

**YOUR TICKETS.
YOUR EVENTS.
OUR TECH.**

UNUSED TICKETS



conciierge live

What is the Impact of Unused Tickets on Brands and Properties of Sponsored Events?

Introduction

Sponsorship is a core business activity of every marketing department. From the Fortune 500 company down to the smallest operation, promoting brand awareness is a vital task which can most effectively be achieved through associating the brand with a sporting or cultural event.

Globally, corporate expenditure on event sponsorship increased from \$37.9bn in 2007 to an estimated \$62.8bn just a decade later. This growth of 165% is reflected across North America – up 140% to \$23.2bn in that period – while Europe and Asia Pacific rose 138% and 157% respectively. These three markets globally account for \$54.6bn of the 2017 spend.

It is a true success story with many multinationals seeing revenues driven stratospherically as a result of successful sponsorship strategies.

Under Armour is a prime example of how apparel manufacturers can corner market share through astute deals with sporting clubs. Founded in 1996, they registered global revenues of \$3.96bn in 2015 after following a path through the major global sports. Deals with NFL, NHL, and MLB teams promoted the brand as successfully as sponsoring the US archery team at the 2000 Sydney Olympic Games.

Moving into soccer in North America and Europe allowed the Baltimore-based business to become a major player in the sporting apparel market, heading up the second-tier behind Adidas and Nike.

When business ties in with teams and events, the most obvious brand promotion is through advertising with prominently displayed logos and motifs. Food and soft drink companies can negotiate sole supply deals to promote their brands and ensure competitors are frozen out of lucrative events.

These aspects of sponsorship are well-known tangibles upon which a business can place value. Judging whether an event is successful from that perspective is relatively easy to quantify, from revenue spikes to lead generation and pipeline sales.

The intangible often comes with tickets to customers, suppliers and staff. Benefits may not immediately be apparent and are often seen as part of a rounded approach to customer and supplier relations or employee goodwill.

Beneficiaries feel important and full usage of ticket allocations give the appearance of a thriving business.

However, when people do not turn up causing usage numbers to lag, what is the negative impact on the brand, corporate or employee relations? At what point does this bite the business and, equally important, the event and hosts themselves?

Ticket Allocations

Attendance figures are a thorny issue with all sports. Five decades ago, the turnstile clicks were counted and acted as the reported attendance figures. Tax authorities used them as a guide for annually reported revenues via sports franchises.

Over time, the count became more clouded as different sports used varying calculations and, in the end, many teams use 'total tickets sold' as the reported attendance, causing consternation due to 'no take ups', i.e. tickets sold but not used.

No sport requires these numbers to be published and franchises are unsurprisingly reluctant to report them. Banks of empty seats create a poor image for fans and viewers alike across all major sports.

Commendably, some teams do not hide these figures. The Angels identified the problem over a decade ago and responded to media inquiries that, depending on the opposition, the 'no-shows' accounted for between 4-40% of the attendance.

In the intervening times, many franchise-led initiatives have tried and failed to find a lasting solution to the problem much to the irritation of fans.

In the European soccer landscape, many fan organizations wield considerable influence with teams and demand tickets be handed out to local schools and community clubs. Unfortunately, many stadiums still display empty seats during a season of home matches.

The pressure on franchises is unrelenting. On Twitter, there are accounts circulating photos of stands with empty seats and openly questioning the 'official attendance' announced. Some media outlet, including the L.A. Times, no longer report attendances.

This appears to be a seemingly unsolvable and uncontrollable issue in sports. With sponsors taking up to 20 to 25% of ticket allocations, fans find it easy to point the finger in their direction, irrespective of whether those seats are used or wasted.

Indeed, anecdotal evidence suggests 'corporate tickets' are likely to be used more frequently than those on general sale. Nonetheless, the problems this causes brands are not just confined to a monetary value, but it can cause issues with a workforce who feel they are missing out on what is by every stretch of their imagination, a 'freebie'.

Tickets, however, are far from free in any case. The value to inventory over the course of a 12-month period is difficult to quantify but estimates put a major sponsor's ticket allocations at \$5m per year.

For most businesses, this funding is a significant line item in marketing budgets. In times where costs are constantly under scrutiny, effective management of resources is vital and certainly should not be left to a general use database or Excel spreadsheet.

