

Lesson 9.1 – The Role of Ticket Sales



Ticket Promotion & Sales

LESSON 9.1

Importance of Ticket Sales



Ticket sales have traditionally served as the financial backbone for almost every sports team within the industry.



LESSON 9.1

Importance of Ticket Sales

According to an article published in the *Sports Business Journal*, "ticket sales are the lifeblood of most franchises."

Sales from tickets and club seats can account for more than half of a typical franchise's local revenue in all four major sports leagues, ranging as high as 80 percent for some teams.



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Importance of Ticket Sales

The Bay Area News Group reported the Golden State Warriors grossed roughly \$110 million from sales of 2016 NBA Playoff tickets alone.



LESSON 9.1

Importance of Ticket Sales

While ticket revenue still provides the primary revenue source for a many sports teams, huge media contracts now provide the bulk of revenue for teams in leagues like the NFL and NBA.



I resisted the urge to make some sensationalized graphic. I'm proud of myself.

Importance of Ticket Sales

A fan's participation in a game or event can be as important as the athletes and performers as they create an exciting atmosphere that energizes the performers and enhances the consumer experience.

Factors Influencing Attendance

- 1) Performance
- 2) Fan loyalty and fan support
- 3) Location and accessibility
- 4) Highly visible athletes and entertainers
- 5) Facilities, venues and stadiums
- 6) Promotion and sales

LESSON 9.1

Winning teams traditionally draw bigger crowds

After back-to-back postseason appearances, including a trip to the World Series in 2015 (a first for the franchise in 55 years), the NY Mets sold double the number of season tickets in 2017 than they did the year prior



LESSON 9.1



Winning teams traditionally draw bigger crowds



After selling out 530 consecutive games, spanning 6 ½ seasons, the San Francisco Giants sellout streak came to an end in 2017

It was the second longest sellout streak in Major League Baseball history
Not coincidentally, the team was in last place when the streak ended, after being consistently one of the best teams in baseball the last seven years (including three World Series wins)



LESSON 9.1

Winning teams traditionally draw bigger crowds



Riding the team's success during a winning streak in 2016, the Cleveland Indians enjoyed a 70% spike in attendance during a stretch of home games in early July. The team was averaging just 16,656 fans for the first 35 games of the season but that number jumped to 28,235 for the Indians seven-game home stand on the heels of a franchise-record 14 game game win streak.

LESSON 9.1

Some markets traditionally attract more fan support and larger crowds by nature

- New England- Red Sox, Bruins, Celtics, & Patriots
- Hockey in Canadian markets
- High school basketball in Indiana
- High school football in Texas
- College football in the south (Texas, Alabama, Georgia, Florida)
- Soccer in the Pacific Northwest

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Some markets traditionally attract more fan support and larger crowds by nature

In 2013, the Red Sox sellout streak ended at 820 straight games, the second longest streak in the history of major league sports and the longest in MLB history



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LESSON 9.1

Some markets traditionally attract more fan support and larger crowds by nature



Last season, the National Women's Soccer League's Portland Thorns were averaging over 16,500 fans per home game (that's more fans per game than 5 Major League Soccer teams, 5 NBA teams and 8 NHL teams).

LESSON 9.1

Some markets have a reputation for poor fan support

Because so many Florida residents are transplants (not born and raised in the state), professional sports teams often have a difficult time attracting crowds.



According to a Facebook survey, the most popular MLB teams in Florida are the Atlanta Braves and New York Yankees, not the Miami Marlins or Tampa Bay Rays.

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LESSON 9.1

Some markets have a reputation for poor fan support

Out of the nine professional Florida teams that compete in the big four leagues (NBA, NFL, MLB, NHL), all but two rank in the bottom half of their league for attendance over the last decade. Last year, the Tampa Bay Buccaneers ranked 28th out of 32 teams in the NFL, the Tampa Bay Rays were 30th out of 30 and Miami Marlins 28th of 30 MLB teams and the Florida Panthers were 26th out of 30 NHL teams



LESSON 9.1

Some markets have a reputation for poor fan support

In fact, the Florida Panthers own the record for the fewest fans at a NHL game with just 7,300 fans showing up to see the home team take on the Ottawa Senators.



