Using pricing to optimise income and access

Tim Baker, Baker Richards Consulting, and Melanie Brooker, City of Birmingham Symphony Orchestra (CBSO)

This session will give an overview of pricing strategy and the review process: Melanie Brooker will talk about the City of Birmingham Symphony Orchestra (CBSO) as a case study of a pricing review, and I will focus on pricing theory.

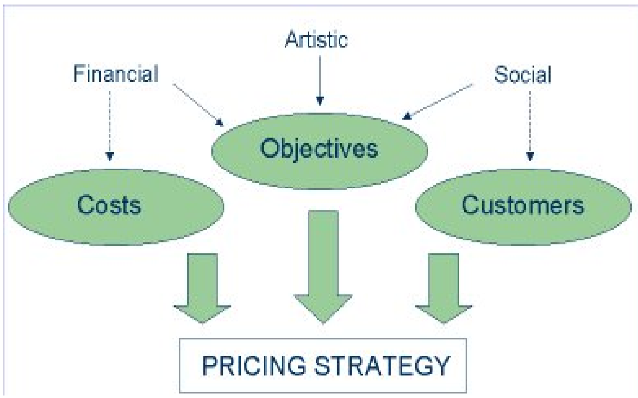
Baker Richards Consulting has carried out pricing review work all over the UK, mainly with larger arts organisations, but there is also a less-complex pricing offering for smaller organisations, such as the Gardner Arts Centre in Brighton. The pricing work is essentially focused on generating income, and in the past few years over £1million has been put into the arts economy by Baker Richards.

Having said that, pricing strategy is not simply about generating greater income. Pricing is essentially a 'neutral' discipline, so it depends what you want to do with it – either maximising income, or promoting accessibility. It's also very flexible – there are hundreds of variables you can adjust to achieve your objectives. Finally, it must be pointed out that it keeps working. Changes to pricing strategy are structural, so they carry on working year after year, unlike, for example, audience development campaigns which need repeating.

This presentation will start with an introduction to pricing theory and the influences on it. It will then move on to the fundamental issue of understanding value. There will be a discussion of the variables you can use to differentiate prices, then the CBSO case study, after which we will talk about the question of discounting and whether it is a good idea or not – I'll talk through the pros and cons of discounting, taking into consideration concessions policies and how you price for, e.g., disabled people.

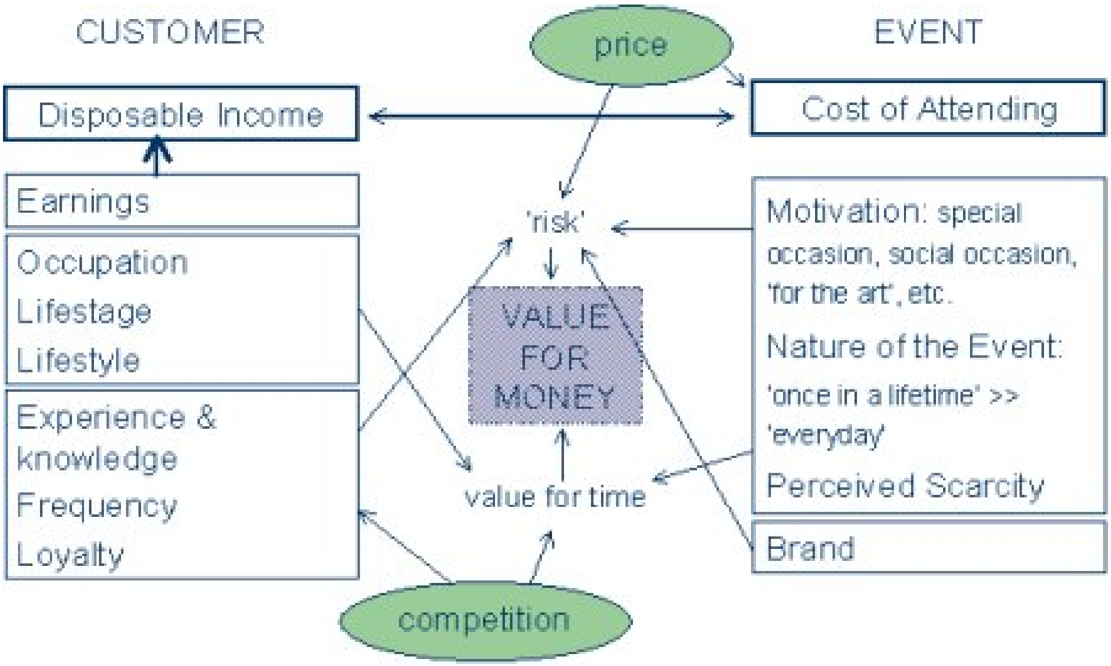
In terms of pricing strategy, there are essentially only three approaches. Firstly there's what we call 'skim pricing', which is basically setting higher prices than the market, in the knowledge that you're appealing to a small sector, but a small sector who you know will pay. This is a high income, low yield model – charging high prices to a relatively limited market. Second is 'penetration pricing', which is the opposite of skim pricing, basically following the 'pile it high, sell it cheap' model. With penetration pricing, you are deliberately pricing below the competition in order to sell a high volume of tickets. A concern about this, as a strategy on its own, is that with penetration pricing, price is the only selling point – you're saying, 'buy this because it's cheaper'. This runs into difficulty in the arts market, of course, where quality is a key factor. That said, however, it can work as part of a strategy – the National Theatre's Travelex scheme, for example, worked well. The third approach is the 'neutral pricing' approach, which is different again. With neutral pricing, you set your prices so keenly that you effectively take price out of the equation all together, positioning your organisation on some other factor instead. Tesco makes an interesting case study, as they in fact use all three approaches at once – they have the Tesco Finest range, standard priced goods and the Tesco Value range. Rather than advertising on price, though, they tend to focus more on quality of service. This could be a good example for the arts to follow – base your offering around a price-neutral scheme, but also think about offering the skim pricing, equivalent to the Tesco Finest range, plus penetration pricing for the lowest price seats.

The first question to ask is how to decide on a particular pricing strategy? First, your considerations might be cost-based. You might ask yourself how much it will cost to put on a production, then work out how many tickets you can sell. Divide the one by the other, and this gives you your price. This method, however, can easily lose you money. On an expensive show, you could find that you're pricing yourself out of the market – or alternatively, on a production that costs a lot less to put on, you might be charging well under what people would actually have been prepared to pay. Instead, you should start by thinking about your customers, and building a strategy out from the question of what they are willing to pay. Of course, you can't ignore costs altogether, but between them, costs and customer behaviour form the parameters informing your strategy. Then, you have to consider your objectives. These tend to have the biggest influence in arts organisations, which are more complex than profit-driven commercial companies. You end up with three main considerations – your artistic objectives (what work do you want to put on?), your social objectives (who do you want to deliver this work to?) and your financial objectives (how are you going to meet the cost of paying for delivering this work to these people?). This makes pricing a fascinating business, given the inherent tension between these objectives – if you want to put on new work, to the poorest people, and with a deficit to pay off, then you need to decide your priorities.



