Eventbrite

Director's Guide

TO

PRICING

Whether you're a one-night pop-up restaurant or a week-long conference, you're not the only event of your kind. The event space is increasingly crowded across genres, and it's easier than ever for event-goers to find new, competing events — at a competitive price.

So how do you create a pricing strategy that keeps attendees coming back year after year and generates the profit you need to grow your team and your business?

Here's what you need to know to sell out your event — at the exact price attendees are willing to pay.

This guide is for event directors and owners who:

- Have serious years of event experience under their belts
- Are looking for new ways to increase profits
- Are passionate about giving attendees fair, yet affordable, price points
- Want to find new ways to fund their event

You'll learn how to:

- Understand the psychology of ticket pricing and use it to your advantage
- Identify hidden (and unnecessary) costs
- Set prices that help sell more tickets and make you more money

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Charge What People Are Willing to Pay

Pricing, when it comes down to it, is all about getting into the head of your customers. Many organizers simply price their event somewhere above their costs ("cost-plus" pricing). Others look at similar events and default to that price ("competitive" pricing).

Costs and competitive pricing are important, but both leave out a critical element — your customer. And while it sounds rudimentary, the most successful event directors include an important philosophy in their pricing strategy: **charge attendees what the attendees are willing to pay**.

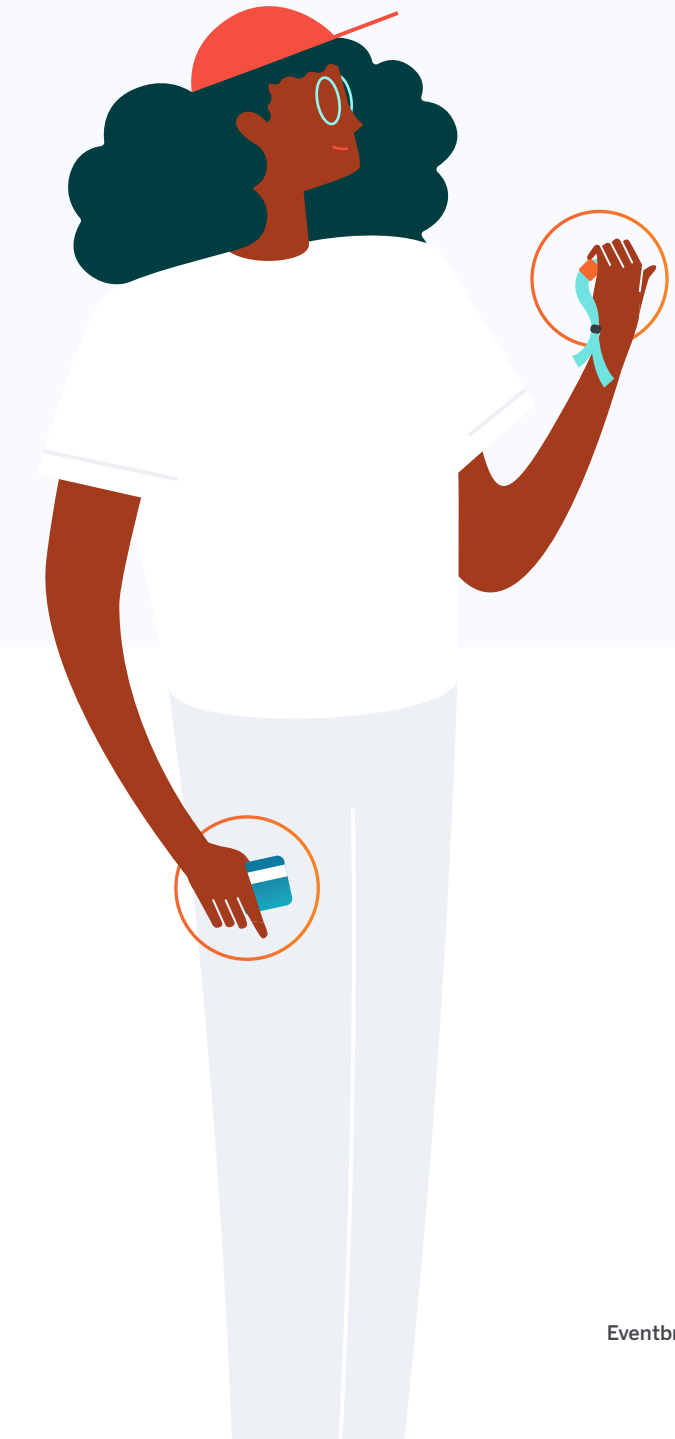
When using this pricing method, called valued-based pricing, these are the three elements to consider.





