



CINE CITY

Pricing Strategy

*“There are excuses for
spending money on luxuries,
and then there are reasons”*

Team KPMG

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OUTLINE

**Market
Overview**

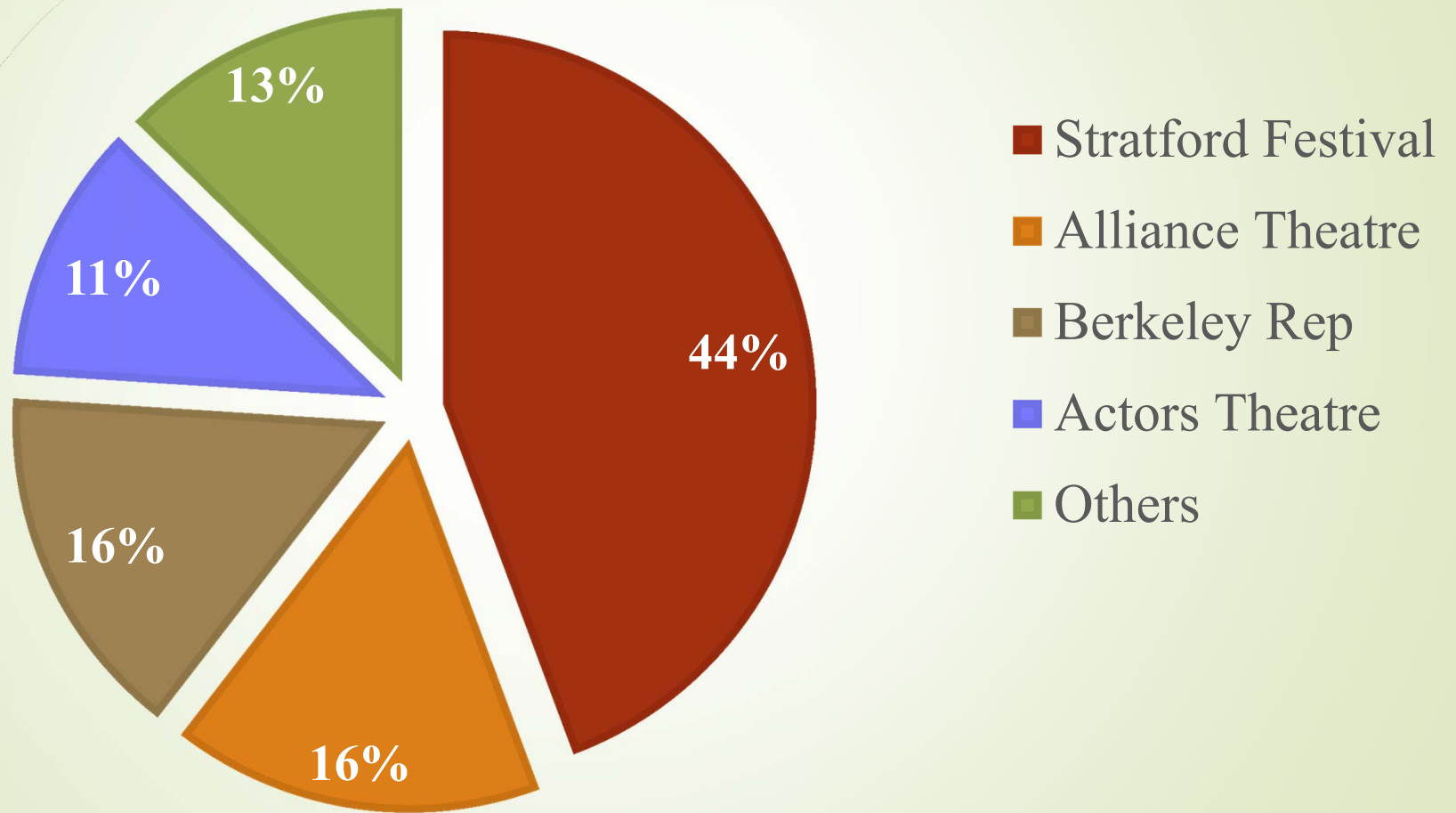
**Recommended
Pricing
Strategy**

**General
Pricing
Strategies**



MARKET OVERVIEW

MARKET OVERVIEW – BASED ON REVENUE



MARKET OVERVIEW – MAJOR COMPETITORS

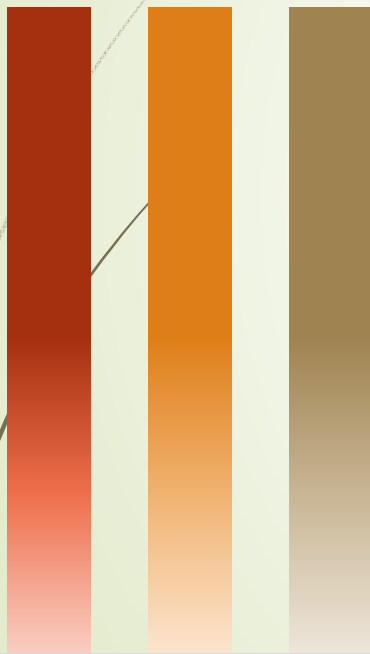


Stratford
Festival

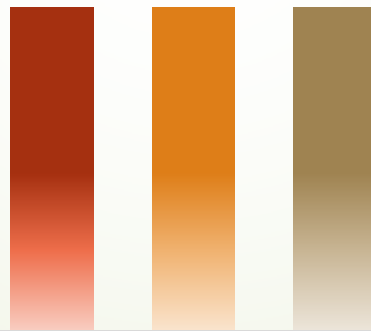
- Scaled house pricing
- Average price \$60/ticket
- Maximization of turnout through discounts and yield management

