

COVID-19 Sector Benchmark

Insight Report 4: September 2020

Real-time intelligence on the impact of COVID-19

COVID-19 and the Performing Arts – Six Months After Closure

Executive Summary – Key Findings

- Data from 288 CRMs shows that the impact on ticket sales from COVID-19 not only continues but worsens.
- During the six months since venue closure in North America ticket revenues have fallen by 84% and in the U.K. by 91% compared to the same period in 2019.
- Despite strong performance at the start of the pandemic, funds raised from individual giving have declined by 24% in N.A. and 63% in the U.K. from the equivalent 2019 period.
- If venues were to be able to fully re-open around Christmas and the new year, many would struggle to make up for current low advance sales for these months.
- The picture for March 2021 and beyond looks brighter, but this will only remain the case if organizations can confidently invest in marketing activities to build on strong long-term advance sales.

North America

- In the period from March 16 to September 15, 2020, the number of tickets sold fell 83% and box office income fell 84% compared to the same period in 2019.
- Across the six-month period the trend has worsened. Comparative sales in August and September were only a third of what was achieved in March and April.
- While the number of gifts made has risen compared with the same period in 2019, individual giving income has fallen by almost a quarter.
- The largest comparative decreases are in June, July and August.
- Compared to last year, advance tickets are 67% and revenues 89% of 2019 levels for the period from December 1, 2020 to August 31, 2021. Strong long-term advances are being fuelled by the rescheduling of shows from 2020 to 2021.

U.K.

- In the period from March 16 to September 15, 2020, the number of tickets sold fell 92% and box office income fell 91% compared to the same period in 2019.
- Comparative sales increased throughout July and to the middle of August. This initial recovery has not been sustained and recent weeks sales reflect the average for the period.

- The number of gifts given has fallen by 46% and cumulative philanthropic revenue has reduced by 63%, principally due to a fall in gifts of over £10,000.
- Compared to last year, advance tickets are 75% and revenues 85% of 2019 levels for the period from December 1, 2020 to August 31, 2021. Strong long-term advances are being fuelled by the rescheduling of shows from 2020 to 2021.

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 integrating 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 monthly basis during the crisis. An initial study published in June 2020 focused on the comparative impact of COVID-19 on ticket sales in North America and the U.K. from January to May 2020. A second study in July examined trends in individual giving in the first half of 2020. In August a third study examined who is buying tickets to future performances when the future is so unknown.

This fourth report examines the impact of COVID-19 on the box office and philanthropic revenues of participating venues in the six months from the closure in mid-March 2020 of UK venues and Broadway and performing arts venues around much of the U.S. and Canada.

The Two Cohorts

We have analyzed data from 288 organizations (67 in the U.S., 9 in Canada and 212 in the U.K.).

In 2019, these 76 North American organizations collectively sold 11,050,621 tickets and generated over \$621 million in box office revenue. Geographically, participating organizations come from all over the U.S. and there are 9 organizations from Canada. The majority of the sample are theaters, but there is also a representation of arts centers and orchestras. The size and scale of organizations is diverse with as many organizations with ticket sales in 2019 below \$1 million as those above \$10 million. We have information on individual giving at 65 of these organizations who will all be not-for-profit.

U.K.-based organizations in the sample collectively sold 31,543,048 tickets, generated just under £880 million in box office revenue in 2019. Geographically, participating organizations come from all over the U.K. and there are multiple organizations from every nation and region. 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 and includes both West End and regional commercial theaters. We have information on individual giving at 40 of these organizations who will all be not-for-profit.

Impact on ticket sales and donations six months after lockdown

Broadway closed on March 12, 2020. The West End and many theatres around the UK followed on March 16, 2020. This study focuses on the revenues generated from ticket bookers and donors for the period from March 16 to September 15, 2020 compared to the equivalent period in 2019.

