

Scrutiny Bulletin: July 2023

## Annual Performance Review - Exeter Corn Exchange 2022/23

### Relevant Officers:

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## 1. What is the update about?

- 1.1 This report is to update Members on the performance of Exeter Corn Exchange for the financial year from 1 April 2022 until 31 March 2023.

## 2. Background

- 2.1 Exeter Corn Exchange is the council's directly managed multi-purpose events venue in the city centre.
- 2.2 The Facilities and Markets Manager is the Service Lead with overall responsibility for The Corn Exchange, as well as the Matford Centre, Markets and the Visitor Facilities (Underground Passages, Custom House Visitor Centre and Red Coat Guided Tours Service).
- 2.3 The Corn Exchange Manager is responsible for the management of the facility.
- 2.4 The Facilities and Markets Manager retains responsibility for programming and financial management at the Corn Exchange. The Corn Exchange Manager is responsible for the day-to-day operation of the Corn Exchange and Exeter Tickets including facilities management, marketing, box office and technical requirements.
- 2.5 There are three other full time staff mostly dedicated to the venue. These are the Bar & Events Officer, the Events & Facilities Officer (who also has some responsibilities for the operation of markets) and the Events and Ticketing Administrator. We are currently recruiting a part-time Marketing and Box Office Administrator.

All other staff working at the venue are casual employees or volunteers, these cover front of house, cleaning and the bar and catering operation.

### 2.6 Management of the Corn Exchange encompasses:

- Facility management of the site including maintenance and security;
- Programming all events at the venue, whether as in-house promotions, joint promotions or venue hires;
- Managing the venue's box office system;
- Marketing the venue and events including website, print and social media;
- Managing all events taking place at the venue;
- Operating the venue's bar and catering operation.
- Managing the Exeter Tickets box office facility.

### 3. Current Position

3.1 There were 134 ticketed events hosted during 2022/23. The total number of tickets sold for all shows was 36,958 giving an average sales figure of 276 per show.

The total income from ticket sales (net of VAT) received was almost £635,000, the highest ever achieved. This was an average of around £4,700 per show.

The related expenditure (primarily payments to the artists performing) amounted to £518,000.

The surplus achieved was £117,000, this represented 19% of the total income. The percentage surplus was lower in 22/23 because of an increase in the number of venue hires hosted, in particular, 11 full days of the Titanic exhibition for which we receive a venue hire fee rather a percentage of the income. This has led us to review all hire fees to ensure that they are set at a level which gives us the best chance of achieving our target surplus – 25%.

The table below shows how these results compared to those achieved over the previous four financial years (20/21 is omitted because of the lack of activity caused by the pandemic):

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2021/22</b>	<b>2022/23</b>
Shows hosted	118	124	132	116	134
Tickets sold	34,706	39,270	38,178	31,815	36,958
Average per show	294	317	289	274	276
Ticket income	£509,000	£548,000	£619,000	£614,968	£634,618
Average per show	£4,314	£4,419	£4,689	£5,301	£4,736
Event expenditure	£397,000	£410,000	£463,000	£453,227	£517,732
Surplus achieved (% of income)	£112,000 22%	£138,000 25%	£156,000 25%	£161,741 26%	£116,886 19%

The ticketed events staged in 2022/23 can be categorised as follows: 34 comedy, 31 music, 8 sports/adventure, 4 theatre, 11 days of the Titanic exhibition, 24 pantomime performances and 22 others.

Although the venue's maximum capacity is 500, the following needs to be taken into account when considering the average tickets sold per show:

- Some shows (such as cabaret style events, which includes many of the comedy shows) have a smaller capacity (typically 250);
- Some tickets are also sold by direct by the artist/agent and not all of these sales are included in the sales figures shown above;
- When the above two factors are taken into consideration the total sales represent just over 80% of the available seats;
- Of the 99 ticketed events (which ignores pantomime performances and the Titanic Exhibition) 33 sold out including all 12 monthly comedy clubs;
- In addition to the 134 shows which went ahead 15 were cancelled having already gone on sale. This is a reduction on last year but remains higher than pre-pandemic levels. Cancellations are due to a number of factors such as artist illness, tours being rescheduled and low demand for tickets.

