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Pricing lessons from the events industry

Fill every seat at the right price

Practical lessons from event organisers

An event's popularity is shaped by a range of factors that cannot be predicted. An artist's popularity, a sports team's success, the weather or competing events can affect ticket sales in unexpected ways.

Yet the price is most often decided right then, months before the event, and it holds regardless of what happens afterwards. If the event turns out to be more popular than expected, the tickets are sold too cheaply. If demand stays weaker than expected, the price is too high and the stands do not fill. In both cases revenue is lost.

This guide brings together what we have learned from working with the organisers of sports events, concerts and other live events. An event that sells out quickly can feel like a success, but most often it means the tickets were priced too low. The best result comes when the event is sold nearly full at the best possible price, not when the tickets vanish in a few minutes.

The key points

- You usually cannot know how popular an event will be when tickets go on sale. Yet the price is decided right then and often holds to the end.
- If the event turns out more popular than expected, the tickets were sold too cheaply. If demand stays weak, the stands are left half empty.
- Every seat within the same event has its own demand. Sections, stands and showtimes differ from one another sharply.
- Purchases fall at different times for different events. In sports, much happens at the last minute; in theatre and concerts, often over a longer period.
- A fair price cap protects the brand. The goal is not the highest possible price, but the right price within the limits that have been set.
- The best result is a nearly full house at the best possible price, not a sell-out in a few minutes.

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A price set in advance can cost you dearly

Most event organisers know there is room to improve in their ticket pricing. Here we go through the most common ways a fixed or pre-set price eats into revenue, often without showing up in any report.

The price is locked in when you know the least

Tickets go on sale months before the event, at a point when there is still no knowledge of its real popularity. Yet the price is decided right then, and it often holds for the entire sales period.

The closer the event comes, the more information about demand accumulates. Tickets sell well or badly, the artist makes the headlines, the weather clears, competing events are confirmed. All of this information is valuable, but a fixed price does not use it for anything. The price stays the same, even though the situation changes daily.

A fast sell-out is a sign of lost revenue

A sold-out event feels like a success, and the headline "sold out in a week" looks good. Most often, though, it means the tickets were priced too low.

If an event sells out immediately, demand would have been enough for a higher price too, and the difference was lost. The best result comes when the event fills nearly full at the best possible price, for example to 90–95 percent occupancy. That is something other than selling all the tickets in a few minutes.

"A sold-out event is not automatically a success. If the tickets vanished in a few minutes, the price was probably too low, and that difference goes straight out of the organiser's pocket."

Thomas Gräsbeck
Business Consultant, Priceff

The same price for every seat leaves money on the table

Within an event there is rarely just one product. A stadium has different sections, an arena different stands, a theatre different showtimes, and their demand varies sharply. A section in a good spot can be sold out at the same time as another gapes empty.

When everything is priced by the same logic, the most popular seats sell too cheaply and the less sought-after ones stay empty. Every product has its own demand curve as the event day approaches, and pricing should follow it.

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What happens when pricing starts to work properly

Every seat within an event has its own demand

Within one and the same event there can be dozens of different seats whose demand differs from one another sharply. At a stadium the best sections are something other than the standing terrace, at an arena the floor tickets differ from the balcony, and at a theatre Saturday evening's performance is an entirely different product from Wednesday's matinee.

When everything is priced by the same logic, the most popular seats sell too cheaply and the less sought-after ones stay empty. The most sought-after section would bring in more, and the quieter stand would fill with a lower price that attracts more of an audience. Priceff's demand-based pricing reads each ticket class's demand separately, so that each of them can be priced correctly on an ongoing basis.

Purchases fall at different times for different events

Not all events' tickets sell at the same pace. In sports, a large share of purchases can come at the very last moment, during the final day or two, when the audience is waiting to see the opponent, the standings or the weather. In theatre and concerts, sales can spread over a much longer period depending on whether it is a premiere, an established name or something in between.

This difference in timing is important, because it tells you when the price should be moved and in which direction. A fixed price treats all events the same regardless of how their sales actually develop. Demand-based pricing adapts to each event's own rhythm.

"In event pricing the brand is part of the equation. The best price is not the highest possible, but the one that fills the house and keeps the audience happy for next time too."

Kim Martesuo
CEO, Priceff

A fair price protects the brand and the relationship with fans

In event pricing there is an important difference from many other industries. The goal is not to squeeze the highest possible price out of every ticket. Even if part of the audience would be ready to pay a very high price, it can damage the artist's or the event's brand and weaken the relationship with fans.

