waste time and money on data collection. It does not make sense for an agency to conduct market research on behalf of their client when the producers are not open to incorporating the data or making any changes whatsoever. Mr. Sosnowski explained:

“Marketers advise clients when the right time to do research would be and how to best implement it. If the producer isn’t interested in accepting the results or in doing research at all, it is not in the agency’s best interest to persuade them…if a producer’s mind isn’t open to it, they will not be able to glean what is necessary from the results.”

For some shows, such as *Hamilton* and *Fun Home*, it does not make sense to conduct conceptual research. On paper, some Broadway concepts appear to be unusual or unappealing to a theatergoing audience. This is oftentimes the reason why some producers opt not to conduct initial research. They are taking the ultimate risk on a show
they so strongly believe in and do not want to hear bad news about how poorly the concept of “a rapping Alexander Hamilton” or “a lesbian cartoonist whose father commits suicide” tests with theatergoers.

While we can agree that research and data delivers important and applicable insights, there are some challenges to consider from the agency perspective. There is a cost associated with market research and data collection. While it should take place at the onset of a production and throughout its life, a producer must be cost-sensitive as well. As Mr. Sosnowski reasoned, “Don’t do $30,000 focus groups every quarter…this will hurt your bottom line more than it will help direct strategy. Instead, relying on digital tools more often, such as post-show email blasts, will be more cost-effective and easier to execute.” Ms. Roush adds:

“Given smaller budget sizes on Broadway compared to other industries, producers have to make a lot of difficult choices and compromises. Do I get a billboard in Times Square or conduct market research? I made my own division at AKA to not only have control over the information we gather but to make this practice more affordable for our agency, when hiring outside firms can get very expensive.”

Additionally, all forms of testing have some margin for error. Ms. Cecchini noted:

“Focus groups, for example, truly run the gamut and can be a gamble. They are costly and sometimes are not very helpful. If you test the wrong group of people, the results are essentially unusable and at a steep cost. Other times, as with Mary Poppins, they can help your show run for another year or two.”

On the risk in focus groups, Ms. Roush added:
“Even if you hire outside researchers to do focus groups, it can cost up to $20,000-$25,000 for four focus groups, two in New York City and two in the suburbs and it is not worth it if the people in the focus group are not representative of the audience you need to reach. It is difficult to find people who will give you genuine and untainted responses...in a survey or a focus group, you can’t ask questions that are too on the nose because you don’t want people telling you what you want to hear or what makes them appear smart.”

Producers who choose not to conduct market research from the start oftentimes begin when the show is past saving. Mr. Sosnowski attested to this notion saying, “By that point, when producers do a shift in marketing strategy based on data and research, it doesn’t make too much of a difference, but that’s because the show is already on its way out...and that results in a waste of money.”

Oftentimes, agencies are in the position of supporting shows that are going to happen, whether they should be produced or not. As Ms. Roush puts it:

“Not every show will be a smash hit and I am not in the business of stopping bad shows. I just put them in the best possible light and reach the audience most likely to get on board—market research is a specific tool to answer specific questions. If you can enumerate what your concerns are when producing a show, you should do market research, not just on every show for the hell of it.”

Mr. Sosnowski similarly states:

“It is my job to find what unique selling point is in each show I represent and each show has it regardless of the quality of the show, it can be a star, a theme, a
composer…I have to focus on that unique selling point(s) and promote them with vigor.”

Above all, market research in the theatre is vital because ticket buyers are not insiders working within the industry. They are non-theatre people who enjoy attending Broadway shows, seek out live theatre to be entertained, and want to see the “best”, in their view, that is available to them. In both qualitative and quantitative research, Ms. Roush asserts, “The more specific your question is, the more accurate your findings will be—finding indirect ways to get at the answer you need is the art of effective data collection.” Given the power and strength of word of mouth, we can all agree that the show has to be great in order for word of mouth to be created and disseminated with any sort of impact. As Mr. Sosnowski concludes, “People have to like it, marketers just fan the flames.” Conclusively, while data and research cannot save a sinking show, it can reposition and better direct the strategy for shows that need an extra boost in reaching recoupment.
Chapter Seven: Investor Perspectives

