Module 3. Ticketing Decisions – Pricing Strategies

Unit 3.1

As we have discussed in the previous two modules, the importance of ticket sales cannot be underestimated for sports teams. While some high-profile English Premier League clubs would be able to survive without the revenue derived from ticket sales, this is not the case in many leagues.

It is therefore important for sports organizations how to make the most of their stadium and subsequent ticket sales. In this module, we will first consider the market that these organizations sell their tickets in and the common pricing strategies that companies use. We will then look into the differing ticket pricing strategies, where tickets are sold, the issues that often occur when selling tickets and how to overcome them. Finally, we will discuss what success looks like in this area before providing a summary. First, we begin by considering the market.

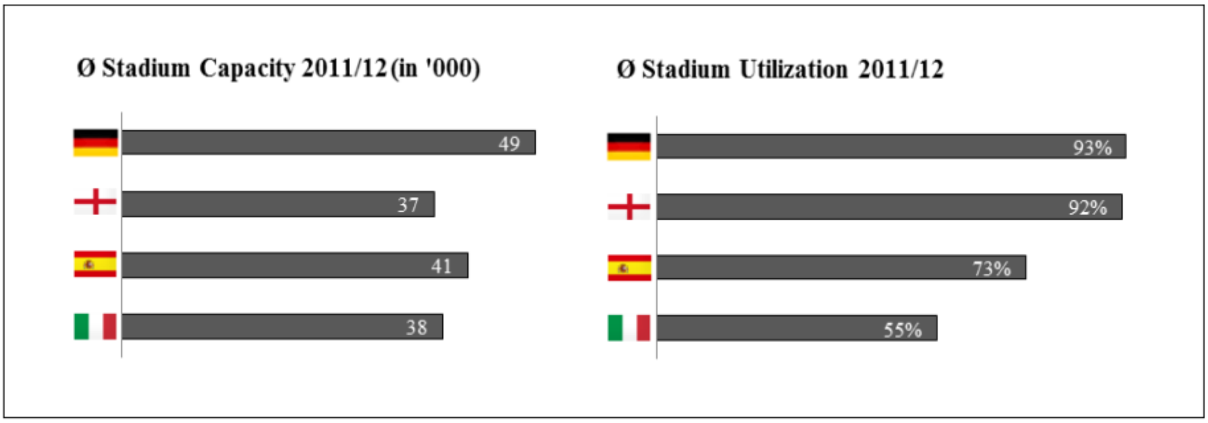
Considering the Market

The sports ticketing market is vast, but also extremely varied, and this has only increased following the development of sport into a commercialized industry. Organizations operate different depending on which sport they are in, which country or what competition. While each approach is valid, the differences cannot be overlooked, and therefore this is where we begin.

Differentiation

To illustrate the difference between these markets, we can look at a situational analysis by Nufer and Fischer (2013). The context of the study by Nufer and Fischer was the European football leagues from England, Spain, Germany and Italy. They began by discussing the capacity utilization across these leagues, which are detailed in figure 1, below.

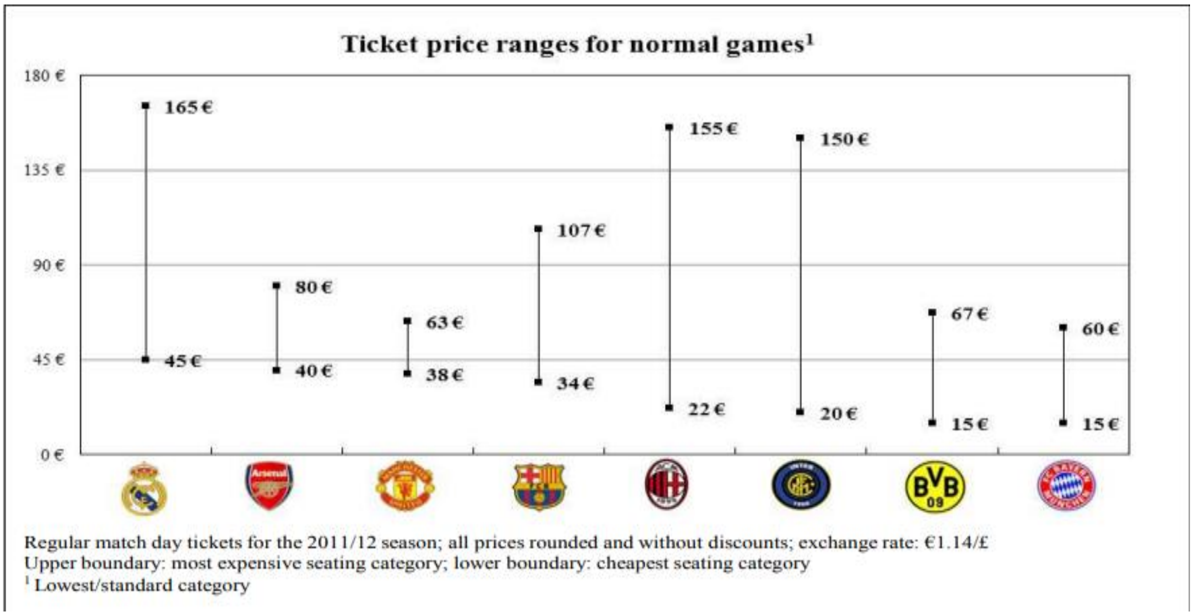
Figure 1: Stadium capacity and utilisation in Europe's top leagues



From Ticket pricing in European football-Analysis and implications, by G. Nufer and J. Fischer, 2013, *Sport and Art*, 1(2), 49-60.