For that reason pricing is often kept within clear limits. The organiser sets a price cap that the price does not exceed, however strong demand may be. This way pricing seeks the best result within a fair price, and a single ticket does not run off to a level that would look bad in the headlines. Demand-based pricing therefore does not mean raising the price as high as possible, but finding the right price within the limits that have been set.

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The opportunities of demand-based pricing in the events industry

Two things are usually expected of demand-based pricing: more revenue from popular events and fuller stands at the quieter ones. Both are realised most of the time, but they are not the whole picture. Here are three things that come up when pricing starts to follow real demand.

A full house is valuable in ways beyond ticket revenue

When the price of a quieter event is lowered, more of an audience turns up. That matters beyond ticket revenue. A full house creates a better atmosphere, comes across better in broadcasts and makes the event more interesting for partners and sponsors. A half-empty house signals the opposite, even if the tickets sold were priced high.

A lower price in a quiet moment is therefore not just a discount. It is a way to build a fuller event that delivers value in several ways at once.

Automation frees up time to build more kinds of tickets and packages

When pricing is handled automatically, the organiser can more boldly build different products: ticket classes, packages, time windows and combinations. Pricing each new product no longer requires separate manual work, because the system finds the right price for each one according to its own demand.

Instead of the number of products being limited by how many prices you have time to manage, the organiser can focus on which products best serve the audience. The daily pricing is handled by the system.

The first movers gain a head start

In the events industry, demand-based pricing is only now becoming common. A large share of events are still priced fixed, and where prices are changed, it is often done by hand, when someone follows sales and adjusts prices now and then. Automatic pricing that reacts to demand continuously is rare.

That also means those who adopt it first can gain a head start before it becomes the industry's established way. Airlines and hotels adopted demand-based pricing decades ago, and today it is a given for them. The events industry is on the same path.

"A full house is more than ticket revenue. It's atmosphere, visibility and the reason the audience and sponsors come back for the next event."

Thomas Gräsbeck
Business Consultant, Priceff

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Implementing Priceff

Demand-based pricing can sound complicated, but in an organiser's day-to-day it shows up surprisingly simply. The way prices come about changes. Everything else stays as before.

The partnership begins with a mapping

What is being priced, how pricing works today and what is being aimed for with it? Do you want to use competitor monitoring and in what way, and in which direction should pricing be steered? We configure the system to support your strategy.

Weeks 1–2

Mapping and configuration
We go through the current pricing, the goals and the historical sales data. The system is configured to match your specific operations. It is often wise to start with one product, gather experience and expand from there.

Weeks 3–4

Test run
The system calculates prices but does not yet take them to sale. We look together at how the prices appear and make the necessary fine-tuning.

Week 4 onwards

Pricing goes live
In the early stage we hold short weekly check-ins, which become less frequent as we learn the setup.

Ongoing development

Once or twice a year we hold a broader workshop, where we go through the results and develop the strategy further.

At the same time we carry out an analysis of the historical data. We go through the organiser's sales data over several years and identify demand patterns: seasons, variation between weekdays, and differences between events and ticket classes. This groundwork ensures that the system understands from the very start what kind of environment it is working in.

The system is up and running in a few weeks

Implementation usually takes two to four weeks. The integration is done alongside the existing ticketing system, either through an interface or a file transfer, and it requires neither replacing the system nor a large IT project.

Before launch, a test run of a few days is carried out, where the system calculates prices but does not yet take them to sale. This gives the chance to see how the prices look in practice and to make the necessary fine-tuning before launch.

"Every customer has their own starting point in their business. Our job is to make sure the system serves your goals specifically."

Kim Martesuo
CEO, Priceff

The system works in the background

Once the system is running, it calculates and updates prices continuously according to demand in real time. Every event and every ticket class is priced separately. The organiser sees the full picture from a view that shows where you stand and why.

The organiser always sets price limits within which the algorithm operates. These limits ensure that pricing stays fair and that a single ticket does not run off to a level that would damage the event's or the artist's brand. Your own demand determines where the price moves within the limits, but the cap always keeps the price reasonable.

In the early stage we hold short weekly check-ins, where we go through the situation, answer questions and suggest changes as needed. Over time the meeting rhythm thins out, as the system finds its balance and the organiser learns to read the data it produces.

Development continues

After the season we hold a broader workshop, where we go through the past events and make the necessary changes for the next. Where did we gain more revenue, where a fuller house, and what can still be improved?

Demand-based pricing is not a one-off project. It is an ongoing process that is refined as data accumulates and the business develops.

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Let's look at your situation together

Every event is different, but the same question comes up almost every time: how much revenue is lost because the price is set in advance and does not react to real demand?

Book 30 minutes in my calendar, and we'll go through your situation and see together what demand-based pricing could bring to your events specifically.

Book a call »