GENERAL STUDIES COURSE PROPOSAL COVER FORM

Course information:

*Copy and paste **current** course information from Class Search/Course Catalog.*

College/School	College of Public Service and Community Solutions	Department/School	**Community Resources and Development**

Prefix:	**TDM**	Number:	**350**	Title:	Tourism, Recreation and Sports Marketing	Units:	3

Course description: **Critical examination of marketing principles in leisure and related industries in diverse settings, including local, national and international.**

Is this a cross-listed course?	Yes	If yes, please identify course(s):	**CRD/CSM/PRM 350**

Is this a shared course?	No	If so, list all academic units offering this course:	

*Note- For courses that are crosslisted and/or shared, a letter of support from the chair/director of **each** department that offers the course is required for **each** designation requested. By submitting this letter of support, the chair/director agrees to ensure that all faculty teaching the course are aware of the General Studies designation(s) and will teach the course in a manner that meets the criteria for each approved designation.*

Is this a permanent-numbered course with topics? No

If yes, all topics under this permanent-numbered course must be taught in a manner that meets the criteria for the approved designation(s). It is the responsibility of the chair/director to ensure that all faculty teaching the course are aware of the General Studies designation(s) and adhere to the above guidelines.

Chair/Director Initials

KLA (Required)

Requested designation: Literacy and Critical Inquiry–L   **Mandatory Review:** No

*Note- a **separate** proposal is required for each designation.*

Eligibility: Permanent numbered courses **must** have completed the university's review and approval process. For the rules governing approval of omnibus courses, contact Phyllis.Lucie@asu.edu.

Submission deadlines dates are as follow:

For Fall 2018 Effective Date: October 1, 2017   For Spring 2019 Effective Date: March 10, 2018

Area(s) proposed course will serve:

A single course may be proposed for more than one core or awareness area. A course may satisfy a core area requirement and more than one awareness area requirements concurrently, but may not satisfy requirements in two core areas simultaneously, even if approved for those areas. With departmental consent, an approved General Studies course may be counted toward both the General Studies requirement and the major program of study.

Checklists for general studies designations:

Complete and attach the appropriate checklist

- Literacy and Critical Inquiry core courses (L)
- Mathematics core courses (MA)
- Computer/statistics/quantitative applications core courses (CS)
- Humanities, Arts and Design core courses (HU)
- Social-Behavioral Sciences core courses (SB)
- Natural Sciences core courses (SQ/SG)
- Cultural Diversity in the United States courses (C)
- Global Awareness courses (G)
- Historical Awareness courses (H)

A complete proposal should include:

- ☒ Signed course proposal cover form
- ☒ Criteria checklist for General Studies designation being requested
- ☒ Course catalog description
- ☒ Sample syllabus for the course
- ☒ Copy of table of contents from the textbook and list of required readings/books

It is respectfully requested that proposals are submitted electronically with all files compiled into one PDF.

Contact information:

Name	Kathleen Andereck	E-mail	kandereck@asu.edu	Phone	602-496-1056

Department Chair/Director approval: *(Required)*

Chair/Director name (Typed):	Kathleen Andereck	Date:	1/26/18

Chair/Director (Signature):

LITERACY AND CRITICAL INQUIRY - [L]

Rationale and Objectives

Literacy is here defined broadly as communicative competence—that is, competence in written and oral discourse. **Critical inquiry** involves the gathering, interpretation, and evaluation of evidence. Any field of university study may require unique critical skills that have little to do with language in the usual sense (words), but the analysis of written and spoken evidence pervades university study and everyday life. Thus, the General Studies requirements assume that all undergraduates should develop the ability to reason critically and communicate using the medium of language.

The requirement in Literacy and Critical Inquiry presumes, first, that training in literacy and critical inquiry must be sustained beyond traditional First Year English in order to create a habitual skill in every student; and, second, that the skill levels become more advanced, as well as more secure, as the student learns challenging subject matter. Thus, two courses beyond First Year English are required in order for students to meet the Literacy and Critical Inquiry requirement.

Most lower-level [L] courses are devoted primarily to the further development of critical skills in reading, writing, listening, speaking, or analysis of discourse. Upper-division [L] courses generally are courses in a particular discipline into which writing and critical thinking have been fully integrated as means of learning the content and, in most cases, demonstrating that it has been learned.
Notes:

1. ENG 101, 107 or ENG 105 must be prerequisites
2. Honors theses, XXX 493 meet [L] requirements
3. The list of criteria that must be satisfied for designation as a Literacy and Critical Inquiry [L] course is presented on the following page. This list will help you determine whether the current version of your course meets all of these requirements. If you decide to apply, please attach a current syllabus, or handouts, or other documentation that will provide sufficient information for the General Studies Council to make an informed decision regarding the status of your proposal.

Revised April 2014

Proposer: Please complete the following section and attach appropriate documentation.

ASU - [L] CRITERIA			

TO QUALIFY FOR [L] DESIGNATION,THE COURSE DESIGN MUST PLACE A MAJOR EMPHASIS ON COMPLETING CRITICAL DISCOURSE--AS EVIDENCED BY THE FOLLOWING CRITERIA:

YES	NO		Identify Documentation Submitted
☒	☐	**CRITERION 1:** At least 50 percent of the grade in the course should depend upon writing assignments (see Criterion 3). Group projects are acceptable only if each student gathers, interprets, and evaluates evidence, and prepares a summary report. *In-class essay exams may not be used for [L] designation.*	Syllabus Marketing plan assignment Case study assignment

1. Please describe the assignments that are considered in the computation of course grades--and indicate the proportion of the final grade that is determined by each assignment.

2. **Also:**

Please **circle, underline, or otherwise mark** the information presented in the most recent course syllabus (or other material you have submitted) that verifies **this description** of the grading process--and label this information **"C-1".**

C-1

YES	NO		Identify Documentation Submitted
☒	☐	**CRITERION 2:** The writing assignments should involve gathering, interpreting, and evaluating evidence. They should reflect critical inquiry, extending beyond opinion and/or reflection.	Maketing plan assignment Case study assignment

1. Please describe the way(s) in which this criterion is addressed in the course design.

2. **Also:**

Please **circle, underline,** or **otherwise mark** the information presented in the most recent course syllabus (or other material you have submitted) that verifies **this description** of the grading process--and label this information **"C-2".**

C-2

YES	NO		Identify Documentation Submitted
☒	☐	**CRITERION 3:** The syllabus should include a minimum of two writing and/or speaking assignments that are substantial in depth, quality, and quantity. Substantial writing assignments entail sustained in-depth engagement with the material. Examples include research papers, reports, articles, essays, or speeches that reflect critical inquiry and evaluation. Assignments such as brief reaction papers, opinion pieces, reflections, discussion posts, and impromptu presentations are not considered substantial writing/speaking assignments.	Syllabus Marketing plan assignment Case study assignment

1. Please provide relatively detailed descriptions of two or more substantial writing or speaking tasks that are included in the course requirements

2. **Also:**

Please **circle, underline,** or **otherwise mark** the information presented in the most recent course syllabus (or other material you have submitted) that verifies **this description** of the grading process--and label this information **"C-3".**

C-3

ASU - [L] CRITERIA			
YES	**NO**		**Identify Documentation Submitted**
☒	☐	**CRITERION 4:** These substantial writing or speaking assignments should be arranged so that the students will get timely feedback from the instructor on each assignment in time to help them do better on subsequent assignments. *Intervention at earlier stages in the writing process is especially welcomed.*	Syllabus Marketing plan assignment Case study assignment

1. Please describe the sequence of course assignments--and the nature of the feedback the current (or most recent) course instructor provides to help students do better on subsequent assignments

2. **Also:**

Please **circle, underline,** or **otherwise mark** the information presented in the most recent course syllabus (or other material you have submitted) that verifies **this description** of the grading process--and label this information **"C-4".**

C-4

Course Prefix	Number	Title	General Studies Designation
CRD/CSM/ PRM/TDM	350	Tourism, Recreation and Sports Marketing	L

Explain in detail which student activities correspond to the specific designation criteria.
Please use the following organizer to explain how the criteria are being met.

Criteria (from checksheet)	How course meets spirit (contextualize specific examples in next column)	Please provide detailed evidence of how course meets criteria (i.e., where in syllabus)
C-1	The class includes two individual writing assigments that account for 54% of the student's grade.	Students are required to do a marketing plan for 40% of their grade (draft=20% and final plan=20%), and a case study for 14% of their grade. See the rubric for the course grade in the syllbus and the two assignments.
C-2	The marketing plan includes gathering and using research and other information for each plan component though some components are more research oriented than others. The case assignment uses the content of the case which must be interpreted and evaluated.	A portion of the grade for the business plan is based on the use of research and evidence--see assignment description and grading rubric. A portion of the grade for the case study is based on the analysis of information and evidence included in the case--see assignment grading rubric.
C-3	The two major assignments are substantial in nature and require the students to gather, evaluate and use information. The marketing plan is very in-depth and uses course content throughout the semester. The specific case study changes peridically but is always focused on the marketing of a real-world example and allows students to see and evaluate an application of marketing principles to an organization.	See the course grading rubric in the syllbus as well as the assignments and the associated grading rubrics.
C-4	The marketing plan is submitted in sections throughout the semester with feedback provided on each section. A final revised plan is presented and turned in at the end of the semester. The case study assignment is turned in as a draft for feedback specifically on the writing. A re-write is turned in later.	The marketing plan assigment notes due dates for first drafts as does the case study assignment. Both incude grades for the drafts and the final product (see the syllabus and assignment rubrics).

Course Information

CRD/CSM/PRM/TDM 350 Tourism, Recreation & Sports Marketing
Semester
3 credits

Instructor Information

Christine Buzinde
School of Community Resources & Development
College of Public Service and Community Solutions
Arizona State University
UCENT 515
411 N. Central Avenue, Phoenix AZ 85004
Email Address: cbuzinde@asu.edu
(602) 496-2429

Office Hours

Tuesdays and Thursdays 12:00 pm – 1:00 pm or by appointment

Course Catalog Description
  Critical examination of marketing principles in leisure and related industries in diverse settings, including
  local, national and international.

Course Overview

This course is designed to introduce tourism marketing concepts with a practical
management approach. The concepts are grounded in economics, consumer behavioral
science, and current management theories. In addition, this course examines demand and
supply of tourism and community based assets with a focus on marketing tourism in
Arizona and beyond. Students are expected to comprehend the special characteristics of marketing to
be able to apply marketing principles to practical situations in recreation and tourism.

Course Prerequisites

CRD 210 or CSM 201 or TDM 205; ENG 102 or ENG 108 or ENG 105 with C or better; MAT 142 or higher
with C or better; minimum 45 hours.

Course Textbook and Materials

Required

Janes, P. Marketing in Leisure and Tourism: Reaching New Heights. (2006). State College, PA: Venture Publishing. (Available both in print and as an ebook)

Learning Objectives

Course Objectives

After completing the course, the students should be able to:

1. Explain the primary terminology and concepts in marketing.
2. Apply contemporary marketing concepts and their principles to the travel and leisure industries.
3. Apply service industry characteristics to marketing.
4. Generalize consumer behavior and customer satisfaction concepts to leisure industries.
5. Explain the significance of strategic planning in marketing.
6. Explain the application of research in the marketing process.
7. Discuss the concepts of brand identity, brand personality, relationship marketing, and brand loyalty.
8. Assess the influence of current trends on tourism marketing.
9. Develop appropriate marketing strategies to promote, advocate, interpret and articulate the objectives of socially responsible and sustainable tourism.
10. Articulate the role of marketing within the context of Arizona tourism.
11. Examine the role and significance of digital and mobile tools in marketing.
12. Create a basic and well written marketing plan which will demonstrate an ability to analyze the macro and micro environment, examine and analyze prospective markets, and apply the four main components (Product, Price, Distribution and Promotion) of the marketing mix.

Course Requirements

Email and Internet
You must have an active ASU e-mail account and access to the Internet. *All instructor correspondence will be sent to your ASU e-mail account.* Please plan on checking your ASU email account regularly for course related messages.

This course uses Blackboard for the facilitation of communications between faculty and students, submission of assignments, and posting of grades. The *my*ASU/Blackboard Course Site can be accessed at http://my.asu.edu

Preparation/Attendance/Participation
Preparation for class means reading the assigned readings and reviewing all information required for that week. *Attendance* means being in class and on time *participating* in the all of activities and assignments that are part of the course. Attendance to class is expected. By registering for this class you have made a commitment to be here. Attendance is taken at each class period. You may miss two classes with no consequences. Each additional absence with result in 2 points being deducted from your final grade. Students are excused from class to attend university sanctioned events or activities, as well

as for religious observances or practices, in accord with university policy. Assignments are still due on or before the date noted in the syllabus.

Studying and Preparation Time
The course requires you to spend time preparing and completing assignments. A three-credit course normally requires 135 hours of student work. Therefore expect to spend approximately 9 hours a week preparing for and actively participating in this course.

Late or Missed Assignments
All assignments must be finished and turned in to complete the course. Unless the instructor is notified BEFORE the assignment is due and provides an opportunity for the student to submit his/her assignment late, points may be taken off for a late assignment.

