Revenue Management in Canada’s Non-Profit Performing Arts Sector:
A Review of Current Practices

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Abstract

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Self-earned revenues for Canada’s performing arts industry represents 48% of total operating budgets. This industry’s ability to maximize those self-earned revenues is important to its overall success. As the airline and hotel industry does, the performing arts sector is applying revenue management strategies that assist in maximizing operating revenues. This study aimed to provide a review of the current revenue management practices being employed by Canadian non-profit performing arts organizations. Expert interviews were conducted with non-profit performing arts organizations from across Canada to examine the current revenue management strategies being utilized. The study also aimed at determining how participants are implementing and monitoring these strategies internally, and how strategies are being communicated externally. The factors that participants considered in evaluating the effectiveness of these revenue management strategies were also identified in this study. Respondents were asked to describe other factors aside from revenue management strategies that affect a non-profit performing arts organization’s financial performance. Results from the study indicated that participants were actively using a variety of revenue management strategies including targeted discounts, subscription programs, and dynamic pricing. Participants advised putting an emphasis on loyal patrons and subscribers when implementing a revenue management strategy. In conclusion, respondents noted that quality programming that drives demand for performing arts tickets is a primary factor impacting revenues.
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CHAPTER 1: INTRODUCTION

The performing arts industry is an important part of Canada’s cultural identity and a significant economic driver. A 2010 study indicated that 44.3% of Canadians over the age of 15 attended a live performing arts presentation at least once in the previous year (Hills Strategies, 2010). Additionally, consumer spending in Canada on the performing arts was $1.43 billion dollars in 2008 or an average of $108 per each of the 13.2 million Canadian households in the country (Hills Strategies, 2008). These figures showed a 49% increase in consumer spending in the performing arts in Canada after adjusting for inflation (Hills Strategies, 2011). While higher consumer spending in the performing arts is a positive trend, performing arts administrators need to understand and have access to the revenue management strategies that help maximize income levels. Thus, the impact that revenue management strategies have on the consumers purchase behavior is of interest to performing arts administrators across Canada.

Performing arts is defined as *forms of creative activity that are performed in front of an audience, such as drama, music, and dance* (Oxford Dictionaries, Sourced 2012). These performances can take place in a variety of venues both indoor and outdoor. The focus of this study will be on indoor performing arts venues sometimes referenced as a theatre.

Performing arts institutions in Canada rely on three major sources of funding: self-generated revenues; the private sector through corporate sponsorship; and, if the operation is a non-profit entity, government funding. The largest single source of funding and the one which performing arts organizations have the most control over is self-generated revenues stemming from ticket sales, concessions, and other business oriented activities (The Canadian Encyclopedia, 2012). Self-generated revenue represents 48% of operating revenue for performing arts organizations in Canada, followed by government grants at 32%, and private
support which constitutes 20% of financial resources (The Canadian Encyclopedia, 2012). Accordingly, effective revenue management is a key factor in the financial viability of performing arts organizations.

With almost half of performing arts organization’s operations reliant on self-earned revenues a great deal of importance is placed on the actual product offering. Questions exist among performing arts critics surrounding the impact of theatrical productions content and quality as a factor in trying to generate adequate revenues. In an article published by *The Globe & Mail*, theatre critic, J. K. Nestruck analyzed the demise of two performing arts organizations; the Vancouver Playhouse and Dancap Productions, both closing operations in 2012. Nestruck questioned whether the experience of seeing productions that are readily available on the internet for a tenth of the cost is a significant factor in reduced demand and thus reduced ticket sales. Nestruck argued the challenges facing the performing arts industry, including pricing, funding sources, rising production costs, in some cases product quality, and increased competition, were threatening the health of the performing arts community. Whatever the factors effecting performing arts in Canada, Nestruck suggested that the “health of the country’s theatre ecology – commercial and non-profit– is in critical condition” (Nestruck, 2012).

Understand how the industry is managing earned revenues is important in considering the health of Canada’s performing arts industry. Before looking at revenue management in the performing arts industry specifically, a common understanding of what revenue management represents broadly is essential. Arts Management Consultant, T. Baker referenced a definition from airline revenue management that is applicable to the performing arts sector; “Revenue Management ensures that companies will sell the right product to the right customer at the right time for the right price,” (Baker, 2009). Under this definition, this study aimed to examine the
revenue management practices being implemented by non-profit performing arts institutions in Canada.

**Background**

The concept of revenue management was first applied in the 1970s by the airline industry and has since been applied to many other industries including rail travel, hotels, and even television advertising sales. Under this model, different pricing levels are set and controls put in place to manage the availability of these price levels as demand changes. Revenue management practices were developed for industries that offer perishable inventory. Perishable inventory was defined as products that lose their value if left unsold under certain time constraints (BixX.com, 2012). Examples of this type of inventory include unsold hotel rooms, unsold airline seats, and unsold theatre tickets. In the performing arts sector, once the curtain has risen on a theatre show, the show ticket or seat for that performance cannot be sold again. Revenue management thus became an important consideration for performing arts administrators.

Although the execution of revenue management practices is a tactical effort, the analysis and strategy must be developed well in advance of a show’s tickets going on sale. In a 2012 article by Baker, the key principle of revenue management is identified; adjusting pricing in response to consumers’ demand in order to maximize revenues and performance occupancy. Baker described the difference between revenue management and yield management in that revenue management is about optimizing the volume and yield for a perishable product (theatre ticket), whereas yield management focuses on maximizing revenues from customers who are the most price inelastic (Baker, 2012). These terms are often used interchangeably by the arts industry, but yield management is just a part of a revenue management program focusing on increasing prices to exploit high demand whereas this study will look at pricing adjustments in
general. Baker suggested that revenue management is essentially a broad term used to covering a number of functions of pricing strategy.

**Problem Statement**

Maximizing self-earned revenue is an important factor for the success and survival of most performing arts organizations in Canada, yet a formal overview of revenue management practices being implemented by performing arts organizations in Canada does not exist. This factor is important as the study will provide insights into whether additional research and training related to revenue management is required for administrators of Canada’s non-profit performing arts industry. Among Canadian performing arts organizations, questions remain about what pricing strategies are being implemented, how these strategies are being communicated and evaluated, and what strategies performing arts organization administrators consider effective. This study aims to provide non-profit performing arts organizations and the organization’s stakeholders with a better understanding of the revenue management strategies being implemented by non-profit performing arts organizations in Canada.

**Purpose**

The purpose of this study is to develop a better understanding of how Canadian non-profit performing arts organizations are using revenue management practices to improve overall financial viability. This research may help those individuals responsible for revenue management within a non-profit performing arts organization to identify the best practices from across the country. The study may also help revenue management practitioners by examining how performing arts organizations are communicating revenue management strategies both internally to performing arts organization employees and externally to patrons. The study findings may be used to help performing arts administrators identify revenue management
strategies that could contribute to the financial health of non-profit performing arts organizations across the country.

**Research Questions**

Research questions provide focus and direction to a study. This study aimed to answer several questions about non-profit performing arts organizations in Canada and the organizations’ revenue management practices. Specifically, the following research questions will guide the study:

- What revenue management practices are being employed by non-profit performing arts organizations in Canada?
- How are non-profit performing arts organizations in Canada implementing and communicating revenue management strategies and tactics internally to employees and externally to the organization’s patrons?
- How are non-profit performing arts organizations in Canada measuring the effectiveness of their revenue management strategies?

**Nature of Study**

This study aimed to provide a better understanding of how Canadian non-profit performing arts organizations are using revenue management strategies to improve financial performance. Performing arts organizations contribute to the cultural fabric of communities and inject hundreds of millions of dollars to the Canadian economy (Statistics Canada, 2012). The findings from this study should provide an overview of what non-profit performing arts institutions are doing to manage and maximize ticket sales revenue.

To fulfill the purpose of the study, expert interviews were conducted with a sample of members from the Professional Association of Canadian Theatres (PACT) who are responsible
for the revenue management strategies among Canada’s theatres. PACT’s membership represents Canada’s professional performing arts organizations. The list of performing arts organizations was sourced from the PACT online Canadian Theatre List dated January 2012. PACT represents a membership of 181 organizations who operate performing arts organizations in Canada. Of that list, only non-profit organizations were identified as relevant to the study topic. This study only included organizations operating a performing arts space (theatre) with 400 seats or more (PACT: The Theatre Listing, 2012). The 400 seats or greater seat criterion was chosen to ensure that the study focused on performing arts organizations that have the ability to implement multiple revenue management strategies. Smaller performing arts theatres may have less of an opportunity to take advantage of shifts in demand and therefore may not provide enough examples of revenue management strategies employed. Eighty three non-profit performing arts organizations met the identified study criteria.

The target sample included 40 non-profit performing arts organizations from across the country who were invited to participate in the study using a random draw method. For each of the eight geographic regions identified by PACT, five non-profit performing arts organizations were randomly selected to make up the target sample invited to participate in the study interviews. The eight regions of PACT are: British Columbia, Alberta and the Territories, Saskatchewan and Manitoba, Ontario outside of Toronto, Toronto, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, and Newfoundland and Labrador. The sample included those non-profit performing arts organizations that chose to participate in the study. Performing arts organizations that were not able to correspond in English were not included in this study due to the language limitations of the interviewer. The targeted number of participants desired for the study was 15-20.
Upon confirming the target sample for this study, an initial contact by phone was made to the General Manager or Executive Director of each performing arts organization requesting voluntary participation in the study. A Telephone Script Requesting Interview Participation (Appendix A), outlined the purpose and nature of the study, and the characteristics required for the specific participant. The General Manager or Executive Director was asked to identify the individual in the organization who was the most appropriate potential interview participant given the nature of the study. The individual to be identified by the General Manager or Executive Director was described as the employee who is the primary implementer and evaluator of revenue management strategies for the performing arts organization. Upon receiving a response with the appropriate participant’s contact information, the participant was emailed a Participant Consent Form (Appendix B). The Participant Consent Form outlined the nature of the study, time commitment required, anonymity procedures of the study, and contact information for the researcher and the University of Prince Edward Island Research Ethics Board. Upon completion of the Participant Consent Form, an interview time was agreed upon by the participant and the researcher.

The interviews were conducted by phone at the agreed upon interview time and the audio was recorded for future transcribing and analysis. A detailed record of the participants’ responses was also captured electronically on an interview questionnaire form. A participant phone script was used for the introduction and conclusion of the study to ensure consistency of interview procedures. The Participant Telephone Script-Introduction (see Appendix D) and Participant Phone Script-Conclusion (Appendix E) can be found in the Appendices section.
In preparation for the study, an Expert Interview Questionnaire (Appendix C) was developed to fulfil the purpose of the study. The interview questions were designed to help avoid industry jargon. The questions were vetted through a panel of performing arts industry insiders who would not be participating in the study, to help ensure clarity of language. Each participant was assigned a code and each interview question was given a number to track themes against specific research questions. The questions were categorized according to the research questions to assist with the analysis and summarizing of the data.

