# Chapter 4 Offer No Discounts

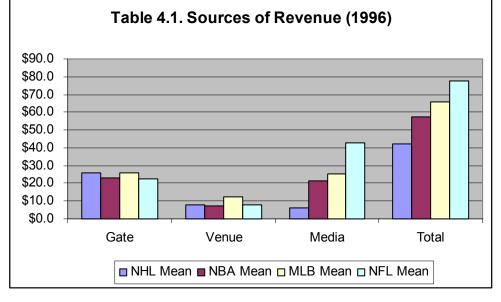
Sports organizations engage in pricing on at least five levels:

- 1. Tickets
- 2. Concessions and Merchandise
- 3. Stadium advertising and signage
- 4. Naming rights of stadiums, webpages, and/or events, and
- 5. Broadcast rights to events and games.

The first two categories generate revenues from spectators at the gate and the venue. The final three generate revenue through media and sponsors. Table 4.1 illustrates the relative volume of these sources of revenue for

the NHL, NBA, MLB, and the NFL. Media revenue clearly dominates for NFL teams. This is not surprising, since the NFL has maintained the highest television ratings of all spectator sports, followed by NASCAR.

Interestingly, the average gate revenue for teams in each of these four major sports leagues is relatively similar. In fact, based on this data, the average gate revenue per team for the NHL, NBA, and NBA are not significantly different from



each other. The NFL, which has far fewer games, generates a slightly lower level of gate revenues. This is, of course, offset by massive media revenues. Based on this data, one might deduce that having fewer games (and where each game's outcome has relatively greater effects in league standings) helps maintain strong television ratings. NASCAR might be wise to understand this phenomenon, as recent growth in its racing events and series (e.g., see <u>http://www.nascar.com/series/touring/</u>) may lead to deteriorating television ratings.

This chapter focuses primarily upon prices offered to spectators. We first look at aggregate economic factors that explain the occurrence of steadily increasing prices in virtually all professional sports. Next, we present theoretical and practical guidance in price setting for spectator events and related venue sales.

## A Model of League Attendance & Price Setting (MLB)

Economic models explaining and predicting attendance at sporting events are plentiful. Most economic attendance models include metropolitan population, team winning percentage (or other measure of performance), per capita income in the metro area, a dummy variable for a new stadium, a measure related to star players (BA, HR, RBI), and average team ticket price as independent variables predicting attendance.

Eckard's (2001) study of MLB attendance from 1903-1993 finds that diminishing returns occur for those teams who have a streak of three or more years where they contend for the title and when they win the title. Once the team achieves the goal (World Series Champions), fan expectations have been met and attendance drops the following year. Based on Eckard's model, if a MLB team averaged 3 million during streak years, attendance would be expected to drop 51,000 following a pennant year. As a contributing factor, the costs and benefits to free agency (since 1976) motivate MLB teams to do less to resign star players. The result has been greater

competitive equity in the past 25 years. Eckard's study, however, does not attempt to account for the fact that teams may raise ticket prices following championship years, thereby dampening some of the excessive demand created by the previous year's performance.

Understanding aggregate predictors of attendance is important for price setting. While prior economic studies have modeled average ticket price as an independent variable explaining attendance, more recent market conditions suggest that professional sports attendance is more likely to predict prices. That is, successful teams build attendance as more fans are drawn to see a winning team. Due to rising payroll costs of superstars who led the team to the championship, high demand for tickets, and limited capacity, teams tend to raise prices following successful campaigns. Further, although it is well recognized that new stadiums have positive effects on attendance, one can observe that vintage stadiums with great traditions (Wrigley Field) also attract fans. This suggests a curvilinear effect, such that fans appreciate older stadiums (pre 1950) and newer stadiums (post 1990), but are unlikely to highly value those stadiums constructed in the concrete dome era (1960s-80s).