As it can be seen in the above figure, German teams had a high-capacity utilization. However, despite having the larger capacity of those leagues, English Premier League sides are very close. This can to some extent be explained in figure 2. Prices for the tickets in the German Bundesliga are significantly lower and have a smaller range than other clubs across the continent.

Figure 2. Comparison of ticket prices among European top clubs



From Ticket pricing in European football-Analysis and implications, by G. Nufer and J. Fischer, 2013, *Sport and Art*, 1(2), 49-60.

We might therefore suggest that by having lower prices, we will sell more tickets and have a higher capacity utilization, and that is all that a sports organization will care about. But not so fast. We have already within this course spoken about the different motivations of sports organizations, and this area is, in effect, no different. Parker (2022) notes the varied, but often high prices, and theorizes a few reasons; "the quality of the team, the day of the week, weather forecasts, and the visiting team, ticket prices are adjusted based on the perceived value of the event" (Parker, 2022). Costs are of course high in sport and especially football and this is due, largely, to the market conditions.

There are many elements within the market that we need to consider and the role that each of them plays in how ticket prices are managed and how successful this is. However, let us first look at pricing strategies that are often observed within society, cost-based pricing and value-based pricing.

Cost-Based Pricing

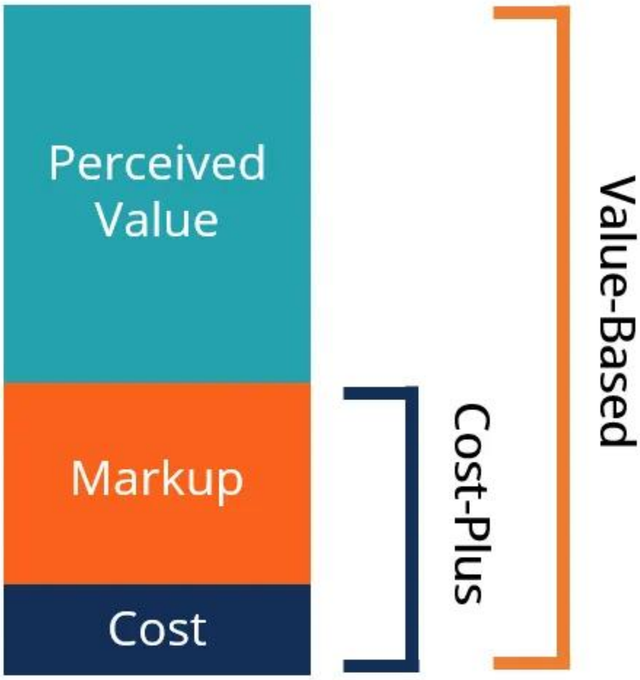
Simply put, cost-based pricing is the exercise of determining the price of a good or service by adding a fixed profit figure to the total cost of producing this item. This is arguably the most common way of pricing in modern business. An organization might just calculate the cost of production and add on the amount of profit they wish to make. It is possible to do this type of pricing without much or indeed any market research, this is one of this method's advantages. Other advantages might be the flexibility of this method and the ability for an organization to build in safety buffers to guard against any unexpected costs. This method is also very useful when putting a product or service to market for the first time. Considering that there might be very little information about how customers will respond to the product or service in question, by at least knowing that the price you set will cover outgoings while also bringing in some level of revenue is a good starting point. This type of pricing could be used as a beginning price before more information is gathered surrounding the market that you are operating within.

Although, as you might suspect, there are also disadvantages to this pricing method, its ease perhaps being one of them. The rather rigid system of adding a margin on to costs does little for the appetite of reducing the costs of production. If the rate of revenue is being made then despite any advancements in production which might reduce costs, changes are unlikely to be made.

Furthermore, this method sometimes cannot consider the market or the consumers within it. By becoming solely concerned with your own organization and its pricing, you may not look at the rest of the market and be unaware of how any competitors are operating when it comes to price. This lack of knowledge or research can also concern the consumers within the market. If the customer value of your product or service changes, but your price does not, two things will occur. Either you will miss out on revenue that could be gained if the value increased or you will end up with an overpriced product, which will often result in lower sales and lower revenue and profit.

To illustrate the different types of pricing strategy, figure 1 has been produced by the Corporate Finance Institute.

Figure 3: Pricing Strategies



From Value Based Pricing, by Corporate Finance Institute, 2022, *CFI*. https://corporatefinanceinstitute.com/resources/knowledge/strategy/value-based-pricing/

To explain the figure, if cost is added to by a markup by the organization, then this is cost-plus pricing. How this is evident in ticketing is detailed below.

Cost-Based Pricing in Ticketing

It is important to point out that there are many and varied costs that can occur within a sporting environment. This mirrors the normal business environment in some ways, as sport organizations in this case seek to cover their costs associated with putting on one of events or a season worth of fixtures.