Assumptions & Limitations

Like all research, the study is premised on several assumptions and limitations. Assumptions stipulate what the researcher held to be true for the purposes of fulfilling the study objectives. The limitations establish parameters that confine the research scope. The study includes five assumptions and two limitations which are described in the following section.

The first assumption in this study is that study participants were the most appropriate individuals from the non-profit performing arts organizations identified to address questions related to revenue management. The second assumption is that the participants in the study answered the interview questions honestly and to the best of their ability. The third assumption is that responses provided by study participants reflect the actual practices within not-for-profit performing arts organizations in Canada. The fourth assumption is that the jargon related to revenue management practices and the performing arts industry are recognized, understood, and used consistently by participants and the researcher. The final assumption is that the study participants reflect the broader experiences of non-profit performing arts organizations across Canada.
Limitations

A factor to consider in this study is that limitations arise that have the potential to limit the validity of the results of the study. First of all the study findings are limited to the non-profit performing arts sector, and may not be transferable or generalizable to other industries that may engage in revenue management practices. Another limitation is the Canadian nature of the study in that all study participants represented performing arts organizations located in Canada, therefore the study findings may not be applicable to non-Canadian performing arts communities. The study excluded participants who could not converse in English because of the unilingual capabilities of the researcher.

The study also focused on non-profit performing arts organizations who were members of PACT with a performance space seating capacity greater than 400. The study engaged members of the Professional Association of Canadian Theatres (PACT) only and therefore those who were not members of PACT were not included in the study. The study did not include members of PACT from the province of Quebec due to lack of interest and/or language barriers. The study presented the findings from research conducted with a relatively small sample group at a particular point in time and is not necessarily a reflection of the activities of the entire non-profit performing arts sector.

One of the general limitations derives from the use of questionnaire-based surveys that rely on self-reported data of respondents. According to Veal:

What respondents say depends on their own powers of recall, their honesty and the questions included in the questionnaire. There has been very little research on the validity or accuracy of questionnaire data, but some research
has suggested that respondents tend to exaggerate some things and downplay others (Veal, 2005)

The study is also limited by the research capabilities and acumen of the researcher in terms of the integrity of the data collection and analysis processes.

Conclusion

The future viability of performing arts organizations in Canada is dependent, in part, on the ability of these organizations to generate sufficient revenue to finance operations. One of the means of revenue development for performing arts organizations is through self-generation, which incorporates practices related to revenue management. Chapter One identified the study problem statement, outlined the research questions that will guide the study, and described the methodology that will be employed to fulfill the study objectives. Chapter Two will situate the study by examining the existing literature on revenue management and the performing arts industry and providing a foundation that will support the study. Chapter 2 will also identify gaps in the available research on revenue management practices of the performing arts sector.
CHAPTER 2: LITERATURE REVIEW

The purpose of this study is to develop a better understanding of how Canadian non-profit performing arts organizations are using revenue management practices to improve financial viability. Central to understanding the use of revenue management practices in the performing arts industry is identifying what academics and practitioners are suggesting about the state of the industry’s revenue management practices. Literature surrounding the topic of revenue management in a variety of industries was quite accessible in both popular media and academic journals; however academic literature specific to revenue management in the performing arts sector was not as prevalent. As functions of broader economic theories, many ticket pricing issues have received little interest in the literature; however, the research that does exist is presented in isolation and rarely references other works (Courty, 2000).

To complete the study, databases such as Business Source Complete, as well as Google and Google Scholar were searched. Some arts marketing organizations also offered case studies, electronic articles, and blogs on the organization’s websites that provided practical applications of performing arts revenue management. Popular media such as The Globe & Mail provided current perspectives on the application of revenue management in the performing arts. Other supporting references for industry trends included Statistics Canada and The Canadian Encyclopedia. Research of this nature is expected to become more readily available in the future, as the topic of revenue management and yield management in the performing arts has increased in popularity among administrators over the last several years (Nestruck, 2012).

When searching the available databases, key word searches included revenue management and performing arts management as the main study topics. With respect to revenue management, database searches included demand based pricing, dynamic pricing, yield
management, and inventory management. Performing arts management included literature searches related to ticket pricing, patron loyalty, and price discrimination. Searches of the available literature for this study also included a review of recent findings of the importance and impact of performing arts on the Canadian economy.

**Impact of Performing Arts Sector in Canada**

Broadly, arts and cultural activities have a significant impact on the Canadian economy. The Canada Council for the Arts reported in a 2010 study that the arts and cultural sector employs 609,000 people, and contributed $45.9 billion to Canada gross domestic product (Canada Council, 2013). As indicated in Chapter 1, attendance at live performing arts in Canada in 2008 represented $1.43 billion dollars in consumer spending (Hills Strategies, 2008). A similar 2003 study by Hills Strategies indicated that spending on live performing arts was $980 million; a 46% increase in consumer spending in just five years (Hills Strategies, 2003).

Performing arts in Canada in 2008 attracted 13.7 million spectators including disciplines of music, theatre, opera, dance, as well as multidisciplinary events (Canada Council, 2013). Spectators of performing arts in Canada may experience everything from a large scale orchestra performance, to a community based theatre production, to a live rock concert. The performing arts sector has even come to include intimate experiences in performing arts like *Theatre for One* an experience in which “a portable performing arts space for one performer and one audience member, that turns public events into private acts, making each performance a singularly intimate exchange” (Theatre For One, 2013). These performing arts experiences draw upon a range of audiences with varying expectations in terms of value for the ticket price paid.
Focus of Literature Review

Much of the focus for the literature review within revenue management was around pricing strategies. Pricing strategies appear to be the most common and controversial topics discussed in the revenue management literature pertaining to performing arts organizations (Scheff, 1999). As a factor in the consumer’s purchase decision, pricing is second only to the consumer’s preference in the product being offered by the performing arts organizations (Scheff, 1999). Ultimately, pricing strategies affect a consumer’s ability to buy the performance ticket they want, when they want it, at the price they want, thus having a significant impact on the consumer’s purchase decision (Baker, 2009).

Four broad themes around revenue management will be presented in the literature review. The first is the introduction of the dimensions of revenue management strategies in the performing arts. The second theme will examine the case for and against dynamic pricing. The third theme will discuss best practices in implementing and communicating ticket revenue management strategies. The final theme will present case studies and other sources to review the financial implications of revenue management practices currently being applied in the performing arts sector.

Dimensions of Revenue Management Strategies

Revenue management is described as the use of information systems and pricing strategies to ensure the right number of tickets to the right customer at the right price at the right time (Kimes, 2003). According to Kimes, a revenue management strategy should achieve the most revenues for the organization, while delivering the greatest value to the customer. In practice, a revenue management strategy assigns prices according to anticipated demand levels so that customers who are price sensitive and willing to purchase tickets at off-peak times can do
so at more favourable price. In contrast, customers who are price insensitive and want to purchase tickets for peak times will be able to do so but at a higher ticket price (Kimes, 2003). Some of the approaches to maximizing revenues through these strategies are discussed in this section.

As outlined in the previous chapter, several key dimensions to revenue management exist. According to arts and culture consultant T. Baker (2009), the key dimensions of revenue management are:

- **Increasing versus decreasing pricing** - referring to the fact that managing demand means that prices can be moved upwards or downwards as demand for inventory warrants.
- **Static versus dynamic pricing** - is the difference between setting pricing levels at the beginning of a sales period and keeping pricing constant (static) as opposed to the extent to which pricing can be adjusted over time in response to changing demand in the market (dynamic).
- **Underlying versus explicit pricing** - is the extent to which the differences in pricing are made apparent to the customer (explicit) versus pricing that is not made apparent to the customer (underlying). Underlying pricing may be effective in managing demand across the performing arts inventory.

These dimensions will be cited throughout this literature review as well as the research results conducted in this study. The next section will review dynamic pricing and the arguments for and against its use in the performing arts sector.
Dynamic Pricing in the Performing Arts

Dynamic pricing was first introduced by the airline industry, and often the success in the hotel and airline industry in relation to the use of dynamic pricing is used to support the viability of this pricing system for the performing arts. Dynamic pricing for the performing arts is a relatively new concept. Sumac Research (2010) examined the question of whether dynamic pricing works for the performing arts sector and suggested that the performing arts sector needs to be viewed differently than other industries, like the airlines, with perishable inventory. For example, Kimes and Wirtz (2003) reported that companies using dynamic pricing have reported revenue increases of 2% to 5% compared to those organizations that do not use dynamic pricing. The study findings suggested that service industries in general, including the performing arts, underuse dynamic pricing as a revenue management strategy (Kimes, 2003).

Sumac Research (2010) described the relationship many consumers have with airlines as lacking loyalty which, Sumac Research suggested reflects the “fairly ruthless attitude” that most people have toward the airlines industry. Sumac Research argued that three distinct differences between the airline industry and non-profit performing arts organizations exist. Firstly, airline tickets and hotel rooms are less discretionary expenditures than performing arts spending. Secondly, performing arts organizations have mandates beyond making a profit such as accessibility and education, and often rely on generous donors who support this philosophy in the arts; whereas profit is the primary interest of the airline sector. Finally, relatively few competitors face the airline industry, making a dynamic pricing approach fairly easy to implement. The wealth of offerings by the entertainment industry compared to that of the airline industry means performing arts organizations face a lot of competition (Sumac, 2010). These
disparities must be considered when determining the appropriate revenue management strategies for the performing arts versus those used by the airline industry.

With the various revenue management strategies available, Baker (2009) suggested that pricing does not have to be dynamic to be effective. Static approaches to pricing may include differentiating the price of performances on different days of the week or times of the year referred to as timed discounts (Baker, 2009). Baker suggested that one of the reasons that the static approach to pricing in performing arts is optimal in that it allows customers the opportunity to react to price differences. Being able to see clearly what the price differential is, allows the consumer to make an educated decision about the performing arts experience desired.

Often patrons become frustrated when prices are not explicitly published in performing arts promotional material produced by performing arts organizations, because consumers tend to want to plan purchases using a pricing chart, especially when various pricing levels and seating sections are available (Larson, 2009). Another common complaint is that patrons feel that dynamic pricing makes planning difficult. After checking a price point, arranging plans to attend a performance and then discovering an unexpected price change for a performance, a patron can become frustrated by the overall experience (Larson, 2009).

