

SHIFT 72



Film Festival Pricing and Funding:

Equal parts art and science



For months, Shift72 has been asking our partners, “how do you determine pricing for your film festival” and the answer is usually, “we look at what everyone else is doing.”

Pricing is one of the fundamental P’s of the marketing mix and, while it may not be the sole driver that determines whether audiences fill your seats, it is a critical factor in the experience decision. Price it too high, and affordability gets cut as audiences weigh in the virtual or in-person cinematic experience against other methods of entertainment such as dining, sports, a night at the bar, or a free night at home with the family. Price it too low and risk the ability to recoup your costs while degrading the perceived quality of the film and experience. So to play it safe, many choose to “follow their neighbours”.

The process is less scientific and more of a guess that assumes that the established price of a film experience - whatever that may mean for your region - is the one that audiences are willing to accept as an appropriate price point.

To help with this critical decision, Shift72 has come up with 6 factors to consider when establishing the ticket price - plus 40 sponsorship ideas and a list of 30 plus grants - that could help offset that ticket price for your audiences.

NOTE: Pricing is one of many [potentially] critical components of the product and service decision. As mentioned in [How to Market a Film Festival: From A to VOD](#), there are many other factors that will determine your success, some of which include:

- How would you define your brand?
- What makes you unique?
- Are you offering **access to a film** or **access to an experience**?
- How does your experience differ from everyone else's?
- Is that point of differentiation something that your audiences want? Would they be willing to pay more for it?
- How hard would it be for a new or existing business to replicate what you do?
- How well do you know your audience?
- How do you connect with them?
- How do you track your performance?
- Etc.

Here are the top 6 factors to consider when establishing the single ticket or festival pass price for your film festival:

1. The overall cost of organising your film festival

The first and most important factor to consider when setting a film festival ticket price is the costs associated with organising the entire festival. There are MANY different line items that may be factored into the overall cost decision including:

- Staffing
- Volunteer thank you gifts / incentives
- Venue rentals
- Event (e.g., parties, lighting, entertainment, etc.) costs
- Film licensing / rights
- Marketing expenses
- Technology rentals
- Etc.

*For a more detailed list of expenses - and to help determine what your break-even price and sales are for tickets - [download the Shift72 Film Festival Finance Tool](#)



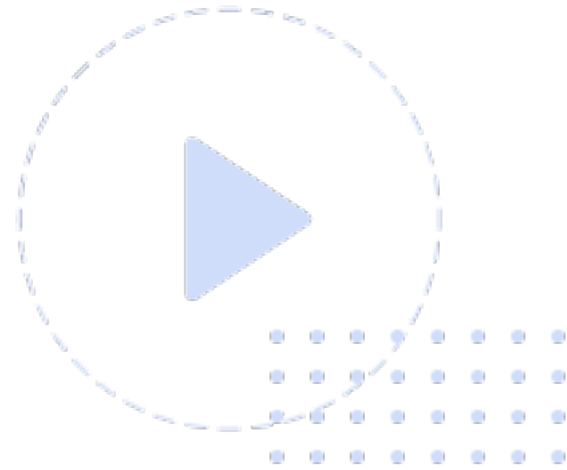
- Staffing
- Video on Demand
- Telecommunications
- Legal

2. Your target audience

When looking at your customer database – whether it is sourced from your in-person ticket sales or your online Customer Relationship Management (CRM) tool (e.g., Salesforce, Hubspot, etc.) – what do their demographics look like? If using their personal address information (where available), what can you derive from their spending habits?

- Are they students or professionals?
- Retired or working?
- Affluent or economically challenged?
- Family, DINK (Dual Income No Kids), or Single?
- What country do they live in?

By using some basic demographic details, a quick google search may be used to determine the average entertainment spend for that demographic in your region. Furthermore, you may find surveys and statistics through free ([Google](#)) or paid ([Statista](#)) services where you can learn more about their entertainment habits and their price sensitivity.



3. Affordability: the film festival A/B test

Building on your demographic and engagement information gives you the chance to test segments of your market via an A/B test. By experimenting with different prices, you can gain a better understanding of how the audience responds to different prices, and ultimately, determine the price point that will maximise attendance and revenues for your in-person and virtual events.

If using a CRM tool, you can review your data to find out what your average revenue per audience member is and which audience members bought multiple tickets. If this information is available, create a customer segment of single ticket buyers to draw one of two conclusions:

“My affordability was limited to a single ticket (e.g., \$14.99)”

OR

“I only attended because I liked one particular actor or film”

If the audience member is a multi-year attendee watching diverse films, it may disprove the second conclusion and allow you to test the buyer’s budget threshold. Perhaps their budget is actually \$25 but, because only one film fits within that budget, the audience member pocketed

the savings rather than choosing to extend their entertainment experience. In this scenario, that audience segment could be directly targeted with a two-ticket bundle at \$25 instead of one at \$14.99. Depending on your conversion, the result may indicate that you can increase your average customer value by marginally decreasing the single ticket price without any impact to the premium brand perception you’re hoping to maintain. Alternatively, knowing that the available spending budget is \$25 may signal another A/B test that would allow you to marginally increase your single ticket prices to carve out more of the available consumer budget.