While the focus of my research is not on investing commercially on Broadway, it is important to touch on the investor’s perspective when it comes to mitigating the risk of financial failure. Other than the industry on the whole, investors are the ones most financially affected by a show closing at a loss. To get a firsthand understanding, I spoke with three Broadway investors whose investing scenarios are colored by different backgrounds and personal experiences: Hilary Vartanian, by day a Senior Vice President of Corporate Development at a New York based event agency, has invested for the first time in Empire, a musical in development that tells the story behind the making of New York City and its symbolic Empire State Building; Len Romberg, a consultant by trade, invested in the commercially successful Beautiful: The Carole King Musical and has just recently invested in the Broadway-bound Dear Evan Hansen; Philip Elkus, a business owner and entrepreneur, is a longtime Broadway investor and has put his money into such productions as Baby, Hairspray, and The Producers.

I am always eager to understand what drives someone to invest in such a risky industry. Words like glamour, opening night, billing, and social caché come to mind, but with such a high level of risk involved, I knew there had to be more to the story. For Mr. Romberg, his desire to invest came from a longtime love of theatre. Since high school, Mr. Romberg has loved the theatre and has followed the Broadway industry closely since then, as he recounted:

“Since high school, I dreamed of being involved in a Broadway production and going to an Opening Night. That dream was realized as an investor with Beautiful. I’ve probably seen 200 shows, 100 or more on Broadway. I was deeply involved
with Community Theater in Philly, doing everything from acting in musicals, operating the lights, acting as an ASM, working the box office, and becoming a board member.”

He was introduced to investing through a friend/former work colleague who was now working as an associate producer, as he described:

“The first investment opportunity I had, I actually chose to not invest. Even so, it was a good learning experience for what it is all about. It was the revival of “How to Succeed in Business....” starring Daniel Radcliffe, and going through the process was kind of like a “dry run”. I didn’t invest in it because I honestly didn’t feel I would get my money back, but I got the process down for when a project came around that had more potential in my eyes.”

For Ms. Vartanian’s first investment out of the gate, she “wanted a logical choice that had integrity, initial money already raised, and potential behind it.” She listed off a few other reasons such as the idea and story, talent attached behind or in front of curtain, relevance to the world today, and having universal message. Ms. Vartanian’s process began when a longtime friend invited her to a Backers’ Audition. While she was drawn to the story and its emblematic New York themes, she mainly invested because of her friend’s association with the project, “exclusively because of a prior relationship.” While Ms. Vartanian is a proponent of the arts, culture, and new work, she broke investing into three categories that meant the most at the time, “Emotion, Relationships, and Ego—being a part of the upper echelon of New York City elite. Ultimately, investing on

40 Romberg, Len. Interview. 30 Nov. 2015. All quotes in this section stem from this interview.
41 Vartanian, Hilary. Interview. 6 Dec. 2015. All quotes in this section stem from this interview.
Broadway feels like a social stepping stone that says I have made it in this town.” Of all the deal points she negotiated, she placed the most value on billing—she cares most about being seen and acknowledged as a successful woman in business and the Arts.

Mr. Elkus’ introduction to investing on Broadway came from some friends in metro-Detroit with a strong interest in theatre and ties to New York City. He nostalgically recounted:

“I grew up with a strong theatrical sensibility. My family loved music and theater and I instilled that love in my children as well. When I had reached a certain level of financial stability and success in my business endeavors, I thought it would be fun to take my money to New York and be a part of a Broadway show.”

Beginning to invest with 1983’s Baby, Mr. Elkus recognized that while formal data and research was not being conducted to the extent of today’s technological capabilities, he and his friends relied on some research of their own. He recalled:

“My friends and our wives flew to New York several times to watch readings, workshops, and eventually rehearsals. The talent and emotional reaction was just infectious! We grew very attached to the show, as both investors and sincere fans—almost like proud parents. We couldn’t believe we were part of a Broadway musical, and for us that was all the data we needed at the time. The opportunity to watch the show’s evolution and attend the opening night gave this Detroit boy the thrill of a lifetime.”

42 Elkus, Philip. Interview. 2 March 2016. All quotes in this section stem from this interview.
When being courted to invest in a show, an investor should receive a packet of information about the show, its artistic direction, and most importantly research. General market research, conceptual research on the project in development, and the preliminary strategy based off of those findings would be key factors in informing an investor’s perspective. Providing investors with a more concrete direction as to the how their funds will be spent shows them that while theatre is an art form, there is a method to the madness and a strategy taking shape.

