



Can Digital Help Solve Some of Classical Music's Cost Challenges?

Symphonies have long faced the challenge. High fixed costs associated with a full orchestra and limited opportunity to recoup costs through performances—often a single performance of each musical piece. Digital offers a chance to overcome cost challenges by extending the revenue opportunity from a single performance. However, digital production requires additional upfront expenses and the path to digital revenue presents new challenges of its own.

The Cost Challenge of Classical Music

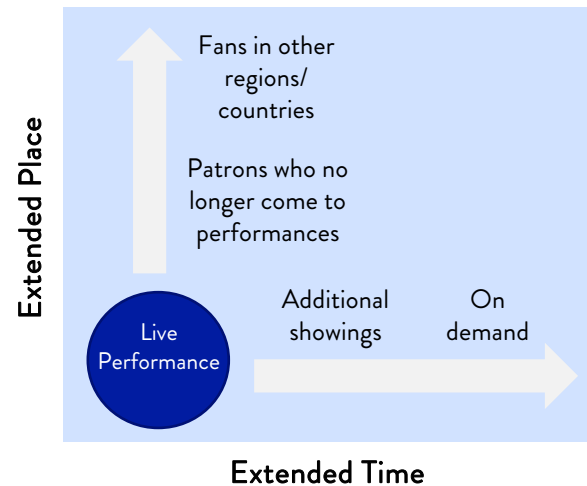
- Substantial, unavoidable fixed costs, including:
 - Dozens of musicians
 - Rehearsal time
 - Hall rental
- Performance costs not closely tied to performance revenue (expensive productions could be low revenue earners and *vice versa*)
- Mission-aligned, adventurous programming is often least likely to recoup costs.



Typically, all opportunity to recoup costs comes from a limited performance run.

The Promise of Digital

Digital holds the promise of getting more return from the same production.



Different Experiences

Digital also enables more innovative product repackaging to fit into the lives of consumers in new ways (e.g., meditation, getting to sleep).

Digital Challenges To Overcome

1. Threshold for quality in digital is very high and raises already-expensive production costs even more.
2. Cultivating large online audiences requires new skill sets and partnerships.
3. Few orchestras have brand recognition to draw (digital) audiences beyond their region.
4. In-person audiences attend largely based on proximity. Beyond name recognition, the motivations for digital audiences are unclear.
5. Orchestras often do not have a high-quality library of past digital performances, not do they have digital rights to their use.

The Big Question

Can the opportunity of digital revenue exceed the additional costs of digital production by enough to make it worth the focus?

Boston Baroque's Digital Journey

Situation

Building on Boston Baroque's history of commercial audio recording innovation, its board had a long-time aspiration for experimentation in the digital space.

The pandemic created an opportunity (and necessity) to accelerate experimentation.

Boston Baroque's leadership had to figure out quickly how to overcome immediate challenges:

- Licensing
- High quality content creation
- Effective distribution

Action

In-Perpetuity Licensing

Boston Baroque took immediate steps to secure licensing rights from artists of past recorded performances outside of the COVID side letter, which allowed only for free, temporary digital streaming.

High-Quality Content Creation

The organization formed a relationship with GBH in Boston to create high-quality video and audio recordings of productions and hired an Emmy-nominated documentary filmmaker to create supplementary content.

Effective Distribution

Boston Baroque sold a digital season for audiences, available through its website and, additionally, negotiated agreements with external partners Amazon and IDAGIO for distribution.

Result

Boston Baroque has achieved important results in four areas:

Exposure: the number of people consuming Boston Baroque content has multiplied at least 10 times over the pandemic.

Passive revenue: the organization has established revenue streams from ongoing consumption on external platforms.

Audience Development: the organization's integrated audience development strategy engages both in-person and digital audiences.

Learning: Boston Baroque has learned important lessons about the costs and requirements for creating high-quality digital content, the characteristics of various platforms, and the importance of building relationships with technology innovators.

A History of Recording Innovation at Boston Baroque

Boston Baroque has a long history of innovation in the recording space, starting decades before the pandemic. This history gave the organization, including its board, confidence to experiment aggressively with digital strategy and tactics during the pandemic.

1980s



1990s



2000s and 2010s

Background

Oldest period instrument orchestra in North America

Founded in 1973 by Martin Pearlman

Started as “Banchetto Musicale”, renamed Boston Baroque in 1992

26 commercial recordings since its founding

Six GRAMMY® nominations for its recorded performances

Boston Baroque inked its first record deal in the early 80s, an immediate boon to its reputation.

