

Financial Efficiency of the London Theatre District

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ABSTRACT

The topic of my research was to examine several professional London theatres' administration techniques and culture to determine if they were more financially efficient than professional theatres in the United States (such as Broadway). This research was intended to provide knowledge that could help both local and professional American theatres run their companies in the most efficient way possible. I attended a theatre administration internship for eight weeks at a local theatre in London, and I also toured many other theatres in the city and completed interviews at several of those locations. Through my research methods, I was able to obtain a good understanding of how theatres function in London and how they are able to keep tickets so affordable for their patrons. I concluded that London theatres are more financially efficient, and that is due to cultural differences, government funding, amount of shows attended, and other similar factors.

Keywords: undergraduate research, theatre, government subsidized theatres, London, Broadway.

INTRODUCTION

Theatre productions on the West End are some of the best and most professional shows one can see. London has been known as one of the theatre capitals of the world throughout its entire existence. Given that, how is it that the same show, being put on at the same time by both the West End and by Broadway, with the same level of professionalism, can have drastically different standards for ticket prices? While there is no single reason for London theatre tickets to be cheaper than those on Broadway, there are many factors that go into the pricing of theatre tickets. This study will discuss the many ways in which West End theatre tickets have been able to be much more accessible to the general public than tickets on Broadway.

Government Subsidies

An ongoing problem in the United States is the fact that arts programs in schools are extremely undervalued by the government. This leads to problems in both the educational and the professional world of arts. For example, Donald Trump has proposed many budget cuts that would get rid of arts programs in the United States. "Funding for the Corporation for Public Broadcasting would be cut to zero under the proposal, and the National Endowment for the Arts and the National Endowment for the Humanities would be eliminated entirely" (Brian Naylor, NPR, 2017). Thankfully for London, this is not quite the case on the other side of the world. In London, there are professional level theatres that are financially supported by the government. These theatres are referred to as *government subsidized theatres*. Because these theatres rely on the government's set budgets for their seasons, they are required to keep production costs and ticket prices lower than that of a standard commercial theatre. One of the most prominent examples of a government subsidized theatre is the National Theatre in London. The National Theatre is a world-renowned theatre company that has produced many award-winning shows since 1963, including *War Horse*, *One Man, Two Guvnors*, and *The Curious Incident of the Dog in the Nighttime*. They produce some of the most professional and well known productions in the world, and they are almost entirely funded by the government. Other examples of government subsidized theatres include the Royal Shakespeare Company and The Young Vic, which are two of the most successful theatre companies in England.

Not only are government subsidized theatres helpful in directly keeping prices down, but they are helpful in keeping theatre an art form that is valued by theatre goers, which in turn, helps finances run smoothly for theatre companies. Arthur Miller, an esteemed playwright, wrote a piece for the *New York Times* in 1947 regarding the importance of subsidized theatres in London, and how America should be following in the same path. "Such establishments in America are critically necessary because without them the theatre will fail, as it is failing now, to

meet the prime requisite not only of any art but of any business or profession... As a consequence the bulk of Broadway plays and performances are on the ragged edge of amateurism. The stage has become a stud farm for the big Western Tract" (Miller, 1947). Back in 1947, subsidized theatre was incredibly valued, just as it was in 1986. An article in the *New York Times* states, "We live in a mixed economy, and the commercial West End theater flourishes in London as well as the subsidized. We need both. But the West End flourishes chiefly because of the subsidized sector which feeds it and sustains it" (Sir Peter Hall, 1986). Almost 40 years later from the first article, subsidized theatres are still stated as necessary. Even more recently yet, an article from the *Guardian* stated, "we subsidise the arts so that those members of our society whom the marketplace has failed can have access to them" (Tom Morris, 2012). This goes to show that London theatre companies value their productions as an art form and want to be able to expose this art form to as many people as they can. These are only a few of many examples that just goes to show government subsidized theatres should be a necessary part of the theatre world.

General Theatre Policies

When you go see a Broadway show, you are handed a free Playbill (program full of advertisements), and you are escorted to your comfortable seat in an air-conditioned/heated theatre. Things are not quite the same for London theatres. When you walk into the theatre, you are not automatically handed a Playbill. If you would like a program to read, you may purchase one at the merchandise booth or at the doors. They usually come in a bundle with the larger keepsake program as well. Generally, each of these sets will cost approximately £10.00 (approximately \$12.50). If you were to purchase one of the keepsake programs at a Broadway production, it would cost somewhere between \$15.00 to \$20.00 for the single program. In addition to purchasing your program, you may not be in the most comfortable of areas if you chose to purchase a cheaper ticket. Not all the theatres in London are air-conditioned, and often the cheaper seats tend to get a little stuffy. With that said, however, they do offer ice cream at every show you may attend, so there are ways to cool down in the heat of the summer. Broadway theatres account for maintenance fees when choosing their ticket prices. These maintenance fees exist to help provide upkeep for the building (for things such as decent air-conditioning). While all of these small fees seem insignificant to a West End or Broadway production, they do add up in a hurry. Broadway theatres choose to charge more for tickets to account for things such as maintenance, while West End theatres choose to offer an option of purchasing a program or ice cream at a production. This is one of the many ways they choose to keep ticket prices to a minimum for their audience members.

