



Setting Ticket Prices for Your Event: An Approach With Many Variables

by Bob Galombeck

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Setting ticket prices for concerts can be a real challenge, especially if your entertainment program is not soundly in place. A casino with a steady program has their formula's pretty well established including what expense factors they use to establish ticket prices, how many ticket pricing tiers they offer and what those prices should be, how much they typically like to comp and who, and so on. They know what to expect from most all their events. And over time they see which artists do well for them in generating healthy incremental revenues. Whether they have a 500 seat bingo hall or a 2,000 seat formal concert showroom, they have worked thru enough events to have a good handle on how to approach them and what they expect in return. And the more consistent they remain, the better.

It is more of a challenge for a casino that seldom does concerts by comparison. They haven't done enough concerts to see the patterns and know what to expect. And unless they want to present a concert as no more than a rare amenity for their customers or VIPs and without all the advance intense evaluating, they have to do the homework to make good decisions so it becomes the best scenario possible for a win-win situation for everyone.

The first consideration should be what you expect in return. Do you want to try to break even on the concert, make money on the concert itself, or just get concertgoers in the door with an attractive artist for your demographic at a very reasonable ticket price or even as a free event, and then hope to pick up a considerable amount of incremental revenues (gaming, hotel, restaurant, and etc.). Establishing this goal up front will help the process along. Secondly, crunching the numbers, or creating a 'pro forma' of the event, to look at the costs and potential ticket pricing should be done.

Besides the cost of the artist, other costs that go into building the pro forma may include:

- Production cost (sound, lights, techs, etc.)
- Stage - if you need to bring this in for your event.
- Rider costs (meals, hospitality, rooms, ground transportation, etc.)
- Marketing costs.
- The cost of how many tickets you plan to give away to VIPs

compared to what your gross potential income would be from selling out the full capacity of the room.

- The cost of employee's time servicing the event.
- Other costs you may want to consider.

Setting ticket prices will vary greatly depending on your overall goals and which costs are factored in. There are things to be careful of however. For example, if you want to make money from the event and factor in most of the costs, comp very little, and do not have a large capacity room, you may very well set a ticket price much too high to accomplish that goal and your potential concertgoers may not pay the price. You can end up with a considerable loss and a failed event. On the other hand, if your goal is to just get concertgoers in the door with a very attractive artist and ticket price, comp a fair number of tickets to your VIPs for a room that is not a very large capacity, and then rely on the incremental revenues for a successful event – it will cost you if those revenues are not there.

There is no simple answer. When working thru the pro forma, whether to use just the artist cost, artist and production cost only, or all associated costs to establish a ticket price, it depends again on what your goals are for the event and for developing a concert program in general. Anticipating incremental revenues is not always that easy either. Does the artist typically draw large numbers of gamers? Sell a lot of alcohol? Are they customer friendly and create a great buzz for your property?

In general, the more events you do the more you will figure out a healthy formula for your property and the more your overall goals will become defined. You will determine some general consistencies that work for your property including scaling, comps, and the overall goal for each concert. Repetition can be a strong way to create a stable program, and your customers will appreciate the consistency and the increased amenity of a concert series at your property. ♣

Bob Galombeck is Vice President and Talent Buyer for Houston Productions. He can be reached by calling (612) 388-9825 or email bob@houstonproductions.net.