A sports organization may begin this process by simply adding up all of their costs, for example, players, coaches, staffing, or stadium costs. Then, they will work out how many units they have to sell (e.g. seats) and perhaps, if they have the data, how many people they are expecting to attend to reach a cost per unit. The final stage is simply working this out and then adding a desired margin onto the figure. This pricing strategy is often seen at lower levels of sport, particularly football, where there is limited regulation on ticket prices and there is a more direct relationship between the club and its customers. The sports organizations in this case often cater for a local demographic, with organizations largely staffed by volunteers with limited outgoings in terms of player wages.

Value-Based Pricing

As we can see from figure 3 in the previous subsection, value-based pricing is another method that can be used as a way of pricing products or services. A quote from Dholakia

(2016), that can be found effortlessly online, is probably one of the most succinct ways of summing up the concept.

"Value-based pricing is the method of setting a price by which a company calculates and tries to earn the differentiated worth of its product for a particular customer segment when compared to its competitor" (Dholakia, 2016).

Much like cost-based pricing, the aim is indeed to initially cover the outlay from the event within the ticket price, and this must not be forgotten. How does this compare to cost-based pricing? While the two can be considered to be closely linked, there are differences that distinguish them.

The second two elements of value-based pricing highlight this best, they are the perceived price and the actual price. The actual price, as the name would suggest, is the price that the customer will pay. This can be greater or less than the perceived value the customer places on the good or service. An organization may have a clearly defined benefit that allows it to charge over the actual price as the customer remains willing to pay this price. For example, if a normal business organization wishes to pitch itself as a premium good then they can charge a high value-based price as this is what the consumer would expect and is willing to pay.

Of course, this price will not appeal to everyone, and it is likely that any price rise will result in a loss of customers. This should be of little concern to an organization pursing a value-based approach as they aim to segment their market. Though, do remember that the value must be strong to receive the sales that an organization wishes for. If it is not, this strategy will fail as consumers are drawn towards substitutes.

Once again, there are both advantages and disadvantages to this pricing method. By increasing the price, there is the potential to receive a higher amount of revenue and also the perception of the brand quality. There is also an argument that brand loyalty will also increase, as consumers who have increased their investment in an item will often become more emotionally attached to the product.

The drawbacks are that to maintain this high-level of output, production costs are likely to increase as quality must remain high. In addition, by raising prices, the market will shrink as fewer customers can afford the product. This in turn increases the competitive nature of the market, increasing costs due to the need to protect market share with advertising and customer retention practices. How does this method of pricing relate to sport ticketing?

Value-Based Pricing in Ticketing

Value-based pricing is common among ticketed events. Sports organizations in particular sell a range of tickets with different values, real and perceived, attached to them, across a range of prices. This is done in an effort to increase the number of tickets sold and the amount of potential market captured. Remember that by increasing the price of something, it will end up pricing somebody out of the market. However, by being able to include both prices, for example, by seat position in the stadium for a match, sports organizations can actually cater for both sections.

A further benefit is that it is unusual for these customers to regularly switch to buying other team's tickets; therefore, little consideration may need to be given to lowering price to remain competitive. The teams maintain a strong presence within an individual and as such can be considered unique to a normal business.

This is only one type of strategy that can be used when pricing tickets, there are others that can be as equally important to the financial performance of a sports organization. These and the way in which these organizations seek to get their tickets into the hands of their customers and through different ticketing strategies is the focus of the following subsection.

Ticket Pricing Strategies

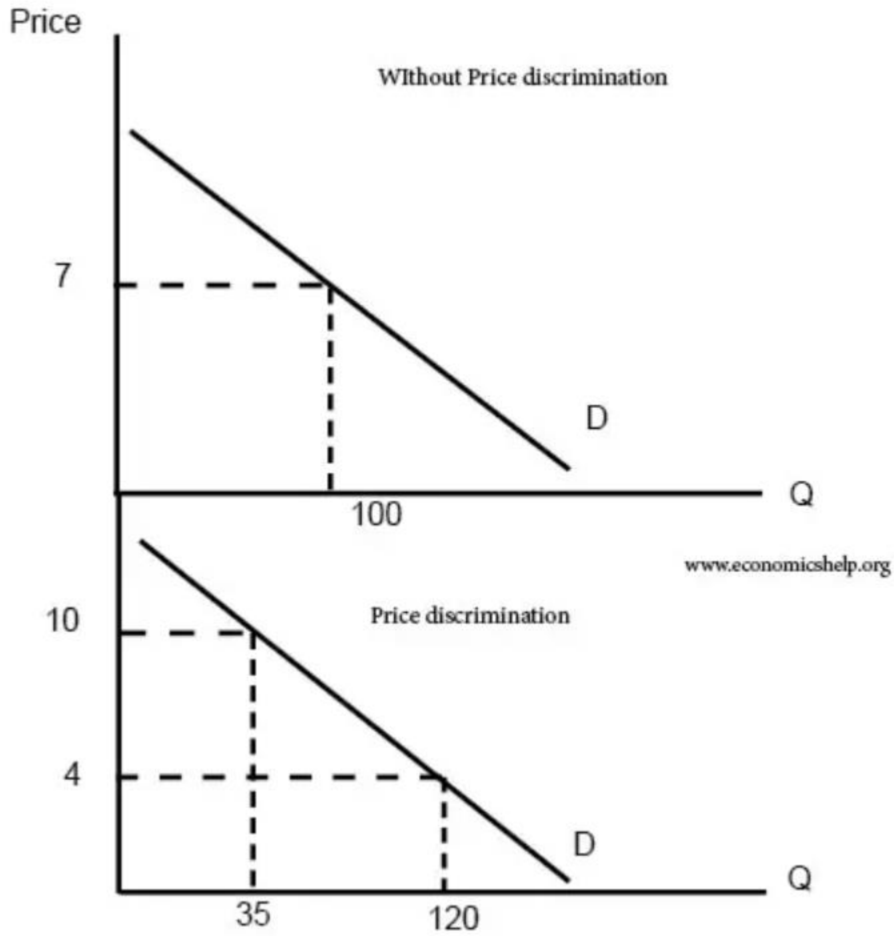
In this section, we will discuss and highlight some of the many various ways in which sports organizations chose to price their tickets for matches and other events. We will touch on such topics as elasticity of demand, dynamic pricing and where we begin: price discrimination.