“Certainly in the first couple of years back, you want to be pretty cautious because you want to have the festival accessible and enticing but, I think, over time, everyone is talking about inflation, and cost of goods and that includes filmmaker travel, people that are hired just for the festival, salaries, etc. All of those things mean putting on a festival is an expensive thing and ticket prices will need to reflect that.”

Rod Armstrong, San Francisco Film Festival

4. Economic conditions in recessionary times

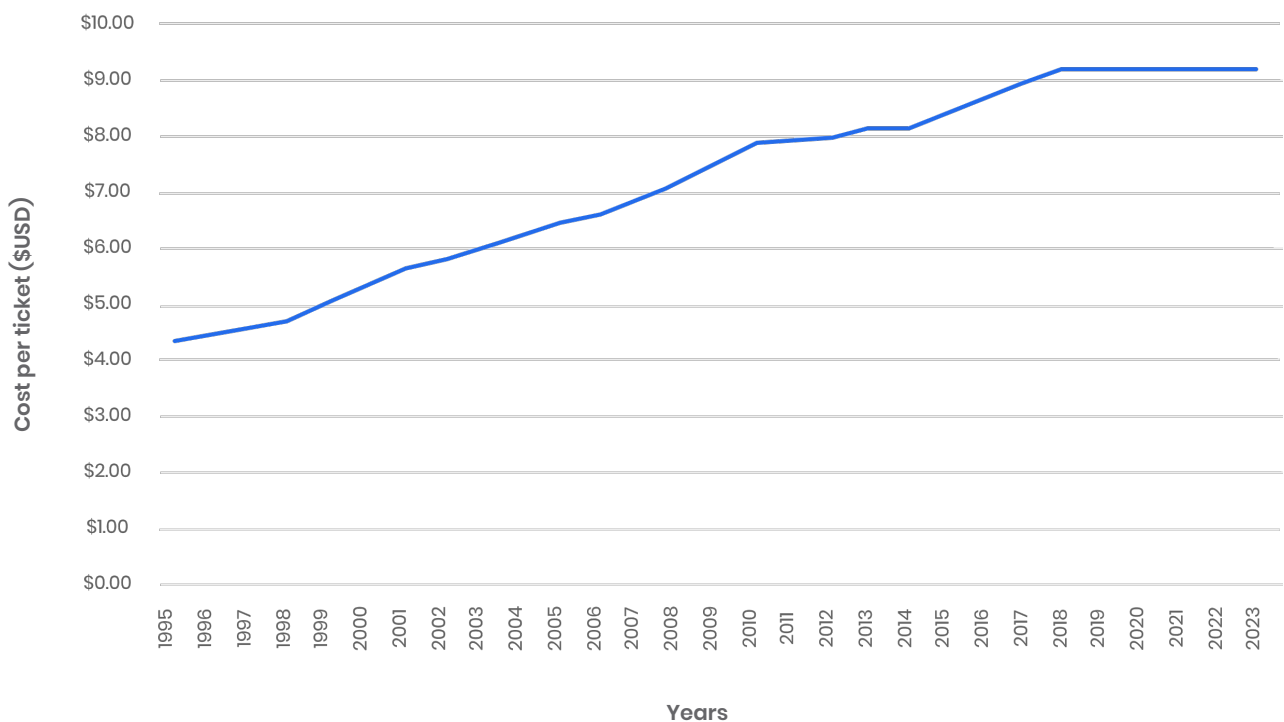
The global market during the expected 2023 recession is uncertain. According to Deadline, the international box office is expecting an 11.6% increase to \$20.4 billion dollars in box office revenues in 2023¹ and, although this is an impressive figure, ~50% of global box office revenues came from the top 20 films² and 80% of the films made won't make a profit³. Film festival attendee numbers – which often involve travelling patrons and businesses –

could be inversely affected as fewer non-local audience members may be willing to pay the ensuing hotel and travel costs to attend the event.

Between 2018 and 2023, inflation has risen by 18.14% over five years (~3.4% per year) but the price of a US cinema ticket – and by extension a film festival ticket – during that same period has remained relatively flat.