As Oscar Wilde said, 'A cynic is a man who understands the price of everything and the value of nothing'. Appreciating value, and the difference between price and value, is key to understanding customers' willingness to pay different prices. Consider a trip to the supermarket. You see a pot of Benecol, which, according to the advertising, actively reduces cholesterol levels. But a tiny tub costs £4, so you put it back on the shelf in horror. Then you head to the wine aisle, find a bottle of fine Rioja at £4, and think, only £4 for a bottle of excellent Rioja - what a bargain! So you see, it's not the price – the £4 – that is at issue on this shopping trip, but rather the value associated with the product in relation to the £4 price-tag.

We have developed a model for how perceptions of value work in the arts. On the one hand, over on the right of the diagram shown below, you have the Event: 'how much does it cost to attend?' On the left of the diagram is the Customer, with the question, 'how much money have they got?' However, 90 per cent or more of the time, it is not a question of whether the customer can afford it, but rather, whether they value it enough to pay the price.



Earnings do come into the equation of value perception, however – they have a psychological effect on the customer. For example, the student mentality is one of always not having enough money, so as a rule students always look for a bargain. Whatever the range of prices you are charging, the student market segment will always, as a rule, be looking for the most cheaply priced ticket. So, whether your ticket prices vary from £10 to £30, or from £2 to £10, will determine whether the bargain hunters perceive £10 as a cheap or an expensive ticket. Similarly, at the other end of the scale, once people take on managerial jobs, their perceptions change, and they think of themselves as the sort of people who ought to be able to afford the higher-priced seats. Generally, then, it is not the cost, but the position in the range of prices, that affects choices – people tend to look for the same price band, be it the cheapest seats, or the most expensive seats, or the middle range of seat prices.

Other things affecting customer perceptions of value include occupation, life stage and lifestyle. The advent of kids, for example, greatly impacts the way in which we see value – at the most basic level, it means you have to consider the cost of buying three or four seats instead of just two, and so on. This doesn't necessarily mean you choose the cheapest seats though – for example, I just recently took my son to Stamford Bridge to see his first football match, and my daughter to Chitty Chitty Bang Bang to her first West End show. It was so important to me that their first experience was a good one that I bought the best tickets.

Other big impacts on perceptions of value include experience and knowledge, frequency of attendance and loyalty. If people go to a particular organisation frequently, then they develop a much better sense of what constitutes value for money and how to get the most out of a ticket. Experienced and loyal customers to a venue will know, for example, where the best value seats in the house are whereas a new customer will only be able to use price as a guide.

On the Event side of the model, which is related to the customer side, are questions about the motivation for attending a particular event, the nature of the event, and perceptions of scarcity. So, for example, a Brian Wilson concert with a £60 top price sells out in a flash because it is perceived as a once-in-a-lifetime experience. Perceived scarcity of a show really does drive up perceptions of value.

Next we come on to the brand, an interesting point, since brand effectively *is* value. Branding something generates a greater value perception around that product, for example, if you buy a pair of Nike tracksuit bottoms you will pay a lot more than an unbranded pair, not because they are in any measurable way better than the cheaper pair, but because you are paying for the brand name.

Competition is another interesting point because it works rather oddly in the arts. Whereas in commerce, price is very important at influencing customer behaviour, this is very rare in the arts, even in London. A few specific markets are big on price, for example the schools market for pantomime, but these are the exceptions. Competition does, however, provide a context to influence perceptions of what is fair. If an ice cream seller is the only ice cream seller on the beach on an extremely hot day, you'd think he could charge anything. This doesn't quite work, though, because people have a sense of what is a fair price for an ice cream and what is extortionate.

Then we move on to risk. If brand is essentially value, risk is the opposite of value – risk is almost the definition of 'not having value' (although this isn't entirely true as there is a small part of the population that actively seeks risk and values it).

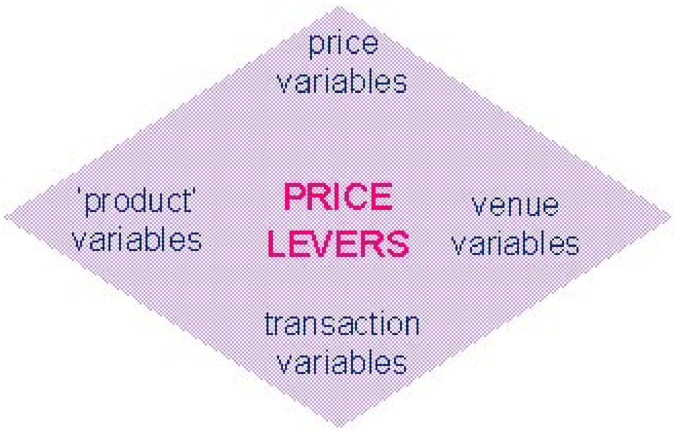
Finally, price itself can communicate important messages about value: Stella Artois is a prime example of this, marketing itself as 'reassuringly expensive'. Retailers have strict rules about not being allowed to discount it over the bar, as this would undermine its image.

Broadly speaking, there are two types of buyer in relation to price in the arts: those who buy a price, and those who buy a seat. Buying a price means using the price as a measure of value. This might be for a special occasion – a birthday, anniversary or Christmas, for instance, where you want to splash out, and the price determines how 'special' you perceive the event. If you want a guarantee of a good time, you will opt for a no-risk show and a good seat, or if you are not particularly knowledgeable – for example you don't know the venue, or you've never been to an opera before – you will use price as a proxy to guide your decision and influence your perception of value. This sort of purchase works along the lines of, 'in order to make sure I get the best seat, I'll pay the highest price'. On the other hand, you have those people who know the venue, and who know which seat they want. These are often regular attendees, knowledgeable and experienced people who have an appreciation of the relative value of different seats. Classical music concerts are full of these people. What you need to bear in mind, across both buyer types, is that because of all the different influences, perceptions of value are almost unique for every individual customer. This is why price differentiation is so important to a pricing strategy.

