



Sporting KC Gets an Assist from SeatGeek: Can Sporting KC Score?



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Executive Summary

Sporting KC is an American professional soccer club based in the greater Kansas City metro area with the actual matches played at Children's Mercy Park in Kansas City, Kansas. Beginning in 2017, the club will sell tickets through SeatGeek, an online ticket platform as its primary ticketing distributor. Jake Reid, Sporting KC's President, sees this relationship as the next generation of online ticket sales. As the popularity of professional soccer expands, Millennials will become the largest demographic segment of sports fans. Moreover, as consumers increasingly make purchases in a digital -- largely mobile -- environment, Sporting KC expects the SeatGeek relationship to be a strategic partnership for growth and profitability for both entities. Now, the challenge is for you, as Sporting KC's marketing team, to take advantage of SeatGeek's -- *and* the team's -- strengths and to ride the momentum of positive trends.

The Case Study

The Scene

Sporting Kansas City President Jake Reid ¹ leaned back in his desk chair, elated yet aware of new challenges. It had just been announced "that ticketing industry leader SeatGeek will become the club's official ticketing partner starting in 2017".² This was an outcome of a ground-breaking multi-year initiative between SeatGeek and Major League Soccer (MLS), which made SeatGeek the official ticketing partner of MLS. The new open-ticketing system sought to enhance fan satisfaction with the ticketing process, and open up a myriad of opportunities for fan engagement. Jake and decision-makers at Sporting KC had spent some time comparing a number of competitors in the ticketing industry (see Appendix.) In the end, Jake and his team members were convinced that this new SeatGeek-MLS ticketing agreement represented the future of the online ticketing industry, not only for Sporting KC and other MLS teams, but for other sporting and entertainment venues.

Jake felt certain that the SeatGeek partnership would create exciting new opportunities for the club and its supporters, but now Sporting KC had to figure out how to make the most of SeatGeek's unique ticketing platform. Just like Sporting KC, SeatGeek always strived to be an advocate for ticket buyers, customers, and fans³ -- it seemed to be a marriage made in heaven. Moreover, because "Sporting KC has a championship legacy, a loyal fan base, and a reputation for innovation on and off the pitch,"⁴ it was seen as a showcase for the potential power of using the SeatGeek platform. Both the team and SeatGeek co-founders Jack Groetzinger and Russ D'Souza were counting on Sporting KC to serve as an example for other MLS teams. Along with technology partner TopTix, SeatGeek would make all Sporting KC and Swope Park Rangers (of the United

Soccer League) home matches as well as other ticketed events at Children's Mercy Park available for purchase.

Jake knew it was time for his marketing team to get to work. They had to develop and implement strategies that would live up to the expectations of the team, MLS, and SeatGeek.

Background

Digital Disruption. At the foundation of the SeatGeek-Sporting KC partnership was the knowledge that it wasn't just the ticketing industry that had been -- and continues to be -- disrupted by digital and mobile technologies. "Digital disruption is the change that occurs when new digital technologies and business models affect the value proposition of existing goods and services."⁵ At one point, Jake had wondered, "How did the ticketing industry get to where it is today?"

The ticketing industry for live events had changed dramatically over a number of decades. In the 60's and 70's, tickets for concerts and sporting events were sold at venues and organizer/promoter/agent ticket offices. Promoters helped organizers with lining up local sponsors, booking venues, and selling tickets. Typical contracts had a fixed fee for the venue, and promoters would receive 15% of the proceeds. Artist's managers could receive 10% to 25%, leaving organizers with 60% to 75% of the profit.⁶

In the 80's, Ticketmaster Entertainment Inc. changed the ticketing industry. It became a primary ticket outlet by selling and fulfilling tickets for most U.S. venues on behalf of event promoters. Ticketmaster successfully convinced venues to outsource ticket sales to it, and in return Ticketmaster paid them for each ticket they sold. Ticketmaster also applied their preparatory technology and organizational expertise that venues lacked, to the operation of selling tickets globally. The distribution strategy was overwhelmingly successful, and Ticketmaster became the official ticket office of the majority of venues in the United States.