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Management of Seat Allocations

Seats received as part of a sponsorship deal are frequently perceived as being ‘freebies’ and the sole preserve of customer entertainment. Increasingly, they are seen from a human resource perspective as an incentive for employees.

As businesses look to differentiate themselves from the crowd as employers, the opportunity to purchase or be rewarded with tickets is an incremental improvement on packages offered elsewhere in the job marketplace.

Managing the balance between the two differing needs effectively is a core competency for any business, particularly as empty seats can be damaging for staff morale. It raises questions in employee minds, such as “Did we use our tickets?” or “How come I could not get two?”

This balance is why Concierge Live developed their Ticket Management Solution. Whether using tickets for client entertainment or employee engagement, being able to utilize ticketing assets at a 100% rate is priceless. When tickets are available, there needs to be a solution to ensure an equitable release of tickets for those events, ensuring all employees have a fair opportunity for purchase.

Brands that manage these processes well find employees to be great ambassadors with a positive message to put into the wider community.

This is useful when customers or suppliers attend the same events, creating a positive perception of the business and brand as a whole.

Empty seats send the opposite message. A poorly managed ticket inventory does not yield the desired results for brand reputation which is reflected in commercial relationships.

Targeting clients for events is key, but there is also a need to know whether any return comes from this hospitality. If the take up of tickets is at or above 85%, the inventory is being used efficiently.

The Cost of an Empty Seat

Every seat has a cost attached to it and it is worth looking at the issue on a sport-by-sport basis.

We have all been at events, sporting or otherwise, and witnessed empty seats. A single seat here and there does not have any impact on fan enjoyment but seeing blocks of unused seats negatively impacts the atmosphere.

Concierge Live’s experience in the field tells us that 85% utilization is high without specific ticket inventory management. The costs for various sporting events are incrementally higher with every 1% increase in waste. It is imperative that proper investment be made to properly manage a valuable business asset.

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NATIONAL FOOTBALL LEAGUE

Empty seats remain a sore spot for the NFL. Social media accounts have heaped enormous pressure on the league with photographs of rows and rows of empty seats throughout the regular season.

Every empty seat represents lost revenue for teams; in-stadium merchandise and concession spend is a prime revenue channel for each team. It was estimated that NFL fans spend between \$225.75 and \$334.19 on tickets, concessions, and merchandising on each seat.

The extent of lost revenue depends on the team. At the bottom end of the scale are the Jacksonville Jaguars where the \$61.36 average cost of a ticket is augmented by \$19 on food, \$30 for parking, and \$114.99 on merchandising, totaling \$225.

Compare that to Dallas Cowboys fans who spend \$334.19 per game on average. That separates out to \$110.20 on tickets, \$18.50 on food and drink, \$75 on parking, \$10 on a program and \$119.99 on merchandise.

As with all teams, merchandising is the biggest area of lost revenue and potentially the stream where the margins are greatest. The disparity in ticket prices between the two teams is the greatest difference in monetary value, making it key to the management of ticket inventory.

The 80,000-seat capacity at AT&T Stadium in Arlington sold out each Cowboys game, but Jacksonville had to settle with 95.6% of tickets sold for each game. Overall, the Jaguars lost a little more than 22,500 tickets over the course of the season.

For the Jaguars, one of two 1995 expansion teams, that cost was \$5.1m over the course of the regular season, or \$638.8k per game. This loss is incurred by not only the Jaguars; but also, their concession holders who miss out on game-by-game revenues.

The average sponsor ticket allocation is around 25% per NFL game, if we assume the split for the Super Bowl is representative of the regular season. With that allocation, the sponsor receives 16,107 tickets at EverBank Field; every ticket is \$61.36 and losing 15% of those tickets through waste is a potential cost of \$148.2k. It is a significant sum for any business to bear and Jacksonville sponsors get off lightly.

\$110.20 of 'lost' costs per seat for the Dallas Cowboys without a revenue upside hurts more; \$330.2k with 'only' an 85% uptake on tickets.

There is no wonder more companies are taking a close interest in the costs associated with ticket inventory management. Concierge Live delivers the statistical analysis on ticket utilization which minimizes this spend without return.

MAJOR LEAGUE BASEBALL

Major League Baseball remains a favorite in the United States and in business entertainment. Recent World Series underlined the enduring popularity with the Cubs and Astros which only aids sponsorship opportunities.