The Young Vic is an interesting example of a lack of differentiation. In the service of democratic principles, all seats were unreserved and were priced at £19.50, so that all people, whether they're students or captains of industry, pay the same price and effectively have the same experience. However, in order to make the economics work, this price is relatively high, and risks pricing the lowest-income people out of the market. At the same time, £19.50 is considerably less than a lot of the captains of industry would be prepared to pay. If you have price differentials, you can charge a small volume of people a higher price and a large number of people a lower price. With the 'democratic' model used by the Young Vic, though, you are restricted in what you can make from the rich, and risk alienating the people who would buy cheaper seats. Price differentiation, then, is key.

There are different ways of differentiating price. At the heart of it you have the 'price levers', grouped together here in four categories in the Price Differentiation Toolbox:

- Price variables;
- Venue variables;
- Product variables;
- Transaction variables.



Price variables

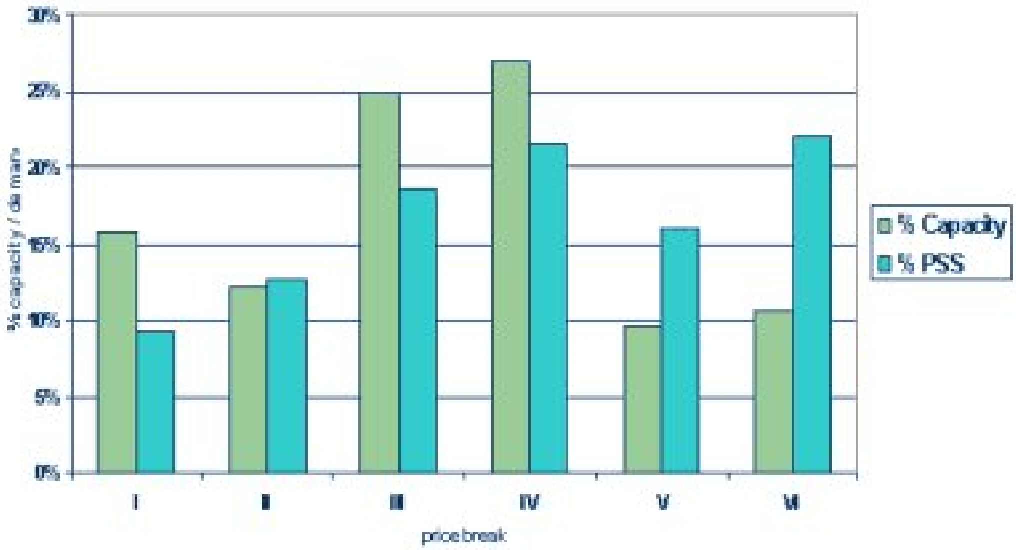
It's often not the top price that is most interesting, but the number of prices and the sizes of the gaps between them. The relationship between prices and the main thresholds, for example, the £10 threshold, is also important. Marks & Spencer are an interesting example of threshold pricing. They decided that the £1.99, £9.99 and so on was an ineffective strategy because their customers, they said, were too intelligent to be influenced by the simple psychological game of paying 'just under' £10. They therefore switched all their prices to reflect this, and got rid of all of the £x.99 pricing. This lasted a couple of months, and was a resounding failure. In the arts, the barriers are often at the £2.50, £5, £7.50 marks, and are psychologically very important. If you price *on* the threshold, for example, £20, you are making a very confident statement about the quality of what you are offering, whereas when you are pricing to a value-conscious market, pricing just below the threshold, at, for example, £9.50, sends a strong value message.

In this example of pricing variables at a high-profile orchestral concert, the range of prices seems a fairly reasonable split.

PRICE BREAK	PRICE / DIFFERENCE	+%
I	£50	
	£10	25%
II	£40	
	£8	25%
III	£32	
	£7	28%
IV	£25	
	£10	67%
V	£15	
	£5	50%
VI	£10	

However, it’s important to look more closely at what the numbers mean. There are some big jumps between price bands, especially between price V and price IV, where there is a £10 leap on a £15 ticket, a 67 per cent increase. If people fit the pattern of buying top price seats, middle seats or cheap seats, then the ideal number of price bands is five. This way, the people buying the lowest seats will see the next price up, and be tempted by it. However, with a £10 jump from one price to the next, you have a formidable barrier that people are unlikely to jump.

This is an example of price demand analysis, a method of measuring supply and demand:

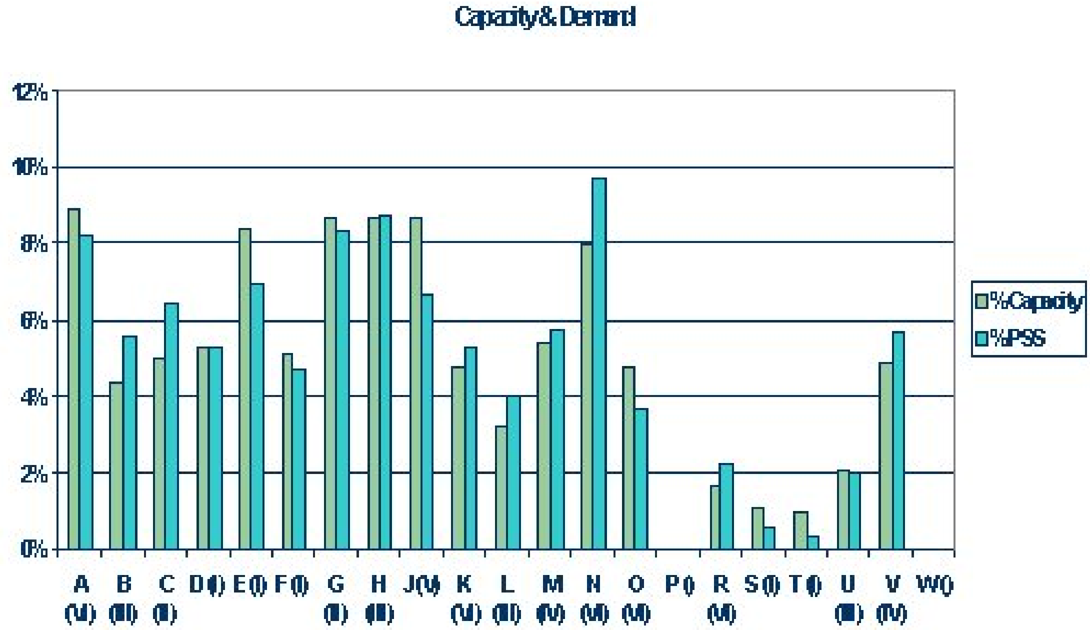


The green bars show the proportion of seats in the venue available at a particular price, while the blue bars show the proportion of people who made a decision to sit in that particular price band. This of course only works if you’re not selling 100 per cent capacity, otherwise the green and blue bars would be level. The mismatches between the bars are revealing: price bands III and IV show lower demand than is anticipated by the number of seats allocated at that price, whereas bands V and VI show an extremely high demand relative to the proportion of capacity available at that price.