MARKET OVERVIEW - GENERAL PRICING SCHEME

■ POPULARITY/TYPE OF SHOW ■ SEAT LOCATION ■ SHOW TIME



HIGH PRICE

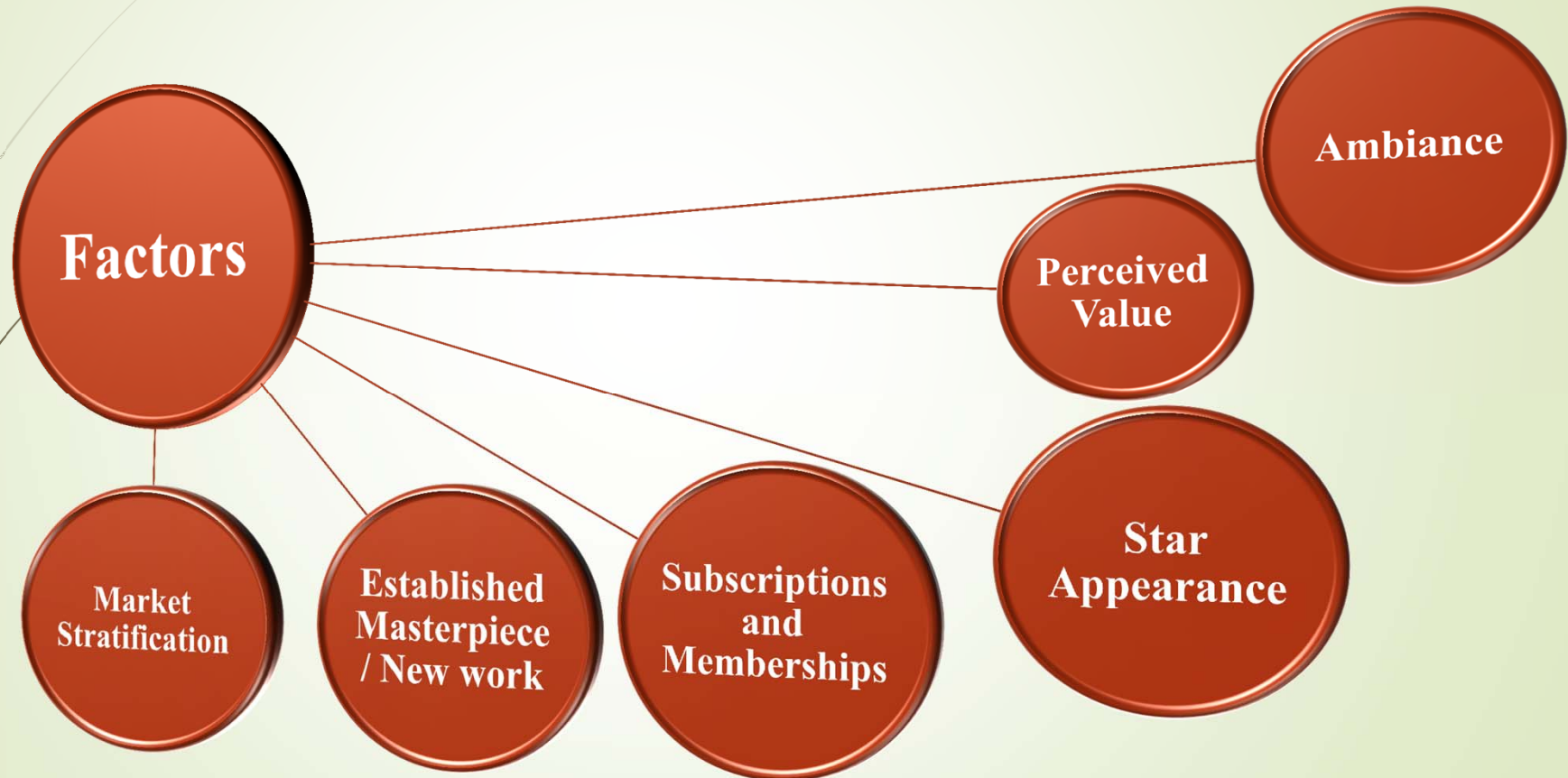


MEDIUM PRICE



LOW PRICE

MARKET BASED FACTORS INFLUENCING PRICE



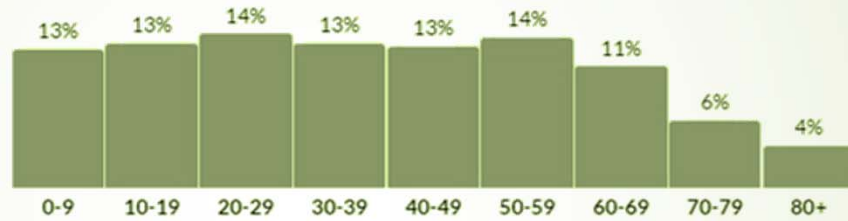
MARKET STRATIFICATION - USA

Age

37.8

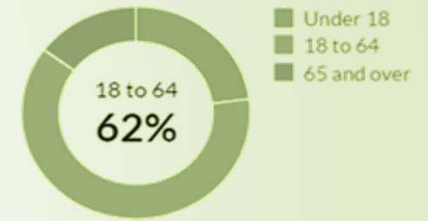
Median age

Population by age range



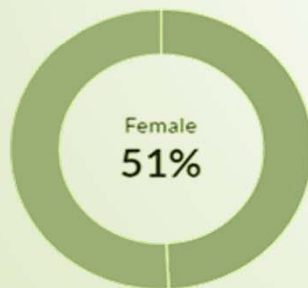
Show data / Embed

Population by age category



Show data / Embed

Sex



Male
Female

Show data / Embed

Race & Ethnicity



* Hispanic includes respondents of any race. Other categories are non-Hispanic.

Show data / Embed



RECOMMENDED PRICING STRATEGY



CINE CITY PRICING OBJECTIVES

- Maximization of Revenue/Profits
- Enhancing Audience Turnout
- Increase Audience Diversity

FACTORS CONSIDERED WHILE DETERMINING PRICING STRATEGY

- Achievement of Theatre's Objectives
 - ❖ Maximization of Revenue
 - ❖ Audience Diversity; and
 - ❖ Turnout.
- Being New Entrant in Theatre Market.
- Most Advanced, Lavish and Grand Theatre.
- Premium Quality of shows.
- Market Stratification.
- Combination of established Masterpieces and new work.

PRICING STRATEGY

**PREMIUM
PRICING**



**COST PLUS
PRICING**

IMPLEMENTATION OF PRICING STRATEGY

Scaled House

- Platinum, Diamond, Gold and Silver Categories

Predictive Pricing

- Predicting the number of tickets customers will buy based on their buying history.
- Increase prices where initial demand of tickets is high.
