A Work Project presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

RETHINKING THE TICKETING STRUCTURE OF TEATRO NACIONAL D. MARIA II – EXPERIMENTING WITH PAY-WHAT-YOU-WANT

Mariana Filipa Oliveira Eulálio

46821

Work project carried out under the supervision of:

Pauline Legros

16-12-2024

Abstract

The performing arts sector in Portugal is predominantly comprised of non-profit institutions, which are driven by a dual mission: to expand access to cultural activities and to ensure long-term financial sustainability. TNDM II is well-acquainted with this balance.

Considering TNDM II's return to its historic venue in Rossio an opportunity for the theatre to redesign its pricing strategy, this thesis aims to examine the viability of introducing a participative pricing model. An extensive literature review on Pay-What-You-Want models led to the development and design of a tailored participative pricing solution for TNDM II, which will be tested during the 2024-2025 season. Test results should further inform decision-making as to the suitability of this solution from 2025-2026 onwards.

Keywords: Performing Arts Industry, Non-for-Profit Sector, Arts' Democratization, Ticketing Strategy, Non-for-profit Marketing, Customer Retention, Loyalty Audience Development, Participative Pricing Mechanisms, Pay-What-You-Want, Pick-Your-Price

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Table of Contents

Table of Figures

Table of Appendix

Table of Abbreviations

BOV = Bristol Old Vic

CCB = Centro Cultural de Belém

CRM = Customer Relationship Management

NTS = National Theatre of Scotland

PWYW = Pay What You Want

PYP = Pick-Your-Price

TNC = Teatre Nacional de Catalunya

TNDM II = Teatro Nacional D. Maria II

TNSJ = Teatro Nacional São João

TSL = Teatro Municipal São Luiz

1. Introduction

The European performing arts industry – including the theatre sector – is predominantly composed of non-profit institutions heavily supported by state-budgets and other public funds (European Com, Directorate-General for Education, Youth, Sport and Culture, 2018). Non-profits are characterized by sharing a common reason for existence: fulfilling a social purpose (Baumol and Bowen, 1965). This purpose is often articulated through what is referred to as the organization's public mission. Typically, a theatre's public mission is centered on the democratization of arts and culture, entailing the creation of opportunities for broad and diverse audiences to access high-quality performances that deliver not only artistic excellence but also educational and social value.

The principle known today as "Baumol's Law", or "Baumol's Cost Disease" was first introduced in 1965 in a publication by Baumol and Bowen (1965). The principle explains how, in sectors with limited or non-existent technological progress, wage increases driven by productivity gains in other sectors of the economy lead to an increase in the unitary cost of labor, and hence to a drop in productivity. The cultural sector in general, and the performing arts industry in particular, are prone to the cost-disease effect. The highly labor-intensive character of performing arts in combination with the lack of opportunities for technological development that could improve labor productivity in the sector make efficiency vital. In such cases, efficiency, in the form of increased labor productivity, can be achieved either by reducing inputs to the minimum necessary given an output level, or by adjusting the scale of production to its optimal level. However, both paths represent a compromise regarding the fulfilment of cultural institutions' public mission. By reducing inputs to the minimum, cultural institutions most likely jeopardize the excellence of the service they deliver to the community. Conversely, adjusting the scale of production can hinder organizational capability to reach broader societal segments.

Frequently, the lack of productivity of the non-profit cultural sector has been addressed by growing amounts of public funding (Marco-Serrano, 2006). Nonetheless, ever-increasing cost pressures on public cultural expenditures, especially in times of severe budgetary constraints, significantly disrupts these institutions’ ability to meet its financial responsibilities. Thus, a continuous strive to increase revenue and reduce dependence of public money remains of essence to guarantee the long-term financial sustainability of these organizations. Hence, these institutions remain without solution, being doomed to balance a perpetual trade-off between advancing its societal value and improving its financial situation.

Teatro Nacional D. Maria II (TNDM II), in Lisbon, Portugal, perfectly illustrates this duality. The Teatro is committed to the promotion of cultural democracy and the realization of the cultural potential of Portugal and its people (Teatro Nacional D. Maria II [TNDM II], n.d.f). Simultaneously, it aims to explore alternatives to increase revenue, solidifying its long-term financial sustainability and improving financing capabilities for outreach initiatives that can contribute to advance its mission.

Additionally, TNDM II has also faced significant challenges maintaining a proximity relationship with its audiences in recent years. The Covid-19 pandemic forced the venue’s temporary closure in 2020, disrupting established connections with community members. This was compounded by a change in artistic direction in 2021, and the subsequent 2023 closure of the theatre’s historic venue in Rossio for renovation works.

In the performing arts industry, pricing extends beyond revenue generation; it also shapes quality perceptions and influences audience composition, potentially fostering inclusion (National Endowment for the Arts, 2020). Hence, ticketing and pricing strategies emerge as pivotal tools to address the above-described challenges. The experience character of the performing arts’ product poses significant uncertainty on consumers, making product comparisons and purchase decisions hard to take, especially when there is no pre-existing relationship with the vendor. Under such setting, designing the appropriate pricing strategy is vital to stimulate demand across diverse consumer segments. Traditionally, performing arts organizations use a combination of single tickets and subscription formulas to appeal to different customer segments. However, little is known about how each segment evaluates and responds to these strategies and whether other, more appealing, or more viable, alternatives exist.

This thesis investigates alternative pricing strategies for TNDM II in anticipation of the Rossio's venue re-opening scheduled for the 2025-2026 season. Leveraging available audience data and insights from existing literature on innovative pricing mechanisms, this study aims to develop a comprehensive and strategically aligned proposal for the Teatro Nacional's ticketing scheme. The proposed strategies seek to balance financial sustainability with the Teatro's public mission of cultural democratization, focusing on fostering stronger customer relationships and enhancing audience engagement. Finally, an implementation pathway is outlined for the proposals, proving actionable recommendations to support TNDM II's execution of each strategy.

2. Teatro Nacional D. Maria II

Since its establishment in 1846, TNDM II has served as a cornerstone of the Portuguese performing arts sector. The venue was inaugurated to commemorate the twentieth anniversary of Queen Maria II's coronation and has retained its name as a testament to her legacy.

Since 2007, the theatre has been managed by the Portuguese government, with the Ministries of Finance and Culture providing supervisory oversight (TNDM II, n.d.b). As a non-profit institution, the TNDM II's promotes the democratization of the performing arts, as reflected in its mission of "opening up the theatre to the community" (TNDM II, n.d.c).

Furthermore, in 2023, its iconic Rossio venue was closed for reconstruction work, posing the necessity for the TNDM II's reinvention. In collaboration with 16 municipalities, the theatre undertook a program of touring performances under the auspices of the "*Odisseia Nacional*", thereby extending the reach of the performing arts throughout the country. This initiative reflected the theatre's mission and exemplified a territorially cohesive approach to the arts (TNDM II, n.d.e).

2.1. TNDM II's Audience

The following Section will present the audience of TNDM II. It will begin by describing the survey conducted by the theatre, including the rationale and the specific objectives it was designed to achieve. Furthermore, it will present the findings of the survey, before concluding with a description of the customer type of TNDM II.

2.1.1. "Abril Abriu" Survey

As a consequence of the limited data available regarding the TNDM II's audience, and the inability of the theatre to access the statistical information from the ticket app (BOL), a survey was conducted during the "*Abril Abriu*[1]" cycle with the objective of characterizing the consumption patterns of those attending TNDM II.

A total of 1,058 respondents were surveyed, but 153 of them did not provide valid answers to the categories considered pivotal for the analysis of the customer type of TNDM II, namely gender, age, educational level and frequency of visit. Consequently, the study was conducted using the responses of 905 individuals.

[1] The "Abril Abriu" cycle is a project to celebrate the 50 years of the Carnation Revolution, highlighting the historical, cultural, political and social legacy of the date (TNDM II, n.d.d).

The initial conclusion from the survey data is that the majority of theatre attendees are women (62.65%), while men represent 35.25% and the remaining respondents identified as non-binary or declined to answer.

Moreover, with regard to the variable of age, the age group with the highest level of participation is that comprising individuals between the ages of 41 and 50 (203 respondents), followed closely by the age groups 31-40 (183), 21-30 (177) and 51-60 (175). Furthermore, it is of great importance to highlight that the attendance on TNDM II displays a notable decline in the 71-80 and 80+ age groups, as well as in those below the age of 20.

Regarding the education level variable, it can be concluded that a higher proportion of individuals possess a post-secondary education (84,53%), of whom 51,60% have obtained a bachelor's degree, 25,75% a master's degree and 7,18% a PhD.

Furthermore, when crossing the educational level variable with the frequency of attendance, it is visible that the highest frequency of attendance ("one or more occasions per week") is observed more often among respondents with higher levels of education. Conversely those who indicated that they never attend performing arts events in TNDM II were more likely to have lower levels of education (7% in secondary education vs 2,87% in post-secondary degrees).

Therefore, based on the aforethementioned findings, the theatre's customer type can be defined as a middle-aged woman with a superior level of education. These results are further substantiated by the findings of TNDM II in the "Peças[2]" survey, which identified the average

[2] The Project "Peças" is the spectacle strand of the Odisseia Nacional. Under this project, the theatre conducted a microstudy on 6 plays to gain a deeper perceptual understanding of its audience (Teatro Nacional D. Maria II, 2024).

spectator as "Portuguese women over 40 years of age with a superior education and a non-related profession in the cultural sector" (TNDM II, 2024).

Lastly, the survey “Abril Abriu” provides substantial insights on how the audience of TNDM II became aware of the attended plays. The survey concludes that an overwhelming majority of 58,86% of respondents refer “Pessoa amiga, colega ou familiar[3]” as the primary source of information, underscoring the significant importance of positive word-of-mouth as a marketing tool for the theatre. Additionally, the role of social media as a promotional tool is noteworthy, particularly among the 31 to 40 age group (14,97%) and the 41 to 50 age group (16,10%).

2.2. TDNM II’s Current Pricing Strategy

Section 2.2 will focus on a detailed examination of the pricing policy and strategy outlined by TNDM II. In Section 2.2.1., an analysis of the evolution of the theatre's pricing strategy will be presented, accompanied by an examination of the current discounts available. Finally, in Section 2.2.2., a discussion of the subscription model experimented by the theatre will be presented, which commenced in the 2018-2019 season and is no longer available.

2.2.1. Analysis of Current Strategy

TNDM II's pricing strategy has remained relatively stable since 2011, with a focus on the gradual reduction of prices and the implementation of new discount models.

This scheme is distinguished by two forms of differentiation: one based on the seating location within the auditorium (in the case of Sala Garret) and the other on the purchaser's classification to the discounts previously referred.

The first element is based on the perceived quality of the seat, depending mostly on its distance and visibility to the stage. Tickets in the audience are the most expensive (16€), followed by

---

[3] “Pessoa amiga, colega ou familiar” translates to “Friends, colleagues and family”.

those in the first balcony (12€), and finally there is a level playing field between seats in the second balcony and those in the cabins of both the first and second balconies (9€).

Additionally, the theatre's price list becomes increasingly intricate when one considers the range of discounts available, varying from a 25% reduction to free tickets.

The most comprehensive category pertains to “discounted tickets”, which encompasses young people up to the age of 30, seniors, groups of more than 10 people, people with disabilities, professionals in the field, the unemployed and to Thursdays shows, for which the theatre offers a 25% reduction on the ticket price.

Furthermore, TNDM II offers a distinctive program for educational institutions and students and professors engaged in the performing arts, available at the price of 4€. This initiative is pivotal in substantiating the theatre's mission and ensuring accessibility for the entire community, including disadvantaged students, who have the opportunity to visit the theatre for the admission fee of 1€.

Furthermore, under the *És.Cultura'18*[4] initiative, individuals aged 18 are entitled to free admission to the theatre. Lastly, families are eligible for a 50% reduction in price.

In the case of smaller productions, TNDM II typically utilises the Sala Estúdio, which, due to its comparatively limited capacity, does not permit the differentiation of price according to the seat. Consequently, theatregoers have the option of purchasing tickets at the full price (11€) or at a reduced price, which is available to those who qualify for the discounts previously listed.

---

[4] És.Cultura’18 is a Ministry of Culture program that gives 18-year-olds free access to various cultural events. This initiative accounts for more than 350 cultural organizations, and among these is the TNDM II (Cultura Portugal, 2017)

2.2.2. Assinaturas

During the 2018-2019 season, the TNDM II implemented a subscription model, designated as "Assinaturas", which offered a 50% or greater discount to spectators who purchased five, ten, or twenty shows.

Moreover, the effectiveness of this initiative was enhanced by the implementation of Christmas campaigns, including gift cards, for the purchase of these packages. The marketing campaign was centred around an online campaign on Instagram and Facebook, which was complemented by the use of selected influencers to promote the "Assinaturas".

Number of Shows	Price	2018-2019	2019-2020	2020-2021	2021-2022
5 Shows	40,00€	109	209	32	190
10 Shows	70,00€	31	73	11	48
20 Shows	120,00€	4	25	0	10

Figure 1. "Assinaturas" Pricing Scheme & Reported Packages Sold

Figure 1 illustrates the pricing structure employed, as well as the reported sales figures for each season. It can be derived that the campaign success was affected by the pandemic, reporting an 85% decrease in "*Assinaturas*" sales in the 2020-2021 season, with spill-over effects in the following year. Moreover, during the four seasons the program was available, there was a clear preference towards the most affordable pack, which constituted over 65% of the total packs sold.

Despite the model's favourable assessment by the theatre, its implementation was temporarily suspended in the end of the 2021-2022 season, due to the closure of the venue for its requalification in 2023. Nevertheless, the theatre is exploring the possibility of its reimplementation, although at a more expensive price point.

2.3. PEST Analysis

In order to gain insight into the operational, current situation and consumer behaviour of TNDM II, it is essential to conduct an examination of the macro environment. This will enable the identification of the factors that exert a significant influence on the aforementioned aspects, or that may potentially impact the theatre's future. Accordingly, a PEST analysis was employed, encompassing political, economic, social, and technological factors.

2.3.1. Political Factors

The political environment exerts a profound influence on the theatre sector, as the government assumes a pivotal role in financing and sustaining cultural institutions. This underscores the crucial importance of government support (Kirchner et al., 2006; Yavas,1996) as the primary source of income for theatres, enabling them to finance a significant portion of their operational costs. These financial resources are vital for maintaining the quality of productions, supporting local artists, and ensuring affordable ticket prices. Consequently, changes in government and potential withdrawal of financial resources can have a profound impact on the sustainability and viability of the theatre.