The question exists as to whether a non-profit performing arts organization should use dynamic pricing. Some recent literature suggests these organizations should. In a 2012 Chicago Tribune article, the executive director of the Goodman Theatre, Roche Schulfer, suggested that dynamic pricing should be used by not-for profit performing arts organizations (Jones, 2012). Schulfer’s suggested that implementing a dynamic pricing strategy for performances that have strong demand will help offset productions that do not have the same demand. Schulfer
explained that consumers also have the option to pay less if willing to purchase tickets in advance. Schulfer explained that the The Goodman Theatre, like most non-profit performing arts organizations, is conscious of price sensitivity and accessibility in the market. As a concession to the dynamic pricing practices employed, The Goodman Theatre offers special pricing to certain groups and those willing to take a risk on a very last minute ticket purchases, such as those available to students (Jones, 2012).

In a 2009, Larson made the case for dynamic pricing noting that performing arts organizations are willing to lower prices when limited demand for a show exists; why would the organization not increase pricing when a higher demand presents itself. Larson (2009) pointed out that if a show sells out months in advance it is likely that the ticket pricing was too low and that selling out too early is not always a sign of success from a revenue perspective. Selling out months in advance suggests that the performance tickets could have been priced higher to align closer to the demand that was obvious given the quick sale (Larson, 2009).

Arguments against dynamic pricing are often suggested to be a moral dilemma for non-profit organizations given that these organizations are not meant to seek a profit but rather are fulfilling a mandate to serve the community (Kaiser, 2012). Opponents of dynamic pricing argued that raising prices in the middle of a performing arts production run is unfair for those who wait to purchase tickets (Kaiser, 2012). The opponents of dynamic pricing suggested that designating one particularly successful performance date to be of greater value than another by raising prices is unfair to consumers (Kaiser, 2012).

Kaiser (2012) countered the concerns of dynamic pricing opponents stating that dynamic pricing has the opportunity to benefit both performing arts organizations and performing arts patrons. The acceptance of dynamic pricing in the short-term will allow consumers who
purchased tickets early to pay less and in the long-term this will result in a better performing arts product (Kaiser, 2012). The history of many performing arts organizations supports a positive outcome from dynamic pricing; when self-generated revenue is increased, performing arts organizations are able to feel more empowered to invest in new performing arts works (Kaiser, 2012).

Dynamic pricing in the performing arts is still very much in its infancy (Sumac Research, 2010). As identified in the Sumac Research (2010) study, the success factors for performing arts were not determined by revenue alone, as non-profits performing arts organizations must consider a number of other important factors. If performing arts accessibility is a priority for an organization, the organization must remember how this objective may be affected by dynamic pricing. The relationship that an organization is trying to establish and maintain with the public and its supporters needs to be considered in the implementation and communication of it revenue management strategies.

**Implementing & Communicating Pricing Strategies in the Performing Arts**

As the costs of operating performing arts organizations continue to rise and audience sizes and the marginal profit per ticket remains relatively stagnant, performing arts organizations face an ever-increasing desire to raise ticket prices (Scheff, 1999). Scheff (1999) noted that performing arts administrators typically determined increases in performing arts ticket prices based on an analysis of the earned revenue necessary to meet costs. The concern with this approach is that it does not factor in what the market will actually withstand in terms of a price point (Scheff, 1999). This section will look at the implementation and communication of pricing strategies by performing arts organizations.
A 2009 article by Larson presented several case studies where performing arts organizations dynamically priced and paid close attention to ticket revenue management strategies and consumers responses. These organization’s have several common approaches. Prices are published only on the organization’s website, and are constantly updated (underlying pricing). Rarely do the organizations raise the lowest available prices (low-entry pricing), and the organizations actively review sales and pricing on a weekly basis (Larson, 2009).

Performing arts organizations employ different tactics to dynamically pricing product. For example, some companies implement small pricing changes across many performances while others make large jumps in pricing less frequently (Larson, 2009). Some spend very little time on reviewing pricing while others have dedicated staff positions to managing pricing on a full-time basis (Larson, 2009). Also, some performing arts organization adjust pricing for specific seats and seating sections while others adjust pricing across the board for all unsold seats (Larson, 2009).

In determining when to set in motion dynamic pricing practices, some performing arts organizations use thresholds on a percentage basis, while others performing arts organizations determine when prices should rise based on total performance revenues at a particular point in time (Larson, 2009). One performing arts organization referenced in Larson’s 2009 study monitored the speed of ticket sales using a sales-pacing curve and tried to correct incrementally what is referred to as mispricing for the market. Mispricing is defined as the quality of a good or service having a price which does not correctly match the intrinsic value of the item (Investorwords.com, 2012). Other performing arts organizations used inventory management practices to help dynamic pricing efforts by holding seats as off-sale and then releasing inventory priced according to the performance demand (Larson, 2009).
Larson’s case studies also addressed the challenges of performing arts organizations that relied on subscription programs. A subscription program is the concept of a patron purchasing tickets for multiple performances in advance at a set price. Often subscription programs are the most cost-effective option for patrons, thus performing arts organization want to ensure that the organization is able to use dynamic pricing for single ticket buyers while still giving subscribers the best prices. One organization, the Chicago Symphony, has trained patrons over time that prices will go up as demand rises and thus encouraging loyal subscribers to purchase tickets early in the sales cycle (Larson, 2009). These early subscribers provide projections for demand from the single ticket buyer market thus helping organization plan pricing strategies.

The specific approach to implementing pricing strategies is important; however arts administrators may also want to consider the approach to communicating these strategies both internally with employees and externally with patrons. Although the performing arts organizations referenced in Larson’s case study from 2009 reported few or no patron complaints from the use of dynamic pricing tactics, Larson acknowledged that this is not the norm for the industry (Larson, 2009). An important consideration is the many degrees of separation that exists between front line staff and management. This separation can create the illusion that few complaints are received by patrons (Larson, 2009). Often the complaints simply do not “trickle up” far enough to management who are designing the revenue management strategies (Larson, 2009).

Larson (2009) explained that box office personnel must be trained to be transparent about pricing strategies and that personnel must be empowered to explain to patrons that pricing may change. Only after clearly explaining this pricing scenario, will patrons understands that waiting until the last minute to buy tickets comes at a price. Larson insisted that front line staff must be
armed to explain that higher or increased prices can be put in the context of supporting the arts and making the arts more accessible and sustainable (Larson, 2009).

Maintaining patron loyalty when implementing dynamic pricing would be considered part of the overall pricing strategy (Larson, 2009). For example, Larson suggested that “pricing cards” placed in permanent brochures with price guarantee dates printed explicitly on the card should be used (explicit pricing). This provides the performing arts organization with the opportunity to change pricing after the expiry date indicated on the pricing card. Loyal patrons appreciate this communication approach as it ensures that patrons who want to budget for a particular performing arts experience can plan accordingly.

Another challenge for some performing arts organizations in communicating pricing strategies is the incredible number of different price points being implemented in performing arts organizations because of discounting. In a 2004 study by Leslie, discounting as a revenue management strategy was examined by questioning if discounting is truly good for performing arts organization business. Leslie (2004) described the various pricing levels offered by performing arts organizations as “price discrimination”. This strategy was described as “discriminatory” in the sense that depending on the consumer’s demographic profile (students, seniors), the purchasing channel, used and time of purchase, the price that consumers pay can vary significantly.

Leslie (2004) studied the ticket sales data of one particular show on Broadway, investigating the benefits that exist for consumers and businesses in having many theatre ticket prices versus only one price. Leslie studied how the two pricing approaches affected both "consumer welfare—the difference between what consumers have to pay and are willing to pay” and the performing arts organization’s profits. To do this, Leslie constructed mathematical
models which helped determine how sales would be affected by tickets sold at this revised multi-price approach versus advertising just one price. Leslie found that consumers were largely unaffected (neither helped nor harmed) by price discrimination compared to uniform pricing while the producer experienced a 5% profit increase (Leslie, 2004).

In a 2010 article, Sumac Research provided advice for performing arts organizations interested in implementing revenue management strategies including:

1. Be very cautious about taking it too far. Don't lose sight of your mission and undercut your case for support.

2. Make sure that advertising does not give the wrong impression of prices. Supporters will undoubtedly get upset if the price paid for a seat is different than what was advertised. For that reason, you may want to print a price range instead of precise prices on tickets, on your website and anywhere else prices are visible.

3. You may only want to apply dynamic pricing to parts of the theatre. For example, perhaps you want to leave the best seats in the house at a static price so they don’t lose their perceived value.

4. Set the goals that you want to achieve by dynamic pricing and define metrics of success in advance.

5. Experiment and analyze. In order to find out what works, you may need to experiment with several price triggers and variable prices. Each time you change your method, make notes about it for future analysis. Also take note of the costs to administer
dynamic pricing, how people attending the theatre like it, and other factors that may have an effect on ticket sales and supporters’ overall experience.

Theatre and arts journalist, Caird (2012) explained that effective pricing strategies must attract audiences to a particular production and must raise enough revenue to show a profit (Caird, 2012). The challenge between these two goals, according to Caird (2012) is that these goals are often in conflict, causing a balancing act between the patron’s needs and the needs of the performing arts organization. The next section will present cases of performing arts organization that have been effective in raising revenues through strategic approaches to pricing.

**Measuring the Effectiveness of Revenue Management Strategies in Performing Arts**

The effectiveness of revenue management strategies for performing arts organizations is a factor in determining what revenue management strategy to employ. A number of case studies supporting revenue management strategies for performing arts organizations are described below:

*Arts Club Theatre Company*

Highlighted by arts marketing consultants Target Resource Group (TRG) as an example of successful revenue management implementation, the non-profit Arts Club Theatre Company (ACTC) in Vancouver was struggling with last minute buyers, and thus was resorting to “papering the house” (providing complimentary tickets to fill the theatre). Management also used steep discounting and extremely flexible subscription programs in an effort to fill the theatre. The result of these tactics left ACTC’s bottom line hurting with subscription numbers leveling off and revenue goals falling short (TRG, 2009).
TRG reviewed historical demand for the ACTC’s productions, as well as demand for specific seating sections. Using evidence based management; TRG scaled the pricing in the theatre by reviewing sales history. ACTC also reduced the amount of discounts offered and stopped offering multiple discounts to existing loyal customers. By implementing a dynamic pricing strategy, ACTC was also able to add 10% revenue growth to single ticket purchases. These integrated pricing strategies resulted in a 16% increase in per-capita ticket revenue or a nearly $5 increase per ticket.

