

Cabinet (Resources) Panel

19 July 2016

Report title	Income Generation – Civic Halls	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Keren Jones, City Economy	
Originating service	Visitor Economy	
Accountable employee(s)	Mark Blackstock Tel Email	Head of Visitor Economy 01902 554447 Markblackstock@wolvescivic.co.uk
Report to be/has been considered by		

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended:

:

1. To approve the proposal to offer the Visitor Economy Box Office out to tender, in order to generate income in excess of £110,000.

1.0 Purpose

- 1.1 The report summarises the case for procuring the Visitor Economy Box Office service. This seeks to optimise the commercial income of the newly refurbished concert halls, ensuring the venue has the box office and marketing system required for the improved venue and consolidating its new place in the market.

2.0 Background – current position

- 2.1 The Civic Halls current box office sales system is old fashioned, being limited primarily to the production of tickets, marketing data and administration. What is now required is an offer that manages the complete customer journey - from the customer deciding to buy a

ticket, to arriving home after a wonderful show. This journey will include the normal electronic booking systems, marketing systems, Wi-Fi marketing, integrating till systems into the marketing data bank and the capacity to book secondary sales products such as buying a pint of beer, a meal, a car parking space etc.

- 2.2 The Visitor Economy team do not control the distribution of tickets, this is dictated by the organisers of the events. Currently the tickets are sold by our own box office alongside other commercial ticket selling operators. It is expected that the new provider would operate from their call centre, but would also provide outlets at the Civic Hall, Wulfrun Hall, The Slade Rooms and the City's Art Gallery.
- 2.3 Whilst ticket sales are a core activity for any box office service, this only represents around 30% of the modern commercial process, with the other 70% being made up of marketing and publicity activity. The customer data that larger operators have is often in excess of 1 million live email addresses, and a Facebook following in excess of 1 million. Currently the Civic & Wulfrun Halls only has a database of 92,000 email addresses and 12,000 followers on Facebook. In addition to the volume of customers a commercial provider could offer, they also have the ability to tailor their marketing to the customer, which the current system used by the box office does not allow for.
- 2.4 A more commercial box office will lead to faster sales. This is a key factor in a promoter's choice to add more shows at certain venues on a tour. Working with a commercial provider will lead to more events being booked into the venues, increasing the income of the halls.

3.0 An improved offer

- 3.1 A modern service would offer an enhanced experience. Customers could book their whole experience with the service including parking, meals, drinks and merchandise. Some ticket system operators will link up to our till system, marrying the customer ticket buying and product purchasing activity in order to further profile the customer.
- 3.2 The Wi-Fi offer and how that is configured would be included. On new systems we can follow the customer from purchase to their visit to the venue and profile the offer to their specific need. Their processes also allow us to collect the data of their fellow attendees.

4.0 Progress, options, discussion, etc.

- 4.1 A draft Scope for the Contract is attached that sets out the aspirations of what will be delivered under the contract. An open procurement will be carried out to seek a single provider. The tender will be split 60% quality and 40% price.
- 4.2 The quality evaluation will identify clear mandatory criteria as well as seek the best proposal taking into account of their offer in relation to:
 - A modern ticketing service including system infrastructure

- An enhanced CRM (Customer Relationship Management), marketing and publicity package (at their cost)
 - Access to customer data, presumed to be in excess of 1m users
 - An on-site customer service
 - On site box offices at the Civic Hall, Wulfrun Hall, Slade Rooms, Art Gallery
 - Wi-Fi on site for customer marketing and publicity purposes
 - Access control systems – entry ticket scanning
 - Increased events in the venues, resulting from the promoters receiving a world class box office service and being more inclined to use the venues.
 - Bookings fees charged to the customers – cap to be agreed in the contract
- 4.3 The price evaluation will take into account a number of factors but predominantly a percentage of the 'house' (total number of tickets available), (Note it is the promoters of the events that dictate where ticket stock is sold and any agreement will reflect the fact that they have overall control of the allocation of tickets for sale.)
- 4.4 The intention is for the new provider to be in place and operational by September 2016.
- 4.5 All customer data would be owned by both the ticketing provider and the council. Visitor Economy would work closely with Corporate Comms to ensure that the whole council benefits from the Civic Halls marketing approach, supporting the council's aim to improve overall email marketing, helping to improve subscriptions to other sources of info.
- 4.6 Visitor Economy will continue to offer a face to face Visitor Information Service from the Art Gallery reception. This service will be delivered as part of the role of the council staff operating the box office and reception services at the Art Gallery. Any direct tourism costs will be charged to existing tourism budgets. Work is under way to host more detailed destination information on the service's websites, guiding customers to hotels, places to stay and eat etc, offering a more modern way to access visitor information.

5.0 Financial implications

- 5.1 In a normal trading year, the box office income after costs is £100,000 approx.
- 5.2 Market testing suggests that we can expect a box office income of between £110,000 and £140,000, after approximately £10,000 of internal costs, once the halls refurbishment is complete. This is based on conservative estimates in terms of audience and event volumes. Initially the additional anticipated income will go towards repaying the cost of borrowing for additional capital works for the Civic Halls, a more detailed paper about this element will be brought to a future SEB meeting.
- 5.3 The current system generates a marginally higher net income per ticket sold but is 12 years old, and needs to be replaced. Should a decision be made to keep the service in house, this would require significant expenditure in the region of £200,000. In addition to this, the most recent restructure of Visitor Economy has left the service with a minimal box office capacity for the closure period. Any decision not to accept a tender would

mean that additional posts would be needed in order to cope with the demand as the halls reopen.

5.4 The introduction of a modern ticketing system also opens up opportunities for further additional income. Pre-booked car parking is forecasted to offer additional income of £100,000 per annum, with the halls retaining approximately £57,000 of this additional income after covering borrowing costs associated with enhanced car parking provision. The current box office system would not be able to facilitate this service.

5.5 A modern ticketing offer could also draw in significant catering income as audiences grow. Ticket holders will be able to pre-book their evening meal at the Art Gallery. [ES/16062016/C]

6.0 Legal implications

6.1 Procurement and Data protection will be in line with Council's procurement and data protection processes. All data would be retained by the Council and shared with the ticket selling operator. RB/15062016/S

7.0 Equalities implications

7.1 Going out to tender will give the service access to data to gain info on markets we don't currently operate in, therefore broadening our offer. It is proposed to retain the ability for personal callers to purchase tickets. A modern ticketing service comes with a dedicated department for customers to contact when they have specific access needs and requirements. Many large scale ticketing providers have opted into a national system which removes the need for long conversations and proof of disability when booking tickets for events. This service would be of great benefit to our users and would offer them the same booking experience as other ticket bookers.

8.0 Environmental implications

8.1 We are not aware of any implications.

9.0 Human resources implications

9.1 We understand that we can either employ staff direct from some companies, or employ our own.

10.0 Corporate landlord implications

10.1 We are not aware of any implications.

11.0 Schedule of background papers

11.1 Draft Scope of Works 150616