Price Discrimination

Price discrimination is defined by Clerides (2004) as when the same product is sold to different consumers at different prices. Despite the name hinting at doing something illegal due to our knowledge of the word discrimination, this tactic is not illegal in any way and is, in fact, the most commonly used pricing tactic. It is therefore perhaps not surprising that sports ticketing is a fertile ground for this method.

Research has shown that those organizations that engage with the various forms of price discrimination can reap significant increases in revenues from the process (Soebbing, Watanabe and Seifried, 2016). This is evidenced by the below diagram by Pettinger (2019) in figure 4.

Figure 4: Price Discrimination



From Price Discrimination, by T. Pettinger, 2019, *Economics Help.* https://www.economicshelp.org/microessays/pd/price-discrimination/

In this figure, we can see that the organization that does not use price discrimination can sell 100 tickets at £7, gaining revenue of £700. The second graph, details a company that does price discriminate, having charged two prices of £10 and £4. While the tickets costing £10 have only sold 35 units, those reduced in price to £4 have sold 120 units. These two values added together brings in a total revenue of £830, highlighting the potential benefits of adopting a price discrimination. There are degrees to price discrimination which will be covered next.

Degrees of Price Discrimination

There are three degrees of price discrimination. First degree price discrimination is the practice of charging the maximum amount for each unit that they sell and is consumed by the customer, and there will be no surplus left.

Second degree price discrimination, also known as 'indirect price discrimination', occurs when the organization to a certain extent allows the customers to choose which price they wish to be charged. Within a ticketing environment, this can be shown in the way in which sports organizations will charge different amounts for the different locations of seats within a stadium.

Finally, third-degree price discrimination, 'direct price discrimination', is when pricing is altered due to a group a particular customer belongs to. For example, student and senior citizen discounts or peak travel/off-peak travel (Pettinger, 2019). To apply this type of price discrimination, an organization must have the ability to set the prices and to segment the market they operate in. However, it does not work all the time and organizations must manage its use correctly to achieve this level of revenue increase.

When to Use Price Discrimination

Companies, including sports organizations, will often use price discrimination when they are unsure of the demand for a product. Pettinger (2019) has proposed the following times an organization could consider the use of price discrimination.

1. **Firm is a price maker.** The firm must operate in imperfect competition; it must be a price maker with a downwardly sloping demand curve.
2. **Separate markets**. The firm must be able to separate markets and prevent resale. E.g. stopping an adult using a child's ticket. Prevent business travellers from buying discount tickets.
3. **Different elasticities of demand**. Different consumer groups must have elasticities of demand. E.g. students with low income will be more price elastic and sensitive to price. Business travellers will have more inelastic demand.
4. **Low admin costs**. It must be relatively cheap to separate markets and implement price discrimination. (Pettinger, 2019)

To expand on the above, firstly, if the firm works as a price maker, an organization that dictates prices in the market as there is no perfect substitute then there is an option for price discrimination.