Rewrites C-4
This class meets the upper division literacy requirement for ASU's general education requirement. Students will submit at least one draft of their writing assignments for feedback before the final assignment is due. The instructor will provide feedback on the assignment for consideration by the student.

Summary of Assignments

Grading Rubric:

Three Exams	36%
In Class Exercises	10%
Marketing Plan Draft	20%
Final Marketing Plan	20% **C-1, C-3**
Final Case study	14%
Total	**100%**

Examinations. Three exams will cover all material contained in handouts, lectures, discussions, and student presentations.

In class exercises. Each student is expected to take an active role in class. This means quality participation, not simply showing up and making a comment now and then. Throughout the semester we will have several in class exercises. You must be in class and participated to get credit for these exercises.

Marketing plan. You will do a marketing plan for a small tourism, recreation or sports business/ organization of your choice. A draft of each component of the plan will be submitted with a final plan turned in at the end of the semester. A short presentation of our plan will also be required. More information will be provided later.   **C-3, C-4**

Case study. One case study will be completed during the semester. The case will have questions attached. You will write and turn in a draft and then a final analysis of the case with thorough and thoughtful answers to each question. More information will be provided later. The case will be discussed at the end of the semester. **C-3, C-4**

Course Grading

Grades and Grading Scale
Assignment of letter grades is based on a percentage of points earned. The letter grade will correspond with the following percentages achieved. All course requirements must be completed before a grade is assigned.

A+	99 or more			
A	93 – 98.9		C+	77 – 79.9
A-	90 – 92.9		C	70 – 76.9
B+	87 – 89.9		D	60 – 69.9
B	83 – 86.9		F	Less than 60
B-	80 – 82.9			

Student Policies

Review the more detailed policy document posted on the course BlackBoard site.

Classroom Atmosphere
Please turn off the sound on your phones. If necessary they may be place on vibrate but the sound must be off. If you must leave class, please do so quietly with minimal disruption.

Drop and Add dates
If you feel it is necessary to withdraw from the course, please see http://students.asu.edu/drop-add for full details on the types of withdrawals that are available and their procedures. Additional information is also on the document posted on the course BlackBoard site.

Subject to change notice
All material, assignments, and deadlines are subject to change with prior notice. It is your responsibility to stay in touch with your instructor, review the course site regularly, or communicate with other students, to adjust as needed if assignments or due dates change.

Syllabus Disclaimer
The instructor views the course syllabus as an educational contract between the instructor and students. Every effort will be made to avoid changing the course schedule but the possibility exists that unforeseen events will make syllabus changes necessary. The instructor reserves the right to make changes to the syllabus as deemed necessary. Students will be notified in a timely manner of any syllabus changes face-to-face, via email or in the course site Announcements. Please remember to check your ASU email and the course site Announcements often.

Academic Integrity/Behavior
ASU expects and requires all its students to act with honesty and integrity, and respect the rights of others in carrying out all academic assignments. For more information on academic integrity, including the policy and appeal procedures, please visit http://provost.asu.edu/academicintegrity and the *Student Conduct* page (https://eoss.asu.edu/dos/srr/codeofconduct).

Disability Accommodation
Students requesting special accommodation for a disability must be registered with the Disability

Resource Center (DRC) and submit appropriate documentation from the DRC https://eoss.asu.edu/drc.

Title IX
Title IX is a federal law that provides that no person be excluded on the basis of sex from participation in, be denied benefits of, or be subjected to discrimination under any education program or activity. Both Title IX and university policy make clear that sexual violence and harassment based on sex is prohibited. An individual who believes they have been subjected to sexual violence or harassed on the basis of sex can seek support, including counseling and academic support, from the university. If you or someone you know has been harassed on the basis of sex or sexually assaulted, you can find information and resources at https://www.asu.edu/titleIX/.

As a mandated reporter, I am obligated to report any information I become aware of regarding alleged acts of sexual discrimination, including sexual violence and dating violence. ASU Counseling Services, https://eoss.asu.edu/counseling, is available if you wish discuss any concerns confidentially and privately.

DATES	TEXT & SUPPLEMENTAL SUBJECTS	CHAPTERS AND EXAMS
Class 1 (Th)	▪ Course Overview	
Class 2	▪ Introduction to Marketing	▪ Chapter 1
Class 3	▪ Marketing Plans—Plan assignment overview	
Class 4	▪ The Marketing of Experiences	▪ Chapter 2
Class 5	▪ Quality Service Foundation	▪ Chapter 3
Class 6	▪ Quality Service Foundation	▪ Chapter 3
Class 7	▪ Marketing Research—Situation analysis	▪ Chapter 5
Class 8	▪ Marketing Research	▪ Chapter 5
Class 9	▪ Marketing Research - Documentary	▪ Chapter 5
Class 10	▪ Market Segmentation and Target Marketing	▪ Chapter 7
Class 11	▪ Case study assignment ▪ **Review Session for Midterm I**	▪ **Chapters 1, 2, 3, 5, 7**
Class 12	▪ **Midterm**	▪ **Chapters 1, 2, 3, 5, 7**
Class 13	▪ Developing the Market Strategy	▪ Chapter 6
Class 14	▪ Developing the Market Strategy	▪ Chapter 6
Class 15	▪ Brand Positioning	▪ Chapter 8
Class 16	▪ **Fall Break, no class**	
Class 17	▪ Brand Positioning - Documentary	▪ Chapter 8
Class 18	▪ Promotional Brand	▪ Chapter 11
Class 19	▪ Socially responsible marketing ▪ **Review Session for Midterm II**	▪ **Chapters 6, 8, 11 and Midterm I Chapters**
Class 20	▪ **Midterm II**	▪ **Chapters 6, 8, 11 and Midterm I Chapters**
Class 21	▪ Advertising, PR and Pricing	▪ Chapter 12
Class 22	▪ Advertising, PR and Pricing	▪ Chapter 12
Class 23	▪ Advertising, PR and Pricing – Documentary ▪ Draft Case due	▪ Chapter 12
Class 24	▪ Relationship Marketing	▪ Chapter 13
Class 25	▪ Relationship Marketing	▪ Chapter 13
Class 26	▪ Internet Marketing	▪ **Take your own notes in class**
Class 27	▪ Discussion of Case—Final Case due ▪ **Review Session for Midterm III**	▪ **All Chapters & Internet Marketing**
Class 28	▪ **Midterm III (20% of final grade)**	▪ **All Chapters & Internet Marketing**
Class 29	Thanksgiving Break!	▪ **No Classes!!**
Class 30	• **Marketing Plan Presentations** • Competition between groups on theme • Three groups per day! • Four members per group • Business attire required of ALL presenters	▪ Very Competitive Marketing Presentations ▪ Peer evaluations of presenters ▪ Instructor's evaluation of presenters
Class 31	• **Marketing Plan Presentations** • Competition between groups on theme • Three groups per day! • Four/Five members per group • Business attire required of ALL presenters • **Final Marketing Plan due!**	▪ Very Competitive Marketing Presentations ▪ Peer evaluations of presenters ▪ Instructor's evaluation of presenters

A well-designed marketing plan can help you raise awareness of your business or organization, attract more customers and boost sales. Use this guide to develop a 12-month marketing plan.

Step 1: Situation Analysis—Draft due class #10   C-2, C-4

Your plan needs an introductory section – a description of where your business stands today and how you intend to put your marketing plans in place (or change them) and what this will mean to your business the next 12 months.

Your introductory section will contain:

- A description of your business - What products or services do you offer?
- Does your business benefit from any distinct marketing advantages?
    - Are you different from other business—how and why?
- The marketing challenges you face:
    - Do you lack brand recognition?
    - Do you face a limited budget?
- The current location of your competition:
    - Does the competition within this market leave room for you to be competitive?
    - Is your geographic location a positive or a negative?
- What are your competition's weaknesses? How can you use those weaknesses to your advantage?
    - Your competitor's failure to provide flexible service may be an area you can exploit.
    - Does the competition ignore the local market?

Step 2: Overview of Your Target Customer—Draft due class #18 C-4

Your plan must contain some information about your customers (either existing customers or prospective customers). Your overview should use research about various kinds of clients such as ecotourists, sports participants, recreation facility users, etc. **C-2**
- Who they are?
- What do they want?
- What motivates them to buy?

Here, you can include a simple list of information about your customer, some basic demographic info and some more detailed information as it relates to your product, such as:
- Age
- Gender
- Any buying characteristics?
- How does my customer normally purchase similar products?
- Who's the decision maker or primary buyer?

- What is your target customer's motivation for buying (do they want to look good, learn to save money, increase health, etc.)?
- What kind of habits does your customer have, specifically where do they get their information (magazines, trade shows, newspapers, the web, etc.)?
- Do you have a niche that you are trying to target or appeal to?
- Are there any unifying criteria (they are all travelers, rugby players, hikers, etc.)?

Step 3: Your Business Goals—Draft due class #22 C-4

Very briefly, list your organization's goals for the upcoming year: both marketing and sales goals. It's important to put your goals down on paper. Make sure you include elements of your business that are possible to track so you can gauge your progress. Your goals should be:
- Sensible
- Measurable
- Achievable
- Realistic
- Time Specific

For instance, a goal of "increasing the number of customers" is not very specific or measurable. But a goal of "increasing number of tours purchased by 15% over the next six months" is much more specific and measurable.

Your goal section should include information about your gross sales target for your business or organization, goals for your marketing efforts as well as plans for future growth.

Step 4: Your Strategies and Tactics—Draft due class #26 C-4

This section is the heart of your marketing plan. It details what your marketing message is, what you plan to do to market your materials, how you plan to achieve your marketing goals and what tactics you'll use to meet them.

Your marketing message determines how you want to communicate your message to the customer. What story about your business do you want to tell? Here are some of the key points to include in your strategy:
- What it is that you do?
- What's special about your customer?
- How do you perceive your potential customer's problems?
- Are these problems critical to your customer, if so how? How can you solve these problems?
- What are the benefits that customers will receive from your products or services?
- Do you have testimonials from customers about your products or services?
- What details can you give about your pricing structure for your goods or services?
- What kind of guarantee are you willing to offer customers?

Your tactics are the means that you will use to inform your customer about your business and your products. Your tactical plan will include all the steps you need to take to meet your goals. Are you planning to advertise in a particular way? Will you be attending trade shows? Do you plan to offer a special promotion? Your tactics need to be carefully spelled out, with dates and actions associated with them, and what tools you'll use to reach your customer.

Your tactics will include the actual elements you will use to deliver your message to the customer. Of course, you want to use a method that is going to give you the highest return on your marketing dollar. You'll use tactics that are going to get you in front of your target customer or niche market.

Which tools or medium you use should be the correct blend of market, message, and medium. For instance, if you're marketing your Yoga fitness center and the benefits to triathlon training, you wouldn't place an ad in a magazine targeted at senior citizens.

Some of the tools you may choose to use are:

- Flyers
- Brochures
- Business cards
- Gift certificates
- Catalogs
- Posters
- Postcards
- Door hangers
- Newsletters
- Banners
- Signs
- Window display
- Billboards
- Newspaper ads
- Television ads
- Infomercials
- Radio ads
- Magazine ads
- Movie ads
- Articles
- Sales letters
- Media releases
- Trade shows
- Public speaking
- Social Media
- Online Advertising
- Charity events
- Networking
- Contests
- Seminars
- Sweepstakes
- Special events
- Agents
- Word-of-mouth
- Classified ads
- Yellow pages
- Door-to-door
- Website
- Email

Step 5: Your Budget—Draft due class #26 C-4

The last section of your plan will break down the projected expenses of your marketing efforts. This section includes any estimated expenses for the creation, development and distribution of your materials. Your budget plan should include the estimated purchase cost of raw materials, printing and postage. If you plan to take part in any trade shows, your travel costs, booth fees, setup costs plus any other particular expenses should be accounted for.

You develop a marketing budget initially by simply calculating your initial marketing expenses. Once you have that information down on paper, you can go back and either do more research or add more details to further refine your calculations.

If your business has been running for a while, you know how much money your current sales are generating. You can use that information to divide into your past marketing expenses and calculate your "cost of marketing." That will also tell you what it cost you to sell one unit or

what it cost to acquire one customer. If you haven't been in business long, or are just starting out, you can use your initial sales goals as the basis for developing your marketing budget. Of course, you'll have to revise these figures once you get actual sales.

Calculate Your Cost of Acquiring Each New Customer

1. Distribute _____ (quantity of promotional effort) by _____ (medium)

2. At a total cost of $_____

3. Acquire _____ new customers as a result

4. Divide the money spent by the number of new customers: $_____ divided by _____ = $_____

5. By using this media message to reach this target market, the cost to acquire 1 new customer is: $_____

6. To get _____ (goal) customers the budget would be: _____ (number of customers) x $_____ (cost per customer) = $_____

After you have an estimate of the cost to sell an item or acquire a customer, you'll have a good understanding of how much money you should budget to increase your sales and meet your sales goals.

