

Loyalty Program Development

Objectives. A large Division-1 NCAA Athletic Department was interested in increasing the attendance and profitability of its home football games. In this engagement we sought to determine which information-marketing techniques could be cost-effectively employed to improve stadium yield. This included, but was not limited to: improvements in data collection; research on fan usage patterns, demographics and psychographics; and construction of direct marketing campaigns targeting these customer segments.

Challenges & Methodologies. Although the team was ranked, it rarely sold out games and its home games were often below capacity. These unsold seats resulted in reduced gate receipts as well as lowered auxiliary revenue from parking, concessions, and merchandise sales.

Walk-up fans (day of game ticket purchasers at the stadium) constituted nearly 20% of the team's average home game attendance yet no information for these consumers was collected. In order to motivate these buyers into additional ticket purchases, we investigated which walk-ups were more likely to convert into repeat buyers and which incentives would have the highest conversion rates. Additionally, we identified what information should be collected by examining historical data collected on other consumer segments, and used that sample to develop a profile of repeat purchasers.

We developed a loyalty program to track these consumers throughout the season, and created a value proposition to compel these consumers to provide the information and to actively use their cards. Mechanisms were also developed to test the effectiveness of different promotions, allowing the program to identify and select the most effective promotions for future use.

Outcomes. Based on our analysis, the Department investigated implementing a new loyalty card system. Should the card be launched full scale, the Department can dynamically monitor the purchase and attendance behavior of all fans.

In addition to converting walk-ups to repeat buyers the proposed data collection mechanisms will provide robust consumer information, enabling the Department to better manage marketing expenditures. The loyalty program also provides additional sponsorship opportunities, as the Department can partner with a sponsor to fund the program, as well as better market themselves to other sponsors based on the consumer insights garnered through the program.

Since the analysis was conducted attendance improved considerably. Marketing efficiency also improved, as inefficient marketing investments and promotions were replaced with those better tailored to fan habits and motivations.