
Increasing Income at Regent's Park Open Air Theatre

Established in 1932, the Open Air Theatre is the oldest fully professional, permanent outdoor theatre in Britain, with one of the largest theatre auditoriums in London. In recent years the Open Air Theatre's prices had been rising, reflecting their success, with little discernable effect on the 120,000 people attending each summer. However, as the organisation does not receive any public subsidy or revenue funding, they were interested in exploring further changes to their pricing strategy and commissioned Baker Richards Consulting to undertake a review of their pricing strategy after their Summer Season in 2004.

The key findings were that sales were principally determined by repertoire and weather, but there were some other patterns, including higher sales in peak summer months and on Saturday evenings and higher sales in recent years as a result of more new bookers (also driven by repertoire). However, more new bookers had driven down overall frequency and retention. There was also high demand for the best seats, with high sales forcing customers to trade-down.

There were a number of other issues that needed to be considered in making recommendations, including: competitor pricing; price thresholds; repertoire in 2005, and the need to reactivate lapsed and increase frequency of existing customers (who are more likely to be price resistant) and the need for simplicity of presentation and implementation.

The key recommendations included changes to, and differentiation of, the theatre's seating plans; the setting of actual prices, given psychological price thresholds and differentiation of prices by day of week. A number of other recommendations were held off for implementation in subsequent seasons.

However, evaluation of the changes to the pricing strategy after the Summer Season in 2005 found that, as a result of these changes, nominal yield (stripping out the impact of face value discounting) increased by £1.81. When adjusted for inflation this was worth in excess of £100,000 in 2005 alone to the Open Air Theatre. As a result of the evaluation a few further tweaks have been made to the pricing strategy to maximise its impact in 2006.

For more information on the Open Air Theatre visit www.openairtheatre.org.