

Maximize Your Event Value with TicketPeak



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Chapter 1: Introduction

1.1 What Is This Paper and Who Is It For?

This paper is written for show producers or any type of event organizers who are interested in maximizing the value of their events. We define value as a combination of driving revenue, managing costs and enhancing the reputation of the organization. High schools, colleges, professional theater companies, community theater organizations or dinner theater companies would all find useful ideas and frameworks in this document.

We look at these areas as they relate to specific events or productions. We do not examine non-event revenue such as renting out your venue, nor fixed costs such as ongoing facilities, permanent employees or any non-production specific costs.

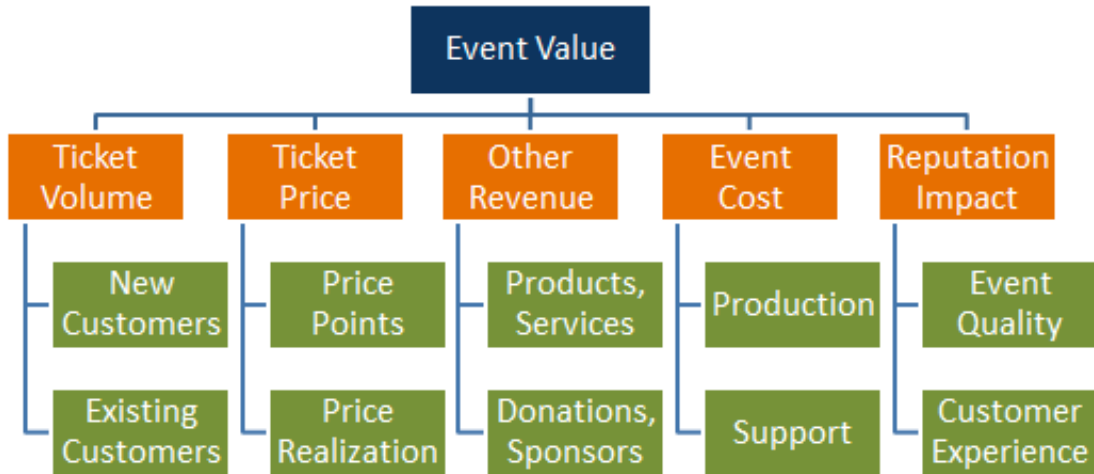
1.2 Event-Specific Value

So, our focus is event-specific value. We will use the following framework:

$$\text{Event Value} = \text{Ticket Volume} \times \text{Ticket Price} + \text{Other Revenue} - \text{Event Cost} + \text{Reputation Impact}$$

So, value equals the ticket revenue (volume times price) plus any other revenue associated with the event less the cost of putting on the event plus any positive or negative impact on reputation of the event producer.

We will look at leading practices in each of these areas according to the following framework:



The first three areas focus on increasing the amount of revenue coming into the organization from the event. On that topic, this paper does not present ideas on how to squeeze every dime you can out of your community. Quite the opposite, we examine how to maximize event revenue by offering customers what they want.

The next one – cost – deals with managing and reducing the cost of the event. Finally and perhaps most importantly, the last area deals with reputation – how will this event contribute to the organization’s overall reputation within its community?

Let’s look at each of these five areas ...

Chapter 2: Ticket Volume

Volume deals with selling more tickets to your event. You can do this by acquiring new customers – people who have not previously attended one of your shows, or interesting existing customers to attend more shows.

2.1 New Customers

Social Media

There are several ways to attract new customers. The best way is through existing customers. Through the quality of your shows and the excellence of the customer experience, you want existing customers to communicate their positive experience to new customers. Social media can make it easy for them to do so.

These days, people are likely to inform their friends and colleagues of interesting shows or of their attendance via social media such as Facebook and Twitter. Major sports teams report that one-third of their tickets sales comes from social media.

How does TicketPeak help drive new customer with Social Media?

When someone purchases a ticket, at the end of the purchase, they have several social media buttons they can click. Clicking Facebook posts to that person's Facebook wall the fact that they are attending the event and gives some details of the event including event name, date, time and location. The buyer can accept the text as is, so the entire posting process takes only two clicks, or he or she can modify the text and post their own unique message on Facebook.

TicketPeak also enables the ticket buyer to Tweet, again by clicking button and accepting the draft Tweet or changing it should they wish. The buyer can also email his or her purchase out to people. Again, with the click of a button, TicketPeak drafts an email that the buyer can send to whomever he or she wishes.