- 3.2 There were also 130 venue hires in 2022/23. These included vintage and record fairs, student events, conferences, jobs fairs, dance competitions and shows, blood donor sessions, a bodybuilding show and a beer festival.

Venue hire levels have not yet recovered to pre-pandemic levels, primarily because of the loss of a weekly dance class. The following shows the number of venue hires for the last five years (20/21 omitted):

2017/18	205
2018/19	209
2019/20	184
2021/22	107
2022/23	130

The income from venue hires in 22/23 was £114,000. The charge for venue hires is set after considering a number of factors such as: access times required, facilities to be used, purpose of event, status of hirer, frequency of event and ancillary income anticipated.

The following shows the venue hire income for the last five years (20/21 omitted) and the average income received per hiring:

	Total Income	Average per hire
2017/18	£113,000	£551
2018/19	£116,000	£555
2019/20	£97,000	£527
2021/22	£68,000	£632
2022/23	£114,000	£877

The average income received is dependent on the type of bookings secured.

In August the Corn Exchange hosted an 11 day Titanic Exhibition. This large hire in a usually quiet time of year is the reason for the large increase in income received from hiring the venue. The event was an excellent example of just how multi-purpose the venue's main space is. It is unlikely we will be able to replicate a booking of that size on a regular basis, but we hope to be able to attract similar types of event in the future.

- 3.3 The venue's bar and food operation supports events staged. Because the venue is situated in the city centre, amongst many restaurants and other catering outlets, the venue does not open for business other than to support events. For the same reason there is limited scope to achieve income from food sales. The venue has a 5 star rating from Environmental Health.

During the last year, after carrying out a financial appraisal, we updated our cellar equipment to a smart dispense system in an effort to reduce wastage through improved storage. Early indications are that draught product wastage has reduced significantly and the financial target will be achieved.

The following shows the bar income for the previous five years along with the cost of goods sold (COGS) and the consequent gross profit (GP) achieved:

	Income (£)	COGS (£)	GP
2017/18	149,000	48,000	68%
2018/19	153,000	50,000	67%
2019/20	142,000	52,000	63%
2021/22	63,674	32,662	49%
2022/23	157,906	61,081	61%

No bar services were offered in 20/21 and the following year was adversely affected by the ongoing pandemic.

The following shows the food income for the same five year period, along with the cost of goods sold (COGS) and the consequent gross profit (GP) achieved:

	<b>Income (£)</b>	<b>COGS (£)</b>	<b>GP</b>
2017/18	38,000	22,000	43%
2018/19	42,000	17,000	60%
2019/20	41,000	18,000	56%
2021/22	15,884	4,825	77%
2022/23	42,122	18,815	55%

- 3.4 The venue uses a web-based box office system (Spektrix). There is an annual cost, based on turnover, this is generally around £19,000 pa. The cost is recouped from booking fees charged to customers.

The following shows how Corn Exchange ticket sales were split over the last five financial years (20/21 is omitted):

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2021/22</b>	<b>2022/23</b>
On line	77%	78%	78%	80%	82%
Face-to-face	10%	9%	9%	13%	11%
Telephone	13%	13%	13%	7%	7%

Since January 2020 we have been charging £1 postage per order in an effort to reduce waste, and meet costs where postal tickets were still requested. Collect at Box Office and E-Ticket delivery methods remain free. E-tickets can be scanned from a smart phone. This year 73% of tickets were delivered as E-tickets which compares favourably to 2018/19 (the last full year where no postage charge was made) in which only 16% of tickets were E-tickets.

- 3.5 In 2021 the Corn Exchange office was moved to a vacant unit below the venue and re-named Exeter Tickets. This has allowed us to expand our ticketing service to include third party ticketing for external event organisers including Gone Wild Festival, the Two Moors Festival, Libraries Unlimited and various other community events. Exeter Tickets also support the RAMMs box office and Customer Relationship Management via Spektrix, and is now preparing online ticketing services for the Underground Passages.