When Ms. Vartanian was first approached to invest in Empire, she was given a basic handout that only included some drawings and a synopsis. She noted, “I would have liked more transparency. I would have liked to see where the initial investment is, where they’re at already with their goal, what they are looking to do for marketing and promotion, who their backers are and how much they’ve already raised.” While not having numbers and market research in her hands did not ultimately deter Ms. Vartanian from investing, she would have liked a more tangible understanding of her investment through a timeline for raising funds, the timeline for the capitalization, a schedule for payout, and for added comfort collected data.

When Mr. Romberg was approached and decided to invest in Beautiful, while he was given more information than Ms. Vartanian, he was not given metrics or conceptual testing data of any kind. “I was given the typical package of a Subscription agreement, Operating Agreement, pro-forma financial statements, operating budget, capitalization statement\(^\text{43}\), and Artistic summary.\(^\text{44}\) Mr. Romberg does suspect that more research goes on that is often not relayed to the (potential) investors. He recounted:

\(^\text{43}\) Capitalization Statement: The cost to get to opening night.
“My first investment was in what would have been the first ever revival of *Funny Girl*. A few months after putting in the money, the producers cancelled the production. Why? They said the market at the time (tail end of the great recession of 2008/2009) wouldn’t support the number of revivals planned for the 2011 season. They probably had research to this effect. That showed me that this producer was not only smart for conducting research before actually putting up the show, but ethical too. We got ALL of our money back.”

Mr. Romberg’s scenario is the kind of story that reminds me why I am researching this argument. Producers who use all of their resources to make sure their investors’ money go as far as possible and can make thoughtful and even difficult decisions based on logic and research, rather than just emotion, have the mindset I am arguing for.

As a longtime investor and businessman, Mr. Elkus has now come to expect more information when he decides to invest. He noted:

“When I began investing on Broadway, it was all about gut instinct and the glory that comes with the bright lights of Broadway—and to be honest, for most, it still is. As I have seen market research evolve in my primary businesses at home, I look for it when I invest on Broadway now too, because why should it be any different? I can’t invest too much emotionally unless I feel it is a wise investment financially. Not only do I make sure to have all of the standard investment documents and paperwork, but if possible, I ask for data.”

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44 Artistic Summary: Either a one-page document or online content with samples of songs from the show or a Director’s Note.
Mr. Elkus believes that now that this insight is available to us and can be effectively gathered and supported, it is important to do so and share it with your investors. He shared:

“If I love the show on the spot, I don’t worry so much. On the other hand, if I have concerns at a reading or workshop, I want those questions to be compiled and answered because it’s not about me liking it, it’s about audiences feeling compelled to see it. As I have become a smarter investor, shows today have gotten more expensive to mount and that means I need to be smarter with my money and make smarter decisions.”

Despite citing their established relationships and emotional bias as to why they ultimately invest in a given show, I was most interested to find out about retention rate. After how many failed investments would the investor become soured on the industry and take their money elsewhere? For Ms. Vartanian, it was very clear, “If my first investment flopped, I would try for a second time. If things went south on that second show, there would surely not be a third time.” Growing up, Ms. Vartanian was a family friend of a Broadway investor who contributed to several of Bob Fosse’s shows and achieved a great level of commercial success. After a major loss late in his theatrical investing career, Ms. Vartanian saw the emotional and financial toll it took on him, “His previous investments on Broadway brought him so much joy—he had such passion for the stage and all of the glamour. When he went all in on a total failure, he lost more money than he could bear and he was so ashamed. His health began to deteriorate and he died a few months later.” Mr. Romberg said that after a certain number of failed investments, he would be inevitably soured on the experience. Mr. Romberg said that he
hopes to never find himself in that position because while he loves the theatre, he is too risk averse in nature to constantly invest. For Mr. Elkus, he has come back to Broadway several times over the last 40 years but has remained cautious saying:

“While I will never give up on Broadway, when I get hit with a big loss, I stop investing for a while. I need time to mourn and reevaluate. For example, after The Pirate Queen, I waited a considerable amount of time to even consider investing again. I never ruled it out but I wanted to wait until something really took my breath away or something screamed that I had to invest.”