- Load Factor = $\text{Capacity Utilized} / \text{Total Capacity} \times 100$

Weekends / Holidays

- Higher prices charged during peak times (i.e. weekends and holidays).

Established Masterpieces


- Premium charged on blockbuster performances and lower/discounted prices for regular & new shows to increase turnout.

Subscriptions

- Customer should be given subscription to ensure upfront audience turnout.

Discounts

- Discounts for Senior Citizens, Students, Bulk Buying, Advance Booking etc.



ANALYSIS OF BUDGETED FINANCIALS

REVENUE EXTRAPOLATION

Show Type	Class	Rates (\$)	Total Seats	Occupancy	Revenue per show (\$)
Blockbuster	Platinum	125	200	90%	22,500
	Diamond	100	400	90%	36,000
	Gold	80	250	90%	18,000
	Silver	50	150	90%	6,750
			1000		
					83,250

Regular	Platinum	125	200	75%	18,750
	Diamond	100	400	75%	30,000
	Gold	80	250	75%	15,000
	Silver	50	150	75%	5,625
			1000		
					69,375

Show Type	Class	Rates (\$)	30% Discounted Price (\$)	Total Seats	Occupancy	Revenue per show (\$)
New Shows	Platinum	125	88	200	50%	8,750
	Diamond	100	70	400	50%	14,000
	Gold	80	56	250	50%	7,000
	Silver	50	35	150	50%	2,625
			1000			
					32,375	

BUDGETED REVENUE

Description	Revenue Per Show	Percentage	No. of Shows	Revenue
Total Revenue Per show (Blockbuster)	83,250	20%	140	11,655,000
Total Revenue Per show (Regular)	69,375	70%	490	33,993,750
Total Revenue Per show (New Shows)	32,375	10%	70	2,266,250
Total Revenue per Annum		100%	700	47,915,000

