

## Pay What You Decide - A Toolkit

### What is Pay What You Decide?

PWYD is a pricing strategy designed to encourage new audiences to try new work. It requires audiences to book in advance, but voluntarily pay an amount determined by them after the show, based on their experience.

Many venues have offered Pay What You Can (PWYC) pricing for years, but Pay What You Decide (PWYD) is distinctly different. PWYC is about affordability: customers still pay in advance but set the price themselves; the implication is that they pay what they can afford. With PWYD customers book a ticket without making any payment, then decide after the show what they think it is worth – therefore removing the risk of paying for something you might not enjoy.

PWYD therefore tackles both affordability and risk, two of the greatest barriers to people attending new work.

PWYD was not ARC's idea, although we have pioneered its use in established venues. PWYD was first introduced by Slung Low in Leeds, in their makeshift performance space situated in five railway arches in the Holbeck area. You can read more about their work [here](#).

### PWYD at ARC Stockton

In January 2015, we took the bold decision to introduce PWYD pricing on our entire theatre and dance programme, initially for a six month trial period.

ARC's programme is entirely made up of new work, so we recognized that we were asking audiences to take risks all the time in coming to see shows they had never heard of, by companies that they had never heard of. It seemed only fair that we should share this risk.

The risk to ARC was offset by a number of factors:

- We split the six month trial over two financial years
- Audiences for our theatre programme were small, and therefore expectations of income from this strand of our work were low
- Average ticket yield was also very low, due to targeted discounts to encourage new audiences, and the offer of free tickets to all ARCADE members (ARCADE is ARC's free membership scheme for professional artists)
- As income moved from being earned income to donated income, we no longer incurred VAT
- We were able to claim Gift Aid on the first £5,000 of PWYD income per financial year

It is very important to say that we chose to protect artists and companies from risk, by converting any box office split deals to guarantees. Where a split had already been agreed with a company,

we estimated the box office income based on expected ticket sales/fixed ticket price and agreed a guarantee using this figure, set against a percentage of the box office if PWYD income exceeded our estimate.

It is also important to recognise the context and scale of ARC's operation. ARC is a multi-artform arts centre situated in one of the most deprived wards in the country, where there is very little culture of theatre-going. Our theatre programme consists entirely of small-scale, new theatre work that is more usually found in fringe venues. We aren't programming week-long runs of known adaptations, but presenting around 30 – 35 shows for one or two nights each per year.

## **PWYD Results**

In our experience, PWYD has been the single most effective way of increasing audiences for new work. Following the success of the first six months, we extended the scheme indefinitely. The first two full years of data showed the following results (all figures based on ARC's theatre programme for 2015 and 2016 compared to the same period in 2014):

- Audiences were up by 44%
- Income was up by 58%\*
- Average ticket yield was up by 29%
- Audiences new to ARC were up by 39%
- Audiences new to theatre at ARC (ie had attended other artforms or activities) were up by 20%

\*For comparison, gross income figures for 2015 and 2016 have been compared with gross figures for 2014, so there is an additional financial benefit of retaining the VAT element on sales which is not shown here.

We have continued to offer all theatre, dance and spoken word shows at ARC on a PWYD decide basis. Data from the last five years shows that over that period audiences have grown by 91%.

## **Audience feedback**

We surveyed audiences after the first six months of the trial, and this is what they told us:

- Nearly half said that PWYD had been a factor in deciding to come, with 30% saying that PWYD affected their choice of show. 22% said they wouldn't have come if the show hadn't been on a PWYD basis.
- More than 60% said they came more often, a key aim for us.
- When we introduced PWYD, many customers said they could now bring friends and family, who were often reluctant to come. Our research showed 30% saying PWYD had enabled them to bring other people.
- 87% of customers said they had told other people about PWYD, providing valuable word of mouth publicity.

We were particularly interested in how people had decided how much to pay. The three main factors were their overall enjoyment of the show (70%), their current financial situation (44%) and how well they thought the artists had performed (40%).

## **Introducing PWYD**

Following our success at ARC we have been encouraging other venues to trial PWYD. Many have already done so, including Customs House, Alnwick Playhouse and Theatre Royal Margate, as

well as many companies, venues and festivals from across the world who have been in touch with us.

## Communication

Clear communication with your audiences - and most importantly, your potential audiences - about what PWYD is and how it works is key to its success. We recommend never using the word 'free' in conjunction with PWYD.

We developed the following description, which appears in full on our website and on print where space allows:

ARC's theatre and dance performances are priced on a ***Pay What You Decide*** basis, which means you don't have to pay until after you have seen a show!

We want to encourage more people to come and see shows at ARC, more often. *Pay What You Decide* not only allows you to pay what you can afford, rather than a fixed ticket price, but also removes the financial risk of buying a ticket for a show in advance without knowing whether you are going to enjoy it or not.

Tickets are available to book in advance as usual, but there is no obligation for you to pay until after you have seen the show. You can then decide on a price which you think is suitable based on your experience, which means if you haven't enjoyed it at all, you don't have to pay anything.

All money collected will help ARC pay the artists who have performed, and we therefore hope you will give generously.

Please ensure you have arrived and collected your tickets 15 minutes before the show starts in order to secure your seats. At the end of the show, you can decide what to pay, either by cash on the door or by card at the Box Office.

This is the shortened version:

All theatre and dance performances are priced on a ***Pay What You Decide*** basis.

The scheme means customers can attend shows without paying for a ticket beforehand, although tickets can still be reserved prior to a performance. After the show, you have the opportunity to make a donation of what you decide you want to or can afford to pay, based on your overall enjoyment of the performance.