Average US cinema ticket price⁴

1995-2023

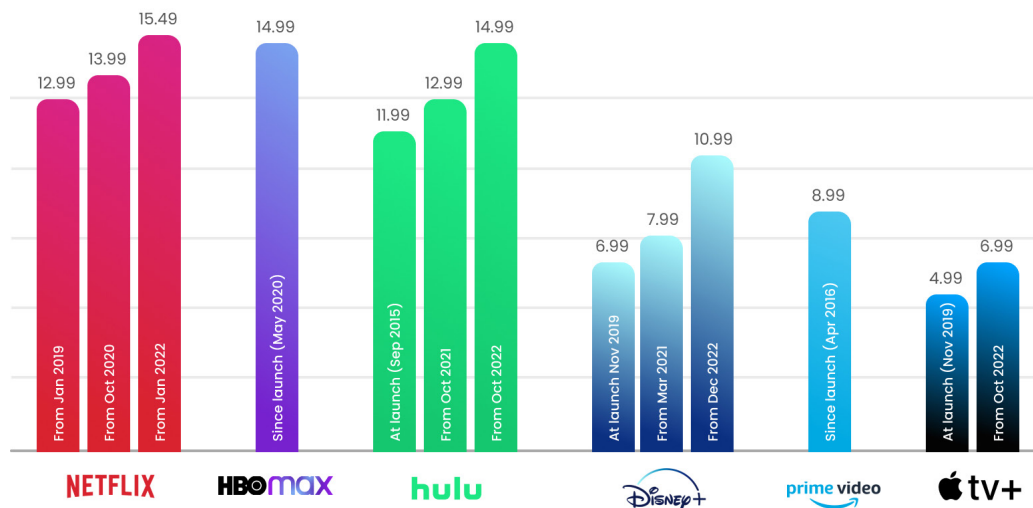


While - per the diagram below - major streamers have adjusted their prices accordingly - cinemas have not followed suit and, instead, elected to seek alternative ways to add value to the customer viewing experience through tiered

pricing offerings based on luxury seating, adding pricing tiers based on the location of the seat within the cinema⁵, 4D sensory experiences, and food offerings.

Streaming price hikes leave customers with tough choices

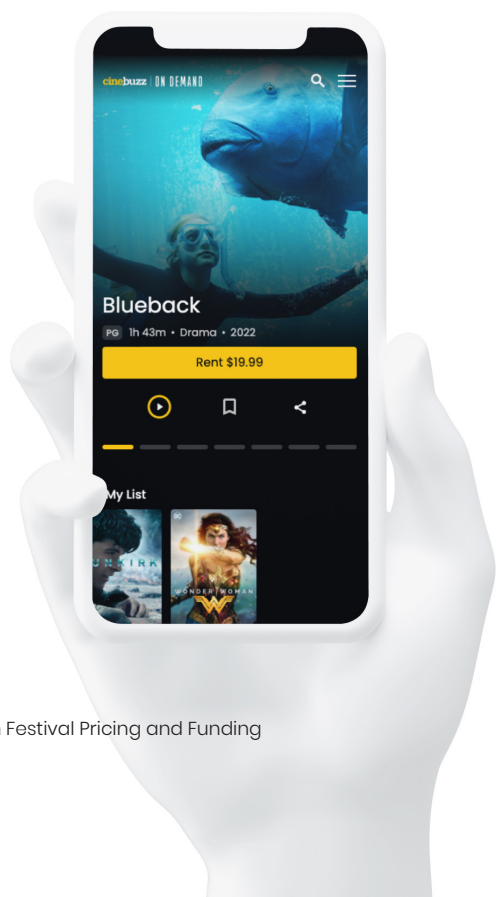
Monthly subscription price and latest price increases of selected video streaming services in the U.S. (in U.S. dollars)*



*Prices for ads-free standard plans for new customers
Source: Company announcements

4. Economic conditions in recessionary times cont.

For film festivals a virtual offering hedges against recessionary impacts as distant and inaccessible audiences are easily reached. Furthermore, considerations for transport time, gas, and childcare can be ignored as the experience is observed from home. Like the cinema experience, adding value through a tiered pricing scheme can be achievable. By partnering with local food delivery suppliers or adding a live-streaming component at the beginning and end of a screening, festivals can create additional sources of revenue streams to offset their costs while maintaining an “affordable” price for their consumers.



