

Case Study: The Cultch

Making Every Seat Count in a Small Venue

Demand Strategies Drive Up Blockbuster Record Revenue 68%

THE SCENARIO:

The Cultch (formerly Vancouver East Cultural Centre), is a non-profit organization in Vancouver, presenting contemporary theatre, dance and music performances. TRG Arts began its consultancy with The Cultch in December 2010.

Every seat matters. The Cultch performance venue is under 300 seats. Every single seat is critical to achieving revenue goals. In order to maximize revenues, The Cultch had a constant need to fill as many seats as possible for every performance, especially early in each run when tickets are typically less in demand. Even with small numbers of seats going unsold, goals quickly become unattainable.

Potential lies in blockbusters. Revenue and admissions are tied directly to programming at The Cultch as with most performing arts organizations. Blockbuster programming therefore is critical to driving sales and revenue gains. Early in the 2011–12 season, The Cultch had programmed a puppet production called *Penny Plain* that staff predicted would be a major blockbuster. The same puppeteer had performed a different show, *Billy Twinkle*, at The Cultch in 2008–09 that had set organization records for most tickets sold and highest revenue.

THE RESULTS:

With *Penny Plain*, The Cultch exceeded its prior record for most tickets and revenue from a single production by a huge margin. The results were record-setting admissions and revenue:

- 4,205 tickets sold, up 31% from *Billy Twinkle*
- \$232,896 revenue, up 68% from *Billy Twinkle*
- Revenue per performance up 12% (with 7 more performances than *Billy Twinkle*)
- \$55.56 per-ticket revenue, up 5% from *Billy Twinkle*



Photo by Ian Jackson from *Penny Plain*

HOW THE CULTCH DID IT:

The Cultch put in place and expertly implemented TRG recommendations on revenue management for the 2011–12 season.

Best practice infrastructure. Long before tickets for Penny Plain tickets went on sale The Cultch staff team built a TRG-guided scale-of-hall plan to ensure per-ticket revenue would increase as the theatre filled and that each performance appeared to be well sold (even when it's not). The Cultch's venue previously had all seats set to the same price point. For 2011–12, The Cultch implemented a new scale with three price points:

- Middle price: similar to their 2008–09 price for *Billy Twinkle*
- Top price: significantly higher
- Bottom price: much lower, to attract new audiences.

Campaigns fuel blockbuster sales. Months in advance of opening, The Cultch offered subscribers *Penny Plain* as an add-on, promising them early access to seats and a special subscriber-only price. The offer helped catapult The Cultch to record-breaking subscription numbers in 2011–12—revenues up 53% over the prior record. The Cultch also “rewarded” patrons who purchased in advance, with a 15% off offer deployed in local print publications a month prior to opening.

Pricing based on demand. The Cultch built into its plans the means to adjust prices upward when audience demand heated up—in other words, dynamic demand-based pricing. With TRG consultants The Cultch staff created an appropriate initial price for each show based on anticipated demand, then planned specific steps for adjusting prices as demand in the marketplace increased. By the final *Penny Plain* performance, the top ticket price was 44% higher than it had been for *Billy Twinkle*, allowing The Cultch to generate more revenue per seat than ever before.

Strategic limits on comp tickets. Data analysis showed that complimentary tickets in large numbers were being issued even for performances that were most in demand, a commonly-observed situation that can have a particularly damaging effect on revenue for small theatres and performance venues. The Cultch put in place for 2011–12 a stricter comp ticket policy. As a result, the number of comps distributed for *Penny Plain* was down 63% per performance, compared to *Billy Twinkle*. This freed up more inventory for individual ticket sales that contributed to making every seat count toward the production's record-setting revenue.



Photo by Ian Jackson from *Penny Plain*

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