Over a two year span ACTC increased full season subscription package revenues by 33% and increased overall revenues by 70% ($3 million gross) (TRG, 2009). During what had been very dismal times for neighboring performing arts organization, ticket revenue and donations from individuals saw an upward trend at the ACTC. Subscription packages hit the highest point in the organization’s history (Nestruck, 2012).

*The Cultch*

A non-profit performing arts organization, dance, and music performance venue in Vancouver, British Columbia needed to sell every one of its 300 seats for every performance to achieve its revenue goals. The previous approach to pricing was not allowing for any empty seats, even early in the theatre production run. With the help of TRG, The Cultch was able to make every seat count by rewarding loyal subscribers with special offers early in season, by pricing dynamically as audience demand increased, and by limiting complimentary tickets. The results were record setting and showed admission increases of 31% and revenue increases of 68% for a new performing arts presentation at The Cultch (TRG, 2009).
Gaps in the Literature

While literature exists that investigated the revenue management practices of performing arts organizations, noticeable gaps remain. One research gap entails more detailed findings of negative impact of pricing strategies such as dynamic pricing, even in the early implementation phases. Practitioners such as Larson (2009) indicated that changes to ticket pricing often resulted in patron complaints, however no quantitative or qualitative findings to support that claim were identified in the literature.

Another research gap concerned the different approach taken by for-profit performing arts organizations versus a non-profit performing arts organization in the revenue management strategy development and implementation. Understanding audience responses to various pricing strategies from a for-profit entity versus a non-profit entity would be a helpful research topic for performing arts administrators. Essentially, any key differences identified between the strategy development, implementation and outcome may help practitioners understand how to approach the revenue management of a non-profit versus a for-profit performing arts organization.

Finally, much of the literature specific to performing arts organizations has been developed by arts administrators or consultants versus academia. Case studies that described the financial implications of various revenue management strategies for performing arts organizations were limited to those provided by arts marketing consultants and popular media outlets. It also appears that performing arts organizations, both for profit and non-profit are hesitant to make financial results of revenue management strategies public. As the topic of revenue management in the arts continues to grow in popularity, academics may find this topic important to future business management and economic research.
Conclusion

This literature review looked at the revenue management strategies being employed by the performing arts industry including the dimensions of revenue management, dynamic pricing in the performing arts, implementing and communicating pricing strategies. The literature review also examined the effectiveness of revenue management strategies in the performing arts by presenting two case studies that supported a variety of revenue management strategies. Finally, the researcher suggested a number of gaps that exist in the literature pertaining to revenue management in the performing arts industry. The following section provides a detailed methodology used for this study in answering the three research questions that form the basis of this paper.
CHAPTER 3: METHODOLOGY

This study examined how Canadian non-profit performing arts organizations are using revenue management practices to improve the financial viability of organizations. Chapter 3 explains the use of expert interviews as a research method including details on the research instrument, design, study participants and the procedure data analysis. A detailed description of the type of analysis used for each section of questions is also presented in this chapter.

Research Method

The findings of this study served to provide relevant information to performing arts administrators and those who provide consulting and professional development services to performing arts organization administrators. The researcher aimed to identify if and how various revenue management practices are being employed by non-profit performing arts organizations in Canada. Research methods utilized in this study allowed for both qualitative and quantitative analysis.

Quantitative research attempts to describe characteristics of relevant groups of people, in this case, the respondents from the performing arts organizations identified for the purpose of this study (SurveyGizmo.com, 2012). Qualitative research is exploratory, and used when the researcher is unsure what to expect or needs to pursue the issues further. Qualitative research allows the researcher to understand different perspectives between groups and categories of people (SurveyGizmo.com, 2012). The interview questions developed for this study permit mixed method research and analysis.

The quantitative interview questions were designed to describe the relevant characteristics of the non-profit performing arts organizations included in the study. Questions
were designed to encourage respondents to describe various revenue management strategies employed by organizations. Interview questions allowed for qualitative analysis and thus provided a range of ideas and feelings about the revenue management strategies; whereas quantitative analysis indicated the most common practices among the sample of participants. A detailed description of the process applied by the researcher is described in this chapter.

**Population**

To fulfill the purpose of this study, member organizations of the Professional Association of Canadian Theatres (PACT) were identified by accessing the PACT website. PACT represents 181 of Canada’s 500 performing arts organizations (PACT.com, 2012) and thus was identified as the most appropriate source of contact information to draw from. The annually published *Theatre Listing: A Directory of Canadian Professional Theatres* was publicly available on the PACT website and was used to source the contact information for the performing arts organizations in this study (PACT, 2012).

*The Theatre Listing: A Directory of Canadian Professional Theatres* indicated that there were 181 professional performing arts organizations in Canada who were members of PACT. *The Theatre Listing* indicated the name of the organization, website, email, and telephone information, the primary contact, a description of the organization’s operations as well as the seating capacity of the theatres operated by the organization. The 181 performing arts organizations represented PACT’s eight regions of Canada including British Columbia; Alberta and the Territories; Saskatchewan and Manitoba; Ontario outside of Toronto; Toronto; Quebec; New Brunswick, Nova Scotia and Prince Edward Island; and Newfoundland and Labrador.

For the purpose of this study, only non-profit performing arts organizations were included. The non-profit status was determined by PACT’s *The Theatre Listing* or by
investigating the organization’s website which was available in *The Theatre Listing* (PACT, 2012). Also, only those performing arts organizations with 400 seats or more were invited to participate in the study. The 400 seats or greater criterion was chosen to ensure that the study dealt with performing arts organizations that have the ability to implement multiple revenue management strategies. Performing arts organizations that operated theatre facilities with a smaller capacity than 400 seats may have less of an opportunity to take advantage of shifts in performing arts demand. These organizations may not provide enough of an opportunity to employ many revenue management strategies. The total target sample considering all possible participants that met the above criteria was 83 performing arts organizations.

**Sample**

In an effort to gather a geographic cross section of performing arts organizations, the individuals responsible for revenue management at 40 performing arts organizations from across the country were invited to participate in the study. By conducting a random draw method choosing five organizations from each of the eight regions, 40 non-profit performing arts organizations were identified as the target sample. The actual sample size was made up of non-profit performing arts organizations that chose to participate in the study. The goal set at the beginning of the study was to complete 15-20 interviews from performing arts organizations across Canada.

**Data Collection**

The non-profit performing arts organizations were invited first via telephone to voluntarily participate in this study. Telephone numbers were accessed using the *The Theatre Listing* (PACT, 2012). The individual identified in *The Theatre Listing* was primarily the General Manager or Executive Director of the non-profit performing arts organizations. Upon
making contact, a telephone script was used to introduce the study. Appendix A: Telephone Script Requesting Interview Participation outlines the language used to describe the purpose of the study, and specific characteristics required for the potential study participant.

Upon receiving confirmation of the organization’s voluntary participation in the study, the General Manager or Executive Director was asked to participate in the interview or provide the name and contact information for the most appropriate representative to participate. The name, title and phone number of the identified respondent was provided by email or by phone directly from and at the discretion of the General Manager/Executive Director. The criterion for the most appropriate respondent was described as follows;

- Must be the primary implementer and evaluator of revenue management strategies in the performing arts organization.
- Must be very familiar with revenue management in a performing arts organization and measuring its effectiveness.
- Must be fluent in English as the researcher is only able to correspond in English

Upon confirming the identified respondent for the study, the respondent was then contacted with an introductory email that included the Participant Consent Form- Email (Appendix B). The Participant Consent Form Email outlined the purpose and nature of the study, and the procedures that would be conducted to ensure anonymity of participating respondents and organizations. Respondents replied via email consenting to voluntarily participate in the study. To collect the study data, telephone interviews were requested, scheduled and confirmed at a mutually agreed upon time via email with the respondent. Interviews were scheduled in 30 minute blocks as it was estimated that the interview would take
approximately 20 minutes thus allowing additional time for any clarification questions from the respondents.

Outside of the data collected from the Expert Interview Questions, *The Theatre Listing* (PACT, 2012), provided information about the geographic location by province of participating organizations in the study. The eight regions used to develop the target sample were not appropriate for use in the actual interview process and thus the province that the organization resides in was recorded in the study data. Respondents were not familiar with the regions described by PACT and thus to avoid confusion, provinces were used to identify geographic locations. The geographic data was accessed and recorded prior to beginning the Expert Interviews with each participant.

At the beginning of each interview, a Participant Telephone Script Introduction (Appendix D) was recited to the participant reiterating the purpose of the study, and the method used to capture the data from the interview. The interviews were conducted using a speaker phone and were recorded using a handheld recording device. The researcher also captured the interview responses by taking detailed notes electronically in an Expert Interview Questionnaire (Appendix C). Following the interviews, a Participant Telephone Script Conclusion (Appendix E) was recited thanking respondents for participating in the study. The Participant Phone Script Conclusion reiterated the anonymous nature of the study, and offered participants access to the study findings.

The telephone interview as a method of data collection was determined to be most appropriate. The telephone interview method allowed for the researcher to use the interview questions as a guide and allowed participants to ask clarification questions as needed to fully
address the main questions. The telephone interviews also allowed the researcher to request clarification on responses as required thus providing more robust responses for the study. Given the geographic distance of participants to the researcher, and the fact that significant travel would be required to conduct the interviews in person, the telephone interviews were most cost effective.

The Expert Interview Questionnaire Form was developed in an effort to better understand how Canadian non-profit performing arts organizations use revenue management practices to improve financial viability. The interview questions were vetted by a panel of performing arts industry insiders (who were not participating in the study) to ensure clarity of language and validity. Interview questions in this study were designed with the intention of avoiding industry jargon.

The Expert Interview Questionnaire included fourteen questions which were divided into four sections. The first section of questions began with general questions about the respondent, the organization, the respondent’s title in the organization, the organization size and the level of operating activity. The level of operating activity was measured by the number of performing arts productions presented on an annually basis. A performing arts production is defined as the planning, rehearsal, and presentation of a creative work (Britannica.com, 2012). These questions provide a summary of the profile of the respondents involved in this study. The second section of interview question asks participants what if any revenue management strategies were being employed by the organization, and what practices were used to implement these strategies. The third section of interview questions asked what processes internally and externally were being used to implement and communicate the revenue management strategies. These questions also asked respondents to comment on what advice is recommended to performing arts
organizations employing these strategies. The fourth section asks respondents to describe how success is measured in implementing these revenue management practices as well as other factors that affect revenue outside of the performing arts organization’s revenue management strategies.