Rivalry Games

Rivalry games are often an instant recipe for boosting attendance. According to a study by comebackcity.us, MLB regional rivalry games (Washington Nationals vs. Baltimore Orioles, LA Dodgers vs. LA Angels etc.) performed 18 to 25 percent better than non-regional games.



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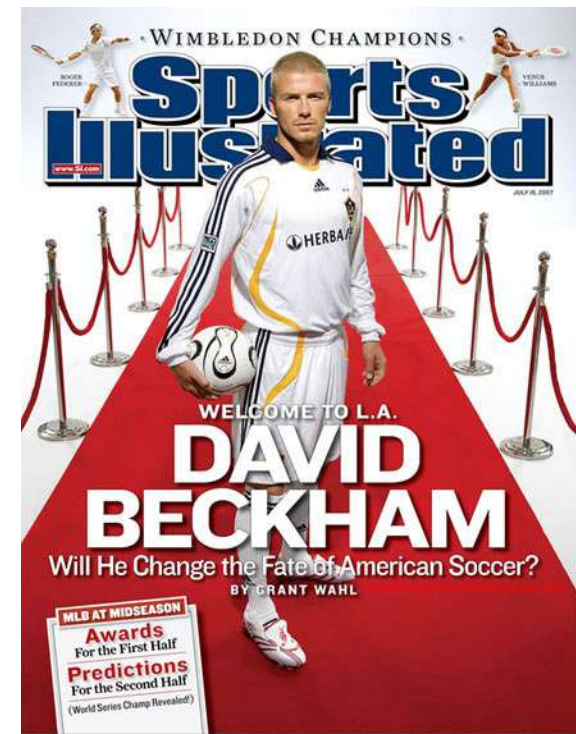
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LESSON 9.1

Highly visible athletes and entertainers

David Beckham played his last Major League Soccer game in 2012 but his impact on the league was significant

Since Beckham entered the MLS, the league has expanded from 12 to 22 teams and attendance for nearly every team has increased by 5,000 fans per game – attendance at MLS matches now often exceeds that in the NBA and NHL.



LESSON 9.1

Highly visible athletes and entertainers

The most expensive game to attend during the 2015-16 NBA regular season was Kobe Bryant's final game in Los Angeles at the Staples Center. ESPN reported fans paid StubHub an average of \$997 per seat, which is believed to be a regular season record for any sport. Courtside tickets for Bryant's final game were going for up to \$25,000 per seat.



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LESSON 9.1

Highly visible athletes and entertainers

Superstars like Peyton Manning help boost demand both at home AND on the road (the Broncos sold out every home game last season while ticket prices for road teams increased by 53% when Denver came to town, more than any other team in the NFL).



LESSON 9.1

Highly visible athletes and entertainers

When former Heisman Trophy winner and NFL quarterback Tim Tebow switched sports to play baseball, Minor League Baseball fans came out in droves to see him

- While playing for the Columbia Fireflies, team attendance increased to 5,154 per game, up from 3,785 the previous season
- When the Fireflies played on the road, opposing teams experienced attendance increases of roughly 78%
- Some executives estimated that Tebow's presence helped teams generate \$50,000 in additional ticket, concession and merchandise revenue each game

LESSON 9.1

Highly visible athletes and entertainers

The Minnesota Timberwolves experienced a huge bump in ticket sales on draft day 2017 when they made a trade for NBA All-Star Jimmy Butler



Ryan Tanke, the Timberwolves CMO said, "It was an eruption. We immediately started to see some activity. We've got the most loyal fan base who've been with us for so long, and for them to have that jolt, to see how enthusiastic they've been ... they deserve it."

LESSON 9.1

Highly visible athletes and entertainers

Much maligned New York Yankees' third baseman, Alex Rodriguez, played in just three innings for the minor league Charleston River Dogs as part of his rehab from an injury, yet the crowd was standing room only in the 6,000 seat stadium



LESSON 9.1

Highly visible athletes and entertainers



After trading for the #1 draft pick in 2017 and selecting Markelle Fultz, the Philadelphia 76ers sold all 14,000 of their season ticket seats, a franchise record and the most in the NBA

Season ticket sales for the 76ers were at a lowly 3,400 in 2013, but several high draft picks and a “trust the process” branding campaign has resulted in a season ticket base that has more than tripled in four years

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Highly visible athletes and entertainers

When LeBron announced his decision to return to Cleveland in the summer of 2014, the team sold all of its season ticket inventory in less than eight hours.



