Investigating the Impact of Outsourcing a Sport Organization’s Salesforce on Ticket Revenue and Event Attendance

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Marketing - Sales (College Sport)
20-minute oral presentation (including questions)
Abstract 2019-150

Friday, May 31, 2019
8:30 AM
Room: Maurepas

Many firms, including sport organizations, outsource key business functions. Organizations engage in outsourcing relationships for several reasons: (a) gaining access to expertise, (b) enabling greater focus on core business functions, and (c) gaining financial advantages (Gewald & Dibbern, 2009). One function commonly outsourced in general business, and specifically within sport organizations, is sales. Several sport management scholars have examined either the decision-making process utilized by sport managers to outsource sales management (Burden & Li, 2009; Dietl, Ozdemir & Schweizer, 2017; Lee & Walsh, 2011) or the relationship between members of the sport organization and members of the third party (Lee, Oh & Juravich, 2016; Manoli & Hodgkinson, 2017; Walker, Sartore & Taylor, 2009). No prior studies, however, have empirically investigated the financial impact of outsourcing sales efforts. Based on the tenants of Social Exchange Theory (Emerson, 1976), it was hypothesized sales agents with access to greater resources (third-party personnel) would provide greater value to consumers, thus making them more effective ticket sellers and revenue generators.

The current study examines the impact of outsourcing ticket sales management on both revenue and consumption (i.e., attendance) among sport organizations. Fixed-effects models were utilized to analyze 12 years of longitudinal data from 126 NCAA Division I university athletics departments. Ticket revenue and attendance served as dependent variables in the models, while seven control variables were also included: (a) number of home football games, (b) football team winning percentage, (c) prior season attendance, (d) area population, (e) university enrollment, (f) how outbound ticket sales were managed, and (g) number of ticket sales representatives employed. By utilizing longitudinal data, the researchers were able to lag variables to gauge the impacts in subsequent years after organizations made their sales outsourcing decisions.

Results of six different regression models revealed the outsourcing of ticket sales management and managing ticket sales internally were both significant predictors of ticket revenue (all ticket revenue models produced r-squared values between .61 and .66) in the first, second, and third years following the decision to utilize a proactive ticket salesforce. An examination of unstandardized coefficients in the models, however, suggested in-house management had a greater impact on ticket revenue for each of the first three years after a decision to implement a proactive outbound sales team, compared to outsourcing. In the first year, the isolated effect of outsourcing ticket sales was $1.09 million, while the effect for in-house management was $1.73 million. In years two and three, the effects were $930,000/outsourced and $1.29/in-house and $790,000/outsourced and $1.61 million/in-house. Similar models were conducted utilizing attendance as the dependent variable. Outsourcing ticket sales operations had a statistically significant negative effect on football attendance for the first two years after the third-party vendor was contracted. In the first year, the effect of outsourcing resulted in a decrease of 899 fans per game, and in the second year, 1,032 fans per game. Athletics departments utilizing in-house sales teams saw no significant difference in attendance for all three years examined.