

Maximizing Rivalries Using Discrete Choice Experiments: An Exploration of how Marketers Can Leverage and Assess the Monetary Value of Key Games

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The allure of rivalries in sport is well known. Rivalry connotes a different level of importance and significance for both teams or individuals competing in or those who consume the contest than other regularly scheduled competitions. For example, showdowns between the Michigan and Ohio State college, Texas and Oklahoma football teams or baseball games between the Yankees and the Red Sox generate intense interest and strong emotion among fans. Likewise, greater media attention is focused on these contests. Previous research has shown that rivalries influence attendance (Leonard, 2005; Paul, 2003; Wall & Myers, 1989), demand (Price & Sen, 2003), brand associations (Ross et al., 2006), and promotional effectiveness (Boyd & Krehbiel, 2003).

Considering the importance of rivalries, it is important to investigate how marketers can leverage rivalries to gain full advantage of the increased interest and emotion. Rivalries are already being leveraged to an extent by teams who are using differential pricing strategies (i.e. premium ticket prices for key opponents). For example, college football teams may charge a higher or premium price for a rivalry game and several Major League Baseball and National Hockey League teams begun to charge premium prices for rivalry games. However, there is more to be learned about how rivalry influences pricing. Further, little is known about how marketers can leverage rivalries by using product or distribution strategies.

In this study, we explored the influence of rivalries on students' decisions to purchase college football season tickets. More specifically, the purpose of the study was to assess how college students may evaluate the monetary value of a rivalry against other key attributes when purchasing college football season tickets. Through the use of discrete choice experiments (often called stated preference or choice-based conjoint analysis), students were forced to "trade-off" the presence or absence of rivalries against levels of other season ticket attributes such as price. This process reflected how they evaluate purchases and generated more insight into relative value of rivalry games. The method was useful in identifying price differences and identifying attribute combinations that can maximize customer preference as well as revenue.

The sampling frame for the study consisted of students enrolled in a total of 377 (8,000 + students) mandatory Physical Education and Activity Program classes at a large Southwestern university during the Spring of 2006. A two-stage cluster sampling was used to first sample from different classes, followed by sampling from the sections within each class. Thirty-three (67%) of fifty randomly selected classes agreed to take an online survey. Of these thirty-three classes, 420 (47%) students completed an online survey. The demographic characteristics of the sample were very similar to the demographic characteristics of the students at the university during the semester the study was conducted.

The 420 students who agreed to participate in the study were asked to evaluate fourteen scenarios during the online survey. In each scenario, students were asked to make a choice from three options: two season ticket options and a "none" option. The two season tickets shown in each scenario varied in six attributes: season ticket type (2 levels), seating level (3 levels), seating location (3 levels), rivalry (3 levels), number of games (3 levels), and ticket price (3 levels). In order to increase realism, the three ticket price levels were specific to each season ticket type, where football-only season tickets were proportionally less expensive than all-inclusive sport season tickets. The online survey and discrete choice experiment were developed using CBC Sawtooth Software.

Students' responses were analyzed by using multinomial conditional logit to decompose choices into utilities associated with each level of attributes. The results were then used to predict changes in season-ticket choices given changes in the season-ticket attributes. Rivalry was found to be the most relative important attribute that influenced students' decisions to purchase season tickets. To determine the monetary value of a rivalry, we compared the preference shares before and after a change using computer simulations (Louviere, Hensher, & Swait, 2000; Orme, 2001). The incremental value of including rivalries in a ticket is the amount of money that makes the utility level with a ticket without rivals (before change) equal to the utility level with a ticket with rivals (after change) (Louviere, Hensher, & Swait, 2000). Results indicate that students were willing to pay between \$45 and \$70 more for a season-ticket that included the archrival.

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The importance of rivalries has several key implications for sport managers. Foremost, the results of this study suggest rivalry games should be an important aspect of pricing strategies and should have a significant influence not only on how single games are priced, but on how various ticket packages are priced and developed. Whereas many ticket packages for college football include all games, the results from this research suggest developing multiple packages with and without rivalry games would help university athletic departments reach multiple goals. For example, marketers may be able to maximize revenue by offering high-priced packages with rivalry games included and also reach lesser identified or newer customers with lower priced packages which do not include the rivalry game. Further, results suggest the lure of a rivalry game is enough to offset other aspects such as seat location and the number of games in the package in addition to price. Specifically, results suggest that students were willing to pay more for a season ticket that included rivals (even more for an archrival), despite of less desirable locations and number of games. In terms of theoretical implications, the results of this study imply rivalry is an important variable influencing consumer choice warranting further study and analysis.