Measuring Marketing

Chances are you use a number of marketing approaches to get word out about your event. You may use posters, radio advertising, email blitz, newspaper advertising, website announcements or blogs, social media or any other types of communication methods. A good way to continually drive revenue is to measure the effectiveness of each of these marketing channels. There is no use in spending time, money or effort on a channel when the returns are low.

If you are using your website or your blog to drive interest in the event, it is a good practice to check the analytics around the web or blog pages. Google and other organizations provide useful analytics and statistics so that you can see your page views and assess the extent to which they are driving interest. You may be surprised to see how few people are viewing a page that you may have put significant effort into. On the other hand, a page that you thought was relatively dormant maybe getting lots of views. Analytics will help you direct your efforts.

Another best practice in measuring the effectiveness of each marketing channel is to ask ticket buyers how they heard about your organization or the event. A good time to ask this is when they are purchasing a ticket. The question should be optional of course so the buyer is not forced to take time to answer it.

How does TicketPeak help you measure the effectiveness of your marketing initiatives?

TicketPeak allows you to ask the ticket buyer how he or she heard about the event when they are purchasing a ticket. There is a standard question you can ask that says “how did you hear about us?” and offers particular answers. Or, you can create your own question and your own set of answers from which the buyer can choose.

2.2 Existing Customers

Existing customers are those folks who have already attended one of your events. So, you probably have their name and email address in your customer database.

The happier existing customers are with your organization and the events, the more tickets they will buy. So how to make them happy? Well, providing the absolute best experience possible is a proven method. The core part of the experience of course is the show or event itself. Allocating your finite resources to delivering the highest quality show will help produce a good experience.

Everything else associated with the show is also an important part of the experience. The house operations, the look, feel and overall vibe of the environment, the ease with which they can

purchase their tickets and find their seats, and how well they are treated by the house staff are all critical components of providing a great experience.

Besides the experience, there are other ways to encourage existing customers to buy more tickets to your events. An appropriate level of communications can help significantly. For example, sending people a short email after an event and asking them what they thought of it or letting them know that you appreciate their attendance is usually quite appreciated by audience members. You would not want to overdo it, however.

Also, most of your existing customers want to be informed of new upcoming shows. Most would be bothered if you did not inform them. So having an effective method for letting them know about future events is helpful.

Finally cross-selling is an element of any revenue plan. When a customer is purchasing tickets for an event, they appreciate seeing what other events your organization is putting on. Furthermore, they appreciate the ability to easily buy tickets for other events should they wish.

How does TicketPeak help drive revenue with existing customers?

TicketPeak has a customer communication function which allows you to send an email communication to any of your existing customers. You can select the recipients by event. So, if you wanted to send a note to folks who attended your show last evening, you can do that. On the other hand, if you wish to inform your entire customer list of upcoming shows, you can do that as well.

The system also makes it easy for customers to buy tickets to multiple events in one order. On your TicketPeak page, your customers see all of the events that you have decided to make Public. And, in one order, customers can purchase tickets for any number of your events. One order for many events.

Chapter 3: Price

Driving event value through pricing management involves two aspects: a) the ability to make differentiated offers at prices people are happy to pay, and b) managing discounts in a way that they increase revenue rather than erode it.

3.1 Different Price Points

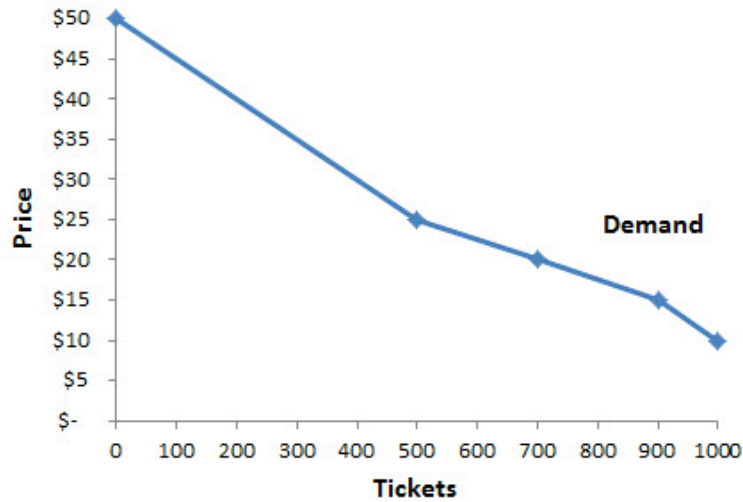
Different people are willing to pay different prices for an event experience. Of course, charging different prices for exactly the same experience would not be appropriate, but offering a better experience through, for example, better seating is something that drives revenue and provides customers what they want.