Your plan should never be set in stone. If you make changes to a tactic you can always update your marketing plan to reflect those changes.

A solid, well thought out marketing plan will help you focus on how you need to expend your efforts. It might take some work to find the initial information, but once you have a plan in place, you can invest your time, energy and motivation into making your business a success.

Grading for each section:

20%   Writing quality
20%   Use of research and other evidence **C-2**
50%   Major components addressed
10%   Presentation

Students will be required to read a case study and turn in written answers to several questions. Cases change from semester to semester. An old example:

Carefully read the Case "San Francisco Opera"

Using the information and evidence provided in the case study, answer the following question using substantial depth and detail. **C-2** A draft will be due *Class 24* specifically to assess your writing, with a rewrite due *Class 27*   **C-4**

1. How has Mansouri contributed to the on-going success of the Opera?

2. How is funding different from a 100% for-profit company?

3. How has the U.S. opera market changed in recent years and how is it different from the market of other types of performing arts?

4. How has Gulick's experience, background and vision contributed to the Opera's success?

5. What made the Opera's web site particularly successful?

6. Look at the web site yourself. (www.sfopera.com) What do you think of it now? What are some upcoming performances? What are some upcoming special events? Look at the BRAVO Club--do you find it appealing, and why or why not?

7. What was the Opera's strategy for penetrating the Silicon Valley market?

Grading:

20%   Draft assignment turned in **C-4**
20%   Writing quality
30%   Use of information/evidence provided in the case **C-2**
20%   Thoroughness of answers **C-3**
10%   Discussion participation

San Francisco Opera

In June 1999, Tom Gulick, director of marketing and public relations for San Francisco Opera (the Opera), was listening to a dress rehearsal of Wagner's *Der Ring des Nibelungen*. He often stopped by and sat in on rehearsals. It was one of the many aspects of his job that he particularly enjoyed.

San Francisco Opera was considered one of the world's premiere opera companies and had the second largest operating budget in the country. During Gulick's four-year tenure with the company, the Opera experienced substantial growth and earned critical praise for its high profile new works and adaptations. Only one season earlier, the Opera celebrated its 75th anniversary with the reopening of the grand War Memorial Opera House.

Gulick and the other Opera executives knew that, despite many successes, an ongoing challenge for the Opera was growing its audience. Historically, the Opera depended on ticket sales as well as individual donations to fund its programs and focused its marketing and development efforts primarily on San Francisco. However, with the recent population and economic shifts from San Francisco to areas south of the city, Gulick recognized the potential for San Francisco Opera to pursue new audiences and donors from the generally younger, more entrepreneurial professionals and executives in Silicon Valley. In fact, a Harvard Business School Community Partners consulting team presented some compelling data on the changing demographics of the Bay Area earlier that day. Yet, the Opera's traditional constituency—typically the older, wealthier residents of San Francisco itself—was still strong. As the Opera orchestra's music reached a crescendo, Gulick found his mind wandering to several critical questions: How could San Francisco Opera position itself for future opportunities without losing its traditional base of support? And, what role should technology—in particular the Internet—play in furthering the Opera's goals?

Background on San Francisco Opera

Opera was first performed in late 16th century Italy. It quickly gained popularity and by 1650, approximately 50 operas had been performed. San Francisco Opera was founded in 1923 with a mission "to perpetuate, enrich and develop opera as an art form, and to serve the community through broad outreach." San Francisco Opera was one of the leading opera companies in the United States and among the top 10 largest in the world. In the 1997-98 season, San Francisco Opera presented 95 performances of 12 different opera productions, attracting 272,233 audience members.

The Opera performed 5-12 performances each of 10-12 operas a year. Main stage productions were generally planned 3-4 years in advance to order to obtain artists, directors and financial backing. Each season, Opera management strived to create a balanced program, producing operas from its own repertoire and supplementing with others to add variety in composers, language, length and size.

Operas were very people intensive. A typical opera took five to six hundred people to produce. San Francisco Opera managed members of eight different unions working under 14 separate union contracts.

Rehearsals for the fall season began in July. August to January was the Opera's busiest period; at the season's mid-point, 3 operas were on stage and 3 more were in rehearsals at the same time (known as "the stack of 6"). In addition to main stage performances, the Opera also offered Western Opera Theater tours, fundraisers, and education/outreach programs. All of this required highly detailed scheduling and tight financial controls.

The Opera performed in the showcase War Memorial Opera House (the Opera House), which it shared with the San Francisco Ballet. Although the Opera House had not been badly damaged during the 1989 Loma Prieta earthquake, the building required substantial structural reinforcements to prepare it for future large earthquakes. The Opera, along with the Committee to Restore the Opera House, launched a major capital campaign and raised $86.5 million to renovate and restore the Opera House. Reconstruction took 18 months, starting at the end of the fall 1995 season and continuing through the beginning of the 1997-98 season. Rather than taking a cautious approach and offering a scaled back season, the Opera—led by general director, Lotfi Mansouri—ran a full programming season with productions specifically designed for the Opera's three interim venues.

San Francisco Opera Management

The fourth general director since San Francisco Opera was founded, Mansouri had been affiliated with the company since the 1960s when he frequently served as a guest director. Prior to his appointment as general director of San Francisco Opera in 1988, Mansouri ran the Canadian Opera Company and guest directed productions throughout the world. Mansouri was known for his charismatic personality, his love of opera as an art form, and his desire to make opera accessible to everyone. Mansouri was credited with the introduction of supertitles, the projection of English translations of librettos above the stage, an innovation which helped bring new audiences to the opera and made it more practical for companies to perform operas in their original language.

Since joining the Opera, Mansouri's innovations helped it maintain its reputation as one of the most distinguished opera houses in the country. For example, Mansouri was responsible for disseminating the Opera's works through its first official audio, video and television recordings in the early 1990s. In 1992, Mansouri introduced Pacific Visions, a program designed to expand the Opera's repertoire through new commissions and the presentation of unusual works. The Pacific Visions program subsequently commissioned and produced such opera as: *The Dangerous Liaisons, Harvey Milk, A Streetcar Named Desire* and *Dead Man Walking*, scheduled for October 2000. In addition to Mansouri's inventive approach, he was an effective fundraiser. Under his leadership, the Opera's operating budget, donations and endowment virtually doubled. Mansouri spearheaded the major restoration of the Opera House whose reopening coincided with the Opera's 75th anniversary. Several opera luminaries including Beverly Sills, Joan Sutherland, and Plácido Domingo participated in the celebration due to their special ties with the Opera and Mansouri. Finally, because Mansouri saw opera as the most logical cultural choice for a generation raised on MTV and music videos, he began courting younger audiences through the creation of BRAVO! Club—a group of young adults which hosted a variety of educational and social events in support of the Opera.

As of mid 1998, the Opera employed 95 full-time staff and 490 seasonal professionals, in addition to managing 490 volunteers, interns and artistic apprentices. The staff worked in 8 different buildings widely dispersed throughout San Francisco. Even the main administrative offices within the Opera House were spread throughout the building, split by the performance stage and auditorium, making coordination among certain groups more difficult than might otherwise be the case.

The Opera was governed by a 76-member board of directors. Since 1995, Bill Godward—founding partner of Cooley Godward, a prominent Bay Area law firm—had been president of the board. Mansouri reflected on how the board had changed since Godward's arrival:

> The board used to be a social club. Now it's large, but Bill has made it more effective. He's set up committees and made them accountable. It's manageable because only 10-12 people do the vast majority of the work.

Of the 76 board members, 15 were either based in or thought to have strong contacts in Silicon Valley. In addition, the board had a technology committee that had been very effective in getting in-kind donations of computer equipment. All three of the board members on the technology committee had strong Silicon Valley connections.

The daily operations of the Opera were run by a triumvirate composed of the general director, music director and managing director (see **Exhibit 1** for the Opera's organization chart). Mansouri described his view of what he as a general director needed to do:

> The ideal way to run an artistic organization is to have strong managers and provide them with a vision to inspire them and strengthen them so that they become a team. It takes years to build the right team, but it can take only one season to break it. You have to give autonomy, and you can't dictate. You can only request that you be told what is going on. We try to talk about every issue.

In February 1999, Mansouri announced his retirement, which was to become effective July 31, 2001. Transitions between opera general directors were typically quite long, given that production plans were in place three to four years out. Mansouri would be planning San Francisco Opera's seasons through 2002 and had agreed to direct at least two productions for the company between 2001-04. In February 1999, the board appointed a search committee to find Mansouri's replacement.

San Francisco Opera Center Programs

As part of its goal of maintaining a leadership role in arts education and audience development, in 1939 the Opera began a variety of affiliate education and artistic training programs. In 1982, the Opera created San Francisco Opera Center (the Center) to oversee and combine the operation and administration of these programs. The Center was one of only ten professional opera training programs worldwide and offered young artists the opportunity to develop under the auspices of a major international opera company. The Center's performances also provided a variety of opera and theater experiences for the community. The Center's primary programs included:

1. Merola Opera Program—The Merola Opera Program was one of the oldest and most prestigious training programs in the world for young artists pursuing professional opera careers. Founded in 1957 and named for San Francisco Opera's first general director, Gaetano Merola, the Merola Opera Program trained 28 gifted young singers, coaches, conductors and stage directors annually.

2. Western Opera Theater—founded in 1967 with the assistance of a grant from the National Endowment for the Arts, Western Opera Theater had presented more than 1,700 performances of 38 operas, performed primarily in communities where live opera was rare. In 1987, Western Opera Theater had become the first American company to tour the People's Republic of China. Western Opera Theater played in 57 cities in 1998.

3. The Adler Fellowship Program—founded in 1977, the Adler Fellowship Program was a performance-oriented residency program for singers, offering individual training as well as roles in special productions and the Company's international season. Up to 11 Adler Fellows were on salary during the 11-month contract period. Artists were chosen from Merola program graduates.

Education and outreach programs were offered by the Center in conjunction with the San Francisco Opera Guild (the Guild). The Guild was founded in 1939 and provided a variety of programs to foster appreciation of opera. Major community outreach programs included "Opera in the Park" and "Brown Bag Concerts"—free concerts in city parks, shopping malls, retirement homes, hospitals, downtown courtyards and other public places where people gathered. The Opera also offered pre-performance lectures, previews and Opera House tours. As part of its education programs, Opera artists visited public and private schools throughout Northern California, providing musical theater exposure for students from kindergarten through high school. Some 4,000 children could also see and hear live opera by attending student matinee dress rehearsals at the Opera House.

Annual Operating Budget and Funding Sources

The operating budget for San Francisco Opera for the fiscal year ended July 31, 1998 was $50.9 million. Artistic and production costs were only partially covered by ticket sales. The difference was covered primarily through individual contributions.

Table A   FYE 97/98 Operating Budget Breakdown

Total Income (100% = $50.5MM)		Total Expenses (100% = $50.9MM)	
Ticket revenue	43%	Artistic and production	72%
Opera Center and other	5	Administrative/other	10
Investment income/gains	11	Marketing	7
Individual donations[a]	34	Opera Center	6
Corporate and foundation	3	Fundraising	5
Government funding	2		
Donated assets	2		

[a]Including bequests.

In 1998 the official corporate sponsors of San Francisco Opera were: American Airlines, Bank of America, Chevron, Lexus and R. Kassman Pianos. Typically, corporate sponsors donated a minimum of $100,000 and received logo recognition as season sponsor, complimentary tickets and opportunity for significant high-level client entertainment.

Future Goals

In fulfilling its mission, the Opera was committed to enriching opera as an art form and serving the community. Opera executives spoke both of their desire to remain a leading U.S. opera company, and to make major contributions to the world of opera in general. Bill Godward described his vision of what the Opera needed to do to stay on the "cutting edge":

> In particular, a core item will be to develop a new inventory of opera here through presentation of new operas from elsewhere or, even more importantly, to expand our Opera Center and seek additional funding across the board to develop a local "new works" endowment program. With sufficient income we could do the same thing for composers and librettists that we now do for young singers, i.e., bring them into the theater and give them the opportunity to train and develop, enabling them to write operas in the same manner that the great composers developed and honed their skills in the golden age.

> It appears that a full program of this sort does not exist elsewhere. What we will be trying to do is replicate the opportunities that developed the Verdis, the Wagners, the Donizettis, the Puccinis, none of whom did very well on their first opera, but grew in stature as they worked in the theater and developed their genius.[1]

In 1999 the Opera had a resident artists program for singers which cost about $400,000 a year. Chase Manhattan Bank donated $75,000 to sponsor Jake Heggie, the first-ever Chase Composer-in-Residence.

Because Opera management believed that new operatic adaptations were also important, Mansouri sought a $10 million "new creations" endowment to help fund the Pacific Visions program for such adaptations. To date, these new works had been produced sporadically. Opera management felt that commissioning and staging one new work each year would enhance the Opera's reputation and help attract a younger and more diverse audience. Production costs for creating a new work were approximately $5 million.