Ms. Vartanian was genuinely surprised that data analysis and testing is not standard practice across the industry. As a first-time investor, she remarked:

“Analysis of audiences and consumer engagement always yields a better result…the quality of your entertainment isn’t always enough and it is essential to theatrical development, or the development of any new product in fact, to know all you can and grasp the larger picture. Measurements are essential ingredients in helping investors and producers not be so afraid, especially with newer work or more risky plays…it’s not a cure all but definitely should be part of the mix to give you a better shot at making your money back, and as an investor, I want to see that happening.”

In understanding what our audiences want, data and research can more clearly indicate what the market will bear and what marketing materials will speak to audiences in an ever-changing landscape. When it comes to incorporating data and testing into the theatrical development process, Mr. Romberg noted:
“The benefits will be quantifiable and important when marketing a new production. On the other hand, I don’t want to see research interfering with the creation of the productions. That would create a drawback where metrics are stifling creativity. You don’t want theatre to become like politics where candidates respond to polls and not to what is the best solution to an issue. Similarly, I want the lyrics to the songs to reflect what the writers and directors think work best creatively – not what might sell or offend some block of people.”

Mr. Romberg added, “Truly, there is no science to investing in the theatre. Mostly passion and gut feel with some added expertise and knowledge. But if more could be done to help a show reach recoupment, as an investor, I can’t help but agree with that!”

Mr. Elkus added:

“While market research adds costs to the budget, it’s the way every other business is going and it’s a cost worth incurring. Combined with artistic instinct, it can take your show to the next level and provide solid facts rather than operating off of assumptions or personal preference—it’s how you stay competitively on top of your game!”

With millions of dollars at play per production, statistical analysis and data gathering makes for a healthier and more informed way to produce theatre and furthermore, manage an investment. Ultimately, our financial goal as producers should be to find a sustainable model that cultivates longevity for the commercial American theatre while making a profit for our investors. We want those theatre-loving investors with disposable income to continue bringing their funds to Broadway however, my fear is that this will dry up without more consistent and in-depth quantitative data to support their
financial investment and create well-executed marketing strategies. Mr. Davenport notes, “As shows get more expensive, we need more tools to help show investors that their money is going to something that has positive indicators of success.”

By doing our due diligence in the developmental stages of the production and every step of the way onward, Broadway bound projects can be tailored and positioned in a way that appeals and caters to current audience demand, therefore being less likely to close before recoupment and joining the dismal 80 percent.

45 Davenport, Ken. Interview. 15 Nov. 2015.
Chapter Eight: The Challenges and Expenses of Gathering Data and Effective Implementation

While I firmly argue for the acceptance and standardized practice of theatrical data collection and market research on Broadway, I understand that there are challenges and expenses that are inevitably incurred by its implementation. Some of the obstacles producers face include, most notably, the cost of testing, the implied perception of mixing scientific study and art, and the time and planning necessary to execute such strategies.

Conducting market research and collecting accurate and effective data comes with a price. From a financial point of view, when compared to the cost of the overall capitalization, weekly operating expenses, and even the overall marketing budget, market research and data collection is a well-worth fraction of those larger sums. Mr. Craig argues, “The cost of market research and testing is not that expensive when you look at how much money it will be saving you in the long run…to accomplish all of my standard recommended steps for data collection and reporting, the total comes to about $25-$30,000.” On the other hand, Mr. Davenport does feel it is expensive but follows up that thought by adding, “While expensive, it is miniscule when considering the cost of a Broadway show. A full-page ad in the New York Times costs almost $100,000. Who wouldn’t pay 10% of that for a focus group that could make that ad more effective?” Similarly to Mr. Davenport, and as previously discussed, depending on the show and its budget, Ms. Cecchini believes that 5-10% of the annual marketing budget should be

46 Craig, Joseph. Interview. 9 Nov. 2015.
47 Davenport, Ken. Interview. 15 Nov. 2015. All quotes in this section stem from this interview.
devoted to ongoing market research efforts. Market research and effective testing methods have the power to not only inform your decision-making, but also change the course of your strategy enough to help a show reach recoupment. Such costs are well worth the expense when your show will be viewed as a commercial success, your investors will be made whole, and your reputation will be bolstered by a show that recouped on Broadway with the help of strategic thinking and effective data implementation.

