

COVID-19 Sector Benchmark

Insight Report 1 – May 2020

Real-time intelligence on the impact of COVID-19

Tracking the Initial Impact of COVID-19 on the Performing Arts in the U.K. and North America

Executive Summary – Key Findings

- The immediate and ongoing impact on the performing arts of the COVID-19 lockdown fell more in the U.K. than in North America.
- In North America, comparative annual ticket sales collapsed by 71% during the week of March 16, 2020 and have not recovered.
- In the same week, U.K. sales fell by 87% and then by 94% the following week.
- U.K. sales remain flat, but the gap between the U.K. and North America is shrinking as there is no sign yet of recovery in the North American market, despite the accelerated release of lockdowns in many states.
- In North America, the largest and smallest organizations are seeing sales decline most in a challenging market for all.
- In the U.K., larger organizations are marginally outperforming smaller ones in an extremely difficult market.
- A higher proportion of smaller U.K. organizations are choosing to shut their box offices for all sales.

Introduction

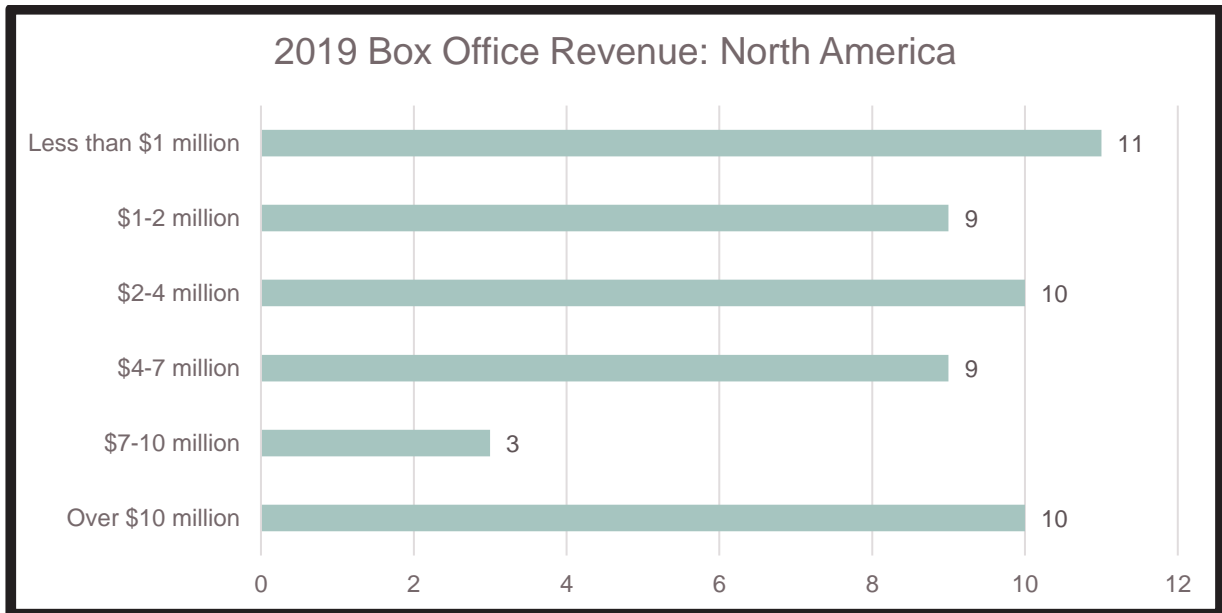
TRG Arts and Purple Seven have partnered to provide real-time intelligence and advice to the arts and cultural sector on the economic impact of COVID-19 and how best to respond to it. This partnership brings together Purple Seven's experience of live sales feeds from hundreds of arts venues and TRG Arts' consulting and data analysis expertise in achieving unsurpassed results for the arts and cultural sector.

In the United States, Canada, the United Kingdom and the Republic of Ireland, cultural organizations are invited to [sign up to a free and easy to use international COVID-19 Sector Benchmark Dashboard](#). An automated data feed between the organization's box office and Purple Seven's secure servers provides a daily update on ticket sales, refunds and donations which is anonymized and aggregated for the national benchmark.

TRG Arts and Purple Seven intend to share new findings from the national benchmarks on a frequent basis during the crisis. This initial study focuses on the comparative impact of COVID-19 on ticket sales in North America and the U.K. from January to May 2020.