We test a model analyzing data from MLB for the past decade (1991-2000) to predict attendance, which in turn predicts ticket price. We use attendance figures based on each team's attendance as a percentage of stadium capacity as the dependent variable in the first stage of this equation. The independent variables predicting attendance in the model are the annual figures representing:

- Team winning percentage: percentage of wins divided by total • games played
- Team player payroll: total salaries paid to players each year
- Metropolitan population: annual extrapolations based on 1990 • and 2000 census data
- Post-season appearances: points awarded for each game played in post-season from previous season.
- Stadium quality: /median of range of stadium construction-year • stadium built/

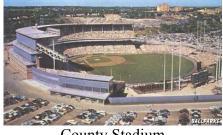
To account for the value of old and new stadiums, we computed a Stadium Ouality variable that is based on the absolute value of the year the stadium was built minus the median year of construction for all stadiums each season. Considering the attendance data for the 2000 season, this means that the oldest stadium, Boston's Fenway Park (built in 1912) has the same value (44) as Houston's Enron Field built in 2000. The lowest stadium quality value (3) for 2000 was Milwaukee's County Stadium, built in 1953 (see pictures; note—County Stadium was replaced in 2001).



Fenway Park



Enron Field



County Stadium

With the exception of the metropolitan population, each independent variable is expected to produce positive effects on attendance. Fans are likely to be attracted to those teams who perform well. Player payroll acts as a surrogate for the presence of star players. Post-season appearances are expected to have a *lagged effect* on attendance. The team's winning percentage is likely to have an effect during the current season. However, since knowledge of playoff performance is **after** the season's conclusion, it is likely to have its greatest effect on attendance for the coming year. Large metro areas are likely to have increased competition for sports and leisure dollars. In particular, the largest metro areas have more than one MLB team (Chicago, New York, Los Angeles, Oakland/San Francisco Bay area). So, we expect a negative effect of population on attendance. The resulting model (see Table 4.2) explains 52.9% of the variance in MLB attendance during the 1990s. Each of the independent variables has a significant effect in the expected direction. Using the predicted value of attendance in a two-stage least squares regression model, attendance, in turn, explains 35.5% of the following

season's ticket prices. Running the regression model in the traditional economic sense with current price as an independent variable predicting attendance produces no significant results (i.e., price has no significant influence on attendance). The results from this model have important implications for price setting.

Stadium quality. First, stadium quality explains the most variance in attendance (B=.420), which in turn allows the team to charge a higher price. This finding follows widely-held beliefs by sports owners and marketers, as well as anecdotal evidence found in the media regarding the need for sports teams to build new stadiums. Milwaukee opened its new stadium in 2001, experiencing an increase in attendance of 74%, despite a .420 winning percentage (see picture, right). Ticket prices increased 50% over the prior year's prices, although largely fueled by high end luxury boxes.

One of the main reasons that the stadium is so important to baseball is that season tickets to a MLB team means that the ticket holder might spend upwards of three hours at the venue for 81 games over the course of six months. That is a lot of time to spend in a place—so, it better be more than just tolerable. The stadium may be less important for sports where less games are played (e.g., college football), but is still likely to play a prominent role in determining attendance.

|   |                 | Standardized<br>Coefficients |        |      |
|---|-----------------|------------------------------|--------|------|
|   |                 | Beta                         | t      | Sig. |
| 1 | WINNING%        | .213                         | 4.599  | .000 |
|   | PAYROLL         | .331                         | 6.471  | .000 |
|   | POPULATION      | 103                          | -2.343 | .020 |
|   | POST-SEASON     | .108                         | 2.434  | .016 |
|   | STADIUM QUALITY | .420                         | 9.690  | .000 |



Miller Park, Milwaukee

**High payroll star players.** The presence of high payroll star players (B=.331) is the second strongest influence on attendance in this model. This finding reinforces our view that attractive players have on significant effect on team identification. The Cincinnati Reds, operating at 48% of stadium capacity, saw attendance increase 25% in 2000 following the signing of Ken Griffey, Jr., despite the fact that the team performed worse with Griffey (.524) than the previous year without him (.589). Who knows what might have happened if Griffey had not slumped at the plate and whined about media coverage on ESPN and elsewhere (see http://www.cincypost.com/2001/mar/03/koch030301.html). Similarly, the Rangers' signing of Alex Rodriguez

http://www.cincypost.com/2001/mar/03/koch030301.html). Similarly, the Rangers' signing of Alex Rodriguez was followed by an attendance increase of nearly 10%, despite the fact that Texas was already operating at 70% of stadium capacity. However, the additional 31,000 fans at the Ballpark in Arlington hardly begin to cover the \$22 million salary A-Rod received in 2001.