Mr. Davenport notes, “We are an art form first and foremost, and producers do not like to think that it is art designed by a focus group.” While I am arguing for data implementation in the marketing, positioning, and strategizing efforts, I am not arguing to alter or interfere with the artistic process or the art itself. On the contrary, I aim to debunk this theory in order to sway more producers to understand my point of view. As producers and even investors, we are signing on to a project and henceforth trusting the talent and vision of the director and fellow artists. This unfortunate perception of data and testing interfering with the art is often why some producers steer clear from data as Mr. Sosnowski adds:

“Some producers do not do research early on because they don’t want to stifle the creative process…creatives do not want limits when creating their baby. Research will hone it down while artists want the room to create. Some producers want to do their show so badly, no matter what the data says. Fearing the results that come

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48 Cecchini, Lisa. Interview. 23 Nov. 2015.
from research, they steer clear from ever conducting any so they and their investors are not deterred from producing the show.\textsuperscript{49}

If producers and marketers notice things that are not working with the show or connecting with audiences early on in development, based on surveys, focus groups, or observation of audience response, they have every right to change or not change the art based on these findings. While those research methods may or may not be conducted and implemented by producers during those early stages, I am arguing to eradicate the perception that all kinds data and testing interferes with the art itself, when the show is in development or once it has made it to Broadway. In development, I advocate for conceptual testing, testing tag lines, synopsis blurbs, and other marketing aspects that impact how the show attracts and targets audiences. Once the show is on a Broadway stage, data and testing can continue to lead the way for effective marketing and positioning efforts that in no way alter or take the vision or creativity away from the artists. On the contrary, these strategies help sell tickets to the show’s target audience and meet the financial goals and obligation to its investors. As Mr. Davenport concludes:

“As a producer, at the end of the day, my job is to get a show to run as long as possible. That does two things: gives my investors the best chance at making their money back and gives my authors the largest audience for their piece. If research helps it run longer and reach recoupment, then my mission is complete.”

The challenge of not having enough time to create and implement strategy is often an unforeseeable one that producers must take into account. While it is optimal to test 7-8 months before the show comes to market, it is not always possible to predict when you

\textsuperscript{49} Sosnowski, Stephen. Interview. 19 Nov. 2015.
will secure a Broadway house or if you have the funds available to hit the ground running. If Broadway is even something that is on the horizon, the producer should begin plotting out what specific questions they want to test and the best methods to do so. As Mr. Mahoney mentioned, “Producers should consider using their front money for this sort of thing because once you get a theatre, you need to go on sale shortly after. You need to be prepared to do testing and research quite quickly so it can be effective.” Being prepared also means allocating a portion of your budget to market research from the start and understanding its value, as Ms. Roush advises:

“Producers should only build market research into their budget if they believe in its impact and are prepared to act on what they learn…with the marketing, if they are willing to take a hard look at the strategy and make changes, such as with taglines, key art, and media, then financially prepare for this as best you can.”

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50 Mahoney, Brian. Interview. 20 Nov. 2015.  
51 Roush, Janette. Interview. 20 Nov. 2015.
Chapter Nine: Conclusion

Broadway is a very closed industry with very limited access. With an average of 41 new productions arriving on the Great White Way each season, Broadway’s inherent structure makes it very difficult to break into the industry, let alone succeed in it.\(^{52}\) Commercial Broadway theatre is a hard business because non-success is not sustainable; you either make it big or you will have to close. Preferably, if closing is inevitable, producers aim to do so as close to reaching recoupment as possible. Broadway will always come attached with the same challenges as any high risk/ high reward industry, but it also has its own unique set of precedents and challenges that force the industry to march to the beat of its own drum. While Broadway’s risky nature and emotionally driven approach has become widely accepted, I seek to widen our scope as to what tools we have at our disposal and how to best implement them to improve the odds and strategically better our chances of reaching recoupment.