With the advent of the Internet and digital technologies, online ticketing increasingly became the primary method of issuing, marketing, selling, and processing live events. Digital communication also created instant access to ticket holding data, including the level of supply and demand for live event tickets. In live sporting events, any ticket holder (e.g., sports club, ticket agent, individual customer) could be a *de facto* supplier of tickets. By the early 2000s, digital technology platforms such as Stubhub created secondary marketplaces where people engage in buying and selling sports (and other) tickets at market prices.

Although Jake knew that SeatGeek's mobile-centric vision set it apart from its online ticketing competitors, he was also curious about the digital disruption that has occurred in other industries, including media, telecom, consumer financial services, retail, technology, insurance, consumer products, nonprofit, business and professional services, and education.⁷ Were there any lessons to be learned from industry disruptors like Uber, Skype, Spotify, WhatsApp, Netflix, Airbnb, and others?⁸ Just as Jake was aware that SeatGeek was a primary disruptor in the ticketing industry, he felt it might be possible for Sporting KC to become the disruptor among sports properties as a result of its SeatGeek partnership.

One Problem, Two Solutions. It was no secret that for many years, consumers had become increasingly dissatisfied with the online purchase of tickets for sporting events, concerts, and other venues, especially through Ticketmaster. Ticketmaster had a near monopoly on the ticketing industry, especially after its merger with Live Nation, giving consumers few options for purchasing tickets. Consumers were also being charged high service and processing fees for tickets that they had to print on their own. Naturally, Ticketmaster charges even more for tickets that are physically shipped and delivered.

Ironically, it was former Ticketmaster CEO Nathan Hubbard who commiserated: “Fans have known for decades that, whenever they buy tickets for concerts or games, the deck is almost sadistically stacked against them. But those same fans have been inundated by nonsense from stakeholders in the ticketing business, and at this point, they don’t know what to believe”.⁹

A local Kansas City television station highlighted the dilemma facing a typical fan when Sporting KC was contending for the MLS Cup in 2013:¹⁰

Tickets on Sporting KC's website sold out in five minutes. Now, ticket brokers are the go-to place to buy a ticket. That's disappointing to Tom Davis, a Lee's Summit man who was hoping to attend the game with his sons.

Sporting KC had tickets for sale starting at 10 a.m. Monday. By 10:05, the tickets were sold out.

"I was on the Sporting KC website searching for the tab to buy tickets and it had already been taken down," Davis said. "It's just a shame that we have such wonderful venues like Sporting Park and the Sprint Center and we live here in town; but it's tough to get tickets."

Davis had hoped to be able to purchase \$60 tickets at the team’s website, but quickly realized he would be facing prices between \$130 and \$170 at ticket broker sites. He and his sons opted to watch the game at home on television.

As such, the online ticketing industry seemed to be at a fork in the road. Jake was aware that a number of industry players felt that one response to ticket buyers’ many concerns and complaints with the status quo was to make the resale of tickets “impossible in order to protect fans from being priced out by brokers.”¹¹ In some cases, the legal system was moving in the direction of supporting teams, leagues, and venues that wanted to aggressively limit where and when fans could buy tickets.

In stark contrast, SeatGeek represented a very different approach to answering consumers’ concerns by creating an **open ticketing network** that not only allows third-party websites to sell tickets, but also lets fans resell their tickets anywhere and on more than one site at once. A 2015 *Forbes* article described it in this way: “SeatGeek Helps You Scalp the Scalpers.”¹² Equally important: According to SeatGeek co-founder Russ D’Souza, “Teams can make way more money by being more open with their inventory There is a lot of money being left on the table.”¹³

"The goal is to use data, design, and technology to get users to go to more events," said SeatGeek CEO Jack Groetzinger. "There's a lack of advocacy baked into the [ticketing] business. Tickets in North America are sold via exclusive long-term contracts where buyers can only purchase them from a single venue. This is good only for the ticket vendor".¹⁴

Decision makers at Sporting KC had spent some time comparing a number of competitors in the ticketing industry (See Case Handout). In the end, Jake and his team members were convinced that SeatGeek and its open ticketing network represented the future of the online ticketing industry – not only for Sporting KC and other MLS teams, but also for myriad other sporting and entertainment venues.