Venue variables

These reflect the attributes of the auditorium and the capacities available at each price. I strongly believe that there is *always* a best seat in the house, or perhaps the other way around – there is always a worst seat. It is important to let the customers tell you where the best and worst seats are by their buying patterns. Often what customers value in a seat can seem quite counter-intuitive. For instance, an expert would recognise that viewing an orchestral performance from the front seats gives you poor acoustics compared to other areas of the house, but some people love it.

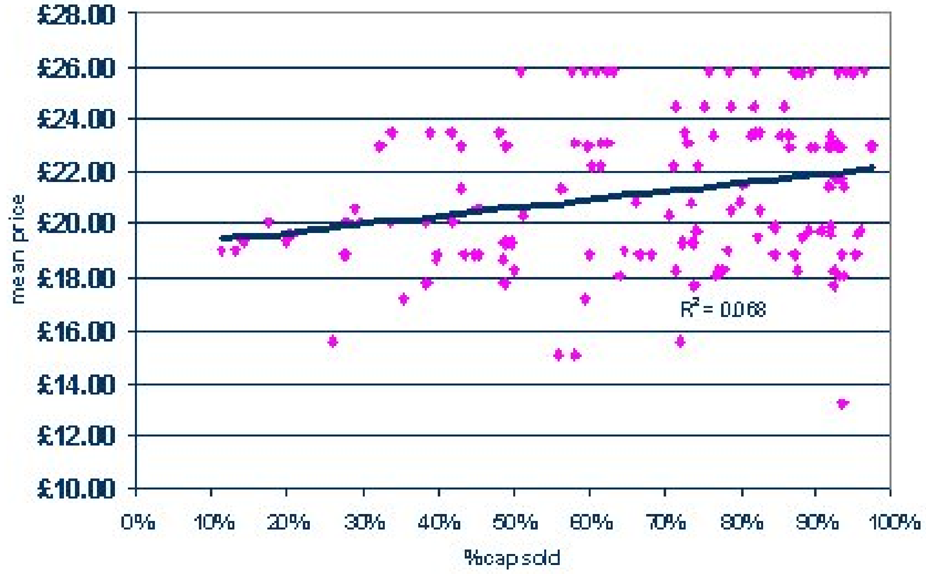
This is the same chart as before, but this time broken out by area. The mismatches show the difference between supply and demand.



The value of looking at the data in this way is that it helps you to make small changes to pricing which can bring about big differences in income. Looking at this data, we squeezed the front stalls, re-broke the stalls and the terrace by adding additional prices, put the annexes and the rear balcony up one price band, slightly increased the price of band III, and decreased the price of bands IV and V. We also created 40 premium seats. The effect of these changes was a 3 per cent increase in financial capacity, but an increase of 6.3 per cent in nominal yield. (Nominal yield strips out the impact of discounting to measure the underlying distribution of demand between prices). The overall effect of this was an increase of £2,115 per performance, or £82,485 per season.

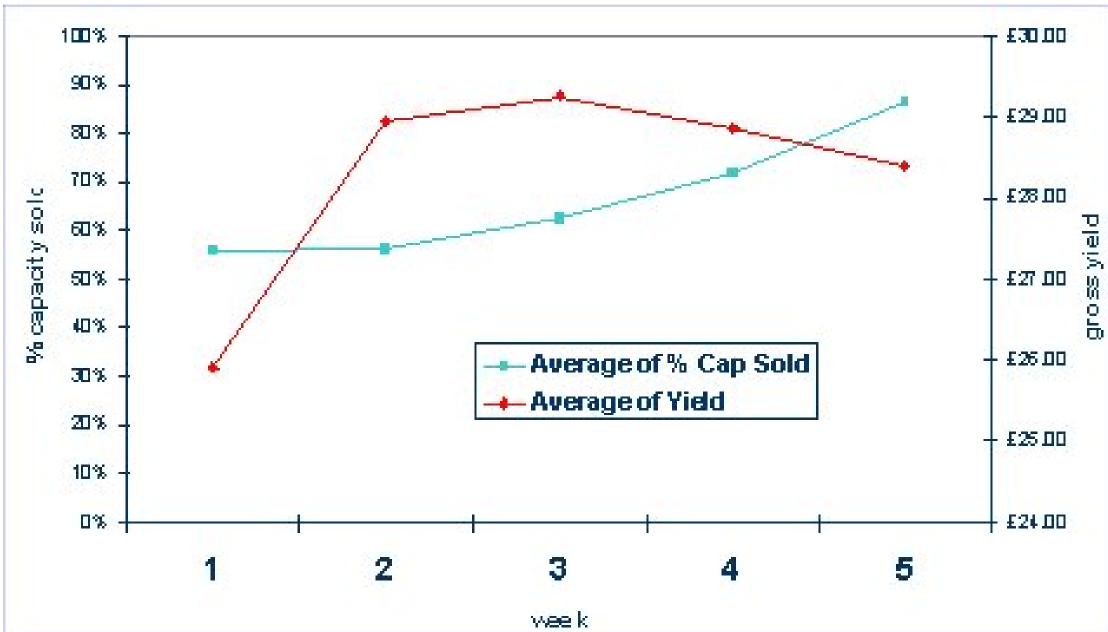
Product variables

Thinking about product variables is nothing new – considering the type of production, the time of day you show it, the day of the week, week of run and so on. However, people could often be more analytical about which pricing practice to use. In this example of the weekend performances at a major venue in the South of England, each pink dot denotes one performance:



