CultureCase

How theatres try to maximise attendance and revenue

This research was conducted by **Andrea Baldin** and **three others** at **Copenhagen Business School, Denmark** and **Ca' Foscari University of Venice, Italy**

Summary

This paper looked at five years of box office data from Denmark to suggest a set of strategies for theatre managers to maximise attendance and revenue. These twin objectives create a trade-off in how to price seats in various parts of an auditorium. This decision also needs to take account of customer attitudes and behaviour. After deciding whether revenue or attendance is the main objective for the performance, the next key task is to anticipate demand for seats. This informs the size of the premium and budget seating areas and the prices for sitting in each (the two main levers at the manager's disposal).

For theatres in “attendance-maximising" mode:

Reduce prices overall (in the case of high-demand events only reduce the price of high-quality seats). Increase the number of seats allocated to the most expensive area, in order to encourage people to trade-up (especially for high-demand performances).

For theatres in “revenue-maximising" mode:

Raise prices for standard ticket holders and subscribers but be more cautious about raising prices for younger price-sensitive customers. Enlarge the cheapest seating area in order to prevent a loss of revenue, especially in the case of low-demand events.

The research was based on 401 opera performances at the Royal Danish theatre between 2010 and 2015

This is a publicly subsidised producing theatre which has a number of obligations attached to its funding from the state. These include ‘having special productions for children and youth, and keeping prices to a level that makes the theater accessible for all socioeconomic groups’. This complicates the decision-making for theatre managers who might otherwise have greater flexibility in setting ticket prices.

Keywords

box office **price** **opera** **theatre** **attendance** **revenue** **Denmark**

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