Moreover, cultural policies that aim to democratize the access to culture in Portugal, such as the És.Cultura'18, have the potential to influence the consumption patterns of particular demographics (such as the younger generation), while prompting institutions to rethink their pricing strategies.

2.3.2. Economic Factors

One of the most significant factors is the state of the broader economy, as fluctuations in disposable income directly impact consumer spending on cultural activities. In periods of economic expansion, there is a greater propensity for audiences to invest in theatre attendance, whether through individual ticket purchases or the acquisition of memberships. Conversely, during periods of economic contraction, cultural activities are frequently among the initial expenditures to be reprioritized in household budgets for discretionary spending. (Trading Economics, n.d.).

In Portugal, GDP has been growing steadily over the past 3 years. In 2021, GDP per capita was $24,661, increasing by 10,60% until 2023 ($27,275) (Macrotrends, n.d.). Therefore, as GDP grew, the expected household cultural spending was also expected to increase. (Instituto Nacional de Estatística, 2024).

Furthermore, the tourism industry represents a significant contributor to the country's economic growth. Its economic impact provides additional revenue for theatres, particularly through single ticket sales and attendance at international performances. However, a reliance on tourism can render theatres susceptible to external shocks, such as pandemics, which have the potential to significantly reduce visitor numbers (Luz, 2024).

Furthermore, the theatre's dependence on governmental financial assistance renders it vulnerable to the detrimental consequences of an economic recession, which may culminate in a diminishment of subsidies allocated by the Portuguese government (Instituto Nacional de Estatística, 2024).

2.3.3. Social Factors

The decision to attend a theatrical performance is influenced by a number of factors, including demographic trends, the availability of cultural activities, and the evolving social attitudes towards the arts. Each age group exhibits distinctive preferences and expectations with regard to theatrical experiences. For instance, younger audiences are frequently inclined to engage with contemporary or experimental productions, whereas older audiences tend to favor traditional or classical performances (Acerbi et al., 2012).

Modern lifestyle trends have significantly influenced people’s relationship with theater. With increasingly hectic schedules and the emphasis on leisure activities, flexibility in programming has become a priority. A significant proportion of theatregoers now express a preference for shorter, more accessible performances and evening performances that can be accommodated within their daily routines (Davenport, 2023).

2.3.4. Technological Factors

Features such as mobile ticketing and digital payments enhance the audience experience, allowing spectators to quickly and easily reserve their preferred seats. These systems also allow theaters to collect valuable customer data to understand customer behavior and attendance patterns.

The rise of digital marketing has transformed the relationship between audiences and theaters. Social media platforms, email campaigns, and targeted advertising allow theaters to effectively promote performances and reach different segments of their audience. Platforms such as Instagram and Facebook are particularly popular for sharing promotional content, behind-the-scenes footage, and interactive polls that can engage potential viewers (Aranyossy, 2022).

Theaters can use data analytics tools to gain insight into audience preferences, allowing them to better shape programming and marketing efforts. By analyzing ticket sales, demographics, and online engagement metrics, theaters can identify trends and optimize performances.

While the technology offers many benefits, integrating it can be challenging for some theaters, especially those with smaller budgets or infrastructure, due to the high costs of these advanced systems.

2.4. SWOT

2.4.1. Strengths

With a history spanning nearly 180 years, TNDM II stands as one of Lisbon's prominent cultural institutions, enjoying significant recognition throughout Portugal (European Theatre Convention, n.d.). The imposing and historical character of its building, centrally located in the downtown area of the city attracts the attention of both locals and tourists (Turismo de Lisboa, n.d.).

The theatre's diverse repertoire includes Portuguese and international productions, offering audiences performances that address a wide variety of themes and perspectives (Explorial, n.d.). A main strength of TNDM II is its in-house theatre company, which allows it to consistently create high-quality productions. This artistic autonomy not only bolsters the theatre’s creative output but also reinforces its independence within the cultural sector.

Another critical advantage of TNDM II is its robust financial stability, a cornerstone of its operations. As a national theatre, TNDM II benefits from comprehensive financial support from the Portuguese government (Appendix 9), ensuring operational security and allowing the institution to prioritize its social and artistic mission over financial concerns. This stable funding base allows TNDM II to focus on developing capabilities to deliver artistic, educational, cultural, and social value.

Finally, TNDM II demonstrates a strong commitment to social inclusion. The theatre offers a comprehensive discount catalogue aimed at making theatre attendance financially accessible to economically disadvantaged groups, as described in Section 2.2.1.. In addition, it has developed comprehensive outreach strategies to engage culturally excluded audiences, with an emphasis on education through artistic performance. In this context, *Odisseia Nacional*[5] (TNDM II, n.d.a) arises as a particularly impactful project whose success during 2023-2024 led TNDM II to renew it for the 2024-2025 season. TNDM II’s unwavering commitment to its social mission significantly enhances its reputation as a driver of cultural and social equity. This reputation not only reinforces its public value but also attracts additional support from corporate sponsors,

[5] *Odisseia Nacional* is a nationwide initiative that first commenced in 2023. It involved over 90 municipalities where cultural experiences are widely scarce with the aim of fostering local artistic creation, inclusivity, and democratization of cultural access (TNDM II, n.d.a).

private donors and the wider community (Appendix 9), further strengthening its financial and operational capabilities.

2.4.2. Weaknesses

Although the strong financial support from the Portuguese government represents an enabler for the fulfilment of the theatre's social and cultural value, it also constraints the way it operates and is managed. TNDM II is subject to additional state regulations, including restrictions on ticket prices, as exemplified by the *És.Cultura'18*, described in the Section 2.2.1, which limits the theatre's ability to adjust pricing strategies, especially for certain categories, undermining its ability to deliver on revenue opportunities. Additionally, the strong dependence on public funds, makes TNDM II extra vulnerable to economic downturns or changes in Government. Significant changes on either may significantly affect the fund received by TNDM II, disturbing its ability to predict available funds and effectively plan future seasons.

Moreover, unlike other cultural institutions that benefit from donations, sponsorships, or patronage programs, TNDM II lacks a well-established system for attracting private funding. Hence, the theatre may be missing out on significant support steaming from private sources and more importantly on the opportunity to diversify revenue streams.

Furthermore, TNDM II faces challenges with its third-party ticketing system provider, *BOL*. As a result, the theater does not have direct access to customer data or to detailed audience information. This lack of information severely undermines TNDM II's capability to understand its audience preferences and behavior, to develop targeted marketing campaigns, and to distribute personalized communication content.

TNDM II features a very underdeveloped use of digital platforms and tools when compared to the international industry benchmark. Unlike many European theaters, TNDM II does not have an online streaming platform or system to offer access to live or recorded performances remotely. In an era where digital content consumption is continues to grow rapidly (Kemp, 2024), the lack of online presence represents a missed opportunity to generate additional revenue.

2.4.3. Opportunities

As discussed in Section 2.4.2., one of TNDM II's main weaknesses is its strong reliance on public funds. There are several different strategies that could be considered to address this reality and whose inherent design also contributes for the advancement of other strategically weaker areas of TNDM II.

The re-opening of TNDM II's historic Rossio venue for the 2025-2026 season presents opportunities for the theatre to renew interest in the institution and re-engage with local and international audiences. Portugal has established itself as a major touristic destination in Europe and in the world. In fact, the tourism sector comprises 7,1% of Portugal's GDP (Pordata, 2024). This reality offers TNDM II opportunities to attract new audiences and to increase and diversify revenues. To properly capitalize on this opportunity, the theatre could consider offering live English subtitles to eliminate potential language barriers. Moreover, TNDM II could launch guided tours around its historic building, offering visitors interesting insights on its architecture, history, and cultural significance. Both initiatives demonstrate potential for TNDM II to improve its international appeal and reputation, consequently increasing its number of international visitors and driving revenue.

Additionally, the considerable underdevelopment of TNDM II's strategy to attract funds outside the public sphere further presents itself as opportunity for improvement. Leveraging on the public excitement of the big re-opening, TNDM II could introduce a revised strategy to attract the support of different private sources, ranging from individual private patrons to corporate donors. Consequently, the theatre would increase available funds while reducing its dependence on the support of the Portuguese state and safeguarding the stability of its operations.

Furthermore, and touching upon the area of intervention of this project, TNDM II could seize its re-opening as an opportunity to revise its pricing strategy. Implementing alternative pricing models, such as subscription plans, and loyalty programs, could facilitate the collection of detailed audience data (Meyer-Waarden, 2008) without the need to alter its ticketing platform provider. Greater data accessibility would in turn improve TNDM II's capacity to design and execute targeted and effective marketing strategies. Reevaluating the pricing strategy could yield significant benefits for revenue generation. However, it is important to emphasize that revenue maximization should not be the primary goal of TNDM II's pricing approach since, as a public institution with a social mission, it must ensure its pricing scheme aligns with its core culture democratization.

Finaly, TNDM II could also consider the implementation of a digital streaming platform to facilitate remote access to its performances and events. Such initiative would not only allow the theater to further diversify and expand its revenue streams but also significantly advance its public mission of promoting cultural accessibility and inclusivity. By leveraging these digital solutions, TNDM II could reach audiences in regions with limited cultural offerings, thereby bridging geographical and socio-economic barriers to cultural participation.

2.4.4. Threats

A significant threat facing TNDM II is the instability of the broader economic and governmental environment. In recent years, rising inflation and economic volatility, posed additional challenges for the financial viability of TNDM II (TNDM II, 2024). Additionally, escalating overhead costs and increasing employee salaries have further intensified financial pressure for theatres (Figure 8; TNDM II, 2024). Compounding on these effects, the decrease in discretionary spending that characterizes economic downturns, forces a decline on ticket sales.

The dual effect of decreased public funding and ticket revenues, further strains TNDM II’s ability to make ends meet, affecting its capability to advance its public mission.

Another external challenge for TNDM II is the imperative to adapt to evolving social and cultural trends. Younger generations increasingly gravitate toward modern, interactive, and digital cultural experiences (Lithgow, 2012) that often diverge from traditional theatre formats. As audience preferences shift, theatres risk losing relevance among these demographics, potentially resulting in a decline in audience engagement and long-term audience shrinkage.

Finally, one of the most unpredictable yet critical threats to TNDM II is the potential for global crises, such as the global health Covid-19 crisis. The live performance industry is inherently vulnerable to disruptions caused by such events, as they can severely limit public gatherings, disrupt operations, and most importantly diminish consumer confidence.

3. Project Scope

TNDM II is faced with the common challenge of cultural non-profit institutions of balancing the fulfilment of its social mission with long-term financial viability. Compounding on this, TNDM II also faces a specific challenge related to disrupted customer relationships and lack of insightful audience data that undermines the theatre’s ability to pursue potential avenues for revenue generation.

As explored throughout previous Sections of this report, TNDM II relies heavily on public funding to sustain its operations, making the theatre particularly vulnerable to shifts in government priorities and economic volatility that significantly affect availability of funds. This reliance underscores the critical need to identify and address inefficiencies within TNDM II’s operational scope to build financial independence and resilience within the organization.

There are several factors in the marketing mix that affect revenue, but pricing is the only one that affects it directly (Gabor, 1977). Hence, in this project there is a focus on recalibrating

TNDM II’s ticketing strategy to potentially increase box office revenue, diversifying revenue streams and reducing the institutions reliance on public funds. However, as a public mission institution, TNDM II’s ticketing strategies cannot be driven solely by capitalistic considerations of maximizing cash inflows. Instead, ticketing strategies must prioritize accessibility to ensure inclusivity. Furthermore, there is also the intention to strengthen TNDM II’s customer relationships with the proposals. The lack of comprehensive and actionable audience data at TNDM II presented a significant challenge for our mission, hence it is also addressed with our proposals.

Finally, in the various steps of a customer lifetime cycle, as developed by (Court, Elzinga, Mulder, & Vetvik, 2009), the report positions itself as an intervention at the buy and bond stages. The report is limited to recommending ticketing strategies and does not venture into structuring programs beyond the scope of pricing. These recommendations take in account the current dynamics and prevailing trends within the theatre industry whilst acknowledging that pricing is only one aspect for audience development. There are aspects such as programming, advertising, outreach, and others that affect the theatre’s audience development and retention. However, this report does not touch upon them.

3.1. Objectives

The project’s initial brief presented the challenge of revising and developing a new ticketing strategy for the return of TNDM II to its historic Rossio venue in the 2025-2026 season. Following 2024 steering meetings’ discussions and a comprehensive diagnosis of TNDM II, additional more actionable objectives were developed for the project.

It was found that there are expanses of the theatre’s functioning that require assistance from the ticketing strategies for smooth functioning. Thus, considering the theatre’s current environment, its mission, and the challenges it faces, the following five objectives were considered for the structure and implementation design of the proposed strategies:

- *Collection of Data:* The lack of accessibility to data from the theatre's ticketing platform presents significant obstacles to the comprehension of audience preferences and consumption patterns. It was thus imperative to devise a system that would enable the theatre to gather insightful data from its audience without requiring a change of ticketing system provider and incurring in the subsequent associated costs.
- *Cash Management:* The closure of the theatre had a detrimental impact on TNDM II's capacity to generate operating revenues. It was thus deemed necessary to devise recommendations that would enhance financial viability and reduce reliance on public funding.
- *Improving Ticketing Experience:* The desirability and simplicity of a shopping channel are pivotal factors in guaranteeing future consumption (Jarvelainen, 2003; Devaraj et al., 2002). Accordingly, the strategies implemented are designed with the objective of optimizing the spectator buying experience.
- *Diversifying Audiences:* The pursuit of the TNDM II's mission is of great relevance for its team. Thereby, this project aims to introduce recommendations that will attract new audiences to TNDM II, with a particular focus on disadvantaged segments of the population.
- *Strengthening Customer Relationships:* Ultimately, the objective of this project is to cultivate a long-term, mutually beneficial relationship between TNDM II and its audience. The proposed recommendations are designed to cultivate loyalty and encourage repeated attendance, as well as to ensure that the institution remains a trustworthy in the eyes of those who visit it.

All recommended strategies proposed throughout this report are extrapolated from an initial benchmarking analysis, presented in Section 4, that focused on theatres and allied Arts' institutions with a public mission that grapple with similar challenges to TNDM II.

4. Benchmarking

Following an evaluation of the TNDM II's internal and external environments, including an analysis of the institution's sources of funding, pricing strategies and the challenges ahead, it was essential to gain an understanding of how its position compares with other theatres, in both the international and Portuguese landscapes.