PERCEIVED VALUE

Perceived value is what the customer thinks they will get out of your event. Imagine you're hosting a one-day food festival. To your attendees, entry, unlimited food, entertainment, and interactive social media booths are worth $50. That's the perceived value.



PER-TICKET COST

The **per-ticket cost** to you for putting on the event. When totaling your costs for the food, venue, entertainment, etc., your cost per ticket comes out to $40 per attendee. That's your per-ticket cost. This is also your starting point for ticket pricing — you need to charge at least $40.

ACTUAL PRICE

Finally, the **actual price** — which can be greater or less than the perceived value — is what the customer actually pays. Ideally, the actual price is below the perceived value so attendees feel they are getting a good deal. If you want to charge more than $50 (or you need to charge more than $50 to recoup your costs), you need to increase the perceived value so your attendees still feel your event is worth their money.

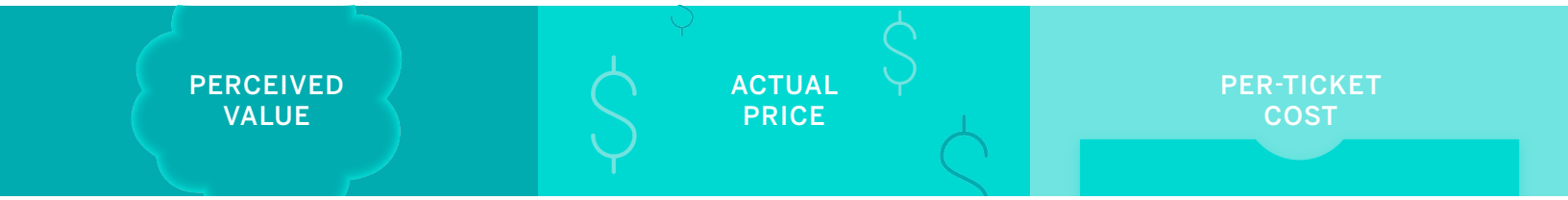
The Myth of the Perfect Price

Bad news: There's no one-size-fits-all way to price your event, and no secret formula for netting endless profits. Ultimately, you will have to choose a price that is — as far as your research tells you — below its perceived value, and above your per-ticket costs.

When it comes to finding the perfect price for your event, you can only take a well-informed guess, continually monitor your ticket sales, gather as much feedback as you possibly can, and be prepared to iterate on a dime.

Use value, instead of per-ticket cost, as a starting place.

But if you use value, instead of per-ticket cost, as a starting place, you'll be miles ahead of your competition. And if you understand why people buy, and you do things today to make your event more valuable to your attendees, you'll find that you can raise your prices without losing attendees. Here's what you need to know.



How you make money by charging what attendees want

Your customer is comparing the value they perceive and the price of your ticket — and you're using your cost per ticket to determine the baseline price for breaking even. If the customer's perceived value is higher than your ticket price, then your customer will decide to purchase. And if your cost per ticket is lower than that price, you will make money.

As mentioned earlier, if your attendees don't think your event is worth $150, they won't pay it — to them, it's irrelevant that you paid $120 to produce their experience. On the other hand, if your attendees think your event is worth $200, you're leaving money on the table.

So how do you find that sweet spot? It's part math, part science — and part psychology. Here are three best practices for using psychology to set ticket prices that resonate with your attendees.



01

Increase perceived value through premium pricing

One way to influence your buyers is through "premium" pricing — tickets that you price intentionally high to increase the perceived value of your general admission tickets.

Premium pricing makes VIP and GA options look more affordable.

Imagine you are hosting a wine festival and are charging $45 for general admission and $70 for VIP tickets, which allows attendees access to special wine tastings and provides them with a commemorative wine glass. You also offer a premium package for $250, which allows attendees early access and valet parking. This price is intentionally much higher than the other prices, and you don't expect to sell many of these tickets. But your VIP and GA sales now look more affordable by comparison.

