Designing Ticket Price Strategy using Conjoint Analysis

Young H. Lee, Seoul National University
Ki Tak Kim, Seoul National University
Jeeyoon Kim, Seoul National University
Joon-Ho Kang, Seoul National University (Advisor)

Session 34: Marketing Presentation (25-minute)
Saturday, June 2, 2007 4:30 PM - 4:55 PM

This paper was constructed in order to provide practical information to the top managers of G** professional soccer club in Korea regarding ticket price strategy. The study was conducted during the course of transferring the club from its original hometown C** to H** in the year 2006. It was necessary to understand the local fans' ticket purchase behavior and process such as preference of peripheral factors when purchasing a ticket, price susceptibility, and relative importance of factors within a ticket bundling package. The conjoint analysis was conducted to constitute the ticket price strategy.

The study divided segments into four different categories, General adults, College students, Middle school students, and High school students. Segmentation was decided prior during the process of local fan analysis by surveys and expert in-depth interviews during full consultation. There were two different sets of multiple cards that displayed mixtures of the four factors in relation to the expected ticket price for regular seats and premium seats. A total of 622 surveys were valid among the total of 670 surveys gathered and the valid surveys were sorted accordingly to segmentation category. Each group was given either one of the sets depending on the intention to purchase regular or premium seats (groups middle and high school were only given cards for regular seats) and evaluated the cards from a scale of 1 (the worst combination to purchase game ticket) to 10 (the best combination to purchase game ticket).

'Player' consists whether or not the team has a star player (high profiled) in the roster. The level of player profile was in three different categories from regular player whose background is not from the home town, regular player from the hometown, and national level player with hometown background. 'Ticket Price' is the expected ticket price that the fans would be offered. The price for regular seats ranged from 8,000 Korean (8USD) to 11,000 Korean (11USD) and 12,000 Korean (12USD) to 18,000 Korean (18USD) for premium seats, with standard deviation of 1,000 Korean (1USD) and 2,000 Korean (2USD), respectively.

'Points' was offered in three different levels, high (15%), medium (10%), and low (5%). Each 'Point' level offered accumulated points for future use on purchasing team merchandise, ticket, etc. 'Coupon' is the factor that offered three different levels (high: 15 affiliates, 15~20% discount) (medium: 10 affiliates, 10~15%) (low: 5 affiliates, 5~10%) of coupons affiliated with local business stores with additional discount offers.

The followings display the relative importance of factors by different fan segments. As for the general group, the ranking order of the relative importance factors were the same for both regular and premium seats. Player (Regular seats: 48%, Premium seats: 46.5%) was relatively the most important factor followed by Price (R: 35.4%, P: 37%), Coupon (R: 12%, P 9.26%), and Points (R: 4.66%, P: 7.2%). However, the relative importance factors within the college group differed between regular and premium seats. College group considered Ticket price (R: 34%, P: 42.3%) more important than any other factors as far as premium seats are concerned, yet Player (R: 34%, P: 35%) and Ticket price were considered equally important in regards to regular seat; meanwhile, Points (R: 12.75%, P: 8.55%) was rather more important than Coupon (R: 9.3%, P: 4.24%) in both seat types. As for the two middle and high school groups *, Ticket price (Middle school: 30.8%, High school: 38.3%) was more important than any other factors followed by Player (M: 27.75%, H: 32%), Coupon (M: 22%, H: 16.3%), and Points (M: 19.5%, H: 13.34%).

In general, the local fans considered the Player factor more important than other factors when considering ticket purchase. This implies that the key service of a sport event offsets other benefits that the team may offer. It can also be understood that if a team does not acquire appropriate players that fit to the local preference then it is very difficult to have the fans visit the stadium offering only with other subsidiary benefits in affiliation with marketing promotions. However, this may not be completely true with younger fans. Between middle school and high school students, the most important factor was Ticket price rather than Player, Coupons, or Points. The result was different from the general and college groups because younger fans tend to be more sensitive to ticket price since they have no income source other than allowances from parents. Nevertheless, the subsequent important factor was Player rather than Coupon or Points for these particular groups. This insinuates that if money was not the problem Player takes an important role for younger fans to visit the stadium. In the meantime, Coupon was considered more
important than Points in all categories. This result displays that fans desire to redeem the offered benefits almost immediately rather than keeping points accumulated for future usage. Thus, when offering benefits to fans in turn for their concern and loyalty it is best to first secure appropriate players and mix benefits that can be in practical use in the near future.

Note:
* Middle and high school students were only given regular seat survey cards.
** The details of the team profile (name, location, etc.) are not indicated in this abstract due to confidentiality agreement between the research team and the sport team.