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## CASE STUDY: Birmingham Hippodrome Pricing Review

Birmingham Hippodrome lays claim to the highest regular annual attendance of any single theatre in the country, with around 500,000 visits per year to its 1,850-seat auditorium. It is home to the Birmingham Royal Ballet and is the Midlands base of Welsh National Opera.

In 2003, following an award-winning £35 million redevelopment, the city-centre venue was looking for ways to maximise its income, and commissioned Baker Richards to undertake a pricing review. The objectives of the review were to develop a new pricing strategy which maximised income and occupancy, and to ensure that costs of research would be exceeded by improvements in yield within the first year of implementation. The analysis focused upon musicals, pantomime and ballet performances, and the recommendations made resulted in an extra £460,304 in box office income for the Hippodrome in the first year.

Analysis identified ‘groups’ of productions. In some cases the focus would be upon maximising yield, in others optimising sales. Options for maximising yield on musicals included increasing prices, adjusting the seating plan, introducing premium seats, and restricting discounting. Analysis showed that demand was largely at top price (with bookers seeking a special night out and thus using the price as a ‘guarantee’ of a good time), so the seating plan changed so that more seats were at the highest price. The resulting increase in gross yield was £5.25 per ticket (an increase of 19%). On top of this, limiting the availability of discounts meant that the average level of discounting fell from 12% to 9%, resulting in an extra £91,891. The total value of these changes equalled £214,412.

For the pantomime the main priority was maximising yield for peak performances and occupancy for off-peak performances. A new seating plan was produced and discounting was restricted, including through the use of quotas. Price schedules were adjusted to stimulate demand for off-peak performances. Although the average price was increased by only 4%, these measures meant that gross yield increased by 11%. Adjusted for inflation, the improvement in gross yield equalled £1.46 per ticket, which was worth a total of £141,357 across all performances.

After adjustments for inflation, the full range of changes implemented at Birmingham Hippodrome generated, in real terms, £460,304 in one year. The research also encouraged more strategic decision-making for pricing policies which enabled tactical adaptations in response to audience demand. Analysis of several years of data identified key indicators for

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specific performances, and encouraged the theatre to reassess the audience's view of what constituted 'value' in their purchasing process.

For more information about Birmingham Hippodrome visit  
[www.birminghamhippodrome.com](http://www.birminghamhippodrome.com)