Its reputation led to touring performances at Carnegie Hall, the Shubert Theatre in Chicago, and Disney Hall, among other locations.

Boston Baroque performed many American period-instrument premieres of works, including Mozart’s *Don Giovanni*, Bach’s Mass in B minor, and more.

Telarc signed Boston Baroque in 1992 to produce a series of classical recordings for international commercial distribution. This was the first major record deal for a Baroque orchestra.

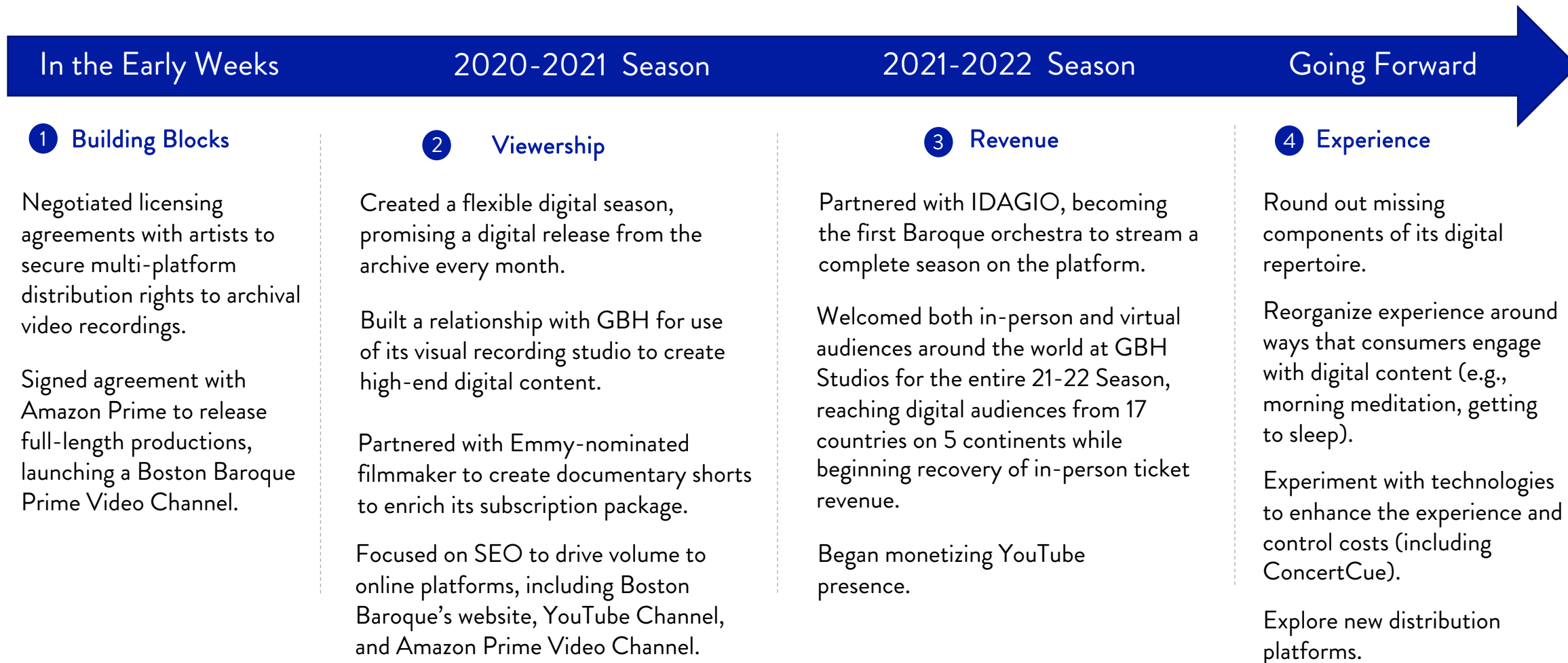
Across the 1990s, the organization received three GRAMMY® nominations for its recordings.

Music Director Martin Pearlman conducted at the GRAMMY® awards.

In 2012, Boston Baroque became the first American orchestra to record with the highly regarded UK label Linn Records.

Over the 2010s, the orchestra received three GRAMMY® nominations for its Linn recordings.

