Fortune 100 Corporations: Insight Into Premium Seating Ownership

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The sport facility construction boom that occurred between 1990 and 2010 substantially impacted the professional sport premium seating industry. Reports indicate that the result was a growth of 147% in the number of luxury suites in the United States four major professional leagues (NFL, NBA, MLB, and NHL) (Rhoda, Wrigley, & Habermas, 2010). As new venues are constructed, 25% of the seats are premium inventory (Luxe Living, 2008). The increase in inventory in recent years has also led to additional focus for ticket sales professionals from general ticket sales to premium sales in an effort to fill these high value seating options. The body of academic work in this area is growing (e.g., Lawrence, Kahler, & Contorno, 2009; Lawrence & Moberg, 2009; Lawrence & Titlebaum, 2010; Titlebaum & Lawrence 2009; 2010; 2011) but overall has not kept pace with the growth and changing nature of the industry.

In professional sport, luxury suites are generally a product purchased by corporations since the high cost is prohibitive for individual consumers. Mason and Howard (2008) reported that the average annual price of a luxury suite ranged from $59,000 to $231,000. When the new Meadowlands Stadium opened in 2010, prices for the 218 suites ranged from $150,000 to $1,000,000 (LaPointe, 2009; McManus, 2010). As a result of the high cost, 61% of teams and venues have over 90% of their luxury suites owned by corporations, while another 23% of teams have between 75% and 90% corporate ownership (Lawrence et al., 2007). Corporations have different motivations for purchase than individual consumers for buying a regular game ticket. Businesses often incorporate luxury seats into their marketing plan in an effort to entertain new and existing clients and create a feeling of exclusivity among their guests through associations with the brand of the team (Titlebaum & Lawrence, 2009; 2010).

The underlying motivations for corporate purchases are important for both academia and those selling the product to understand. Titlebaum and Lawrence (2010) examined the perceived motivations of suite buyers and found that across the big four leagues, the most important variables in the decision to purchase a suite included the ability to entertain new and existing business clients, current team performance, and the “brand image” of the team. In the same study (Titlebaum & Lawrence), the importance of variables related to enticing suite buyers were examined. The results showed that all of the key variables were related to relationships (i.e., the relationship between the team and suite owner or the suite owner and their clients). For example, premium events restricted to suite owners and their clients were identified as effective in strengthening relationships between suite owners and their clients as well as between the team and suite owners (e.g., travel with the team or access behind the scenes at a game) (Titlebaum & Lawrence).

This study focused specifically on Fortune 100 Corporations in the United States that invest in luxury suites in professional sport as one aspect of their overall marketing strategy. Specifically, the purpose of this investigation was threefold: 1) to learn why Fortune 100 companies purchase premium seating, 2) to gain an understanding of how Fortune 100 companies manage premium seating inventory, and 3) to explore the current methods of evaluation of premium seating investments. With no existing theoretical models to build upon, this study was conceived as exploratory research with a goal of having the results lead to a hypothesis, which may then be tested in the usual confirmatory methods (Dooley, 2001). A total of 15 semi-structured telephone interviews were conducted using open ended questions during April and May 2011. As described by Li, Pitts, and Quarterman (2008), “the use of interviews is best when in-depth discussion and information are needed” (p. 70). The results provided a deeper understanding of the industry, the first look into premium seating ownership from the corporate client’s perspective, and a strong foundation from which future research can be launched.

Fortune 100 corporate executives noted that key motivators and factors of consideration when purchasing premium seating included discounts for signing multi-year deals, bonuses for renewing contracts by an early date, tickets to

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additional games/events, invitations to exclusive VIP events and areas, the opportunity to purchase upgraded food and beverage options, and the opportunity to display branding within the arena and their luxury suite(s). The study also revealed that the majority rely on ticketing software to manage their premium seating inventory. The most frequently used software program is Spotlight ticketing software. 

When responding to questions about return on investment (ROI) and return on objective (ROO), it was discovered that few respondents have structured methods or systems to properly measure and evaluate their ROI for their premium seating inventory and investments. The Fortune 100 executives said that there was a much larger focus on ROO, yet many are still determining how to capture and measure this data. The most important determinant of ROI and ROO was an increase in sales and revenue as a result of hosting clients and prospects in their seats. Although the methods are hotly debated and do vary, ROI and ROO measurements are standard components in the fields of advertising and sponsorship (O’Rielly & Madill, 2009; Stotlar, 2004). But, based on the results of this study, it is clear that the sport premium seating industry is lagging behind in measurement.

Overall, the results broaden the body of knowledge in this area and highlight that this segment of industry research is still in its infancy. The information specific to ROI and ROO should encourage teams to allocate resources to improve their measurement of this important investment. As academia begins to understand the needs and wants of sport clients at all levels, sport industry professionals will be able to apply findings to their business operations to become more successful. The information gathered in this study can be utilized by professional sport premium seating sales and service representatives as they strive to attract new clients, renew their existing clients, and serve their premium seating holders.