



THE DEVELOPMENT OF BUNDLES IN CULTURE: A SOURCE OF REVENUE?

Gaëlle Bidan

Hortense de Méritens

Laurine Mortha

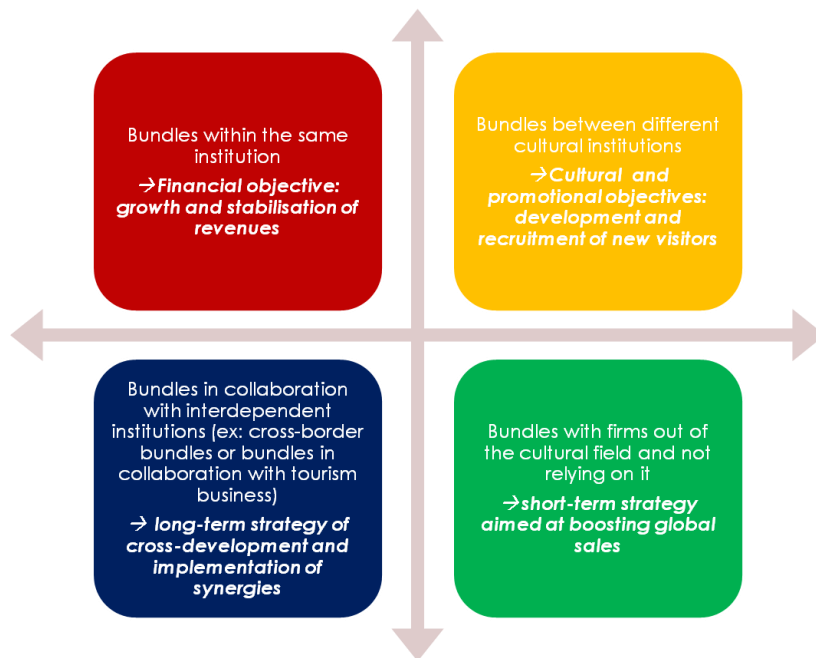
Thibaud Sonntag



The development of bundling – involving offering several products or services for sale as one combined product – constitutes a marketing strategy of diversification becoming more and more settled in the cultural sector. Thus, we will consider why bundles are pushing growth in the cultural sector by offering additional sources of revenue. We will also focus on models of bundles specifically adapted to the needs of every branch of the cultural sector (museums, movie industry, theatre, music...) in accordance with their strategic objectives.

To do this, we will distinguish four different types of bundles: the intra-firm bundles (such as pass, membership offers...), the inter-firm bundles within the cultural field, the bundles launched in cooperation with business relying on culture (such as transport, tourism, cross-border cultural cooperation...) and finally the bundles in cooperation with firms outside the cultural sector and not linked to it (banking, insurance...).

Figure 1: Typology of bundles



Bundles within the same institution

The intra-firm bundles are offers giving access to several services within the same institution. Mainly developed by museums, exhibitions, theatres or operas, they are usually B to C products in the form of discount cards, membership cards or passes.

Aiming at developing visitors' loyalty and increasing the number of visits per visitor, these offers also represent a way of attracting a larger audience. Finally, this sort of bundle enables the cultural institutions to stabilise their revenues by equally distributing the income from the membership cards or passes to different projects.

FOCUS ON "LAISSEZ-PASSER" (CENTRE GEORGES POMPIDOU'S PASS)

"Being a member of the Centre Pompidou means having an unlimited artistic experience so that you can discover the arts as you want to."



The "Laissez-passer Jeune" (22€/year), aimed at the under than 26 years old, gives privileged access to everything at the Centre Pompidou throughout the year.

The strategy implemented by Centre Pompidou is opposed to the Louvre Museum. Centre Pompidou does not rely on the richness of its permanent collection but on on the diversity of its activities (temporary exhibitions, permanent exhibitions, conferences, movie projections...). The membership cards may be used to avoid queuing, to receive free invitations and discounts on shows, concerts, and movie tickets and to be informed of the upcoming cultural events. It does not imply to consume the same products several times but to have an unlimited access to all the cultural services, knowing that each service alone would not have brought as many visitors as to be profitable.

The goal of this bundle is first of all to increase the visitors' loyalty throughout the year, whatever the size of the exhibitions, in order to stabilise the revenues of Centre Pompidou. Indeed, the members of Centre Pompidou take indirectly part in financing the large but also the small exhibitions. This source of revenue enables the Museum to offer diverse and original activities throughout the year. In 2005, the owners of "Laissez-passer" represented almost 20% of the visitors of the temporary exhibitions out of what 42% were young people or students. (Source: Farman & Partners).

Bundles between cultural institutions

Based on cultural partnerships between cultural institutions, the inter-firm bundles are offers to the consumers (B to C offers), usually developed by museums, exhibitions and theatres. The “Paris Museum Pass”, a 2, 4 or 6 day pass valid in 40 museums in Paris and 20 around Paris and the “Pass Jeune Opéra/Comédie Française” are two examples of this type of bundle.

These partnerships are a way to recruit new visitors, by sharing and redirecting the audience of a more visible institution, and also a way to share the promotional costs.

FOCUS ON “PASS JEUNE OPÉRA/COMÉDIE FRANÇAISE”

Launched in 2006, “Pass Jeune Opéra/Comédie Française” is a pass sold for 20€ to the under 28 years old offering discounted prices for shows, free visits, and priority access to Opéra Garnier, Opéra Bastille and Comédie Française.