Cultural Differences

It is no secret that the United States and the United Kingdom have many cultural differences. Whether it be the differences in the languages and accents, the government policies, or the weather, it is clear that the two countries have different ways of living. One of the most prominent cultural differences for my study was the idea that people in London seemed to have a better appreciation for theatre and arts than the general population of the United States. This could be attributed to the larger amount of arts education available to young people in the United Kingdom. For example; there is a "Kids Week" hosted for West End productions where children under the age of 12 can see productions for free. This is not a concept that Broadway has followed. Secondly, their arts education programs may be stronger simply because they have a much longer history than that of the United States in general. London theatre have been producing theatre for a longer amount of time than the United States has even existed as a nation. They have had a much longer time to figure out how to be most efficient when creating theatre productions, and that factor could play a very large role in how they run their theatres today. Not only have they had a longer history, but a much more impressive one at that. For example; William Shakespeare is the most well-known playwright in the history of the world. All his works were written, and put on the stage, first, in England. Other famous playwrights such as Christopher Marlowe and Oscar Wilde made their names in the London theatre scene as well. With a "playwright resume" like that, it is no surprise that the United States had trouble competing with similar credentials.

Facts and Figures

The Society of London Theatre (SOLT) is an organization that promotes theatre in London. Some of their involvement in theatre includes running the TKTS half-price ticket booth in Leicester Square, presenting the annual Olivier Awards (similar to the Tony Awards ceremony), and they even run the "Kids Week" for the West End theatres. They are a crucial part of London theatre, and have been since 1908. SOLT produces a yearly "Box Office Data Report" on any possible theatre statistic you can think of. For example; they have figures on finances, attendances, seating capacities, other external factors that could affect theatre productions, etc. These reports are available for purchase at the SOLT headquarters, and while in London, I purchased the report for the 2015 year,

which at the time, was the most recent available. The most important figures to my study were the ones that showed that 2015 was, in general, the best recorded year for theatre on the West End.

One of the most useful comparisons was that of the average ticket prices. According to SOLT, in 2015, the average ticket price for the West End was £42.99 (\$72.26). According to broadwayworld.com, in 2015, the average ticket price for Broadway was \$104.26. Statistics from the previous several years follow in a similar pattern, showing that the West End consistently has a lower average ticket price for their theatre goers. Similarly, the highest price ticket in 2015 were both for the musical, *The Book of Mormon*. For Broadway, the highest reached price was \$477.00, where the highest priced ticket for the same show in the West End only reached £202.25 (\$339.98). *The Book of Mormon* broke records for London in being the first ticket to a musical ever to be sold for more than £200.00 (\$336.20). On Broadway, there were eight shows that surpassed that mark for their top ticket, and that has simply become the norm for shows. People in London have been outraged at the fact that any ticket could ever cost so much money, but for Broadway, it is almost expected that a top priced ticket would be that much money.

METHODS

I spent eight weeks in London in order to complete this research. Throughout my time there, I worked at a theatre company to gain a better perspective of how a theatre is run from an administrative point of view. In addition to my work, I toured West End theatres, including Theatre Royal Drury Lane and the National Theatre, to get a better understanding of their theatres' history and culture. I was able to schedule interviews with key employees from the National Theatre, the Young Vic Theatre, and the Space Arts Centre, who gave me a better idea of how their theatres are run throughout the year. Once I had returned home from London, I compared the facts and figures. I received my information about the West End from the Society of London Theatre Box Office Data Report (2015). This report contained information about attendance, financial charts, and cultural events that may affect the theatres in general. With this information, I researched and compared similar figures to those from Broadway. Between my first-hand experience in London and the outside research I have done, I believe that I have a completed picture of how to compare Broadway theatres' efficiency to West End theatres' efficiency.

RESULTS

I came to the conclusion that London theatres are more financially efficient than Broadway theatres for several reasons. The first reason being that their culture has a much older and respected theatre history than that of the United States. This leads to a better consistency of successful shows, higher attendances, and a stable future for "top-notch" productions. The second reason is that London has government subsidized theatres. This keeps theatres on a tight production budget, and prevents them from charging high ticket prices. Not only that, but it keeps people doing theatre strictly for the art form. When theatre is not commercialized, it keeps the art form at its purest, and in return, provides better quality productions. Not only does the United States not have government subsidized theatres, but they are cutting funding for arts programs left and right, which, unfortunately, gives no chance for such a concept to survive in this country any time soon. Given those two primary reasons to a more financially efficient theatre, the third reason is that they choose where to charge their patrons differently during the actual productions themselves. Whether they charge for programs, merchandise, or ice cream, it still helps them keep the costs of ticket sales lower than those of Broadway, and allows for a more varied audience to be able to afford ticket prices. The expectations that theatre tickets are going to be as expensive as they have become seems to be only limited to Broadway shows, as London theatre goers cannot believe it when a ticket price skyrockets for a production. This, amongst all the other cultural differences, just shows that there is a higher standard held for the art form and the financial efficiency of the West End theatre companies.

LIMITATIONS

The primary limitation to this study was that the majority of the theatres I reached out to had neglected to respond, or were unable to participate in the requested interviews or tours. Another limitation to this study was that I did not get a chance to have the same type of first-hand experience in the world of Broadway theatres as I did in the world of London theatres. With that said, I have had many first-hand experiences with theatres in the United States. For example, I have seen several Broadway shows, I have participated in community theatres around the state for the past eight years, and I have worked on many productions over the past five years with the University of Wisconsin- La Crosse theatre department. This still gives me a good perspective of how things are comparable between the two nations. Lastly, a strange limitation to this study is that 2015 was a particularly incredible year for theatre. Both Broadway and the West End had a production that put sales "through the roof". For Broadway, *Hamilton* has become the biggest production ever seen with ticket sales nearing almost \$1,000.00 per ticket.

Similarly, *Harry Potter and the Cursed Child* had also skewed financial results for the West End. Tickets are still sold out through the end of 2018 for that production. Both of these shows produced an unusual spike in ticket sales for each part of the world, therefore, it gives skewed information on ticket sale data reports.

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