The two cohorts

In North America, feeds are currently being taken from 52 systems. In 2019, they collectively generated over \$450 million in box office revenue. The cohort is a mixture of commercial and not for profit organizations. Geographically, participating organizations come from all over the U.S. and there are four organizations currently contributing from Canada. The majority of the sample are theaters, but there is also a good representation of arts centers and orchestras. The size and scale of organizations is diverse with as many organizations with revenues in 2019 below \$1 million as those above \$10 million.

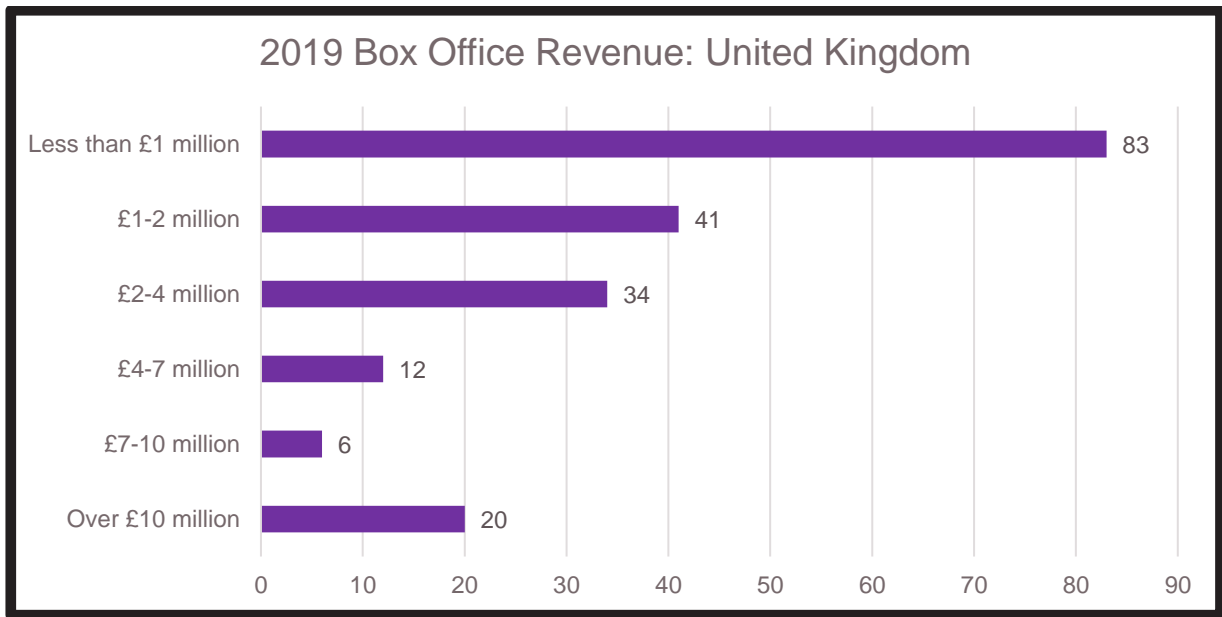


Due to a few very high revenue feeds, while the mean revenue across the cohort in 2019 was \$8.7 million, the median was just \$3 million.

In the U.K. there are feeds from 196 systems that have data for the entirety of 2019 and 2020 to date¹. In 2019, they collectively generated over £866 million (US \$1.1 billion) in box office revenue.

