

CASE STUDY: Dynamic Pricing at *The Place*

Tim Wood (Press and Marketing Manager, *The Place*)

The Place is a centre for contemporary dance in the middle of London. After fifteen months closed for refurbishment, we reopened our theatre in October 2001. It's a 300 seat space, with around 150 performances each year. The work is, in broad terms, new or innovative dance, ranging from well-established companies of international repute to an annual platform season of brand new companies.

Our audience is mostly youngish adult and includes lot of students and dance professionals, many of whom have low incomes. In the past we have always had single-price houses (or rather two prices: full price and a concession) which would vary; the more established the performers, the higher the price. At the time of our closing these prices ranged from £8 to £12. The single-priced houses landed us with this elegant but frustrating pricing paradox: research told us that those who bought tickets would have paid more for them, but other people would have bought tickets if prices were lower.

Introducing price differentials, making some tickets cheaper and some more expensive, was the obvious solution. We couldn't, however, apply these differentials based on where you sit – for one thing our seats have always been unreserved, a tradition that both our audiences and our front-or-house staff were keen to preserve.

As we are a studio theatre, your experience doesn't vary that much depending on where you sit. Insofar as it does, I would not want to be the one who decides which experience is better. You're closest to the action in our front row, but you may find yourself in perilous proximity to sweat, saliva and occasionally other fluids. Rather like the front of a stand-up comedy gig, it is an exciting and adrenaline-filled place that attracts the courageous and foolhardy almost as much as it scares the rest of us.

It didn't take John (Ashford, Director of *The Place*) too many budget airline flights to realise that here were unreserved seats being sold at a variety of prices, and paying more didn't imply that you would get a premium experience or that you'd been adjudged likely to have more money. Rather, it was the penalty you paid for not booking far enough in advance or wanting to be flexible in your plans. Train operators and budget airlines sell allocations of their tickets at various prices so as to maximise revenue by selling all their seats. While low headline prices are used to entice bookers, there tend to be more conditions attached to the cheaper tickets, and more are available on less popular trains and flights.

Their pricing model could be the solution to our differentials dilemma, plus we could aim this single stone at two more birds that bugged us. First, our attenders are notoriously late-booking: around half

of our sales happen on the day of the performance. Second, different prices for different events make us uneasy – it implies that we value these events differently. We'd prefer if the decision of how much a particular performance is worth was left to the individual customer.

To coincide with our reopening, we introduced a new pricing system that applied to all performances. There are four main prices with different booking conditions attached (see below).

For every performance, at least 20 tickets would be available at each price. The rest could be allocated between each price as we chose, the event's cash capacity adjusting accordingly. Offering ticket exchange and refunds on the more expensive tickets is a bit of a red herring – very few people make use of them – but they help answer the question of 'what more do I get?' The good thing about these prices is that they would be available to all – there would be no need for concessions.

Or rather, less need. Concessions, as we all know, are arbitrary, vaguely patronising, peculiar to our industry and only crudely apply appropriately to those on lower incomes. They are also deeply entrenched in the ticket-buying culture of students, senior citizens and other traditional concession groups. So we introduced a fifth price band, 'advance concessions' at £7. Again, there would be a limited allocation of at least 20 tickets and like advance tickets they must be booked before the day of the performance. They would be exclusively available to the usual concession groups, but of course, these groups could get an even better deal with the available-to-all apex ticket.

Ticket Type	Apex	Concessions	Advance	Standard	Super
Price	£5	£7	£10	£12	£15
Period of advance booking required	> 7 days	Advised	> 24 hours	Advised	No
Ticket exchange facility	No	No	No	Yes	Yes
Refunds available	No	No	No	No	Yes
Kids half price	No	No	Yes	Yes	Yes

ADDENDUM by Baker Richards:

The above strategy proved very effective for *The Place*. Ticket yield increased by 14%, ticket sales increased by 28% and net income by 44%. Income has continued to rise without once raising the headline prices. Customer ratings of value for money also improved, with 85% agreeing that *The Place* represented good or very good value for money, compared to 75% with the old scheme. To see *The Place*'s current pricing go to www.theplace.org.uk