

The Los Angeles Philharmonic Orchestra Case Study for

Master of Arts

Arts and Culture Marketing

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1. How did Borda's turnaround plan impact each of the 4 P's of the marketing mix?

Since becoming the President and CEO of the Los Angeles Philharmonic Orchestra, Borda enacted a plan that affected the organization's product, promotion, price, and place. First, the LA Phil's product has changed drastically over the last twenty years. The most notable new product is the Youth Orchestra Los Angeles (YOLA). This new program, based on Venezuela's El Sistema, aims to bring music education to underserved communities in Los Angeles. The opening of the Walt Disney Concert Hall was also a major product change. The new music director, Gustavo Dudamel, is a new product in his own right. Dudamel has worldwide fame that very few people in the classical music industry can gain. Audiences come to see him conduct in addition to interest in the scheduled program.

Borda has also made changes to the LA Phil's promotion strategies. One example of a new promotion was the three-night concert event that she promoted to celebrate the opening of the Walt Disney Concert Hall. Tickets had to be purchased for all three nights, which could be risky if audience members are not interested in attending events three nights in a row, but the incoming board chair said, "this is a tried and true marketing technique - you create an event that people don't want to miss, create the excitement that elevates desire to an actual visit. If you run a one-time event, you don't have any problem getting people to come" (Deshpande and Lobb 2017, 6). This was proven to be true, and Borda used this event packaging promotion technique many times.

When Borda started working at the LA Phil, she claimed that tickets were "wildly underpriced" compared to similar orchestras, so she implemented a new pricing strategy based

on demand (Deshpande and Lobb 2017, 5). Once they moved into the Walt Disney Concert Hall, they doubled the price of tickets for most shows. This new venue increased the perceived value, defined by Bernstein as “the margin of difference, either positive or negative, between the producer value, and what a consumer feels the offering is worth, regardless of its production costs,” so consumers were willing to pay more for their tickets (Bernstein 2016, 207). The Walt Disney Concert Hall not only affected the pricing options, but the place, which is the final P of the marketing mix. Its world renowned acoustics made people more interested in the LA Phil’s performances. The juxtaposition of the new concert hall and the Hollywood Bowl made the LA Phil feel more accessible to any audience depending on which venue they feel most comfortable in.

2. Describe how customer demand and pricing changes helped increase earned revenue, citing specific evidence from the case.

The LA Phil already had an impressive amount of earned revenue compared to similar organizations. According to the case study, “Roughly two-thirds of the orchestra’s revenue came from and related concert activities” (Deshpande and Lobb 2017, 2). From 2000 to 2015, the average concert revenue at the Hollywood Bowl increased from \$307,000 to \$591,000, and the average concert revenue at the Walt Disney Concert Hall increased from \$89,000 to \$190,000. They were able to achieve these impressive numbers because they increased ticket prices, number of performances, and number of tickets sold in order to match the increasing demand.

3. What marketing polarities did Borda encounter?

One of the biggest polarities that Borda struggled with was bringing in a new, more diverse audience without alienating the current audience. According to the case study, “the average age of orchestra patrons at the Walt Disney Concert Hall was 60 years” (Deshpande and Lobb 2017, 4). These affluent attendees were often significant donors, but did not represent the actual Los Angeles population. Borda wanted the La Phil to influence their community and bring music to underserved communities, so they had to find a balance of programs that would attract sophisticated classical music listeners as well as the average Angeleno. Bringing in Dudamel was a great way to bridge these two communities because he was well known and respected in the classical music world, and also represented the Latino community that makes up a large segment of the LA population.

4. What should the LA Phil do to manage its single-ticket sales model (which the case also calls “on-demand”) to continue to increase revenue?

Many sources claim that “the full-season ticket subscriber is the ideal buyer, guaranteeing an audience and an expected revenue source” (Bernstein 2016, 313). Unfortunately, younger audience members are more likely to buy single tickets close to the performance dates. The create-your-own-series model is a good idea to give subscribers more flexibility, but I think the demand-based pricing would be the most effective way to increase single-ticket sales. Decreasing the ticket price of less popular events will draw in new patrons who would likely not attend a more expensive performance. They will then be more likely to

attend future concerts once they have been introduced to the organizations. This is also a great way to get students, who generally have limited income, to get interested in the LA Phil.

References

Bernstein, Joanne. 2014. *Standing Room Only*. Palgrave Macmillan

Deshpande and Lobb. 2017. "The Los Angeles Philharmonic Orchestra: Cultural Entrepreneurship." *Harvard Business Review*, (July)