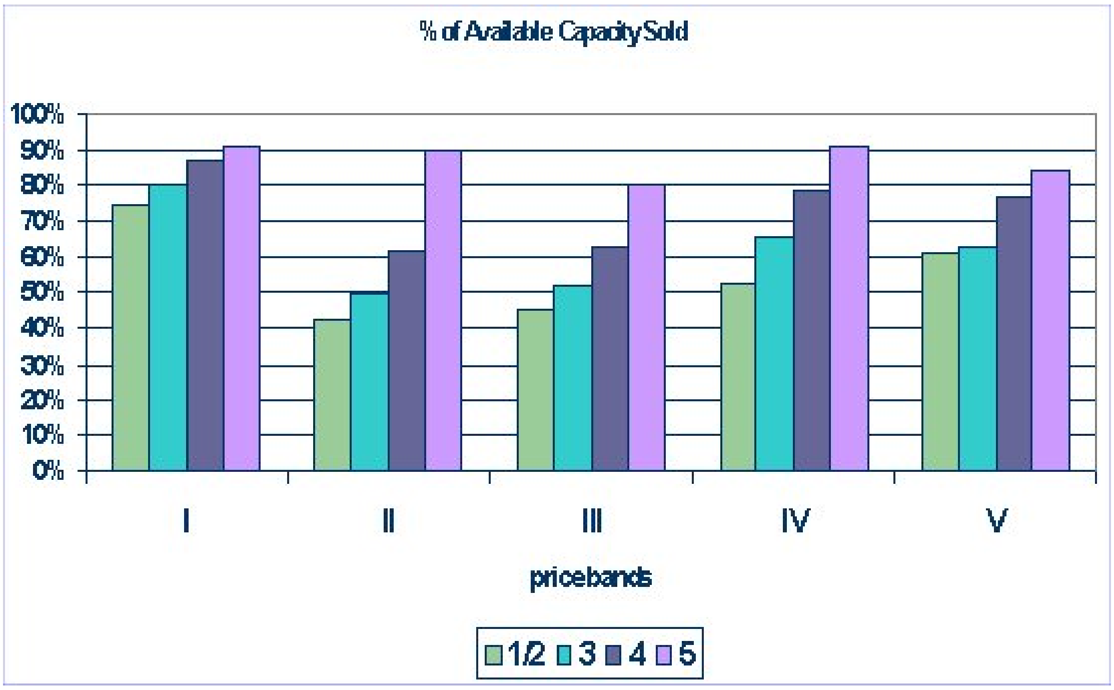
The blue line shows the correlation between sales and pricing – there is, you can see, a small but clear correlation between the price of tickets and the percentage of capacity sold (with higher priced performances equating to higher sales). What this shows, then, is that charging less doesn't necessarily make people want it more.

A second example is this five-week run of a musical in London.



Sales gradually increased over the course of the run, getting up to nearly ninety per cent of capacity as the blue line shows, partly due to very good word-of-mouth publicity. Looking at the red line though, yield (i.e. income per ticket) peaked in week 3, meaning that when the tickets were hottest, and the number of tickets left to buy was decreasing, the highest price tickets had already sold. Of course, when your demand is at its high point is when you want to be charging the most for tickets.

As you can see from the next chart, for the same musical run, demand was consistently highest at the top price (Price Band I). This means that as the show sold out, people were forced to trade down. The question is, what can be done to take advantage of the increased demand for tickets over the course of the run? One option is to put up prices in the last week of the run. Another strategy, not for the faint-hearted, but one used by the Marlowe Theatre, is to keep the last week of the run back from sales to transfer demand into earlier weeks. You could then decide on the prices when you see how the earlier weeks have sold. This approach takes nerves of steel, though!



Transaction variables

Finally, I will turn to transaction variables to look at how you might differentiate price: either by method of payment, sales channel (Internet sales and so on), or time of booking. Using time of booking to differentiate prices is what has become known as the 'EasyJet model'. But is this model attractive for the arts? My answer would generally be 'no' – high value buyers in the arts tend to be the ones who book early – Friends, loyal and knowledgeable patrons etc., whereas late bookers tend to be bargain hunters.

Having said that, The Place uses the EasyJet model, working on the understanding that contemporary dance audiences tend all to be late bookers as a rule. Also, The Place is dealing with enormous variations in the names of acts visiting on very short runs. Prices here send messages about the quality of the show, meaning that they can't afford to price a show too cheaply as this detracts from its perceived value. This leads to the problem that they ended up having to price all shows at the same level, so how is it possible to differentiate prices here?

The table below shows a neat little pricing model that they use.

Ticket type	Apex	Concs	Advance	Standard	Super
Price	£5	£7	£10	£12	£15
Booking required	> 7 days	Advised	> 24 hours	Advised	No
Ticket exchange	No	No	No	Yes	Yes
Refunds	No	No	No	No	Yes
Kids half price	No	No	Yes	Yes	Yes

Here, you can see, the cheapest tickets (Apex tickets) have to be booked at least a week in advance, and have essentially no flexibility in terms of exchange or returns. The closer you get to the date of the performance, the more expensive the tickets become, and the more flexible. What is useful about this model is that they can adjust availability – so for a little-known company they can sell lots of Apex and Advance tickets, whereas for a well-known company they might restrict themselves to only a handful of the cheap Apex seats.

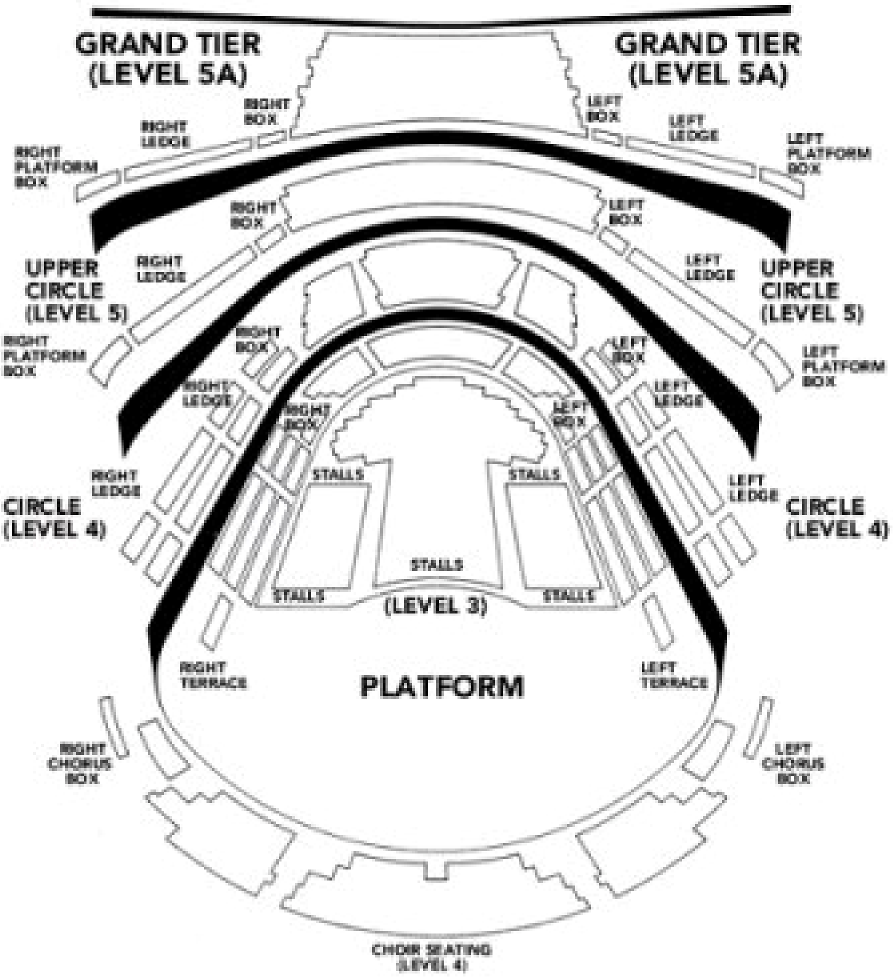
So, to summarise the question of the pricing model: the EasyJet model is a relatively unsophisticated case of revenue management. It's important to think about pricing not just adjusting prices on a time-based model but according to other variables as well or instead, according to customer demand.