The Opera was also pursuing a major initiative to raise $100 million for its general endowment fund. Gulick believed that the Opera had an opportunity to establish a strong endowment fund given that individuals rather than corporations typically funded endowments. Although San Francisco was no longer a "corporate headquarters city," it did have a large population of wealthy individuals. As of fiscal 1998 year end, the market value of the Opera's endowment investments was $44.8 million. Opera executives believed that, as a rule of thumb, endowments for performing arts organizations should be 2-3 times the operating budget to protect against a precipitous drop in donations during recessions. The Opera's development department was responsible for 41% of revenue that came from donations and, accordingly, had ownership of increasing the endowment fund to approximately $150 million by 2005.

Opera in the United States

Opera was the fastest growing of the traditional performing arts and the only one that had been able to successfully attract a younger audience. Between 1992 and 1997, opera attendance grew from 10.4 million to 16.5 million. The median age of opera audiences dropped slightly from 45 years

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[1] William W. Godward, *A Look at San Francisco Opera*, 1999, p. 64.

in 1992 to 44 years in 1997, while the median age for virtually all other arts audiences increased over the same time period. Further, the number of 18- to 24-year-olds attending opera performances increased 18% between 1982 and 1992, which was a greater percentage increase than for any of the traditional performing arts.[2]   Gulick attributed the success of opera to its multidimensional components—the combination of technology, music, lights, voice and theater—which provided a much richer visual and aural experience than most other performing arts.

Nationally, San Francisco Opera had the second largest operating budget after New York's Metropolitan Opera.

Table B   Leading U.S. Opera Company Statistics, 1997-1998 Season

	Operating Budget ($MMs)	Main Stage Productions	Main Stage Attendance
New York Metropolitan Opera	$159.6	25	774,029
San Francisco Opera	50.9	12	272,233
Lyric Opera of Chicago	46.7	9	301,297
New York City Opera	31.9	15	235,074
The Washington Opera	22.5	8	132,000

Source: OPERA America, *Fiscal and Operational Survey Report of Professional Opera Companies*, 1997-1998 Season; San Francisco Opera.

OPERA America, an association of 120 professional opera companies, reported that its members earned $246 million of ticket revenue in fiscal 1997, up 8.1% from the prior year. For its members, fiscal 1997 box office income represented 41% of total operating income. Individual donations accounted for 22% of total income, foundation support provided 8%, and corporate giving represented 4% of total income. Funding from the National Foundation for the Arts (NEA) continued to decline in fiscal 1997, decreasing 36% from the prior year. NEA support represented only 0.4% of income in fiscal 1997 for U.S. members of OPERA America. [3]

In the 1960s, San Francisco Opera was the only opera company in California. However, by year-end 1998, there were 29 opera organizations throughout the state. The San Francisco Bay Area had eight opera companies. The two largest were San Francisco Opera and—one hour south of the city—the newer Opera San Jose, founded in 1984. Opera San Jose was a much smaller opera company, with a 519-seat capacity compared to San Francisco Opera's 3,148 seats. Opera San Jose was funded by local foundations and corporations including: San Jose Mercury News, San Jose National Bank, the Hewlett foundation and the Packard foundation. Mansouri was a friend of Irene Dalis, the founder and general director of Opera San Jose. Several Merola and Adler fellows had performed with Opera San Jose while training at the Opera.

Ticket prices in 1999 for fine arts performances in the Bay Area were as follows:

[2] National Endowment for the Arts, *Survey of Public Participation in the Arts: Summary Report*, 1997, pp. 22-23.

[3] OPERA America, *Quick Opera Facts*, 1999.

Table C   Ticket Prices—Selected Bay Area Performing Arts Organizations (1999-2000 Season Single Ticket Prices)

	American Conservatory Theater	Berkeley Repertory Theater	Opera San Jose	San Francisco Ballet	San Francisco Opera	San Francisco Symphony
Weekend Orchestra	$55	$48.50	$50	$65	$125	$76
Weekday 1st Balcony	$37	$38	$40	$28	$75	$46

Source: Performing arts company Web sites as of 12/14/99, including: www.act-sfbay.org, www.berkeleyrep.org, www.operasj.org, www.sfballet.org, www.sfopera.com, and www.sfsymphony.org.

Tom Gulick and the Marketing Department

Tom Gulick grew up in the Midwest and attended the University of Wisconsin at Madison. He became interested in the performing arts as an undergraduate when, out of the blue, he auditioned for a play and got the role. Gulick continued acting and quickly recognized the power of financial backing for the arts.

> It became apparent that if you controlled the dollars, you controlled the ability to make art happen. Lots of students were interested in performing, but couldn't. They had talent and ideas, but they needed money to promote and sell them. I got tired of sitting around, not being able to do things, so I got involved and chaired the theater, music and film committees of the student union.

Gulick graduated in 1976 with a degree in communication arts and a minor in theater. Shortly thereafter, he enrolled in the professional theater program at the University of Michigan at Ann Arbor. Gulick put together his own graduate coursework in business law, economics, journalism and theater, and completed his degree in 1979. He moved to the west coast and acted on a freelance basis with a number of theater groups until he was offered an opportunity with the San Francisco Ballet. The position provided Gulick with his first exposure to fine arts management and over the next five years he worked his way up to become associate director of marketing and public relations. In 1985, Gulick joined the Oregon Symphony as director of marketing and public relations; he held the same role with the Indianapolis Symphony Orchestra and the Detroit Symphony Orchestra (DSO) before joining the Opera in 1995.

Gulick was recruited to the Opera in part because of his experience with the DSO. The DSO had built a new concert hall, and Gulick had been instrumental in creating partnerships to lower costs and ensure the success of the project. He had also been able to use the new hall as an opportunity to reposition the image of the DSO with the public. Gulick was familiar with the Opera House from his days at the San Francisco Ballet, and knew he could provide strategic marketing assistance to the Opera during the renovation of the Opera House. Gulick was also interested in the Opera position because he wanted to expand his personal repertoire of experience with performing arts organizations to include ballet, symphony and opera.

Gulick viewed database and technological expertise as critical to fine arts marketing. After joining the Opera, he spearheaded a partnership with A.T. Kearney to do market research and developed a database that enabled the Opera to price tickets based on seating and performance

demand. After Gulick's arrival, the marketing department also created a model for forecasting ticket buying behavior, and revenue and expenses for different categories of operas. The immediate access to detailed purchasing information allowed the Opera to catch quick "pops" in ticket sales, so that additional performances could be added easily. The research results and improved accuracy in forecasting also prompted Gulick and Mansouri to expand beyond the traditional September to December season by adding performances in January and again during the summer after the Ballet had vacated the Opera House. This not only increased ticket sales, but also expanded the Opera's potential donor base.

With more than 20 years of experience in marketing for performing arts organizations, Gulick observed:

> The role of marketing in arts organizations has evolved enormously. It is finally becoming more of a science and significantly more sophisticated. The Opera's success has come from its ability to balance its mission with being proactive and market driven.

> I like to play devil's advocate, constantly rethinking our approach to reaching our audiences and making them feel that they are part of the Opera family. There is no excuse for us not to have a personal relationship with everyone, from the single ticket buyer to the major donor. I look for holes in the organization and stick my nose in.

In addition to the partnership with A.T. Kearny, Gulick sought out relationships with a number of outside organizations. His philosophy was to remain focused on marketing tickets, and avoid building up staff that would create expensive in-house experts. Instead, he crafted agreements with ad agencies, technology and consulting firms to bring external, unbiased—and pro bono—assistance to the Opera.

Gulick's vision for the Opera went far beyond the traditional stage. He dreamt of developing an opera portal where opera connoisseurs could learn about productions and buy tickets to performances anywhere. His ultimate goal was to create custom performances, via television or the Internet, where a viewer could, at any time of the day or night and in any part of the world, click on the language of their choice, specify a certain camera angle and watch any number of productions. In addition, viewers would be able to click on the biography of a singer or get history and information about any aspect of the production. In 1999, distributing the audio content of an opera via the Internet was feasible, but the transmission of the video component was below acceptable quality standards for the Opera.

Marketing Department Responsibilities

The Opera's marketing department was responsible for all aspects of ticket revenue. In fiscal 1998, the Opera earned $21.7 million in ticket sales and was forecasting fiscal 1999 ticket revenue to be $24.5 million. The department also provided an array of marketing support functions: developing collateral materials, coordinating advertising, setting ticket prices, determining subscription options, managing public relations and running the Opera's Web site. The marketing department was located in the Opera House along with the administrative staff. Marketing shared management of an offsite telemarketing and telefunding center with the development department, while the development department itself was housed in yet a third location. The marketing department worked in conjunction with the development department on several other activities: managing corporate sponsorships over $100K, BRAVO! Club, direct mail solicitation letters, individual donors in the under $3,000 category and a program that coordinated seating priorities based on donations.

San Francisco Opera Web Site

One of the marketing department's most successful programs was the Opera's Web site. Launched in 1995 by an outside volunteer, the original concept was to provide an information "magazine" on the Opera. Being near the technological hotbed of Silicon Valley, Opera management felt that they were "behind the curve" and that they had to move quickly even though they did not have detailed plans.

The Opera worked with an outside firm (which donated $60,000 of its $70,000 fee) to redesign the Web site. By August 1997 the Opera had added online ticketing capabilities. With in-kind donations of programming services valued at $38,600, the Opera was able to create a dynamic interface and sell $250,000 of tickets in its first year. In March 1998, the Opera added the ability to purchase subscriptions online. Later that summer, the Opera hired a webmaster. In its second year of e-commerce operations, the Opera generated $1.7 million of revenues (in part because the marketing department launched the *Ring* cycle campaign with the Web site address as the exclusive box office contact). The Opera invested an additional $75,000 in programming fees, and in January 1999, added the ability to purchase subscription *renewals* online. By Spring 1999, the Opera had hired an assistant webmaster, and the Opera's Web site was generating approximately 20 million hits annually.

Most opera companies in the United States had Web sites, but only a few had the ability to directly sell tickets online. Most opera Web sites required ticket buyers to mail, e-mail, phone or fax their requests. Occasionally, opera companies offered online ticket sales through intermediaries such as Ticketmaster or Advantix. Many sites were developed and maintained by outside groups.

The Opera promoted the site through its advertising campaign for *The Ring*, using freeway billboard space ("visit a web site that sings: www.sfopera.com") and by listing the Web site address on all collateral materials. In 1999, Gulick began experimenting by purchasing $40,000 of banner ads on several Web sites, including CitySearch, Sidewalk San Jose and San Francisco, and Doubleclick's network for key words. At that time, Gulick could track click-throughs on the banner ads, but not ticket purchases, something he was hoping could be corrected. He planned to continue to innovate on the Web in the future because, in addition to boosting ticket sales, the Web site had the ability to raise substantial donations and attract a new group of customers. An impressive 60% of the online ticket sales had come from first-time buyers. Of the donations received online, 80% were from first-time donors. Moreover, the online buyers had a very different profile from that of traditional box office purchasers. The median age of an online purchaser was 35 years old versus 51, and most online buyers lived south of the city in San Mateo and Santa Clara County, rather than in San Francisco.

The Project

For several years, Opera management discussed Silicon Valley and the need to coordinate a focused plan to increase awareness, attendance and ultimately donations from the area. Various attempts at increasing the Opera's connections to Silicon Valley were made: the Opera purchased billboard advertising space on Highway 101, a handful of fundraising parties had been hosted in Silicon Valley, the board recruited a few Silicon Valley executives, and a small high technology committee of the board solicited in-kind donations of equipment from Silicon Valley companies. At one point, an individual from the development area was assigned responsibility for the initiative, but as Diana Sunshine, marketing manager, recalled:

Three years ago we lacked an organization-wide cohesive strategy, a coordinated interdepartmental approach, resources, and real support from the board or administration. Finally, Tom said he'd own the Silicon Valley Initiative. He has a habit of taking things that have been floated as ideas but never seem become implemented. He offered to take responsibility, create a plan and add structure to ensure the project's success.

Gulick took over responsibility for the Silicon Valley Initiative in December 1998. He had been listening to Opera executives talk about Silicon Valley and had been asking himself:

What is Silicon Valley? Is it a geographic region? A high tech industry? A way of thinking of the world? Is the medium—technology and the Internet—the message?

Keith Cerny and HBS Community Partners

At about the same time, Keith Cerny, who had recently moved back to the Bay Area, was looking for a way to get involved with the community. Cerny, a 1991 graduate of the Harvard Business School (HBS), attended a January 1999 meeting of the local HBS alumni club and happened to sit next to the project director of the HBS Community Partners (Community Partners) program. Community Partners, established in 1986 by the club, assisted nonprofit organizations in the Northern California area. Through the program, HBS alumni applied their management and business skills as volunteer consultants working on projects in the nonprofit sector. Cerny asked if Community Partners had ever done any work with the Opera and learned that they had not; however, one of the club board members sitting across the table was on the Opera's board. After a quick introduction, Cerny proposed that he represent Community Partners and work with the Opera to develop a consulting project. Within twenty-four hours, Cerny had a letter of introduction to Mansouri and was able to schedule an appointment that same week to meet Mansouri and discuss potential project ideas.