**Data Analysis Process**

The types of data analysis involved in this study considered the research purpose, the research design and the research questions. The data analysis also depended on the research instrument used and the type of data collected. This section will present the specific data analysis process and types of analysis applied to each section of questions in the Expert Interview Questionnaire.

Once the expert interviews were completed, the researcher assigned random numbers to the respondents to ensure the individual performing arts organizations would not be identified in the analysis process. The researcher then cleaned the data ensuring typos and grammatical errors from collected notes were corrected, and any information jeopardizing anonymity was deleted. From there, the data was transferred to a data table that presented the non-identifiable respondents on the X axis and the list of expert interview questions on the Y axis to allow the researcher to refine and relate themes in the responses.

The first section of questions and analysis in the Expert Interview Questionnaire, requested basic profile information about the respondents involved in this study. This included the name of the organization, the name of the participant, and the title of the participant. This section also included questions pertaining to the size of the organization by seating capacity, and
the level of operating activity measured by the number of performing arts productions presented annually.

The geographic location of the non-profit performing arts organization was captured outside of the expert interview process using *The Theatre Listing* (PACT, 2012). The geographic location data reflected the province where the non-profit performing arts organization operates. This data was presented as a summary of provinces represented in the study.

The first two questions were not transferred to the data table. The data from these questions would have jeopardized the anonymity of the respondents and the non-profit performing arts organizations participating in the study. These questions asked for the name of organization and the name of the respondent who was being interviewed.

Question 3 asked for the respondent’s title within the non-profit performing arts organization. The responses were analyzed using thematic categories for the titles provided by the respondents. Questions 5 and 6 were also analyzed using numeric ranges of both seating capacities and number of productions for the collective responses.

The second section of questions related to the revenue management strategies being employed by non-profit performing arts organization. This section included interview questions 7 and 8. Question 7 asked if any revenue management strategies were being employed by the participating organization. Question 8 asked what types of revenue management strategies were being employed by participating organizations. This data was grouped into themes and then presented by frequency of response.

The third section of questions was related to the processes for monitoring revenue management strategies, practices for communicating revenue management strategies, and
recommendations for implementing revenue management strategies. Question 9 and 10 asked respondents to describe what processes are used to monitor revenue and what team members (by title) were involved in the revenue monitoring process respectively. The data from Question 9 presented specific revenue monitoring process descriptions categorized by themes with the frequency of responses for specific processes. Question 10 data grouped titles by organizational departments and presented the frequency of departmental representation in the revenue monitoring process.

Question 11 asked respondents to describe the tools used to communicate revenue management strategies externally to patrons. This data was analysed to determine the frequency of responses related to specific communication methods used to inform patrons about revenue management strategies being employed. Question 12 asked respondents to provide advice for implementing revenue management strategies in a non-profit performing arts organization. The data from this question provided specific feedback and recommendations from the study participants. The data was then categorized by themes and presented indicating the most frequently referenced category of advice.

The final section of questions deals with measuring the effectiveness revenue management strategies and other factors of success. Question 13 asked respondents to describe how the effectiveness is being measured for each revenue management strategy employed by the organization. This question allowed for responses to be categorized into themes and specific feedback being presented. Question 14 asked respondents to describe what factors affect revenue outside of how the organization implements revenue management strategies. This data was categorized into themes and presented the frequency of response for each factor referenced by participants.
Assumptions

The main assumption associated with this study is that the sample used to explore the revenue management practices of non-profit performing arts organization in Canada represented accurately the population most appropriate to participate. The second assumption is that participants in the study answered the interview questions honestly and to the best of their ability. The third assumption is that responses provided by study participants reflect the actual practices of non-profit performing arts organizations in Canada. The fourth assumption is that the jargon related to revenue management and the non-profit performing arts industry are recognized, understood, and used consistently by both participants and the researcher. The fifth and final assumption is that the study participants reflect the broader study population which is all non-profit performing arts organizations in Canada.

Conclusion

Chapter 3 explains the use of expert interviews as a research method including details on the research instrument, design, study participants and the procedure data analysis. Each of the research questions was addressed through a series of interview questions in Expert Interview Questionnaire (Appendix C), one of the instruments used in this study. Chapter 4 will present the results in sections addressing the three research questions identified by the researcher.
CHAPTER 4: RESULTS

The purpose of this study is to develop a better understanding of how Canadian non-profit performing arts organizations are using revenue management practices to improve financial viability. To address the research questions, fourteen expert interview questions (Appendix C: Expert Interview Questionnaire) were developed. Interviews were conducted by telephone with non-profit Canadian performing arts organizations.

The goal set at the beginning of the study was to complete between 15-20 interviews from performing arts administrators who were identified as the most appropriate respondent for the study. The goal was achieved with 17 completed interviews from the target sample group. Thematic saturation on the topic of this study was achieved after reaching this number of completed interviews.

The results section of this paper is divided into four sections presenting first a summary of general information about the non-profit performing arts organizations involved in the study. The next three sections address the three research questions of the study:

- What revenue management practices are being employed by non-profit performing arts organizations in Canada?
- How are non-profit performing arts organizations in Canada implementing and communicating revenue management strategies and tactics internally to employees and externally to the organization’s patrons?
- How are non-profit performing arts organizations in Canada measuring the effectiveness of their revenue management strategies?
Profile of Study Respondents

Although the sample size for this study is relatively small, it is important to understand some of the characteristics of the participants. This information will be helpful for the findings of this study and may be helpful for future research design. This section provides an overview of the geographic location, performance space seating capacity representing the organization’s size, and operating activity measured by the number of productions presented annually. This section also presents the title of the respondents who participated in this study, identified by the organization as the most appropriate respondent for this study.

The participants in this study represented performing arts organizations from nine of Canada’s thirteen provinces and territories. The interview sample included a number of performing arts organizations as indicated from Alberta (3 participants), British Columbia (2 participants), Manitoba (1 participant), Saskatchewan (1 participant), Ontario (4 participants), Nova Scotia (1 participant), New Brunswick (2 participants), Prince Edward Island (2 participants), and Newfoundland and Labrador (1 participant). The intention was to access representation from all provinces and territories however lack of response from the target sample was a factor that impacted this goal. Interviews were not completed by any performing arts organizations in the three Canadian territories of Yukon, Northwest Territories or Nunavut due to lack of eligible population within the study criteria. The figure below shows the geographic distribution of non-profit performing arts organizations represented in this study.
The most appropriate respondent for this study was described as the individual who is the primary implementer and evaluator of revenue management strategies for the performing arts organizations. The General Manager/Executive Director of the non-profit performing arts organizations represented 11 of the 17 respondents in the sample. The most common title of the respondents in this survey was the most senior administrative role in the organization – General Manager/Executive Director. The number of respondents who held other titles in the non-profit performing arts organization were equally represented in the findings. Figure 2 presents the various titles of respondents involved in this study.
For the purpose of this study, the participating non-profit performing arts organizations were categorized by size using the number of seats in the organization’s largest performance space as a measurement. The number of seats was used to determine the organization size starting with a minimum seating of 400 seats ranging up to 2500 seats. Figure 2 shows the largest seating capacity available in the non-profit performing arts organizations who participated in this study.

The majority of participants in this study represented organizations that operated performance spaces with a seating capacity between 400-800 seats. This range of performance spaces represented the majority of the respondents in the study. Seven respondents have seating capacity in the 400-600 range and six respondents had 601-800 seats in their largest performances spaces. Of the remaining respondents, two performance spaces had a seating capacity of 801 -1000 and two participants operated performances spaces with 1001 – 2500 seats.
The non-profit performing arts organizations were profiled by level of programming activity. For the purpose of this study, the researcher defined level of activity as the number of performing arts productions presented annually. The most common range of operating activity as defined by the number of productions presented annually by the participants with was 11-20 productions (6 participants), followed by 1-10 productions (5 participants). The third most common range was 41 or more productions (3 participants). Of the 17 respondents, 2 indicated that their organization presented between 21-40 productions annually. One participant provided no response to this question. Figure 3 shows the number of performing arts productions presented annually by participating organizations in this study.
Figure 4: How many different performing arts productions do you present annually?

Research Question One

The first research question sought to identify what revenue management strategies are being employed across Canada by non-profit performing arts organizations. This section of interview confirmed that the respondent does in fact use some type of revenue management strategy which was confirmed by all participating organizations. The results also indicated that many of the participants utilize multiple revenue management strategies.

Respondents were asked to list what revenue management strategies were being employed by their respective organization. The list of revenue management terms were categorized by common themes and then provided to Zver (Zver, 2013) who provided definitions for each term. Zver is a performing arts administrator who was independent from this study. The terms in Table 1 describe the revenue management strategies listed by non-profit performing arts organization in this study.
Table 1: Revenue Management Strategies listed by Non-Profit Performing Arts Organizations

<table>
<thead>
<tr>
<th>Revenue Management Strategy</th>
<th>Description/Definition for Performing Arts Industry*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group/Quantity Discounts</td>
<td>Discount offered for purchasing or ordering a greater quantity of theatre tickets for a specified event or period.</td>
</tr>
<tr>
<td>Targeted Discounts</td>
<td>Discount offered to patrons who fall in a certain demographic (i.e. seniors or students) or customers identified as members of a certain organization.</td>
</tr>
<tr>
<td>Timed Discounts</td>
<td>Discount for ticket purchases made by customers for performances during a specific time, day or year. For example a ticket purchased for a Tuesday theatre performance may be less expensive than a ticket purchased for a Saturday performance.</td>
</tr>
<tr>
<td>Subscription Program</td>
<td>A pre-paid purchase made by signed order, for a specified period of time or for a series of performances.</td>
</tr>
<tr>
<td>Dynamic Pricing</td>
<td>The extent to which pricing can be adjusted over time in response to a changing demand in the market.</td>
</tr>
<tr>
<td>Low-Entry Price Point</td>
<td>Publishing and promoting a lower price point with the objective of enticing price sensitive consumers to respond</td>
</tr>
<tr>
<td>Scale of Hall Planning</td>
<td>Using historical ticket sales data to determine which theatre seats have the highest demand and setting the prices in the theatre according to that historical data. This plan is aimed at ensuring that the per ticket revenue increases as the theatre fills up.</td>
</tr>
</tbody>
</table>

The most common response related to revenue management practices employed by participants was Targeted Discounts with 14 of the 17 respondents indicating this strategy was utilized. The second most common revenue management strategy was subscription programs with 11 of the 17 respondents indicating this strategy was used. The next most common strategies were Dynamic Pricing (9), Scale of Hall Pricing (8), Group Discounts (8) and Low Entry Price Point (7). Timed Discounts was indicated by four of the 17 respondents as part of the participant’s revenue management strategy. The least common response was Underlying Pricing with only two respondents indicating their organization uses this strategy. Figure 4 illustrates the frequency of response for each revenue management strategies employed by participants in this study.
Figure 5: What types of revenue management strategies does your theatre employ?