Accordingly, a benchmarking methodology was employed, whereby a comprehensive examination was conducted on 12 public European theatres and 4 Portuguese theatres, resulting in an “International Benchmarking” and in a “Portuguese Benchmarking”. This approach was selected because it allows for the identification of the highest standards of excellence, as well as the necessary improvements to be made in order to reach these "best practices" (Bhutta & Huq, 1999).

4.1. International Benchmarking

The Section 4.1. presents a comprehensive analysis of the international benchmarking process, which constituted a pivotal aspect of the project's development. Firstly, the objective of the benchmarking process and the criteria employed to select the theatres included in the study are examined in detail (Sections 4.1.1., 4.1.2. and 4.1.3.). Moreover, a succinct overview of each theatre is provided, which can be found in Section 4.1.4. The final Section (4.1.5.) presents a comparison between the performance of TNDM II and the international context derived from this research.

4.1.1. Objective of the International Benchmarking

It was of the utmost importance to ascertain potential means of bolstering the theatre's financial stability through the integration of efficacious pricing strategies that have already demonstrated success across the institutions under examination. Consequently, the objective of international benchmarking is twofold: firstly, to assess potential strategies for implementation within the theatre; and secondly, to analyse the comparative position of TNDM II.

In order to develop a more reliable tool, two criteria were defined. Firstly, the theatre must be a governmental institution, pursue a public mission and develop in-house production. Secondly, it should have a similar financial dimension to TNDM II.

4.1.2. Public Theatre and Public Mission

The term "public theatre" is frequently associated with non-profit organizations, which are primarily driven by a mission other than profit maximization. In these organizations, effectiveness is a multidimensional concept, comprising usage maximization, capacity targeting, budget maximization and cost recovery strategies, which are often fundamental indicators of the organization's efficiency (Boorsma & Chiaravalloti, 2010).

The funding structure of these institutions is primarily reliant on public investment, with supplementary income derived from ticketing revenues and corporate donors' transfers, which are often of secondary economic importance (Toepler et al., 2006).

The pursuit of a non-maximisation strategy, which is frequently aligned with the investment directed by public institutions, often results in theatres adopting a more diverse repertoire, oftentimes less commercially appealing.

This approach aligns with the hunt of a public mission, that typically defines non-profit performing arts organizations. The mission statement of a theatre is typically oriented towards enriching the cultural environment through artistic achievement (Turbide & Laurin, 2009). Additionally, there is a commitment to accessibility and inclusivity, extending to all individuals regardless of physical, intellectual, or cultural limitations (Dean et al., 2010). In this regard, the theatres selected should exhibit a dedication to a public mission-driven approach.

Conversely, although artistic merit and entertainment value are still important drivers of the organization's operational focus, commercial theatre's primary mission is to generate profits for its investors (Cherbo, 1998).

Consequently, the ownership structure, funding and mission of these institutions are markedly distinct from one another. It was subsequently determined that a comparison between publicly and privately held theatres was inadequate.

4.1.3. Financial Dimension

In light of the absence of uniformity in how each theatre discloses their financial information, a standardized benchmarking approach was required. For that, three distinct categories of income sources were considered: operating revenues, public investment and private donations.

Operating revenues encompass the value generated by the theatre through its core business activities, including ticketing revenues and merchandising. The second category of funding is that of public investment, which may be provided by municipal, national or European governmental bodies. The third category encompasses private donations, which are derived from revenues obtained from corporate donors.

Even with these defined criteria, the lack of disclosed financial information from Théâtre de l'Ódeon, Théâtre Vidy and Théâtre du Nord resulted in their exclusion from the financial analysis. Nevertheless, these organizations were included in the benchmarking due to their utilization of innovative pricing dynamics, which will be discussed in greater detail in the subsequent Sections of this paper.

Moreover, the total income generated by TNDM II in 2023 was 7.5M €. Of this, 84.5% was derived from donations from public bodies, 332.310€ (4.4%) from ticketing revenues, and over 780.000€ (10.3%) from corporate donors. In order to identify strategies that could enhance the performance of the theatre, the benchmarking process was conducted with the objective of including theatres with comparable financial characteristics to TNDM II. This approach guarantees that the insights and findings derived from the benchmarking exercise can be effectively compared and applied to the theatre.

Nevertheless, the Burgtheater, the National Theatre of Prague and the National Theatre of Slovakia were included in this exercise despite their registered income exceeding 59 million euros in 2023. This was due to the valuable insights provided in the "Pick Your Price Strategy". However, in light of the defined criteria, they were excluded from the financial analysis.

4.1.4. Theatres Included in the International Benchmarking

After disserting on the methodology employed in the benchmarking process, it is essential to undertake a brief analysis of the 12 selected theatres.

National Theatre of Scotland (NTS)

The National Theatre of Scotland, based in Glasgow, was funded in 2006 and has since become a leading force in Scotland's cultural landscape. Uniquely, NTS operates under the moto "theatre without walls", performing in both traditional stages and untraditional locations, like schools and warehouses, across Scotland and internationally (National Theatre of Scotland, n.d.).

The theatre's mission is "To make extraordinary, relevant theatre by, with and for contemporary Scotland.", with a focus on innovation, inclusivity, and engaging diverse audiences. Its artistic output emphasizes Scottish identity and contemporary themes, while its educational and community programs aim to make theatre accessible to all (National Theatre of Scotland, n.d.).

In 2023, the theatre's total budget exceeded £8.8 million, with approximately 50% originating from public funding and the remainder from ticket sales, sponsorships, and partnerships.

The National Theatre of Scotland serves as a notable example of successful outreach programs. In the following Sections, two of its key initiatives will be explored in greater detail: *First Nights*, discussed under Section 5.3. and *Theatre for a Fiver*, which inspired the strategy designed in Section 10.

Abbey Theatre

Known as the National Theatre of Ireland, the Abbey has played a central role in shaping Irish culture, history, and identity since its inception in 1904. The theatre operates from its historic premises, featuring a main stage with a seating capacity of 492 seats.

The Abbey’s mission is “*to effectively and imaginatively engage with all of Irish society through the production of ambitious, courageous theatre in all its forms"* with a focus on celebrating Irish playwrights and supporting emerging talent (Abbey Theatre, n.d.). Its repertoire balances new writing and classic Irish works, underlining its role as a cultural ambassador for Irish arts. In 2022, the Abbey Theatre's operating income was around €11.5 million, with approximately 70% coming from public funding and the remainder generated through ticket sales, commercial partnerships, and philanthropic support (Abbey Theatre, 2023).

Bristol Old Vic

Bristol Old Vic, while not designated as a national theatre, holds significant cultural importance in England as the longest continuously operating theatre in the country (Bristol Old Vic, n.d.a). The theatre's mission is to "inspire a lifelong passion for theatre through bold, inventive productions and engagement with its community" (Bristol Old Vic, n.d.c).

In 2023, Bristol Old Vic reported an operating income of over £6 million, of which 20.4% derived from public funding and 40% from ticket sales and royalties (Bristol Old Vic, n.d.b).

Among the group of 12 theatres analyzed, Bristol Old Vic stands out for its strong capacity to self-generate revenue, reducing its dependency from public funding considerably. This capacity is likely tied to its comprehensive pricing strategy. Bristol Old Vic’s *Free Loyalty Program* is one of the strategies that inspired us to develop the strategy discussed in Section 8.

Aarhus Theatre

Despite not being designated a national theatre, the Aarhus Theatre welcomes over 100,000 visitors annually.

The theatre is distinguished by its pioneering and socially aware productions, which endeavour to engage and resonate with audiences not only in Aarhus but across Denmark. It is therefore the intention of the theatre to raise awareness and to promote the democratisation of the performing arts, in alignment with artistic and social sustainability (Aarhus Teater, n.d.).

During the 2022-2023 artistic season, the theatre generated 107,141,000 kr (approximately 14.4M€), with public funding accounting for 73.09% of the total and operating revenues representing 15.76% (Aarhus Teatre, 2023).

Teatre Nacional de Catalunya (TNC)

The TNC, located in Barcelona, commenced operations in 1996 and has since become the largest theatre in the Catalonian region. The venue comprises three distinct performance areas, with the Sala Gran having a capacity of 847 seats.

The theatre's mission is to "contribute to the cultural growth of Catalonia through the performing arts", with the objective of developing artistic excellence and educational initiatives that are accessible to all (Teatre Nacional de Catalunya, n.d.a).

In 2023, the theatre's operating income was 17.275.212€, with 76,92% derived from public investment and 14.09% from operating revenues (Teatre Nacional de Catalunya, 2024).

Finally, the TNC distinguishes itself from the other theatres under analysis through its incentive program, offering a 15% discount on tickets purchased before the première. This strategy will be examined in greater detail later in the report, in Section 6.

Piccolo Teatro di Milano

The Piccolo Teatro di Milano is the first public repertory theatre in Italy, created in 1947, with the objective of "providing a public service and to work on behalf of the entire community". This philosophy is encapsulated in the theatre's mission statement: "An Art Theatre for All", which has been the theatre's motto since its inauguration (Piccolo Teatro di Milano, 2023).

The theatre is financially supported by the Municipality of Milan, the Lombardy Region and the Italian national government, which are responsible for approximately 60% of the organization's income. Contrarywise, operating revenues represent 27,06% of total income (Fondazione Piccolo Teatro di Milano, 2022).

Théâtre de l'Odéon

Founded in 1782, the Odeon Theatre is one of six national theatres in France, the operation of which is directly supervised by the French Ministry of Culture.

The theatre's mission is to "revive Europe's dramatic heritage". This mission finds its roots in the decree of 1 June 1990, which established the theatre as a "Theatre of Europe" (Théâtre de Odeón, n.d.).

Moreover, the Odeon is a public industrial and commercial establishment (EPIC) that receives government subsidies amounting to up to 70% of its total budget (Théâtre de l'Odéon). As one of the most successful public theatres in Europe, the revenue generated from ticket sales (both on-site and from touring performances) represents up to 30% of the theatre's total budget. It should be noted, however, that no additional financial information is provided by the theatre, which consequently excludes it from any financial comparison.

The use of the Théâtre de l'Odéon in this paper relates with its implementation of individual and group subscriptions, in order to evaluate how these can be incorporated into the TNDM II pricing scheme.

Théâtre Vidy

Théâtre Vidy located in Lausanne, Switzerland, is a contemporary theatre known for being housed in a building built for an exhibition in 1964. Currently, the theatre strives to host and support the creation of new shows, encouraging innovation, the reinvention of artists and "the theatre of today" (Thêátre Vidy Laussane, n.d.a).

Théâtre Vidy is a publicly funded institution that receives funding from various public sources including the Canton of Vaud, City of Lausanne, the Swiss Confederation and others (Thêátre Vidy Laussane, n.d.b). Moreover, the theatre does not publish its financial results, and therefore cannot be included in the financial benchmark.

Lastly, the theatre's sets apart from the rest of the considered theatres by its use of a "Pay What You Can Subscription", which be analyzed at a later stage of the project.

Theatre du Nord

Theatre du Nord is housed inside an 18th century building in Lille, France. It has another venue in Tourcoing, allowing it to grow its reach and audience. Theatre du Nord focuses on recognizing emerging playwrights with a focus on contemporary interpretation of classical works. The theatre is directly supervised by the Ministry of Culture in France, and also receives funding from the City of Lille, Hauts-de-France Region besides State Funding (Théâtre du Nord – Départment du Nord, 2022).

The theatre aims to be transdisciplinary and without artistic boundaries, incorporating dance, music, circus and audiovisual arts. This reflects the theatre's priority of acting as a beehive for all audiences and fostering a space of sharing within the theatre (Hello Lille Tourisme, n.d.).

As mentioned previously, the theatre does not disclose enough financial results to be considered in a comparison with the TNDM II, but the use of a simpler pricing scheme was found to be relevant to the Portuguese paradigm.

Burgtheater

The Burgtheater, Austria's National Theater, is located in Vienna, the country's capital. It is Europe's largest and second-oldest drama theater. In addition to its main stage (Burgtheater), the institution operates three other venues: the Akademietheater, the Kasino, and the Vestibül. The theater's mission includes preserving the traditions of Austrian drama while striving for diversity and innovation. Each season, the Burgtheater welcomes approximately 400,000 theatergoers across 800 performances annually (“About the Holding” n.d.).

The theater is owned by Bundestheater-Holding GmbH, a company entirely owned by the Republic of Austria. As such, the theater benefits from substantial state subsidies to ensure high-quality theatrical productions. Of the Burgtheater's total revenue, only 18% comes from operational income, while the remaining 82% is provided through state funding (“About the Holding” n.d.).

Prague National Theatre

The Czech National Theatre in Prague has been fostering theatrical culture for over 130 years, serving as a symbol of national identity. In addition to preserving traditions, the theater places significant emphasis on providing a free space for creative expression ("Národní Divadlo" n.d.). The theater is owned by the Czech state and operates under the Ministry of Culture. However, public financial reports are not readily available, and thus there is no accessible information regarding the proportion of total revenue derived from state subsidies ("Národní Divadlo" n.d.). To ensure robust financial support, the theater emphasizes not only ticket sales and government funding but also individual and corporate sponsorships. The National Theatre Benefactors' Club aims to attract private sector contributions to support the institution ("Národní Divadlo" n.d.).

National Theatre of Slovakia

The Slovak National Theatre, founded in 1920, is the most significant cultural institution in Slovakia. In addition to drama performances, the theater also features opera and ballet productions. During its 2023 season, it presented 18 premieres and welcomed 267,000 visitors (*About Us | Slovak National Theatre*, n.d.).

The theater is entirely state-owned and operates under the jurisdiction of the Ministry of Culture. State funding plays a crucial role in its financial model. This is reflected in its revenue structure: 22% of its income comes from ticket sales, while the remaining 78% is covered by state subsidies (*About Us | Slovak National Theatre*, n.d.).

4.1.5. How does TNDM II compare with the Benchmarking?

As stated previously, from the 12 theatres considered in the international benchmarking, only 6 were found to be suitable for inclusion in the financial comparison with the TNDM II.

As illustrated in Figure 2, TNDM II presents a substantial lower income when compared to its counterparts, particularly when compared to the TNC and Piccolo, which exhibit almost 3 times the income generated by the Portuguese institution. Conversely, TNDM II exhibits a comparable income to BOV, which may be justified by the smaller scale of the British venue.

