

## Sales & Marketing: Customer Loyalty

### Riding High Through the Recession - What Jam bands can teach the Brands

By [Rob Rush](#), CEO, LRA Worldwide



A recent article in Forbes magazine described a Friday night this past June, when 15,000 fans descended on New York's Jones Beach Amphitheater in a torrential rainstorm to listen to the band Phish at one of the first concerts on their 2009 summer tour. Despite the downpour, hundreds of other fans with no tickets in hand roamed the parking lot hoping to get lucky and find a way in to this sold-out show.

Apparently no one got the memo about the recession.

While everyone is feeling the economic pinch, and album sales no longer factor in, the concert business is performing quite well, thank you. Leading the way are the niche "jam bands" like Phish, Widespread Panic and the Disco Biscuits. Remarkably, these touring jam bands reject the multiple-rights contracts and the "360 deals" offered by industry giants like Live Nation and Warner Music Group, in which the studio helps pay for and promote the tour in exchange for a percentage of ticket and merchandise sales. These bands keep their pockets full by relying on inimitable live performances, a symbiotic relationship with their dedicated fans, as well as imaginative grass-roots marketing campaigns that keep costs down and arenas filled. This unique ecosystem, built upon a strong trusting relationship between the bands and their fans, has formed a formidable emotional bond that transcends economic downturns.

How formidable? Despite the deepest recession we've faced in decades, Phish tickets went on sale back in March. Ten million ticket requests overwhelmed the ticketing website and 400,000 tickets were sold-out in a matter of hours. The haul? More than \$20 million in ticket revenue for just three months of touring. And unlike a Madonna concert tour with 50-plus tractor trailers of equipment road-tripping to each tour stop, there are no extravagant stage shows or other costly burdens, just the music and the community, pure and simple.

In my opinion, these jam bands can teach other companies and brands struggling to make ends meet a thing or two about successful branding. Keep your value proposition simple and remain true to it. Get to know your customers well and take very good care of them. And when considering initiatives that might lead to short-term gain but perhaps devalue the brand and the customer experience, don't do it! Protect the house! You will not see In 'N' Out Burger acquiring a Mexican fast-food chain (like Wendy's with poor results) or selling out to McDonald's; you won't see Four Seasons Hotels investing in budget brands, no matter how appealing the deal; and you won't see Apple delivering any product that is not supremely elegant and well-conceived. Each of these legendary companies has nurtured very strong emotional connections with their customers. And it is the strength of this relationship that allows these companies to realize better margins by charging more for their products and spending less than their competitors on advertising.

When you enjoy this position, you grow your brand through word-of-mouth, and your customers stick with you. Like the Grateful Dead before them, Phish doesn't gouge its fans; Phish tickets sell for \$50, well under the market and certainly well below what they could yield if they tried to squeeze the most revenue out of each show. Invariably, the "jam band" community allows its fans to record the concerts and share the music, which has only led to more exposure for the bands and has turned fans into active collectors of great shows, even if the currency of my day – cassette tapes – is obsolete. They typically market through their own Website, where they keep their fans informed and facilitate the sharing of their music, not protection of their copyrights. (Who remembers Metallica vs. Napster?) It's reported that Widespread Panic gets 750,000 hits a day on their site on days when the band is on tour, and it's the sense of community and belonging that keeps folks clicking again and again.

In the midst of the downturn and the accompanying consumer discontent, fans are willing to spend a portion of their discretionary income on great brands and bands like Phish in droves. And Phish can take comfort in the fact that although the Grateful Dead never really had a hit song, they sold out venues around the world for 30 years and were one of the top grossing bands of all-time. I'd venture to say the Dead had very little churn in their diverse customer base, which ranged from CEOs to truck drivers, from intellectuals to high school drop-outs. Sure there was an affinity for the product – the songs – but clearly not enough of one to create chart-topping hits. Again, the real appeal was the sense of belonging inherent in the community and the brand.

Where does this leave us in the hotel industry and in the realm of customer experience? Shifting the focus away from the product towards the way in which our offerings can bring people together in a meaningful way. Don't get me wrong – the product has to "work" and be of high quality. I defy you to listen to Phish's "Bouncing Around the Room" without...well, bouncing around the room, or the Dead's "Box of Rain" without shedding a plaintive tear. But the product can't be the end all and be all; after all, Jerry Garcia was known to miss a lyric or chord or two. So make sure your properties and facilities are appealing and clean and operationally you can keep the trains running on time...and then put some thought into how you can connect people to one another and your brand, preferably at the same time. Because they'll remember how you made them feel and provided them with a sense of comfort and community at a time when everyone could use a bit more of both.

Today's jam bands have learned these lessons well and are riding high along with their fans...uh, customers.

And by the way, employing aromatic herbs stronger than potpourri for this purpose is not recommended. "Riding High" was a figure of speech only. Piping Grateful Dead music into the lobby, however? Now that's a winner of an idea...

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