The majority of respondents indicated that more than one specific tactic is employed as part of the overall revenue management strategy. Identifying the quantity of tactics being employed with in the strategy assists the researcher in understanding the activity level of respondents as it relates to the revenue management practices. Of the 17 respondents three employed six or more strategies as part of a revenue management strategy. Five respondents indicated that between four to six revenue management strategies are utilized by their organization. Seven of the respondents had two to three strategies in place for revenue management and two of the respondents indicated only one strategy was applied. Figure 5 illustrates the number of strategies being employed by respondents.
Although this was not a specific interview questions, it was noted in the expert interview process that five of the 17 respondents voluntarily indicated that their organization was being advised by an arts marketing organization specializing in revenue management. Organizations like Target Resource Group (TRG) as referenced in Chapter 2 were identified by respondents. Additionally, three of the 17 respondents voluntarily indicated an interest in acquiring advisory services from an arts marketing consultant who specializes in revenue management. Not all participants were specifically asked a question about their use of, or intension to use an arts marketing organization that specializes in revenue management; thus the results may not reflect the overall opinions of the study sample related to this topic.

The results from this section aimed to understand what revenue management strategies are being employed across Canada by non-profit performing arts organizations. The next section presents the results related to the communication of revenue management practices. 

![Number of Revenue Management Strategies Employed by Respondents](image-url)
monitoring processes and advice related to revenue management practices by the participants are also presented in the next section.

**Research Question Two**

The second research question attempted to identify how non-profit Canadian performing arts organizations are communicating these revenue management strategies internally among employees and externally to the organization’s patrons. This section of interview questions asked what internal processes were used to monitor revenue and inventory for theatre productions. The interview questions also asked respondents to list who from the non-profit performing arts organization was involved in the revenue management monitoring process. This section of interview questions also addressed processes for communicating revenue management strategies externally to theatre patrons. Finally, questions focused on the respondent’s advice related to implementing revenue management strategies in the non-profit performing arts sector.

To understand what processes are being employed to monitor revenue among the non-profit organizations, respondents were asked to describe these practices. The definitions of these terms related to revenue management monitoring processes have been designed for the purpose of this study and were sourced from Zver, a performing arts administrator who is not a participant in this study (Zver, 2013). The following table presents the processes described by respondents and grouped into themes:
Table 2: Descriptions of Processes Employed to Monitor Revenue and Ticket Inventory

<table>
<thead>
<tr>
<th>Revenue Management Monitoring Process</th>
<th>Description/Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Sales Reports</td>
<td>Ticket sales reports issued daily to the identified group of employees within the organization.</td>
</tr>
<tr>
<td>Weekly Sales Reports</td>
<td>Ticket sales reports issued weekly to select group of employees within the organization.</td>
</tr>
<tr>
<td>Monthly Sales Meetings</td>
<td>Ticket sales meeting held monthly with a select group of employees within the organization.</td>
</tr>
<tr>
<td>Automatic Notification System</td>
<td>Computerized ticket sales system provides automatic notifications to a select group of employees within the organization indicating when sales targets are reached.</td>
</tr>
<tr>
<td>No Formal Process</td>
<td>Respondent indicated that there was no formal process employed by the organization.</td>
</tr>
</tbody>
</table>

The most common process used to monitor revenues in the participating organization was the use of Weekly Sales Reports with eight of 17 respondents indicating this monitoring approach was applied. The second most common processes with seven of 17 responses were Daily Sales Reports and Weekly Sales Meetings. The next most common processes were Monthly Sales Meetings followed by Automatic Notifications with five and three responses respectively. One respondent indicated that no formal revenue monitoring processes is utilized. Figure 7 illustrates the level of frequency that these revenue management monitoring processes are utilized according to the participant responses.
Respondents were asked to list by title what team members from their organization were involved in the revenue management monitoring process. The team member titles were then categorized by common organizational departments. This question was intended to define how much the revenue management monitoring was integrated in the various roles and departments of the participant organizations.

The most common response by participants when asked what departments are involved in revenue management monitoring processes was the Box Office with 12 of the 17 respondents indicating this department’s involvement. The second most common response was the Marketing & Communications department with 10 of 17 respondents. The third most common response was that Senior Managers (General Manager or Executive Director) were represented as part of the revenue monitoring process in nine of the 17 participating organizations. The next most common participants in the revenue monitoring process as indicated by respondents was the Artistic, Sales and Finance departments (5 of 17 respondents). Operations (4 of 17), and Development/Fundraising (3 of 17) departments were represented in the revenue monitoring process.
process. Four respondents indicated a non-staff member (i.e. Board Member) was involved in the revenue monitoring process. Figure 6 indicates what departments are involved in the revenue management monitoring process for the non-profit performing arts organization based on the title of individuals listed.

Figure 8: What team members are involved in your revenue management monitoring process?

An interview question pertaining to external communications of revenue management strategies was used to determine how non-profit performing arts organizations are marketing externally. This question aimed at providing insights into the approach that organizations are taking to sharing information about revenue management strategies with patrons. The most common communication tool indicated by respondents in this study was the use of email to share information pertaining to the organization’s revenue management strategies. Eleven of 17 respondents indicated the use of Email Marketing as a communication tool. The second most common response was Direct Mail (i.e. letters/flyers) with eight of 17 respondents indicating this was a communication tool used to share information with patrons. Traditional media (i.e.
Newspaper, Radio), Social Media, and the organization’s Website were indicated as the next most common responses with seven, six, and five responses respectively. Telemarketing and Public Relations were identified in four responses as a tool for communicating revenue management strategies. Finally, three respondents listed Brochures/Collateral. Three respondents indicated Non Specific tools in communicating revenue management strategies. Figure 9 presents a breakdown of the communication tools used to inform patrons of revenue management strategies and tactics.

Figure 9: How do you communicate revenue management strategies externally to patrons?

<table>
<thead>
<tr>
<th>How do you communicate revenue management strategies externally to patrons?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email Marketing</td>
</tr>
<tr>
<td>Direct Mail (i.e. letters, flyers)</td>
</tr>
<tr>
<td>Traditional Media (i.e. Newspaper, Radio)</td>
</tr>
<tr>
<td>Social Media</td>
</tr>
<tr>
<td>Website</td>
</tr>
<tr>
<td>Telemarketing</td>
</tr>
<tr>
<td>Public Relations</td>
</tr>
<tr>
<td>Non Specific</td>
</tr>
<tr>
<td>Brochures/Collateral</td>
</tr>
</tbody>
</table>

Respondents were asked to provide advice related to implementing revenue management strategies in a non-profit performing arts organization. This question was deemed helpful by the researcher in assisting other arts administrators to prioritize efforts in expanding on revenue management practices. When asked to provide advice for performing arts organizations implementing a revenue management strategy, 10 of 17 respondents suggested focusing on subscribers and loyal patrons and being proactive, upfront and transparent. Five respondents
indicated that communicating and requesting feedback was important when implementing a revenue management strategy for the first time. The next most common recommendations provided by respondents, with four responses, was to ensure that the organization raises prices slowly and incrementally. Also with four responses was the recommendation to identify a lead person to use research to make the case for the revenue management strategy being employed. Reducing the amount of discounting being implemented by the performing arts organization was recommended by three of the 17 respondents followed with two responses to focus on the product that drives demand for the performing arts organization. The use of underlying pricing, encouraging a focus on technology, empowering frontline employees and being patient were all identified once among respondents. Table 3 depicts the results of this question with responses grouped by themes:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Focus on Subscribers/Loyal Patrons** (10 Respondents) | ➢ Make sure those loyal patrons are always around.  
➢ Stronger culture of more people knowing they should buy earlier.  
➢ Stronger movement to subscription knowing that will be the best price overall  
➢ People who consider themselves stakeholders are appreciated.  
➢ Make sure that your existing customer base knows about it (revenue management strategies) first.  
➢ Try to work individually with people to find a solution that is mutually beneficial.  
➢ People who consider themselves stakeholders so appreciate  
➢ Have coddled several hundred patrons who were deeply affected.  
➢ Large loyal subscriber and donor base investing in the theater. They have sense of ownership and like to be consulted.  
➢ Talk to a patron but you may not change their mind. Convincing a patron that you are doing this for the theatre and not for them is hardest. |
| **Be Proactive/Upfront/Transparent** (10 Respondents) | ➢ Built stronger loyalty and a culture of advance sales by being upfront.  
➢ Be upfront and honest- more you are trying to hide something the more people realize you are trying to hide something.  
➢ Better prepared….should have frequently asked questions on our website.  
➢ (Patrons) really appreciated the forthrightness and honesty. |
Biggest change in policy is not publishing ticket pricing.
- Be proactive/ Be open
- (Patrons) really appreciated the forthrightness and honesty
- People want to know the total end price.
- Be direct and keeping people in the loop.
- Transparency is key/Fairness

**Communicate & Request Feedback**
- More communication is always better when dealing with patrons.
- Over communicated a bit but do look at it as a success.
- Asking for feedback.
- You can never say it too many times (communications)/ plan on repeating the message.
- Never do enough (communicate). Still people saying didn’t even hear about it.

**Raise Prices Slowly/ Incrementally**
- CIF – raised it now $3.50….slowly $.50 at a time. Incremental increases. Don’t go to fast or the patrons will respond negatively
- Ticket pricing have to be fair and reflect what they see on stage.
- Start slowly and start small. You don’t have to do it all in one year.
- Remain accessible (pricing)

**Identifying a Lead Person/Research**
- Deeply analytical process.
- Build a case/evidence and test, test, test.
- Understand what the market can bare.
- Have to be on top of sales…inventory available - Really keep your finger on the pulse of sales.

**Reduce Amount of Discounts Offered**
- Everyone loves a discount, but really difficult to determine what their thresholds are.
- Do not discount increasingly as the event approaches.
- Often double discounted so removed discounts to multiple demographics.

**Focus on product/what drives demand**
- What drives the success is demand.
- If the quality is good the price doesn’t matter.

**Underlying Pricing**
- Never publish single ticket pricing.

**Focus on Technology**
- Ticketing system was not adequate…upgrading to be more user friendly, cross promote. Needed the right technology.

**Empower Frontline Employees**
- Make sure your staff understands it (revenue management strategy) thoroughly.

**Be Patient/Change Takes Time**
- No one likes change…..hard to learn a new way…Takes time. Some people picked up on the new programs last year, more this year.