Cerny's love of music had started at an early age. When Cerny was nine he joined the San Francisco Boys' Chorus where he sang in concerts and productions with San Francisco Opera. He began studying the piano at 10, and performed his first public concerto at 12. At the age of 20, Cerny graduated from the University of California at Berkeley with a bachelor of arts degree in physics and music. He was awarded a Fullbright Scholarship to University College London and studied opera at English National Opera and the Guildhall School of Music and Drama. Cerny also conducted opera and choral music in London with a range of organizations. He intended to go from there to Germany and begin a career in opera. By 1987, however, he had changed his mind:

Going to HBS had always intrigued me. I had become reluctant to spend my whole working career in Germany and was eager to get back to the States. Through other Berkeley alumni, I had come across a lot of business leaders and was impressed with their accomplishments.

Cerny returned to the United States and worked in the tax department at Touche Ross before attending HBS in 1989. He continued to pursue his interest in music despite the heavy workload at Harvard, and accompanied voice students for the chairman of the voice department at New England Conservatory of Music in his free time. After graduation, Cerny joined McKinsey & Company, where he was encouraged to become involved with nonprofit boards. Cerny did a variety of projects for the Atlanta Opera and the Spoleto Festival USA before Andersen Consulting recruited him to join their San Francisco office in 1998.

Even before attending the HBS club meeting, Cerny had pursued working with San Francisco Opera. He had tried to get an introduction to the Opera from a Spoleto Festival contact, but his chance meeting with the HBS Opera board member put him in an even better position—with a formal letter of introduction to Mansouri and the board, the HBS Community Partners name behind him, and hopefully, a team of volunteers to help work on the project. Over the course of a few weeks, Cerny met with Godward; Mansouri; Gulick; Monica Mackey, director of development; and Michael Savage, managing director. Several possible project ideas were batted around, but the one issue that kept coming up was the need to build greater attendance and financial support for the Opera in Silicon Valley.

Cerny continued to meet with Opera executives and in March 1999 got approval from the Opera to launch the "Silicon Valley Initiative" project with Community Partners. Cerny acted as team leader and two additional HBS alumni volunteers were recruited to round out the team.

Structure and Objectives for the Initiative

To provide additional oversight, Opera management created a special steering committee for the Silicon Valley Initiative. Godward, Mansouri, Gulick, and several senior members of the Opera's development and finance teams made up the committee. Gulick agreed to take primary responsibility for the project with assistance from Sunshine, who reported to him. It was relatively unusual for the Opera to establish a cross-functional team at such a senior level. Sunshine recalled that previous Opera projects with outside consultants had worked differently:

> Usually, outside consulting projects were marketing-related and initiated by Tom. There would be participation from other departments, but ownership resided in Tom's office. This project was truly cross-departmental and required tremendous coordination. Also, since Community Partners is a volunteer organization, we knew that much more of the work would need to be done by the Opera's staff.

In April 1999, Cerny led a kickoff meeting of the Opera executives and the Community Partners team to discuss the specifics of working together and to outline the assignment. The group agreed to three primary objectives for the project:

- Understand the Opera's current reputation and presence in Silicon Valley;

- Define goals for the Opera across a number of dimensions, including potential audience awareness of the Opera, attendance and financial contributions; and

- Create an action plan to implement the recommendations.

The first step for the Community Partners team was to assemble a demographic "fact-base" on Silicon Valley. They developed geographic boundaries for the region and identified revenue, profitability and market values for companies based there. Next, they analyzed internal Opera data to understand the relationships with existing Silicon Valley subscribers, donors and board members. The team conducted more than 50 interviews with Opera board members, as well as Silicon Valley executives, venture capitalists, philanthropists, and nonprofit leaders. (See **Exhibit 2** for selected interview quotes.) The team also designed a direct mail survey (see **Exhibits 3** and **15**) for 25,000 Silicon Valley residents to assess overall interest in the arts, awareness of San Francisco Opera, interest in potential events in San Francisco and Silicon Valley, and donor behavior. The survey had an exceptionally high response rate of 8%, with approximately 2,000 responses. Another 3,000 abridged versions of the survey were sent to Opera subscribers in San Francisco to create a baseline against which to test the Silicon Valley results.

Preliminary Findings

The Community Partners team met with the Opera steering committee in June to present their early findings. The demographic data was striking. Silicon Valley had been experiencing tremendous growth and in addition to its reputation as a center for high technology, had also become known as a hotbed for start-up Internet companies. By virtually all measures—sales, net income and market capitalization—Silicon Valley companies dominated the Bay Area. More than half of the San Francisco Chronicle "500" companies were headquartered in Silicon Valley, and the market capitalization of these companies had increased nearly 50% just in the prior twelve months. (See **Exhibits 4–6** for demographic information from the Community Partners report.)

The Opera executives were pleasantly surprised to learn that Silicon Valley already accounted for approximately 15% of the Opera's individual ticket sales and approximately 20% of subscribers and individual donors. Silicon Valley ranked third in the Bay Area in individual ticket and subscription sales, but second only to San Francisco in individual donations and in average contribution per account. However, *market penetration* in Silicon Valley was significantly lower than in the rest of the Bay Area. (See **Exhibits 7–14** for Opera patron analyses from the Community Partners report.)

Soliciting donations in Silicon Valley presented different challenges for the Opera than did fundraising in San Francisco. The Community Partners research showed that Silicon Valley residents had less of a "tradition" of giving, were less tied to opera and the arts in general, and were often too busy to volunteer or even attend performances. Wealth was in younger hands and was often in the form of paper profits, as many had their net worth tied up in stock options or stock that could not be traded easily. Corporate giving was difficult as well. Profitability was frequently unstable, and most young companies had not developed charitable giving programs. Furthermore, while the area had a number of individual and corporate donors, they tended to support nonprofit organizations that helped the local area directly or had a focus on education. The research and interview results did not provide clear reasons for lower Opera attendance by Silicon Valley residents. However, the Community Partners team speculated that low awareness of Opera activities, an abundance of local entertainment options, and barriers such as physical distance and lack of time resulted in reduced attendance by Silicon Valley households.

Cerny wrapped up the June presentation with an outline of proposed next steps. The Community Partners team planned to finish its interviews, analyze the results of the survey, and review the Opera's existing efforts to reach Silicon Valley. For the next meeting—to be held in August—the team would develop specific quantitative goals for increasing awareness, attendance, subscriptions and donations from Silicon Valley during the Opera's 1999-2000 season. The final phase of the project, to develop recommendations and an action plan and budget, was targeted for completion in November.

When Gulick left the meeting, his mind was racing. The presentation confirmed his suspicions that the Opera's market had changed dramatically while its subscriber base had not. The data was compelling, and the Steering Committee members had clearly been swayed by the Community Partners presentation. On the way back from the conference room to his office, Gulick had overheard the musicians rehearsing. He stopped in and took a seat. Usually he found the music relaxing, but today he couldn't concentrate. He knew that a major market shift required an aggressive response. The Community Partners team was doing excellent work, but he didn't think the Opera could afford to wait until November to begin discussing recommendations. He left the rehearsal and went back to his office to map out a plan.

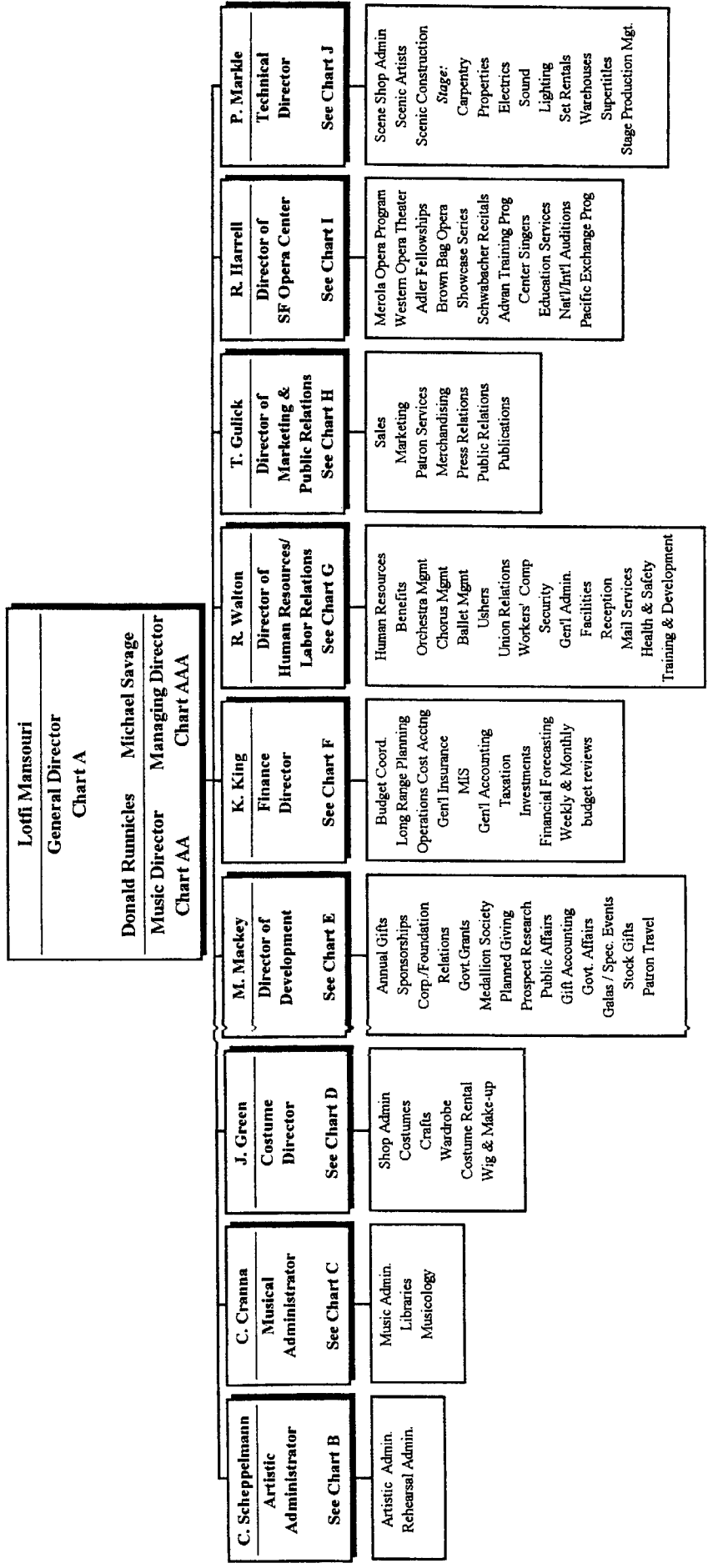**Exhibit 1**   San Francisco Opera Association Summary Organizational Chart

Lotfi Mansouri
General Director
Chart A

Donald Runnicles	Michael Savage
Music Director	Managing Director
Chart AA	Chart AAA

C. Scheppelmann
Artistic Administrator
See Chart B

C. Cranna
Musical Administrator
See Chart C

- Music Admin.
- Libraries
- Musicology

J. Green
Costume Director
See Chart D

- Shop Admin
- Costumes
- Crafts
- Wardrobe
- Costume Rental
- Wig & Make-up

- Artistic Admin.
- Rehearsal Admin.

M. Mackey
Director of Development
See Chart E

- Annual Gifts
- Sponsorships
- Corp./Foundation Relations
- Govt Grants
- Medallion Society
- Planned Giving
- Prospect Research
- Public Affairs
- Gift Accounting
- Govt. Affairs
- Galas / Spec. Events
- Stock Gifts
- Patron Travel

K. King
Finance Director
See Chart F

- Budget Coord.
- Long Range Planning
- Operations Cost Acctng
- Gen'l Insurance
- MIS
- Gen'l Accounting
- Taxation
- Investments
- Financial Forecasting
- Weekly & Monthly budget reviews

R. Walton
Director of Human Resources/ Labor Relations
See Chart G

- Human Resources
- Benefits
- Orchestra Mgmt
- Chorus Mgmt
- Ballet Mgmt
- Ushers
- Union Relations
- Workers' Comp
- Security
- Gen'l Admin.
- Facilities
- Reception
- Mail Services
- Health & Safety
- Training & Development

T. Gulick
Director of Marketing & Public Relations
See Chart H

- Sales
- Marketing
- Patron Services
- Merchandising
- Press Relations
- Public Relations
- Publications

R. Harrell
Director of SF Opera Center
See Chart I

- Merola Opera Program
- Western Opera Theater
- Adler Fellowships
- Brown Bag Opera
- Showcase Series
- Schwabacher Recitals
- Advan Training Prog
- Center Singers
- Education Services
- Nat'l/Int'l Auditions
- Pacific Exchange Prog

P. Markle
Technical Director
See Chart J

- Scene Shop Admin
- Scenic Artists
- Scenic Construction
- *Stage:*
- Carpentry
- Properties
- Electrics
- Sound
- Lighting
- Set Rentals
- Warehouses
- Supertitles
- Stage Production Mgt.