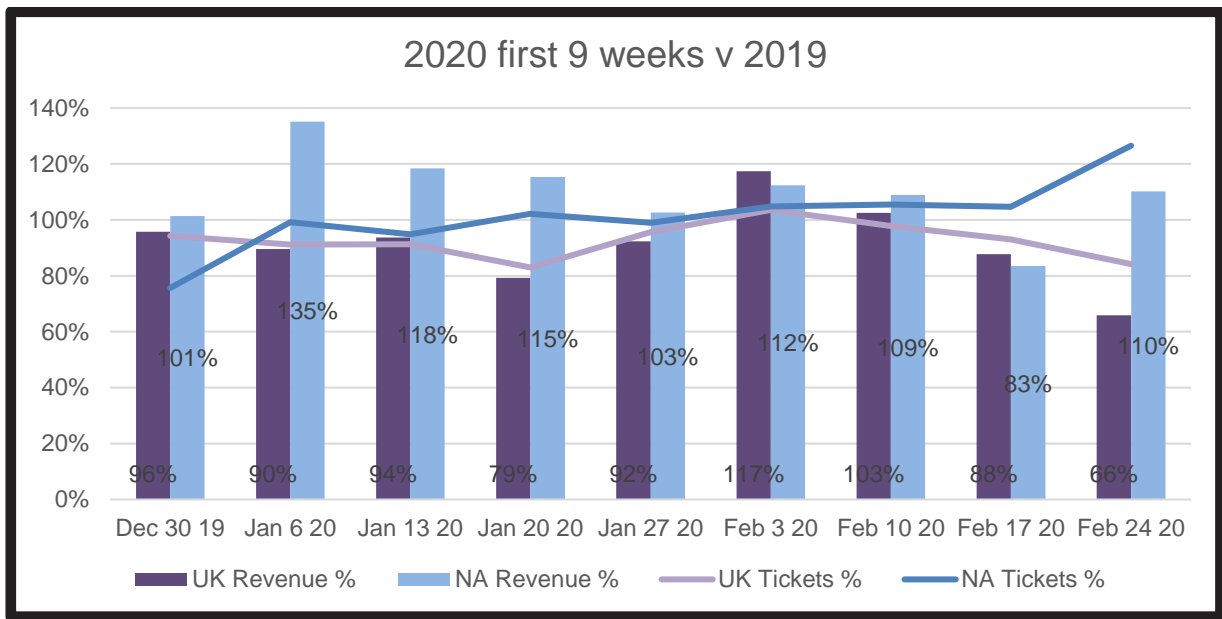
The cohort is a mixture of commercial and not for profit organizations. Geographically, participating organizations come from all over the U.K. and there are multiple organizations from every nation and region. Several West End venues are included. The majority of the sample are theaters, but there is also a good representation of concert halls and arts centers. The size and scale of organizations is diverse with a higher proportion of small organizations.

¹ Some organizations changed ticketing systems in 2019 and could only provide partial data and are therefore excluded from this study.



Due to a small number of extremely high revenue feeds and the high volume of smaller organizations, there is a substantial difference between the cohort's mean revenue in 2019 (£4.4 million) and the median (£1 million).

Period 1: COVID-19 Coming: January and February 2020



For both the U.K. and North American cohorts, the first two months of 2020 performed generally similarly to 2019.

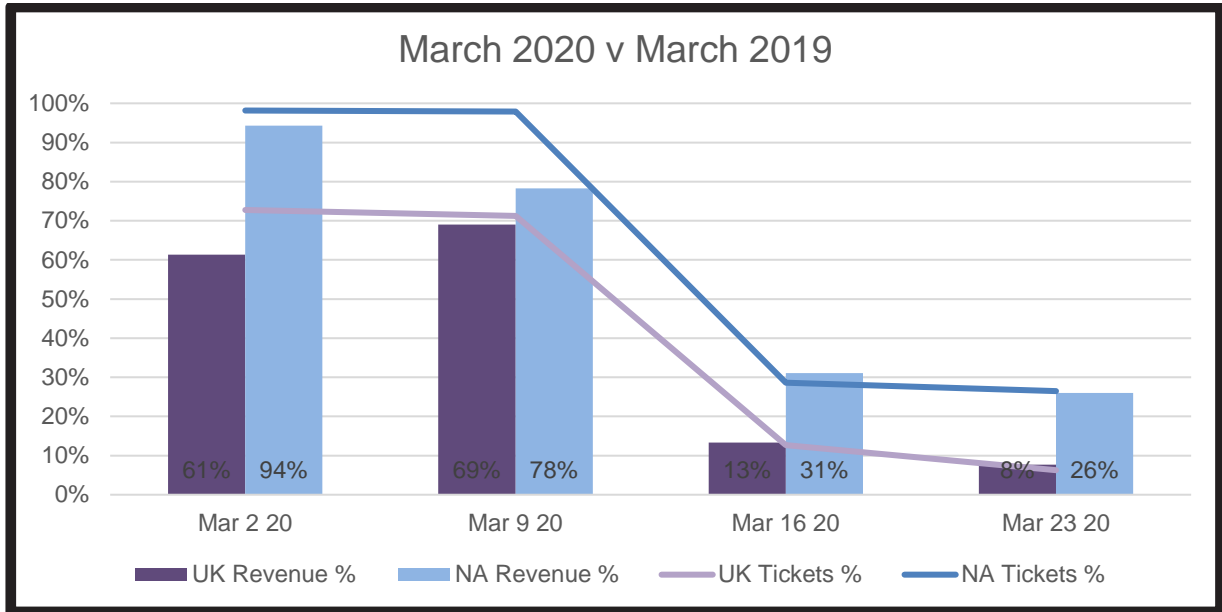
In January, the U.K. saw ticket sales down 9% and revenues down 9% on 2019, while North America saw revenues increase by 16% despite sales volumes dropping by 4%.