CBSO Case Study

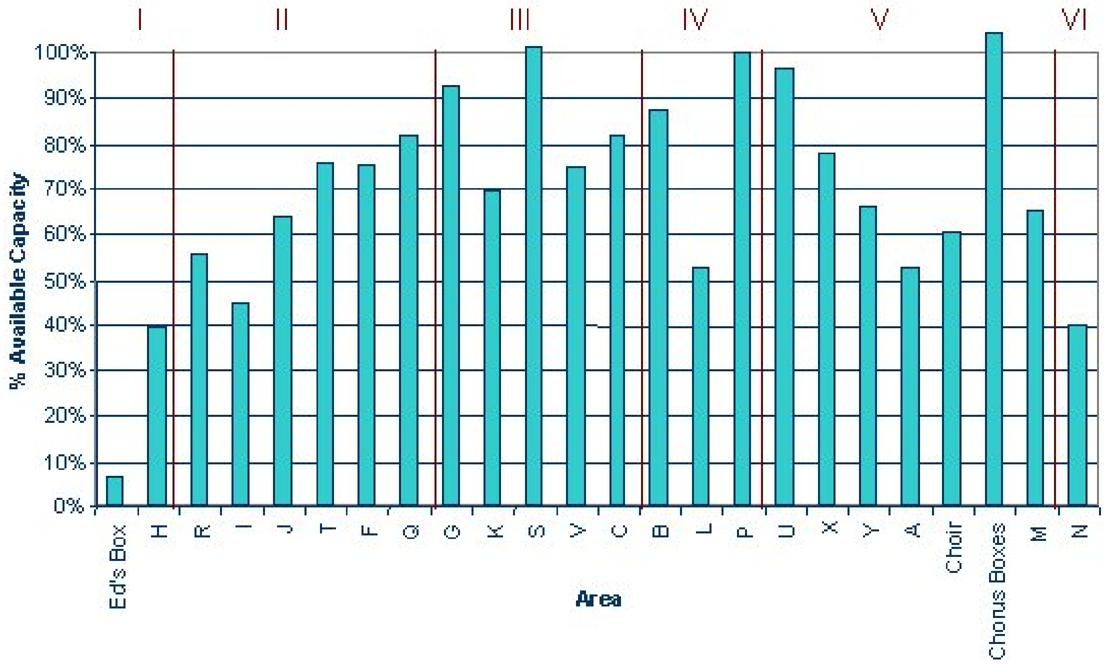
The Symphony Hall in Birmingham, has been working on pricing since 1999. After the first project, the results spoke for themselves, so a follow-up project was commissioned. To set the scene, in 1999 the CBSO was applying for funding to help redress a deficit of £500,000 a year. Its subscriber base was in slow decline, and this needed to be counteracted. The marketing plan set out a target of adding £250,000 per year to box office revenue. The changes recommended by the pricing review were rolled out in the 2000/01 season. As they could be implemented so quickly, it was easy to see the impact quickly – more quickly, for example, than would have been possible following the implementation of a product change.

The pricing situation prior to the changes was as follows. CBSO had moved into the new Symphony Hall in 1999, gaining 700 extra seats and much improved acoustics. The initial seating plan was drawn up based on gut feeling, and over the eight years, our regulars got to know the hall and learned which were the overvalued and undervalued seats. There was also a practice of last-minute discounting on concerts that were selling badly – a dubious practice that results in poor revenue and a devalued product. There were also two years of frozen prices, a questionable scheme that eroded the value of the product over time, and didn't even meet inflation. Finally we had poor spacing between prices, particularly at the bottom end. Matching the pricing strategy to customer demand was an entirely new approach for CBSO, as we'd had nothing as formal as this in place before.

The picture below shows the layout of the hall – note that some of the seats are positioned virtually on top of the platform:



However, as the chart below demonstrates, some of these very strangely positioned seats were selling at 100 per cent. We had low demand in the lowest price band, and high demand on the platform seats, which we had priced relatively low assuming nobody would want to sit where the couldn't see the orchestra without craning their necks.



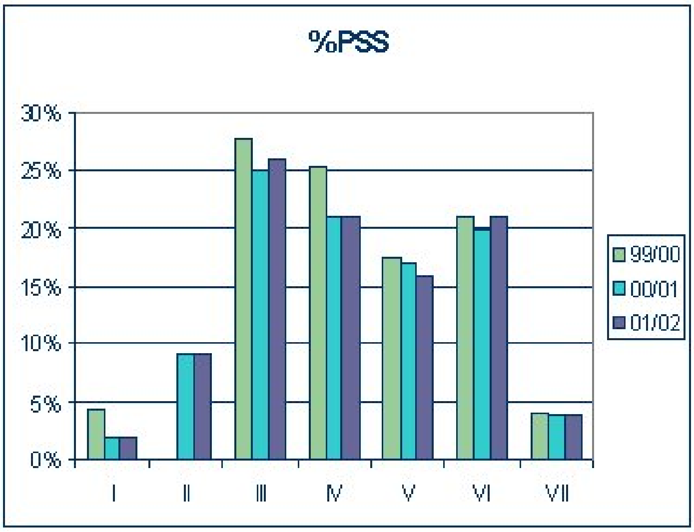
The chart also shows high demand in the second and third pricing band and particularly in central area G, the central terrace, which topped 90 per cent of capacity.