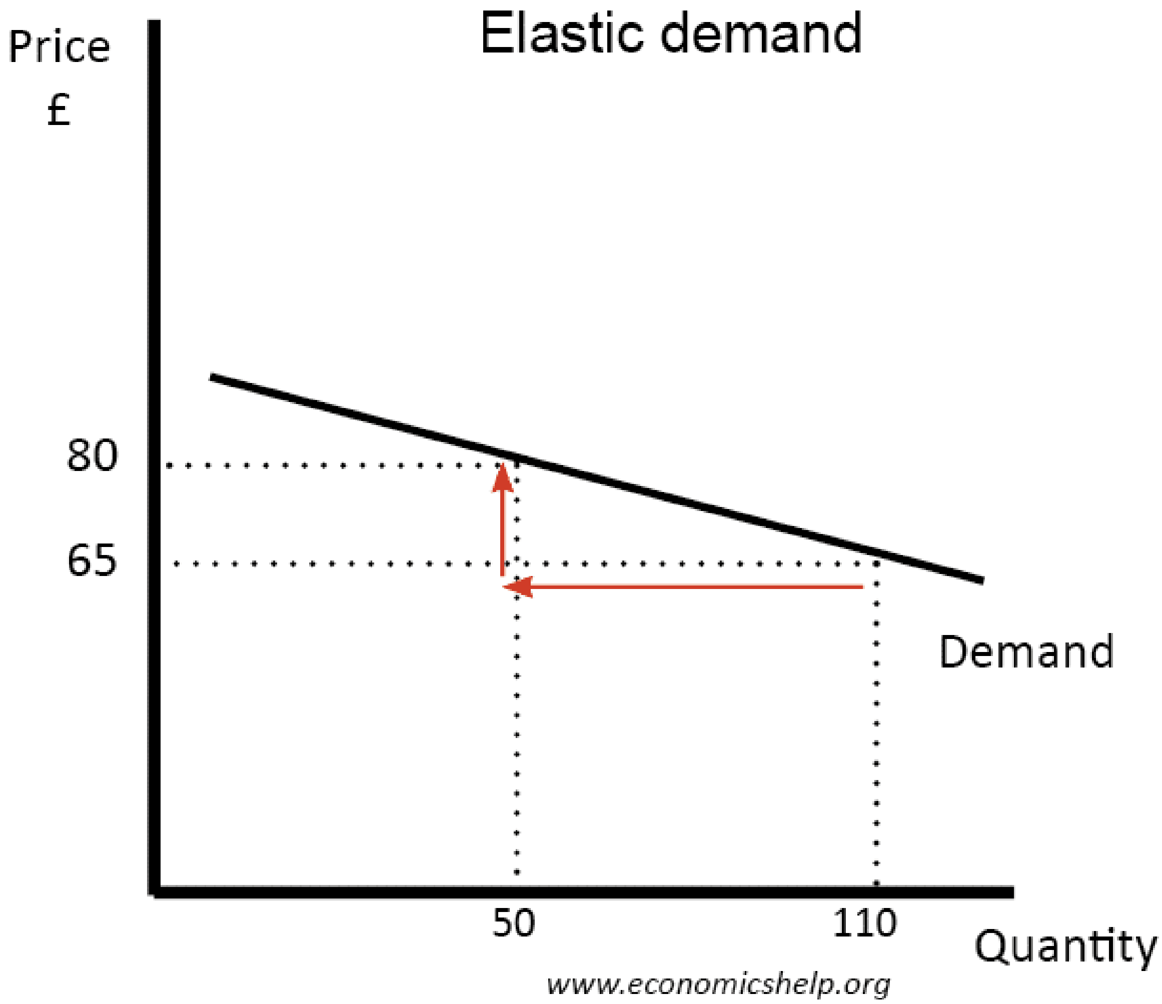
There must be clearly defined markets that allow for separate ticketing practices to be used to the maximum potential without the potential for this to be abused by customers. Furthermore, low administration costs when separating the markets are important as if they were too expensive to conduct, then any financial reward that may be gained by a price discrimination will be lost in these costs. Finally, the elasticities of demand, which we will tackle in the following section.

Elasticities of Demand

This might initially be a confusing topic, but will become clearer as we work our way through and go through some examples. Firstly, let us start with a definition, this one is provided by Hall and defines this concept as follows: "elasticity measures how demand shifts when other economic factors change. When fluctuating demand is unrelated to an economic factor, it is called inelasticity" (Hall, 2021). An illustration of this is shown in figure 5, outlined by Pettinger, 2019.

If we consider this issue regarding price discrimination in the previous section, we need the good or service to be elastic in demand, so that changes in economic conditions will impact on the demand of a single unit. Therefore, these would be good conditions to use different pricing strategies. If the price was inelastic, then it is not price sensitive, meaning that any strategy would be unlikely to deliver any shift in ticketing demand.

Figure 5: Elastic Demand



From Price Discrimination, by T. Pettinger, 2019, *Economics Help*. https://www.economicshelp.org/microessays/pd/price-discrimination/

This figure shows that when the price changes, the quantity and demand also change. In this case, the price rising has led to a decrease in the demand of this particular unit. But how do we make the best use of these levels of demand and obtain the goals of the sports organization?

'Smart' Ticketing Strategies

However, in the modern age and the ultra-competitive entertainment market, it is not simply enough to adopt pricing strategies such as cost-based pricing and value-based pricing.

The ticketing strategy begins in some respects at the point of sale. There are many places that tickets can be sold by a sports organization, and price often varies on where these are sold. If tickets are sold online and in advance, they are often priced lower than they would be if bought on the day at the stadium before the match or other event. While the online method may be beneficial in modern society due to the ease of transaction for both organization and consumer, this is not always the case. Many consumers, often older, have complained about this selling technique as they wish to purchase offline and resent being charged higher prices. This may be because of an unease about using online methods or purely personal preference. With the increasing development of ticket strategies in a hypercommodified sporting environment, this is something that organizations will have to continue to develop and manage.

Regardless of where we sell the tickets, the main aim remains, of course, how do we sell the most tickets that we can? Below are some of the 'smart' ticketing strategies that we could use in an effort to sell a larger number of tickets to our customers.

Early Bird Pricing

Early bird pricing rewards those consumers who buy tickets as soon as they go on sale, these tickets are generally cheaper than those tickets bought closer to the event or on the day. The reason they are cheaper is that the purchaser has to commit to buying the product significantly ahead of time (Kreuser, 2021).

