

# Ticket Pricing Trends in Regional American Theaters

In early January 2023, we reached out to several regional theaters in the US to understand how they were approaching pricing given soft audience demand since the pandemic. We asked three questions of CEOs/heads of marketing; below we share the five responses we received.

Key takeaways:

- Although overall demand is down, most theaters don't believe price is a driving factor for most. Discounting has not been an effective method of 'bringing back' a large number of audience members; instead it is used for targeted enticement to specific audience segments.
- In fact, respondents were more likely to have raised the highest-end prices as those customers are much less price sensitive
- A discounted offer or deal tends to be more effective than passively lowering prices; a ticket that is \$30 after a half price discount moves more than a \$20 standard ticket
- The approach to discounting varied but all respondents were maintaining or increasing discount programs such as \$25 tickets and discounts for groups, veterans, or youth
- Discounting through targeted mailing lists was common

**Question 1: Are you/have you lowered your prices at all? If so, by how much / is there a focus on any particular group that you lowered pricing for?**

*Response A:*

We do use dynamic pricing extensively, just as background info. We've raised our prices by about 8% for the most expensive tickets, while having our less expensive tickets remain flat year-over-year. We're not finding price resistance to be an issue for those who decide that they want to attend.

*Response B:*

We had not raised prices since renewals for 2019-2020 season, so a 22-23 adjustment was long overdue and I raised the top price tier package by 10%, with less expensive packages raised by lower percentages. I left the lowest price tier as is.

We offered "blind renewals" early in February, promising to lock in the 2020-21 season prices for those who renewed without seeing the season. We renewed about 60% of the subscriber base at that time, banking on their loyalty and trust in the programming. (We had about 3 subscribers ask for refunds after they saw the season, as they claimed it did not align with their values. We refunded all of these.)

I rescaled all of our spaces and reduced the amount of lower price seats as they were not selling out. I increased the amount of "premium" seating at the top price tier and increased house values across the board.

We included free parking (essentially pre-paid instead of \$10 per night) with a deadline of April 30.

*Response C:*

We have not lowered prices this year. In fact, I'm looking to raise them as soon as possible.

*Response D:*

Yes we have lowered prices in certain areas as well as raising prices in other areas. In addition we have lowered group prices to entice certain [demographic groups]. We have also lowered prices in previews to fill up the house and gain momentum, up to 50%.

*Response E:*

No, we have not lowered prices.

*Response F:*

Beyond our first show back in Summer of 2021, we have not lowered pricing from pre-pandemic levels. With that said, I've been cognizant about making sure we do have affordable entry-level pricing available. For A Christmas Carol, for example, we had over 15 performances that had prices at \$40 or below in our rear mezzanine that did not increase based on how they were selling. On the flip side, when we've had a hot show, we've found that there is much more price elasticity. So many things have increased in price over the past couple of years with inflation. People seem willing and expect to pay more for things they desire; from dining out to concerts and other experiences. On the high end for A Christmas Carol, we hit \$159 and those tickets sold the minute they were released to the public; I think we could have gone higher without any negative hit to volume.

We also find that we have more inventory for many shows than in the past with a drop in subscribers. We've been more generous in comping community partners when doing outreach for productions. We're also exploring a free tickets library pass program for next season.

**Question 2: How about discounting? Have you changed/introduced any new discounting programs — if so, can you tell us more about them?**

*Response A:*

There are no new discount programs per se, but we are instituting new varieties of 2-show and 3-show bundles at attractive prices.

*Response B:*

- We discounted down lapsed subscribers' packages by about 15%; this was not super effective. We scooped up about 10% of those offers.

*Response C:*

The theater offers a limited number of \$25 tickets for each show. We just began a discussion today about whether we can use those to better purpose.

*Response D:*

We do segment our mailing list and offer higher discounts to those lists that are higher than our general discounts.