5. Competition for time and money

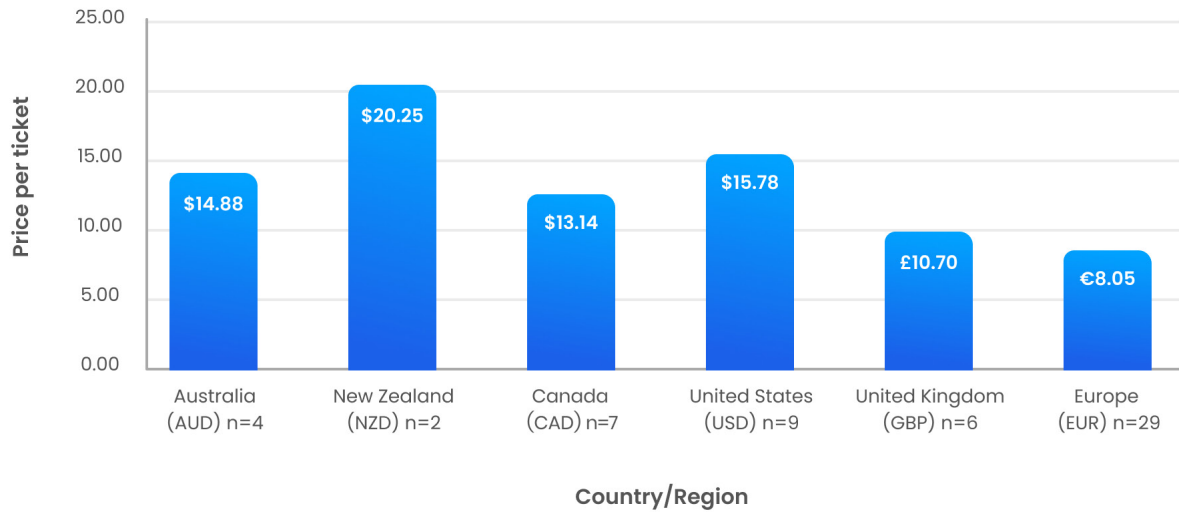
The competitive landscape for a film festival extends far beyond “other festivals”. It is a competition for time and share of wallet on the entertainment line item of the family budget.

“Traditionally, the festivals are your competition, but suddenly, with a lot of content going to streaming platforms [Netflix, Prime, Hulu, etc.] – that’s changed the game quite a bit for us.”

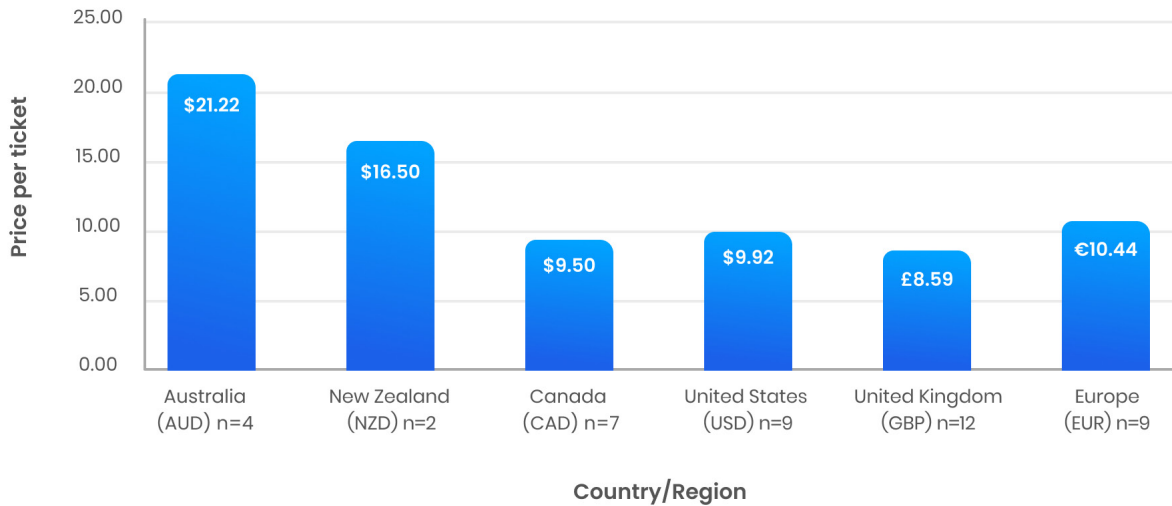
Deepthi Pendurty, Festival Manager, Dharamshala International Film Festival (DIFF)

For the film delivery form of entertainment, Shift72 conducted a review of film festivals, cinemas and major VOD players in Australia, New Zealand, Canada, US, and Europe to find out what the average price point is for a single ticket or monthly subscription in their respective currency. The following graphs represent the average cost of each based on the organisations surveyed.

Average regional price per single film festival ticket



Average price per adult movie ticket per country



The pricing decision relative to the market does not have to be uniform. Whether you are a not-for-profit using the revenues to give back to the arts community or a for profit festival seeking to grow year over year, using the market

to baseline your ticket prices while applying A/B tests each year can serve to optimise your revenues – or community contributions – without sacrificing your audience in the process.

6. Distribution resistance to streaming: limiting your reach

Film distribution particularly in the film festival space is a critical challenge that can have a major impact on retaining your future audience's attention. Many film festivals rely on the support of distributors to secure the rights to screen films. However, some distributors may be resistant to allowing their films to be screened online, as they may view it as a threat to the...