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LESSON 9.1

Highly visible athletes and entertainers

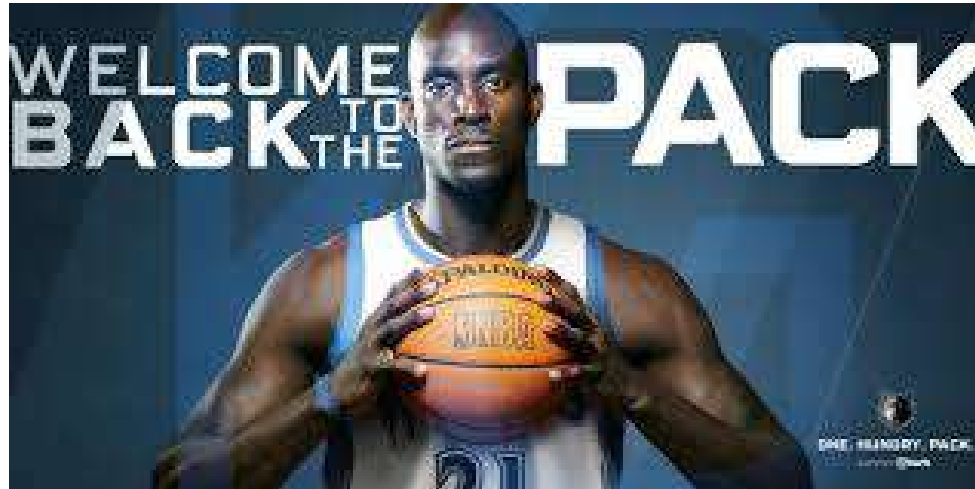
After Dale Earnhardt Jr. won the 2014 Daytona 500, ISC quickly saw a double-digit bump in sales at many of their tracks immediately after the victory (ISC owns 12 tracks — Daytona, Talladega, Auto Club (California), Chicagoland, Darlington, Homestead-Miami, Kansas, Martinsville, Michigan, Phoenix, Richmond and Watkins Glen).



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LESSON 9.1

Highly visible athletes and entertainers



According to online ticket broker, [Ticket King](#), news that Kevin Garnett was traded back to Minnesota resulted in a 794 percent spike in Timberwolves ticket sales that day.

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LESSON 9.1

Highly visible athletes and entertainers

The NBA faced a lot of criticism last season when the Warriors, Spurs and Cavs all rested star players for nationally televised games

The decision angered many fans who bought tickets with the expectation of seeing players like Steph Curry, Kevin Durant, LeBron James and Kawhi Leonard



LESSON 9.1

Highly visible athletes and entertainers

NBA commissioner Adam Silver sent a personal memo to team owners stressing protocol about player availability and how important it was to maintain the quality of gameplay for the league

In the 2017 NBA offseason, the league decided to stretch the regular season schedule by 10 days, allowing more days between games to curb the practice of resting players fans are paying to see play



LESSON 9.1

Storied facilities with tradition also have a unique appeal that help attendance

- Fenway Park (Boston Red Sox)
- Wrigley Field (Chicago Cubs)
- Lambeau Field (Green Bay Packers)
- Madison Square Garden (New York Knicks, New York Rangers New York Liberty, St. John's University etc.)
- Wimbledon

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LESSON 9.1

Stadiums with Tradition Attract Fans



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Stadiums with Tradition Attract Fans

In 2017, Colorado State University opened a new \$220 million football stadium, leading to sales of a record 14,000 season tickets

Colorado
State
University



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

The new \$1.3 billion Yankee Stadium has an in-house museum, party suites, a members-only restaurant and many other luxury amenities.

"We tried to reflect a five-star hotel and put a ballfield in the middle," said Yankees COO Lonny Trost.



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

Several new stadiums (such as the Dallas Cowboys, San Francisco 49ers and Miami Marlins) include art galleries to help the venue appeal to a broader base of consumer. The Atlanta Braves announced plans in 2016 to update their home stadium to include one unique amenity in particular – a Zip Line.



LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

As a fan-friendly element of the Minnesota Twins ballpark, the stadium features three-sided shelters where fans can go to warm up on chilly game days



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

Standing more than 110 feet tall, Charlotte Motor Speedway's new 16,000 square foot HDTV (80-feet tall by 200-feet wide) features instant replays and live lap by lap action on its more than 650,000 pound videoboard during races (the board, for those keeping score, is 30 percent larger than the screen at Cowboys Stadium, which previously held the title of world's largest television screen)



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

For example, The Minnesota Vikings stadium features a translucent roof and moveable windows.



LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

The Miami Marlins stadium, which opened in 2012, features a left-field beach with a swimming pool (fans buying seats in this area will have a view into the home bullpen), a bobble-head “museum”, a right-field porch where fans can catch home-run balls and sliding glass panels behind left field to showcase Miami's skyline

According to MLB.com, Marlins attendance was up a stunning 67 percent from the previous year at the 2012 Major League Baseball all-star break



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

By 2014, between a drop in the team's on-field productivity and the allure of a new stadium wearing off, Marlins attendance dropped so substantially that they ranked in the top five lowest in the league.



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

In early 2016, the Indianapolis Motor Speedway completed a \$92 million renovation to upgrade their premium seats, suites, big-screen monitors, restrooms, concession stands, elevators and main entryway in hopes of attracting and retaining fans.



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

According to John Oliver in a rant on his popular “Last Week Tonight with John Oliver” show on HBO, nearly 90% of U.S. stadiums have been replaced or received major construction upgrades in the last 20 years.



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LESSON 9.1

New stadiums and venues rely on improved amenities to excite consumers

In 2016, a high school in McKinney, Texas voted in favor of building the most expensive high school stadium in the country, valued at \$62.8 million.

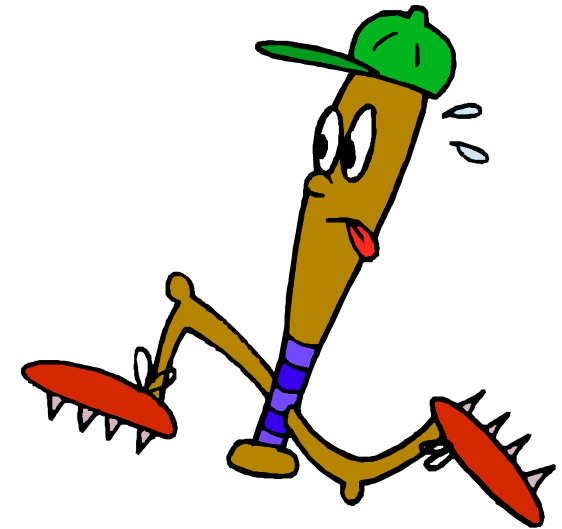


LESSON 9.1

Promotional Efforts Drive Sales



In **1952**, the legendary Bill Veeck introduced “Bat Day” with the Cleveland Indians, a promotions tradition carried on today by many minor league baseball clubs, including the Indianapolis Indians.



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LESSON 9.1



Indianapolis Indians Promotional Dates



DAY	DATE	TIME	PROMOTION
Sat	5/1	7p	Scooby-Doo Appearance
Sun	5/2	2p	Logo Baseball Day / Tiger Scout Day / State Employees Day
Mon	5/3	11a	Baseball in Education
Tues	5/4	7p	Ladies Night
Wed	5/5	2p	Business Day Special
Thurs	5/6	7p	317 Ryders Motorcycle Club Night
Fri	5/7	7p	Girl Scouts Night / Nurses Night / Kelley Racing Night
Mon	5/17	7p	Radio Sponsors Night / Monday Dollar Menu
Tues	5/18	11a	Baseball in Education Day
Wed	5/19	2p	Business Day Special
Thurs	5/20	7p	Insurance Night (2-for-1) / American Stroke Association Night
Fri	5/21	7p	Morton Salt Night (2-for-1) / Team Picture Night / Boy Scout Night
Sat	5/22	7p	Donnie & Eliza Thornberry Appearance / Lafayette Community Night
Sun	5/23	2p	Wiffle Bat Day / YMCA Day (2-for-1)
Mon	5/24	7p	Monday Dollar Menu / Million Dollar May Giveaway

LESSON 9.1

Promotional Efforts Drive Sales

For the 2016 MLB season, the Detroit Tigers offered several “Special” ticket packages that fans could choose from, such as the “Outdoorsman” ticket package and “Golf lovers” package as well as special incentives to purchase tickets for “themed” promotions like Yoga Day at Comerica Park.