When asked about it, our Box Office staff usually say something along these lines:

You book your ticket in advance and collect it at least 15 minutes before the performance. After the performance there will be an usher with a box that you can put cash into or you can pay by card. You pay whatever you decide, as little or as much as you want.

## Press

PWYD is a very press-friendly concept. We received great coverage when we first introduced it, both nationally and locally, and other venues have experienced similar levels of interest, including from their local TV.

It is worth investing some time into getting your local press involved as for us it proved really helpful in getting the message out to new audiences. PWYD also lends itself to follow-up stories - what happened at your very first PWYD event, how it's looking at three/six/twelve months etc. - from a financial, attendance and new audience perspective.

Here are some examples of the local press coverage we received:

- [Northern Echo](#)
- [Evening Gazette](#)
- [Evening Chronicle](#)

## **How it works**

Events go on sale and audiences are invited to book tickets in advance as usual, the only difference being all tickets are issued free of charge. All tickets are held for collection at the Box Office on the night of the performance, whether they are bought online or in person. This makes reallocating 'no shows' on the night easier, with a clear message to customer to collect their tickets 15 minutes before the performance or they will be reallocated.

In practice, you only need to do this if the event sells out and can choose to wait until closer to the show time before releasing the tickets, if you have people waiting. Re-allocating 'no-shows' is sometimes easier if seating is unreserved.

We also send a reminder email to people who have booked more than a week in advance, reminding them about their tickets, the need to collect them 15 minutes in advance and asking them to let us know if they are no longer able to attend. We expected the drop-off to be around 50%, which is very common for free ticketed events, but we actually average 23% across the year so much lower than expected.

## **At the performance**

You may choose to display signage, include a note in the programme or make a pre or post show announcement about PWYD. We chose to do none of these things, on the basis that everyone had obtained a ticket via the Box Office and therefore understood the principle.

At the end of the performance, ushers on the doors hold a donations box, which clearly displays the name of the company and title of the show, to make it clear audiences are donating for the show they have just seen and avoid the idea we are just asking for general donations. Psychologically this helps communicate that audiences are being asked to donate for the experience they have just had.

We initially used a transparent box, to enable people to see how much other people were donating, but following our audience survey, it was clear that audiences weren't influenced by how much other people give so we now use a solid box, further protecting audiences from a sense of being judged. We have seen a small increase in ticket yield

Once the last audience member has left, the boxes are taken to the Box Office, where the money is counted by two people (see Gift Aid below) and processed through our box office ticketing system as a donation.

We also have a contactless card machine available on the door. Any customers who want to use their credit or debit card are asked to enter the amount they want to pay themselves, before completing the transaction with their card.

Some venues have experimented with envelopes, either on the seats or handed to customers on entry or exit. Anecdotally, this hasn't seem to work as well as having a cash bucket on the door. We believe this may be that although the envelopes are anonymous, customers may still feel embarrassed about the venue seeing how much they are donating. There is a difference between putting a pound in a bucket, knowing that no-one will know how much you gave, and putting a pound in an envelope, knowing that the venue staff are going to open that envelope and know that someone thought the performance was only worth a pound, or could only afford to give a pound. It feels easier not to put anything in at all.

## **PWYD box office set-up**

Advance/on the door booking means you capture data on customers in the same way as usual - you know who they are, when they have booked and what they have seen - the only thing you don't know is how much each individual customer has paid.

Different box office systems will deal with donations in different way. We use Spektrix, and have a customer called 'Pay What You Decide'. All donations are put through against this customer account, with the details being logged in a notes field. We can then pull off a report for this customer that tells us how much money has been donated for each performance. (NB this report was written for us by Spektrix - if you are a Spektrix user you can request it, it's called 'Pay What You Decide Breakdown').

Depending on your box office system, it is important to have PWYD set up as a Price Type as well as a Payment Type. Many systems exclude complimentary tickets from reports so it is much better if PWYD is set up as a discount rather than put through as comp, so that they appear as paying customers.

## **Donations and Gift Aid**

*NB This information is based on professional advice we received regarding VAT and Gift Aid. However, ARC cannot take any responsibility for your tax affairs and we therefore recommend taking your own advice.*

PWYD income can be treated as donated income, as there is no obligation on audiences to pay anything, unless they choose to. This means that if you are VAT registered, you don't have to pay VAT on PWYD income.

It also means that you can claim Gift Aid on a proportion of it. For any PWYD income paid by credit card, and therefore allocated to a named customer, Gift Aid can be claimed in the usual way providing the customer confirms they are a UK taxpayer.

In addition, you can claim Gift Aid on up to £8,000 of anonymously donated income in any one financial (tax) year, providing you capture the following information:

- The date and name of the performance
- The number of people attending
- Who counted the cash (two people's names needed)
- The denominations of cash donations
- Total amount of cash donations

## **Branding**

We developed some simple but effective branding for Pay What You Decide which we are very happy for other venues to use, as we think it would be great for audiences to see PWYD as a national scheme.

You can download the logo in either pink or purple [here](#).

Feel free to adapt it to suit your own colour scheme.

## Evaluation

You can read more about ARC's experience of PWYD in these articles:

- [The Guardian – introduction of PWYD](#)
- [The Guardian – first six months](#)
- [The Stage – first six months](#)
- [Arts Professional – first six months](#)

After the first six months of PWYD, we surveyed both audiences and artists and companies that had been part of the trial. A copy of the PWYD Audience Survey we developed can be downloaded [here](#).

## Feedback

We are really interested in your experiences of PWYD and are (informally) attempting to capture evidence from other venues. We want to continue to monitor the effectiveness of PWYD as an audience development strategy and we would love to hear from you if you decide to try it – or if you have any other questions.

Thank you and good luck!

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