

The Philadelphia Orchestra – Pricing Study

The Situation

The Philadelphia Orchestra has distinguished itself as one of the leading orchestras in the world through over a century of acclaimed performances. The Philadelphia Orchestra annually touches the lives of more than one million music lovers worldwide through its performances. The Orchestra's home subscription concerts are performed at the 2,500-seat Verizon Hall, which has been the Orchestra's home since 2002.

The Orchestra has a large subscription base and renewal rates that are above industry standards. Subscription income is relied upon to bring in a substantial percentage of non-contributed revenue. In recent seasons subscribers have started to lapse and have reacted negatively to additional service fees.

The superior acoustics and sight lines in the Verizon Hall make most every seat a good one. This can cause spare capacity in the orchestra, and give subscribers the opportunity to fill more of the lower-priced seats.

Action

The Pricing Institute recommended the following actions:

- Try to keep prices in pace with inflation
- Maximize income from a small number of popular performances by utilizing all available inventory, selling more tickets at full price, and offering premium prices where possible
- Optimize the volume of sales for less popular performances, particularly in the orchestra
- Use Pricing Institute data mining results to anticipate and avert undesired customer behavior such as no-shows and lapsed subscriptions
- Encourage subscribers to purchase add-on tickets by eliminating service charges
- Introduce dynamic seating plans for single ticket purchases
- Make messaging fair and clear to the subscriber (i.e., no "hidden" fees)

Client Quote

"We really benefitted from our relationship with The Pricing Institute. We have never worked with a team that was so deep into the details, yet came up with creative, intelligent, broad-ranging recommendations. Their income models helped us enormously as we considered our pricing strategy for the upcoming season." Ed Cambron, Vice President, Marketing and Public Relations