A Timeline of Boston Baroque’s Pandemic Digital Experimentation



Early Moves: In the Weeks after the Pandemic Hit

In the earliest weeks of the pandemic, Boston Baroque took two important steps. First, it negotiated with artists to secure multi-platform distribution streaming rights to 14 past productions. Second, on April 21, 2020, it signed a deal with Amazon Prime to begin a Boston Baroque Prime Video Channel on the platform. With strong digital content and a powerful distribution platform, the organization developed the flexibility it needed to undertake digital experimentation.

Securing Digital Rights for Past Work

The Industry-Negotiated COVID Side Letter

IMA side letter enables free use of digital “streaming” during the pandemic for 120-day limit for use. No provisions for use of content beyond the 120-day window.

Boston Baroque’s Different Approach

Boston Baroque wanted to:

1. Pay artists for their work (versus fractional payments for cancelled performances)
2. Invest in content that could be monetized over an extended period
3. Develop a digital content strategy that would provide long-term residual value for the organization

Boston Baroque used pandemic funding, supplemented by targeted fundraising, to secure artist rights for its back-catalogue of 14 productions that had been visually and audio recorded over the previous decade.

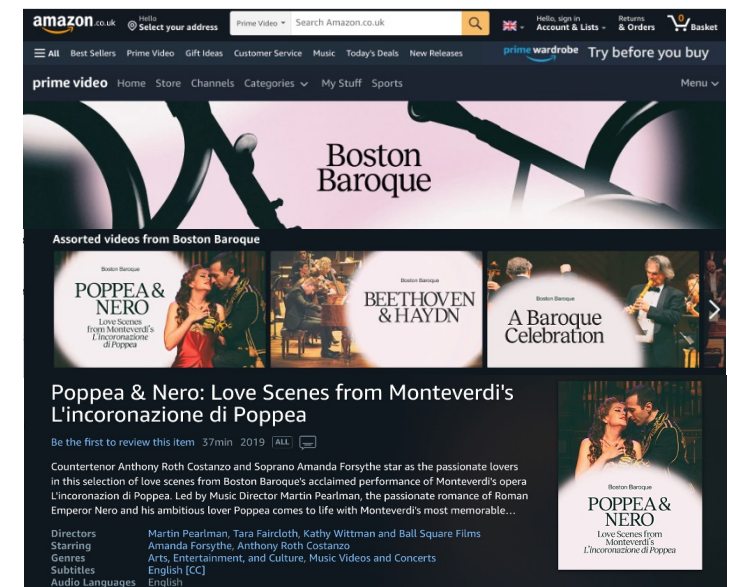
The organization paid soloists an amount equal to 10% of one performance and used IMA calculations to pay orchestra members. They also paid costume, lighting, and set designers for opera productions.

The agreement gave Boston Baroque multi-platform streaming rights for those productions in perpetuity.

Securing a Digital Distribution Platform

For most arts organizations, getting payback on digital investments requires that they find a distribution channel with reach well beyond their own audience list. Amazon Prime was an early partner for Boston Baroque, chosen for its ability to reach a large volume of customers

Boston Baroque’s Amazon Prime Channel



A Fully Digital Season: Boston Baroque in 2020-2021

Using the past productions to which it secured the the artist rights as its core programming, Boston Baroque took its 2020-2021 Season virtual, charging both for digital subscriptions and individual performances. In addition to streaming access, subscribers could access rich behind-the-scenes content with a wholistic approach to the digital experience, enhancing streamed performances with bespoke content serving to curate, educate, and entertain. This was sold as a completely digital subscription, which resulted in more subscribers than before the pandemic.

Boston Baroque's 2020-2021 Season



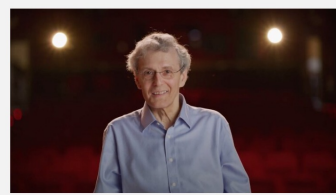
High-Quality Streaming



Boston Baroque partnered with GBH to produce live streaming productions at a very high quality level.

Auxiliary Content

"Director's Cut" with Martin Pearlman



All productions included a 'director's cut' with Martin Pearlman and other talks meant to enrich and contextualize the performance.

