

## Ticket Prices

*Too often, newcomers to the air show community are forced to repeat the mistakes and learn the lessons of the hundreds who have faced and solved the same challenges before.*

*In this quarterly column, veteran ICAS members will provide insight, input, tips and tactics to help newcomers learn from the experiences of others. We'll cover a different topic in each issue with the goal of creating a summary of opinions and perspectives on a wide range of key air show management and operations topics.*

*In this issue, we'll discuss issues related to air show ticket prices.*

**T**icket pricing is likely the most volatile issue in the air show business today. In response to developments outside the industry and decades of underpricing, air show event organizers are challenging their own assumptions and perspectives, adopting and adapting tactics and strategies from other industries, and reaping the rewards with increased ticket revenue at a time when it is much needed.

Everybody we talked to went out of their way – in a couple of cases, multiple times -- to emphasize that ticket prices don't exist in a vacuum and should always be assessed along with many other variables: the community in which they are held, other live events in that community, the relative quality of the air show itself, and more. Talking about air show ticket prices without also talking about those influencing factors is like talking about restaurant prices as though a take-out pizza joint and a three-star Michelin restaurant can be graded on the same scale.



Based on the most recent industry-wide survey conducted by ICAS, the average ticket price for air shows in the U.S. is right around \$26. Again, ticket prices are directly related to the event itself, the market in which they are held, the entertainment product that is offered to the public and a dozen other variables. Nonetheless, an average ticket price of \$26 is low.

And experts agree that the low national average is the result of some combination of the following reasons:

- concern about pushback from customers;
- an inability to objectively assess the value of the show;
- too much emotion related to ticket pricing;
- failure to do a comparison of ticket prices to other once-a-year live events (NASCAR, NHRA, Cirque du Soleil, rock concerts, etc.); and
- over-valuing the importance of

making the event affordable and under-valuing the need to create enough revenue to make the air show sustainable over the long term.

Not every air show is underpriced. There are shows that are overpriced at \$20 and other shows that are underpriced at \$50. But, if you calculate your “cost per spectator,” as an example, at \$39 and you charge \$25 to attend your event, you’ve got a problem... a problem that is far too common in the air show community.

### Doing it Right Can Be Difficult

Large segments of our industry are understaffed, inadequately funded and under constant and considerable pressure to conduct a safe and successful two-day show on a particular weekend once a year. Many shows have the need for a full-time staff, but not the resources to pay for one. As an industry, despite these handicaps, we perform minor miracles nearly every weekend between late March and early November.

In that environment, introducing significant change can be difficult and even a bit intimidating. The prospect of tinkering with something as fundamental as ticket prices can seem like more change and uncertainty than an air show is willing to take on.

But, with thoughtful analysis and strategic thinking, a ticket price increase can fundamentally change the financial outlook for a show and introduce meaningful additional resources to the event. Moreover, the experiences of many other shows indicate that – despite the inevitable protestations of a vocal minority – our audiences are more tolerant of price increases than we expect them to be.

## Raising Prices

There are two widely used methods for setting ticket prices to accurately reflect their value. The first is “cost plus,” a method that involves figuring out the total cost of the show (including all direct and indirect costs) and then building in a margin that includes a profit and a set-aside for unanticipated contingencies (rain, pandemic, accident, etc.). With the total cost of the show and a projection of how many spectators are likely to buy tickets, setting the ticket price becomes straightforward arithmetic.

The second is a combination of “what the market will bear” and a comparative assessment of the entertainment value of the air show. What do similar events in that market charge for tickets? How often do they take place? How does the entertainment product offered at those events compare to that offered at the air show? It’s helpful to look at sporting events and other live entertainment within a 50-100 mile to conduct your analysis.

As an example, the average ticket price for a AAA minor league baseball game is \$9.50. Those teams host 75 home games each

season. The average ticket price for a feature-length film is now \$11, but the movie plays three times a day per screen for seven days a week until people stop coming to see it. Theme park tickets now average over \$100 and they’re typically open seven days a week for 5-6 months. In most communities that have them, the air show comes to town for just two days each year. All of that has a bearing on how to set your air show ticket price.

Many air shows that have delayed an increase in ticket prices have done so because they don’t believe that their customers would tolerate a sharp increase. There are event organizers with \$15 tickets who have done the math and determined that the price should be raised to \$30, but they believe that an increase of that size would create a backlash and sharp decrease in ticket sales.

Are they right? Almost certainly not. Most shows that have implemented a thoughtful ticket price increase have found that their customers understand that quality



*Credit Mark E Loper*

entertainment costs money. Many have found that they actually sell more tickets after a price increase. A few have found that overall ticket sales decreased slightly, but ticket revenue increased even with fewer tickets sold. Only one show that we have been able to identify increased its ticket prices and made less money the following year.