The benefit of adopting an early bird method is that this will often encourage increased ticketing sales. McIntosh (2019) states that 'a buzz' is often created as word of the discounted prices spreads, causing a sense of urgency among of potential attendees, which can further increase sales.

Discount Pricing

There are some similarities between discount pricing and early bird pricing. Campbell (2020a) defines discount pricing as a "promotional pricing strategy where the original price for a product or service is reduced with the aim of increasing traffic, moving inventory, and driving sales". Much like the early bird strategy, by driving more people to the product or service and creating further interest.

This method is particularly useful when there is a surplus of an item, for example, in sport, a vast sum of tickets remaining for an event which remain unsold in a large capacity venue. However, it can also cause some issues, those who bought at full price might feel cheated and those that bought at discount price may be in the future unwilling to pay the full price for future events. This, of course, makes growth difficult as the organization in question is likely to make low profits and be unsure right until the moment of the event that they will actually make a profit in the first place.

Bundle Pricing

A bundle pricing strategy is when two or more products or services are sold at lower combined price than they would be if they were sold individually (Campbell, 2020b). This is commonly observed within a sporting context when organizations sell season tickets to their customers. These tickets, usually allowing access to all matches over a given period for the holders, are sold as one ticket and at a reduced rate than if the customer was to buy each individual ticket for every match of the season. Sports organizations like this type of ticket as they are guaranteed the revenue from these sales early in the season and often with high occupancy rates. However, this might not actually be true in all cases. Research by Sampaio, Sordi, and Perin (2015) suggested that actually those who bought season tickets were in some instances less likely to attend fixtures due to a decrease in importance for those who had bought bundles.

Group Booking

If we wish to sell a number of tickets on one transaction, we can introduce group booking discounts. This, like many of the other methods, creates a marketing element through the word of mouth, which can increase sales and creates a buzz around the event. As those individuals interested in the event will tell their friends about it and often purchase the tickets to access the discount.

We can even dictate to a certain degree the makeup of our audience. For example, if we are seeking to attract a mix of adults and children, we can offer the following group booking, two adults and two children, possibly named as a family bundle. This will encourage families or friends with that relevant mix that we desire to attend our event.

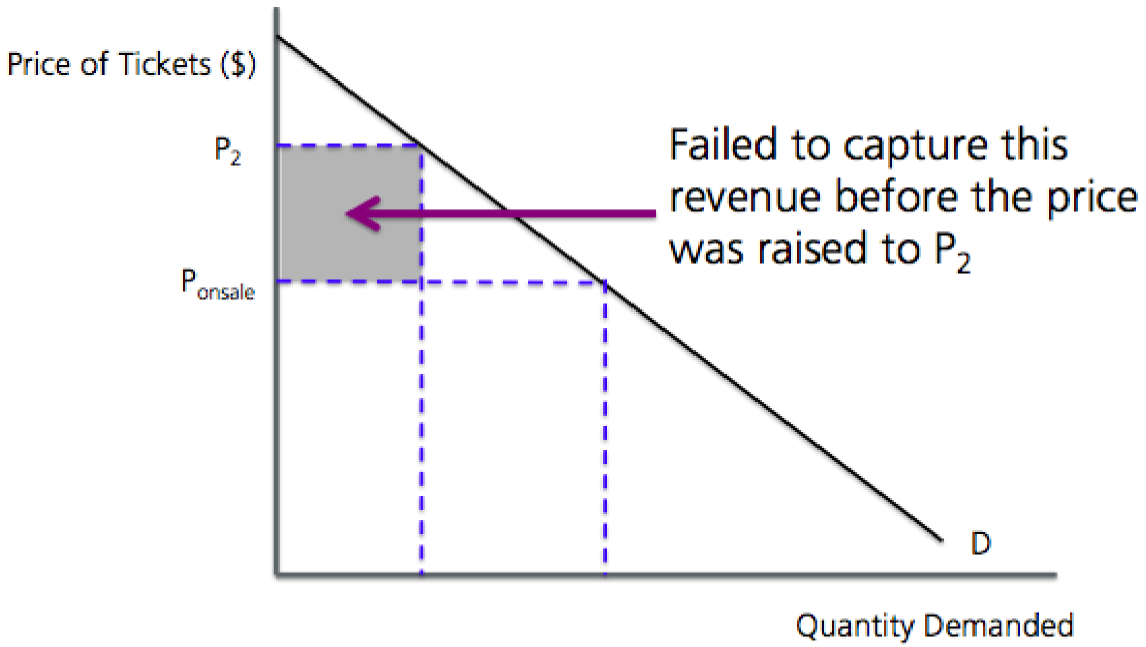
Dynamic Ticket Pricing

Dynamic ticket pricing is a strategy that again seeks to maximize the revenue from a constantly varying price. This strategy will make use of the types of strategy mentioned above, but also many more which we have not mentioned here, as the price varies between different consumers and times of purchase.

It is observed in many industries, but perhaps most commonly in airline ticket prices, which have been engineered to change instantaneously depending on flight demand, time booked and other variables. They are also in operation in sport and can often be seen in action on both an individual club’s or ticket agent’s website. The club’s might even publicize this well before time, as they categorize games based on the opponents and therefore potential demand, with higher categories attracting higher prices. This is done with the aim of maximizing revenue by appealing to a wide base of customers as possible.