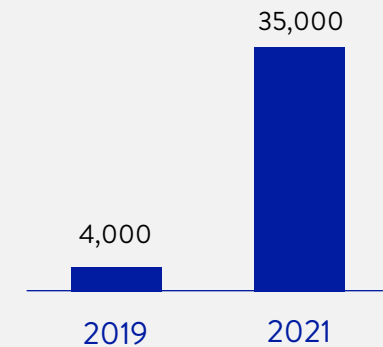
Documentary Films



Boston Baroque – The X-tet: A Concert Documentary by Nathaniel Hansen

Subscriptions included documentaries (filmed over five days by Emmy-nominated filmmaker) covering instruments, history, artists and other commentary.

Households Reached



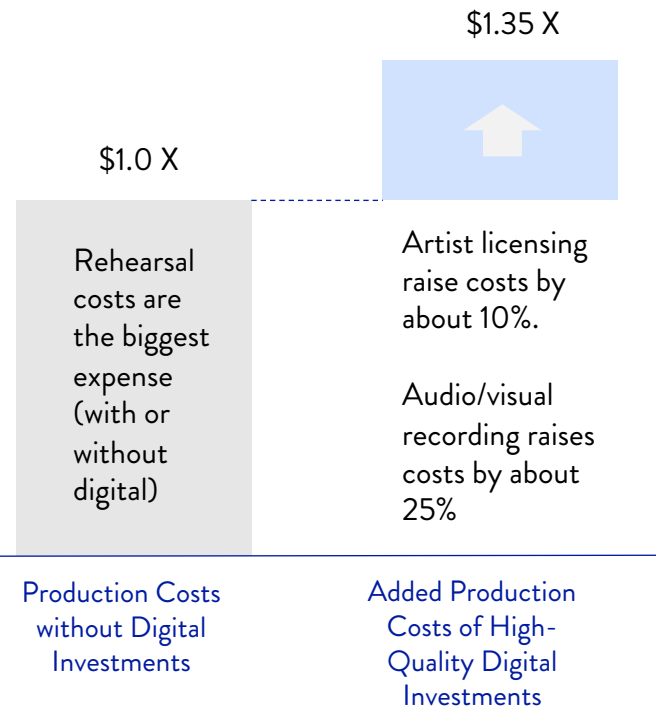
"We had a bigger subscriber base during the pandemic than before it. One woman from Alaska wrote us, saying that she'd always followed us, but never thought she'd have the chance to buy tickets. We also heard from people who'd moved from Boston and were glad to reconnect."

Jennifer Ritvo Hughes
Executive Director

Two Important Economic Facts about Going Digital

Boston Baroque estimates that producing digital content worthy of online consumption adds about 35% to the cost of a production, mostly due to technical aspects of high-quality digital capture and acquisition costs for long-term artistic rights (which is important given the long timeframe needed to get return on digital investments). Boston Baroque points out that recouping digital investment using only one's audience list is virtually impossible. An external distribution partner is crucial. Furthermore, because distribution partners have different strengths, an organization will need to change the mix of partners over time. In Boston Baroque's case, Amazon Prime was useful for acquiring a high-volume of viewers early on, but IDAGIO has proven more effective for generating revenue and acquiring audience information for retargeting. The need to build audience before monetizing it adds to the timeframe for achieving return on digital investments.

Fact #1: Digital Increases Production Costs



Fact #2: Earning Revenue from Digital Content Requires a Long-Term Timeframe

Year One: Build Online Audience

- ✓ Access to new viewers
- ✗ Revenue share
- ✗ Data about viewers



Year Two: Build Revenue Stream

IDAGIO

- ✗ Smaller audiences
- ✓ Classical specific
- ✓ Better revenue share

From Eyeballs to Monetization: 2021-2022 Season

For the 2021-2022 season, Boston Baroque put in place several tools to increase monetization of its digital investment. First, it revolutionized its subscription model, offering a virtual-only subscription package priced at \$200, with the option to add in-person ticket options. Second, it offered single digital tickets. The strategy was meant to bolster the perceived value of digital content and build brand loyalty with digital audiences. By the end of the season, 30% of Boston Baroque’s earned income came from digital content.

