

Zac Rejonis & CJ McDonald

*VRartistry: Merging Theatrical Performance
with a Virtual Reality Experience*
PRICING

Our Conclusions:

Our Costs & Definitive Prices:

After doing research on both the theatrical and the technological industries, we have estimated that in order to put on a VR-integrated production on a mental health affliction, VRartistry would incur ~\$6,628,000 in costs for one year. This does not take into account property costs as we have not yet established where the production would take place or a deal with a food vendor for the in-between shows meal option but does include labor costs of a Broadway playwright and VR coding developers, the purchase of VR headsets, and the average cost to produce a minimalist Broadway-level show. We would also need to solidify how many actors would be in the production as well as what set pieces, costumes, lighting and other technical elements would be needed for the show as those might add to the cost or reduce it if the number used for the average cost to produce a Broadway-level show includes the costs of extra design elements that are unnecessary to our production. If we were to put on twelve shows a week (the average is 8 shows a week for Broadway but our company would offer two productions every day except one “dark” day) for fifty-one weeks out of the year, we would need to bring in at least \$10,830.07 in revenue per show to break even with the costs listed above. If the production takes place off-Broadway, the theater would have between 100 and 499 seats, meaning that each ticket would cost \$108.30 on the high end and \$21.70 on the low end. We would have other costs that we would need to pay off as well as employee salaries so offering our cheapest tickets (w/o the VR headset) for twice the lowest price- \$43.00- and the more expensive tickets (w/ the VR headset) for \$130.00 would be wise. We then could discount the tickets for the dual-show package without the meal to \$150.00 and the dual-show package with the meal to \$175.00. This would still be much cheaper for people to attend than most Broadway shows while allowing VRartistry to turn a profit based on the costs we have already explored and hopefully cover ones we have not yet pinpointed.

Our Pricing Model:

VRartistry would benefit from taking a loss leader pricing approach, specifically a razor and blade model in which our company would sell different packages of our VR and production combination to target customers of many different economic backgrounds. Like a razor, we would price our production on the lower end of the spectrum at a price in which someone could buy cheap tickets for a Broadway show. This might lead to the company taking some financial hits and being unable to turn a profit from these sales alone but it appeals to a lower-income demographic who still want to experience something revolutionary on a budget. In order to make back our investment however, we would sell the VR component of the production (or the blades of this model) at a higher price which would allow for audience members to better experience the show and choose when they do and do not want to enter the virtual world. This would be targeted more towards middle-class individuals who do not travel to the theater often so they are willing to spend more money on such an occasion and want the best experience for their buck. For those interested in theatre critique and how technology truly affects the message of a show, we would offer an even more exclusive package that would allow the patron to watch the show twice, once with a VR headset and once without, so that they can truly comprehend for themselves the message of the show and how the use of virtual reality has impacted the feelings of the audience. This would be an all-day ordeal as there would need to be enough time between shows for actors to rest, rehydrate, and get touch-ups on makeup, hair, and costumes. Because of this, a final fourth option would be offered at the highest end of the pricing spectrum that would include a dinner service between both shows so that theatergoers can stay within the building between shows and have a meal or a drink before returning to see their second performance.

Pricing Levels:

1. Theatrical Production w/o VR headset: \$43.00
 - a. This is for patrons who want to see the show w/o using the VR headset. Some of the experience may be sacrificed with this option but this is the most cost-friendly option.
2. Theatrical Production w/ VR headset: \$130.00
 - a. This is for patrons who want to see the show w/ the VR headset. Patrons can remove the headset whenever they wish but they will still miss parts of the show as aspects of the production are happening in the real and virtual worlds simultaneously.
3. Theatrical Production w/ & w/o VR headset: \$150.00
 - a. This is for patrons who want to experience the show both ways on the same day, back-to-back but do not want to stay at the theater for dinner service between shows. This or the option with the dinner service is most recommended in order for every audience member to truly experience the

show through the eyes of a person experiencing a mental ailment and that person's loved ones who are affected but not diagnosed themselves.

4. Theatrical Production w/ & w/o VR headset w/ provided meal between shows:
\$175.00
 - a. This is for patrons who want to experience the show both ways on the same day, back-to-back and choose to stay at the theater for dinner service between shows.