However, while it is commonly used, authors such as Blue (2015) have written about how it is often misapplied for ticketed events. Blue argues that when dynamic pricing is applied, the organization will often lose revenue as some of those consumers who benefited from the reduced rate would have purchased those at tickets regardless even if they were at a higher price. He states that this is "called consumer surplus — it's the amount of revenue that buyers were willing to pay, but the seller failed to capture because the asset was mispriced" (Blue, 2015). We can see an example of this in figure 6.

Figure 6: Misapplied Dynamic Pricing in Sport



From How dynamic pricing is misapplied for high-demand sporting events, by K. Blue, 2015, *Medium*. https://medium.com/@kevinablue/for-premium-sports-events-revenue-is-maximized-when-ticket-prices-are-lowered-over-time-924bc8037c04

We can observe similarities between this figure and figure 3 in the previous subsection. To minimize this loss, there are several things that an organization can do, firstly, if the event they are selling the ticket for is likely to be popular, then the price should be maintained as high as possible. When price is reduced, make sure that it is done in a controlled way with a publicized time in which this will take place. Finally, the organization may wish to withhold the number of tickets left to create a sense of panic among those waiting to purchase.

Issues When Selling

Some of these tactics will work on many individuals, and handsome revenues will be achieved for the club. However, these do rely on having a good selling environment. Whatever an organization does and however good their ticketing strategy is, external factors can still cause issues. The impact of COVID-19 was an issue that, initially, clubs struggled to respond to and did cause issues with ticketing during the forced closure of stadiums. External factors could also include the proximity of substitutes, and while we must recognize that certainly in football it is unlikely that customers, or fans, would switch allegiances to a local rival, there might be other options inside and outside the sporting world that could take their attention. Although, an element that can impact on any ticketing strategy an organization uses is ticket touting.

Ticket Touting

Ticket touting can be a serious issue for sports organizations to consider when pricing tickets for matches and events. It is not a substitution in the typical sense, but can still impact on clubs' revenues. It does this by depriving sporting organizations of revenue due to the buying patterns of the touts themselves.

Touts will buy a significant number of tickets when they are immediately released for sale, they will then seek to resell them at vastly inflated prices when demand is high, but supply is low. Ticket touting can impact the ability for sports organizations to practice forms of price discrimination, as the organization may be unable to limit cheaper tickets (Pettinger, 2019). But what can   do to tackle this phenomenon?

Efforts to Tackle Touting

There have been many efforts to tackle touting due its harmful impacts on both organizations, but also individuals. FanFair Alliance, an organization with the aim of stopping unfair ticket strategies, has suggested numerous ideas with which to limit the spread of touting. For example, they suggest making sure that the names of the purchasers are on the tickets and are checked upon entry to match. They also recommend that organizations include in terms of service that any reselling of the tickets will result in their cancellation. Furthermore, that they develop their own reselling platforms to make sure that they receive any additional value from the tickets and fans themselves are not disadvantaged.

So how do we measure our overall success when selling tickets? And can we learn anything from these measures which will help us in the future?

Measuring Success

It is important for a sports organization to understand when their ticketing process has been successful. Whether a pricing structure has been successful is demonstrated by a number of factors above and beyond purely the numbers in the stadium.

Indeed Editorial Team (2021) suggested that there were 17 key performance indicators that companies should use when assessing the success of an event, detailed in table 1. We will go through some of these, those that are the most relevant to selling tickets, to illustrate the review process undertaken by organizations.

Table 1. Event KPI's

Event Key Performance Indicators	
Ticket Sales	Registrations
Event Check-Ins	Returning vs. new attendees
Social media mentions	Event surveys
Active community members	Cost-to-revenue ratio
Conversion Rate	Drop-off rate
Live polling	Click through rate
Number of leads generated	Customer acquisition cost
Brand loyalty	Post-event conversions
Speaker ratings	

Note. Adapted from 17 KPIs To Track the Success of an Event, by Indeed Editorial Team. https://www.indeed.com/career-advice/career-development/kpi-to-track-the-success-of-event

Initially, we should start with the most obvious measure, the number of people within the stadium. With modern ticket sale methods, it is effortless to see how many people bought tickets to an event as we can see each individual transaction. We can then analyse the collected data and assess how ticket sales might have changed from year to year or fixture to fixture. Furthermore, we will be able to find out the amount of revenue gained from each event and if this varies from the time of the fixture.

This data will also allow us to ascertain who is buying tickets to our events and whether our tickets are reaching the people we think they are. For example, if we think that the tickets we sell are being bought by a certain demographic, this will enable us to check that and perhaps introduce changes to our marketing strategy if needed.

When selling tickets, a registration might be required by individuals when purchasing. If so, the analysis of consumer registrations could prove useful. Consumers might register when purchasing tickets for the first time, but then not purchase these tickets, preferring to purchase in different locations or different prices. By having this registration set up and linked to the consumer, an organization can assess what choices are being made by the consumer. If they have decided not to purchase a ticket for an event, the organization might be able, given the purchasing history, to know why that was the case.

