

The economics of broadway



THE ECONOMICS OF BROADWAY Introduction: Broadway is a major street in New York. From <http://en.wikipedia.org/wiki/Broadway>, Broadway theatre refers to theatrical productions produced in one of forty professional New York theatres. In a more common usage; it refers to general performance or theatrical productions.

The economics of Broadway deals primarily with what the commerce going on in this New York production centre. In recent times, there has been lots of criticism going on in this sector. Arguments have been that the economics of Broadway is harsh, some say it is unforgiving, while others still say that there is price discrimination in Broadway theatre.

The purpose of this paper is to agree with this statement "the economics of Broadway are harsh and unforgiving because it is virtually impossible to raise substantially the productivity of performance. yet a long run, especially a musical, can minimize the potential for financial problem".

In the course of agreeing to this argument, certain supporting points will be highlighted. Some of these are:

High Prices of tickets: The price of tickets in Broadway theatre in recent times is known to be on the high side. And due to the high cost of tickets, people now decide to go to the theatre fewer times compared to before.

They are only prepared to pay for the high cost of tickets when there is a hit performance. And visiting the theatre has now become an event rather than a habit. This tantamounts to the drop in productivity of performance.

Price Discrimination: One point supporting this notion is that economics of Broadway is harsh is the issue of price discrimination in the theatre. These involve the non-uniformity in prices of tickets. Different seats qualities do have different prices to them. Also discount prices which are targetted at

<https://assignbuster.com/the-economics-of-broadway/>

customers with low willingness to pay, result in prices that differ from the uniform set price. Selling of tickets at half-prices on the day of performance at a discount booth is seen as a damaged good that further discriminates among self-selecting customers. But on the long run, if there is good organization and planning, financial problems could be reduce to the minimum when a non-uniform ticket price strategy is adopted.

High cost of Performance: There are views from different sources that are of the argument that the production costs of Broadway performances are high. For instance, BusinessWeek (online) magazine of November 21, 2005 made mention of an amount of \$60, 000 being the cost of each musical performance. And rules and policies forbid the inclusion of more seats than designed for. Also producers cannot add shows to the weekly specified ones. This acts, put up limits on the theatres.

Conclusion:

As it has been described above, we can now comfortably deduce that the economics of Broadway is actually harsh and unforgiving. Nancy Coyne is quoted to have said on BusinessWeek: " The economics of Broadway are anti-American .. You can't sell unlimited quantities of tickets." This was based on restrictive policies.

But when it is also being examined critically, the rules are meant to minimize financial problems.

Reference:

BusinessWeek (online) The Making Of The Color Purple November 21, 2005.
< http://www.businessweek.com/magazine/content/05_47/b3960093.htm>