For ticket inventory management, there lies a different problem. The volume of games in a regular season requires the careful control of tickets or else costs can quickly go awry.

The MLB maintains a strict pricing mechanism for merchandizing so there is uniformity of cost across all retailers. A replica jersey won't change from \$124.99 whether it is in the stadium or the mall.

On average, a beer at a game is around \$4.50 but can be upwards of \$10 when you are in the 'elite' team strata. The southern Californian teams don't shy away from this level of pricing due to a higher cost of living.

However, the average fan spend is significantly lower at MLB games than the eight NFL games per season. In Anaheim, the Angels see the lowest average spend with \$23.80 excluding merchandise. The tickets average under \$10; it is cost effective for business with a low take-up in utilization.

There is a danger that the cost of unused tickets at Angel Stadium will not be noticed as readily as the Coliseum. Typically, sponsors receive in total a little under 9,100 tickets per game; 85% take-up means a total of \$13.4k in total.

With a number of sponsors sharing that pain, it is easy for the cost to slip under the radar. Concierge Live, helps manage this through analytics, reporting the raw data in a number of guises by cost center or department as well by event.

At the other end of the scale, Fenway Park deals with a distinctly different problem. Due to its iconic status, Fenway averages ticket prices of \$48, making it an expensive proposition for a badly managed ticket inventory.

The lower capacity may take waste to a noticeable level. Sponsors' empty seats at 15% under-utilization comes in at \$54.3k per match; that is for business alone. Concessions and the Red Sox lose \$30.50 per fan excluding merchandise; \$35.5k or \$47.9k including sales in the club shops.

The scale of waste is truly terrifying and must be monitored closely for business efficiency.

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NATIONAL BASKETBALL ASSOCIATION

Arenas may be smaller, but the sport of basketball keeps drawing in large crowds in the world of business hospitality.

NBA is a big ticket with the thrill of basketball lending itself to a lively evening's entertainment. With the playoffs becoming as popular as the Super Bowl in terms of ticket demand, time spent courtside is becoming more sought after when ticket inventories are distributed.

In 2016, the average ticket price ranged from \$30.20 at the New Orleans Pelicans to \$129.38 at the New York Knicks. The Pelicans represent a relatively low-risk for corporate entertainment; the under-utilization of tickets across the board is \$15.3k per game.

Transfer that to the Knicks and the cost rises to \$97.3k each time; sponsors are spending \$646k on tickets without managing almost six-figure spend. Any other cost center or department would find themselves under intense scrutiny.

As with their NFL counterparts, NBA teams benefit from ancillary spend in the arenas. The leniency of MLB stadia is not replicated, and fans are a captive audience for ancillary spend: \$40 per fan, on average, leaving the Pelicans \$45.4k out of pocket while the Knicks lose \$30k.

MAJOR LEAGUE SOCCER

The longevity of soccer is surprising many and with 90 minutes of action completed inside 2 hours, it has slowly become a centerpiece in ticketing circles.

When the sport finds a gem, it gives a positive feel about the MLS and Atlanta United are just that. A record average attendance of 48,600 was the highest during the 2017 season and led to an electric atmosphere in the brand-new Mercedes-Benz Stadium.

For lead sponsors, it was an unmitigated success; the question they will be keen to see answered is whether the Georgians can replicate the interest and desire to attend games once again. History tells us they will do so.

West Coast teams featured prominently among the highest attended MLS games last year with the Seattle Sounders achieving 43,666 as an average crowd. Ticket take-up is high among both teams' support. It is a different story in Texas with FC Dallas seeing 25% unsold tickets before no-shows from ticketholders are factored into the equation.

Certainly, what makes some of the figures impressive is the age demographic of the crowd which is predominantly 18 – 24 years-old.

Ticket prices rise to \$500 at Real Salt Lake and close to that at Portland Timbers. Across the MLS, the average price is estimated by Jeff Berding, FC Cincinnati president, to be \$26, \$7 higher than his own team's.

Across the MLS, sponsors with an 85% take-up will land themselves with a cost of \$23,000 in unused tickets. At Atlanta, that runs almost double at \$41.5k.