LESSON 9.1

Promotional Efforts Drive Sales

Concert promoters now offering VIP packages, offering fans opportunities to access the best seats for the show and often times exclusive access to the artist for a premium price. Packages might include a back stage tour and pre-show dinners.

Through the sale of premium packages, concert promoters and artists can make as much on 10% of their audience as they do on the other 90%. While an average concert ticket may cost \$90, the VIP ticket can go for \$1750. Broadway shows have also enjoyed a lot of success through the implementation of premium VIP packaging.

LESSON 9.1

Promotions Personnel

Most organizations employ a full-time staff to manage promotions and sales

LSU's athletics staff features an entire department devoted to promotions, including a director, two assistant directors and two coordinators.



The NBA's Miami Heat employ a staff of ten to focus specifically on group ticket sales.



LESSON 9.1

Promotions Personnel

The frequency of promotions and size of sales staffs are dependant upon a team's available ticket inventory

The Green Bay Packers, whose home games have been sold out on a season ticket basis since 1960, do not have any ticket sales personnel on staff and, subsequently, do not typically host any ticket driven promotions at games.



By contrast, the NHL's Carolina Hurricanes beefed up their sales staff from 8 to 32 in 2016 to help battle declining attendance. The increased staffing resulted in a 40% boost in season ticket sales, 60% increase in ticket revenue and an 18% jump in season ticket renewals.



Promotions Personnel

After the 2010 announcement of the signing of free agents LeBron James, Chris Bosh and Dwyane Wade, the Miami Heat quickly sold out of ticket inventory. Soon after, the team infamously let go a reported 30 ticket sales staff members. Said team spokesperson Lorrie-Ann Diaz, "Now that the supply for (season tickets) has been exhausted we no longer require a season ticket sales team."



LESSON 9.1

Market Research in Ticket Sales

How do fans feel about the ease of buying tickets?

What motivates fans to buy tickets?

What factors impact a fan's decision to attend a particular game?

Does the organization review fan demographic information when creating ticket marketing strategies?

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LESSON 9.1

Market Research in Ticket Sales

Which newspapers and sections are fans most likely to read?

Which radio station favorites best fit fan demographics?

Which television stations are fan favorites?



Ticketing Trends

- Like any other industry, business trends play an important role in how sports and entertainment properties market their products and services
- A popular industry trend is the development of “flex” ticket packages

