

Luxury Suite Pricing Case Study

Objectives. A Major League Soccer (MLS) franchise in a top market was interested in having an academically-based evaluation of the pricing structures for luxury suites and club seats at their new stadium.

Challenges & Methodologies. Predicting demand is particularly difficult in sports, as some factors which affect the decision to attend cannot be controlled. Care must be taken in examining comparable team and past season data to investigate demand patterns, as sales vary dramatically by team and by season.

Multiple methods were used to determine the optimal luxury suite and club seat prices. More than one hundred facilities (stadiums, arenas, domed facilities) throughout North America were analyzed, with a specific focus given to the market characteristics of the team's metropolitan area market. Data were collected on the variables/factors which influence luxury suite/seat prices for North American major professional sports facilities such as metropolitan area population, income, facility size and amenities, amount of luxury suites/club seats, availability of food/beverages, corporate presence, and league/team affiliation. Several statistical methods were employed to analyze the quantitative data on luxury seating prices and club seat prices in North America to determine the appropriate price points for the sale of luxury suites and club seats in the metropolitan area market in which the team was located.

To augment the data, representatives from other North American professional sport organizations were interviewed regarding the luxury seating market, luxury pricing, and amenities offered at other facilities.

Various options were considered including the investigation of bundling food & beverage and parking into a single price. Ranges for suite and club seat pricing were given for bundles including food and beverages as well as pricing without such bundling. Annual escalators were also investigated for inclusion within the lease agreements.

Outcomes. The information will be used to help market and sell luxury suites/club seats and amenities, (2) to help general marketing efforts in order to improve the brand image, sales, and ultimately profits, and (3) for internal purposes related to firm performance.