1. Traditional cinematic experience that allows audiences to hear and feel the movie experience that tap into the visual, auditory and sometimes tertiary sensory experience within the cinema.
2. Feeling of exclusivity and success in the selection of their film by a traditional distribution channel.
3. Security of the film as pirates may copy and redistribute the film online.
4. Marketability of the film as it gets lumped into a collection of hundreds of others.

Many of these threats, while concerning, are part of the evolving fabric of consumer experience tastes and, in some cases, become irrelevant

depending on the trusted and secure streaming provider you choose (e.g., Shift72).

Unfortunately, this resistance can have a negative impact on audience retention, as it limits the accessibility of the films to a wider audience. When New Zealand's International Film Festival decided not to pursue a hybrid option in 2021, the blowback from the community was fierce:

“We have a disabled adult daughter and [2020] was the first year we were actually able to easily participate. We watched at least 10 films as opposed to not even being able to see any in some previous years.”

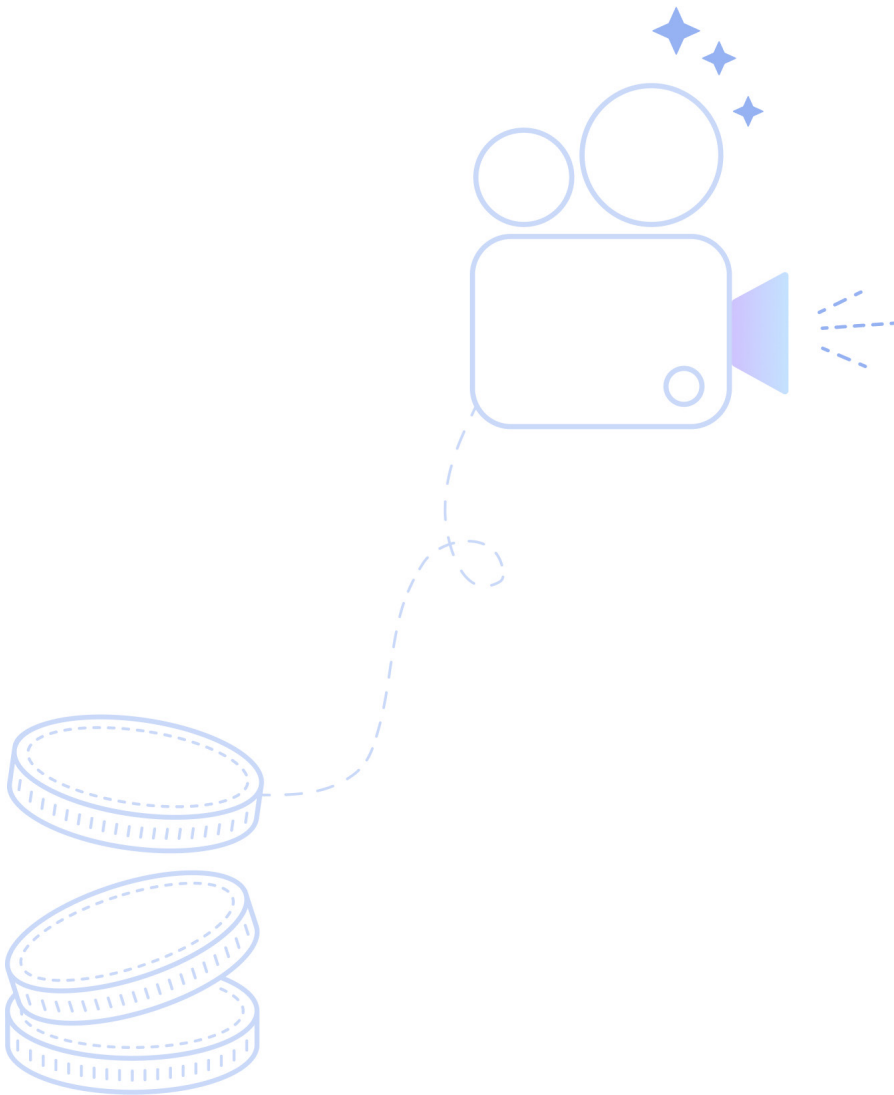
Facebook user⁶

To mitigate this issue, festival organisers can explore alternative distribution channels, such as streaming platforms, to make their films more accessible. The extended reach can significantly improve revenues, reach, and accessibility for all audiences who want to experience the curated voice that festivals bring to audiences through their film selection.

“I do not think that it’s pricing that will be the death of film festivals. I think it is the distributors and sales agents that [may] put an end to public virtual offerings. Small festivals will not be able to get permission to screen their large-draw films virtually and end up with lineups that may be great and full of smaller films, but audiences will be less likely to take a risk without the headliners as a point of reference or hook.”

Ahbra Perry





Funding your festival

Taking into account the 6 factors to consider when setting your pricing to create an accessible event for your patrons, there are 3 well known strategies to consider employing to offset the overall cost and price of your festival.

