Editorial

Adrien Bouchet and Mike Troilo

University of Tulsa,
Collins College of Business,
Tulsa OK 74104, USA
E-mail: adrien-bouchet@utulsa.edu
E-mail: mike-troilo@utulsa.edu

Biographical notes: Adrien Bouchet is the Warren Clinic Endowed Professor of Sport Administration at The University of Tulsa. Previously, he was an Assistant Professor at Texas A&M University where he also earned his PhD. His research interests include marketing and management theory as it relates to sport organisations.

Mike Troilo is an Assistant Professor of International Business at the University of Tulsa. He earned his PhD in business economics and international business from the University of Michigan. He researches the effects of institutions on the incidence of entrepreneurship across countries, particularly in emerging markets. His interests also include entrepreneurship and entrepreneurial activity in the field of sport.

This special issue of *the International Journal of Revenue Management* is devoted to revenue generation in the context of sports management and sporting events. We have selected six papers that highlight various aspects of this topic. Two of the papers are empirical, three are conceptual, and one is an application of a specific method, spatial analysis, to the realm of sport.

The sport industry is one of the fastest growing industries in both the USA (Milano and Chelladurai, 2011) the world (Masteralexis et al., 2012). As the industry grows, the ways in which sport properties price their goods and the strategies that they use to generate revenue becomes both increasingly important and complex. For example, industries such as airlines, hotels, and car rentals agencies have used differential pricing strategies to maximise revenue for decades (Kimes, 1989). However, this concept is relatively new to the sport industry. There is a paucity of academic research in business journals devoted to the study of ticket pricing and other forms of revenue strategy in sport. As such, a special edition of the *International Journal of Revenue Generation* devoted to inquiry regarding *Pricing and Revenue Strategy in the Sport Industry* is warranted.

The generation of revenue is important to all sport properties. Historically, revenue generation in sports organisations has been confined to ticket sales, sponsorship, and, beginning in the 1950s, television revenue. With the advent of the new stadia era in the 1990s new ways to generate revenue were captured (Rascher, 2004). These included increased concession offerings, parking, ancillary ticketed events, and the strategic use of real estate surrounding stadia and arenas. As franchise valuations have continued to rise, the increase in the use of debt as a financing tool has forced franchise owners to seek new means of revenue generation.

An additional complication regarding the creation of new revenue is that franchises often have little direct control over their revenue streams. Television rights are often handled at the league/conference level. Typically, parking and concessions and, at the collegiate level, sponsorship sales are outsourced to third party firms (Bouchet, 2010). The one area where sport properties maintain control of their revenue streams is ticket sales. Not surprisingly, it is here where the majority of new strategies to generate revenue have taken place. In a move that seems to replicate the airline industries experimenting with various ticket policies and loyalty programs in the early 1980s the sport industry has recently become proactive regarding the implementation of new revenue strategies and ideas. These ideas include variable and dynamic pricing, innovative price tiers, loyalty programs, and applications of GIS in sport settings.

The first paper is 'Integrating Geographic Information Systems (GIS) into sport business practice and research' by Calvin Nite and S. Jeffery Underwood. This paper demonstrates the applicability of GIS to a variety of tasks related to sports business. As Drs. Nite and Underwood assert, while sport management researchers recognise the importance of geography to their field, e.g., the location of stadia, one seldom sees geographic or spatial analyses in sport management literature. Nite and Underwood discuss the significance of geography for locating fans, ticket sales, facilities construction, and league alignment. According to them, the next step is to assess empirically the effectiveness of these applications to sport business.

'Using a stated choice model to test the viability of new sport event ticket packages' by Mauricio Ferreira and Todd Hall is the next offering. This paper examines the value of modelling choices for ticket strategies. In particular, Drs. Ferreira and Hall assess the degree of cannibalisation, the likelihood of consumer interest, and the willingness to pay for a given ticket package. While noting the caveat that simulations occur under carefully controlled conditions, the authors nevertheless posit a model that can demonstrate the relative viability of ticket packages. Both the model and the theory underlying it, i.e., actual choices reveal latent preferences, are useful insights for both academics and practitioners in sport management.

