

Alternative Pricing Models, Memberships & Subscriptions



He kai kei
aku ringa

There is
food at
the end
of my
hands

In the Waikato, and across Aotearoa, cost is a clear barrier to accessibility in arts and culture, and this is true for every demographic. It is likely that pricing barriers affect those who are already prejudiced against or marginalised in some way — women, people living with disabilities, those in the rainbow community, people of colour.

The answer is therefore not to make it even tighter for artists/ organisations, or cut costs even more on tight budgets when under-valuing from within the arts community is already something we need to address. What if we were to get really innovative in our thinking around alternative pricing models instead?

Similarly, we know that memberships and subscriptions are steadily declining across Aotearoa, however, Waikato people buck the trend and are keen to financially support our cultural community through these channels — they just may seek different models to what has previously been on offer.

As artists, creatives and those working in community arts spaces, we are well positioned here, as we are experts in innovative thinking and adept at re-thinking structures and ways of doing things.

We just need to apply that approach to the way we think about our work outside of creative activity!

This resource explores various alternative pricing models to break down one of our main attendance barriers, as well as opportunities for harnessing a willingness to support what we do from our community through flexible memberships and subscriptions.

Alternative pricing models

Given that cost is one of the biggest barriers for our audiences, it makes sense to explore innovative ways to address this.

Many alternative models understand that the worth and value of something varies from one person to another, knowledge going back to the first century BC with Publilius Syrus' quote "everything is worth what its purchaser will pay for it". They also acknowledge that the financial cost is relative to the individual – a \$50 ticket varies in its affordability and value depending on the individual. These models seek to provide a platform for the individual audience member and creator to find a middle ground "which feels mutually empowering"¹ and achievable.

¹ <https://clairelouisetraverson.medium.com/the-why-and-the-how-sliding-scale-pricing-5-ways-10ddb5c62a9f>

‘Pay what you can’ / ‘choose your price’ model

With this model, the idea is that people who can pay more will, and people for whom cost is an obstacle will gain access because they will pay what they can afford.

The hope is that overall the costs balance out, access barriers have been lessened, and people feel empowered by their payment choice.

Here people have the freedom to literally pay what they can, or what they perceive as the worth/value of the offering. It is not enough to simply offer a ‘pay-what-you-can’ pricing model—you also need to build a narrative around what that actually means and what the audience dollar contributes towards in the nature of that

show. The value of the ticket contributes to lights, sounds, costumes, and the overall experience, but it also enables those who might not be able to afford a standard ticket to have an exciting creative experience—so your value of the ticket can also support someone else in your community as well.

Circa Theatre in Wellington offers a ‘Choose Your Price’ initiative, where you can:

“buy up to four tickets to a specific performance and opt what to pay for them. We encourage you to select a price based on what you can afford. This is a community driven initiative where people with higher incomes can select a relative ticket price that subsidises those who can afford less to pay lower. It means more people are able to experience live theatre, and ensures that the production can still make enough money to cover its costs”

This is offered for a selected night during a show's run, in the case of their *Wednesdays to Come* show (2022), where it was offered on the mid-week Wednesday night.

Note how they discuss and promote the value of the theatre experience and the benefits alongside discussing the offer.

The Aotearoa New Zealand Festival of the Arts first offered a 'Choose Your Price' option for a small selection of its performances in 2022. Amy Dewes, Head of Audience and Partnerships, says:

We believe that access to arts and culture is a fundamental part of a happy life and that the transformational benefits should be available to anyone

Choose Your Price invites audiences to go beyond the cost of a ticket and reflect on the value they place on the arts and its role in our society and lives. It will enable more people to experience arts events regardless of income. It will also enable avid art lovers and those with the means to increase their contribution for the benefit of the public good.

A criticism of this model is that it can be difficult to predict what the total earnings will be, and is therefore risky when budgeting. The Meteor is not a huge fan of these models. In her experience, with the few shows and events that have tried 'pay what you can' models by way of tiered levels of tickets, the cheapest tickets sell out fast, and the top tier struggles to sell.