Table 1 – Ticket sales and revenue 16 March to 15 September 2019 v 2020

Territory	#	Tickets			Ticket Revenue			Average Ticket Price		
		2020	2019		2020	2019		2020	2019	
UK	212	1,156,787	13,671,130	-92%	£32,755,046	£380,656,367	-91%	£28.32	£27.84	2%
NA	76	918,517	5,468,670	-83%	\$49,985,724	\$309,665,436	-84%	\$54.42	\$56.63	-4%

Table 1 shows that in the period from March 16 to September 15, 2019, U.K. organizations collectively sold 13,671,130 million tickets and generated £381 million in box office revenue. In the period March 16 to September 15, 2020, they sold just 1,156,787 tickets with revenues of only £33 million. Average ticket price achieved was very similar in 2019 and 2020.

In the period from March 16 to September 15, 2019 North American organizations collectively sold 5,468,670 million tickets and generated \$310 million in box office revenue. In the period March 16 to September 15, 2020, they sold just 918,517 tickets with revenues of only \$50 million. Average ticket price achieved fell 4% in 2020.

Table 2 – Gifts and individual giving revenue March 16 to September 15, 2019 v 2020

Territory	#	Gifts			Gift Revenue			Average Gift Size		
		2020	2019		2020	2019		2020	2019	
UK	40	27,652	50,878	-46%	£1,982,460	£5,365,605	-63%	£72	£105	-32%
NA	65	141,424	123,996	14%	\$156,904,385	\$205,220,869	-24%	\$1,109	\$1,655	-33%

In the period from March 16 to September 15, 2019, the 40 U.K. organizations who supply data on donations collectively received 50,878 gifts with a combined value of almost £5.4 million. In the period March 16 to September 15, 2020, they received just 27,652 gifts worth just under £2 million. Average gift size was down a third.

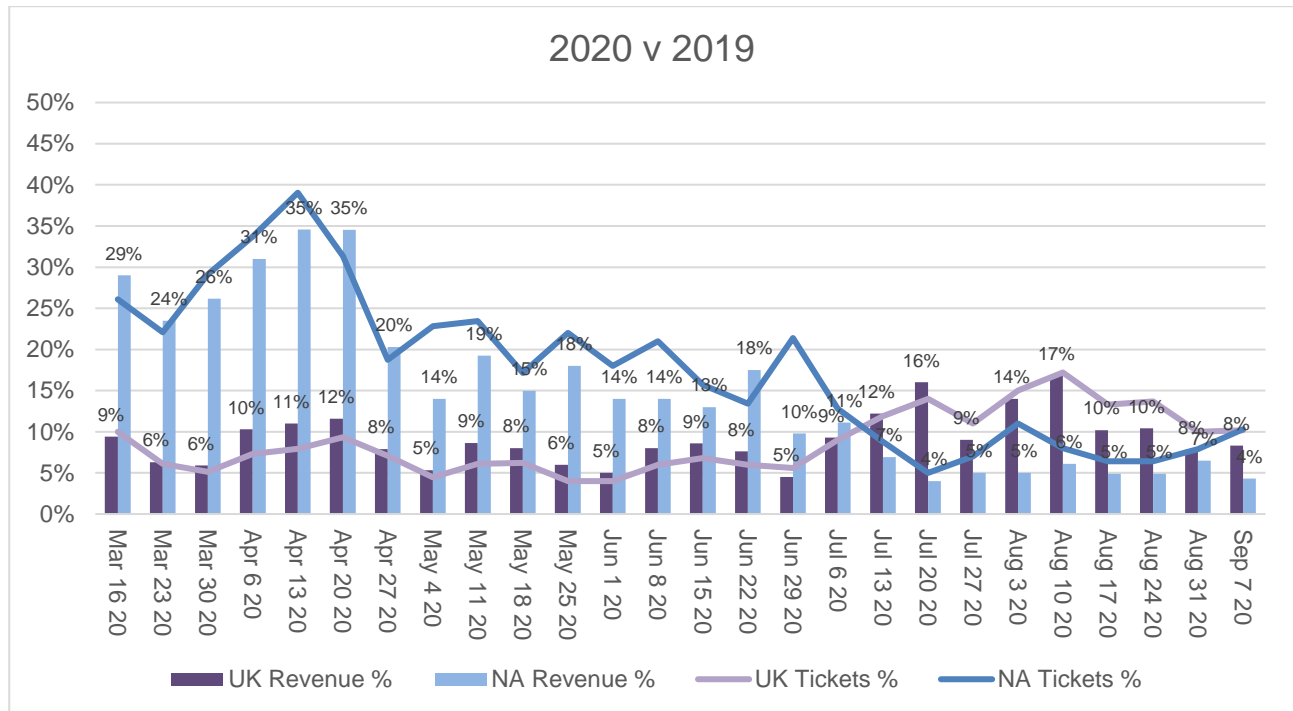
In the period from March 16 to September 15, 2019, the 65 North American organizations who supply data on donations collectively received 123,996 gifts with a combined value of over \$205 million. In the period March 16 to September 15, 2020, they received more gifts (141,424) but with a lower combined value (\$157 million). Average gift size was down a third.