Assigned Seating versus General Admission

There are two huge advantages of assigned seating tickets: more revenue for the event organizers, and higher customer satisfaction for the ticket buyers. Consider an example scenario: Suppose a community theatre has a venue with 1000 seats, and the demand curve (how many people are willing to buy tickets at different price points) is the following:

Price	\$10	\$15	\$20	\$25	\$50
Demand	1,000	900	700	500	0

This demand curve is represented graphically below.



With **general admission** pricing, there is no easy way to assign different prices to different seats. Looking at revenue associated with the alternative prices, we would see the following alternatives:

- At \$15, revenue is $\$15 \times 900 = \$13,500$
- At \$20, revenue is $\$20 \times 700 = \$14,000$
- At \$25, revenue is $\$25 \times 500 = \$12,500$

So, at \$20, we would sell 700 tickets (and have 300 empty seats). If we wanted to sell an additional 200 tickets, we would have to lower the price that everyone pays to \$15 and our total revenue drops.

Some people will pay a higher amount - \$25 - for better seats. But again, getting the \$25 from that group requires that we raise prices for everyone - reducing the number of tickets sold to 500, and reducing our revenue to \$12,500.

What we need is the ability to sell \$25 tickets to people who want to pay that and give them better seats, and sell \$15 tickets to people who are willing to pay only that and give them seats further from the stage.

If we could assign different prices to different seats – **Assigned Seating Pricing** - we could price, say 300 seats at \$25, 300 seats at \$20 and 400 seats at \$15. The demand and supply numbers, then are shown in the following chart.

Price	\$10	\$15	\$20	\$25	\$50
Demand	1,000	900	700	500	0
Supply	0	300	400	300	0

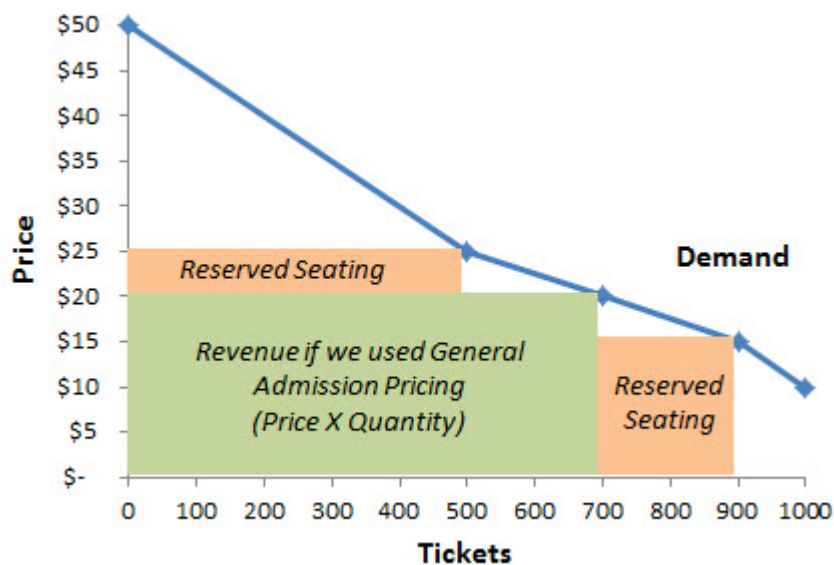
Note that in each case, we decided to make the supply less than the demand at that price. This takes care of the fact that although, for example, 500 people would be willing to pay \$25, they may elect a lower price seat since there are some available.

So our revenue in that scenario would be \$20,000, which is \$6,000 more than the general admission scenario - comprised of the following:

- $300 \times \$25 = \$7,500$, plus
- $400 \times \$20 = \$8,000$, plus
- $300 \times \$15 = \$4,500$

With assigned seating, we can more closely meet the demand curve - leaving less money on the table, while better serving our customers.

Revenue equals the shaded area under the demand curve (price times tickets sold). The green area below represents the best general admission pricing scenario - the \$14,000 of revenue. The salmon colored area represents the additional \$6,000 of revenue we obtain with assigned seating pricing.