Here's why premium pricing works:

- **You increase the perceived value,** at no cost to you. Just having that option on your pricing menu makes attendees feel like the $45 general admission price is a better value.
- **You gave attendees options.** By allowing ticket buyers to choose the ticket type that feels most valuable to them, you aren't missing out on price-conscious buyers — and you're netting some big spenders in the process.
- **You influence more sales.** Because the general admission price looks like a better value, you increase the likelihood that people will purchase those tickets.



02

Boost ticket sales with minor pricing differences

According to Nick Kolenda, author of *Methods of Persuasion*, slight differences in how you display prices can make a difference in customers' willingness to buy — or not buy tickets.

Let's say you're hosting a two-day beer, barbecue, and blues festival. All-day Saturday passes are $65, all-day Sunday passes are $67, and two-day passes are $115. Having a slight difference in price between Saturday and Sunday actually increases the likelihood of a customer purchasing a ticket for one of the days.

Here are the two main reasons why slight pricing differences work:

Consumers want to easily distinguish value.

According to Kolenda, "When you add a slight price difference, you reduce the need to search for differences. Customers can differentiate products based on price." Because of the minor price difference, your attendees evaluate the ticket based on price, not the experience it represents.

Adding a price difference helps identify that value.

If priced the same with no discernable differences, attendees don't know what's a better value — Saturday or Sunday. This paradox of choice holds them back from purchasing a ticket — any ticket.

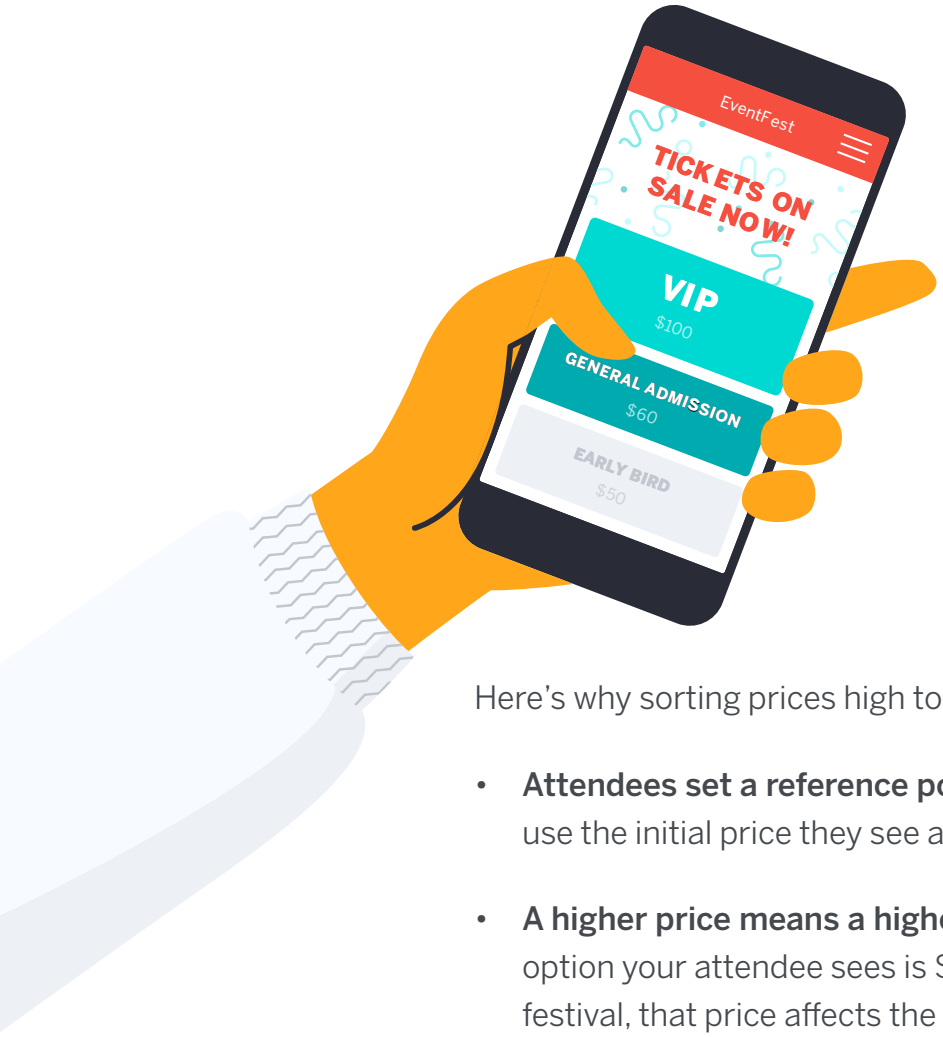


So even if you offer the same beer, food, and entertainment on Saturday and Sunday, having a slight difference in your price gives attendees something concrete to evaluate — and entices them to click buy.