Winning and Post-season Performance. While many think that winning is everything, it apparently comes in third (B=.213) for MLB. Winning can make fans forgive a large quantity of sins. However, the results of this model would suggest that teams with new ownership like Montreal and Miami (in 2002) would be better off doing everything they can to get a new stadium and bring a few major stars to draw the fans. In particular, Miami owner Jeff Loria should recall what winning the World Series in 1997 (and then unloading high payroll players) did for the Marlins' attendance. Getting to the post-season always helps generate additional fans of the team and reinforces identification of current fans. But, just how many fans will go sit in an uncomfortable stadium with narrow seats and a bad view of a baseball game without any notable stars on the field in south Florida....which

| Marlins Attendance |        |  |  |  |
|--------------------|--------|--|--|--|
| 1993               | 37,838 |  |  |  |
| 1994               | 33,695 |  |  |  |
| 1995               | 23,783 |  |  |  |
| 1996               | 21,565 |  |  |  |
| 1997               | 29,190 |  |  |  |
| 1998               | 21,363 |  |  |  |
| 1999               | 16,906 |  |  |  |
| 2000               | 15,134 |  |  |  |
| 2001               | 15,765 |  |  |  |

#### Table 4.2 Model of MLB Attendance

leads the league in humidity and mosquitoes? Apparently the answer is, on average, about 15,765 people.<sup>1</sup>

**Population and competition.** Cities with substantial population bases but limited professional sports teams are likely to offer good opportunities due to the lack of *direct* **competition** from other professional sports team. Additionally, major cities such as New York and Los Angeles have plenty of other sources of entertainment apart from professional sports that provide *indirect* **competition** for leisure dollars. That a larger population leads to lower attendance is important for more than just MLB owners to understand. The implication is not that teams should locate in smaller and smaller towns. However, minor league teams that locate in cities of 100-200,000 can create focused interest in the local market, where fans have little other opportunity to identify with local sports teams. Similarly, NBA teams that relocate to medium-sized metro areas (Memphis, New Orleans, etc.) may be able to generate strong fan bases due to the lack of direct competition for the professional sports consumption dollar.

**Pricing.** This model explains factors that lead MLB teams to charge higher ticket prices. We also used this model to explain increases in Team Marketing Report's Fan Cost Index, with similar results. The FCI includes additional venue prices for hot dogs, beer, sodas, and souvenirs.

The media often report on team owners demanding a new stadium or threatening to move the team. The data from MLB over the past decade supports team owners' convictions. "Build it and they will come" is more than just a famous line from Kevin Costner. It is the gospel truth in baseball.



Further research of this type for other professional and minor league sports

should lead to greater insights into factors leading to attendance and subsequent price setting.

### Why do teams offer discounts?

If teams are able to charge higher prices when they have quality venues, star players, winning teams, postseason appearances, and limited direct competition, then what teams are charging lower prices? The short answer is: Teams with lousy products in highly competitive markets.

In the same way, sports organizations offer discounts due to poor strategic marketing planning. Strategic marketing planning includes:

- Analyzing the environment (competition, laws/regulations, society/culture, technology, and the economy),
- Determining target markets, and
- Designing marketing mixes (product, price, promotion, place) to meet the needs/wants of target markets.

The core product for sports teams is the team and its players. The place is the event venue (stadium, racetrack, arena, etc.). The promotion positions the team in the minds of fans. Prices should be set consistent with the other marketing mix variables. Organizations who offer discounts are basically telling the customer or fan, "We miscalculated the worth of our product," relative to market demand and competitive product offerings. Obviously, the sports marketer's strategic marketing planning needs to **ADD** up.

Although sports marketing may differ in many respects to typical goods and services marketing (viz., Chapter 1), the basic concepts that spell success for sports retailing are no different from other types of retailing.