Of course, no one knows what their demand curve really looks like, so all these numbers are representative only. It is certain though that the lower the ticket price, the higher the demand. Some buyers are simply willing to pay more than others. Therefore, there will always be an economic advantage to differentiate pricing through assigned seating.

Age or other Demographic-based Pricing

Another way of improving price realization is the common practice of charging children, students or seniors a lower price. A student may not be willing to pay \$20, but may be willing to pay \$15. Similarly, a parent may not want to take her young child to the event at the full price of \$25 for the preferred seats, but may be willing to bring the child if the children's ticket were \$15.

In this case, we are setting different prices for any one seat. For example, this community theatre may decide to offer children tickets for \$10 less than the adult tickets.

Time-based Pricing

Although we may not call it that, many event organizers practice time-based pricing. For example, giving a discount to early buyers has the advantages of capturing those ticket buyers who wish to pay less but are willing to buy early. Or, providing last minute discounts is a form of maximizing yield through time-based pricing.

Suppose the actual demand curve for the community theatre in our example is substantially less than they expected, and they find they day before the event, they've only sold a total of 600 seats. Having a promotion where the seat prices are cut in half can generate additional revenue. Making those half-price tickets available through a different channel is a good way to avoid cannibalizing sales to people who are still willing to pay the full price.

How does TicketPeak help enable different price points?

TicketPeak allows any seat to have any number of prices. You have the ability to implement any of the pricing approaches described above.

3.2 Price Realization

Once prices are set, the next challenge is actually getting the prices that were set. Excessive discounting or provision of too many complementary tickets erodes the organization's revenue.

Should we offer discounts?

Usually, there are good reasons to offer discounts – as an incentive to buy more tickets, certain groups that you wish to honor, etc. You may also wish to offer discounts if demand is soft. However, effective management is to contain and restrict discounts. For example, restricting the discounts to certain time periods or allowing a discount only for certain number of tickets, are common practices that help avoid price erosion.

Reduce Fraud

Price erosion also occurs if there is fraud. That is, if people are photocopying tickets and getting away with using them. Redeeming customers' tickets so that they are then marked as used in your box office system is the best way of reducing fraud.

Should we charge service fees?

As an extra charge tacked on to the order, service fees (or ticket handling charges) are the opposite of discounts. Be careful with their use, however. We've seen that customers will tolerate service fees if the fees are not high.

We advise against situations where you are charging service fees for online orders but not for box office orders. If you do that, some customers will avoid buying online and will want to buy at the box office instead. Box office orders are probably more expensive for you since people/labor is involved.

How does TicketPeak help you reach your intended prices?

TicketPeak provides significant flexibility in creating discounts. You can offer discounts as a percentage of tickets as a flat dollar amount off tickets. You can also set up quantity-based discounts which require that the user purchase a certain number of tickets in order to get the discount.

TicketPeak also provides the ability to check customers in so that their ticket can be marked as used and not reused. Furthermore, each ticket has a unique number assigned to it. The numbers contain enough digits that it would be almost impossible to create a fake ticket by guessing a ticket number.

And TicketPeak provides the ability to charge service fees.

Chapter 4: Other Revenue

Beyond ticket sales, you may have revenue from event related products and services. For nonprofit organizations, there may be event related donations and sponsorships.

4.1 Products and Services

Event-specific product and service revenue typically will come from the following areas:

- concessions
- merchandise
- ticket handling fees
- coat check and parking fees
- program or other advertising

The report **Theater Facts 2011**, written by Theatre Communications Group, took a look at the financials from 1,876 not-for-profit professional theaters. Their research went into some detail on 113 larger theaters. In reviewing this data, we see that approximately 20% of total event specific revenue comes from products and services.

How does TicketPeak help drive revenue with products and services?

You can use TicketPeak to make patrons aware of these products and services. For example, you have the opportunity to place a customized message on the event tickets. The message could let patrons know about the merchandise or concessions that will be available for sale.

You can also offer advertising space on the tickets. Local merchants are often interested in having their logo or a small ad shown on the tickets.

4.2 Donors and Sponsors

The Theatre Fact report referenced above indicates that of the total revenue for nonprofit theaters, 40% is from contributed income (donors and sponsors) rather than earned income (ticket revenue). While most donations will not be specific to a show, more and more community theaters or other nonprofit organizations are collecting donations at the time that tickets are sold.