03

Incentivize sales by ordering prices high to low

The placement of your prices affects the way buyers perceive price. For example, if you have multiple ticket types for your comedy festival — VIP, general admission, and early bird — listing the highest ticket price at the top of your page increases the probability that your attendee will buy a VIP ticket.



Here's why sorting prices high to low works:

- **Attendees set a reference point.** According to Kolenda, customers use the initial price they see as a reference point.
- **A higher price means a higher reference point.** If the first ticket option your attendee sees is $100 for a VIP ticket to your comedy festival, that price affects the person's perceived value of the event.
- **Customers use the reference point to evaluate options.** If your attendees use that $100 ticket as a reference point, the general admission and early bird options seem like a better deal than if the order were reversed. This strategy will help increase sales for your VIP tickets — as well as your GA and early bird tickets.

How to Maximize Your Ticket Value

> It's your responsibility to provide a unique and memorable experience in a cost-effective way for your attendees.
>
> Nels Gilbreth, VP of Pricing & Monetization at Eventbrite

In practice, providing a memorable and cost-effective experience means you must have a rough sense of what people are willing to pay for your event. If you are hosting a yoga festival, and through research find that the ideal price point for your market is $80 for general admission, that's your starting point.

You can research the ideal price point by looking at your competition. What are they charging for events similar to yours? And better — ask your target audience. Use surveys and research groups to better understand what people are willing to pay for your event.

50%

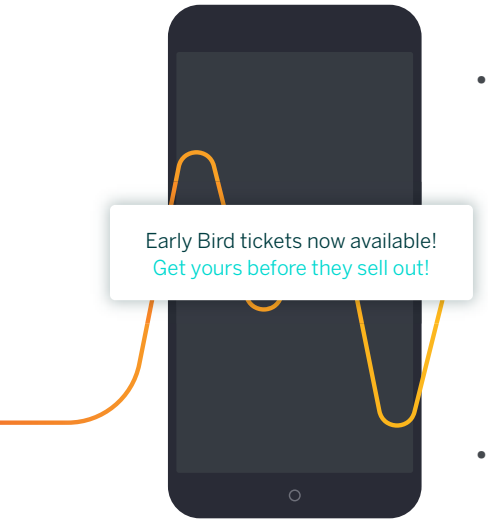
Half of millennials are willing to spend $36-50 on a food and beverage festival.

Millennials are willing to pay for a unique experience

Ticket price tops the list of millennials' considerations when choosing to attend festivals, but that doesn't mean they're not willing to pay for a memorable experience. In a recent study, half of millennials reported that they were willing to spend $36-50 per ticket to a food and beverage festival.

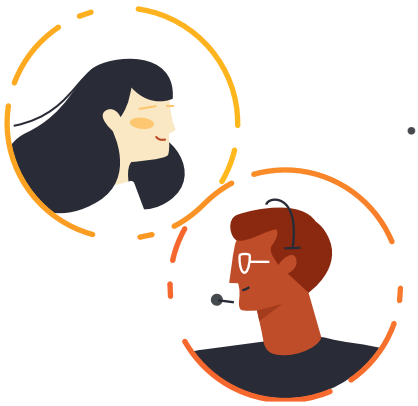
Once you know your attendees' ideal price point, here are tips to help you maximize your ticket value — and increase your profit:

- **Offer early entry.** Let's say 100 of your attendees are willing to pay an additional $10 for early entry to your event. With minimal effort on your part, you enhance the experience for 100 of your attendees — and add extra profit to your bottom line.



- **Experiment with price.** According to Gilbreth, most organizers increase ticket prices three times throughout their onsale. If you know that your target market values your event at $60, use early-bird pricing to sell slightly cheaper tickets at $55, then increase the price to $60, and finally raise the price one more time. The words "sold out" are like steroids for sales. This lifts the perceived value of tickets, because potential attendees understand the scarcity of this price.

- **Advertise discounts.** Limited-time flash sales give prospective event-goers a reason to buy right away when they'd otherwise be more likely to bookmark your event for later. Creating urgency around your event is a great way to boost perceived value and excite potential attendees. And ultimately, you'll sell more tickets and increase your profit.