*Response E:*

We have remained steady with our discounting options:

- We aim to ensure there are always some \$25 tickets available to most, if not all, performances of our shows
- Preview week is always priced lower than in-season
- Subscribers get a year-round discount on extra tickets – we encourage use for gifts
- Groups of 10+ always get a discount
- We offer lower prices for students, military, blue star families, and 30 and under.
- We sometimes offer rush and online rush tickets.
- We usually set up a 20% discount promo code that we use for outreach to new and targeted audiences. (We aim not to go deeper than 20% - this is the sweet spot where audiences are getting a good deal, but does not undervalue the product)
- We offer heavily discounted subscriptions for Educators
- We sometimes - but rarely - do an offer through Goldstar or similar, but we keep these to a minimum as they can be considered brand damaging.

*Response F:*

Discounting remains an important part of our strategy. Passively lowering prices isn't as effective as offering a "deal." This is still true. For instance, we see more movement on a half-price ticket at \$30 than a \$20 standard priced ticket. At the moment, we're considering increasing some of our starting pricing for our smaller theater to lift averages.

We haven't introduced any new significant and ongoing discounting programs, but we are often on third party (Hot Tix, Goldstar, etc), include discounts to a wide list for previews and have re-introduced some discount programs now that we're able to host events (ie. College Nights--\$10 tickets + pizza and a conversation with an artist before a show). We also frequently set up custom discounts for organizations whose constituencies might have interest in a show. The level of the discount and price yield varies depending on starting pricing, theater, etc.

**Question 3: Any advice on pricing you would have for other theaters in this environment?**

*Response A:*

My advice to other theatres is that there's a cadre of people who are price insensitive that we should charge appropriately, and a cadre of people who are sensitive to price, and we should charge them appropriately.

*Response C:*

If your question is, are we using lower ticket prices to lure in audiences particularly new audiences, I know that I will be dissuading [the team] from doing so.

*Response D:*

This environment is very challenging especially if you are not producing “event” shows. There is no silver bullet to get folks off their butt to see your regular shows. They have gotten out of the habit and are tough to bring back unless it is a familiar title. People want to know they are going to have a good time before they buy and familiar titles help. This is frustrating because you are being forced to program more conservatively. But that is probably what it will take to bring folks back.

*Response E:*

We're finding that price sensitivity has not really been an issue in post-pandemic times. People are making decisions based on other factors, not price, so discounting has not been very effective. Some other thoughts:

- Ensure that your lower pricing options are communicated broadly and easy to find, and don't forget your subscribers are your best advocates. E.g. including a reminder about student and Under 30 pricing within subscribers communications can be useful if you subscriber base are parent/grandparent age.
- Build a student/under 30 email list for last minute opportunities
- We have plans to embark on a pricing study in 2023 to find out if we would benefit from any re-zoning, base pricing changes, dynamic pricing strategy changes. I would recommend that theatres do a pricing study if they can, especially with some new data from post-pandemic seasons, to look at how buying habits have changed.
- Incidentally, we have some early evidence that people are moving towards earlier performance times – e.g. choosing 7:30pm and matinees over 8pm. This might influence pricing for our next season.

*Response F:*

Maximize revenue where you can on hit shows. It's becoming a common trend that shows that are popular/take-off are doing as well or better than pre-pandemic. On the flip side, shows that were previously a harder sell have only become more difficult to move, so you need to take advantage of hits to help support the rest of the work.

And consider your pricing vs. discounts. Passive, lower prices often don't help much for a show that isn't moving. An offer communicates an opportunity to a patron, even if that discounted price is higher than a passively lowered ticket price. Also, we've found that where it makes sense, a discounted offer as price point (ie. \$35 main floor tickets) performs better than 50% off, even if the 50% offer is a lower price point. Sometimes this isn't possible if you are applying to a wide range of performances and need the price to vary on say a Saturday matinee vs. a weeknight; but this was something we took away from our Wallace Grant pre-pandemic that still holds true.