<sup>&</sup>lt;sup>1</sup> Given the local market for intelligence, Loria might consider renaming the team the Miami Chads.

Consider local retailers (restaurants, clothing stores, etc.) that have failed or otherwise attract few patrons. These retailers target undesirable segments, offer poor products or service, have inferior venues, poorly position themselves in the minds of consumers relative to competition, and are unable to attract enough patrons to breakeven at the prices offered. Hence, it is typically little mystery as to why sports organizations fail.

#### The Rise and Fall of the XFL

Television viewers showed up for the first Saturday night on NBC. Then the TV audience faded faster than a 1000 shares of Enron stock. Why did the XFL fail? There is no mystery here. First, the XFL targeted a relatively narrow target market: Championship Wrestling Fans who were dissatisfied with NFL and NCAA football. Vince McMahon, owner and creator of the XFL, claimed that the XFL would go where the NFL was afraid to go. McMahon assumed that everyone agreed with his premise that the NFL was boring. Who knew that the NFL had and continues to have the highest TV ratings of any sport? During the fall of each year, the NCAA



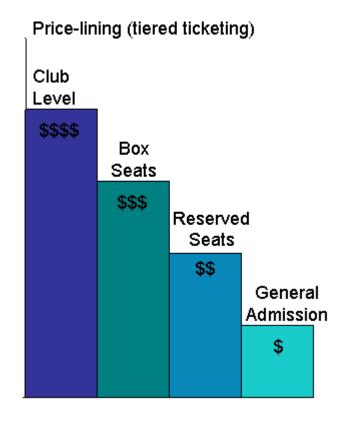
dominates the airwaves on Saturday afternoons, followed by the NFL on Sundays and Mondays. The XFL clearly overestimated the demand for more football. Second, worse yet, the XFL offered an inferior product with misguided hype. Where perhaps the most entertaining aspect of the XFL product was players with nicknames on their jerseys like "He Hate Me," the play on the field was no better than the NCAA—despite the fact that uninformed announcers such as Jesse Ventura (Governor of Minnesota and ex-wrestling star) proclaimed <u>every</u> tackle as being a huge collision, fully supported by the on-field microphones turned to maximum volume. Third, promotional positioning of the XFL attempted to appeal to fans' more base desires. Apparently overlooked by the XFL was the fact that TV already offers a wide variety of scantily-clothed women and salty language on other programming. At least they have the good taste to not mix those elements with bad football. Fourth, venues used by the XFL were located in either already saturated markets (like Los Angeles), weak markets (like Birmingham), or weak markets with bad stadiums (like Memphis). On the positive side, the XFL's failure indicates that you can only sell so much trash to Americans. Eventually we draw the line and say, "No more!" Of course, this does little to explain why Americans continue to watch Survivor, except that perhaps the competition is better.

#### **Price Lining**

Price lining refers to a common retail pricing policy that sets different prices for distinctly different levels of product quality. Restaurants offer different price levels for appetizers, sandwiches, and entrees. Department stores offer different price levels for low-end to high-end dresses, blouses and shirts. Each of these price levels appeal to segments with different price-sensitivity levels and who value the product differently.

Apart from the quality of the team, players and venue itself, it is likely no news to you that sports venues may offer different levels of quality with respect to:

- 1. seats
  - a. view
  - b. comfort
  - c. amenities
  - d. service



- 2. participants
  - a. opponent teams
  - b. tournament or race entrants

The quality levels with respect to seats remain constant across events or games throughout the season. The quality levels with respect to participants changes from event to event, dependent upon the opponent or the entrants. Sports teams have a finite inventory quantity at each pricing tier. Strategic marketing planning accounts for these differences in quantity and quality—offering price lines consistent with market conditions, market demand, product quality, venue quality and promotional positioning.