- **Work with your ticketing partner.** Your ticketing platform works with event organizers day in and day out. They can help you identify opportunities or challenges in your current pricing strategy. And better yet, if you're using Eventbrite they can provide additional resources (free of charge) to help you research, experiment, and use your findings to refine your strategy.

Tips for finding out your attendees' perceived value

01

Research your competition. A Google search is a great place to start your research. Use relevant search terms like "beer festival," "craft brewery event" or "beer tasting" - or whatever is applicable to your event.

02

Survey your audience. With feedback surveys, you can ask attendees what they want from a VIP experience or why they would attend a beer festival.

03

Experiment with your ticket types. If you're using a ticketing technology partner with full reporting capabilities, you'll be able to see how different ticket types perform — so you can quickly assess what offerings attendees find the most valuable.

Take the Next Step

Setting the right ticket price, even for an experienced festival owner, is challenging. There's no "right" answer, and you may feel like you're aiming for a bullseye that doesn't exist.

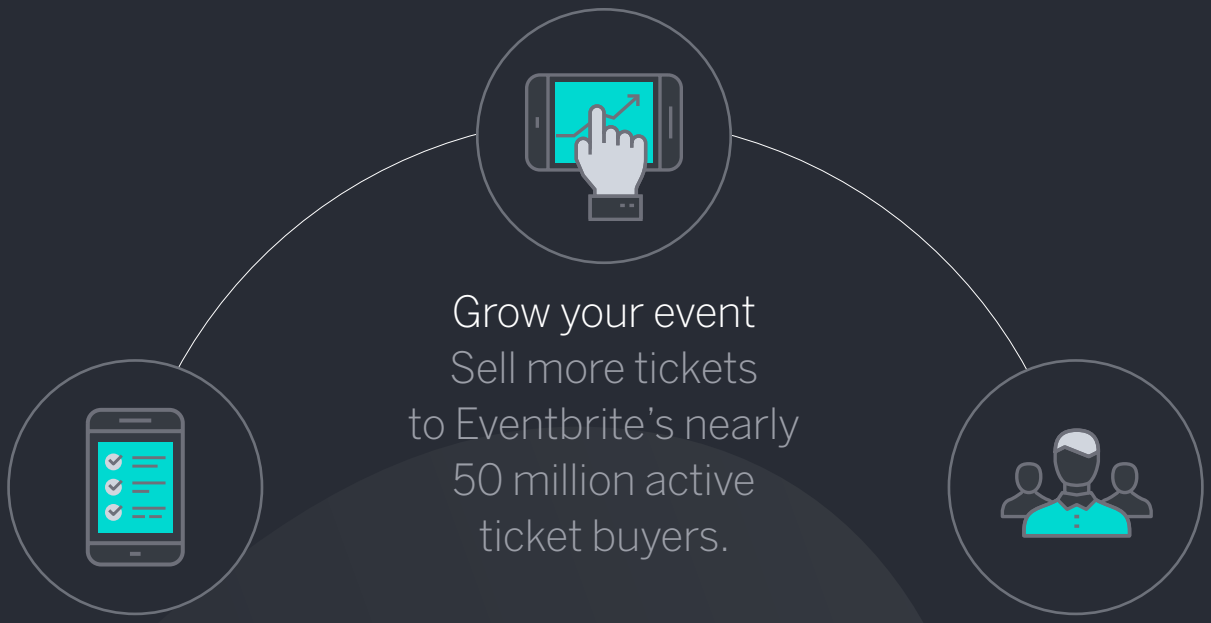
But the most successful leaders know that the best strategy to pricing an event is to determine the value to the customer — and deliver at that price.

To find out more about how you can craft an effective pricing strategy that keeps attendees happy and grows your business, contact us here or give us a call at (866) 902-2531.

Eventbrite

Powering more than two million events each year.

Eventbrite is the world's leading event technology platform. Hundreds of thousands of organizers use Eventbrite to boost ticket sales, promote and manage events, handle on-site operations, and analyze results across multiple sales channels.



Grow your event

Sell more tickets to Eventbrite's nearly 50 million active ticket buyers.

Simplify your planning

Promote, manage, and analyze your event from any device.

Impress your attendees

Delight with ease of purchase, convenient ticket access, and speedier entry.

Talk to an event expert

View on-demand demo