Exeter Tickets collects commission as a flat fee (proportional to ticket value) charged on top of ticket price allowing event organisers to retain the entire value of their ticket. We offer in person and telephone sales for many of the third party organisers, some are now requesting a listing on the Corn Exchange website, which we are now able to offer. In the next year we would hope to develop social media and email marketing programmes for Exeter Tickets with a view to developing a basic website to catalogue external events.

Exeter Tickets has the dual benefit of providing an additional revenue stream and greater audience insight.

The below income was achieved by Exeter Tickets with no digital presence and only word of mouth advertising of services.

	<b>2021/22</b>	<b>2022/23</b>
Income	£11,972	£16,634
Expenditure	£7,472	£8,253
Surplus	£4,500 37%	£8,381 50%

- 3.6 The venue’s marketing concentrates on the events staged rather than simply signposting the availability of the venue. Our focus is mainly on email marketing. Our emailing list currently has around 23,000 subscribers to whom we can target marketing campaigns, send show updates and seek feedback. Both open and click-through rates exceed the industry average across all formats.

In recent years the focus of our marketing has shifted more towards dynamic email marketing. Our approach here is very behaviour oriented and uses markers based on location, genre preferences and type and frequency of engagement to target customers with relevant information. We are hopeful that this will continue to improve year-on-year retention and in-year repeat visits. The detailed customer profiles we have been able to build will not only improve the quality of our marketing but will allow us to build the best possible programme of events for Exeter residents.

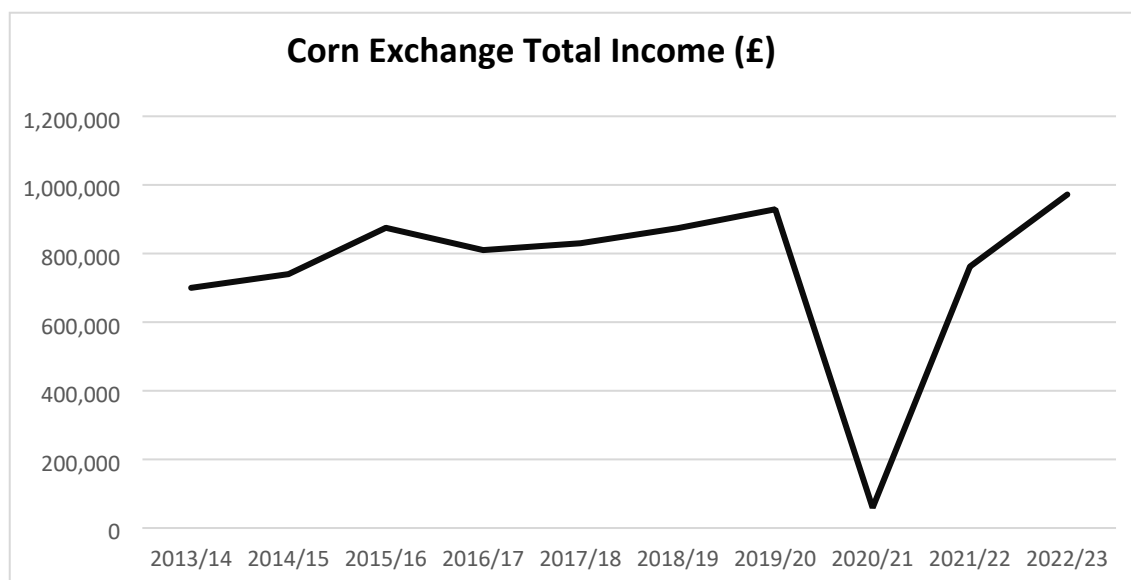
In 2021/22 we printed around 20,000 events guides, we expect to cut this number by at least 50% in 2022/23 as well as removing the automatic option for future sign-ups to this service.