Setting prices for each level of inventory is unlike pricing for goods and many services. Most costs associated with a sporting event are fixed. Whether 1000 fans attend or 60,000 fans appear, the production costs for the event remain relatively constant. Larger crowds mean more game staff, but variable costs are minor compared to fixed costs associated with the stadium, payroll, and event expenses that will be incurred no matter the crowd size. Seat inventory is **perishable**, meaning that once the game is played, that inventory is lost. Unused seats also affect the volume of other venue sales (food, beverages, souvenirs). Consequently, management is highly motivated to maximize capacity use. The temptation is to offer ticket discounts to adjust for lower than expected performance with respect to the other marketing mix variables (viz., the core product, place, promotion).

Don't do it.

Once you begin the walk down the slippery path of ticket discounts, it is difficult to get back up the hill. You can, however, build value in your tickets in other ways.

# SITUATIONAL PRICE SENSITIVITY

Why do many people spend 45-65 cents on a 20 oz. soft drink at the grocery store, 80 cents from a vending machine at a university, \$1.25 from a vending machine at a hotel, and \$3.00 from a concessions stand at a sporting event? Because many people are idiots. While this may be true, it is not necessarily tied to why people pay different amounts for the same thing in different situations.

The **situational context** influences your willingness to pay more or less for a good or service. How might the situational contexts in Table 4.3 affect how you would respond to differences in ticket prices?

| Situational Variable        | Context  |  |
|-----------------------------|--|--|
| Antecedent State            | Mood: Bad vs. Good   |  |
|                             | Condition: Out of money vs. Just got paid                          |  |
| Physical Surroundings       | Weather: Rainy/Cold forecast vs. Clear/Pleasant forecast           |  |
|                             | Facilities: Unattractive stadium vs. Attractive stadium            |  |
|                             | Event promotions: Boring vs. Exciting game day activities          |  |
| Social Surroundings         | Social setting: Alone vs. With others                              |  |
|                             | Sales setting: Online vs. Salesperson                              |  |
| Task Definition             | <b>n</b> Purpose: Buy for self vs. Buy for others                  |  |
|                             | Utility: Functional (necessity) vs. Hedonic (pleasure; luxury)     |  |
| <b>Temporal Perspective</b> | al Perspective Season: First game vs. Last game vs. Midyear game   |  |
|                             | Time constraint: 5 minutes vs. 2 days to decide on ticket purchase |  |
|                             | Opponent: Last place team vs. Archrival                            |  |

Table 4.3Situational effects on Price Sensitivity

Each of these situations may influence an individual fan to pay different prices for the same ticket. The key for the sports marketer is to understand and manipulate the situations such that fans are willing to spend more for their tickets. In effect, the team's losing or winning is a situational context (temporal perspective) that motivates teams to consider practicing price discrimination.

### **Price Discrimination**

Marketers use **price discrimination** when different customer segments are willing to pay different prices for the same product. In one sense, the sports marketer sells tickets at different prices to view the same sporting event. However, given that the tickets represent seats from different views of the event, the sports marketer is actually selling tickets to experience the event at different quality levels. In that sense, the sports marketer is primarily just using price lining or tiered pricing. However, if the team sells the same ticket (e.g., reserved loge seats) at different prices, then they are using price discrimination. They may also just be disorganized. Sports marketers who offer discounts on tickets that simultaneously sell for higher prices without effectively planning and practicing price discrimination are likely to confuse and alienate fans.<sup>2</sup>

Organizations may seek to not maximize revenue due to other organizational goals. For instance, NBA teams frequently make relatively low-priced tickets available for low-income fans. In other cases, the community's

local government may require the team to follow pricing guidelines in order to obtain public funding. For instance, Denver has required the Broncos to sell 2000 tickets to the community at 50% of regular ticket prices for this reason. Unfortunately, this practice has turned into a public relations fiasco and management nightmare due to the fact that the team has had difficulty finding ways to fairly distributing these tickets to disadvantaged fans who are not also scalpers.