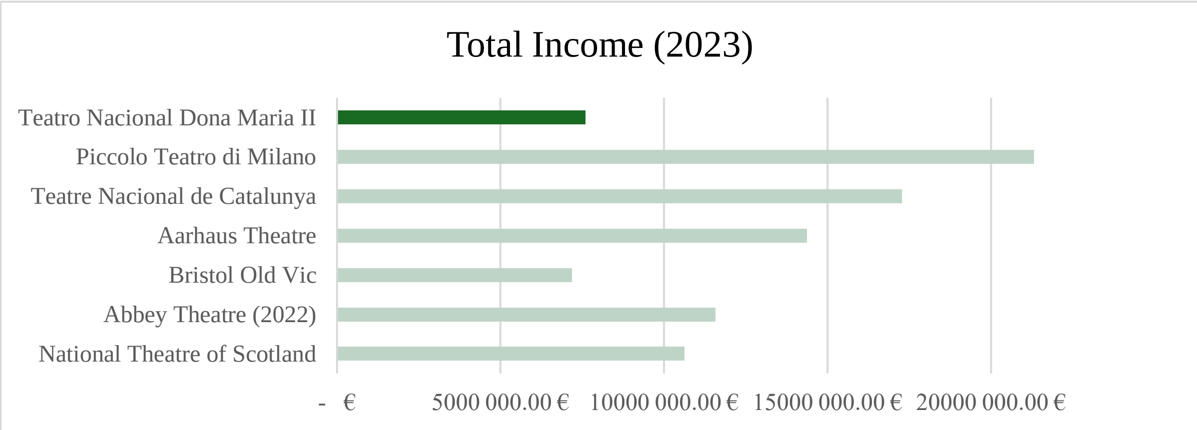

Figure 2. Total Income Generated 2023

Moreover, the average income from the catalogue analysed is 12,8M€, which is over €5 million higher than the income generated by TNDM II.

Furthermore, an analysis of the sources of the total incomes was considered, as demonstrated in Figure 3.

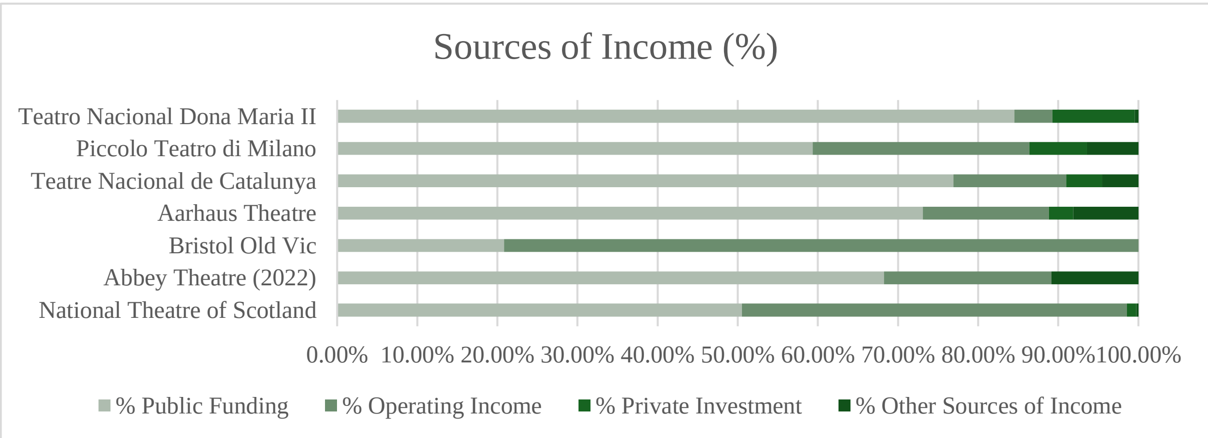

Figure 3. Sources of Income as a % of Total Income Generated (2023)

It can be inferred that the public funding as a percentage of total income in TNDM II has the highest stake among the theatres considered. This outcome can be partially explained by the requalification work conducted by the theatre.

If the 2019's financial structure of the theatre were to be taken into consideration, it would be observed that the proportion of public transfers would amount to 69.6% (in contrast to the current figure of 84.50%), which would place the theatre in a position of medium ranking within the group.

Similarly, because of the closure of the theatre, the TNDM II presents the lowest level of operating income among the theatres under analysis. Conversely, TNDM II outperforms regarding the ability to generate donations from corporations, with over 10% of its income derived from private sources (in comparison to the average of 3.73%).

Concluding, it is possible to derive that TNDM II is experiencing a significant deficit in revenue generation and is heavily reliant on external financial assistance to sustain its operations. Nevertheless, these results are partially biased due to the current circumstances of the theatre. Therefore, it is anticipated that, upon the reinstatement of its activities, the theatre will be able to generate increased revenues from its operations. In fact, if this occurs, aligned with the ability of the theatre to capture external investment, as viewed between 2019 and 2023, the theatre will exhibit a financial structure comparable to that of the theatres under analysis, with greater support of external actors and less reliance on governmental action.

4.2. Portuguese Benchmarking

This part of the project initiates by discussing the objective of the Portuguese benchmarking (4.2.1.). Moreover, Section 4.1.2. displays a brief dissertation on the criteria employed in the selection of the theatres for benchmarking, emphasizing the similarities between the TNDM II and the chosen organizations. Finally, the aforementioned theatres will be presented, in Section 4.1.3.

4.2.1. Objective of the Portuguese Benchmarking

The Portuguese benchmarking was only considered at a later stage of the project when the development of the pursued strategies required their prospective pricing.

The preference for Portuguese organizations over those in the international benchmarking is linked to a number of reasons. Firstly, they operate in the same macroeconomic environment. Secondly, there is a high degree of overlap between the audiences of the selected institutions and of TNDM II, and hence similar willingness to pay and price elasticity. Finally, all are subject to the prevailing consumption patterns of the Portuguese public, and all operate under the supervision of the Portuguese State.

Consequently, it was deemed more reliable to consider the Portuguese reality to assert the price point for the tickets and the discount strategy under the "Simple Pricing & Early Purchase Incentive" proposal.

4.2.2. Consumption Patterns of the Portuguese Audience

According to the "O Consumo Cultural e Artístico na Região de Lisboa", the average inhabitant of Lisbon engages with 6,3 cultural initiatives per year, with only 39% of this group attending theatre performances. Furthermore, the study indicates a prevailing sentiment of dissatisfaction amongst the public with regard to the cultural offerings available, with 77% of the sampled population expressing an intention to attend more cultural events.

The primary impediments for attendance are identified as financial and time constraints (73% and 63%, respectively). However, the qualitative study underwent by CCB indicates that prices charged by cultural organizations in Lisbon are found to be reasonable: when there is sufficient time and interest, financial constraints do not prevent individuals from consuming arts and cultural activities (Fundação Centro Cultural de Belém, 2023).

4.2.3. Theatres included in the Portuguese Benchmarking

Given the small number of public theatres of national importance in Portugal, it was necessary to extend the international benchmarking criteria. The theatres presented in this Section are either 100% public institutions or institutions with a private component, but in which the Portuguese State is actively involved. These institutions often receive public transfers because they cannot finance themselves independently, but their cultural footprint is perceived by the Portuguese population as having "*Interesse Público*" (which translates to Public Interest).

A cultural good or institution is considered to provide "*Interesse Público*" when its protection and valorization represent a significant cultural value that exceed the Portuguese nation. Moreover, in the case the institution is privately owned, it can only be considered with "Interesse Público" if its permanent export from the Portuguese territory could cause serious damage to the cultural heritage (Diário da República, n.d.).

Following this reasoning, Teatro Nacional São João and Teatro São Luiz are categorized as public institutions, while CCB and Culturgest are organizations with "*Interesse Público*".

Teatro Nacional São João (TNSJ)

The TNSJ is one of the three Nacional Portuguese theatres, and the only one outside Lisbon. Present in three different locations in Porto, the theatre aims to "defend the Portuguese language and the Portuguese dramaturgy" (Teatro Nacional São João, n.d.b).

Similar to TNDM II, TNSJ sets its full ticket price at 16€, offering an even wider range of discounts, although most of which overlap with those offered by TNDM II (Appendix 16). In addition, TNSJ also uses four types of seat differentiation and varies its price according to its perceived quality and visibility (Bilheteira Teatro Nacional São João, n.d.a).

Centro Cultutal de Belém (CCB)

The CCB is currently managed by the *Fundação Centro Cultural de Belém*. The mission of CCB is to promote culture through the diffusion of all its specificities. This mission is reflected in the organization's three vectors of activity: the *Centro de Congressos e Reuniões*, the *Centro de Espetáculos* and the *Centro de Exposições*.

The *Centro de Espetáculos* is made up of three auditoriums, the largest of which can hold up to 1,429 people (Centro Cultural de Belém [CCB], n.d.b) and hosts performances that vary from classical music to theatre and dance.

The CCB employs a differentiated pricing strategy for its shows, with prices determined by a variety of factors, including the perceived interest of the show, the cost of production, and whether the production is in-house. It should be noted that discounts are available for a significant proportion of the population (Appendix 17). Furthermore, individuals in possession of a CCB card are eligible for a 30% reduction in price (CCB, n.d. a).

Teatro São Luiz (TSL)

The TSL is a municipal theatre in Lisbon, founded in 1971. The theatre has a cultural, social and democratic compromise towards the citizens of Lisbon (São Luiz Teatro Municipal, n.d.b). The TSL employs a variable pricing structure that is contingent upon the specific shows, a strategy that is analogous to that employed by CCB. The discounts offered (appendix 18) by the theatre are available to young people, those who are unemployed, employees of the Câmara Municipal de Lisboa, older theatregoers, professionals in the arts, individuals with disabilities, and individuals who purchase tickets through the theatre's partnerships with other organizations (São Luiz Teatro Municipal, n.d.a).

Culturgest

Culturgest commenced operations in 1993, operating under the auspices of *the Fundação Caixa Geral de Depósitos*. The organization’s objective is to facilitate the development of cultural activities, encouraging a critical discourse and implementing a range of educational initiatives. Similarly to CCB and TSL, the pricing of Culturgest's shows varies depending on the specific performance in question. The discount structure comprises discounts of 20%, 30%, and 50%, as detailed in Appendix 19 (Fundação Caixa Geral de Depósitos, n.d.).

5. Not Pursued Strategies

Based on the team’s research, and aligned with the theatre’s insights, some of the considered strategies in the benchmarking analysis, ended up not being developed in the final pricing strategy proposed to TNDM II. In Section 5.1., the presentation of the “Last Minute Tickets” implemented by Théâtre du Nord will be presented, while in Section 5.2. "Dynamic Pricing" will be discussed. Finally, the reason why National Theatre of Scotland's "First Night Tickets" was considered unsuitable for the TNDM II will be explored (Section 5.3.).

5.1. Last Minute Tickets

As the name suggests, Last Minute Tickets, is a ticketing strategy adopted by the Théâtre du Nord in Lille as a part of its broader efforts to make the theatre more accessible. It is an offline ticketing program that allows students, refugees and individuals receiving social benefits to buy tickets for one euro, one hour before the show begins, depending upon availability. (Theatre du Nord, n.d.)

This strategy was not considered for further perusal as TNDM II needs to work on the Consider stage in audience development towards socio-economic minorities.

5.2. Dynamic Pricing

Although not being contemplated in any of the benchmarked theatres, the study of the introduction of dynamic pricing emerged when meeting for the first time with the theatre's team.

The implementation of dynamic pricing allows for a more efficient balance between supply and demand through the adjustment in real-time to market fluctuations, permitting an increase in sales and the maximization of profit (Gibson, 2024).

Nevertheless, this strategy was discarded as a proposed implementation for TNDM II as it is considered as an illicit practice in Portugal (Decreto Lei n.º 310/2002 de 18 de dezembro). Additionally, the theatre lacks the necessary technological resources and customer data and categorization for the successful implementation of this pricing strategy (Kumari & Mohan Kumar, 2024; Sahay, 2007).

5.3. "First-Night Tickets"

"First Nights" is a community-focused program that aims to democratize culture by broadening access to live theatre performances to young people from economically and socially disadvantaged backgrounds (National Theatre of Scotland, 2019). The program was introduced in 2018 by the NTS and has helped many Scottish children and adolescents to experience their first ever live performance (National Theatre of Scotland, 2019, 2022).

The initiative is designed to provide young people from marginalized communities, many of whom have never experienced live theatre, with the opportunity to attend live performances (National Theatre of Scotland, 2019). In addition to offering tickets, the program addresses logistical barriers by providing support, such as transportation to the theatre or meals prior to the show (National Theatre of Scotland, 2022). Additionally, the initiative frequently includes access to behind-the-scenes experiences, including workshops and interactions with creative professionals (National Theatre of Scotland, 2020). From its inception the program has received support and funding from several national and local Scottish institutions (National Theatre of Scotland, 2023).

TNDM II once developed a similar program entitled 'Primeira Vez. This initiative aimed to engage individuals who perceived theater as financially inaccessible, culturally intimidating, or overly intellectual (TNDM II, n.d.d). Participants were invited to embark on a journey at TNDM II, which included attendance at three theatrical productions, interactive discussions with the artistic team, and a guided tour of the theater (TNDM II, n.d.d). 'Primeira Vez terminated in 2020. Although successful this was a highly resource intensive initiative, reason use by TNDM II's management team to not refurbish the idea for the 2025-2026 season onwards.

Having addressed the strategies that were not selected, the focus will now be on those believed to have the capability of maximizing the value created by the theatre, with a view for their implementation during the 2025-2026 season, when TNDM II returns to its Rossio venue.

To this end, the strategies proposed for implementation by this work project are: "Simple Ticketing & Early Purchase Incentive", "Monthly Subscription", "Free Loyalty Program", "Pay What You Want" and "Socially & Financially Inclusive Theatre Ticketing Strategies".

Next, the introduction of a particpative pricing scheme at TNDM II, such as Pay-What-You-Want will be explored.

6. Experimenting with Pay What You Want

In this Chapter the potential implementation for Pay What You Want (PWYW) for TNDM II is analyzed. In Section 9.1. we delve into academic research focused on the topic of participative pricing mechanisms in general, and PWYW in particular. In Section 9.2. the design of an experiment to test the mechanism's potential to attract new audiences to TNDM II is presented.

6.1. Literature Review

This Section explores academic research on participative pricing mechanisms. In Section 9.1.1, general findings on the topic are presented. Section 9.1.2 focuses specifically on the PWYW mechanism, examining the various factors that influence its successful implementation.

6.1.1. Participative Pricing Mechanisms

Participative pricing mechanisms invite customers to actively engage in and influence the pricing of an offer, not relying on the unilateral decision of a fixed price by the seller (Chandran & Morwitz, 2005). Although all participative pricing mechanisms entail the attribution of control to the buyer over the price practiced, they differ in the degree of control granted.