Linked to a visitor code, the pass records visitors’ preferences and creates a database from them.

In 2011, 2,068 “Pass Jeune Opéra/Comédie Française” were sold, with 61% sold to new visitors. In September 2012, the limited quota of passes were sold out in fewer than five days.



Bundles and tourism cooperation

The offers in collaboration between tourism and culture are still rather underdeveloped and could be an opportunity to create links between the tourism sector and the cultural sector, these two being much linked.

There are very few examples of this type of cooperation, but we can find a good example of it with the cultural offers to the consumers based on cross-border collaboration. Such an original system pursues the same objectives as the membership cards by implementing links between cultural institutions based in adjacent countries. It comprises the same advantages as the national partnerships mentioned before, but also implements a long-term strategy of cross-development and collaboration in touristic border regions. This system is intended for the global development of a touristic region – like “Pass Musées”, an international pass across France, Germany and Switzerland – and more particularly in the less attractive territories with the reorientation of the public towards these territories.

FOCUS on the tourism collaboration strategy and the reorientation of tourists in border regions: the “Museums Pass Germany / France / Switzerland”

“Museums Pass Germany / France / Switzerland” encourages cultural cooperation between institutions from 3 adjacent countries. The Pass grants access to more than 230 museums and places of interest in Germany, France and Switzerland. The owners of the “Museums PASS” can enjoy free and unlimited access to the permanent and temporary exhibitions throughout the year and bring for free up to 5 children under than 18.



This operation was successful in 2011 with about 35,535 people buying the Pass: 14,979 in Germany, 13,904 in Switzerland and 6,652 in France.

The dynamics of this partnership, which benefits from the reorientation of visitors towards less attractive places in this border region, is aimed at boosting the revenues of tourism by encouraging tourists’ mobility.

In 2011, the benefits of the Pass were:

- The increase of global audience: the number of visits increased by 10% on average
- The increase of global financial revenues: the financial contribution increased by 16% – with a “Museums Pass” contribution of more than 2,075,700 €
- More attractiveness for the small institutions –particularly with the inclusion of Fleckenstein Castle.

Bundles in partnership with firms out of the cultural field and not dependent on culture

The bundles in partnership with firms outside the cultural sector are B to B offers usually developed by “mainstream” cultural firms, such as the music or the movie industry. They often promote the products of firms outside the cultural sector via the implementation of licensed products or through simple partnerships.

We can mention for instance the developments of Universal Music in the licensing business, with noticeable partnerships such as *Peugeot Music* or the offer *Universal Mobile* launched with *Bouygues Telecom*. *Universal Mobile*, is a capped tariff mobile package for the youth market, that includes downloading the brand new hits by Universal, together with logos and ringtones of licences and brands. The assets of such partnerships are first of all attracting new consumers on certain segments, boosting the short and middle-term sales, and, sometimes, reducing the churn rate. The bundle *Orange/Deezer*, for instance, comprises an anti-churn effect, which is a major issue for telecommunications companies.

FOCUS ON THE BUNDLE “ORANGE/DEEZER”

The bundle “Orange/Deezer” is based on a partnership aimed at developing services linked to online music, to the advantage of both partners. Orange’s customers can hence subscribe to the offer “Deezer Premium” for half price (5€) and have access to unlimited online music on their computers or mobile phones.

For Orange, it is a way to extend its ADSL and mobile offers with the possibility for its customers to include in their subscriptions the unlimited streaming of music, which is a real added value for its customers. If Orange did not seem to have acquired a discernable number of new customers with this bundle, the results on the churn rate are good.

Indeed, the customers using Deezer Premium via their subscription to Orange are usually more loyal to Orange. The rate of Deezer customers dropping Orange is lower than the general rate.

On the other side, this bundle gives Deezer first of all a significant financial compensation helping them to remunerate the major labels for lending their music catalogues. This bundle also offers to Deezer an interesting visibility, contributing to its image and to the marketing expenses, and helps recruiting new customers.

This partnership is eventually a legal alternative for the online consumption of music, helping with the remuneration of artists and labels.



After describing the existing bundles according to the characteristics of the partnership they are based on, we will see that the development of bundles can be a short-term strategy for cultural institutions with the sale of combined products or services, but also a long-term strategy with the implementation of partnerships and synergies.

Aggregating several products or services in one combined offer – that could be called a “package offer” – is a way to increase global sales, to sell the unsold or unsaleable products by joining them to a lucrative offer, to cut the churn effect and to realize a quick promotional operation. This type of package is rather developed with the cultural mass-products. The bundles Orange/Deezer, McDonald/UGC or Peugeot/Universal Music through the offer “Peugeot Music” are some examples of these packages. Package offers also exist for the cultural luxury products with for instance the bundle between UBS and Zurich Opera but they are still much less common.

both cultural partners (we can easily imagine that a bundle between a fast-food restaurant and an Opera would rather tarnish the Opera's reputation than bring new spectators !). Eventually, the bundles are anti-competitive practices from an economic point of view, the partners acting against the others by achieving significant economies of scale. We can therefore fear that certain institutions might be left by themselves and be less competitive with the development of bundles by direct competitors.

The analysis of the strategy of bundles development enabled us to say that if bundles represent a limited financial alternative, their benefits are not only financial but also promotional and marketing, with a positive effect on the public's loyalty. The bundling offers, still little developed with the cultural luxury products in particular, could be a real opportunity and an organic growth potential in a sector very dependent on inorganic revenues (from public or private subventions).

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