Perception of Consumer Surplus in Sport: How Do Season Ticket Holders’ Perceptions Differ by Sport? The Case of Baseball, Basketball, Football and Soccer

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Scholars have demonstrated that sport organizations generate significant revenues from season ticket holder (STH) programs (McDonald, Karg, & Vocino, 2013) as well as revenues from television ratings. The most popular sport leagues in the United States (Baseball, Football, Basketball and Soccer) generated about $30 billion in 2017. Little is known empirically about STHs perception of the services provided by clubs. It is important to investigate STH perceptions of benefits, quality, risk in the services provided as well as their trust in sports organizations. The few empirical investigations that exist focus more on the motivation to be a STH (Uhlman & Trail, 2012; McDonald, Karg, & Vocino, 2013); involvement in club activities (Dalakas, Madrigal & Anderson, 2004); and, reasons to donate to sport clubs (McDonald & Starvos, 2007; McDonald, Karg, & Vocino, 2013). The present study examines STHs’ attitude when their contribution is based on a cost benefit analysis. The specific objective of the study is to test STHs' perception of surplus when buying bundled season ticket packages and identifying if these perceptions differ by the type of sports.

The theory used in this study to assess STHs' perception of benefits is “reservation price.” This theory was used in the first of this longitudinal study. Consumer assessment of reservation price helps determine their perception of surplus. Surplus occurs if the amount of money consumers afford to pay is lower than the actual purchase price. Kalish and Nelson, (1991) demonstrate that the discrepancy between the reservation price and purchase price leads to utility. Consumers who want to maximize utility would spend less than the reservation price. Surplus is therefore the result of an unexpected positive outcome. In this study, the authors contend that the positive unexpected outcome of this transaction (surplus) is explained by factors inherent to STHs' assessment of the service packages offered by sport clubs including perceived benefits, risk, service quality and trust. The relationship between surplus and loyalty is also assessed.

The proposed model was tested using a purposeful target sample (n=880), analyzed by sport (Baseball = 173, Football =287, Basketball =178, and Soccer =242).

The model fits the data well for baseball and soccer. The relationships between trust, perceived benefits, risk, service quality and STHs' perception of surplus are highly significant and acceptable level of model fit indicators. The relationship between STHs' perception of surplus and loyalty was also significant. The indicators of model fits the data well for basketball and football. However, the relationship between trust and STHs' perception of surplus was not significant for basketball and football.

The results suggest that for baseball and soccer clubs to increase their revenues they need to provide their STHs with service packages that meet their needs. The club performance alone is not enough to attract more STHs. Previous studies support this finding (McDonald, 2010; Snyder, Lassegard & Ford, 1986). Basketball and football clubs on the other hand have to improve their trust relationship with their STHs. It is apparent that the current issues facing these two sports are affecting STHs.