1. Sponsorship

Whether you are running an in-person film festival OR a virtual one, there are dozens of different ways to create new sponsorship and advertising opportunities for your film festival that can help drive up revenues OR reduce costs and prices. Below is a selection of 12 sponsorship ideas that you can readily deploy.

For a full list of potential sponsorship ideas, view the [pricing tool](#) and expand the sponsorship section under the revenue sheet.



Virtual



In Person

1.

Title sponsorship



Gives the sponsor / business / individual naming rights for the festival. This type of sponsorship is perfect for companies that want to align their brand with the festival and gain maximum visibility. An example of this could be, "The 50th Annual Shift72 New Zealand International Film Festival"

2.

Venue sponsorship



Allows a sponsor to have their name and logo associated with a specific venue or theater that will be used for the festival. This type of sponsorship can be especially beneficial for local businesses that want to support the festival and reach a captive audience.

3.

Category sponsorship



Allows a sponsor to have their name and logo associated with a specific category of films at the festival. A partnership example could be a sound company sponsoring a music category, or Adidas/Nike sponsoring a sports-themed category.

4.

Online title sponsorship



Allows a sponsor to have their name and logo associated with the online/ virtual festival online. Here, festivals can co-brand their user experience online while offering a single branded experience for the in-person event.

5. Opening/Closing night sponsorship

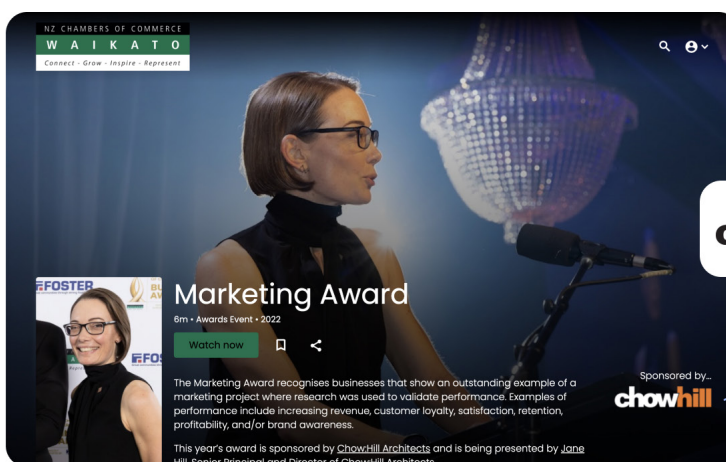


Allows a sponsor to have their name and logo associated with the festival's opening and closing night events. Whether that be the showing OR the showing + the after/pre-party, there are plenty of spaces to showcase that logo.

6. Award sponsorship



An award sponsorship allows a sponsor to have their name and logo associated with one or more awards at the festival.



7. Filmmaker sponsorship



A filmmaker sponsorship allows a sponsor to support a specific filmmaker or film project. Perhaps there was a product placement throughout the film (e.g., Aston Martin in James Bond) or a particular brand had an affiliation with a popular filmmaker (e.g., George Clooney and Nespresso). These would be prime opportunities to open a filmmaker sponsorship category where a brand may want to extend that visibility to everything that filmmaker has done.

8. Social media sponsorship



A social media sponsorship allows a sponsor to reach the festival's online audience through social media platforms. As a film influencer in the film festival space, you can charge per post or for a package of posts during festival week to raise awareness for each film being shown during the festival.

9.

Travel sponsorship



Allows a sponsor to support the travel expenses for the festival's attendees, filmmakers, or guests. Categories may include land travel (Taxi or Uber) or air travel as a singular category or split.

10.

Festival pass sponsorship



Allows a sponsor to put their logos at the point of purchase for festival passes.

11.

Virtual panel sponsorship



Allows a sponsor to host a virtual panel discussion during the virtual film festival. This can take the form of a topical industry discussion (e.g., pricing a film festival) or a film discussion which includes the director, actor(s) and a moderator.

12.

Product Placement



For anyone who has ever watched America's Got Talent – or any reality TV competition – you will find product placement EVERYWHERE. For festivals, this means that every actor is drinking out of the same branded mug (e.g., Coke, Pepsi, or Dunkin Donuts), drink options are consistent in every panel or interview slot, OR everyone is driving the same brand of vehicle.

For a full list of sponsorship opportunities, [download the tool](#) and click on "Sponsorship"



- ✓ Award(s) sponsor
- ✓ Sponsor banner listing
- ✓ Title sponsor
- Festival pass sp

2. Government, private sector or audience funding and grants

Film festivals can use GoFundMe to source funds from their audiences directly, reach out to private family trusts for donations, OR apply for government / public arts grants to support their event to offset the consumer ticket costs.

