

## Stage Entertainment puts audience in the spotlight with AI

*Producing musicals for international audiences is a complex business. Significant time, effort, expertise and money go into every production. This makes it crucial to attract as many people as possible to every concert to recover costs and ensure profits. With the help of delaware's AI team, Stage Entertainment took a cutting-edge approach to meeting the needs of specific target groups.*

### Know thy customers

Stage Entertainment produces and performs musicals to a variety of audiences in the Netherlands, Germany, Spain, Russia and France. Already a longstanding delaware client, they approached delaware.ai in early 2017 with an interesting business case.

"They wanted to truly understand who their customers were," explains Sven Arnauts, manager of the delaware.ai team. "It's a deceptively simple question with a complex answer, as different target groups look for very different things and show a very different behavior when engaging with your company. Each group experiences musicals differently – and has to be approached in a very specific way."

After several intake discussions, the delaware.ai team combined numerous sources of data into complete profiles for each customer and performed a customer segmentation exercise to cluster customers into specific profiles, each with their own interests and budgets. "After we finished this exercise, we had to identify when, where and how to best target them to optimize the value for Stage Entertainment," Sven continues.

### Customer behavior reveals underlying preferences

The data revealed an important insight: even within each country, there are huge differences between individual customer segments. "We demonstrated that a general communication strategy per region is still not good enough to reach customers," says Kevin De Beck, data scientist at delaware.ai. "In order to drive ticket sales, Stage Entertainment would have to focus on the customer's behavioral characteristics, since even those differed within each region."

However, this was no ordinary, everyday customer segmentation exercise. "We had to use a complex artificial intelligence algorithm, which takes into account many different aspects of customer behavior. The term 'customer segmentation' is misleading, as we didn't start from business rules or traditional high-medium-low segmentations, which are based on assumptions and arbitrary choices. Our model is based on customer behavior itself and is so multilayered that it took ten iterations to tune it."

"We didn't start from business rules or traditional high-medium-low segmentations, which are based on assumptions. Our multilayered artificial intelligence model is based on customer behavior itself." – Kevin De Beck, data scientist at delaware



As a result, the robust insights generated by the model can be used as a foundation for Stage Entertainment's strategic roadmap for scheduling and programming, not just to optimize its marketing activities.

"Producing a musical isn't something you do every week," Sven goes on to say. "It's a long, in-depth investment with sunk costs. If a musical isn't popular, or if it doesn't appeal to the target audience in the right way, a production company risks significant losses. Each musical has a fixed price, so the more customers you can attract to a show, the higher profit you can bring in."

### **An ongoing exercise**

Alongside delaware.ai, Stage Entertainment uses its new usage-based segmentation model to optimize communication. "But this isn't a one-off project," asserts Kevin. "Customers move between segments, and that's where Stage Entertainment must take action to build on the relationship. It's an iterative process."

Are you ready to discover what your customer data says about your company's future? It's not fortune-telling – it's artificial intelligence. Our experienced team would love to hear from you.