Exhibit 2   San Francisco Opera Silicon Valley Initiative: Selected Interview Quotes

"It is very difficult to get people's attention for nonprofit activities in Silicon Valley. People are so busy now running their companies or making investments that they can't find time to pay attention to anything else. . . . Culture and the arts are not high on a lot of agendas in Silicon Valley."
       —Partner, venture philanthropy fund

"There is a "mafia" of arts donors in Silicon Valley. Everyone knows who they are and the same names show up on everyone's lists. "
       —Foundation director

"Recruitment is a big issue for Silicon Valley companies, as the turn-over is so high. They boast the 49'ers, Symphony, Opera, etc., but company affiliations and perks with Opera would probably be a plus in recruiting top executives."
       —CEO, Silicon Valley company

"Former employees from Microsoft will become significant donors, but that will take time. The typical lifecycle of a young retired Microsoft millionaire goes as follows: work at Microsoft 5-10 years; retire young; aggressively pursue finding a "mate;" buy and furnish a property in Seattle and a holiday property; have children quickly. Children become the defining focus in these individuals' lives (e.g. fundraising for schools). This group is also typically very interested in environmental issues."
       —Development director, arts institution

"Silicon Valley is both a place and a mindset and you need to keep that in mind constantly. You must think in terms of a matrix. . . .

"Raising money is more difficult in Silicon Valley. Some of the concerns include:

- Volatility of the marketplace. Stock prices can change wildly.
- Timing. When is the BEST time for them to give, based on their stock price, age and family?
- Young children at home. Concerns about how to best educate and train their children. Want to pass on their values.
- They don't know how to give, have lots of questions, and ask a lot of the development staff."
       –Development director, educational institution

"The chief issue surrounding development in the valley is that there is no one really leading the charge to teach people how to give money."
       —CEO, nonprofit support organization

INVOLVE THE SPOUSE! Be up front about why you are doing so. But, also be forewarned that there is a 75% divorce rate in the valley. . . .

"The younger philanthropic alums are giving to community and K-12 causes. They are all starting to respond to the bad press about their lack of philanthropy. "
       —Development director, educational institution

"Part of the problem is that the Opera is viewed as yesterday's thing to do, instead of being cutting edge and hip. In the valley, you have to be hip. . . .

"The Opera should undertake an ad campaign in the valley. The ads should be hip and somewhat irreverent, targeting Wired, Red Herring, Fast Company, Billboards, etc. The Opera should be blatant about its message—this plays well in the valley. How about designing an ad campaign around "Have you heard the fat lady lately?" Or some sort of other grab-your-attention headline?"
       —CEO, public relations firm

Exhibit 3

san/rancisco
OPERA

*San Francisco Opera is conducting a survey to better target specific performance and educational offerings. Please take a few minutes to reply to the survey, and return it in the enclosed envelope. **By completing the survey, you will be eligible to win two free tickets (value: $250) for the opera performance of your choice, subject to availability. All information received will be held in strictest confidence. Please respond by August 20.***

ARTS ATTENDANCE

1. Do you attend and/or support any of the following performing arts organizations? *(Please check all that apply)*

Organization	Single ticket buyer	Subscriber	Donor
San Jose Symphony			
Opera San Jose			
San Jose Cleveland Ballet			
Stanford Lively Arts			
San Francisco Symphony			
San Francisco Ballet			
San Francisco Opera			
San Francisco Performances			
American Conservatory Theater			

2. Do you visit and/or support any of the following artistic, scientific and technological organizations? *(Please check all that apply)*

Organization	Visit occasionally	Visit regularly	Member	Donor
The Tech Museum of Innovation				
M. H. de Young Memorial Museum				
San Francisco Exploratorium				
San Francisco Museum of Modern Art				
Asian Art Museum				
San Francisco Zoo				

Exhibit 3 (continued)

3. If you have ever donated to a performing arts organization, please rank the following factors motivating your decision to donate *(Ranked from 1 to 7 — 1 being your primary factor):*

☐ Gain special privileges (e.g. improved seating)

☐ Desire to build a better community

☐ Belief that charitable giving can make a difference

☐ Awareness of the high subsidy required for artistic performances (ticket prices may cover 50% or less of expenses)

☐ Belief in investment in education

☐ Institution supported by my company *(if applicable)*

☐ Other (Please specify: _____)

4. Please indicate your level of agreement with the following statements *(1=strongly disagree, 5=strongly agree):*

☐ "Opera is very relevant to my life."

☐ "I know a great deal about classical music and opera."

☐ "I feel comfortable attending opera performances."

☐ "I would attend the opera more if I knew more about it."

☐ "I'm too busy to make the time to attend opera performances."

FAMILIARITY WITH SAN FRANCISCO OPERA

5. Have you ever attended a San Francisco Opera performance?
   ☐ Yes   ☐ No

If Yes, please skip to Question 7

6. What are the primary factors in not attending? *(Please rank order from 1 to 7 — 1 being your primary factor)*

☐ Lack of awareness of San Francisco Opera

☐ Not knowledgeable of/familiar with the art form

☐ Not interested in opera

☐ Distance

☐ Cost

☐ Lack of time

☐ Other (Please specify: _____)

7. How aware are you of San Francisco Opera's productions at the War Memorial Opera House? *(1=not at all aware, 5=very aware)* ☐

8. How did you first hear of San Francisco Opera? *(Please check one)*
   ☐ Newspaper   ☐ Friend
   ☐ Requested information ☐ Internet
   ☐ Unsolicited mailings/Telemarketing
   ☐ Word of mouth
   ☐ Other (Please specify: _____)

9. How aware are you of Supertitles [English translations projected above the stage] at San Francisco Opera productions at the War Memorial Opera House? *(1=not at all aware, 5=very aware)* ☐

10. How aware are you of the education and outreach programs of San Francisco Opera? *(1=not at all aware, 5=very aware)* ☐

11. Do you have children under 18 living with you at home?
    ☐ Yes   ☐ No

If No, please skip to Question 14

12. Where do your children go to school?
    _____

13. Have your children ever attended an educational or outreach performance of San Francisco Opera?
    ☐ Yes   ☐ No   ☐ I don't know

14. Have you ever logged on to San Francisco Opera's web site? (www.sfopera.com)   ☐ Yes   ☐ No

Exhibit 3 (continued)

INTEREST IN POTENTIAL SAN FRANCISCO OPERA EVENTS IN SANTA CLARA/SAN MATEO COUNTIES

15. How interested are you in the following potential events, if they were performed in Santa Clara or San Mateo counties? *(1=not at all interested, 5= very interested)*

☐ Full productions of standard operas

☐ Full productions of contemporary operas

☐ Abridged production of operas [about two hours in length]

☐ Opera excerpts

☐ Opera events for children

☐ Pre-performance lectures connected with specific opera performances

16. What days are most convenient for performances in Santa Clara and San Mateo counties? *(Please rank in order of preference from 1 to 7 — 1 being the most convenient)*

☐ Friday evenings

☐ Saturday evenings

☐ Saturday matinees

☐ Sunday matinees

☐ Sunday evenings

☐ Monday through Wednesday evenings

☐ Thursday evenings

17. What times are most convenient for performances in Santa Clara and San Mateo counties? *(Please rank in order of preference from 1 to 3 — 1 being the most convenient)*

Evenings: ☐ 7pm ☐ 7:30pm ☐ 8pm

Matinees: ☐ 1pm ☐ 1:30pm ☐ 2pm

18. Would you like to be added to a mailing list for special San Francisco Opera events in Santa Clara and San Mateo counties? ☐ Yes ☐ No

19. If you answered **Yes** to the previous question, please complete (this information will not be shared with any other institution and all your answers will remain anonymous):

Name: _____

Address: _____

City/State/Zip: _____

E-mail address: _____

20. Would you be interested in joining an opera-related club at your place of work? *(If relevant)*

☐ Yes ☐ No ☐ Not applicable

If Yes, please indicate the name of your employer *(Optional)*

_____

21. How interested are you in potential packages connected with Opera performances in San Francisco? *(1=not at all interested, 5 = very interested)*

☐ Executive limousine service providing door-to-door service to the War Memorial Opera House

☐ Guaranteed parking space near the War Memorial Opera House

☐ Valet parking at the War Memorial Opera House

☐ Weekend packages connected with San Francisco Opera (e.g. ticket and accommodation)

☐ Other (Please specify: _____)

22. What is the maximum you would be willing to pay for each service?

Executive limousine service providing door-to-door service to the War Memorial Opera House $_____

Guaranteed parking space near the War Memorial Opera House $_____

Valet parking at the War Memorial Opera House $_____

Weekend packages connected with San Francisco Opera (e.g. ticket and accommodation) $_____

Other $_____

23. How interested are you in ordering opera tickets over the Internet? *(1=not at all interested, 5 = very interested)* ☐

Exhibit 3 (continued)

24. Would you be interested in viewing opera performances over different media? *(1=not at all interested, 5=very interested)*

☐ Broadcasts over the Internet

☐ Broadcasts over Cable-based technology

☐ Additional radio broadcasts

☐ Additional TV broadcasts

RESPONDENT PROFILE

25. What city do you live in?
☐ Atherton   ☐ Los Altos   ☐ Los Altos Hills
☐ Menlo Park   ☐ Palo Alto
☐ Portola Valley ☐ Woodside

26. How many years have you lived in Santa Clara-San Mateo County? _____

27. *(Optional)* What is your household net worth?
☐ <$25,000   ☐ $750,000-999,999
☐ $25,000-99,999   ☐ $1,000,000-2,000,000
☐ $100,000-499,999   ☐ >$2,000,000
☐ $500,000-749,999

28. *(Optional)* What is your household income level?
☐ $<25,000   ☐ $100,000-199,999
☐ $25,000-49,999   ☐ >$200,000
☐ $50,000-99,999

29. How old are you? ☐ <25 ☐ 25-34 ☐ 35-44
☐ 45-54 ☐ 55-64 ☐ 65-75 ☐ >75

30. What is the highest level of education you have completed?
☐ High school   ☐ College
☐ Master's degree   ☐ Ph.D.

31. Do you own your own home?   ☐ Yes ☐ No

32. Are you retired?   ☐ Yes ☐ No

If Yes, please skip to Question 37

33. What is your current occupation? *(Please check one)*
☐ Executive/ Professional/Managerial
☐ Business Owner/Partner
☐ Technical/Engineer
☐ Craftsperson/Precision/Repair
☐ Sales/Service
☐ Clerical/Secretarial
☐ Other (Please specify: _____)

Title: _____

34. What is the name of your current company? *(If you have not already answered in Question 20)*

_____

35. What is the zip code of where you work? _____

36. How many employees work in your current company?
☐ Self only   ☐ 2-10   ☐ 11-24   ☐ 25-99
☐ 100-249   ☐ 250-499   ☐ 500-999
☐ 1,000-4,999 ☐ >5,000

37. What newspapers do you read regularly? *(Check all that apply)*
☐ San Jose Mercury News
☐ Palo Alto Weekly
☐ Palo Alto Daily News
☐ Peninsula Times-Tribune
☐ San Francisco Examiner
☐ San Francisco Chronicle
☐ Wall Street Journal
☐ New York Times
☐ Other (Please specify: _____)

38. *(Optional)* Is there anything else you would like to tell us?

_____

_____

_____

39. Would you like to be entered in the drawing for two free Opera tickets? *(Value: $250)*

☐ Yes ☐ No

40. If **Yes** and if you have not already done so in Question 19, please complete (this information will not be shared with any other institution and all your answers will remain anonymous):

Name: _____

Address: _____

City/State/Zip: _____ _____

E-mail address: _____

Thank you for participating in this survey!