Participative pricing mechanisms allow for individually differentiated prices that account for heterogeneous consumers' valuations (Spann & Tellis, 2006). Under this type of mechanism, sellers can serve buyers who otherwise would be served out of the market (Bakos, 1998).

Research finds that consumers who have experienced participative pricing mechanisms prefer it to predetermined price settings (Chandran & Morwitz, 2005). Moreover, it is suggested that higher perceived control over pricing elicits greater purchase intention from buyers (Chandran & Morwitz, 2005). In general, consumers have greater perception of fairness and satisfaction when they are allowed to influence the price-setting process (Haws & Bearden, 2006). Hence, the adoption and implementation of participative pricing mechanisms can increase seller's popularity, potentially leading to the enlargement of its customer base (Kim et al., 2009). Finally, these mechanisms can provide useful information about consumers, such as their willingness to pay (Spann et al., 2004).

6.1.2. Pay What You Want Mechanism

PWYW is a participative pricing mechanism in which buyers have full control over the price practiced; buyers can set any price above or equal to zero and the seller cannot reject it (Kim et al., 2009).

According to classic economic theory, a rational consumer aiming to maximize his/her single purchase utility, would exploit the mechanism and pay zero. However, this is not observed in real life implementation of PWYW, neither online nor offline. Hence, research concludes that other factors guide and influence consumers' payment decisions (Kim et al., 2009).

Gerpott (2017) developed a conceptual framework identifying relevant categories and dimensions of PWYW schemes. The framework highlights the procedural design of the scheme, characteristics of both buyers and sellers, the nature of the product or service, and the prevailing market conditions as critical for the success of PWYW initiatives. These affect each other as well as consumer perceptions regarding PWYW schemes, being determinant for the economic success of PWYW strategies.

Next, the different determinants, and interplays of PWYW schemes will be discussed.

Procedural Design of PWYW Schemes

A key aspect of procedural design for PWYW schemes are external reference prices (Gerpott, 2017). External reference prices are stimuli or information provided by the seller in the moment of purchase (Roy et al., 2016). Under PWYW setting, external reference prices often take the form of minimum price (Thomas & Gierl, 2014), maximum price (Jung et al., 2016), tier prices from which buyers can choose (Lynn, 1990), and/or suggested price (Gross et al., 2019). The bulk of literature emphasizes that external reference prices act as anchor points reducing consumer uncertainty with respect to an "appropriate" or "fair" price, identifying positive correlations between provided reference prices and payment amounts (Gerpott, 2017).

However, results remain inconsistent, seemingly depending on additional situational factors. For example, in circumstances where buyers do not pay anonymously, greater social pressure compels them to choose a payment amount closer to the reference price; while in circumstances where buyers remain unobserved, they are less influenced by external reference prices (Gerpott, 2017). Timing can also affect payment amounts under PWYW schemes with studies suggesting that payments tend to be higher for products/services that were already consumed (Greiff et al., 2014). This reflects the power of information asymmetry that is especially relevant in the case of experience goods (Greiff et al., 2014). Finally, variations in payment amounts were also observed according to the manner PWYW schemes are communicated. Research found that presenting PWYW offerings under names that emphasize the value of the goods/services leads to higher payment amounts (Sleesman & Conlon, 2017; Machado & Sinha, 2012)

Buyer Characteristics

Sociodemographic variables, internal reference prices, price consciousness, satisfaction with purchased goods, and general social preferences are widely discussed by academia (Gerpott, 2017).

There is limited and inconclusive evidence on the impact of sociodemographic variables on the success of PWYW initiatives. Nonetheless, income tends to have a relatively consistent positive correlation with payment amounts (Gerpott, 2017).

Internal reference prices serve as benchmarks that consumers recall from memory, based on either previous purchases of similar goods or their perception of fair market prices (Gerpott, 2017). Under PWYW, internal reference price guides buyers' decision on how much to pay. Hence, a positive correlation is found between internal reference prices and payment amounts (Stegemann, 2014).

According to literature, price consciousness[6] tends to negatively affect payment amounts under PWYW (Kim et al., 2009; Kunter & Braun, 2013; Maret et al., 2012). Still, the scale of this effect can be moderated by internal reference prices – price consciousness negatively affects payment amounts for consumers whose reference prices are high, but not for those whose reference prices are low (Roy, 2015).

By design, PWYW allows consumers to immediately express their satisfaction[7] with the product or service acquired. However, to observe the impact of consumer satisfaction on amounts paid under PWYW schemes, payment must happen after consumption. Otherwise, effects are only felt in cases of familiarity between the consumer and the product/service. In general, studies demonstrate a positive correlation between buyer satisfaction and voluntary payments (Kim et al., 2009; Machado & Sinha, 2012).

---

[6] Price consciousness refers to the weight consumers attribute to low prices when making a purchasing decision (Kim et al., 2009).

[7] Buyer satisfaction can be defined as the extent to which a product or service meets quality expectations (Stegemann, 2014).

The most researched social preferences[8] under PWYW contexts are altruism and fairness. Altruism, defined as people's tendency to help others without expecting return, has the general tendency to increase voluntary payments (Kim et al., 2009; Santana & Morwitz, 2013). Likewise, fairness concerns, which reflect buyers' belief that customers should reciprocate in the form of appropriate payment for the goods or services received from sellers, tend to increase voluntary payments. (Kim et al., 2009).

Seller Characteristics

Existing research on seller characteristics' effects on PWYW success lacks quantitative statistical analysis. Nevertheless, publications broadly suggest that customers tend to pay higher amounts under PWYW to sellers perceived as smaller, financially less robust, trustworthy, or socially responsible, in opposition to large corporations (Kim et al., 2009; Machado & Sinha, 2012).

Type and Nature of the Product/Service

Research is also limited on how characteristics of goods/services offered affect revenue generation under PWYW strategies, especially in qualitative terms.

Nonetheless, results evidence that higher fixed prices positively correlate with higher absolute voluntary payments and negatively correlate with the relative payment ratio[9]. Customers tend to pay relatively more for low-priced products/services because paying generously enhances their self-image, offering a psychological benefit that outweighs the cost difference.

[8] Social preferences refer to buyer attitudes based on their beliefs of how people in general (and PWYW vendors in particular) should be treated (Stegemann, 2014).

[9] Relative payment ratio refers to the ratio between voluntary payment amount and fixed market price (Jang & Chu, 2012; Kim et al., 2014; Machado & Sinha, 2012).

Conversely, for high-priced products/services, the benefit of paying generously diminishes as the subjective cost of overpayment grows (Jang & Chu, 2012; Kim et al. 2014; Machado & Sinha, 2012).

Additionally, studies reveal higher willingness to pay for ethically marketed products/services, although the overall customer base is smaller (Small & Cryder, 2016). Conversely, new and/or unfamiliar products/services often experience a lower uptake and higher price variance, as buyers face greater uncertainty regarding quality (Sleesman & Conlon, 2017; Weisstein, 2016). This also applies to the case of experience goods.

Market Conditions

Empirical research largely overlooks market context factors, but some experiments suggest that competition from fixed-price sellers can reduce voluntary payments under PWYW (Krämer et al., 2015; Schmidt et al., 2015). However, these studies also highlight PWYW suppliers' capability to drive conventional players out of the market.

Consumer Perceptions on PWYW

Research mostly follows a stimulus-response paradigm, exploring how the five above-mentioned variables affect PWYW's success. Consequently, it neglects how consumer perceptions about PWYW can drive outcomes (Gerpott, 2017). Nevertheless, available literature indicates consumers response towards PWYW is mixed.

Kim et al. (2014) studied consumer perceptions on PWYW, concluding this scheme can impose cognitive and psychological costs on consumers. Specifically, this study found that PWYW is perceived as innovative and engaging. Yet, it requires additional cognitive effort from consumers, steaming from the process of deliberating the appropriate price which implies factoring several determinants. Hence, it can lead to consumer uncertainty and increase perceived difficulty, reducing PWYW's attractiveness for consumers (Gneezy et al., 2010; Machado & Sinha, 2012).

Evidence on consumer attitudes towards PWYW sellers is mixed, with some studies suggesting it improves sellers' fairness perceptions (Stegemann, 2014), while others find no relevant difference (Regner, 2015).

Finally, Gahler (2016) found that consumers rate the fairness of the PWYW scheme as better if an external reference price is presented. In the same study, it was concluded that consumers regard PWYW schemes as fairer if these apply to lower priced products/services.

PWYW Economic Results

Field studies based on behavioral data for real purchase situations under PWYW mechanisms, and comparing these results to common fixed market prices, have been able to produce the following general results (Kim et al., 2009, 2014; Gneezy et al. 2010; Machado & Sinha, 2012; Regner, 2015).

- Very small portion of buyers pay zero.
- Very few consumers pay more than the standard fixed market price of the good/service. Hence, average payment per unit per customer is lower under a PWYW setting when compared to fixed price market conditions.
- PWYW deters few customers and attracts a considerable number of new ones. The increase in the customer base typically more than offsets the effect of lower payments per customer/purchase. Hence, the likelihood that PWYW results in incremental revenue relative to fixed price market conditions is substantial.

In general, immediate positive financial results provide reasonable arguments for the pursuance of a PWYW strategy (Léon et al., 2012). However, research is inconclusive as to the long-term sustainability of the strategy at the within and between customer level (Gerpott, 2017). Some studies suggest that continued interaction with PWYW schemes numbs out consumers to the social pressures to pay more, meaning they eventually pay less (Regner, 2010).

In general, immediate positive financial outcomes offer strong support for adopting a PWYW strategy (Léon et al., 2012). However, research remains inconclusive regarding the long-term viability of this approach, both across individual customers and between different customer groups (Gerpott, 2017). Some studies suggest that prolonged exposure to PWYW schemes may reduce consumers' sensitivity to social pressures to pay generously, ultimately leading them to pay less over time (Kahsay and Samahita, 2014).

In fact, behavioral reactions from customers after a PWYW purchase, including satisfaction with the product, perception of the seller, likelihood of repeating purchases, and word-of-mouth recommendations, are important non-financial outcomes of PWYW (Kim et al., 2009), but rarely have attention in research. Conversely, some studies focus on the indirect revenue generation under PWYW schemes; however, further investigation is required to draw relevant conclusions (Gerpott, 2017).

Finally, although evaluations of PWYW outcomes are generally positive, it is important to note this can result from a bias in research towards successful trials. Regardless, there are still significant gaps in research that require additional attention to further comprehend and effectively implement PWYW strategies.

6.2. Experimenting with Pay-What-You Want for Teatro Nacional D. Maria II

In this Section, the experimental study we aim to implement during the 2024-2025 season is presented. In Section 9.2.1. the context and motivations for the empirical study are explored. Experimental period timeline is presented in Section 9.2.2., while procedural design and methodology are detailed in Sections 9.2.3. and 9.2.4., respectively.

6.2.1. TNDM II's Context

TNDM II is committed to providing public theatrical services in Portugal, fostering cultural inclusivity and accessibility to high-quality Portuguese-language productions that engage and resonate with diverse societal groups. To balance its mission of artistic excellence with the need for financial stability, TNDM II faces a dual mandate: ensuring access for all while generating essential revenue through ticket sales. A flexible pricing strategy, such as the PWYW model, can help achieve this balance by allowing audiences to contribute according to their means, enhancing accessibility across social groups and promoting financial resilience without compromising inclusivity. In fact, arts and culture organizations that also face this dual mandate, especially theatres and museums, have increasingly adopted PWYW as a viable complement to fixed pricing (e.g., Nottingham Playhouse and Barbican Centre; Barbican Theatre, n.d.; Nottingham Playhouse, n.d.).

Based on the previously presented literature findings, it is believed that pursuing PWYW as the single pricing strategy for TNDM II would most likely hinder the theatre's financial performance, since in general and on average price per unit per customer tends to be lower under PWYW when compared to standard fixed market prices (Kim et al., 2009, 2014; Gneezy et al. 2010; Machado & Sinha, 2012; Regner, 2015). Moreover, Birnberg et al. (2021) found that offering PWYW and fixed priced theatre tickets simultaneously can be detrimental to revenue generation since it can create incentives for regular price customers and season subscribers to switch for PWYW and pay less for their tickets on average. Yet, following TNDM II's management team keen interest in this strategy, we proposed it as a complement to fixed pricing. We plan to implement PWYW as the single ticketing strategy in selected shows during the season, with the aim of leveraging on the innovative character of this strategy to attract new audiences and stimulate future attendance, which aligns with the defined objectives for this project.

However, after presenting and discussing this approach to/with TNDM II's management team, it was quickly understood that a pure PWYW strategy could not be pursued due to technical limitations, namely the fact that ticketing platform providers do not offer a solution for PWYW. Hence, the Theatre asked us to adjust towards a Pick-Your-Price (PYP) solution. Instead of having absolute control over the price practised, under PYP customers are allowed to select a price from a list of pre-defined available prices. Academic literature focusing on PYP is in its infancy (Domenico et al., 2022). Nonetheless, preliminary studies show that PYP can have positive effects on consumers' purchase intentions when compared to PWYW, due to diminished deliberation efforts, and still a high perceived degree of price control (Wang et al., 2021).

6.2.2. Experiment Timeline

Considering the mixed literature findings regarding PWYW, and the limited research on PYP, it is important to further understand how a hybrid solution combining features of both mechanisms can be fruitful for TNDM II. For that purpose, an experiment will be run during the 2024-2025 season from which relevant conclusions are hoped to be drawn to inform management decision on whether to pursue such participative pricing mechanisms from the 2025-2026 season onwards, and how to design its implementation.

The calendar defined for this experiment is as follows:

Stage 1 – S2 2024: Design the Experiment

Stage 2 – S1 2025: Run the Experiment and Collect Results

Stage 3 – S2 2025: Data Analysis & Pricing Scheme Design

Stage 4 – S1 2026: Implementation

In Stage 1, the design of the experiment is developed based on previous research, research hypotheses are established, and methodologies for data collection and implementation are defined (Sections 9.2.3 to 9.2.4). Stage 2 will involve the experimental phase, during which data will be gathered. In Stage 3, collected data will be analyzed to guide decision making regarding the pricing scheme. Finally, Stage 4 will mark the implementation of the participative pricing mechanism.

However, the scope of our work is limited to Stage 1 due to TNDM II's calendar and project timeline.

6.2.3. Research Hypothesis

In this Section the hypothesis defined for the experiment will be presented. These were developed based on previous research and with the objectives defined for this project in mind.

A key priority is to understand whether relevant differences in payment amounts are observable according to the external reference prices' design.