Another measure that moves a step beyond simply counting those in attendance is the measure of returning vs. new attendees. If an organization is experiencing many new attendees, it can suggest that the event was desirable, perhaps a game against a top team or a final, or that the various forms of marketing an organization has been involved in have been successful. While it might be hard to arrange fixtures against a top team or reach a final, if a game can be arranged like this then it should be. It can also suggest that the marketing of the event was a particular success and appealed to potential customers. Similarly, if there are many returning customers, this would seem to imply that the customers perceive a certain value to attending and that their expectations are being met by the purchasing of tickets.

However, if an organization is not attracting either new attendees or if returning attendees are dropping off, then this is a cause for concern. A lack of returning customers could propose a drop-off in sales due to a decrease in satisfaction. Whether this be price-based or something else, the consumers are not receiving the same level of satisfaction that they have previously had when buying the tickets. There can be multiple reasons for this, some internal or external to the organization. Poor performance on the pitch or an increase in price can cause this decline and is something that the organization can to some extent counteract.

Although, there are also elements that are out of the control of the organization, like weather-related issues often cause mass reductions in attendance and the responses open to clubs in this scenario are limited. This is not to imply that nothing can be done about these events, for example, if ticket price remains the same but other price raises impact on the ability of consumers to afford tickets this is not the fault of the organization. However, if this were to occur, changes to the pricing structure of tickets must perhaps be considered.

Another important element when considering success of events is the cost-to-revenue ratio experienced by the event, as it can tell the organizers how profitable an event is. The organization or investors that are putting on an event, for example, a league match, will want a high ratio of cost to revenue. Plainly, this means that while costs are low, the revenue is high, meaning that more profit is gained. A low ratio might suggest that costs are too high or indeed revenues are too low and corrective action may need to take place, as if this continued the organization may become unprofitable and therefore cease to operate. The corrective action that is likely to take place is that of increasing ticket prices to make sure that the desired profit level is achieved.

Moving on to online purchases, we look at conversion rate. Conversion rate is the rate at which visits to your point of sale, commonly situated online, will result in a sale. There are many reasons consumers might have been lured to the website, firstly, by marketing, another promotion or to read club news. It is then the task of the organization to redirect them efficiently to the ticket point of sale. They might have even been drawn to the site by the ticket prices themselves. Having got to the website, it is then important that the prices meet expectations and that both these groups of consumers purchase tickets. We could deem an event a success if there is a high conversion rate among website visits and tickets purchased.

We must be mindful of the reasons that some consumers, or potential consumers, do not complete ticket purchases and bring down the conversion rate. Perhaps the marketing that should have directed potential customers to ticket purchasing areas was not able for whatever reason to complete this. It might be that having initially been keen to purchase the tickets, this drive has changed; this could be due to the prices of the tickets not being offered at the level an individual could afford. For example, tickets may have been previously offered at £15 as an early bird discount, however, due to those selling out, the cheapest is now £20, thereby becoming unreachable or undesirable for certain individuals.

It is this drop-off rate that can be a concern and can be seen online, as we have discussed above, but also in the stadium itself. Clubs can measure this rate by noting how many fans leave the stadium before the completion of the match. If they are interested in the product, then they are more likely to stay, of course, if the team they have come to see if having a bad result then they will often leave and there is little a club can do about this. However, there are elements where the club could be more successful, as keeping fans in the stadium longer can increase the positive feelings of getting value for money. In addition, the longer they stay, the more likely it is that they will purchase associated goods such as food or merchandise.

On this point, clubs are increasingly attempting to decrease the amount of no-shows in stadiums from season ticket holders (Schreyer and Torgler, 2021). As we have previously discussed, season ticket holders are brought in by reducing the rate they have to pay. They are rewarded for their bulk purchase by having cheaper prices and often a guaranteed seat. However, by not showing up to fixtures but continuing to hold the designated seat, they can actually end up costing the organization money as this cannot be resold. Also, do not forget that they will also not spend money on food or merchandise, as they are not in attendance. They might even cost the team home advantage and make the opposition more likely to win!

To counteract this behaviour, there are a few steps an organization can take, namely as Schreyer and Torgler (2021) suggest, increasing ticket prices as there is a direct colouration between lower prices and higher likelihood of missing fixtures. Furthermore, where fans are located in the stadium also has an impact, with those fans standing more likely to miss fixtures than those with an assigned seat. By adopting some of these measures, an organization makes sure that they can keep their stadium full of numerous season ticket holders in the stands.

Finally, we must consider whether the customer acquisition cost has been value for money. If it has cost a significant figure in marketing, research and other associated practices to attract only a handful of spectators, it is perhaps a sign that the event has not been a success. By spending so much on customer acquisition and not being rewarded, revenues will be reduced.

An event's success can be measured by many factors, however, what they all of these topics, and the others that are mentioned in the table above, have in common is that they can be impacted by incorrect pricing.

Summary

In this section of the course, we have covered the basics of pricing strategies that are used both in the sport ticketing market, but also in normal businesses. The use of price discrimination relies on several factors, such as elasticity of demand and market conditions. Some of these are under the control of the organization, while others are not and can only be managed as issues arise.

Smart ticketing strategies are now of great importance to the sporting organizations and the industry as a whole. With the increasing threat of substitutes, the organizations operating in this market need to be constantly focusing on the development but also the success of the strategies. Measuring success is also important, how can we ultimately know if any of our pricing strategies have been a success if we do not measure? If our strategies have not worked, what is it that we can do differently next time? And is this within our capabilities?

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