Price discrimination can be planned and practiced when organizations forecast that event capacity will not be maximized. Sports marketers can carve the market into **SLICES** for price discrimination if six conditions are met (see Table 4.4). Based upon these six conditions, when can organizations use price discrimination for tickets?

| Table 4.4 Con | ditions for Effective Price Discrimination  |  |
|---------------|---|--|
| Issue         | Price discrimination works when segments:   |  |
| Sensitivity   | have different levels of price sensitivity that motivates some fans to search for lower prices. |  |
| Large         | are large enough to warrant different prices.   |  |
| Identifiable  | are <b>identifiable</b> so that they can be priced differently.                                 |  |
| Confusion     | are not <b>confused</b> by the different prices.  |  |
| Economics     | are economically profitable segments.   |  |
| Separation    | are separate enough so that those who pay one price can't exchange the product (or ticket) with |  |
| Separation    | those who paid higher prices.   |  |

First, fan segments must differ in their price sensitivity. *Price sensitivity* refers to how people respond to changes in price. Lower-income consumers are often more price sensitive than others. Interestingly, these individuals are not always <u>willing to search</u> for low prices for leisure and entertainment. This suggests that,

<sup>&</sup>lt;sup>2</sup> A good (or bad) example of this is the frequent practice by airline and hotel operators who offer different prices—based primarily on customers' ability and willingness to search for low prices in advance (7-21 days) of purchase. Consequently, customer confusion and frustration is frequently high. Note: You can always save by using <u>www.hotwire.com</u> or <u>www.priceline.com</u> on hotels & car rentals. The best flight deals are often at the source (<u>www.southwest.com</u>, <u>www.airtran.com</u>, etc.) or from the source (Delta Air emails).

second, the segment must be *large* enough to warrant the different prices. Management must be careful to not overestimate the size of the price sensitive segment for tickets. A survey that asks fans their opinions about current ticket prices will nearly always lead one to believe that a sizeable price sensitive segment exists. However, such research should examine actual behaviors of those individuals who *say* they are price sensitive. Most folks prefer lower prices. But when it comes to sports tickets, a much smaller proportion may actually want to buy the lower priced ticket.

Third, management must be able to *identify* the segments that are price sensitive. The best option for doing so is through effective database management. Individuals who fit price sensitive profiles (low income, purchase lower priced tickets, attends infrequently, otherwise loyal/identified with team) may be selected to receive pertinent ticket information. The problem with a good deal of sports marketing promotions targeting price sensitive segments is that they are communicated through mass media communications (TV, radio, newspaper, etc.) that offer a good deal of wasted coverage given the promotion and price objectives. Furthermore, offering different prices for the same ticket through such media may also lead to violating the fourth principle of effective price discrimination.

Price discrimination methods should not *confuse* fans. In particular, offering discounts for some games/events and not others for the same ticket (e.g., reserved seating) may lead fans to become disillusioned as to the real value of the ticket. If fans find that seats on Tuesday's Ladies Night are priced at \$7.00, but are \$9.00 on other nights, what is the **perceived value** of the ticket? The perceived value of the ticket is based upon what a fan thinks s/he gets for what s/he gives. If a fan can get a ticket for \$7 (or even get free tickets), what is the perceived value of the same ticket at \$9? The bottom line: *The more frequently discount or complimentary tickets are offered, the more fans perceptions will shift toward the lower price*.

Fifth, the segments targeted via price discrimination must be *economically* profitable. In the short term, offering lower ticket prices to price sensitive segments are likely to be profitable in the sense that each additional ticket sold at the lower price brings in additional revenue with little incremental cost. Management must be certain, however, that they are not simply shifting demand from fans who would have purchased the higher priced tickets anyway. Sticking with our example of \$9 reserved seats, a team may run a price promotion for the \$7 discounted seats and sell 1000 of these tickets. Does this mean that this price promotion produced \$7000 in additional revenue? Not necessarily, since some portion of these 1000 might have bought regular priced tickets without a price promotion. What if the team had *not* expended the resources to run the promotion and sold 800 tickets at the regular price? It is commonly known among sports marketers that individuals who receive cheap or free tickets also spend little or nothing at the event on concessions or other items. This question of trade-offs requires more in-depth quantitative marginal analysis, but one should be able to see the risks in simply shifting demand due to price discounts. Admittedly, any sports marketer worth his or her salt<sup>3</sup> would only run a promotion with the financial support of a sponsor that covers the potential loss of any revenue. However, the long term cost of running the price promotion is likely to be in the effect that prevailing discounts have on fans' perceived value of the ticket.