Are things looking up?

Ticket Sales and Revenues

As we described in our first Insight Report in June 2020, the scale of the collapse in sales in the mid-March 2020 was even more pronounced in the U.K. than in North America. Over the following weeks until the end of May we observed that while the U.K.'s relative performance did not improve, North American sales worsened. In the three and a half months since then, are there signs of recovery?

Chart 1 – Year-over-year change in weekly ticket sales and revenue



In June 2020 U.K. ticket sales and revenue were consistently over 90% less than the previous year, as shown in Chart 1. On average across the month North American sales were down 82% while revenues had decreased by 86%, meaning that the few tickets being sold were achieving a lower average ticket price than the previous year.

On July 5, 2020, U.K. Culture Secretary Oliver Dowden announced a £1.57 billion program of support for the U.K.'s cultural sector. July is traditionally a very quiet month for ticket sales in the U.K., but it may be that this national focus on the importance of the arts helped to encourage an increase in sales for the performing arts. Comparative performance was better in July than the three previous months, but ticket sales were still down 89% and revenues down 88%.

North America saw a steep decline in relative performance from the second half of June to the end of the third week of July. The week commencing July 13, 2020 was the first time that comparative ticket sales and revenues were lower in North America than in the U.K. Since then weekly comparative ticket sales have been at least 89% and revenues at least 93% less than what was achieved in 2019.

Signs of a potential recovery in the U.K. continue until the end of the week commencing August 10, 2020 when sales and revenues achieved 17% of their 2019 levels. This trend ceased in the second half of August 2020 and by the end of the study period U.K. weekly figures looked no better than what was being achieved in June.