ICAS members who have been through the process of orchestrating a ticket price increase have suggestions. A show might offer a lower price early in the ticket selling process and then increase it as the dates of the show get closer. Or a show might conduct a limited experiment with a particular kind of ticket (night show, family-pack, VIP) to test



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the idea and then institute a price increase more widely if the experiment succeeds.

Another option is to implement a “kids under eight get in free” policy in conjunction with the adult ticket price increase to help mitigate the impact on young families. Or implement a small increase across all ticket types to see what kind of reaction it gets.

One other tried and true method of introducing a significant price increase: Provide advanced notice that ticket prices will increase. Offer last year’s price for a limited time with early warning that they can only avoid the price increase by buying early.

One show in the Midwest began with a ticket price of \$20 several years ago and increased it by \$5 each year until they saw a significant drop in attendance...the market’s way of saying, “That’s too much.” They’re at \$45 now with no drop in attendance yet. That’s partly because, each year, they reinvest much of the revenue they make on the price increase back into the show, with more acts, rare and unusual aircraft and a significantly improved entertainment experience for their audience.

The most important tip when considering a price increase is not to hesitate contacting other air shows to learn about their experiences. This is a particularly good wheel not to re-invent. The shows that have already

been through the process have helpful insight, practical experience and a lot of details that they’re willing to share.

## VIP Seating

One area that has received much more attention recently is VIP seating. Not so long ago, VIP amenities were reserved almost exclusively for sponsors and guests of companies that purchased an air show chalet. But many event organizers in our business have discovered that there are ticket-buying customers who want that kind of high-end, exclusive air show experience and are willing to pay for it.

As one event organizer said, “The general admission experience (unreserved and lugging chairs with you) is not something that any attendee is really seeking. It’s like the ‘middle seat’ on an airliner; you do it just to be on the plane. Upgrade options are all about identifying those who are willing to spend more to not be in the middle seat.”

Typically, shows offer three or four options, ranging from a simple separate seating area with no food or drink to super-exclusive, fully-catered, open bar VVIP options with prices ranging as high as \$400 or more. For the shows that offer these high-end options, the additional revenue has helped to reshape their definition of and expectations from ticket sales. The profit from a “per ticket” VIP chalet with capacity for 500 customers and a price tag of \$300 per person might generate more profit than the sale of several thousand general admission tickets going for \$25 each. Nearly every air show that has introduced \$200-\$300 VIP ticket options has been shocked by how many people are willing to pay the upcharge for a more comfortable air show experience.

Although the success of these “pay per ticket” VIP chalets would come as no surprise to the owners of professional sports teams where VIP suites have been an important part of the revenue equation for many years, the concept is still relatively new to the air show community. But, whether you run a civilian or military show, the sustainability of this new revenue stream requires that you “deliver the goods” with a guest experience that justifies the high price of admission. It should go without saying, but if your VIP tickets don’t come with a corresponding increase in the “guest experience” quotient, your customers won’t come back and will spread the word that the upgrade isn’t worth the additional money.



Credit Kevin Hong



## Dynamic Pricing

The newest discussion point on air show ticket sales is “dynamic” or “tiered” pricing, a system already in widespread use with airlines and professional sports teams.

The object of dynamic pricing is to incentivize early purchase decisions. Customers and prospective customers are told that ticket prices will increase on either a date certain or when the number of tickets offered at that price point are sold out...whichever comes first. This encourages people to make their plans early and buy sooner than they otherwise would. One air show that uses this model called it the best rain insurance policy in the air show business because the early purchases mitigate the impact of poor weather over the air show weekend.

The shows that use this model tell us that, before long, every show in the country will be using it.

“We wouldn’t do it any other way,” said one event organizer. “We’ve gained spectator loyalty. Our attendees appreciate the savings we offer. And it doesn’t take long to train your fan base to buy early...to get the seat AND the savings they want.” In fact, ICAS is using

dynamic pricing this year for convention registration and we’re finding that it works as advertised.

But effective implementation of a dynamic pricing model requires a thoughtful, year-long marketing plan and consistent, competent execution of that plan. The benefits are considerable, but it’s not a model that can be administered casually or haphazardly.

*For a more detailed explanation and discussion on dynamic pricing in the air show environment, please read the article that begins on page 60 of this issue of Air Shows Magazine.*

## Bottom Line

Should every show that sells tickets increase their prices? That depends on many variables, including the show, its location, the current price, the cost of tickets to other live events in that community, and other considerations.

But simply raising ticket prices should not be seen as a miracle cure that can be blindly implemented to rescue a struggling show. A thoughtful decision to raise prices is nearly always the product of analysis, research

and soul searching by the show’s leadership team.

Because, inevitably, any discussion about ticket prices becomes a conversation about the quality of the event. Big or small, military or civilian, the most successful shows are continuously asking themselves, “What can we do better?” If those changes and improvements require additional funding, it often makes sense to increase fees to produce and present a better product. The short-term benefit is increased revenue; the long-term impact is a more sustainable show that is continuously improving and more attractive to spectators and prospective spectators. ✈️

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