Boston Baroque Integrates the In-Person Return with a Unique-to-the-Market Digital Subscription Model

- Subscribers were given access to full suite of digital content with options to add in-person tickets at any point
- Near term: Enabled maximum flexibility in period where COVID case-count fluctuation greatly impacted in-person attendance
- Long term: Provides a viable strategy to solve a threat to the industry of declining subscription revenue

Your \$200 Subscription to our 2021-2022 Season includes:

- Advance pre-sale access to purchase in-person tickets when they go on sale this summer.
- Livestream tickets and post-concert on-demand access to our five-concert season.
- Access to full-length concert releases from the archives, documentary short films, concert talks, and more available on Boston Baroque’s Subscriber Portal.
- Virtual deep-dive events and conversations with musicians and experts from around the world.

Boston Baroque Balances Exposure and Perception of Value by Providing Solely Paid Digital Content

- Simultaneous in-person and live streamed event (at the GBH Studio)
- Accessible for a fee on IDAGIO for 30 days—First baroque orchestra to stream entire season on IDAGIO platform
- Marketing underscores digital value: “Only 72 hours left of access!”

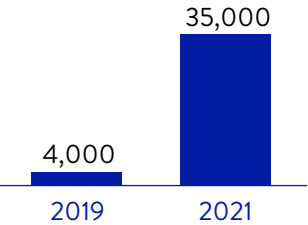


By the end of the season, digital accounted for 30% of revenue.

Results: Early Success on a Number of Dimensions

Audience

Households Reached

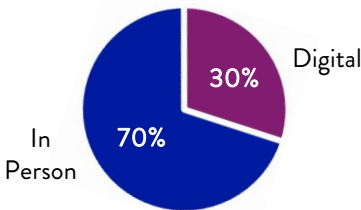


At the end of the first digital season (2020-2021), Boston Baroque had reached nearly nine times more households than before the pandemic, and the number has only risen since then.

Boston Baroque has uncovered its competitive advantage as a "niche," high-value product—*period performance*—in a global market.

Revenue

Revenue by Source



By the end of the 2021-2022 season, digital content accounted for about 30% of Boston Baroque's revenue.

Sources of digital revenue included digital subscriptions, single tickets (through IDAGIO), some income from Boston Baroque's YouTube channel, and a small amount from Amazon Prime.

Digital Assets

Current Library



Boston Baroque now has a concert archive of 25 concerts, 14 from before the pandemic (for which it secured artist rights) and 11 high-quality productions that it has produced at the GBH Studio.

Many of the documentary content shorts were produced by Peabody Award winning and Emmy-nominated director Nathaniel Hansen.

Partnerships

Digital Partners

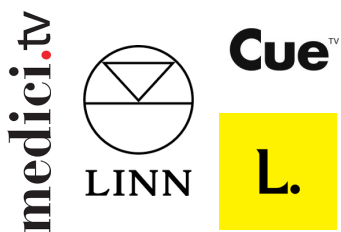


Partnerships with distributors have given Boston Baroque access to 30,000 households worldwide in 22 countries.

Early exploration of the classical-music distribution space along with its differentiated positioning in period performance has given Boston Baroque first-mover advantages (e.g., requests to fill repertoire gaps).

Capacity to Scale

Global Interest



Boston Baroque has built the digital capacity to develop content that meets the needs of consumers in a fluid, emerging market.

The international exposure Boston Baroque received from its digital work in the pandemic, along with its very-high production values, has led to interest from multiple for-profit distributors.

Learning

Global Interest



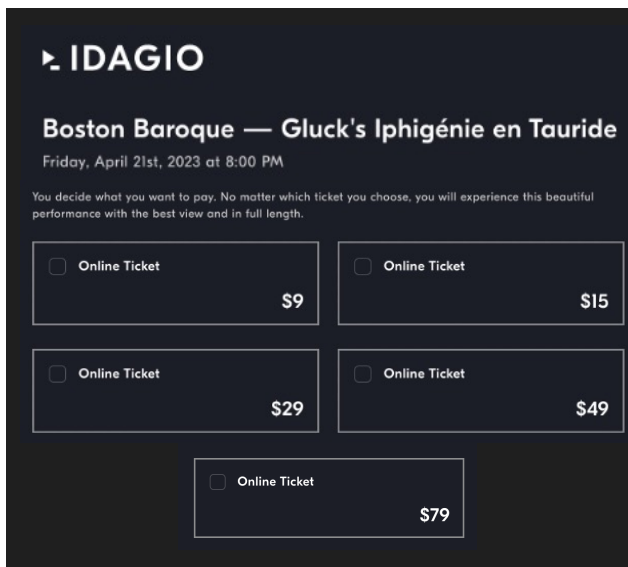
At this stage, learning about the digital space is as valuable as viewership and monetization. After all, Boston Baroque is experimenting with terrain that has the potential to strengthen its model to improve long-term sustainability.