When most other industries have embraced data collection, market research, and analytical testing methods as both a standard and invaluable practice, I must answer why commercial Broadway theatre is trailing behind. One of the biggest reasons Broadway has been held back in comparison to other industries is the increased cost of mounting and sustaining a Broadway production with smaller budgets at play. Compared to a Hollywood studio film or a Fortune 500 initiative, Broadway shows are held to a similar standard of quality and excellence but operate within much smaller financial constraints. As Ms. Cecchini argues, “Money is the biggest problem…there is a misconception about Broadway that we, the shows, producers, and agencies, have overflowing funds, but it

\(^{52}\) www.ibdb.com, taking an average of the last four seasons of new productions on Broadway.
costs so much money to put up a Broadway scale production and keep it running each week.” As a producer, Mr. Thione can attest, “No matter how you slice it, you have about $500,000 in expenses each week to pay your people and keep your Broadway musical running…those funds have to come from somewhere.” The industry and the shows that operate within it function on a very tight business model and General Managers are often trying to find areas of the budget to slim down and cut costs. Mr. Sosnowski added, “The Broadway business model is tough…shows of this scale cost so much money to produce, so a line item for marketing and research is hard to swallow when it is not seen as a crucial necessity.”

Another prime reason for Broadway’s lagging nature is the lack of true collaboration among shows and fellow producers. While Broadway boasts about its strong community, at its core, it is a truly fragmented industry. Given the natural competitive nature of the business amongst producers and their respective shows, all the data collected by the Broadway League, the box offices, online platforms, ticket brokers, and the TKTS booth, is not working together. As Ms. Cecchini points out, “The fragmented nature of the existing ticket buying methods and data collection processes are rooted in the sole fact that it is not in anyone’s individual interest to work together.”

Currently, there is not clear communication between the League, producers, and the marketing agencies on all the data that is actually collected, what industry information is actually available, and who is in charge of retrieving it. What is worse is that the closed-

53 Cecchini, Lisa. Interview. 23 Nov. 2015. All quotes in this section stem from this interview.
54 Thione, Lorenzo. Interview. 12 Dec. 2015. All quotes in this section stem from this interview.
55 Sosnowski, Stephen. Interview. 19 Nov. 2015.
off and competitive mentality, that is pervasive in the industry, interferes with cost-saving and collaborative efforts. For example, Situation Interactive has previously asked two shows to work together and share the costs of a research survey, but because the producers were afraid to get too close to each other’s strategies and business efforts, they refused. If the mindset amongst producers would become more open and collaborative, they could pool their funds and share the costs of very helpful and sometimes game-changing data collection and testing methods that would benefit both parties and allow for greater accessibility.

In an industry that values emotion over logic, Broadway thus far has been resistant to methodical processes that incorporate metrics to influence decision-making. Many producers rely so strongly on their artistic gut reactions and believe the reviews and audience reception will validate their efforts and taste. “Producers are often so emotionally tied to their project and do not want the data and research to give the investors or anyone a reason to pull the plug…after all, no one’s baby is ever ugly,” Mr. Mahoney insisted. More often than not, decisions should be made with more informed logic, rather than just opinion or instinct to optimally position the production in the way target audiences will best respond to it. To reiterate Mr. Thione’s belief, “If you have a choice to make, there is either a better choice or the two options are equivalent. If there is a better choice, data will show an increased likelihood of making the better choice over experience or a gut feeling.” That right there is enough of an argument to incorporate methods of qualitative and quantitative testing in my marketing, branding, positioning and re-strategizing efforts as a theatrical producer.

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56 Mahoney, Brian. Interview. 20 Nov. 2015.
As an industry that strives to have a healthy, prosperous, and sustainable future there is so much more to be done to help ensure this outcome. We must look to every industry that is doing more to champion data and testing and from there we can modify their practices to suit the Broadway model and create new precedents industry-wide. While market research is being done, Mr. Craig insists, “We haven’t even begun to scratch the surface of data and market research collection and implementation on Broadway...especially when many producers do not conduct at the very least basic research.”\(^{57}\). I still believe we need to better understand the impact of advertising dollars on purchasing decisions and the conversion rate from advertising placement and marketing to actual ticket sales. Nothing will change or grow for the better until producers open their minds to the power of data and try not to fear its results and guidance in an artistic medium. Mr. Craig believes that by putting together a campaign from the beginning that carves out $75,000 for market research in the developmental and initial Broadway stages, a producer can make sure all along that they are mitigating risk and aware of what they are up against.