Exhibit 4

Silicon Valley dominates the Bay Area business environment, whether the measure is Revenue, Net Income or Market Capitalization

Distribution of leading companies

100%=$ 377 B   *100% = $ 22.5B*   *100%=$ 1,342 B*

	Revenue **	Net Income	Market Capitalization (as of 4/99)
All Other*	22	.9	55
East Bay	43	2.1	109
San Francisco	109	8.4	333
Silicon Valley	203	11.1	847
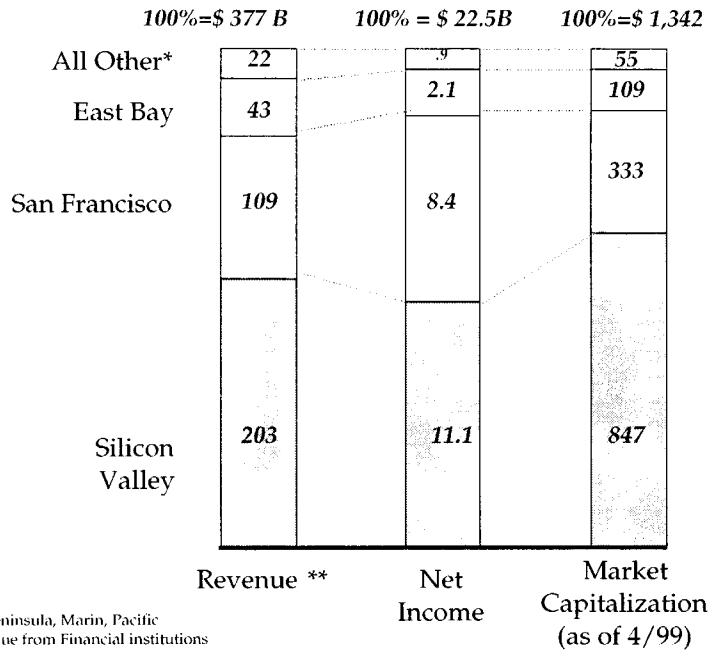
* i.e Northern Peninsula, Marin, Pacific
**Excludes revenue from Financial institutions
Source: San Francisco Chronicle, HBS Community Partners Analysis

Exhibit 5

Silicon Valley includes more than half of the corporate headquarters of the Chronicle 500

Distribution of Corporate Headquarters for the Chronicle 500

Silicon Valley

County

Santa Clara	240
Alameda	36 / 42 / 78
San Mateo	23 / 50 / 73
San Francisco	55
Contra Costa	22
Marin	13
Santa Cruz	8
Sonoma	5
Napa	3
Solano	3
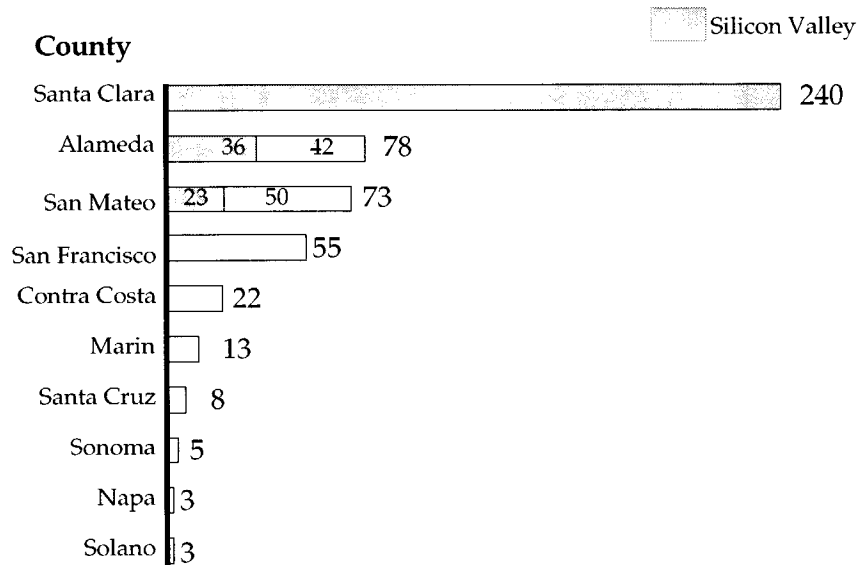
Source: *San Francisco Chronicle* -- leading San Francisco Newpapaer

Exhibit 6

More than 10% of the *Chronicle* 500 leading companies from 1998 have changed in a single year

Change in leading Bay Area companies over the last 12 months

Top 500 in 1998	Acquired or merged	Bankrupt or delisted	Other*	Remaining companies from 1998 list	New additions in 1999	Top 500 in 1999
500	40	21	2	437	63	500

* e.g. change in corporate HQ location
Source: San Francisco Chronicle, HBS Community Partners Analysis
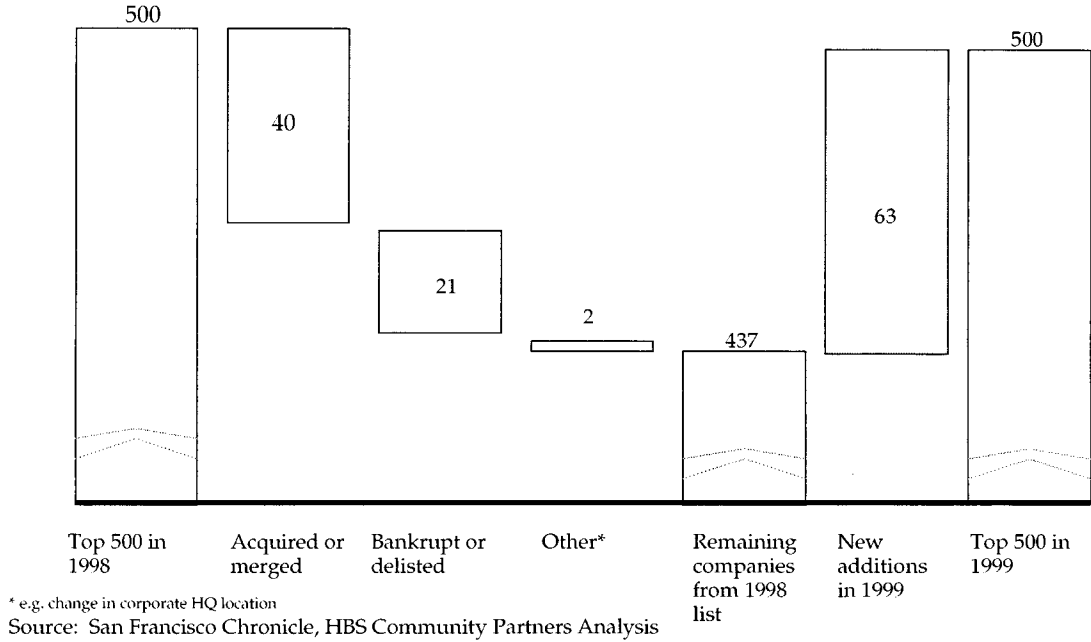
Exhibit 7

Silicon Valley has remained a very consistent part of the total Opera Subscriber base

**Silicon Valley role in subscription accounts
(000s)**
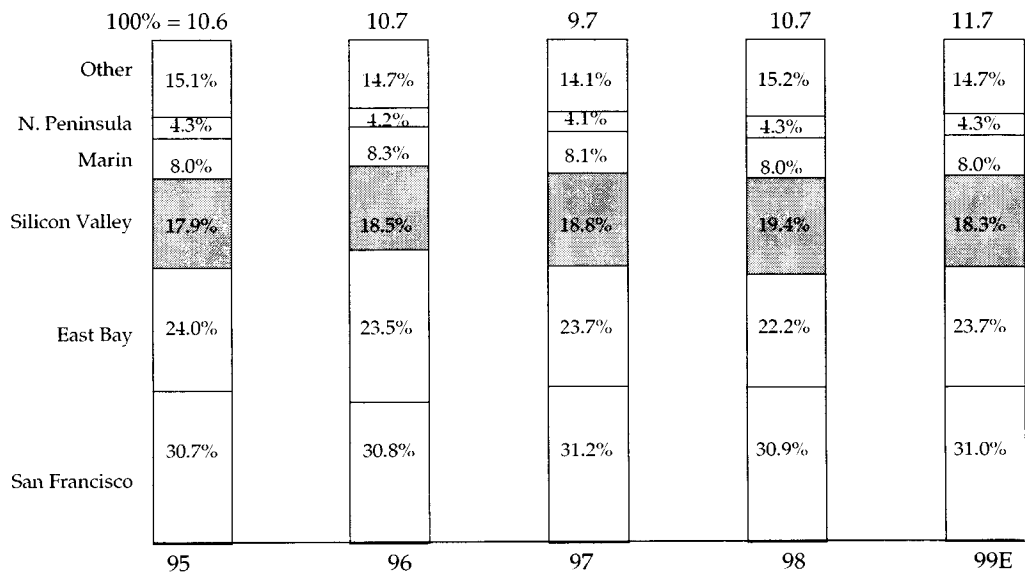
	95	96	97	98	99E
100% =	10.6	10.7	9.7	10.7	11.7
Other	15.1%	14.7%	14.1%	15.2%	14.7%
N. Peninsula	4.3%	4.2%	4.1%	4.3%	4.3%
Marin	8.0%	8.3%	8.1%	8.0%	8.0%
Silicon Valley	17.9%	18.5%	18.8%	19.4%	18.3%
East Bay	24.0%	23.5%	23.7%	22.2%	23.7%
San Francisco	30.7%	30.8%	31.2%	30.9%	31.0%

Source: 107,000 accounts from SFO patron database and SFO financial data. NB Time period and corresponding figures have been adjusted to conform with SFO's Aug 1 to July 31 fiscal year, which was established in FY 1998.

Exhibit 8

Silicon Valley is the least penetrated area in Subscriber accounts and single ticket accounts

Relative penetration of 1998 patron accounts
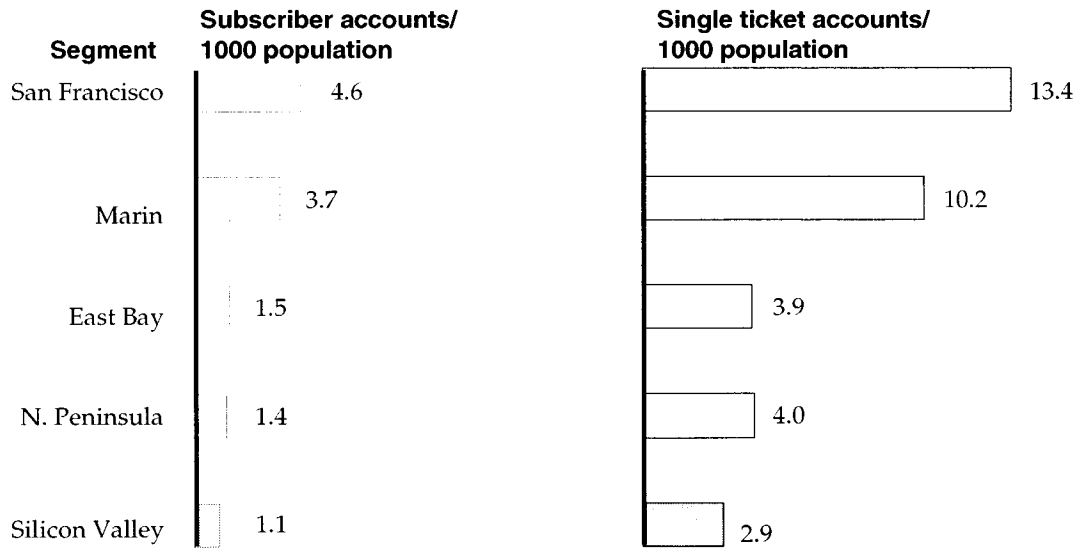
Segment	Subscriber accounts/ 1000 population	Single ticket accounts/ 1000 population
San Francisco	4.6	13.4
Marin	3.7	10.2
East Bay	1.5	3.9
N. Peninsula	1.4	4.0
Silicon Valley	1.1	2.9

Source: 107,000 accounts from SFO patron database and SFO financial data. NB Time period and corresponding figures have been adjusted to conform with SFO's Aug 1 to July 31 fiscal year, which was established in FY 1998.

Exhibit 9

Individual donors are the largest contributors to the Opera

Total Financial Contributions
(FY 95-98 Audited data, FY 99 Forecast, $ Millions)

	95 (12 months)	96 (12 months)	97 (18 months)	98 (12 months)	99E (12 months)
Total	$ 17.5	$ 26.1	$ 33.4	$ 20.6	$ 31.0
Other*	3.1	1.4	1.3 / 1.8	1.0 / 1.0 / 1.5	7.3*** / 1.2
Governments	1.4				
Corporations /Foundations**	2.6	5.4	7.1		2.7
Individuals	10.4	18.9	23.2	17.1	19.8
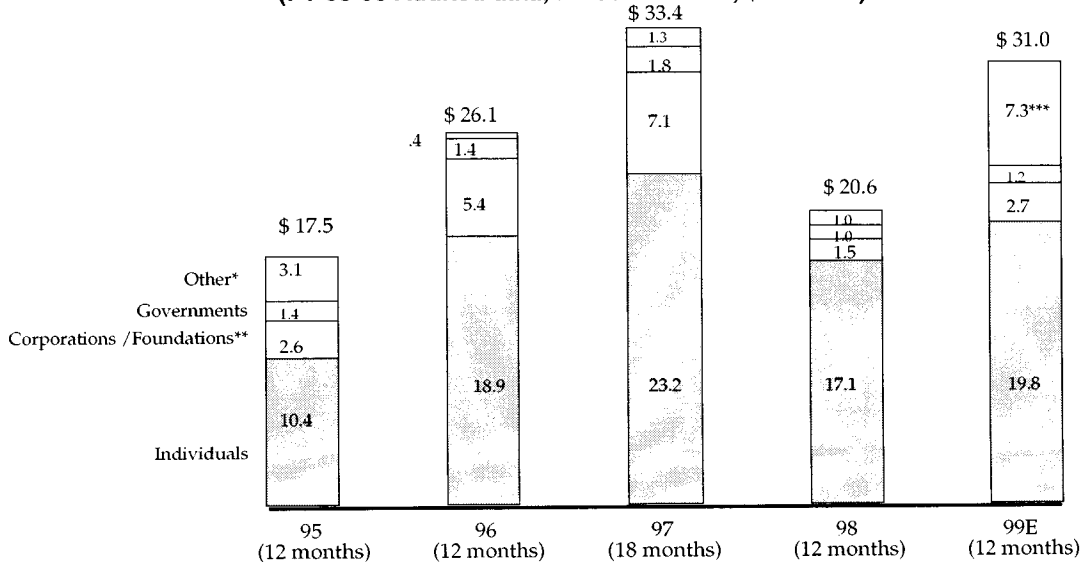
*Endowment gifts, bequests, and restricted funds ** Includes in-kind donations *** Includes special $ 4 Million gift

Source: SFO Financial statements -- FY 1997 represents an 18-month period which corresponds to the Opera's out-of-the-house time period. SFO's Aug 1 to July 31 fiscal year was established in FY 1998.