The third paper is 'Price tiers as antecedents of event quality in the sport industry' by Jason D. Reece and Michael D. Kerr. This manuscript addresses the relationship between pricing and consumers' perceptions of event quality, which is an important yet neglected area of inquiry in sport management. Drs. Reece and Kerr discuss various aspects of quality, such as venue quality, contest quality, and access quality, and relate this to the concept of event quality. Event quality impacts customer satisfaction, which has a bearing on repurchase intentions. As the authors themselves note, there are a number of ways to extend their conceptual model. In particular, quantitative analysis of the various relationships, e.g., event quality and repurchase intentions, repurchase intentions and ticket pricing, are fruitful areas of further inquiry. These relationships have pragmatic implications for sporting event promoters and organisers, who must manage the heightened consumer expectations that result from higher event prices.

Next is 'Conceptually meeting expectations of Generation Y by building personalised-customised hybrid bundles to target action sports consumers' by Denise Parris. This paper tackles the issue of capturing the attention of the notoriously fickle Millenials in the context of action sports. Dr. Parris does this in two conceptual models. The first describes the process by which action sports can appeal to the values of Gen Y: autonomy, success, and the 'cool' factor. The second model offers insights on how action sports products can be both customised and personalised in bundles using buyer, product and service characteristics. These models are of both academic and practical interest for revenue generation as researchers and marketers grapple with ways of reaching the critical 18–35 age demographic.

'How incentives affect web-based survey response rates of athletic program donors' by Glenda Alvarado and Coy Callison is the fifth paper. This study researches the effects of incentives on data collection efforts. Drs. Alvarado and Callison learn that offering incentives did not increase survey response rates among a sample of nearly 2000 donors to a collegiate athletic organisation, and in fact incentives correlate with lower response rates. Potential respondents were indifferent both to the level of incentive as well as the type of incentive offered. These findings bode ill for marketers looking to gather information from customers, though Alvarado and Callison note that incentives did speed response time.

Another important discovery is that offering incentives may have an adverse impact on perceptions if the target audiences are potential donors. When cash is offered to donors to complete a survey, they tend to perceive such monetary incentives as a waste of resources. The authors identify building reciprocity as topic for future research, since reciprocity is a necessary condition for increasing survey participation.

The final paper is 'Creating revenue via organisational 'Brandpression' Management (OBpM): a marriage of brand management and impression management in professional sport' by Kwame J.A. Agyemang and Antonio S. Williams. This paper investigates how sports organisations can manage their brands and consumer impressions in an effort both to retain current customers and to attract new ones. Drs. Agyeman and Williams link the concepts of organisation impression management (OIM) and brand management in the term 'brandpression'. Unlike the typical use of OIM to control damage to an organisation after a crisis, the authors urge a proactive use of brandpression to create revenue. Brandpression is of particular use to sports organisations because of the passion that sports stirs among fans; Agyeman and Williams view legitimacy, distinction, consistency, trustworthiness, reputation, affiliation, and employee satisfaction as the critical ingredients. The authors foresee empirical testing of the relationship between OBpM as worthy of future study, but they also offer some additional food for thought. OBpM might be useful for recruiting talent, and it also may be applied to individual star athletes. This shift in focus from organisations to individuals is germane when a single star can drive the value of an entire franchise.

It is our sincere hope that this special issue will foment new scholarship in the genre of revenue management in the sports industry. This sector is vibrant and will remain so for the foreseeable future. Both practitioners and academics stand to benefit from increased research on revenue generation in this industry.

References

Bouchet, A. (2010) 'Linking outsourcing of sponsorships to athletic department strategy: an agency perspective', *Journal of Sponsorship*, Vol. 3, No. 3, pp.277–283.

Kimes, S. (1989) 'The basics of yield management', *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 30, No. 6, pp.14–19.

Masteralexis, L., Barr, C. and Hums, M. (2012) *Principles and Practice of Sport Management*, Jones and Bartlett.

Milano, M. and Chelladurai, P. (2011) 'Gross domestic sport product: the size of the sport industry in the United States', *Journal of Sport Management*, Vol. 25, No. 1, pp.24–35.

Rascher, D. (2004) 'Revenue and wealth maximization on the national football League: the impact of stadia', *Sport Marketing Quarterly*, Vol. 13, pp.227–235.