The Organizations

Sporting KC. Sporting Kansas City began life as the Kansas City Wiz (KCW) in 1995 – one of 10 Major League Soccer (MLS) charter members. The team officially extended its name to “Wizards” following the 1996 MLS season. Before of the start of the 2000 season, the team’s offices moved to Arrowhead Stadium in Kansas City, MO, and the Wizards ushered in a new era of success, both on and off the field. The team also unveiled a shade of blue as its primary color alongside white as the organization’s official colors for its uniforms.¹⁵

The Wizards got off to a 10-0-2 start and went on to win the regular season championship, the Supporters’ Shield¹⁶, which is awarded to the team with the best regular season record, and the MLS Cup in 2000. The team is currently recognized with a respectable ranking in the league in MLS Cup titles and Supporters’ Shield wins in the past 20 years (See Table 1).

Table 1. MLS Cup Titles and Supporters' Shield Wins

Team	MLS Cups	Year(s) won	<u>Supporters'</u> <u>Shields</u>	Year(s) won	<u>MLS</u> <u>Seasons</u>
LA Galaxy	5	2002, 2005, 2011, 2012, 2014	4	1998, 2002, 2010, 2011	21
D.C. United	4	1996, 1997, 1999, 2004	4	1997, 1999, 2006, 2007	21
San Jose Earthquakes	2	2001, 2003	2	2005, 2012	19
Sporting Kansas City	2	2000, 2013	1	2000	21
Houston Dynamo	2	2006, 2007		–	11
Columbus Crew SC	1	2008	3	2004, 2008, 2009	21
Chicago Fire	1	1998	1	2003	19
Portland Timbers	1	2015		–	6

Team	MLS Cups	Year(s) won	<u>Supporters'</u> <u>Shields</u>	Year(s) won	<u>MLS</u> <u>Seasons</u>
Colorado Rapids	1	2010		–	21
Real Salt Lake	1	2009		–	12
New York Red Bulls		–	2	2013, 2015	21
FC Dallas		–	1	2016	21
Seattle Sounders FC		–	1	2014	8
Miami Fusion*		–	1	2001	4*
Tampa Bay Mutiny*		–	1	1996	6*

**Franchise folded after completion of the 2001 season*

Source: www.mlssoccer.com

In 2005, the league embarked on a significant expansion plan that included individual club ownership. To attract new ownership and more money into the league, it encouraged the owners of multiple teams to become the owner of a single team.

As a result, Wizards owner Lamar Hunt (Hunt Sports) announced his intention to sell the team. OnGoal, LLC purchased the club from the Hunt Sports Group on August 31, 2006. The Wizards thus began an era that brought changes to the club's management, coaching staff, and players. The team got its world-class training center Swope Park, Kansas City, MO in 2007. The Wizards moved to a new stadium in CommunityAmerica Ballpark in 2008.¹⁷

In 2010, The Wizards were officially renamed as Sporting Kansas City (Sporting KC) and registered as an American professional soccer club and a member of Major League Soccer (MLS). 2011 brought the most significant change in the club's history with the completion and inauguration of the team's new stadium, Children's Mercy Park in Kansas City, KS. The new stadium provided Sporting KC's players and fans a permanent home.¹⁸

In 2013, Sporting KC won its second MLS Cup championship by defeating Real Salt Lake at Children's Mercy Park. It also represented the Major League Soccer in the 2013-14 CONCACAF¹⁹ Champions League. The team celebrated its 20th season in MLS by winning the Lamar Hunt U.S. Open Cup, its third Open Cup title in 2015. Sporting KC was ranked 5th in the MLS Western Conference in 2016.²⁰

From the start, the players, executives, and staff members of Sporting KC believed that the team's fans ranked among its greatest strengths. Fans were able to engage with the team through a

detailed, well-designed website and various social media platforms, and they readily showed up for games. Indeed, in recent years, two-thirds of the 18,500 stadium seats had been sold to season ticket holders. The club capped the number of seats sold to season ticket holders to leave room for a sufficient number of group seats and single-game-buyer seats, as well as public relations/marketing initiatives.