As this thesis came about because of my concern for the health and well-being of the Broadway industry for years to come, I want to argue what more we as producers can do to keep Broadway relevant, accessible, and profitable. While revenue has been climbing industry-wide, this is mainly attributed to rising ticket prices, and the emergence of the premium-priced ticket. As Ms. Cecchini adds, “As ticket prices soar and make Broadway an exclusive experience, attendance for the most part over the last 10 years has

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\(^{57}\) Craig, Joseph. Interview. 9 Nov. 2015.
been flat.” As reported by the Broadway League,\(^{58}\) there has been some growth in audiences over the last 10 years but not enough to match the exceedingly high increase in yearly grosses. In 2004, 11 years ago, 11.62 million people (tickets issued) attended a Broadway show and the industry grossed $771,000,000. In 2014, 13.13 million people attended a Broadway show and the industry grossed $1.362 billion. Therefore, it is the responsibility of the next generation of Broadway producers to increase the number of ticket buyers in a more affordable manner and through more strategic and measured processes.

Through my in-depth research, I have come out with key takeaways to conclude with. Gathering logical and measurable insights allow for a clearer picture of the whole story: the good, the bad, and the ugly. With this information, a producer and their team can plan a show’s trajectory, be aware and cognizant of its flaws, shortcomings, or perception problems with audiences so they can be strategically handled, and better understand the product and how it currently speaks to audiences.

Deciding when to test and research for your show is crucial. Conducting research when your show is failing or in serious danger will not yield financially or artistically worthwhile results. Testing in the conceptual stages, while you are shaping the Broadway outing, and then throughout the run, will yield the most helpful, applicable and useful results. Planning as much as you possibly can and budgeting for whatever research is necessary, now and in the future, will mitigate the most risk. For example, Mr. Luftig told our Creative Producing class all about his revamped marketing campaign for his Tony

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\(^{58}\) Broadway Attendance Over the Last 10 Years, https://www.broadwayleague.com/index.php?url_identifier=calendar-year-stats-1
Award winning musical, *Kinky Boots*. He was in the fortunate position of producing a show that had great reviews, won several major accolades, and triumphed to recoupment. To keep audiences interested and allow the show to stand out from the new projects coming in, he wisely incorporated data and research to understand what audiences wanted to see from a *Kinky Boots* campaign and how they would best respond to it now that it has been running for a few years. Mr. Luftig informed our class that since the revamped campaign, the show has seen increased ticket sales and a renewed interest from both new and returning theatergoers. Doing your due diligence from the start and continuing to re-tool and reposition your strategy throughout the life of the show will accommodate an evolving audience and ensure optimal results for implementation.

While I have shared several testing methods and research tools, it is important to tailor your strategy on a show-by-show basis. Each show calls for different aspects of quantitative and qualitative analysis and data collection that must be assessed based on what specific questions regarding your show and its prosperity you are trying to answer. To best inform your overall strategy, targeted testing methods allow you to fill in the important blanks and glean the pinpointed answers you seek to move forward with the most well rounded understanding of your show possible.

Ultimately, if a producer does not understand the value of market research and is not open to making changes that better position and sell the show, they should not waste their time and money on testing. While I will continue to fight for data implementation and its benefits, data cannot save a bad show. No matter how many surveys or focus groups you conduct, a show can still flop on Broadway however, we should not put our

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59 Hal Luftig visited our Creative Producing course and spoke about *Kinky Boots*, Spring 2015.
shows at a disadvantage by not knowing everything there is to know. Market research has
the power to inform decision-making based on audience response and demand, position
the material in the best light possible, help a show run longer, and even aid in reaching
recoupment. In short, data, testing, and market research can mitigate risk of financial
failure on Broadway through strategic and show-specific implementation. It is not a cure-
all for “bad shows,” and while data and research can help you learn that your show is
“bad” or not responding well with audiences, I do not propose a guaranteed formula for
financial success. I urge producers to not shy away from market research because they
are afraid the results will come back negative and crush their hopes and dreams. If we are
to catch up to other industries, we must be informed business people and do everything in
our power to do right by our investors and creatives. Our passion is derived from the art
but our livelihoods are derived from a great deal of hard work and strategic execution. As
producers and industry leaders, it is time we open our minds, elevate business outcomes,
and further explore what tools are at our disposal so we can continue to entertain,
enlighten, inspire, and tell important stories through live commercial Broadway theatre
for years to come.
Exhibits

Exhibit A. Front of *Spring Awakening* Survey given by the Broadway League
Exhibit B. Back of *Spring Awakening* Survey given by the Broadway League
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