If this seems like it might be too much of a perceived risk, might you consider experimenting with this for previews of shows, or matinees, or behind the scenes experiences etc, as a way to test your audiences?

Ultimately however, perhaps these new concepts simply need some time for audiences to understand these new approaches, and to understand the role they play in the exchange?

Audience education, promotion, and the narrative around the value and benefits of new and innovative initiatives like this is really important.

‘Pay it forward’

This model is similar to the Pay What You Can model, but has a minimum cost for a ticket/event/offering, and then each audience member can choose to pay a bit more, or people can opt to buy an extra ticket and donate it.

Although tricky/fiddly with the back end system, this is an option that involves slightly less risk due to the minimum ticket cost – helpful with budgeting. A working example of this that audiences may be familiar with is Bandcamp (bandcamp.com). Here music bands and artists can set an album price, but fans can choose to pay more if they’d like to – a way of directly supporting the artist.

This idea could be utilised in other settings, such as a workshop for example, where people could opt in to a ‘scholarship’ system. In this model people who can afford it would pay one for themselves and donate one for someone else. People who can’t afford to attend can register their interest for a ‘scholarship’, and be matched up with a donor. If operating this in a transparent way, people can opt to meet each other in person, and connection and community becomes a secondary yet important benefit.

Circa Theatre also has a Pay it Forward system which it activates with certain productions.

“Now you can ‘play’ it forward! Purchase one ticket to Wednesday to Come for someone who usually cannot afford to go to the theatre and Circa will find it a good home. Book here.”

The Meteor has a sort of similar system built into their online ticketing system, where when purchasing tickets, people are given the option to pay a small additional donation to help with the running costs of The Meteor. Here people are reminded at the checkout that The Meteor is a valuable community venue that relies on funding, and people have the option to donate if it’s within their means – and also building and deepening connection to place.

Manager Deborah Nudds says “our donation button works well, with a good percentage of people adding a donation on top of their ticket price”. She recommends it for other organisations who might be interested in adding something like this.

‘Pay as you stay’

This rather innovative model has been experimented with in museum settings, where audiences pay for the length of time they stay in the venue / experience as they leave it.

The idea flips admission fees into exit fees, with the idea that it would lead to “higher satisfaction, and [that] prices would be perceived as fairer, since visitors determine their price themselves”.²

In the experiment at the Weserburg Museum, their formula was 1 Euro per 10 mins, and because their average length of stay was 90 mins, the maximum charge was 9 Euros – which also matched their regular price (9 Euros). This meant those that stayed 90 mins or more (all day for example), paid the same as they always had. But those who wanted to pop through on a lunch break, or who were briefly visiting and had a full day of sightseeing, or those who had never been and wanted to stick their noses briefly in the door – they had excellent perception of value.

Or at least that is what the feedback told them – the data was positive:

“The number of visits increased by 42% compared to the same four weeks in 2018. Taking the average number of visits between 2014 and 2018, visitation during the “Pay As You Stay” experiment was up 72%. To our surprise, visitors liked the pricing model so much, they said they would come more often if it were applied permanently”³

They knew beforehand that “this effect would have to be offset by an increase in visitation, otherwise the experiment would lose us money”, and so crucially, their marketing and promotion helped prepare audiences with an awareness campaign.

² & ³ <https://www.aam-us.org/2020/07/15/pay-as-you-stay-an-alternative-pricing-model-for-museums/>

‘Koha’

Audiences in Aotearoa are reasonably familiar with the idea of koha for an event.

Koha is te reo Māori for gift, a practical way in which someone may express their gratitude with money, food or even words of wisdom. On a deeper level, “koha is a personal expression of your gratitude”.

Deborah from The Meteor finds koha works well, so long as “the audience is familiar with the concept and doesn’t just see it as free”.

A ‘suggested koha’ is something that is often seen, and again perhaps the success of koha in some situations may come down to the narrative we offer alongside it – and the understanding and appreciation of value that our audience is getting with their creative experience.