February was also a good month in North America, with revenues up 2% and ticket sales up 11% compared to the same period last year.

After a good start to the month, sales and revenues dropped considerably in the second half of February in the U.K. compared to 2019, but this was due to the final week of sales in February 2019 being particularly strong. In 2020, weekly sales and revenues continued to increase.

Across the entire nine-week period, compared to 2019 the North American cohort saw sales rise by 3% and revenues increase by 8% while the U.K. saw a 7% drop in sales and 9% in revenues.

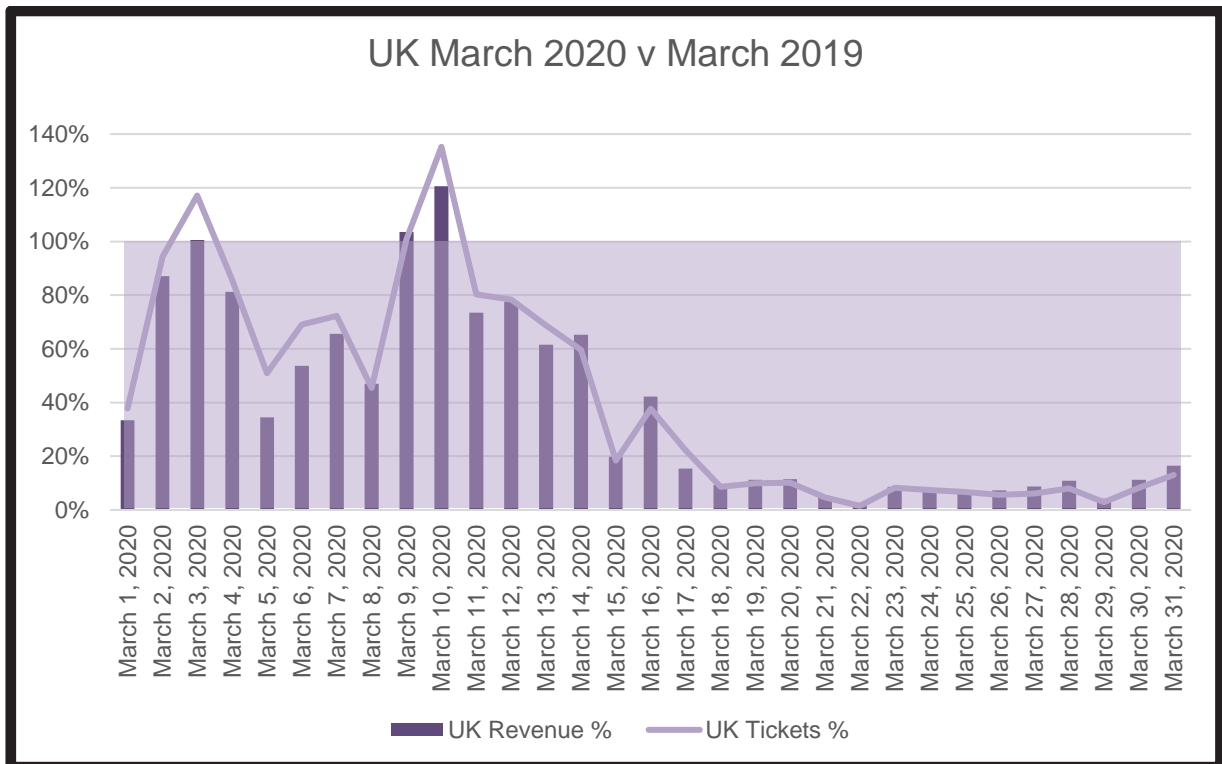
Period 2: Closures - March 2020



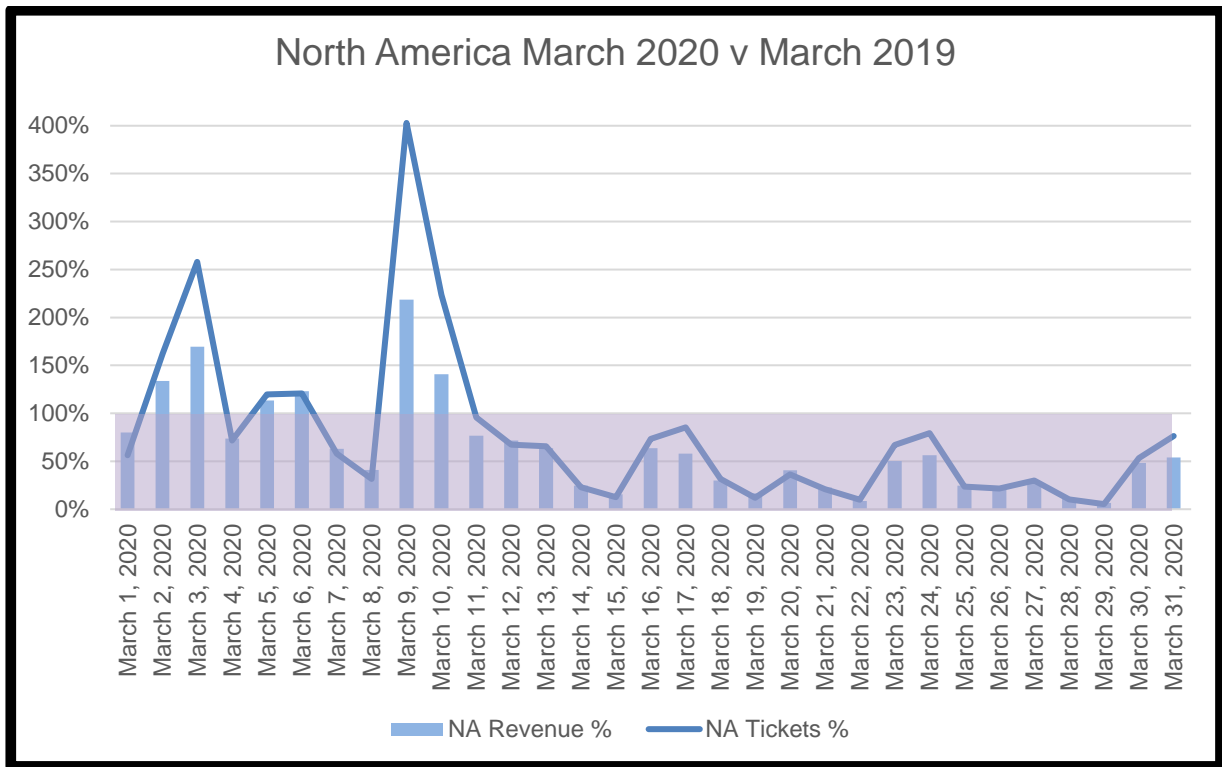
For the first two weeks of March 2020 aggregate North American ticket sales were almost identical to the equivalent weeks in 2019. Revenue dipped considerably in the second week.

In the U.K. for the first two weeks of March 2020 aggregate ticket sales were down by over 25% compared to the equivalent weeks in 2019. Reductions in revenue were greater, meaning that the average price paid for tickets dropped.

The stark drops in the second half of the month are clearer when tracked on a daily basis.