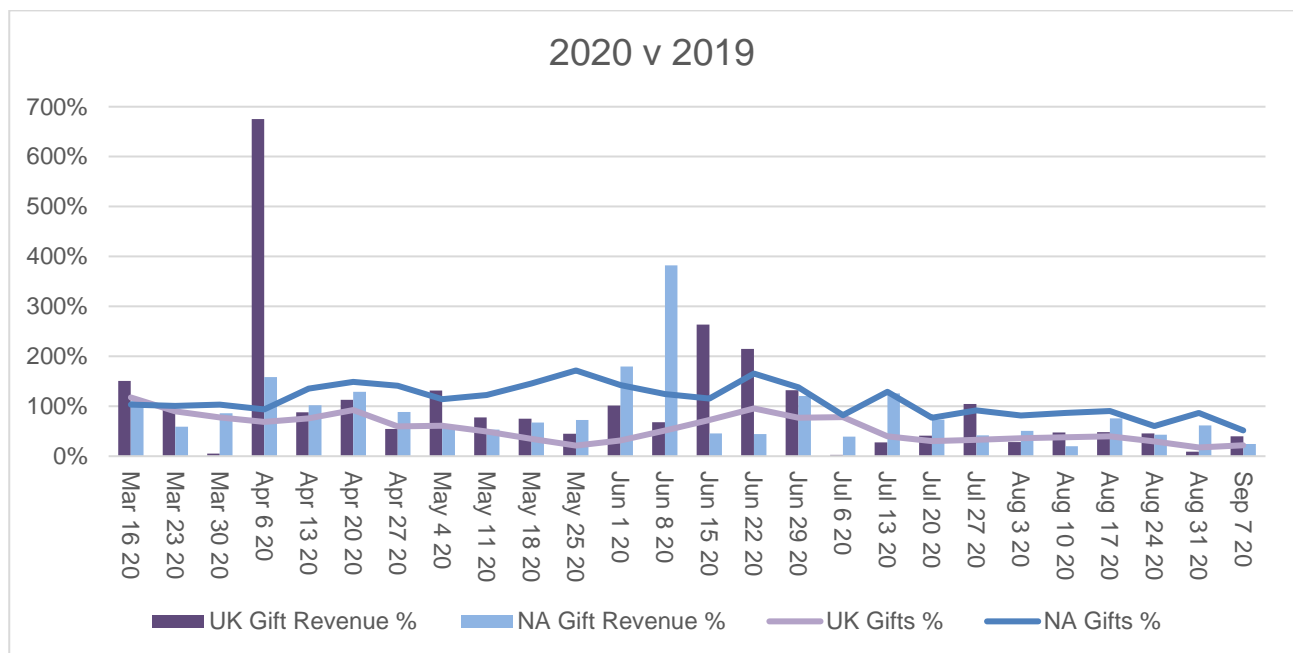
Individual Giving

As described in our second Insight Report published in July 2020, the pattern and volume of individual giving is very different in the U.K. and North America. We reported that for our North American cohort, in 2019 gift revenue exceeded ticket income by 19%. In contrast U.K. giving income was 91% less than ticket revenue.

TRG Arts has observed that most cultural organizations now understand the importance of tracking and monitoring all customer behavior across ticket sales and donations in a single (CRM) system, but this practice is still not universal. Organizations can also make different policy decisions on financial coding. For example, some organizations will treat a donation from a family trust as an individual gift, whereas others will treat it as a grant from a trust or foundation. There will therefore be some inconsistencies in the way that organizations treat the data that is used as the basis for this report.

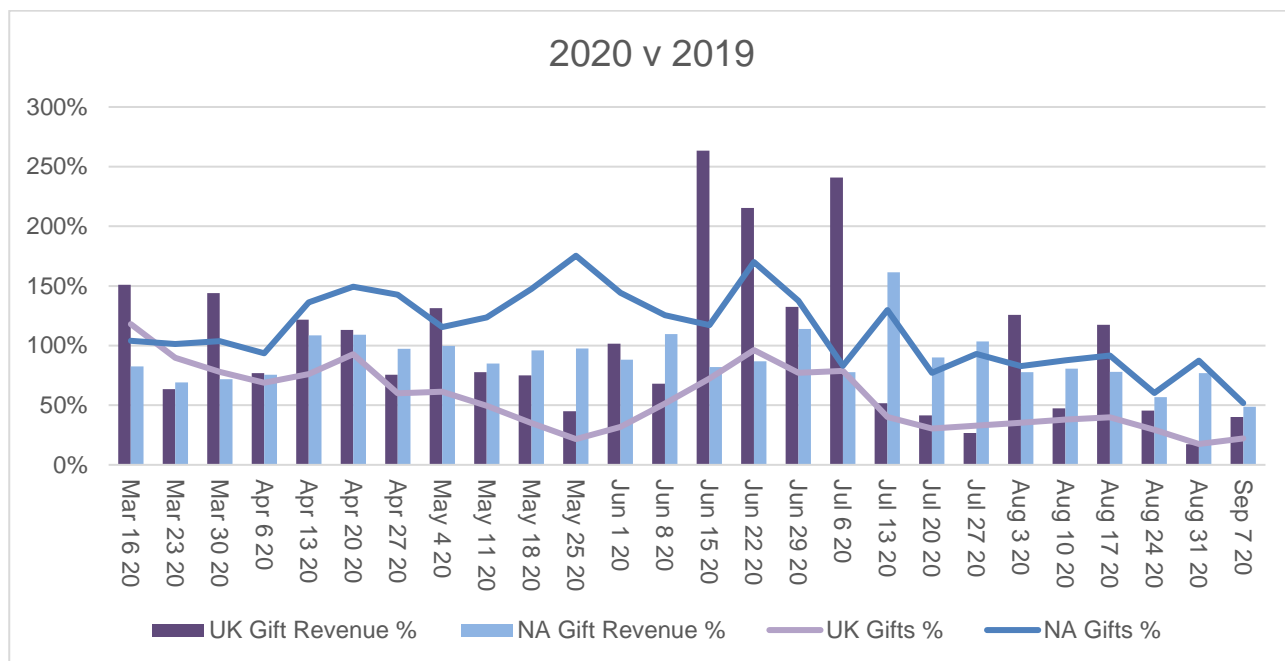
The primary focus of this study is to compare performance in 2020 to 2019 in North America and the U.K., not to ascertain overall levels of giving. It seems a reasonable assumption that while organizations may treat and code gifts differently, they are likely to maintain similar internal practices across the study period.