- 3.7 The venue’s total income in 2022/23 was £972,000, the highest ever recorded. The following shows the income earned over the last five years:

	2017/18	2018/19	2019/20	2021/22	2022/23
Income (£)	828,000	874,000	929,000	762,000*	972,041

\*2021/22 was affected by the on-going pandemic

The chart below shows how the Corn Exchange income has changed over the last ten years (2020/21 has been included here to show the scale of the pandemic effect on income)

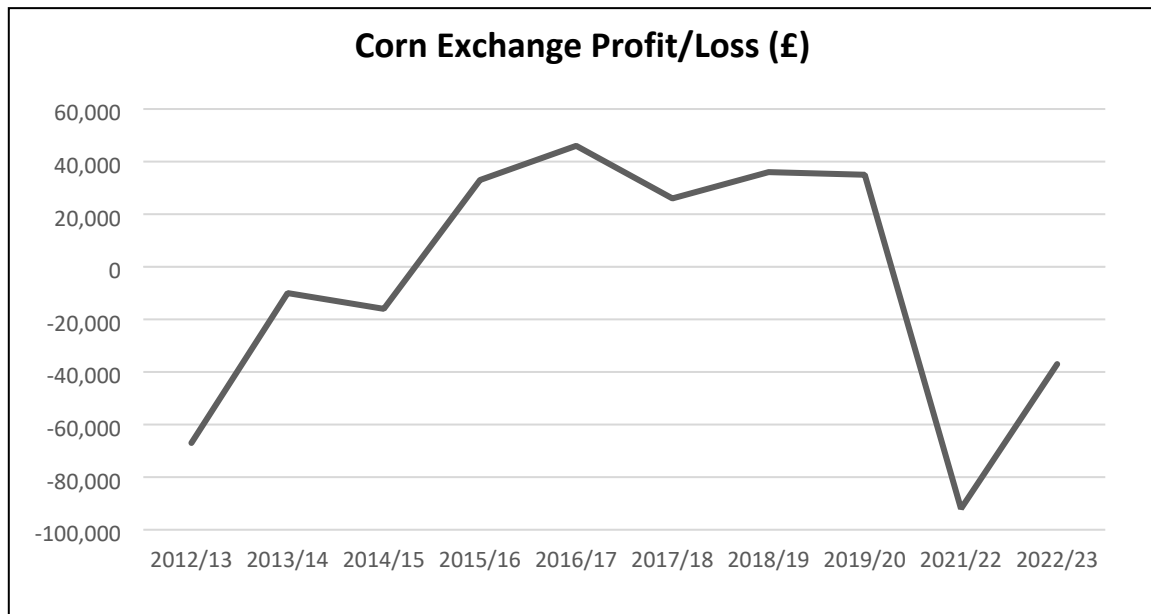


The venue made an operating loss of £37,000 in 2022/23. The following shows the nett profit achieved over the last five financial years (20/21 omitted):

	2017/18	2018/19	2019/20	2021/22	2022/23
Nett profit	£26,000	£36,000	£35,000	-£125,389*	-£36,654

\*2021/22 was affected by the on-going pandemic  
 Figures exclude capital expenditure and depreciation.

The chart below shows how the Corn Exchange profit/loss has changed over the last ten years, (2020/21 is omitted):



It is important to note that the Corn Exchange differs from many other entertainment/arts venues, both within the city and nationally, in that it receives no external funding.

The Corn Exchange building also incorporates a number of retail units and an indoor car park, these are leased by the Council to private tenants and the income from these leases is accounted for separately by Corporate Property. The income budgeted from these properties is approximately £300,000 per year.

## 4 Principal Objectives

The following are the principal objectives for the centre as identified by the current service plan:

- 4.1 Continue the post-pandemic recovery to improve the overall financial of the centre
- 4.2 Improve the number of venue hires secured and increase average income from this source
- 4.3 Improve the financial performance of Exeter Tickets, and extend opening hours
- 4.4 Improve marketing reach and impact
- 4.5 Make improvements to the fabric of the building and the facilities available for events

## 5 Conclusion

The Corn Exchange has bounced back remarkably well after two years which were seriously affected by the pandemic, the new box office/ticket agency has improved several aspects of the venue's operation for customers and staff and there is a real opportunity to develop this facility over the next two or three years.