Research indicates that when presented with two different price options, consumers tend to choose the lowest tier because there is a general belief that sellers will not offer a price option that makes them incur in a loss (Wang et al., 2021). Hence, consumers do not believe that they are hurting the seller by choosing the lower price. Accordingly, the higher price tier is generally regarded as a premium option that consumers can choose to pay motivated by reasons that vary from personal values to social norms and relational factors (Sun & Yoon, 2022).

> *H1: In a situation where two price options are presented, attendees will tend to choose the lower tier.*

The previous rationale also applies to cases where a wider range of price tiers is available. Likewise, in such setting, only consumers compelled by individual motivations pay the highest price. However, it is hypothesized that social norms and pressures play a bigger role in these cases. When faced with three (or more) price options, it is expected that consumers feel more pressured by social norms to not look cheap, opting for ‘middle of the road’ options.

> *H2: In a situation where three price options are presented, the middle tier will be preferred amongst attendees.*

Buyer anonymity is a critical design feature of participative pricing mechanisms (Gerpott, 2017). Based on literature, it is hypothesized that the anonymity inherent to online purchases releases consumers from social pressures to pay more, meaning economic rationality and self-interest prevail, and consumers will pay less.

> *H3: Online (anonymous) purchases yield lower voluntary payment amounts, on average.*

As explored previously, during Section 9.1.2., uncertainty regarding quality of the product/service can hinder revenue generation under PWYW and PYP. Accordingly, research suggests that payment timing can affect voluntary payment amounts (Gerpott, 2017). However, implementing a post-consumption payment system was deemed impractical for TNDM II, as it would introduce logistical challenges at the venue's exit, likely increasing infrastructure and staffing costs. Furthermore, free reservation systems are commonly associated with higher no-show rates (Wang et al., 2020), which could undermine the theatre’s operational efficiency and revenue stability. Therefore, the idea of trialling such system was dropped.

Nonetheless, given that uncertainty is particularly impactful for revenue generation in the case of experience goods – such as those offered by TNDM II – we still aim to explore how post-experience satisfaction might translate into revenue generation. It is hypothesized that offering attendees the opportunity to make an additional donation after their consumption experience could capitalize on positive evaluations, with satisfied attendees being more inclined to contribute financially.

H4: Attendees who positively evaluate their consumption experience are more likely to make an additional payment when given the opportunity to donate post-experience.

Moreover, we aim to evaluate whether the attractiveness claims associated with PWYW and PYP highlighted in the literature hold true for TNDM II's audience. Finally, data on attendees' intentions for future visits will also be gathered.

H5: Non-regular attendees recognize the scheme as a key motivator for their visit.

H6: Satisfied consumers express intention for future attendance.

6.2.4. Data Collection and Methodology

During the discussions with the theatre, TNDM II's management team selected, unilaterally, the play *Aparição* to test the participative pricing scheme model. *Aparição* will be performed a total of eight times, between the 11th and the 20th of July 2025, as detailed on Appendix 1.

The research hypotheses aimed to be examined based on sample data collected through attendee surveys distributed after each session, as well as box office sales, and discussions with TNDM II's management. As such, amounts paid by each attendee, both through the online and offline sales channels, must be recorded. Additionally, at the end of each performance, attendees should be asked to complete a survey about their purchase experience. This survey should be made available in both digital and physical format to guarantee adequate sample size and representativeness.

The proposed survey structure is outlined in Appendix 2. According to this proposal, respondents will be asked to provide basic demographic information and share details about their prior experiences with PWYW and/or PYP models. The survey will also include questions designed to assess satisfaction with the artistic performance and with the experience of the pricing scheme. Lastly, respondents will be asked questions focused on understanding their willingness to pay and their likelihood of returning for future visits.

External Reference Prices (H1 & H2)

Hypotheses 1 and 2 are designed to examine consumers' responses to different pricing tier structures. Hypothesis 1 aims to determine whether there is a general tendency for consumers to choose the lower-priced option when presented with two pricing tiers. Under this context, presented prices for the experiment will be 5€ and 15€. In contrast, Hypothesis 2 seeks to test whether a similar preference emerges for the middle-priced option in a three-tier pricing structure. For this scenario, price tiers presented will be 5€, 10€ and 20€. The choice of price tier for both these scenarios was based on the promotional character the strategy aims to pursue. Hence, they highlight the attractive character of the deal. The findings from these tests are expected to provide valuable insights for management on optimizing pricing tier designs for the strategy's implementation in 2026.

Aparição will be staged eight times during the experimental period – July 7th to July 20th. For simplicity and clear segmentation, Hypothesis 1 will be tested between July 7th–13th, while Hypothesis 2 will be tested on the period from July 14th to July 20th.

Anonymity (H3)

Under the experimental setting, to test whether anonymity negatively correlates with voluntary payment amounts, data collected from all eight performances will be considered. Online purchases, which are categorized as anonymous, will be distinguished from ticket office purchases, which are considered non-anonymous. Hence, following Hypothesis 3, it is expected that online purchases generate, on average, lower revenue per ticket when compared to ticket office purchases.

Payment Timing (H4)

Hypothesis 4 serves as a proxy to explore whether uncertainty about the quality of performances influences consumers to pay less than they would be willing to, thereby hindering revenue generation for TNDM II. This hypothesis examines whether a correlation exists between the experience rating and post-experience willingness to pay. To test it, respondents will be asked the bellow questions:

1. *"On a scale from 1 to 10, how would you rate the performance you just watched?"*
2. *"If you could decide the price of your ticket after watching the performance, would you choose the same amount you initially paid?"*

    2.1. *"If you would choose a different amount, what would it be?"*

A positive correlation between satisfaction ratings (Question 1) and revised price choices (Question 3) could suggest that TNDM II loses potential revenue under a PYP model that requires payment before the experience.

However, to address the discrepancy between stated intentions and actual behaviors, an optional donation mechanism after Question 3 will be integrated. Respondents who indicate a higher willingness to pay than their initial payment will be invited to donate the difference. This approach allows us to measure actual behavior rather than solely relying on self-reported intentions, enhancing the reliability of the analysis. Regardless, incorporating the donation mechanism is only feasible for digital respondents, which limits the sample size and may affect generalizability. This limitation should be carefully considered in the moment of the analysis.

Attractiveness of the Scheme and Intention of Future Purchase (H5 & H6)

To evaluate whether the strategy effectively attracts new audiences, we plan to test if non-regular attendees identify the implemented scheme as a primary motivator for their visit, aligning with Hypothesis 5. To this end, respondents will be asked to rank various potential motivators for attending.

Additionally, attendees will be inquired whether their experience has encouraged them to visit the theatre more frequently. This data will help assess intentions for future visits, addressing Hypothesis 6. However, it is important to note that data collected on expressed intentions may not reliably predict future attendance, as stated intentions often differ from subsequent behavior. For the analysis of both hypotheses, data from the scope of the eight performances will be considered.

7. Conclusion

As largely explored throughout this report, as an institution with a public mission, TNDM II has encountered significant challenges in the process of reinventing itself. The delicate equilibrium between self-sufficiency and the necessity of ensuring broader access to the performing arts represented a persistent challenge for the administration of the theatre, as well as for the team in the preparation of this report. Moreover, managed under the supervision of the Portuguese Ministry of Culture and Portuguese Ministry of Finances, TNDM II has been challenged with additional regulations and guidelines that further limit its operational capacity and strategic independence. Namely, the existence of slow and inefficient procedures, as well as the infrequent availability of opportunities to implement structural changes has been identified as a key obstacle by the theatre’s management team.

Finally, significant disruptions caused by the Covid-19 pandemic, closely followed by a change in artistic direction and ultimately by the renovation project, significantly undermined TNDM II’s ability to maintain consistent audience engagement. These factors collectively impacted the theatre's connection with audiences, complicating its efforts to rebuild loyalty and sustain attendance in the aftermath of the events.

In light of these circumstances, rethinking TNDM II's marketing and ticketing strategy occurs at a pivotal moment in the organization's structural evolution, coinciding with the re-opening of the Rossio venue during the 2025-2026 season. Thereby representing a crucial opportunity to implement these long-awaited changes.

The recommended strategy was designed in tandem with four others to address the aforementioned challenges and represent a transformative shift from the current approach. This strategic realignment aims to re-position TNDM II, aligning the institution with comparable European counterparts, while considering the institution's specific contextual and financial constraints.

The *Free Loyalty Program* and *Monthly Subscription Strategy* represent a departure from the traditional approach to theatergoing in Portugal, embracing novel methods of audience engagement that reflect contemporary cultural and consumer trends. Moreover, the *Simple Ticketing & Early Purchase Incentive* strategy aims to facilitate a straightforward and accessible user involvement process, with the intention of enhancing the audience's experience. Lastly, the *Pay-What-You-Want* and *Crowdfunded Suspended Tickets* initiatives represent an experimental, yet community-oriented approach that has the potential to enhance TNDM II's capacity to cultivate more profound connections with its local audience, thereby prompting inclusivity and encouraging active involvement.

In conclusion, it is anticipated that these recommendations will enhance the financial viability of the theatre while maintaining TNDM II's mission of "opening up the theatre to the community". Hence, reinforcing the institution's role as a cornerstone in the Portuguese Performing Arts landscape.

8. References

Aarhus Theatre. (2016). Aarhusteater.dk. https://www.aarhusteater.dk/landingpages/english/

Aarhus Teater. (n.d.). *Mission, vision & strategi.* https://www.aarhusteater.dk/om-teatret/okonomi-mission-vision/

Aarhus Teater. (2023, November 17). *Beretning og årsregnskab for regnskabsåret 2022/23*. https://www.aarhusteater.dk/media/wp0io3mc/aarhus_teater_regnskab_2022-23.pdf

Abbey Theatre. (2023). *Directors report and financial statements for the financial year ended 31 December 2022.* https://www.abbeytheatre.ie/wp-content/uploads/2023/11/Final-2022-Financial-Statements-signed-with-cert.pdf

Abbey Theatre. (n.d.). *About the Abbey.* https://www.abbeytheatre.ie/about/about-the-abbey/

About us | *Slovak national theatre*. (n.d.). Snd.sk. https://snd.sk/en/about-us

Acerbi, A., Ghirlanda, S., & Enquist, M. (2012, October 31). *Old and Young Individuals' Role in Cultural Change*. Jasss.org; JASSS. https://jasss.org/15/4/1.html?

Agarwal, R., & Mehrotra, A. (2018). Understanding what matters to customers: The case of loyalty programs in the Indian context. *Journal of Relationship Marketing, 17*(4), 311-334. https://doi.org/10.1080/15332667.2018.1534065

Allen, J., Clark, R., & Houde, J. F. (2014). Price dispersion in mortgage markets. *Journal of Industrial Economics*, *62*(3), 377-416. https://doi.org/10.1111/joie.12046

Anderson, P. L., McLellan, R., Overton, J. P., & Wolfram, G. L. (1997). *The universal tuition tax credit: A proposal to advance parental choice in education.* Mackinac Center Report. https://www.mackinac.org/archives/2012/s1997-04.pdf

Ariely, D., & Simonson, I. (2003). Buying, bidding, playing, or competing? Value assessment and decision dynamics in online auctions. *Journal of Consumer psychology, 13*(1-2), 113-123. https://doi.org/10.1207/S15327663JCP13-1&2_10

Arts Council of Finland (1994) *Cultural Policy in Finland. European Programme of National Cultural Policy Reviews. Strasbourg: Council of Europe*

Austrian Centre for Cultural Documentation. (1992). Description and Analysis of Austrian Cultural Policy.

Bakos, Y. (1998). The emerging role of electronic marketplaces on the Internet. *Communications of the ACM, 41*(8), 35-42.

Baldin, A., & Bille, T. (2018). Modelling preference heterogeneity for theatre tickets: A discrete choice modelling approach on Royal Danish Theatre booking data. *Applied Economics, 50*(5), 545-558. https://doi.org/10.1080/00036846.2017.1335386

Baldin, A., Bille, T., Ellero, A., & Favaretto, D. (2018). Revenue and attendance simultaneous optimization in performing arts organizations. *Journal of Cultural Economics*, *42*(4), 677–700. https://doi.org/10.1007/s10824-018-9323-7

Barbican Centre. (n.d.). *Pay what you can.* https://www.barbican.org.uk/whats-on/series/pay-what-you-can

Baumol, W. J., & Bowen, W. G. (1965). On the performing arts: The anatomy of their economic problems. *American Economy Review, 55*(1/2), 495-502.

Benson, C. (2016, May 2). Art and the Ordinary. Retrieved December 13, 2024, from Academia.edu website: https://www.academia.edu/24952007/Art_and_the_Ordinary

Bhattacharya, C. B., & Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. *Journal of Marketing, 67*(2), 76-88. https://doi.org/10.1509/jmkg.67.2.76.18609

Bhutta, K. S., & Huq, F. (1999). Benchmarking–best practices: an integrated approach. *Benchmarking: An International Journal, 6*(3), 254-268. http://dx.doi.org/10.1108/14635779910289261

Birnberg, J., Choi, J., & Presslee, A. (2021). Giving customers decision rights: A field study of pay-what-you-want pricing at a performing arts theater. *Accounting Perspectives, 20*(2), 201-225. https://doi.org/10.1111/1911-3838.12251

Book – Subscribe - Odéon - Théâtre de l'Europe. (2024). Odéon - Théâtre de L'Europe. https://www.theatre-odeon.eu/english/book-subscribe

Boorsma, M., & Chiaravalloti, F. (2010). Arts marketing performance: An artistic-mission-led approach to evaluation. *The Journal of Arts Management, Law, and Society*, *40*(4), 297–317. https://doi.org/10.1080/10632921.2010.525067

Borgonovi, F. (2004). Performing arts attendance: An economic approach. *Applied Economics, 36*(17), 1871-1885. https://doi.org/10.1080/0003684042000264010

Bristol Old Vic. (n.d.a). *Our values.* https://bristololdvic.org.uk/about/our-values

Bristol Old Vic. (n.d.b). *Our year in numbers.* https://bristololdvic.org.uk/blog/our-year-in-numbers

Bristol Old Vic. (n.d.c). *The building.* https://bristololdvic.org.uk/about/the-building

Canada Council for the Arts. (2012). *Public engagement in the arts*. https://canadacouncil.ca/research/research-library/2012/10/public-engagement-in-the-arts

Centro Cultural de Belém. (n.d.a). *Bilheteira CCB.* Retrieved November 25, 2024, from https://www.ccb.pt/bilheteira-ccb/

Centro Cultural de Belém. (n.d.b). *Sobre: CCB – Cidade Aberta*. Retrieved November 21, 2024, from https://www.ccb.pt/sobreoccb/