Chart 2 – Year-over-year change in weekly gifts and individual giving revenue



The size of individual gifts varies from small change to millions of dollars or pounds. A few or even just a single sizable gift received in either 2019 or 2020 can have a major impact on the bars in this chart. This was the case in the U.K. at the beginning of April and in North America in the first two weeks of June, as reflected in Chart 2.

Chart 3 – Year-over-year change in weekly gifts and individual giving revenue for gifts under \$1,000 or £1,000



Gifts of over £10,000 or \$10,000 are clearly vital to sustainability of many arts organizations. From March 16 to September 15, 2019 these comparatively small number of gifts accounted for 75% of revenue in North America and 80% in the U.K. Removing them gives a clearer picture of the trends in attitudes and engagement across the broader customer base.

Other than the first week of closure, the number of gifts in the U.K. has been lower every week compared to the equivalent week in 2019, averaging 56% across the study period. This is not surprising as the majority of gifts in the UK are ‘top-ups’ at the checkout when purchasing tickets and as we have seen ticket sales have fallen by over 90%.

The cumulative value of these smaller gifts in the U.K. cohort is 91% of the value in 2019, but the pattern of giving varies significantly from the previous year. As Chart 3 shows, comparative gift revenues more than doubled in the four weeks from June 15, 2020, and then halved. It seems likely this is the result of the growing local and national campaigns highlighting the plight of the sector in the early summer. The announcement and comprehensive media coverage of significant U.K. Government funding in early July appears to have brought this period of enhanced giving to an end.

The cumulative value of these smaller gifts in the North America cohort is 89% of the value in 2019, but the number of gifts has grown by 15% compared with the previous year. For 12 weeks from the week commencing April 13, 2020, the aggregate number of gifts exceeded what was achieved in 2019 while cumulative revenue remained very similar to 2019. The trend since the start of August is concerning. On average gifts received are just 77% and revenue received just 70% of the equivalent period in 2019.

The Comeback – how are we set?

TRG Arts' frequent polls of cultural organizations have tracked shifting levels of optimism regarding re-opening in the U.K. and North America. The most recent (September 2020) highlighted higher hopes in the U.K. to open in 2020, which may be partially due to expectations of U.K. Government funding to subsidize socially distanced performances.

If venues were to re-open in December, how are they performing in advance sales and revenue compared to this point in 2019?

Table 3 – Total Advance sales and revenue for performances December 1, 2020 – August 31, 2021 as of September 20, 2019/2020

Territory	#	Advance Tickets			Advance Ticket Revenue			Average Ticket Price		
		2020	2019		2020	2019		2020	2019	
UK	212	2,095,799	2,796,693	-25%	£84,972,593	£72,205,999	-15%	£34.45	£30.38	13%
NA	76	1,101,501	1,654,430	-33%	\$2,796,693	\$2,095,799	-25%	\$44.26	\$59.38	34%

At this point in 2019, our U.K. cohort had already sold 2.8 million tickets with a value of £85 million for the period from December 1, 2019 to August 31, 2020 (see Table 3). Currently our U.K. cohort has sold 2.1 million tickets with a value of over £72 million for the period from December 1, 2020 to August 31, 2021. Compared to last year advance tickets are at 75% and revenues 85% of 2019 levels.

At this point in 2019, our N.A. cohort had already sold 1.7 million tickets with a value of over \$73 million for the period from December 1, 2019 to August 31, 2020. Currently our N.A. cohort has sold 1.1 million tickets with a value of over \$64 million for the period from December 1, 2020 to August 31, 2021. Compared to last year advance tickets are at 67% and revenues 89% of 2019 levels.

If ongoing sales are so low, how can advances be close to their level last year? This is largely to do with a perverse impact of the postponement of shows: a production that was due to be staged in two months that will now be performing in 14 months will include the sales volume from its original timing and, by default, overperform in sales and revenue by carrying those advance sales with it.