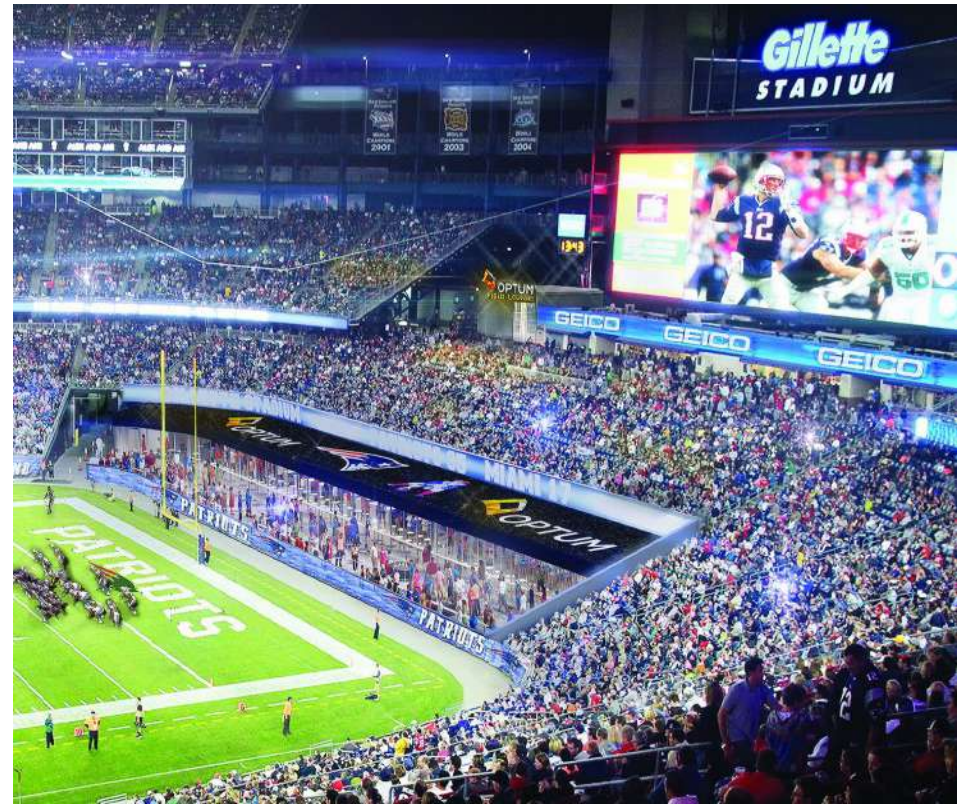
Ticketing Trends

With high demand for premium seating, many teams look for ways to maximize space within the venue by creating new premium seating areas to accommodate demand. In 2015, the New England Patriots and Pittsburgh Steelers transformed the end-zone sections of their respective stadiums into club seating areas (the Minnesota Vikings' new stadium, opened in 2016, also offers ground level club seating options).



Ticketing Trends

The Patriots' club-style seating area provides "members-only" access and carries a hefty \$1,500 annual fee (minimum purchase of two memberships). Those fees are in addition to the cost of season tickets every year.



Ticketing Trends

Another common trend in ticketing is the inclusion of food related promotions as a means for adding value to ticket packages.



LESSON 9.1

Ticketing Trends

The Houston Astros reserve 500 seats for each home game as \$25 “all-you-can-eat” seats in three mezzanine sections where fans can, through the seventh inning, consume unlimited hot dogs, nachos, popcorn, peanuts, soda and water.



The Kansas City Royals partnered with Jack Stack Barbecue that makes the company the exclusive tailgate caterer of Kauffman Stadium, creating a unique opportunity for fans interested in having their tailgate parties catered who now have the ability to choose from a variety of buffet menus.



LESSON 9.1

Ticketing Trends

Thanks to the promotion's popularity at the beginning of the 2015-16 season, the Detroit Red Wings added six additional game dates offering the "Meijer Coke Zero Fan Pack" (also a great example of sponsorship) which included two tickets, two slices of pizza or hot dogs and two soft drinks for \$67 for select home games.



LESSON 9.1

Ticketing Trends

Several teams are now partnering with local food trucks for special game day promotions. In 2016, the Oklahoma City Dodgers teamed up with the Oklahoma Independent Food Truck Association to launch a "Food Truck Triple Play" promotion for a game leading up to 4th of July weekend.



LESSON 9.1

Ticketing Trends

Also in 2016, the Fresno Grizzlies unveiled a branded food truck dubbed “Wild Things” (a tribute to the team’s original mascot) that would serve as a permanent fixture outside the team’s stadium for home games.



Ticketing Trends



“Social Selling” is a trend gaining momentum throughout the industry as a means for creating an additional sales channel and tool for reaching potential ticket buyers. Many teams utilize Facebook, Twitter, LinkedIn and other social media platforms to communicate various ticket sales promotions to fans. In 2016, the Atlanta Hawks used Tinder to help them drive ticket sales – they hosted "Swipe Right Night 2.0" after the promotion was so successful for them in 2015.

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LESSON 9.1 REVIEW (ANSWERS)

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1) Understand the importance of ticket sales to the sports and entertainment industry

Specific evidence supporting the importance of the ticket sales function would include a 2003 report by the *Sports Business Journal* that \$11.7 billion was spent by consumers on tickets to sporting events that year. Additionally, ticket sales typically generate between 50 – 66% of a Major League Soccer franchise's annual revenue.

LESSON 9.1 REVIEW (ANSWERS)

Ticket Promotion & Sales

2) Identify factors that influence a fan's decision to purchase tickets

- ❖ Performance
- ❖ Fan loyalty and fan support
- ❖ Highly visible athletes and entertainers
- ❖ Facilities, venues and stadiums
- ❖ Promotion and sales