Chandran, S., & Morwitz, V. G. (2005). Effects of participative pricing on consumers' cognitions and actions: A goal theoretic perspective. *Journal of Consumer Research, 32*(2), 249-259. https://doi.org/10.1086/432234

Chartrand, H. H. (1991). National cultural policy in Sweden: Report of a European group of experts. *Journal of Cultural Economics*, *15*(1), 99–102. https://doi.org/10.1007/bf02267405

Chicester festival theatre. (2024). CFT Buddies Scheme | Chichester Festival Theatre. Retrieved December 13, 2024, from Chichester Festival Theatre website: https://www.cft.org.uk/accessibility/cft-buddies

Colbert, F., & Dantas, D. C. (2019). Customer relationships in arts marketing: A review of key dimensions in delivery by artistic and cultural organizations. *International Journal of Arts Management*, *21*(2), 4–14. https://www.researchgate.net/publication/332264506_Customer_relationships_in_arts_marketing_A_review_of_key_dimensions_in_delivery_by_artistic_and_cultural_organizations

Council for Cultural Co-operation (1991) *Cultural Policy in France. National Cultural Policy Reviews Programme. Strasbourg: Council of Europe*

Court, D., Elzinga, D., Mulder, S., & Vetvik, O. J. (2009). The Consumer Decision Journey | McKinsey. Retrieved from www.mckinsey.com website: https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-consumer-decision-journey#/

Cultura Portugal. (2017). *ÉS.CULTURA'18 passa a ser permanente*. Portal Da Cultura. https://culturaportugal.gov.pt/pt/saber/2019/04/%C3%A9scultura-18-passa-a-ser-permanente/

DelVecchio, D. (2005). Deal-prone consumers' response to promotion: The effects of relative and absolute promotion value. *Psychology & Marketing, 22*(5), 373-391. https://doi.org/10.1002/mar.20064

Depken, C. A. (2007). Another look at anti-scalping laws: Theory and evidence. *Public Choice*, *130*, 55–77. https://doi.org/10.1007/s11127-006-9072-6

Diário da República. (n.d.). *Bem de interesse público (bem cultural)*. Retrieved December 2, 2024, from https://diariodarepublica.pt/dr/lexionario/termo/bem-interesse-publico-bem-cultural

Decreto Lei n.º 310/2002 de 18 de dezembro. Diário da República n.º 292/2002 – I-A Série. Ministério das Cidades, Ordenamento do Território e Ambiente.

Devaraj, S, Fan, M and Kohli, R (2002), 'Antecedents of b2C channel satisfaction and preference: Validation e-Commerce metrics', Information Systems Research, vol. 13, no. 3, pp. 316-333.

Di Domenico, G., Premazzi, K., & Cugini, A. (2022). "I will pay you more, as long as you are transparent!": An investigation of the pick-your-price participative pricing mechanism. *Journal of Business Research, 147*, 403-419. https://doi.org/10.1016/j.jbusres.2022.04.037

Ellen MacArthur Foundation. (2013). *Towards the circular economy vol. 1: An economic and business rationale for an accelerated transition.* https://www.ellenmacarthurfoundation.org/towards-the-circular-economy-vol-1-an-economic-and-business-rationale-for-an

European Commission, Directorate-General for Education, Youth, Sport and Culture (2018). *Communication from the European Commission to the European Parliament, the*

European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European agenda for culture (No. 52018SC0167). https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1597839119293&uri=CELEX:52018DC0267

European Theatre Convention. (n.d.). *Teatro Nacional D. Maria II*. https://www.europeantheatre.eu/member/teatro-nacional-d-maria-ii

Explorial. (n.d.). *Teatro Nacional D. Maria II.* https://explorial.com/sights/lisbon-teatro-nacional-d-maria-ii/

Fondazione Piccolo Teatro di Milano. (2022). Bilancio di Previsione. https://piccoloteatromilano.portaletrasparenza.net/dettagli/bilanci/1/2023-bilancio-preventivo.html

Fuertes, G. (2020). Conceptual Framework for the Strategic management: a Literature Review—descriptive. *Journal of Engineering*, *2020*(6253013), 1–21.

Fundação Caixa Geral de Depósitos. (n.d.). *Boas práticas.* Culturgest. https://www.culturgest.pt/pt/boas-praticas/

Fundação Centro Cultural de Belém. (2023). E*studo de públicos: O consumo cultural e artístico na região de Lisboa*. https://www.ccb.pt/wp-content/uploads/2023/09/CCB-Estudo-de-Publicos-2023.pdf

Gahler, M. (2016). *Pay-what-you-want im Internet.* Springer Gabler.

Gerpott, T. (2017). Pay-what-you-want pricing: An integrative review of the empirical research literature. Management Science Letters, 7(1), 35-62. http://dx.doi.org/10.5267/j.msl.2016.11.004

GESCHÄFTS- BERICHT BURGTHEATER GMBH SPIELZEIT. (2022).

https://www.bundestheater.at/documents/254/Burgtheater_Gesch%C3%A4ftsbericht_2022_23.pdf

Greiff, M., Egbert, H., & Xhangolli, K. (2014). Pay what you want – But pay enough! Information asymmetries and PWYW pricing. *Management & Marketing, 9*, 193-204.

Hall, E., Binney, W., & Vieceli, J. (2016). Increasing loyalty in the arts by bundling consumer benefits. *Arts and the Market*, *6*(2), 141–165. https://doi.org/10.1108/aam-01-2014-0008

He, H., Li, Y., & Harris, L. (2012). Social identity perspective on brand loyalty. *Journal of Business Research, 65*(5), 648-657. https://doi.org/10.1016/j.jbusres.2011.03.007

Heere, B., Walker, M., Yoshida, M., Ko, Y. J., Jordan, J. S., & James, J. D. (2011). Brand community development through associated communities: Grounding community measurement within social identity theory. *Journal of Marketing Theory and Practice, 19*(4), 407–422. https://doi.org/10.2753/MTP1069-6679190404

Hume, M. & Sullivan Mort, G. (2008). Satisfaction in performing arts: The role of value? *European Journal of Marketing, 42*(3/4), 311-326. https://doi.org/10.1108/03090560810852959

Instituto Nacional de Estatística. (2024). *Estatísticas da Cultura 2023*. https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=702126912&PUBLICACOESmodo=2

Iyengar, S. S., & Lepper, M. R. (2000). When choice is demotivating: Can one desire too much of a good thing? *Journal of Personality and Social Psychology*, *79*(6), 995–1006. https://doi.org/10.1037//0022-3514.79.6.995

Jang, H., & Chu, W. (2012). Are consumers acting fairly toward companies? An examination of pay-what-you-want pricing. *Journal of Macromarketing, 32*(4), 348-360.

https://doi.org/10.1177/0276146712448193

Jarvelainen, J. (2003). The impact of prior online shopping experience on future purchasing channel choice. *ECIS 2003 Proceedings*, 58.

Jin, H. J., & You, E. Y. (2019). Do discounts in ticket prices induce sustainable profit to performing arts suppliers? *Sustainability*, *11*(14), 3829. https://doi.org/10.3390/su11143829

Jung, M. H., Perfecto, H., & Nelson, L. D. (2016). Anchoring in payment: Evaluating a judgmental heuristic in field experimental settings. *Journal of Marketing Research, 53*(3), 354-368. https://doi.org/10.1509/jmr.14.0238

Kim, J. Y., Natter, M., & Spann, M. (2009). Pay what you want: A new participative pricing mechanism. *Journal of Marketing, 73*(1), 44–58. https://doi.org/10.1509/jmkg.73.1.44

Kim, J. Y., Natter, M., & Spann, M. (2014a). Sampling, discounts or pay-what-you-want: Two field experiments. *International Journal of Research in Marketing, 31*(3), 327-334. https://doi.org/10.1016/j.ijresmar.2014.03.005

Kim, J. Y., Kaufmann, K. & Stegemann, M. (2014b). The impact of buyer–seller relationships and reference prices on the effectiveness of the pay what you want pricing mechanism. *Marketing Letters,* 25, 409–423. https://doi.org/10.1007/s11002-013-9261-2

Kirchner, T. A., Markowski, E. P., & Ford, J. B. (2007). Relationships among levels of government support, marketing activities, and financial health of nonprofit performing arts organizations. *International Journal of Nonprofit and Voluntary Sector Marketing*, *12*(2), 95-116.

Klamer, A. (2002). Accounting for social and cultural values. *De Economist*, *150*(4), 453–473. https://doi.org/10.1023/a:1020146202001

Klamer, A., & Dalen, H. P. van. (2002). Attention and the art of scientific publishing. *Journal of Economic Methodology*, *9*(3), 289–315. https://doi.org/10.1080/13501780220000015104

Krämer, F., Schmidt, K. M., Spann, M., & Stich, L. (2017). Delegating pricing power to customers: Pay what you want or name your own price? *Journal of Economic Behavior & Organization, 136,* 125-140. https://doi.org/10.1016/j.jebo.2017.01.019

Kumar, V., & Reinartz, W. (2018). *Customer relationship management: Concept, strategy, and tools.* Springer Nature.

Kunter, M., & Braun, D. (2013). "The price is up to you!" – "Oh no! What am I gonna do?" Customers' product category inexperience and belief about other customers' payments under pay-what-youwant conditions. *European Journal of Management, 13*(2), 15-21. http://dx.doi.org/10.18374/EJM-13-2.3

León, F. J., Noguera, J. A., & Tena-Sánchez, J. (2012). How much would you like to pay? Trust, reciprocity and prosocial motivations in *El trato*. *Social Science Information, 51*(3), 389-417. https://doi.org/10.1177/0539018412441756

Lithgow, J. (2012, February). The Future of Theater (C. Lambert, Interviewer) [Interview]. In *Harvard Magazine*. https://www.harvardmagazine.com/2011/12/the-future-of-theater

Luz, B. (2024, June 21). *International tourists in Portugal by destination region.* Statista. https://www.statista.com/statistics/1155142/international-tourists-portugal-by-destination

Lynn, M. (1990). Choose your own price: An exploratory study requiring an expanded view of price's functions. A*dvances in Consumer Research, 17*, 710-714.

M. Khurrum S. Bhutta, & Faizul Huq. (1999, September). *Benchmarking – Best Practices: An*

Integrated Approach. ResearchGate; Emerald. https://www.researchgate.net/publication/235278116_Benchmarking_-_Best_Practices_An_Integrated_Approach

Machado, F., & Sinha, R. K. (2012). T*he viability of pay what you want pricing.* Submitted manuscript.

Macrotrends. (n.d.). *Portugal GDP per capita 1960-2024*. https://www.macrotrends.net/global-metrics/countries/PRT/portugal/gdp-per-capita

Mankiw, N. G., & Taylor, M. P. (2020). *Grundzüge der Volkswirtschaftslehre* (8th ed.). Schäffer-Poeschel Verlag Stuttgart.

Marett, K., Pearson, R., & Moore, R.S. (2012). Pay what you want: An exploratory study of social exchange and buyer-determined prices of iProducts. *Communications of the Association for Information Systems, 30*, 1-14. https://doi.org/10.17705/1CAIS.03010

Mascarenhas, O. A., Kesavan, R., & Bernacchi, M. (2006), Lasting customer loyalty: A total customer experience approach. *Journal of Consumer Marketing, 23*(7), 397-405. https://doi.org/10.1108/07363760610712939

McLoughlin, S. (2023, February 28). *What is the true cost of your discounted theatre ticket?* AussieTheatre.com. https://www.aussietheatre.com.au/blogs/what-is-the-true-cost-of-your-discounted-theatre-ticket

Melancon, J. P., Noble, S. M., & Noble, C. H. (2011). Managing rewards to enhance relational worth. *Journal of the Academy of Marketing Science, 39*, 341-362. https://doi.org/10.1007/s11747-010-0206-5

Monroe, K. B., & Xia, L. (2005). The many routes to price unfairness perceptions. *Advances in Consumer Research*, *32*, 387-390.

Nam, J., Ekinci, Y., & Whyatt, G. (2011). Brand equity, brand loyalty and consumer satisfaction. *Annals of Tourism Research, 38*(3), 1009-1030. https://doi.org/10.1016/j.annals.2011.01.015

National Endowment for the Arts. (2020). *The effects of ticket pricing on arts attendance patterns: An economics literature review (2000-2018).* https://www.arts.gov/impact/research/publications/effects-ticket-pricing-arts-attendance-patterns-economics-literature-review-2000-2018

National Theatre Scotland. (2017). *National Theatre Scotland.* https://www.nationaltheatrescotland.com/

National Theatre of Scotland. (2019). *Annual report and financial statements for the year ended 31 March 2019.* https://www.nationaltheatrescotland.com/index.php/actions/tools/tools/download-file?id=48845

National Theatre of Scotland. (2020). *Annual report and financial statements for the year ended 31 March 2020.* https://www.nationaltheatrescotland.com/index.php/actions/tools/tools/download-file?id=348959

National Theatre of Scotland. (2022). *Annual report and financial statements for the year ended 31 March 2022.* https://www.nationaltheatrescotland.com/index.php/actions/tools/tools/download-file?id=1261028

National Theatre of Scotland. (2023). *Annual report and financial statements for the year ended 31 March 2023.* https://www.nationaltheatrescotland.com/index.php/actions/tools/tools/download-file?id=1633585

National Theatre of Scotland. (n.d.). *About.* https://www.nationaltheatrescotland.com/about

Neill, J. D., Schaefer, T. F., Bahnson, P. R., & Bradbury, M. E. (1991). The usefulness of cash flow data: A review and synthesis. *Journal of Accounting Literature*, *10*(1), 117-150.

Nichols, B. (2003). *Demographic Characteristics of Arts Attendance, 2002*.

Nottingham Playhouse. (n.d.). *Pay what you can.* https://nottinghamplayhouse.co.uk/pay-what-you-can/

Nunes, J. C., & Drèze, X. (2006). The endowed progress effect: How artificial advancement increases effort. *Journal of Consumer Research, 32*(4), 504–512. https://doi.org/10.1086/500480

O'Hagan, J. W. (1998, February 2). The State and the Arts. Retrieved December 13, 2024, from Books website: https://ideas.repec.org/b/elg/eebook/854.html

Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing, 63*(4, Supplement 1). https://doi.org/10.1177/00222429990634s105

Orend, R. J. (1988). Socialization and Participation in the Arts. Research Division Report #21. Retrieved from ERIC website: https://eric.ed.gov/?id=ED312199

Petkus, E. (2004). Enhancing the application of experiential marketing in the arts. *International Journal of Nonprofit and Voluntary Sector Marketing*, *9*(1), 49–56. https://doi.org/10.1002/nvsm.232

Piccolo Teatro di Milano. (2023). *The story of the Piccolo*. https://www.piccoloteatro.org/en/pages/storia-del-piccolo-teatro?_gl=1

Pine, B. J., & Gilmore, J. H. (1998). *The Experience Economy : Work Is Theatre & Every*

Business a Stage. Harvard Business School Press.