Exhibit 10

Silicon Valley has also remained a relatively consistent percentage of the individual donor base, excluding the 1996 fiscal year

Silicon Valley role in individual contributions
($ Millions)

	100% = $ 10.4	$ 18.9*	$ 23.2	$ 17.1	$ 19.8
Other/Pacific	18.1%	9.3%	7.8%	9.8%	12.7%
			3.4%		
N. Peninsula	3.2%	5.7%	4.5%	3.4%	3.3%
Marin	4.6%	4.6%	7.3%	4.5%	6.2%
East Bay	12.6%	10.3%		8.9%	10.2%
			17.5%		
				21.2%	20.7%
Silicon Valley	21.6%	31.3%			
San Francisco	39.9%	38.8%	59.5%	52.2%	46.9%
	95	96	97	98	99E
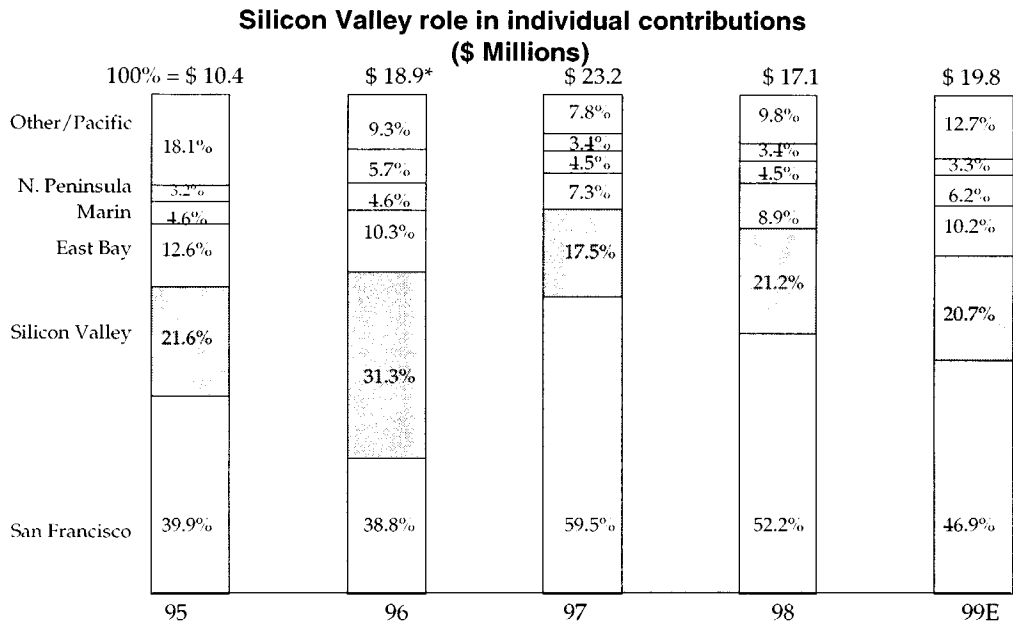
*Special donations made by Mr. and Mrs. Hewlett, Don Valentine and Pitch Johnson.

Source: 107,000 accounts from Unitel database and SFO financial data. NB Time period and corresponding figures have been adjusted to conform with SFO's Aug 1 to July 31 fiscal year, which was established in FY 1998.

Exhibit 11

Silicon Valley is second only to San Francisco in average contribution/account for individual donors

Average contribution per household (FY 1998)

Segment	Dollars per household	
San Francisco		$ 2,690
Silicon Valley		$ 1,770
N. Peninsula		$ 1,180
Marin		$ 890
East Bay		$ 670
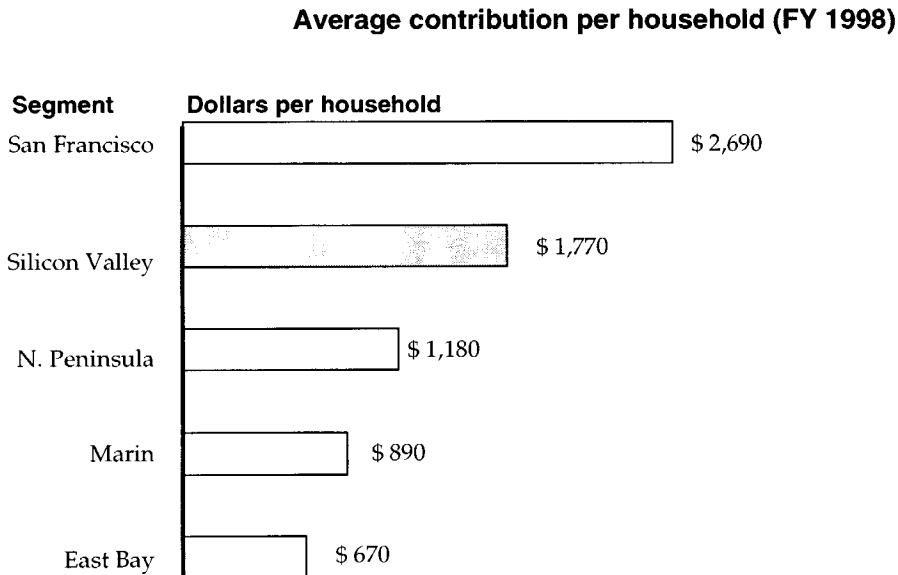
Source: 107,000 households from Unitel database and SFO financial data. NB Time period and corresponding figures have been adjusted to conform with SFO's Aug 1 to July 31 fiscal year, which was established in FY 1998.

Exhibit 12

Silicon Valley has at least some representation in the Opera's travelling Educational events

1997 Educational Events
(number of performances or institutions represented)

100% = 21　　　　　　　101　　　　　　　27　　　　　　　69

	Interactive Opera	Opera a la Carte	Hansel & Gretel Student Matinees	Student Dress Rehearsals

Touring events　　　　　　　San Francisco Based Events
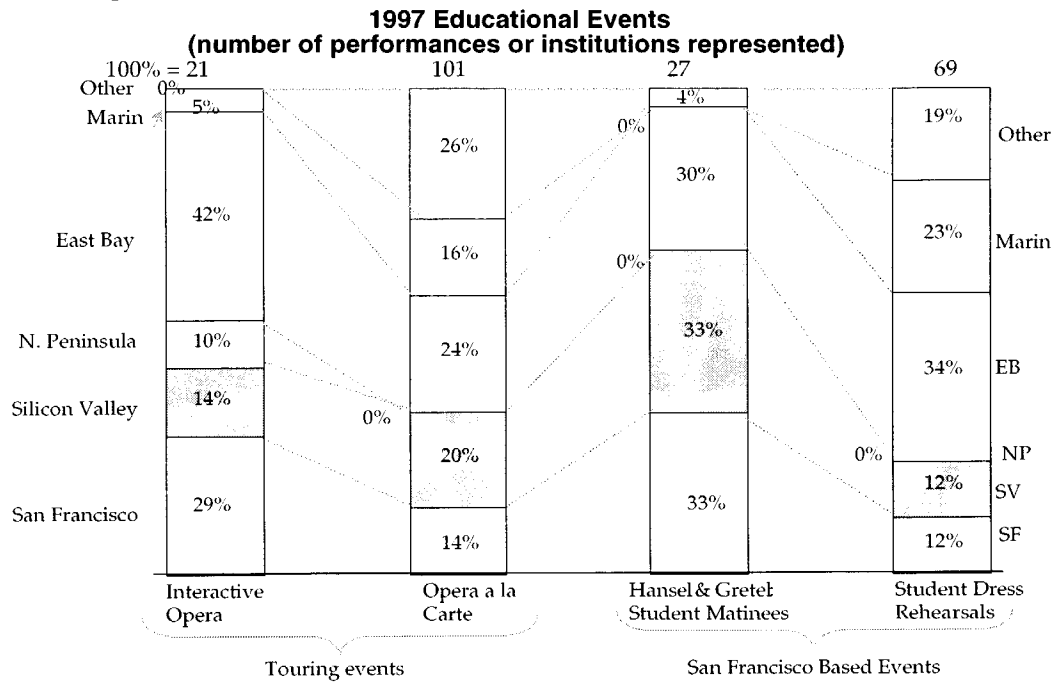
Source: San Francisco Opera Education and Outreach Data

Exhibit 13

Silicon Valley is less well represented in Outreach activities

1997 Outreach Activities
(Number of Locations)

100% = 18　　　　22　　　　17

Opera Center Singers	Brown Bag Opera	Merola Program
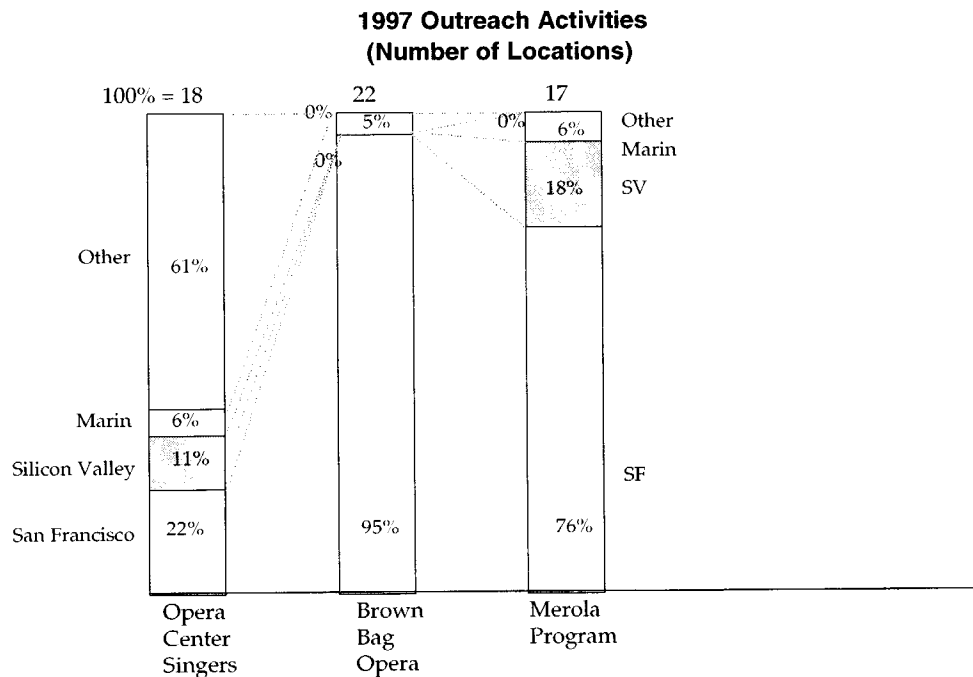
Source: San Francisco Opera Education and Outreach Data

Exhibit 14

While the current Silicon Valley "culture of giving" is distinctive, the barriers are not insurmountable

Silicon Valley "Culture of Giving"

Non-barriers to giving	Barriers to giving and volunteerism
• SV residents exceed the national giving % in all income groups, age groups and education levels • Residents believe that giving is important, and that charitable giving will make a significant impact on the community • Residents feel that they have the necessary skills to contribute, and that their time and personal effort will make a difference • SV residents believe that their employers are supportive of giving and volunteerism	•Silicon Valley includes a sizeable number of wealthy households that are low givers •Silicon Valley also includes large populations with weak giving traditions in their religious or family backgrounds •The Valley has a shortage of philanthropic leaders, leading to over-reliance on a few individuals (e.g. Rosemary Hewlett) •Residents lack awareness of non-profit opportunities, and desire to give to only a few organizations •Potential donors are highly independent-minded, not welcoming input on giving or volunteerism from traditional sources (e.g. bankers, professional advisers) •Residents lack time to volunteer

Source: CFSV, HBS CP Analysis, Interviews

Exhibit 15

The market research will provide specific, practical input into required marketing and development programs

Market research objectives

Objectives

1. Quantify current arts attendance and donation profile of target Silicon Valley residents

2. Measure current level of awareness of SFO activities by SV residents (both Opera House and Outreach/Education events)

3. For non-attenders, diagnose barriers to attendance and development

4. Gauge level of interest in potential Education events and different local performance vehicles (e.g. BBO, WOT) and fundraising events; where possible, gauge potential corporate support for the arts

5. Gauge level of interest in programs to streamline Opera House performances attendance in San Francisco (e.g. weekend packages, limousine service)

6. Where appropriate, build mailing list of potential patrons (I.e. where respondents indicate interest)

Estimated cost = $ 15-25 K for 50,000 households

Source: HBS Community Partners

Marketing in Leisure and Tourism: Reaching New Heights

by Patricia Click Janes

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in Leisure and Tourism

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