These grants can go towards subsidising the costs for:

- Technology
- Hiring staff
- Promoting the event
- Renting venues
- Attendee travel costs
- Establishing a fund for filmmakers to create the content that will be featured in the festival

Here is a list of five global grants that you can apply for to help fund your festival. For a larger list, check out the blog on “Film Festival Grants” that expands on what’s below.



Fund	Location	Description
<u>Australian government's Australia Council for the Arts</u>	Australia	This program funds a range of activities and organisations that deliver benefits to the arts sector and wider public, including national and international audiences and communities.
<u>Canada Council for the Arts</u>	Canada	Canada's National Arts Funder funding Canadian artists and arts organisations
<u>European Union's Creative Europe program</u>	Europe	Creative Europe invests in actions that reinforce cultural diversity and respond to the needs and challenges of the cultural and creative sectors.
<u>National Endowment for the Arts (NEA) in the United States</u>	United States	Awards grants to nonprofit organisations, creative writers and translators, state arts agencies, and regional arts organisations in support of arts projects across the country.
<u>The National Geographic Society</u>	United States	We fund a global community of Explorers who investigate, test hypotheses, innovate, stretch their creativity, and push the boundaries of traditional thinking in ways that fundamentally change our world.
<u>The Andrew W. Mellon Foundation</u>	United States (Funds globally)	The Andrew W. Mellon Foundation supports a wide range of initiatives to strengthen the arts and humanities.



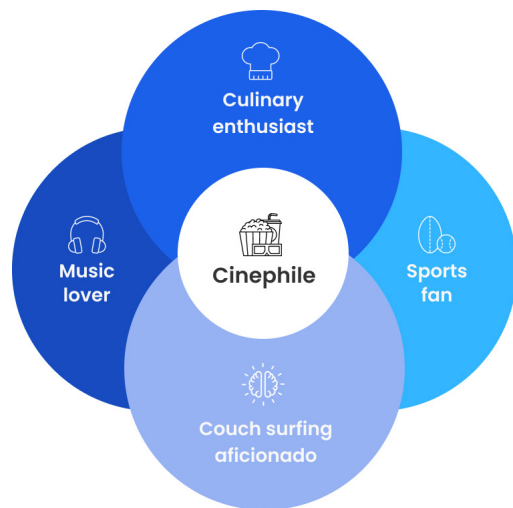
3. Adopt an advertising video on demand (AVOD) strategy

The consensus amongst streaming industry executives is that the industry needs to come up with free or ad-supported alternatives to drive down the price for the consumer. For distribution, there is no question that digital can add significant revenues to the bottom line via both the sponsorship opportunities it provides (ads) and the audience reach that it grants particularly amongst audiences with health conditions or impairments. Netflix and Disney+ have already jumped into the ad-supported streaming market to help lower the cost for their consumers which would add another layer of competition to the festival circuit. Film Festivals may want to consider following suit if they wish to compete with other major streaming providers and cinemas in 2023 as audiences continue to consolidate their entertainment providers.

Setting the right ticket price for a film festival is a complex task that requires careful consideration of costs, target audiences, competition, funding, and the unique brand of film curation and experiences that the festival brings to its audience. When observed through the lens of

entertainment, your audience has choice. Lots of it. That VENN diagram of a 30 to 55 year old cinephile can also include intersections of a culinary enthusiast, music lover, sports fan, or couch surfing aficionado.

Figure 1: VENN diagram of a 30 to 55yr old cinephile.



As a film festival, your price and your experience must go beyond the film and the value must be created outside of the script. How that is done, how your audience connects with your curation, how that community is built, and how that experience is shared will be what defines your brand. It will be what determines the perceptive value your audience has in you and the price they are willing to exchange to share in that experience. But the knowledge of these elements and your ability to expand your audience and project the demand will help you determine whether or not your festival can survive and thrive from one year to the next.

“Movies bring people together in ways that are figurative and literal and that togetherness feeling is what I yearn to create...the act of bringing people together for a second, a few minutes, or a few hours is a great contribution especially as the world seeks to divide us”

Ryan Reynolds, American Cinematheque Awards speech

SHIF72

Film festival break even calculator

Understand your festival costs and potential ticket sales.