Pordata. (2024). *Balança de viagens e turismo, em % do PIB*. PORDATA. https://www.pordata.pt/pt/estatisticas/contas-externas/balanca-de-pagamentos/balanca-de-viagens-e-turismo-em-do-pib

Regner, T. (2015). Why consumers pay voluntarily: Evidence from online music. *Journal of Behavioral and Experimental Economics, 57*, 205-214. https://doi.org/10.1016/j.socec.2014.10.006

Rentschler, R., Radbourne, J., Carr, R., & Rickard, J. (2002). Relationship marketing, audience retention and performing arts organisation viability. *International Journal of Nonprofit and Voluntary Sector Marketing*, *7*(2), 118–130. https://doi.org/10.1002/nvsm.173

Rentschler, R., & Radbourne, J. (2007, December 13). *Relationship marketing in the arts: The new evoked authenticity*. Https://Www.researchgate.net/Publication/259694334_Relationship_marketing_in_the_arts_The_new_evoked_authenticity. https://doi.org/10.4324/9780203936023.ch14

República Portuguesa. (2024, October 9). *Governo aprova um conjunto de medidas para promover o acesso às atividades culturais*. https://www.portugal.gov.pt/pt/gc24/comunicacao/noticia?i=governo-aprova-um-conjunto-de-medidas-para-promover-o-acesso-as-atividades-culturais

Roy, R. (2015). An insight into pay-what-you-want pricing. *Marketing Intelligence & Planning, 33*(5), 733-748. http://dx.doi.org/10.1108/MIP-06-2014-0118

Roy, R., Rabbanee, F. K., & Sharma, P. (2016). Antecedents, outcomes, and mediating role of internal reference prices in pay-what-you-want (PWYW) pricing. *Marketing Intelligence & Planning, 34*(1), 117-136. https://doi.org/10.1108/MIP-08-2015-0157

Santana, S., & Morwitz, V. G. (2013). We're in this together: How sellers, social values, and relationship norms influence consumer payments in pay-what-you-want contexts. Submitted manuscript.

São Luiz Teatro Municipal. (n.d.a). *Bilheteira.* Retrieved November 21, 2024, from https://www.teatrosaoluiz.pt/bilheteira/

São Luiz Teatro Municipal. (n.d.b). *Missão e História*. https://www.teatrosaoluiz.pt/missao/

Schmidt, K. M., Spann, M., & Zeithammer, R. (2015). Pay what you want as a marketing strategy in monopolistic and competitive markets. *Management Science, 61*(6), 1217-1236. https://doi.org/10.1287/mnsc.2014.1946

Scotland, C. (2022). Annual Plan 2022-23. Retrieved from www.creativescotland.com website: https://www.creativescotland.com/resources-publications/publications/plans-and-strategy-documents/annual-plans/annual-plan-2022-23

Seaman, B. A. (2005) Attendance and public participation in the performing arts: A review of the empirical literature. *Andrew Young School of Policy Studies Research Paper Series,* No. 06-25. http://dx.doi.org/10.2139/ssrn.895099

Seaman, B. A. (2006). Empirical studies of demand for the performing arts. In V. A. Ginsburgh & D. Throsby (Eds.), *Handbook of the economics of art and culture* (pp. 415–472). Elsevier.

Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing,* 27(9), 19-35. https://doi.org/10.1108/03090569310043179

Sleesman, D. J., & Conlon, D. E. (2017). Encouraging prosocial decisions: The role of fairness salience and uncertainty. *Journal of Behavioral Decision Making, 30*(2), 502-

515. https://doi.org/10.1002/bdm.1970

Small, D. A., & Cryder, C. (2016). Prosocial consumer behavior. *Current Opinion on Psychology, 10*, 107-111. https://doi.org/10.1016/j.copsyc.2016.01.001

SND Season tickets for 2024/2025 | Slovak national theatre. (2024). Snd.sk. https://snd.sk/en/snd-season-tickets-for-20242025

Spann, M., Skiera, B., & Schäfers, B. (2004). Measuring individual frictional costs and willingness-to-pay via name-your-own-price mechanisms. *Journal of Interactive Marketing, 18*(4), 22-36. https://doi.org/10.1002/dir.20022

Spann, M., & Tellis, G. J. (2006). Does the internet promote better consumer decisions? The case of name-your-own-price auctions. *Journal of Marketing, 70*(1), 65-78. https://doi.org/10.1509/jmkg.70.1.065.qxd

Stegemann, M. (2014). Success factors of pay what you want pricing. [Masters Dissertation, University of Muenster].

Subscribe with the Piccolo. (2023). Piccolo Teatro. https://www.piccoloteatro.org/en/pages/abbonamenti-n?_gl=1

Sun, Z. Q., & Yoon, S. J. (2022). What makes people pay premium price for eco-friendly products? The effects of ethical consumption consciousness, CSR, and product quality. *Sustainability, 14*(23), 15513. https://doi.org/10.3390/su142315513

Takhtaei, N., & Karimi, H. (2013). Relative Ability of Earnings Data and Cash Flow in Predicting Future Cash Flows. *International Journal of Accounting and Financial Reporting*, *3*(1), 214. https://doi.org/10.5296/ijafr.v3i1.3803

Teatre Nacional de Catalunya. (2024). *Memòria de la Temporada 2023-2024.* https://www.tnc.cat/uploads/20240719/TNC_Memria-de-la-Temporada-2023-24-

digital-ok.pdf

Teatre Nacional de Catalunya. (n.d.a). *Mission, vision and objectives*. https://www.tnc.cat/en/mission-vision-objectives

Teatre Nacional de Catalunya. (n.d.b). *Prices*. Retrieved October 4, 2024, fromhttps://www.tnc.cat/en/prices-2024-2025

Teatre Nacional de Catalunya. (n.d.c). Teatre Nacional de Catalunya. https://www.tnc.cat/en/home?_ga=2.252937289.1543334259.1734359758-1540937542.1732364651&_gl=1

Teatro Nacional D. Maria II. (2024). *Relatório de Atividades e Contas 2023*.

Teatro Nacional D. Maria II. (n.d.a). *A odisseia nacional.* https://www.tndm.pt/pt/odisseia-nacional/a-odisseia-nacional/

Teatro Nacional D. Maria II. (n.d.b). *História.* https://www.tndm.pt/pt/o-teatro/historia/

Teatro Nacional D. Maria II. (n.d.c). *Missão, Visão e Estratégia do TNDM II.* https://www.tndm.pt/fotos/gca/ficheiros/missao_visao_e_estrategia_do_tndm_ii.pdf

Teatro Nacional D. Maria II. (n.d.d). *Primeira vez – Project presentation.* https://www.tndm.pt/en/activities/primeira-vez-project-presentation/

Teatro Nacional D. Maria II. (n.d.e). *Programa peças: Espetáculos.* Retrieved November 19, 2024, https://www.tndm.pt/pt/odisseia-nacional/pecas/

Teatro Nacional D. Maria II. (n.d.f). *Sobre nós.* https://www.tndm.pt/pt/sobre-nos/

Teatro Nacional São João. (n.d.a). *Bilheteira*. Retrieved November 21, 2024, from https://www.tnsj.pt/pt/visite-nos/bilheteira

Teatro Nacional São João. (n.d.b). *Missão*. https://www.tnsj.pt/pt/o-teatro/missao

Théâtre de l'Odeón. (n.d.). *History.* Odéon: Théâtre de L'Europe. Retrieved September 24, 2024, from https://www.theatre-odeon.eu/fr/history_en

Théâtre du Nord – Départment du Nord. (2022). *Rapport d'observations définitives et ses réponses.* https://www.ccomptes.fr/system/files/2022-06/HFR2022-036.pdf

Théâtre du Nord. (n.d.). *Découvrez le projet.* https://www.theatredunord.fr/le-theatre-du-nord/le-projet

Théâtre Vidy-Laussane. (n.d.a). *Club des entreprises*. https://vidy.ch/fr/club-des-entreprises/

Théâtre Vidy-Lausanne. (n.d.b). *Projet et histoire.* https://vidy.ch/fr/projet-et-histoire/

Theater West End. (2014). Theater West End. https://theaterwestend.com/all-access

Thomas, S., & Gierl, H. (2014). Pay what you want: How to affect the price consumers are willing to pay. *Proceedings of the 13th International Conference on Research in Advertising*. European Advertising Academy.

Trading Economics. (n.d.). *Portugal - Final consumption expenditure of households: Recreation and culture - 2024 data 2025 forecast 1995-2022 historical*. Retrieved on December 15, 2024, from https://tradingeconomics.com/portugal/final-consumption-expenditure-of-households-recreation-culture-eurostat-data.html.

Troilo, G., Cito, M. C., & Soscia, I. (2014). Repurchase Behavior in the Performing Arts: Do Emotions Matter without Involvement? *Psychology & Marketing*, *31*(8), 635–646. https://doi.org/10.1002/mar.20724

Turbide, J., & Laurin, C. (2009). Performance measurement in the arts sector: The case of the performing arts. *International Journal of Arts Management*, *11*(2), 56–70.

Turismo de Lisboa. (n.d.). *Teatro Nacional D. Maria II.* https://visitlisboa.com/en/places/teatro-nacional-d-maria-ii

Wang, C. X., Beck, J. T., & Yuan, H. (2021). The control–effort trade-off in participative pricing: How easing pricing decisions enhances purchase outcomes. *Journal of Marketing, 85*(5), 145-160. https://doi.org/10.1177/0022242921990351

Wang, D., & Liao, F. (2021). Analysis of first-come-first-served mechanisms in one-way car-sharing services. *Transportation Research Part B: Methodological*, *147*, 22–41. https://doi.org/10.1016/j.trb.2021.03.006

Weisstein, F. L., Kukar-Kinney, M., & Monroe, K. B. (2016). Determinants of consumers' responde to pay-what-you-want pricing strategy on the Internet. *Journal of Business Research, 69*(10), 4313-4320. https://doi.org/10.1016/j.jbusres.2016.04.005

Yudelson, J. (1999). Adapting Mccarthy's Four P's for the Twenty-First Century. *Journal of Marketing Education*, *21*(1), 60–67. https://doi.org/10.1177/0273475399211008

Zhuang, Y. (2023). The application of the anchoring effect in pricing, consumer purchases and auctions. *Highlights in Business, Economics and Management, 11*, 211-216. https://doi.org/10.54097/hbem.v11i.8100

9. Appendix

Appendix 1. Schedule for "Aparição" Performances

Date	**Weekday**	**Schedule**	**Venue**
11th July 2025	Friday	21h00	Jardins do Bombarda
12th July 2025	Saturday	19h00	Jardins do Bombarda
13th July 2025	Sunday	16h00	Jardins do Bombarda
16th July 2025	Wednesday	20h00	Jardins do Bombarda
17th July 2025	Thursday	20h00	Jardins do Bombarda
18th July 2025	Friday	21h00	Jardins do Bombarda
19th July 2025	Saturday	19h00	Jardins do Bombarda
20th July 2025	Sunday	16h00	Jardins do Bombarda

Appendix 2. Survey for the Pay What You Want Experiment

Pay-What-You-Want Survey

Description

Thank you for attending today's performance at Teatro Nacional D. Maria II (TNDM II)!

As part of an exciting project, we are exploring a new pricing model called Pay What You Want (PWYW) to better understand how it impacts your ticket purchase experience.

Your responses will provide valuable insights to help us improve our customer service, tailor our offerings, and shape future strategies. This survey is completely anonymous and should take no more than 7 minutes to complete.

We would greatly appreciate your honest feedback on the experience, as well as your thoughts on the pricing system. Please remember that there are no right or wrong answers—we simply want to know your thoughts to make future visits even better.

Thank you again for your participation!

Data Privacy and Consent

Your privacy is important to us. The information collected through this survey will be used solely for research purposes to enhance our programs and services. All responses will remain anonymous, and data will be securely stored and handled in compliance with applicable data protection regulations.

By proceeding with the survey, you consent to the use of your responses for these purposes.

If you do not wish to participate or have any concerns about how your data will be used, you may opt out at any time by selecting the option below.

- I consent to participate in this survey and agree to the terms described.
- I do not consent to participate in this survey.

Questions

1. How old are you?

(age brackets)

2. What is your gender?

(multiple choice)

3. What is your highest level of education?

(multiple choice)

4. Have you attended a TNDM II performance before?

(Yes/No)

4.1. If yes, how frequently do you attend TNDM II performances?
(Frequency brackets – 1x / year; 2-5x /year; 6-10x / year; +10x /year)

5. How did you purchase your ticket?

(Online/Ticket Office)

6. How much did you pay for your ticket?

(Lowest option/Highest option; Lowest option/Middle option/Highest option)

7. On a scale from 1 to 10, how easy was it to understand the pricing options?

(1 to 10 scale)

9. What motivated your price choice today?
(Rank the following: Expected quality of the performance, Desire to support TNDM II, Personal budget constraints, Available amount of monetary funds at the time, Awareness about costs of production for the performance, Other [Specify])

8. On a scale from 1 to 10, how would you rate your experience from the moment you bought the ticket until now?

(1 to 10 scale)

9. If you could decide the price of your ticket now, after your experience, would you change your choice of price?

(Yes/No)

9.1. If no, how much would you pay?
(Open-ended)

9.2. ***(Optional)*** Would you like to donate the difference between what you paid and your revised amount?
(Yes/No)

10. Did you come with a friend/family member today?
(Yes/No)

10.1. If yes, did that influence your decision of price choice? How?
(Yes/No; Open-ended)

11. What motivated you to attend this performance?
(Rank the following: Pricing scheme, Artistic interest, Venue, Recommendation, Other [Specify])

12. Did the innovative pricing scheme influence your decision to attend?
(Yes/No)

13. On a scale from 1 to 10, how you say you classify yourself as someone who is familiar with the costs involved in the production and presentation of artistic production, such as the one you just attended?
(1 to 10 scale)

14. Has your experience today increased your likelihood of attending future performances at TNDM II?
(Yes/No)

14.1. If yes, why?
(Open-ended)

15. Would you recommend TNDM II performances to others?
(Yes/No)

15.1. If yes, what would you highlight as the main reason for your recommendation?
(Open-ended)