NATIONAL HOCKEY LEAGUE

Concession spend is subject to some of the most expensive in US sports, ranging between \$12 – \$27; the Toronto Maple Leafs charge \$12 for a beer, making it a nice revenue stream for the teams.

The Maple Leafs' average ticket price for 2016/17 was \$62, meaning franchise finances missed out, on average, \$57k per match. Additionally, under-utilization across the NHL costs \$42.8k.

There are unusual developments afoot in the NHL which may see these costs increase. The Las Vegas Golden Knights' average price is \$88 for the 2018 season while the league will see the average rise by around \$10. This rise ensures revenues will increase as will the reduction due to under-utilization at the box office.

The teams face additional losses, upwards of \$24.8k at the tills with another \$8.5k on merchandising. Greater focus on engagement with fans is a key priority across the sport.

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NASCAR

The sport remains popular, but attendances are significantly down; estimates across the board are that numbers are down 40%. Admissions revenue, the only true gauge for this area, is down 52.9%.

Some meets remain popular; however, the lure of the track is too much. Numbers are still better than most NBA, NHL or MLS stadia attract but the scarcity of events at venues, makes them less impressive.

Despite this, 40,000 are still love to spend time, with a strong sense of brand loyalty to manufacturers and teams burning through. With a diminishing attendance level NASCAR needs to think outside of the box and Concierge Live can help put butts in seats with its unique and one of a kind marketing activation tool built in.

NHRA

Doug Herbert Racing recently produced a sponsor pack which proudly pointed out the sport's improving commercial perspective. The demographics of 18 – 49-year-olds is up 82% and the profile of fan salaries is 25% higher than the average seen across American sports.

With many tickets covering access to all areas of a track including the pit, there is a feeling that NHRA offers more of an experience for fans, making it an attractive entertainment outlet for businesses as well

However, it faces similar problems to that of NASCAR with declining attendances.

Average ticket prices for adults are \$57.50 for Saturday events, but sponsor allocations tend to be individually small due to the volume of each teams' partners. Pomona, one of the sport's most popular venues, holds 40,000 with an estimated 8,000 of those tickets being available for partners.

Using our experience in the field, it suggests a cost of \$69,000 across the board for under-utilization.

At Las Vegas Motor Speedway, the track holds 116,000; each event there offers a tremendous opportunity for ticketing. It is also an opportunity for costs to spiral out of control in a sport growing in popularity.

The capacity, almost treble that of Pomona, underlines the prospect for waste to exceed \$200k.

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THE SOLUTION - CONCIERGE LIVE

Simplifying Your Entertainment Assets

The corporate trend is a shift to a centralized ticket model having the ability to correlate distribution to sales/revenue while also maintaining an all-in-one system customizable to the needs of an individual business. Most of our clients seek a ticket management tool for a clear-cut purpose.

We have clients who use Concierge Live as a:

- Requisition tool
- Instrument to understand the value of the attendee vs. the value of the entertainment
- Device to address compliance concerns

Solutions to Every Problem

Concierge Live has clients who use centralized management and consistent policies. That is the value of Concierge Live; manage your tickets your way. Each company uniquely defines how it wants to use our software. See below for some of the use cases for how our clients leverage Concierge Live:

“Traditional” Ticket Management

Admin control when, how and who can request their tickets. Reporting is used to determine ticket usage and company value.

Secondary Purchasing

Companies without significant “company” inventory; however, they want a formalized process for secondary requests. Clients can capture and report on attendee data to understand who, where and how much they spend on external ticket requests.

Hospitality Events

Admin create ticketed and non-ticketed (i.e. golf outings, museum receptions, charitable tables, etc.) inventory. In addition to traditional ticket management needs, these clients rely heavily on Concierge Live’s onsite and attendee management functions.

Employee Personal Use

Entertainment assets can be available to employees to purchase for personal use. When the employee makes a request, it can be “auto-assigned” and when available, electronic tickets can be automatically sent to the requestor.

Experiential Marketing

Our clients optimize their ticket inventory by utilizing our unique tool. While most brands have 30-40% waste when it comes to ticket assets, using Concierge Live can reduce this figure significantly, and in some cases bring it to zero. Whether opening up inventory for employee engagement programs or externally to customers as a show of goodwill, there are a number of use cases that will reduce unused inventory significantly and driving more ROI, TRUE ROI.