Chart 4 – Year-over-year total advance sales and revenue for performances December 1 – March 31 as of 20 September 2019/2020

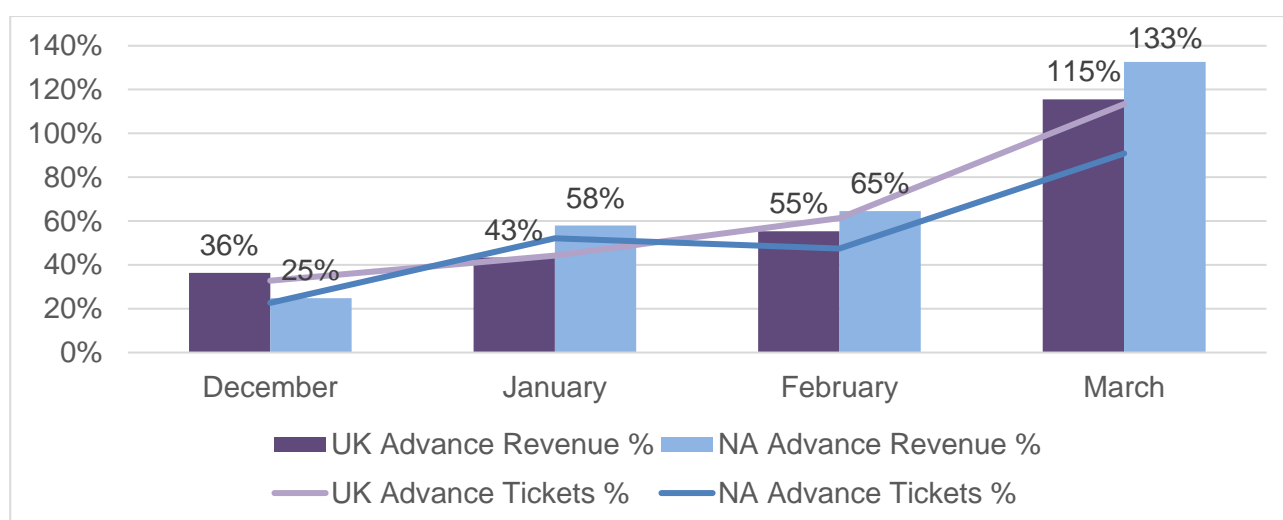


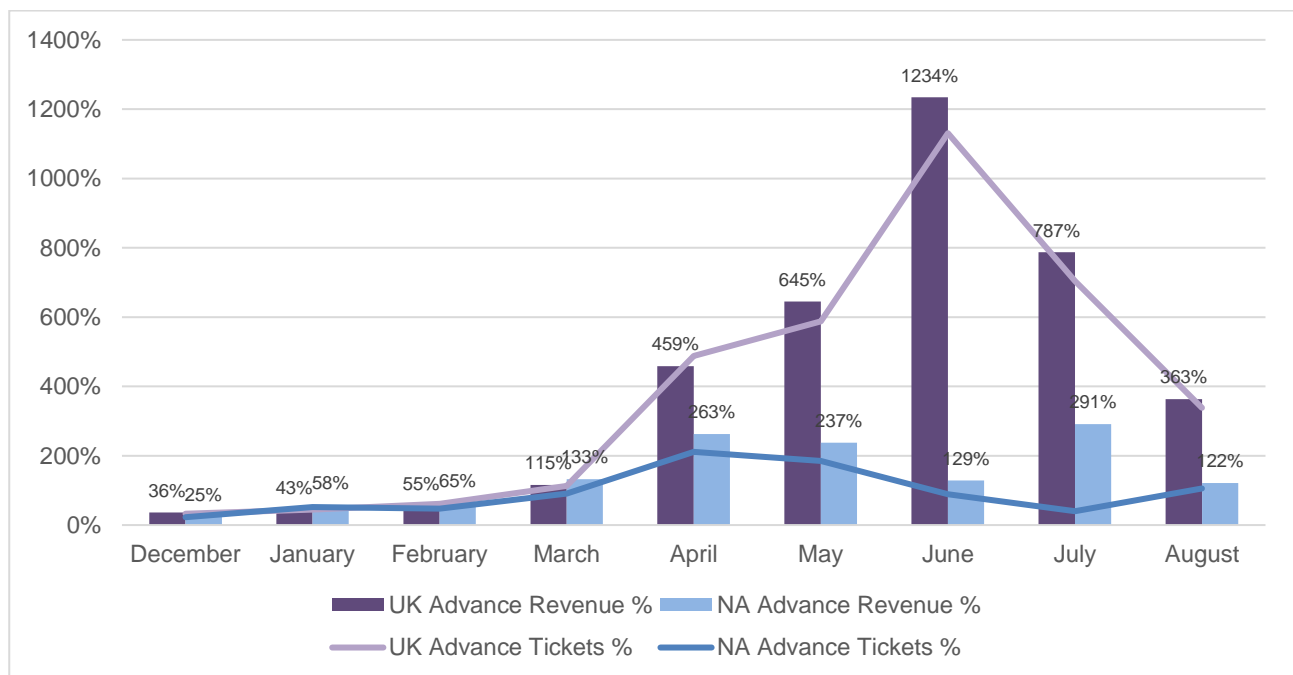
Chart 4 reveals that U.K. income for the month of December 2020 is currently just over a third of what had been taken by this point for December last year. In North America, revenue to date for December 2020 is down 75% compared to this point in 2019.

