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This Week's Issue

Celtics, Raptors offer dynamic pricing via StratBridge

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Massachusetts-based technology firm StratBridge Inc. has signed deals with the Boston Celtics and Toronto Raptors to implement dynamic ticket pricing models, boosting the company's profile in the quickly emerging space to about a dozen teams.

The Celtics and Raptors will each deploy dynamic pricing structures within their primary market, single-game tickets, to take fuller advantage of supply and demand factors, allowing prices to float on a daily or weekly basis. The Raptors in particular will test the system in three seating sections of Air Canada Centre amounting to about 1,300 seats a game, with a potentially larger rollout to other Maple Leaf Sports & Entertainment properties.

"Right now, we've got a lot of questions and not a lot of answers. But we're very interested in finding out more through this test," said Beth Robertson, MLSE senior vice president of ticket sales and service. "We've seen other teams, and obviously a lot of other industries, try this, and it's something we felt was right for us to try as well."

The deals are for the 2010-11 season, and while terms were not disclosed, the dynamic pricing deals so far have typically been two-pronged, with a software fee and a revenue sharing component.

The two new deals help further signify the rapid advance for dynamic pricing at large. After several years of quieter and more tentative study, a comfort level is quickly growing where teams and service providers such as StratBridge and rivals Qcue Inc. and Digonex are more openly discussing their work in the space, inserting more seating inventory into dynamic pricing models, and aggressively pursuing additional business.

"This has definitely grown to a point where there is some real significance here in terms of adoption and revenue," said Matt Marolda, founder and CEO for StratBridge, which has expanded into dynamic pricing as an extension of its prior work in ticketing and player analytics. "This is an angle the whole industry has clearly taken."

StratBridge, which has had a long-standing agreement with the Celtics for ticketing analysis, has found that for its prior dynamic pricing clients, many have averaged six-figure boosts in incremental revenue, with many instances of 20 percent boosts in price over face value. Clubs in that pool of StratBridge clients include the Houston Astros, Cleveland Cavaliers and Los Angeles Kings.

"We've seen our average yield go up across the board," said Kelly Cheeseman, Kings vice president of ticket sales and service. The hockey team earned an estimated \$250,000 in incremental revenue last season through dynamic pricing, with about 1,000 seats per game in five different price ranges entered into the system. "The modeling is getting better, we're getting smarter about this, and [StratBridge] is getting smarter, too. We see good things going forward from this."

The use of StratBridge has also allowed the Kings to conduct less "batch-and-blast" last-minute promotional offers for remaining single-game inventory, and instead just adjust prices accordingly within dynamic pricing, Cheeseman said. Like many clubs, the Kings employ a price floor for dynamic pricing so as to not undercut season-ticket holders. The team, however, also used a ceiling last year, generally capping any upward price float to \$4 per ticket above face value.



NABAE / GETTY IMAGES

The Raptors will test dynamic pricing in three seating areas of Air Canada Centre.