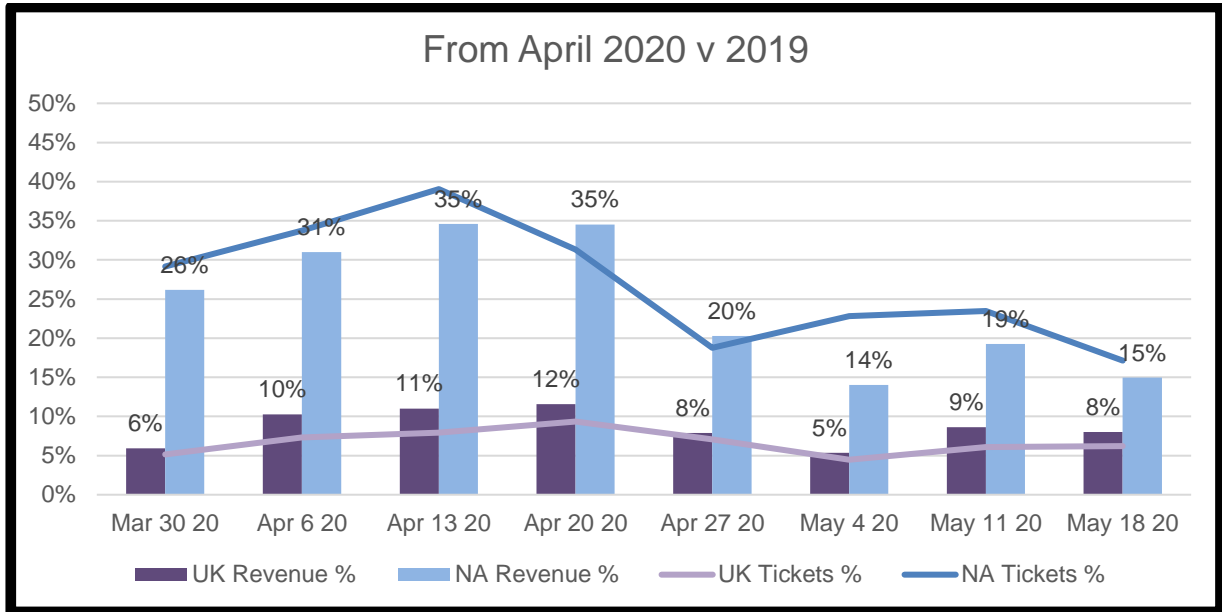


The vast majority of theaters in the U.K. shut their doors on the evening of March 16. For the rest of the month sales dropped by 92% and revenues by 91%.

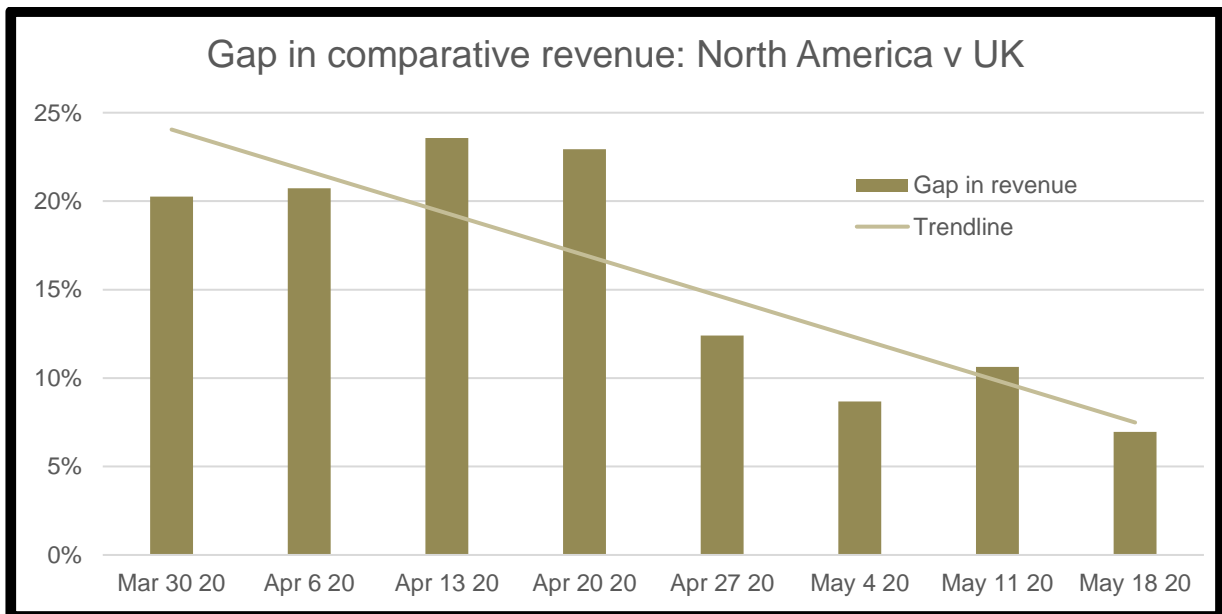


In North America, decisions to close were taken at a state or provincial level. In California a recommendation to halt public gatherings was made on March 11 and Broadway shut the following day. During the last two weeks in March aggregate sales and revenues were down by 71% on the equivalent period last year: a dramatic decline, but less so than the U.K. aggregate figures.

Period 3 – Lockdown and the beginnings of beyond



The U.K. Benchmark has been consistently outperformed by the North American cohort over the last eight weeks, but the gap is swiftly narrowing:



While measures to release the lockdowns progress at regionally different paces in both North America and the U.K., generally Canada and the U.S. are ahead of the U.K. We might therefore expect an upturn in bookings for future performances in North America, but the current trendline is descending.

