The producers of Hugh Jackman’s song-and-dance-and-bump-and-grind show on Broadway were so bullish about his popularity that, even before the first performance last month, they raised prices from $155 to $175 on dozens of orchestra seats for the 10-week run. The bet is now paying off handsomely, so much so that the producers are increasing premium prices for the best seats in the house: what were $250 tickets are now going for $275, $325 or even $350, depending on the demand at particular performances.

“Have I ever paid anything close to $600 for a pair of tickets? No,” John Joyce of Rockville Centre, N.Y., volunteered on Monday after mulling a range of prices at the Broadhurst Theater box office. “But my wife wants to see Hugh. It’s the holidays and it’s a surprise for her. So I think it’s worth it.”
Thanks to theatergoers like Mr. Joyce, “Hugh Jackman: Back on Broadway” has set its third box-office record for the theater — $1,468,189 for eight performances through last Sunday, a bonanza by theater standards for what is essentially a one-man show. In doing so, Mr. Jackman’s show edged out the weekly take for the hottest musical of the year, “The Book of Mormon.” And those two hits are still short of Broadway’s blockbusters, the long-running “Wicked” and “The Lion King.”

All four shows are making huge sums because of dynamic pricing, a supply-and-demand strategy that is a primary reason why Broadway has weathered the economic downturn unusually well.

The strategy involves increasing or decreasing prices for certain seats based on week-to-week, or even day-to-day sales trends. A staple of airline booking and the concert industry, dynamic pricing is still relatively new to Broadway, where prices have rarely fluctuated except on holidays.

“We’ve come a long, long way than where we were just 10 years ago,” said Alan Wasser, a theatrical producer whose company also manages the business side of Broadway productions. “Several shows are increasing their grosses a little bit here, a little bit there because they’ve figured out how to price seats better.”

Broadway plays and musicals have brought in a total of $505.9 million so far in the 2011-12 theater season, 4.4 percent more than at this point last season. Yet attendance is down slightly, by 1.6 percent, to a total audience of 5.6 million so far.

It was ticket demand for the 2001 musical “The Producers” that persuaded Broadway executives they could charge the then-staggering sum of $480 for the best seats. Such premium pricing has since caught on, especially for limited-run shows, and has even reached Off Broadway.

The practice has spread to other performing arts as well. American Ballet Theater began the practice during its spring season at the Metropolitan Opera this year and will continue it at performances this season at City Center and the Brooklyn Academy of Music, where the company is presenting a run of “The Nutcracker.”

“Quite a number of ballet companies throughout the country have used dynamic pricing,” along with some orchestras, said James Timm, the director of marketing and brand management for American Ballet Theater. Such pricing is usually applied to one section of
the house, Mr. Timm said. The company does not drop prices below a base for undersold shows to avoid undercutting subscribers, he said.

No longer content to have just one premium-ticket price, theater owners and producers are using the variable-pricing model to set multiple prices for premium and regular seats. They then change those prices — or put more seats on sale at higher prices — on a weekly basis.

The 2010 Broadway revival of “Fences” was a pacesetter in the practice, several producers said. The “Fences” producers had such a hot seller in its star, Denzel Washington, that they began to test the market to determine what premium price would hold for that 13-week engagement. The production’s average paid admission began to rise sharply, and the show recouped its $2.8 million capitalization in just eight weeks.

Touring companies of stage hits like “Wicked,” “The Lion King” and “Jersey Boys” have experimented with dynamic pricing at their limited-run stops, raising prices for remaining orchestra seats in some cities once many tickets are already sold. Those shows now have enough sales data to build pricing models that can predict weekly Broadway box-office demand, which has led to increases in premium prices or drops in price for the least desirable seats, according to theater executives familiar with pricing at the three shows. They spoke on condition of anonymity because executives with the productions did not authorize discussion of business strategy.

The Jackman show and “The Book of Mormon,” which in June won the Tony Award for best musical, have the most aggressive pricing strategies because customer demand is so high for them, Broadway theater executives said.

Mr. Jackman is perhaps an ideal candidate. His sweaty T-shirts fetched up to $15,000 from Broadway theatergoers in 2009 during charity auctions after his performances in the play “A Steady Rain,” and front-row seats at his current show have been selling for $1,000 or more from ticket agents who buy up seats early then resell them to the highest bidders.

The producers of Mr. Jackman’s show said they turned to dynamic pricing to help ensure that their investors and creative team — not ticket resellers — would be the ones profiting from high-cost tickets.

“People are prepared to pay a lot more than we’re charging, but nobody in the theater industry would have benefited,” said Robert E. Wankel, president of the Shubert Organization, a producer of Mr. Jackman’s show and the Broadway landlord for his theater. (It is Broadway theater owners who take the lead in setting ticket prices, with input from
producers.) “By doing it through dynamic pricing, at least the people who do the work and took the risk are getting some benefits.”

For Mr. Jackman’s show, the strategy has subdivided the audience into haves and have-nots, with the producers charging the most elite levels the highest prices. Among the 700 orchestra floor seats, most tickets sell for $141.50, $156.50, $176.50 and up to $350 for premium seats.

The art of pricing ran into unpredictable demand during some previews of the Jackman show, when the producers ended up selling tickets at the discount TKTS booth in Times Square for five performances as recently as Nov. 9. It wasn’t until rave reviews from critics on Nov. 11 that the show was deemed “clean” — no further discounts would be needed because the pace and volume of ticket sales were on track to virtually sold-out performances.

Like few Broadway shows in recent memory, “The Book of Mormon” has earned the reputation of an impossible-to-get ticket. While the Jackman show ends on Jan. 1, “Mormon” is an open-ended run and has its own supply-and-demand issue to accommodate: The Eugene O’Neill Theater has just 1,066 seats to sell for each performance, compared with the 1,809 “Wicked” has at the Gershwin Theater. The producers of “Mormon” are using dynamic pricing to charge $477 for most available orchestra seats for the rest of 2011. (They declined to comment for this article.)

Want to pay the regular price for a seat to “Mormon” on Telecharge.com? You’ll have to wait until the Jan. 21 performance, the first at which such a seat is for sale. And by the time you read this, that may change, too.