Drawing from a different leisure setting, consider the perceived value of tickets to a Six Flags theme park. The following are prices for the 2002 season at Six Flags over Georgia:

| 2002 PRICING                         |         |
|--------------------------------------|---------|
| Regular Admission                    | \$39.99 |
| One Day Senior Citizens 55 and Older | \$24.99 |
| Junior Admission, Kids 48" and Under | \$24.99 |
| Value Parking                        | \$9.00  |
| Premium Parking                      | \$12.00 |

<sup>&</sup>lt;sup>3</sup> I don't really know what this means. Why would anyone price one's self relative to salt?

Six Flags effectively uses price discrimination for senior citizens and juniors. However, Six Flags also runs sponsored price deals throughout the season with Coke that allows a \$4 weekend discount and \$8 weekday discount when you bring your can to the park. The good thing about this promotion is that it targets price sensitive segments who must *do something* (bring the can) to obtain the discount. The bad thing about this promotion is that it may move the perceived value of the ticket closer to \$31.99 than \$39.99 for many consumers. It is not uncommon for visitors to arrive at the park to find extra discount coupons sitting outside the gates. Over time, customers learn that the actual value of the ticket is always at least \$4 less than the listed price. In such cases, the marketing objective may be to target average ticket prices at the \$32 level, such that fans feel like they are getting a deal when they get the discount. (The good news is that Six Flags also offers a great bargain on parking.<sup>4</sup> ) *The main point here is that any price discounting should be part of a strategic marketing planning process with clear objectives consistent with corporate goals.* 

Finally, marketers can use price discrimination if the price sensitive segment can be effectively *separated* from those less price sensitive. If the cheaper ticket can be bought and transferred to others at a higher price, then the profits are simply shifted from the sports entity to middlemen, frequently known as scalpers. Clearly, the Denver Broncos practice of selling 2000 tickets at half price (to satisfy local government requirements to make tickets available to underprivileged segments) gives an excellent opportunity for individuals to purchase and resell the tickets. To the extent that the team is forced to develop unusual systems to regulate the use and transfer of these tickets makes it clear that no economic need existed to offer these discounts. Another example of ineffective price discrimination due to the lack of separation also occurred in Denver. Fans attending a Denver Nuggets game received a free ski lift ticket to local ski areas. Within the week, attendees were selling these lift tickets on eBay at prices approaching the regular daily lift ticket prices.

Social responsibility is an important reason for sports marketers to consider price discrimination. If members of the organization and the community agree that an important goal for the sports entity is to serve less affluent segments of the population, clearly management has a responsibility to seek ways to achieve this objective.

Perhaps the easiest thing to do is to offer cheap tickets so that the club can claim it is doing what it can to reach out to all segments in the community. However, many of the "value tickets" to these events only give the fan the opportunity to get in the building at the same time a game is being played. Since the only thing they can see well is the Jumbotron, they would have been as well off watching on TV. If a sports entity really wants to fulfill social responsibility objectives, they would be more effective if they used some of their profits to directly assist those less privileged. For example, the Memphis Redbirds AAA baseball team is set up as a nonprofit organization. Its profits are returned to the community via two programs, STRIPES (Sports Teams Returning in the Public Education System) and RBI (Returning Baseball in the Inner-city). These programs do three things. First, they provide support for underprivileged children to participate in sports programs that they could not otherwise. Second, the nature of the programs is tied directly to building involvement in the sport, which should help build a long term fan base among the participants. Third, these programs can provide the opportunity for participants to attend the team's baseball games. In this manner, individuals who really do need discounted or complimentary tickets are identified and served. The overall point here is that anyone can run a price discount. It takes a good deal more planning and caring for sports marketers to actually achieve social responsibility objectives.

<sup>&</sup>lt;sup>4</sup> Premium parking includes a bonus *Yosemite Sam Rootin' Tootin' Barf Bag*<sup>TM</sup> for up to four individuals per vehicle.