Calculate

Profit \$100,569

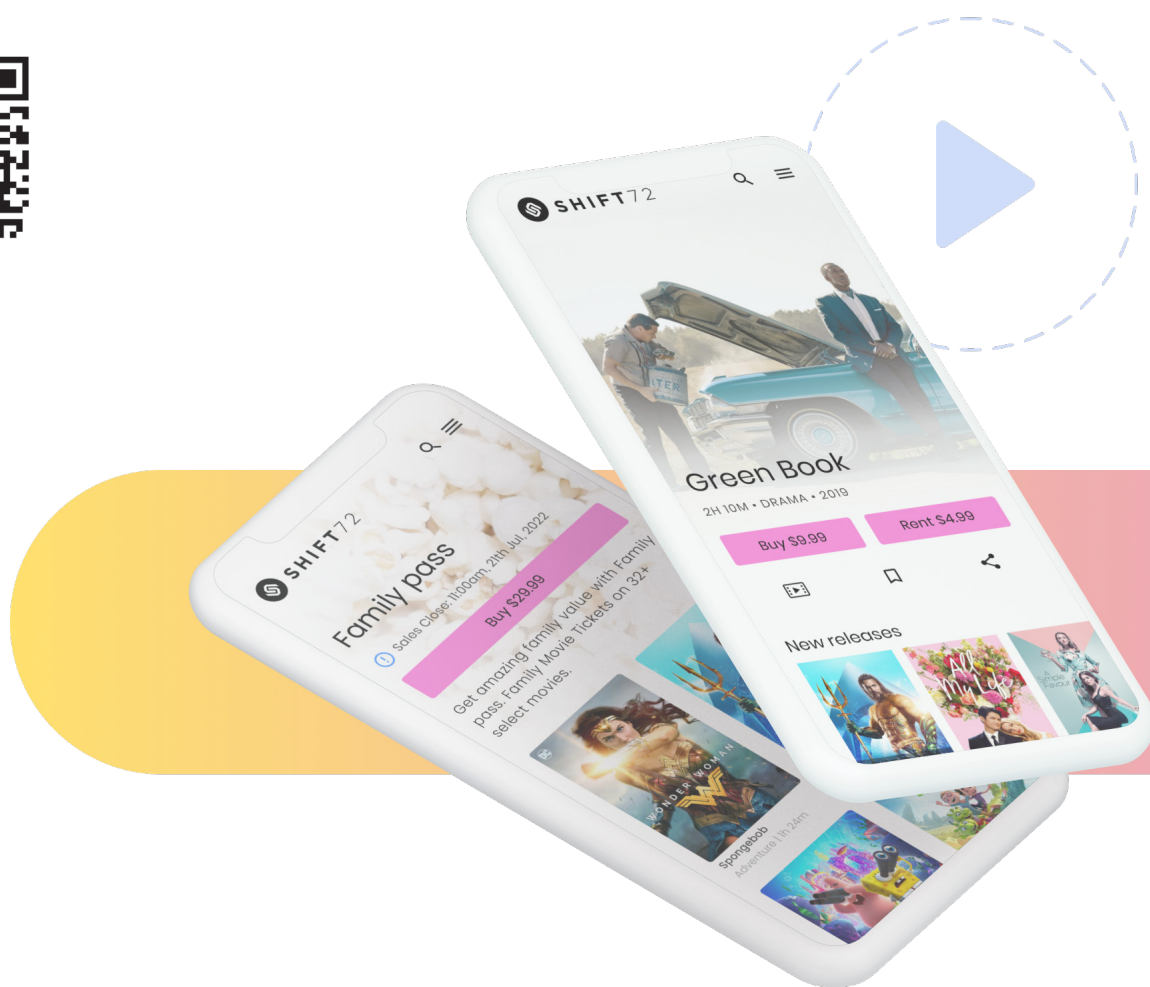
Ticket type	Price	Percentage of total tickets sold	Total tickets required in each category (Rounded)	Total Revenues per
Add <ticket type>	\$ -	0%	-	\$ -
Add <ticket type>	\$ -	0%	-	\$ -
Add <ticket type>	\$ -	0%	-	\$ -
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Add <ticket type>	\$ -	0%	-	\$ -
Add <ticket type>	\$ -	0%	-	\$ -

References

- 1 <https://deadline.com/2022/12/amazon-netflix-hbo-streamers-censorship-box-office-storylines-international-2023-1235205659>
- 2 <https://www.boxofficemojo.com/year/world/2022/>
- 3 <https://www.forbes.com/sites/schuylermoore/2019/01/03/most-films-lose-money/?sh=4861b5df739f>
- 4 <https://www.the-numbers.com/market/>
- 5 <https://variety.com/2023/film/news/amc-theaters-movie-ticket-price-seat-location-1235514262/>
- 6 Anonymous User. "We have a disabled adult daughter and [2020] was the first year we were actually able to easily participate. We watched at least 10 films as opposed to not even being able to see any in some previous years." Facebook, October 7, 2021, <https://www.facebook.com/nzfilmfestival>

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SHIFT72

Connect content, customers, and ecommerce with video on demand

Shift72 is one of the world's fastest growing video on demand (VOD) entertainment platforms. Trusted by the biggest names in the industry, our platform is the white labelled secure bridge

that rapidly delivers the theatre and event entertainment experience - complete with content offerings from the world's biggest studios - to audiences' homes.

To learn more about how Shift72 is leading the way into a hybrid future, visit our website www.shift72.com