In the light of these trends, we changed our prices. The top price was increased, in spite of the low demand in that area, to reflect CBSO's quality in relation to our competitors. A new second price was introduced by taking some of the previously top-price seats, in order to optimise revenue for low-demand seats. This additional price band also gave us a total of seven price bands. The old second, third and fourth price bands were set with price increases above inflation to reflect the pattern of higher demand in those areas as shown above. Finally, the auditorium was re-broken: boxes nearest the stage were put up one price band, as was the front row of the central terrace, which had been selling over 90 per cent of capacity. The stalls terrace was also upgraded to the new second price.

This table, then, shows a summary of what we ended up with after the changes. Some prices had increased with inflation, some by more than inflation:

99/00		00/01	
I	£31.00	I	£32.50
		II	£28.00
II	£25.00	III	£26.00
III	£21.00	IV	£22.50
IV	£16.00	V	£17.50
V	£11.00	VI	£12.00
VI	£6.00	VII	£6.00

The following chart shows the proportion of price sensitive sales (PSS – in other words, ticket sales where a decision was made of which price band to sit in, so excluding comps, groups etc) attributed to each price band before the changes and in the two following years:



The chart clearly shows a huge increase in demand for the new second price, as people upgrade from the now third price into that price band. In fact, this pattern of upgrading can be seen from the midpoint upwards.

After the changes were made, capacity much better reflected demand, as the table below shows:

		TOP (I & II)	MID (III - V)	LOW (VI&VII)
99/00	CAP	7%	62%	31%
	PSS	4%	71%	25%
01/02	CAP	12%	57%	30%
	PSS	12%	63%	25%

In the 2001/02 season, 12 per cent of PSS was accounted for by the top two price bands, as opposed to 4 per cent in the 99/00 season.

In money terms, we saw a financial capacity increase of 7.42 per cent, outstripped by a nominal yield increase of 8.2 per cent. We had an additional £62,700 of revenue in the 2000/01 season for mainstream concerts, and a £66,600 revenue increase in the following season in real terms. After these results, we went back and looked at pricing in other areas, such as on matinee performances, and the different patterns of demand for festive and pop concerts. We now have a total additional income in excess of £80,000 per year and the net 'trade-up' effect of the changes meaning that it keeps on working.

Implementing the findings of studies can be made difficult in gaining agreement within the organisation. Being able to produce models really helped here in providing a hands-on understanding of the potential of improvements. It was also important to identify any negative impact, which for us was related to spotting the price-sensitive segments, and then making an effort to look after the people who were the hardest hit through good customer service.

Our subscribers were the most sensitive to pricing changes – as so many of them pick their preferred seats time and time again, they quickly noticed the price change. We used customer services to address any resistance, and were lucky in that we had the advantage of an in-house subscriber management team, who we were able to brief properly. The subscriber management team were then able to offer free concerts, or to help the subscribers pick seats for the following year. Another thing to remember is that you don't have to explain or even mention every single change – small and gradual changes largely go unnoticed, for example the areas that we increased by as little as £0.50. There's no need to draw attention to changes by trying too hard to explain every little increase that would anyway not have been noticed.

Over four pricing projects, I've learnt that you have a number of options available to you, and that sometimes one option is more suitable than another. Some options are:

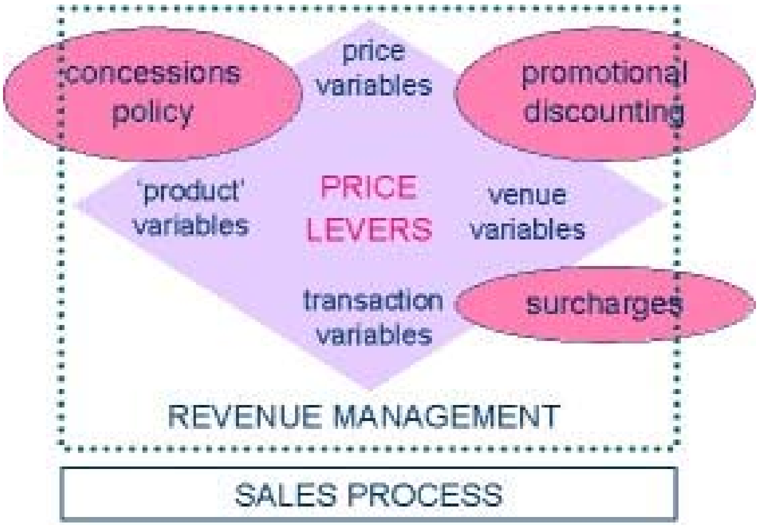
- Changing seating boundaries;
- Up- or down-grading particular seats;
- Increasing a price band by more than inflation;
- Introducing a new price band.

You also need to think in terms of yield, rather than simply about price. If you can get yield increases to outstrip financial capacity increases, price increases or to remain slightly under the average price of seats in the hall then you've priced it right: your prices are working much harder for you and, if you're selling well, people will be more tempted to upgrade.

In terms of what the organisation as a whole has learnt, we're not freezing prices any more, as we don't want to erode the value of the best seats. We're matching pricing with demand to maximise revenue and increasing bottom prices as well with inflation, to avoid drifting into a situation where you create large gaps between price bands. Sales are monitored by ticket-type now, and the Senior Management Team is now able to understand the pricing strategy easily. So, we've moved on as an organisation as well as increasing the bottom line.

Pricing Toolbox

Returning to the pricing toolbox, then, there are a number of other elements to be overlaid on the price levers that you need to consider in a pricing strategy:



It is important to note the difference between discounting and concessions. There is no point discounting a ticket unless you will get a return from it. In your concessions policy, which is usually designed to address social objectives, you need to develop clear objectives before you start out. There may also be surcharges and transactions charges to take into account

Finally, and crucially, you need to consider your sales process – what is happening at the box office. Even the best pricing strategy in the world can fall apart if the box office staff aren't implementing it, for example, if they are making up concessionary tickets according to their own judgement rather than what is set out in your print. It is absolutely crucial that sales staff understand the pricing strategy, concessions policy and promotional discounts and are able to answer customer queries fully.

We now come on to the pros and cons of discounting. Let me tell you a story. One day, a hunter is sitting in his log cabin looking out across the frozen tundra. Winter is coming, and he needs to set off on a hunt for a food supply to last him through the long, cold period until the spring. He starts out, and eventually spots an elk, which he shoots and starts dragging back to the cabin. Soon, a lone wolf appears, eyeing him up – and so, to get rid of it, he cuts off a chunk of meat from the elk and throws it to the wolf. Before long, however, a second wolf joins the first, and the hunter has to cut off more steaks to keep the wolves at bay. More wolves join, until there are five, then six… the hunter keeps feeding them steaks. By the time he gets back to the cabin, he is dragging an elk skeleton, and is surrounded by a pack of wolves. The moral of this story is, don't give anything away unless you know what you're getting in return! Don't discount indiscriminately – you may be under pressure from the artistic director to sell seats off for poorly selling shows, but remember that desperate discounting rarely works - it just undermines perceptions of value.

