



Concert Tickets: Comps vs. Paid

by Kell Houston

An important question has been posed by several people in casino marketing. The question is about ticketing - not just how much to price tickets, but how to deal with comp tickets. What should your strategy be?

"As a society, we are used to paying for entertainment, at the state fair, the auditorium, the performing arts center, the dinner theater, the local ballroom, the local night club. We are more than willing to pay out the money as long as there is a perceived value."

When it comes to cash or comp policies, everybody has their own opinion and behind every strategy is a totally unique market situation. First of all, there are properties that comp 100% either by advertising free concerts to the general public or by making comp tickets available to reward play on the property. There is certainly nothing wrong with rewarding your best players, after all they drive 80% of your business. But concerts are expensive! When you open the floodgates to the general public, what are you saying?

Think about this for a moment. You are probably blasting your advertising to everyone within a hundred mile radius. After all it's a "free" concert. But according to gaming analysts, only 40% of the general public has any inclination to gamble. That means you have just invited the other 60% of the population to a fabulous evening of free entertainment with no strings attached, at your expense.

Value begets value! Or in other words, freeloaders love a freebie. Free concerts not only attract the wrong demographic (people with no discretionary income), they train the gaming customer to expect something for nothing. Something for nothing in the gaming business is never a good thing.

Once you establish a free or bargain price ticket policy, it is extremely difficult if not impossible to get yourself out of it without alienating your customers. If someone suggests a low-ball ticket price based solely on the competition's positioning, or on some type of promotion, be wary. Cheap or free tickets attract cheap customers. Make sure you look at what you are trying to accomplish and make sure it fits into your long-term strategic plan. When it comes to filling up a casino concert venue, we are looking for quality customers, not just quantity. The same approach holds true for the entertainment. Quality entertainment is a priority, not quantity. Casinos that just buy any entertainment they can, without a plan in place, create more problems for themselves over the long run.

Your customer will pay a fair price to see a great show. As a society, we are used to paying for entertainment, at the

state fair, the auditorium, the performing arts center, the dinner theater, the local ballroom, the local night club. We are more than willing to pay out the money as long as there is a perceived value. Determine your ticket scaling for

your room. Aim for three tier scaling. Keep the value of the top tier high. Make it a special section. Comp some of your very best players into that section. That way you are giving value for value. Then, you still are able to offer reasonably priced tickets to your customer who is on a budget, with the other two tiers.

When it comes to setting ticket prices, think of "scaling" as a funnel. Ticket prices are a "strategic filter" designed to qualify and funnel out the customers without the inclination or wherewithal to gamble. Some small casino venues (500-700 capacity) on occasion have charged in excess of \$100 per ticket for their top tier tickets. Do you think that the customer who can afford a \$100 ticket is worth more than the customer that shows up for a super cheap or free concert? Every artist has a hardcore fan base and those top tier tickets are the first to sell out the moment tickets are put on sale. Customers that are also fans will grab those top tier tickets too. Lastly, your VIP customers love having access to front row seats. Many casinos have also set their player club tiers to coordinate with the ticketing tiers. Your customer will actually work hard at gaining points to help them elevate their status at your casino and within your players club.

Casinos are not in the concert promotion business. Casinos are in the gaming business. It's not about how much you draw but who you draw into the casino that makes or breaks your incremental revenue. No matter how you look at it, entertainment is a loss-leader designed to get people in the door. Offer up a freebie and you lose more than just the opportunity to break even on expenses. Keep your quality of entertainment high. Set your price points (ticket scaling) at reasonable levels and you will build the foundation for a sustainable, profitable entertainment program. ♣

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