The positions reverse as we move into 2021 performances. The N.A. cohort has sold over half the tickets and revenue for the following January compared to this point last year, while the U.K. has achieved just 44% of ticket sales and 43% of revenue.

In February and March, the U.K. outperforms N.A. in comparative advance ticket sales, while N.A. achieves higher comparative advance income. This means that average ticket price achieved is rising in the N.A. cohort.

Only the months from March 2021 onward 'benefit' from deferred sales and revenues from performances postponed by a year due to venue closures. The impact of rescheduling increases in the months that follow:

Chart 5 – Year-over-year total advance sales and revenue for performances December 1 – August 31 as of 20 September 2019/2020



The U.K. cohort now has 12 times the revenue banked for next June compared to this point in 2019. Overall, the U.K. is currently significantly outperforming N.A. for sales from April to August 2021. This appears counter-intuitive: most N.A. organizations have subscription models that foster loyalty and encourage advance booking, while most U.K. organizations do not. Currently we cannot differentiate between genuinely 'new' and 'recycled' sales. It may be that the U.K. has been more successful in rescheduling productions and not refunding while N.A. organizations are encouraging more new bookings. This argument would seem to be supported by the better sales performance of N.A. in first four months of closure. We may explore this area further in a future Insight Report.

While it is heartening to see encouraging advances for the spring and summer, unless daily sales swiftly return to historic levels the positive gap will swiftly diminish.

Conclusions

This analysis was undertaken to give a snapshot of the impact of COVID-19 on the performing arts in the first six months of venue closures on both sides of the Atlantic.

The initial impact on ticket sales was enormous in both the U.K. and North America, but the scale of immediate decline was even greater in the U.K. It is only since July that N.A. comparative sales have dropped to (and below) U.K. levels. The trend in neither country is encouraging.

Our Insight Report for the period until the end of June 2020 showed that overall levels of giving to North American cultural organizations was holding firm. That is no longer the case. Revenues have almost halved in the last six months. The trend in the U.K. is also downward.

One possible silver lining is the volume of advance takings for performances in the spring of 2021 and beyond. If venues can open without social distancing by this point and cultural organizations now can start immediately investing in marketing these shows, there is the chance that the bounce back could be remarkably swift. However, with organizations making understandably risk averse marketing investment decisions due to continued uncertainty regarding their ability to open—with or without social distancing measures—long-term advances are increasingly likely to look less healthy.

In the coming weeks TRG Arts and Purple Seven will follow-up on this report by publishing some examples of organizations who are bucking the trend and delivering significantly greater tickets sales or philanthropic revenue than their peers. From our analysis of this diverse group of 'overperforming' organizations, there is a clear and unsurprising similarity: they are all either proactively fundraising or promoting ticketed events (both digital and live) that they have on sale.

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>

David Brownlee & Eric Nelson for TRG Arts & Purple Seven

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