### Research Question Three

The final research question sought to determine how non-profit Canadian performing arts organizations are measuring the effectiveness of revenue management strategies and what factors are affecting performance. This section of interview questions pertained to measuring the
effectiveness of the revenue management strategies being employed in the non-profit performing arts organization. The final section asked respondents to describe how revenues were affected in relation to revenue management strategies. Finally, respondents were asked to comment on any other factors that affect revenues aside from the revenue management strategies being employed.

Respondents were asked to describe factors considered when measuring the effectiveness of each of the revenue management strategies employed by a non-profit performing arts organization. This question aimed at determining the evidence-based approach being applied by industry and also where priorities are placed in terms of measurements of success. Surveying of patrons, tracking of promotional codes, and single ticket sales revenue were among the most common responses, with six of 17 indicating these factors are considered when measuring the effectiveness of a revenue management strategy. Subscription sales were the next most common response with five of 17 respondents considering this a measure of success. Online ticket sales, and customer complaints were indicated as factors by two of the 17 respondents. The average price paid per ticket and the average discount reductions were both indicated once by respondents as factors in measuring the effectiveness of the participant’s revenue management strategy. Figure 10 illustrates the responses to this question with measurements categorized by themes:
Figure 10: How do you measure the effectiveness of each of the revenue management strategies you are employing (factors considered)?

The largest single source of funding and the funding which performing arts organizations have the most control over is self-generated revenues stemming from ticket sales, concessions, and other business oriented activities (The Canadian Encyclopedia, 2012). Respondents in this study were asked to explain how revenues were affected in relation to the revenue management strategy employed.

Six of the 17 participants in this study did not provide a response to this question. The two main reasons indicated were a lack of access to substantive data or an inability to share this information due to factors of confidentiality. Of those respondents who did respond, three of 17 respondents indicated that subscription growth and overall ticket revenues were the main indicators of how the revenue management strategies were performing. Other respondents indicated that budget targets, and sales pacing were indicators of performance. One respondent indicated that the organization was pursuing professional consulting support from an organization like TRG Arts Marketing. Another respondent indicated no clear measureable was
available to measure how revenues were affected as they are “always implementing something new” and found it hard to pin point the performance of distinct strategy. Table 4 illustrates the results of this question with responses categorized by themes:

Table 4: How did you see revenues affected (in relation to revenue management strategies employed)?

<table>
<thead>
<tr>
<th>Theme</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription Growth</td>
<td>Subscription numbers 10-12% revenue growth annually</td>
</tr>
<tr>
<td>(3 Respondents)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased revenues significantly – safely say that subscription and single</td>
</tr>
<tr>
<td></td>
<td>ticket revenue increased by 50% since making this change (implementing</td>
</tr>
<tr>
<td></td>
<td>revenue management strategies)</td>
</tr>
<tr>
<td></td>
<td>Subscription renewals higher in revenues but flat in numbers</td>
</tr>
<tr>
<td>Overall Ticket Revenues</td>
<td>If demand was there, saw an increase in ticket sales per show</td>
</tr>
<tr>
<td>(3 Respondents)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Last year we lost some in the change (revenue management policy change).</td>
</tr>
<tr>
<td></td>
<td>Had to decide if going to keep moving forward or not with revenue</td>
</tr>
<tr>
<td></td>
<td>management strategy.</td>
</tr>
<tr>
<td></td>
<td>Positive but very negligible effect</td>
</tr>
<tr>
<td>Budget Targets</td>
<td>Surpassed budget targets for the season (directly related to demand based</td>
</tr>
<tr>
<td>(1 Respondent)</td>
<td>pricing)</td>
</tr>
<tr>
<td>Sales Pacing</td>
<td>Year over year pacing ahead in terms of revenues at beginning of season.</td>
</tr>
<tr>
<td>(1 Respondent)</td>
<td></td>
</tr>
<tr>
<td>Pursuing Professional</td>
<td>Positively…so good in fact that tinkered as far as we can. …looked into</td>
</tr>
<tr>
<td>Consulting Support</td>
<td>TRG Arts Marketing</td>
</tr>
<tr>
<td>(1 Respondent)</td>
<td></td>
</tr>
<tr>
<td>Undetermined</td>
<td>Always implemented something new…. So hard to pin point cause and</td>
</tr>
<tr>
<td>(1 Respondent)</td>
<td>effect</td>
</tr>
<tr>
<td>No Response</td>
<td>No Response x 6 respondents indicated no response to this question</td>
</tr>
<tr>
<td>(6 Respondents)</td>
<td></td>
</tr>
</tbody>
</table>

As revenue management strategies are only one factor that affects a patron’s purchase behaviour, respondents were asked to list other factors that impact the level of revenues from ticket sales. Respondents in this study were quick to indicate that the actual product of performing arts programming is the most important factor affecting the financial success or failure of an individual production. When asked what factors affect revenue management outside of how revenue management strategies are implemented, 14 of 17 respondents indicated quality of programming which drives demand as a factor. The next most common response was competition with six respondents indicating other entertainment offerings are a factor affecting revenues. Five respondents indicated that the general economic climate affected revenues.
Three respondents indicated that the weather affected revenues and two of the 17 respondents cited tourism visitation as a factor affecting the organization’s revenues. The time of the actual performance, the ticket sales period, on sale lead time prior to the performance, and the quality of other services like food service or customers service were all mentioned once in responses as factors affecting revenues. Four participants indicated no response to this question. Figure 9 illustrates what other factors were believed to affect revenues other than how a non-profit performing arts organization implements revenue management strategies.

Figure 11: What factors affect revenue in the theatre(s) outside of how you implement revenue management strategies?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Programming (Drives Demand)</td>
<td>14</td>
</tr>
<tr>
<td>Competition</td>
<td>6</td>
</tr>
<tr>
<td>General Economic Climate</td>
<td>5</td>
</tr>
<tr>
<td>No Response</td>
<td>4</td>
</tr>
<tr>
<td>Weather</td>
<td>3</td>
</tr>
<tr>
<td>Tourism Visitation</td>
<td>2</td>
</tr>
<tr>
<td>Time of the Performance (Day of Week)</td>
<td>1</td>
</tr>
<tr>
<td>Sales Period/Sales Lead Time</td>
<td>1</td>
</tr>
<tr>
<td>Quality of other Services (Food, Customer Service)</td>
<td>1</td>
</tr>
</tbody>
</table>

Conclusion

Three research questions guided the design, analysis, and findings of this study. Chapter 4 presented a general profile of the study participants including the data analysis from the Expert Interview Questionnaire. The results focused on the revenue management practices being employed by non-profit performing arts organizations in Canada as well as the implementation
and communication tools used internally and externally. The measurements of effectiveness and other factors affecting success were also presented with the results. Chapter 5 focuses on the interpretation of the findings for the stated research questions and highlights the conclusions, implications, and significance of the study to stakeholders. Chapter 5 will also propose the limitations of the study and recommendations for further research.
CHAPTER 5: CONCLUSION

A lack of information about the revenue management strategies being employed by non-profit performing arts organizations was the starting point for this research. As a result, the findings from interviews conducted at a particular point in time with a relatively small sample group were presented. The results provided several interesting insights against the research questions used to design this study which was focused on the revenue management practices of Canada’s non-profit performing arts sector.

Summary of Study Findings

The first research question aimed to determine what revenue management strategies are being employed by non-profit performing arts organizations in Canada. All respondents indicated that some type of revenue management strategy was employed. The findings allowed the researcher to conclude that participating organizations generally employed multiple revenue management strategies. Moreover, dynamic pricing was a common practice among the respondents in the study. This strategy was deemed controversial for use by non-profit performing arts organizations as described in the literature review in Chapter 2. Interestingly, the practice of dynamic pricing was determined to be employed by the majority of the sample group in this study.

The revenue management strategies described by the respondents touched on all of Baker’s three dimensions of revenue management (Increasing vs. decreasing pricing, static vs. dynamic pricing, and underlying vs. explicit pricing) however some were more dominant than others (Baker, 2009). Increasing versus decreasing pricing was the most common dimension correlating with the definitions of targeted discounting, group discounting, timed discounting, and subscription programs as described by the respondents. Dynamic pricing was listed by the
respondents as a revenue management strategy where as an underlying pricing approach was not a commonly identified strategy by the sample group.

Only two respondents indicated underlying pricing was a part of their organization’s revenue management strategies. As described in Chapter 2 by Larson (2009), dynamic pricing has a direct connection with underlying pricing. Larson explained that patrons become frustrated by dynamic pricing because it encourages performing arts organizations to avoid explicitly publishing prices in promotional material. The findings in the literature were quite note-worthy, as the use of dynamic pricing was identified as a revenue management strategy used by many respondents in the study; however underlying pricing was a less common strategy referenced by the sample group.

The second research question focused on the communication of revenue management strategies externally and internally. The respondents in this group actively monitored revenue for various performing arts productions indicating daily or weekly reviews and team meetings were used most often when monitoring ticket sale revenues. Interestingly, less than a third of the respondents receive automatic notifications from an electronic ticketing system. This may have been a symptom of a lack of technology available to the respondents or possibly a lack of interest in using such technology.

In reviewing the advice provided by respondents regarding implementation of revenue management practices, it was helpful to learn that the majority of the respondents in this study recommended focusing on existing customers (See Table 3). As described by Weinstein (2002) “conventional wisdom suggests, it costs at least five times more to get a new customer than to
keep an existing one”. Although not explicit in the study findings, it was expected that respondents may have put a focus on identifying new customers.

The final research question focused on how non-profit Canadian performing arts organizations measured the effectiveness of revenue management strategies. The most interesting observation was the lack of quantifiable evidence that respondents would provide. When asked how respondents saw revenues affected in relations to the revenue management strategies employed, few respondents would provide definitive figures. The General Manager or Executive Director, the most senior administrator in the organization, was the respondent in the majority of the interviews conducted; however respondents surprisingly were not forthcoming with information related to the organization’s finances. This may have been related to confidentiality considerations or the inability to assign revenue growth to a specific revenue management strategy.

**Research Implications**

This research is helpful primarily for stakeholders of the non-profit performing arts sector. Academics looking to design future research related to this topic may also find the study helpful. From a practitioner perspective this research provides insights for the non-profit performing arts administrators, industry associations, arts marketing consultants, and funding partners such as government.

Non-profit performing arts administrators would be considered the primary beneficiary of this research as it may help provide an understanding of how other administrators across the country are approaching revenue management. Administrators may want to consider the strategies listed and described in this study and the methods of implementation and monitoring of these revenue management strategies. Administrators may also want to compare the identified
team members involved in the revenue management monitoring process in this study. The communication tools listed in this study may be of consideration for arts administrators looking for options beyond traditional marketing channels.

