

FROM THE FIELD OF  
TICKET SALES

## Access to the right information can help fill empty stadiums



**MATTHEW MAROLDA**

**H**ere's a sobering thought: Professional sports organizations are leaving as much as \$700 million a year on the table in lost ticket opportunities.

A ticket is worth more to a sports team than its face value. Organizations need to better understand the value associated with each ticket, from early purchases to the per-cap number (food, parking and other expenditures each person makes at a game beyond the ticket price).

In most cases, the information is available, but the teams' sales staffs may not have the time or resources to analyze it properly. So, they may not know, for example, the season-ticket holders who occasionally don't show up for home games and, therefore, don't spend money for parking and concessions.

To illustrate the point, let's create a midmarket MLB team called the Whirlwinds and calculate the potential new revenue the team could realize by maximizing ticket value. Let's say the team plays in a 40,000-seat ballpark, sells about 85 percent of its tickets and charges \$25 a ticket on average.

About 8 percent of those who buy tickets don't show up. Those who do spend an average of \$12.

To optimize sales, the Whirlwinds should look to (1) perfect their ticket prices, (2) entice fans to purchase tickets earlier and (3) manage their ticket inventory proactively.

Perfecting ticket prices comes from understanding the demand for the seats. Each MLB team's ticket prices change within different sections in its ballpark.

That means the team can raise prices only so far before fans stop buying tickets. Similarly, the team can lower prices to increase attendance in weaker-selling sections of the stadium.

To determine ticket elasticity, the team can use sophisticated analytic models that measure many factors (day and time of game, weather, quality of opponent, promotions) to understand

demand, anticipate impact on attendance and find the natural ticket price breaks.

By increasing prices in less price-sensitive areas and lowering prices in sections where fans won't pay any higher, the Whirlwinds can increase annual revenue by \$5.5 million (average price increase of \$2 across 34,000 seats sold per game over 81 games) while remaining sensitive to the market's price tolerances.

Next, the Whirlwinds can use Web-based technology that analyzes the variables that drive earlier ticket sales, so that the team can earn interest for holding the money. Using this knowledge, sales staffs can study common traits that caused those fans to buy months in advance.

Armed with that information, teams can develop promotions to get other season-ticket holders and fans to buy earlier. Doing so can increase revenue by \$114,000 (the present value of 20 percent of ticket sales occurring two months earlier).

Finally, once tickets are on sale, the Whirlwinds should manage inventory carefully. They can build an integrated, Web-based view of the entire ballpark, seat-by-seat. This view constantly monitors remaining inventory and enables sales staff to make decisions as the data changes and sales occur.

For instance, 750 tickets may be available a week before the game. With an alert to this fact, the Whirlwinds can reallocate some of them to group sales and run targeted advertising campaigns to make individuals aware of any remaining tickets.

The dynamic inventory view allows the organization to track the effectiveness of its tactics and refine its approach. Consistently applying proper inventory management can deliver an additional \$4 million in sales (a 5 percent increase in ticket sales during the season).

If the Whirlwinds optimize sales by perfecting their prices, encourage more fans to purchase earlier and sell a significant number of incremental tickets, they could boost revenue by nearly \$10 million a year (the sum of each of the



Information about fans who skip games and why can help sports organizations fill empty seats.

improvements from optimizing ticket sales). Once ticket holders are at the venue, the organization will realize full per-cap revenue.

After each game, the team can analyze ticket data to identify who did not show up, and contact those fans with discounted parking or food to entice them to upcoming games or advise them about any team-sponsored ticket exchange.

If the Whirlwinds can reduce the average no-show rate by 3 percent, they will increase revenue by \$1.1 million a year (a 3 percent increase in fans attending who have an average per cap of \$12).

Once fans are in the ballpark, the Whirlwinds have yet another opportunity. Like fans in every professional sports organization, Whirlwinds fans are not homogenous. Visualizing fan demographics seat by seat opens significant sponsorship and concessions opportunities.

If the Whirlwinds learn who sits in each section, they can target those fans in specific areas. For example, they can place souvenirs sales locations near sections with young families and run video advertisements for a local home improvement store near the beer line.

Better facility configuration alone can help the team increase the per-cap number and boost revenue by \$2.5 mil-

lion annually (increase the average per cap number by just \$1).

All told, maximizing the ticket opportunity with the right tools can help increase revenue by more than \$15 million a year (the collective impact from all of the actions above). That money can be the cornerstone for upgrading the ballpark, the pitching staff or the heart of the batting order—all to help turn a midmarket team into a tier-one franchise.

*Matthew Marolda is CEO and founder of StratBridge, a Massachusetts company that provides Web-native data analytics software.*

### Pro sports organizations can use three strategies to maximize ticket sales and increase bottom lines:

- Optimize ticket sales: Perfect their ticket prices, entice fans to purchase tickets earlier and manage their ticket inventory proactively.
- Improve attendance: Decrease the "no show" rate.
- Identify fans: Use demographics to configure concessions and target specific sponsorship opportunities inside the facility.