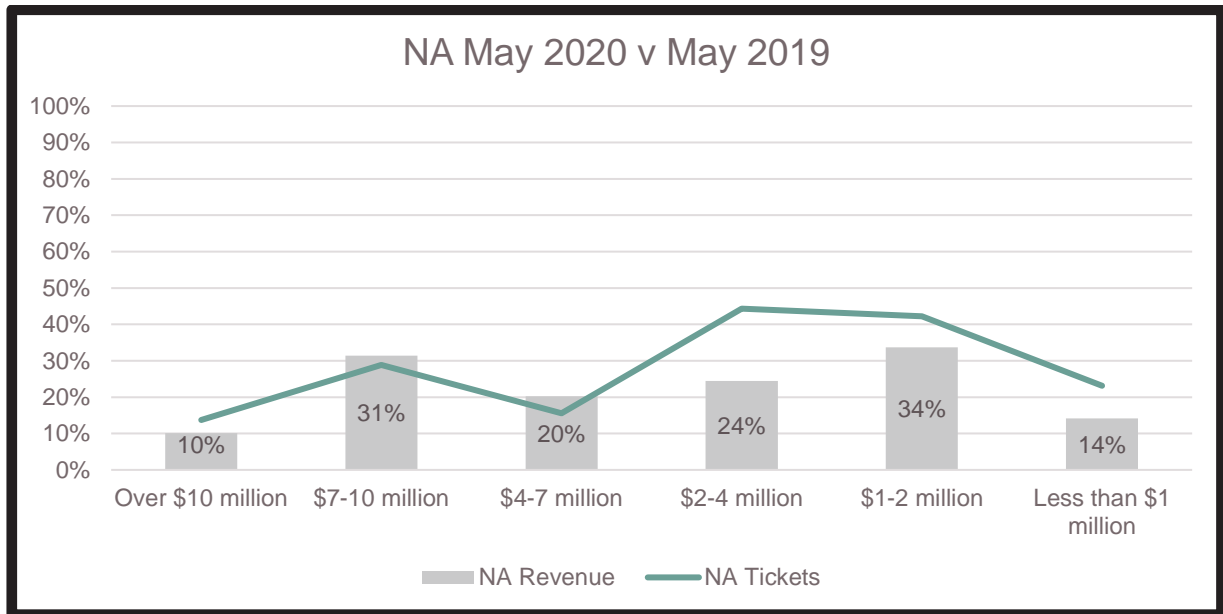
Initial analysis from TRG Arts and Purple Seven suggests that a higher proportion of tickets in 2020 are being purchased by "loyalists" and that on average North American audiences have higher proportions of "loyal" audience segments². The trendline suggests that North American organizations may now be exhausting that pool of more loyal audiences and is not seeing confidence return from other segments.

² customers that have attended previously at least three times, one or more of which has been in the last 18 months

Digging Deeper – organizations bucking the trend

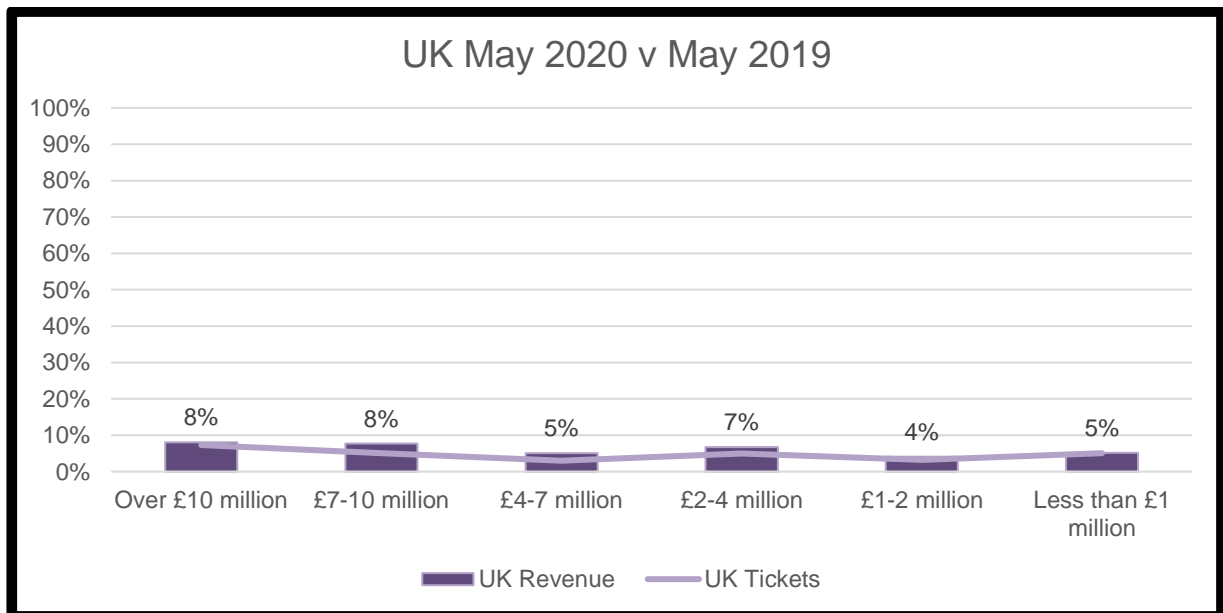
Taking a closer look at the data for the last three complete weeks (May 4-24) reveals that organizations in North America are performing very differently in a challenging market.