Similarly, both for-profit and nonprofit show producers are making more use of sponsorship opportunities. Sponsoring companies realize that audience members are typically higher

income with discretionary spending. They also realize that associating the company name with high quality theaters and specific shows contribute to their brand.

How does TicketPeak help drive contributions from donors and sponsors?

With TicketPeak, you have the opportunity to let the ticket buyer provide a donation at the time they are placing the ticket order. You can also provide your own customized specific message to request a donation or to identify how the donation will be used.

With respect to sponsorship, as stated above, TicketPeak allows you to present a sponsor's logo or other type of advertisement on the ticket itself.

Chapter 5: Event Cost

We divide the event cost into two areas: Production and Support. Production refers to the cost of producing the event or show and includes the cost of performers and the marginal cost of facilities, lighting, music, sound and costumes. When we say “marginal cost”, we refer to the additional cost incurred as a result of the event itself.

The support costs are everything that goes into supporting the event. So this would include ticketing, front of house staff, event marketing and advertising and ushers, for example.

How does TicketPeak help manage event cost?

TicketPeak is one of the lower cost ticketing systems available. If you currently use a different system, you are likely paying about twice as much as what TicketPeak would cost. We have had clients report that they save over one dollar per ticket by switching to TicketPeak. The math is simple: if they sell 5,000 tickets to the event they will have saved \$5000.

TicketPeak also automates tasks that you may be doing manually today. For example, tracking ticket purchases, seat inventory, or event related data is all automated. This allows you to reallocate labor to other activities such as marketing or production.

Chapter 6: Reputation Impact

Reputation is the main driver of your organization's long-term success. It impacts not only whether patrons decide to see additional shows in the future, but it also the degree to which professional staff decide to work at your theater, performers choose to perform there and the community decides to provide donations.

When you produce an event or show, it will have a positive or negative impact on your organization's overall reputation – depending on the quality of the show and the overall customer experience.

6.1 Event Quality

The quality of the event will have the biggest impact on your organization's reputation. Producing a quality show is an obvious objective, but it is interesting to see how many community theaters or high school productions fall short of quality through mistakes like including too many students in the production, taking on too ambitious a production, or over-emphasizing sets and costumes to the detriment of basic acting and performing skills.

An emerging best practice is to measure the quality of the event to the extent possible. Of course, speaking with audience members after the event is very useful. So is providing a short survey that they can fill out on their way out. The survey should be only three or four questions with an opportunity to add additional information should they wish.

6.2 Customer Experience

Customer experience starts from the time the ticket buyer is considering attending an event through to purchasing tickets, to finding the venue, finding their seats, enjoying the event and any follow-up after the event. The entire experience needs to be easy, pleasant and rewarding. Improving the experience is a matter of asking the following questions:

- Are we making it easy for potential ticket buyers to find out about the event?
- Is it easy for them to understand the alternative dates and times of the show?
- Once the ticket buyer has selected their desired event and date and time, is it easy for them to see what seats are available for them to purchase?

- Is the ticket purchasing process fun, clear and error-free?
- Is the actual ticket an attractive representation of our brand?
- Have we made it easy to find the venue with maps or directions?
- Once at the venue, what is the entire experience for walking into the lobby, seeing where any concessions or facilities are and finding one's seat?
- Are we thanking and recognizing people who provide a donation when they purchase a ticket?

How does TicketPeak contribute to your reputation?

TicketPeak can significantly contribute to a great customer experience.

As we attend events put on by event organizers who used TicketPeak, we have heard ticket buyers' comments about how easy and fun purchasing their tickets was. We have heard them describe what a breeze it is to select their seats. Customers also appreciate being able to print the tickets at home and have them immediately.

With respect to finding your events, the social media aspects of TicketPeak described earlier will help people discover your events.

There are also some nice touches on the tickets themselves. For example if somebody provided a donation when purchasing their ticket they will receive a thank you note on the ticket. Not only do they appreciate receiving the thank you note, when an usher looks at that ticket, they can recognize that patron as a donor and personally thank them.

Chapter 7: Next Steps

If you are looking to significantly increase the value of your events and would like to know more about how TicketPeak can help, give us a call at 888-551-5101, or visit www.ticketpeak.com and click “Request a Demo”.