Selling out games had always been one of the highest priorities for Sporting KC, which meant that one third of the tickets are up for grabs for any game. Like other teams, Sporting KC found that some games are easier to sell than others, so it wanted to better understand this market to drive profitability and yield. Sporting KC also wanted to make it possible for season-ticket and other ticket holders to resell tickets in the best possible environment for consumers: transparent, convenient, safe and certain.

Even with robust attendance and enthusiastic fans, the club also focused on attracting the next generation of sports fans – Millennials. The club would like to convert this group from its typical single-game purchase behavior to becoming the next generation of season ticket holders.

To meet these ticketing challenges, Sporting KC signed an official ticket distribution agreement with SeatGeek, an online ticket seller, to sell its primary ticket inventory and to establish an open, official secondary marketplace. This change allows Sporting KC's tickets to be sold anywhere on the Internet.²¹ For example, companies like Uber and Hilton could offer deals to an upcoming match and offer tickets to be purchased directly from the SeatGeek app. These distributors, like Uber or Hilton, pay SeatGeek a small amount after the purchase has been made. SeatGeek is also revolutionary in that tickets can be purchased via social media platforms when consumers post content about a game. Customers can now post their tickets to a social media outlet, like Facebook, and sell their tickets directly through Facebook.

Sporting KC's previous ticketing agreements generally required it to send fans to official team sites or specific ticketing partners, such as Ticketmaster, to purchase single-game tickets. Fans holding tickets would have to go to secondary sites to sell unwanted tickets if their plans changed. SeatGeek would allow these fans to post the tickets on multiple websites, but they would be conveniently aggregated by SeatGeek's technology. Further, SeatGeek allows Sporting KC to sell its tickets on its official site, and any site or app of the club's choice. This open network was a reflection of the fact that primary and secondary ticket markets were destined to become increasingly blurred. SeatGeek gets a small service charge for transactions that take place on its unique ticketing platform

Jake is psyched! SeatGeek represents a new opportunity for satisfying Sporting KC's customers and maximizing revenue at Sporting KC.

SeatGeek and Its Competitors. SeatGeek is a “meta” search engine, which is a search engine that uses the data from other search engines to populate their results, and aggregator of sports, concerts, and theater tickets. It uses both mobile app and desktop platforms that allow users to browse events, view color-coded maps for seat location and best value, purchase tickets, and receive electronic or physical tickets. SeatGeek shows the list of events and prices aggregated

from ticket exchanges such as TicketsNow, TicketNetwork, and Razorgator, as well as from fans who post their own tickets for sale via SeatGeek's consumer marketplace tools.

SeatGeek was founded in 2009 by Russell D'Souza and Jack Groetzinger from DreamIT Ventures, a start-up accelerator program in Philadelphia. DreamIT was able to attract more than \$3 million in financing over the next two years, including a 2011 investment from Ashton Kutcher and Guy Oseary, through their A-Grade Investments fund. SeatGeek continued to grow through rapid growth and consumer adoption of its mobile ticketing applications on iOS and Android, and also via acquisitions of competitors such as FanSnap. More investment groups continued to fund SeatGeek's development and expansion.²²

By the end of 2013, more than \$6 million in transactions took place on its platform every month, a 300% growth from the previous year. It was notable that the bulk of this growth came from new users on the SeatGeek mobile app.

Many new consumers started using SeatGeek and have cited numerous reasons for purchasing on SeatGeek. Foremost, SeatGeek verifies and guarantees all tickets sold on its platform – so fans can purchase tickets from the site with confidence. Second, fans appreciate SeatGeek's DealScore feature, which takes a wide range of factors such as price, seat location, opponent, day of week and more to produce a 0-to-100 score that grades out each and every ticket listing available for a given game based on its relative value. Third, fans receive customized information that tracks their favorite teams and players, and personal recommendations for upcoming events. They get notified when their favorite teams and players announce a new event near their location. Finally, SeatGeek offers more than 2,000 seating maps across venues in 80 countries. D'Souza sums it up: Customers "can get not only every ticket by going to SeatGeek, but they can get a better user experience."

