"TWO ARE BETTER THAN ONE": AN EXAMINATION OF WTP FOR SINGLE AND COUPLE THEATRE VISITORS

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EMAC - 2018, Glasgow
BRIEF OVERVIEW

1. Research Motivation
2. Theoretical Background
3. Data
4. Research Methodology
5. Findings
6. Practical Implications

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Growing number of search queries for ‘perm opera and ballet’ etc. for last // Google Trends
RESEARCH MOTIVATION

Totally new internationally accepted performance strategy and repertoire design // Snob picture

Growing number of search queries for ‘perm opera and ballet’ etc. for last // Google Trends

Rebranding, multichannel sales, social media marketing
ACADEMIC COOPERATION INITIATIVE

Main publications

Demand estimation:


Segmentation:

RESEARCH MOTIVATION

The theatre may target people with lower willingness-to-pay (WTP) with special offers to maximize attendance, while to generate the incremental revenue, it should consider the demand of those with higher willingness-to-pay (Hansmann, 1981).

Purpose of this research

Analyze the WTP of two segments – single, or individual, and couple, or companion, visitors as far as none of the previous research in the field used this perspective. We argue, that this type of segmentation applied to the theatre audience gives the further opportunity for various pricing and communication strategies.
THEORETICAL BACKGROUND

Performing arts demand determinants (Seaman, 2006; Baldin and Bille, 2017)

Theatre - related:
• type of play
• quality indicators
• price and price of substitutes
• performance awards

Spectator - related:
• availability of time
• socio-economic variables of the individual
THEORETICAL BACKGROUND

Joint (companion) consumption in retail

- positive effect on actual purchases at the shopping mall (Sommers, 1992; Kurt et al., 2011);

- increase variety seeking (Ariely and Levav, 2000; Rather and Kahn, 2002; Quester and Stayer, 2010);

- may be considered as a source of hedonic value during the shopping process (Arnold and Reynolds, 2003; Mora and Gonzalez, 2016).
THEORETICAL BACKGROUND

Shared social experience as the motivator in arts consumption

- consumers tend to seek shared and social experience (Pulh et al., 2008);

- participation of the other members of the household drives the demand for performing arts positively (Ateca – Amestoy, 2008);

- social motives of theatregoers stretch beyond the cultural purposes and refer to the broader aims (de Rooij and Bastiaansen, 2017)
For each ticket we observe
• order id (with the number of tickets),
• performance characteristics,
• seat and seating area,
• price,
• time of transaction.
Total number of observations - 10 654 orders including 3 396 orders with one ticket (32%) and 7 258 orders with two tickets (68%).
We split our sample into two subsamples - 1ti and 2ti purchases and for each subsample we model the process of seating area choice - based on the information at what time exactly the order was purchased, we identify the seats, available at the moment of purchase.

\[ U_{ijk}^n = V_{ijk}^n + \varepsilon_{ijk}^n \]

\[ V_{ijk}^n = B^n X_{ijk}^n \]

Variables of our research focus – price, seating area dummies, performance type (opera/ballet), performance prestige (measured with the number of nominations for the national theater award);

Control variables – occupancy of the setting area, time of purchase, weekday and time of the performance, seasonality and expensiveness.
FINDINGS

Statistically significant difference in WTP between 1ti and 2ti across the ticket purchase process (**Significantly different from zero, p<.01)
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**FINDINGS**

Statistically significant difference in WTP between 1ti and 2ti for ballets and award nominees (**Significantly different from zero, p<.01**)

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<tr>
<th>Performance type</th>
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<td>2 ti</td>
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<td>National award nominee</td>
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<tr>
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<td>-0.11**</td>
<td>-0.05</td>
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</table>
MANAGERIAL IMPLICATIONS

Pricing policy

• More precise price discrimination solutions - price variation across different performances and seating areas.
• Couples are less sensitive to the seating area quality - upselling and / or cross-selling decisions.

Promotion decisions

• Special offers for couples or/ and singles depending on the expected attendance.
• More precise targeting - lower quality seats with the price discount according to the WTP variance.
• Co-promotion with other pint consumption services.
Questions and comments are welcome

Group for Applies Market and Enterprise Analysis (GAMES)