The organization's learning in the digital space to date has been significant and impressive.

Next steps: Experimentation with the Experience

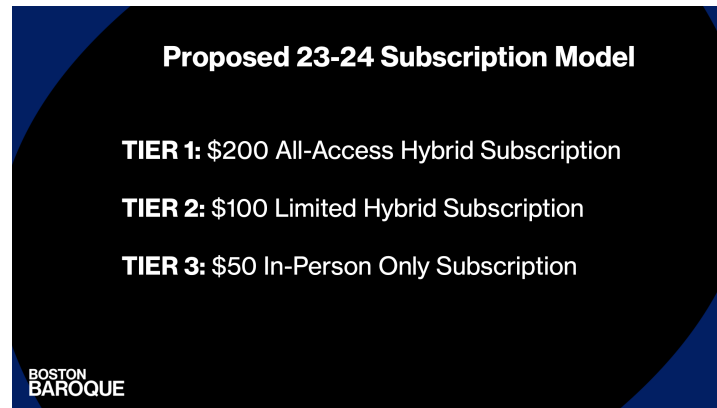
Pricing

Boston Baroque is experimenting with digital pricing. One “pay what you will” experiment on IDAGIO will give the organization a better understanding of the price sensitivity of audiences.



Subscriptions

Boston Baroque continues to reevaluate the needs of its audiences, particularly with the subscription model offerings. Future seasons will include more choices to customize your subscription and thus audiences' relationship with Boston Baroque.



Enhancement of Digital Offer

Customer-Centric Design

Boston Baroque is thinking about what listeners are trying to get done, not just what music they like:

- ✗ Bach Mass in B minor
- ✓ Music to go to sleep to
- ✓ Meditation music
- ✓ Wedding music

Enhancing the Catalog

Streaming services focused on classical music are reaching out to Boston Baroque to fill holes in their existing repertoire: “We don’t yet have a high-quality recording of Monteverdi’s Vespers.”



Boston Baroque: Twelve Lessons from an Early Entrant

1. Production Quality

Monetizing digital requires investment in production quality. Serious consumers will not tolerate average production values.

2. Partner with Experts

It's very likely that a partner exists in your market with the ability to record to a very high standard. Strongly consider renting production capability rather than building it, at least at first.

3. Artist Rights

Spend the money to secure artist rights for the long-term. Distributors want an existing catalog. It's not prohibitively expensive, and it buys time to figure out a long-term revenue.

4. Costs

High production values and the acquisition of artist rights raise the costs of production, incrementally but not exponentially.

5. Value

Train audiences early to put a monetary value on digital content. Charging for any new/live event is vital to building an earned-income stream.

6. Distribution

To acquire viewers beyond one's (limited) local audience, finding a distribution partner with an installed viewer base and local-market knowledge is necessary. The right distribution platform depends on where you are in the digital journey. Some platforms are better for gaining viewership, and others are better for monetization.

7. Sequencing of Activity

Start the journey by acquiring viewers and listeners. A base of viewers gives you a laboratory for experimentation and clout in discussions with distributors. Move to revenue after you've learned what the market wants.

8. Differentiation

National and global markets are competitive. It's important to have or cultivate a niche that you own that is authentic to your organization's history and not already filled nationally or globally.

9. Early Mover Advantage

Building habit is important to establishing online viewership. That's easier to do in a less crowded market, so moving early, before too many others have invested in high-quality production values and artist rights, is a real advantage.

10. Promotion

Treat each release as its own unique experience. With proper framing, digital viewers will come to look forward to new releases with the same anticipation as in-person experiences.

11. Test and Learn

Take every opportunity to experiment, and be specific about what you're testing: pricing, repertoire, market size, production values, auxiliary content, hybrid experiences, etc.

12. The Importance of Getting Started

It's important to make early investments in order to get contact with the market. Experimentation opens up opportunities that cannot be anticipated in advance.

“Arts organizations don't place enough value on how people want to consume what we have to offer. There's a bias for in-person performance. Boston Baroque's digital journey has been about finding other ways that consumers value what we have to offer and delivering it to them.”

Jennifer Ritvo Hughes, Executive Director