⁴ <https://www.rnz.co.nz/news/the-wireless/371516/koha-more-than-a-gift>

‘Comparative value’

The ‘suggested koha’ and the similar ‘suggested ticket price’ is a concept called ‘comparative value’, which we are accustomed to in our everyday life.

The psychology behind offering up what you think a fair ticket price is as a starting point or offering ‘comparative value’ is because oftentimes people find it difficult to determine the value of something in isolation.

Cultural sector consulting giants Baker Richards use the example of weighing up the value of an airline flight; “we might find it hard to decide if \$60 for a flight on a Thursday evening is good value.

But when we see that the same flight on a Friday morning is \$125, this influences our perception that \$60 is a good price”.⁵

Or when grocery shopping we select the product on sale, comparing the new price to the old price, and to other similar products on the shelf.

“Giving customers a range of prices to choose from means they can make comparisons between different options”

⁵ <https://www.baker-richards.com/what-the-romans-did-for-us/>

Risks

There are of course risks involved with these models, because as experiments they may or may not work with an event, or they may or may not work over a longer period of time.

They should only be explored if you or your organisation have carefully considered and weighed up what the risks are to you, and are prepared to take them. This of course should be tempered against what your objectives are, your unique circumstances, and initial feedback from your audience.

If you are interested in experimenting, perhaps try small experiments that have less risks attached, and build up, see how they go. Talk to your audiences, ask how they found the new options. And allow some time. It may be hard to try something once to determine if it works. Appreciate that these new models may take some time to be understood and work well with audiences—it may well take a festival or a season for example.

And remember that they will require a commitment to storytelling and educating, so our audiences can fully grasp the value, change and impact that alternative pricing models allow.

Memberships and subscriptions

The Waikato has been faring well in this space, and according to the Audience Atlas of 2020, “an estimated 34k people in the Waikato culture market have at least one active membership or subscription to an arts organisation”.⁶

Memberships and subscriptions across Aotearoa have been steadily declining for years, until 2018 saw an upturn in the Waikato.

While the total number of subscriptions has not increased for some years, the interest in subscriptions and memberships is strong, therefore potential for growth is promising.

⁶ https://www.creativenz.govt.nz/-/media/Project/Creative-NZ/CreativeNZ/Legacy-Page-Documents/20220126-audienceatlasfinalamended_v17.pdf

74% of active members/subscribers (approx. 25k people) are open to supporting in this way again

62% have lapsed memberships/subscriptions but are open to resubscribing

23% have never been members/subscribers but are open to it

50% of those who are interested in memberships/subscriptions, understand them as an avenue to support and benefit the creative sector

Meanwhile, 40% of audiences are drawn to memberships/subscriptions as a way to access exclusive offers and events

For these audiences, good membership programmes will offer clear value for money, such as ones which provide an easy calculation that after X amount of visits, you'll save X dollars. This in turn can encourage loyalty, familiarity and connection, and more regular attendance – which of course drives up volume and secondary spending.

While many people may be enticed into joining you because of cheaper tickets or exclusive offerings, it is key that all people “know how their contribution supports the organisation, along with building a sense of belonging and community”, and that they feel like a valued member of your community. This is all the stuff audience development is about; manaakitanga, reaching out and ensuring people feel welcomed, respected, listened to and valued.