This study provides some insights that may be helpful to performing arts industry associations in Canada. Industry associations are often involved in research, training and promoting the sector and may consider using this study as a guide to pursue further research. This study, as well as additional research, may formulate the need for further training related to revenue management practices in the non-profit performing arts sector in Canada.

Arts marketing consultants who assist the industry in designing programs that grow revenues may find this study helpful. This study may direct the focus of these practitioners in developing new client service programs and bringing further value to future clients. Only five of the 17 organizations involved in this study voluntarily acknowledged working with an arts marketing consultant. Three of the non-profit performing arts organizations involved in the study indicated they are pursuing arts marketing consulting services. This suggests an interest in these types of professional services among respondents.

Finally, government funders contribute to the operating revenues of non-profit performing arts organizations. This study provides government agencies with a better understanding of some of the revenue management strategies being employed by organizations in Canada. The findings of this study list other factors outside of revenue management strategies that impact the financial success of the organization. This information is helpful to remind funding partners of the importance placed on quality programming by respondents. This quality programming drives demand for ticket sales according to respondents. Other factors referenced
include local competition, and the general economic climate, both of which may be helpful to public funders.

**Future Research**

Given the relatively small sample group in this study, the findings may be useful in designing a more expansive research initiative. These findings may be helpful to provide information needed in the design of a quantitative survey (Mora, 2010). There may be an opportunity for further research that includes the broader representation of non-profit Canadian performing arts organizations. This additional research could uncover additional revenue management practices. Another area of research may go into more depth by exploring the specific revenue management practices of non-profit performing arts organizations. The further research may analyze the processes and communication methods, and measurements of success being utilized across the broader non-profit performing arts sector.

As patrons are impacted by the revenue management practices employed by the performing arts sector, further research may be helpful to understand the consumer’s perspective on these practices. The findings from research question number two indicated that positive and negative responses to revenue management practices were experiences by participant organizations. A consumer survey related to customer’s attitudes and behaviors around revenue management and in particular demand based pricing may be helpful to the performing arts sector.

Finally, this study deals with non-profit performing arts organizations who are members of PACT. Respondents were required to be non-profit entities prior to participating however for-profit theatres may have some helpful insights relating to revenue management practices. Research comparing the revenue management practices of non-profit versus for-profit
performing arts organizations may be helpful as both operate within the same markets and compete for the same market share.

Conclusion

The performing arts industry is an important part of Canada’s cultural fabric and a significant economic driver and contributor to Canada’s GDP (Canada Council, 2012). As a former arts administrator, the researcher was interested in a pursuing a topic that had a direct impact on the financial health of the performing arts industry in Canada. Additionally, the researcher had an interest in gaining a deeper insight into how structured non-profit performing arts organizations across the country were applying revenue management strategies.

Having applied many of these strategies in a previous role as Chief Marketing Officer at the Confederation Centre of the Arts, the researcher described the various revenue management strategies as familiar. However, the level of adoption of revenue management strategies by the sample group was unexpected in terms of the non-profit performing arts industries approach to self-generated revenues from ticket sales. The challenge for researchers and the performing arts industry may still be determining the most effective revenue management strategies from an evidence based approach as financials were not easily acquired from industry.

In conclusion, almost half of performing arts organization’s operations are reliant on self-earned revenues. This considered, a great deal of importance needs to be placed on the quality of programming that drives demand for a particular performing arts production. The revenue management strategies available to practitioners will not be effective if there is no demand for the product. With programming in place that yields high demand, the opportunity to fully benefit from a strong revenue management strategy is enhanced.
Works Cited


Appendix A – Telephone Script Requesting Interview Participation
(Sent to General Manager/Executive Director)

Hello....:

My name is Penny Walsh McGuire and as indicated in my email and in the participant consent form, I’m an Executive MBA student from the University of Prince Edward Island. As part of my Executive MBA, I am conducting research under the supervision of Dr. Susan Graham from UPEI’s School of Business Administration. The purpose of this study is to identify the best practices and strategies for revenue management being implemented by performing arts organizations in Canada.

Your participation is greatly appreciated. The interview will take approximately 20 minutes. You have been contacted to participate in this study as an employee of a Canadian performing arts organization who operates a theatre with seating of more than 400 seats. All information obtained in this study will be held in a way that ensures the anonymity of the respondents within the limits of the law. My supervisor, Professor Susan Graham, and I will be the only persons with access to the data including your identity. All interview participants will be randomly assigned a code and all audio, electronic and paper files will be coded only with the code. Retrieval of such files will be done using the code. To further protect individuals’ identities, this consent form will be sealed in an envelope and stored separately. All efforts will be undertaken to ensure the anonymity of respondents.

The study results will be used to form my Executive MBA Signature project and the final project will be submitted to the University of Prince Edward Island’s MBA Library.

I would like to remind you that your participation is completely voluntary. You may withdraw from this study at any time and you have the freedom to decline to answer any question.

The most appropriate individual to participate in this interview would be the individual who is familiar with and responsible for implementing and evaluating revenue management strategies in your theatre. Would you be the most appropriate person to complete the interview or is there someone else within your organization that would be more appropriate for the nature of this study?

Next Step:
1. General Manager Declines – Discontinue

2. General Manager agrees to theatre participation and confirms they are most appropriate to personally conduct interview with. Forward participant consent form and set up phone interview.

3. General Manager agrees to theatre participating but suggests a more appropriate individual to conduct the interview – provides name, title and contact information. Follow up with participant consent form and await response to set up phone interview.
Appendix B: Participant Consent Form – Email

Dear Mr/Ms:

I am a graduate student in the Executive Masters of Business Administration in the School of Business at the University of Prince Edward Island. As part of my Executive MBA, I am conducting research under the supervision of Dr. Susan Graham from UPEI’s School of Business. The purpose of this study is to identify the best practices and strategies for revenue management being implemented by performing arts organizations in Canada. This is an invitation to participate in the study through a follow up phone interview. Your organization was chosen randomly from theatres across Canada who are members of the Professional Association of Canadian Theatres, and who operate a theatre that holds more than 400 seats.

Specifically, this will include reviews of how Canadian Performing Arts organizations are increasing and decreasing pricing based on demand, pricing statically or dynamically, as well as how apparent pricing is in their consumer communication (underlying or explicit pricing). I will look at a comparison between for profit and not-for profit theatres and the difference between their approach to revenue management if any. Finally, this study will discuss how Canadian performing arts organizations are measuring the effectiveness of their revenue management initiatives. The purpose of this paper is to provide a better understanding of how Canadian Performing arts organizations are using revenue management to improve their financial success.

Your participation in this study would be appreciated. The study will consist of 10-15 telephone interviews with performing arts professionals. The telephone interview will be recorded to aid in the accurate collection of study data. Each interview will take approximately 20 minutes. Your participation is completely voluntary. You may withdraw from this study at any time or have the freedom not to answer any question.

All information obtained in this study will be held in a way that ensures the anonymity of the respondents within the limits of the law. My supervisor, Professor Susan Graham, and I will be the only persons with access to the data including your identity. All interview participants will be randomly assigned a code and all audio, electronic and paper files will be coded only with the code. Retrieval of such files will be done using the code. To further protect individuals’ identities, this consent form will be sealed in an envelope and stored separately. All efforts will be undertaken to ensure the anonymity of respondents.

If you have any question, please contact Penny Walsh McGuire at (902) 367-6769 or email pwalsh@upei.ca.

This research is approved under the authority of the University of Prince Edward Island’s Research Ethics Board. If you have any concerns about the ethics of the study, you understand that you can contact the UPEI Research Ethics board at (902) 566-0637.

By signing this consent form, you are indicating that you fully understand the above information, including audio taping of the interview and agree to participate in this study. You are, also, providing permission to use quotes, with no reference to your name (unless otherwise agreed to), from the interview.

Participant Signature: _________________________          Date: ___________________________

PLEASE FAX COMPLETED AND SIGNED PARTICIPANT CONSENT FORM TO 902-628-9173 OR SCAN AND EMAIL TO plwalsh@upei.ca

Please keep one copy of this form for your own records.

Participant Request for Final Report:

Yes, Please____________ No, Thank you____________
Appendix C– Expert Interview Questionnaire
Province:

1. Name of Theatre
2. Name of Respondent
3. What is your title at ABC Theatre
4. Is ABC theatre a non-profit organization?
5. What is the maximum seating in your theatre?
6. How many different productions does your theatre present annually?
7. Are you currently implementing any revenue management strategies in your theatre?
8. If so what types of revenue management strategies does your theatre employ?
9. What processes do you use to monitor revenue in the theatre(s) for various productions?
10. What team members are involved in your revenue management monitoring process?
11. How do you communicate revenue management strategies externally (to the customer/members)?
12. What advice would you provide to a performing arts organization employing a revenue management model for the first time?
13. How do measure the effectiveness of each of the revenue management strategies you are employing? (Factors you consider)?
14. What factors affect revenue in the theatre(s) outside of how you implement revenue management strategies
Appendix D – Participant Telephone Script Introduction

Hello:

My name is Penny Walsh McGuire and as indicated in my email and in the participant consent form, I’m an Executive MBA student from the University of Prince Edward Island. As part of my Executive MBA, I am conducting research under the supervision of Dr. Susan Graham from UPEI’s School of Business. The purpose of this study is to identify the best practices and strategies for revenue management being implemented by performing arts organizations in Canada.

Your participation is greatly appreciated. The interview will take approximately 20 minutes. I would like to remind you that your participation is completely voluntary. You may withdraw from this study at any time or have the freedom to decline to answer any question. With your consent I will place the phone on hand free mode and start recording the interview for the purposes of the study.
Appendix E: Participant Telephone Script Conclusion

I want to take this opportunity to thank you for your participation in this study. And I want to remind you that all information provided by you and all other study participants will be held in a way that ensures the anonymity of you the respondents. At no time will any information that may identify you or your organization be shared with any party nor will such information be included in the study report. All information provided through this interview will be kept securely for a period of three years and then destroyed. If at any time you have questions or concerns about this study you are welcome to contact me at 902-367-6769 or plwalsh@upei.ca or my faculty supervisor Dr. Susan Graham at 902-620-5143 or scgraham@upei.ca. If you would like a copy of the final report, you can let me know now or you may contact me at any time in the future. The report is expected to be completed by the end of 2012. Once again, thank you for participating in this study. It is my sincerest hope that the study results will be helpful to performing arts organization across the country.