Segmenting the participating organizations by total 2019 ticket revenue shows that on an aggregate basis those North American organizations with the highest and lowest annual box office income in 2019 were performing less well than the rest of the benchmark³:



This diversity between segments is also mirrored within them. In the segments with lower ticketing revenue there are some organizations that appear to be outperforming their own figures for the equivalent three-week period in COVID-19-free 2019.

The U.K. data tell a different story:



³ Five North American organizations have been removed from this analysis because they were known to have been closed for part of 2019 and/or their revenue and/or ticket sales increased by over 50% in the comparative study period.

No organization in this much larger cohort got close to matching its revenues for 2019 during this three-week period and only two achieved more than 50%.

It appears a far higher proportion of U.K. organizations have taken the decision to remove all events from sale and shut their box offices. These include prominent organizations like London's Royal Court Theatre and Manchester's Royal Exchange. Of the sample, 37 U.K. organizations sold no tickets during this three-week period. Thirty of these were organizations with a turnover of less than £1 million. Only four North American organizations did not register a sale.

Conclusions

TRG Arts and Purple Seven are no better able than any other organization or individual to predict whether we are now emerging from a global pandemic or simply reaching the end of the first chapter of a longer and even more serious and destructive phase.

This initial analysis was undertaken to answer the question, “How are the U.K. and the North American markets faring in the wake of COVID-19 and the temporary closure of performing arts venues?”

We have seen that the response and behavior to date of performing arts organizations and their supporters have been very different in these two major international markets. In North America, while most organizations have seen a catastrophic dip in sales, some have limited the immediate financial impact of COVID-19 by effectively engaging with their most loyal patrons and sustaining, and in some cases even increasing, sales for shows later in 2020.

In the U.K. ticket sales and revenue fell earlier and further. Almost all organizations are selling a tiny fraction of the volumes of tickets they would expect at the current stage of the sales cycle. Around 15% have taken a proactive decision to stop selling tickets until they have greater clarity on reopening dates and arrangements.

Despite being ahead of the U.K. in the process of releasing lockdown and planning for the reopening of venues, in North America customer confidence does not appear to be returning and comparative weekly sales continue to be in decline.

Answering one question poses several further queries and hypotheses we plan to test in future reports:

- **Who is booking and what are they purchasing?** Initial analysis suggests “loyalists⁴” are a higher proportion of sales than we would usually expect in both the U.K. and North America. How much of the comparatively better sales in North America are down to more loyal audiences? How important have subscription sales been for those organizations who are outperforming their peers?
- **Where are we seeing confidence returning?** How far in advance are customers booking? Are sales where we would expect them to be for autumn/fall? How is the crucial holiday period performing in both markets? Are we still seeing extended families booking to attend together, or is group size reducing?
- **Is new philanthropic income replacing lost ticket income?** Many performing arts organizations, particularly in the U.K., have taken a strategic decision to stop selling tickets and instead focus on encouraging donations from their patrons. Is this proving effective? Are organizations achieving record increases in philanthropic income at the same time as witnessing unprecedented falls in ticket sales?

Purple Seven and TRG Arts are still welcoming new organizations to join the free COVID-19 Sector Benchmark and would particularly like to welcome organizations in Canada and the Republic of Ireland to establish benchmarks in these nations. To sign up and receive a free dashboard to compare your organization’s performance with your peers, visit <https://go.trgarts.com/benchmark>

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⁴ customers that have attended previously at least three times, one or more of which has been in the last 18 months