The Audience Atlas survey (2020) found that in general, people seem most “comfortable committing and paying to access ‘lots of stuff’ rather than to purchase one at a time”⁷

⁷ https://www.creativenz.govt.nz/-/media/Project/Creative-NZ/CreativeNZ/Legacy-Page-Documents/20220126-audienceatlasfinalamended_v17.pdf

In this survey, people were also asked how they felt about 6 general membership types, with a ‘pay as you go’ model the most popular (62%)

Followed by a flexible ‘change content and conditions at any time’ model (56%)

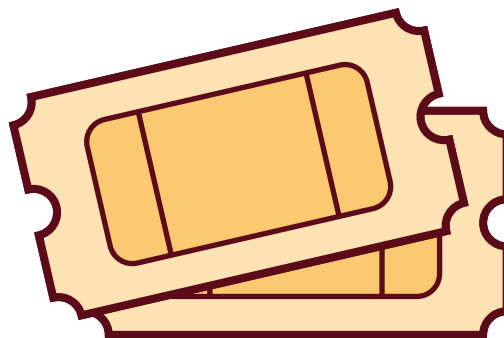
And ‘flexibility to choose content and conditions and pay accordingly’ (54%)

The least favourite was the traditional model of a fixed term commitment (45%)

What this tells us is that people ultimately seek flexibility and choice. And this is perhaps not too much of a surprise given the current “fast moving world of opportunity and distraction” environment we exist within.

The data is a great incentive to rethink traditional subscriptions and membership models. What sort of innovative, dynamic and flexible options might you come up with to entice people? And given that subscriptions and memberships allow your greatest patrons a way to financially support you, how might you best champion and reward them once they’ve joined your community?

Aotearoa New Zealand Festival of the Arts has *Culture Club*, promoted as a ‘regular giving programme’. People are encouraged to join by highlighting the positive impact their support makes; “support Aotearoa’s creative community (and help) lower ticket prices for everyone, so more New Zealanders can be inspired, moved, provoked and challenged by art”.⁹ You can join by hitting the button on the website directly below the words I want to support arts in Aotearoa. For as little as \$5 per month supporters receive a regular digital magazine, exclusive pre-sales and the knowledge they are contributing to and supporting a thriving arts community.



⁸ https://www.creativenz.govt.nz/-/media/Project/Creative-NZ/CreativeNZ/Legacy-Page-Documents/20220126-audienceatlasfinalamended_v17.pdf

⁹ <https://www.festival.nz/support/culture-club/>

Perception of value for our audiences

It's also worth again noting here the notion of value for our audiences, and the importance of embedding and discussing the value of what we provide to audiences through our promotions and storytelling.

This is part of the ongoing work we must commit to in the arts sector, reminding and highlighting for our audiences the many benefits of engaging with art and creativity.

The Wellbeing and Arts, Culture and Creativity in the Waikato report is an excellent document to reference the many benefits from engaging with arts, culture and creativity from the perspective of the Waikato community itself – in particular, the strong links between engagement and overall wellbeing.

**The Wellbeing and Arts,
Culture and Creativity
in the Waikato report**

[creativewaikato.co.nz/
site/uploads/HS_Creative-
Waikato_Wellbeing-and-Arts-
Culture-and-Creativity-in-
the-Waikato_FINAL.pdf](https://creativewaikato.co.nz/site/uploads/HS_Creative-Waikato_Wellbeing-and-Arts-Culture-and-Creativity-in-the-Waikato_FINAL.pdf)



Useful questions



Do you know that cost is a barrier for your offering/organisation?

How important is it to you to tackle this?

When did you last consider the pricing of your creative activity?

How prepared are you to take a risk with your pricing?

Where and how can you see risks being taken?

How long can you sustain a risk to trial new ideas? Once per show season? For every event over a six-month period?

Are there any other organisations you could collaborate with on a new approach to pricing?

What is the audience journey when experiencing your work?

Can your pricing model include extra value activity before or after the show?

How might you link in subscriptions and memberships with your bigger audience development and organisation objectives?

For example, if your objective is to encourage more locals, might you incentivise with a special membership for people who live within walking distance? This might be cheaper than other memberships, include 'locals night' type events and behind the scenes activity, and somehow link in with other popular local offerings or events.

Is there the possibility of having payment options, such as paying in instalments available to your audiences?

For those who struggle with the cost of a full ticket price, the option to break the cost down into smaller instalments might be more accessible and achievable.

Everything
is worth
what its
purchaser
will pay
for it.

Publius Syrus
First century B.C.