So, how to use price to achieve your audience development objectives?

To gain new attenders, a free trial or 'test drive' approach is often used. People are offered a free ticket on the basis that some of them will keep coming back once they've been that first time. However, research does show that getting them to come back is difficult, so instead, try a small charge that gradually increases – you may have fewer attenders initially, but there will have a far higher retention rate.

Another option is to try a 'pay what you want' scheme. Although bear in mind this can be interpreted as 'pay as little as possible'.

Discounts for early bookers is an option for improving cash-flow problems, but be careful how you use it – if a pantomime always sells out early anyway, then offering an early bird scheme might ensure you're virtually sold out by August, but at a much lower yield than you could otherwise have achieved.

Two-for-one discounting is pointless, as everyone comes in couples anyway. Try four-for-two - that way they might bring their friends who otherwise wouldn't have come.

Standby has been observed to work well, but ensure the rules aren't broken. If you're selling standby tickets three days in advance, it can have serious consequences. Consider the US-style 'rush' ticket scheme, where the tickets go on sale only one hour before the performance.

In all cases, be very clear what you are getting in return. Increasing frequency is absolutely key, and discounts can be justified in pursuit of this aim. Bear in mind that, because levels of repeat attendance are often so low, every additional sale can make a big difference. Driving up frequency is also important for affecting retention rates – the more often people come, the more likely they are to come back. A simple way to encourage this is offering money off the next visit – think the Café Nero stamping scheme, which could work really well in the arts. It needs planning carefully though – if nobody ever comes more than five times a season, it's pointless offering a free visit after six shows. One last comment, on subscriptions, is to point you in the direction of Danny Newman's *Subscribe Now,* which reflects the discussion arising from seminars about the growing 'experience economy'. Perhaps, with people wanting their time to be organised into sets of experiences, the time is right for subscription rebirth.

CBSO Subscription

The CBSO series subscription scheme was hit by the changes made to pricing, and was in slow decline. To counteract this we introduced the Symphonic Selection scheme in the 2003/04 season, which offered a more flexible alternative. The discount structure was rated according to the number of performances attended, as follows:

- 3-5 concerts = 5 per cent
- 6-9 concerts = 10 per cent
- 10–14 concerts = 15 per cent
- 15-19 concerts = 20 per cent
- 20+ concerts = 25 per cent

In the 2004/05 season, we have just shifted the discounts – now 6-10 concerts gets 10 per cent and 11-14 concerts gets 15 per cent, with a free bonus concert for those booking 11 or more. This has shown a brilliant increase in customer frequency – among Symphonic Selector customers, the average frequency has increased from 6.3 to 7.53 concerts a year.

Pricing for access

So to return to the question of whether or not to offer discounts, you need also to make sure you create genuine accessibility in your concessions policy. Having a range of prices should mean that there are always prices that the lowest income people can afford, for example students and those on benefits. You need to ensure that your concessions policy is differentiated as well, to promote genuine accessibility for retired people, benefits claimants, people on low incomes, and children, students and young people. Bear in mind that a one-size-fits-all concessions policy might work for senior citizens, but offering £2 off a top price ticket to someone who is on Income Support at under £50 a week will make no difference whatsoever. Pricing for disabled people needs to take into account the fact that disability is now self-defined – 'Registered Disabled' no longer exists. The implications of the Disability Discrimination Act are only just starting to unfold, and you need to be aware that you can no longer just talk about wheelchair access, but that you will also need to consider sensory access, so seats for the partially sighted, who may need to sit right at the front (and who should not be discriminated against in terms of price if this is the case). For example, legal action has been taken against one venue that allows a free ticket to the attendant of a person in a wheelchair, but refused a free ticket to the father of a boy with learning disabilities.

In rethinking the CBSO access and concessions policy, some seats were brought down in price and a new price was added between the bottom two prices, to ensure that prices where available to meet the level of demand. Concessions were focused on where there was a real need. Standby tickets were priced at £3.50 for students and under-26s, as well as for the unemployed. For the over-60s, standby tickets were issued at half the full price, while Passport to Leisure card holders could get tickets for £11 in the circle and £7.50 anywhere else. Concessions purchased in advance were family tickets, on which an adult pays £15 and a child £7.50; and for disabled patrons, half price for them and half price for a companion if required.

In summary

The key issues when thinking about pricing:

- Pricing is a 'neutral' discipline: your strategy depends on your objectives, and remains defined by the parameters of costs and customers;
- 'It's the value, stupid': you must understand customer perceptions of value;
- The importance of price differentiation;
- Don't discount indiscriminately;
- Aim to create genuine accessibility.

Further Reading & Case Studies

- www.baker-richards.com

Branding: A Working Guide

Alex Beech, Laban

Laban is a contemporary dance education institute based in Deptford, which is just about to merge with Trinity College of Music to form the UK's first conservatoire for music and dance. Laban underwent a major re-brand in 2002 and the Trinity Laban re-brand is happening at the moment. So, most of examples for this presentation come from those two processes, but the principles are general enough for to apply to your own organisation.

What is a brand? When we talk about brands we are not talking about a logo or a clever strap-line – we're talking about an idea that comes from within the organisation that drives everything that the organisation does. It is a promise of something unique that will make people want to get involved with organisation and interact with the brand and which sits behind the smart logo and clever strap-line.

So why would you need to brand or change? The two main reasons are to do with the lifecycle of the brand or a shift within the organisation. According to a paper called *The New Rules of Branding, Building Stronger Brands Faster,* the average retail lifecycle of a brand fell from twelve years in the 1970s to five years in the 1990s. This doesn't mean we need to re-brand every five years, but indicates a shortened lifespan that we need to be aware of when thinking about keeping the brand fresh.

In both of the two Laban case studies, a substantial shift in the organisation was involved:

- In the first instance we moved location, from a small building in New Cross overshadowed and hidden by Goldsmiths College to a world class, purpose-built award-winning building by Herzog and De Meuron at the time when they were still in the midst of the Tate Modern success. So this was a big shift for the organisation and we wanted the brand to signal this shift and keep the profile of the organisation in line with that of the building - especially when it won the Sterling Prize and the Prime Minister's better building award.
- The second project involves the merger between Trinity College of Music and Laban. In the middle of last year we were working with Trinity on their new identity and Trinity College of Music and Trinity College of London