SeatGeek knows that it is not the only game in town. From the truly basic (e.g., Craig's List, eBay) to very strong competitors (e.g., Ticketmaster, StubHub, TicketNetwork, sports clubs themselves with a loyal fan base), consumers have an increasing number choices when it comes to buying tickets.

SeatGeek's ability to sell in the primary and secondary ticket markets has also opened up another revenue stream: working with clubs and executives on strategy and tactics in primary ticket sales. For example, SeatGeek will provide ticket inventory distribution for a range of clients of Spectra Ticketing & Fan Engagement, a live entertainment company that sells more than 120 million tickets a year on behalf of its clients.

The agreement with MLS is SeatGeek's first major sports partnership. While Sporting KC is the first club to sign SeatGeek as their official ticketing partner, MLS aims and anticipates to roll over SeatGeek into more clubs in the coming seasons. The growth of MLS attendance²³ and fan interest, along with a presence at major league events such as the AT&T All-Start Game and MLS Cup, make this a win-win for the teams and SeatGeek.

A New World of Ticket Pricing

Other things being equal, a profit objective has tended to be the ultimate determinant of ticket pricing.²⁴ In general, professional sports teams are profit maximizers whose objective rides on the club's season revenue – primarily gate receipts, broadcasting rights, sponsorship, and merchandising. There is a strong positive correlation between ticket sales and stadium attendance and most other revenue streams. Sponsors are more interested in a successful club, and broadcast companies prefer to cover games that are attended by many people. Also, merchandising revenue historically has benefited from the presence of a large number of spectators being physically present at a particular venue.

In the past, teams would make educated guesses about ticket prices, set pricing tiers for the “face value” of a ticket, and then hope for the best. If the team enjoyed a winning season, many tickets would be re-sold (scalped) for much higher prices on secondary markets. If the team had a difficult season, tickets could go unsold at the going rate. The volatility could be reflected from one match to the next, depending on the popularity of the opposing team. The result was that the secondary market (individuals or commercial venues) would resell the “in demand” tickets, and the “real” going rate for the seat would be established. The secondary-market price also identified how much money the team could have earned had it been better able to estimate how much fans would pay for the ticket. In the words of Russ D'Souza, it represented how much money teams were leaving “on the table.” In 2013, fans paid “an average \$211 a ticket for the matchup between Sporting Kansas City and Real Salt Lake” on the secondary market, when tickets for the MLS cup event “originally sold for between \$30 and \$150.”²⁵

At the same time, teams were still uncertain about the price that could be charged for less popular matches. Even at discounted rates, filling the stadium would increase the team's attractiveness to team sponsors, and potentially build fan loyalty and engagement for the future.

Sports and live events planners have long been cautious about the secondary market for tickets. Plagued by scalpers, counterfeit tickets, and high service fees, secondary sellers and aggregators have often been marked with unsavory reputations in the past. Due to lack of sales information and forecasting abilities, the sports clubs could not manage – never mind control – the secondary market, and seemed to avoid it altogether. Clubs also did not want to alienate fans if ticket prices changed too quickly. “Going for the last buck” seemed to be anti-fan.

Still, the potential to adjust prices to meet demand was attractive to the franchises. The existence of the secondary market reflected the fact that ticket prices and fan demand were often mismatched by the clubs. Some tickets could sell for much more than the official ticket price. For particularly desirable games, the secondary market could earn large profits lost to the franchise. When the San Francisco Giants tried dynamic pricing for 2,000 leftover seats in the furthest corners of the stadium, they sold 25,000 extra tickets and earned an additional \$500,000 in one season. Likewise, the NBA's Cleveland Cavaliers tested dynamic ticket pricing on 20,000 seats over the span of 25 games. The average price increased by \$9.25 per ticket and the franchise earned more money as a result.²⁶

Jake and his team had kept track of changes in the ticketing industry, so they were aware that much of the aversion to secondary sales had changed in recent years with the advent of Internet sites like Stubhub.com, which could gather meaningful databases on secondary (reseller) ticket prices.²⁷ With more and more fans buying tickets on these sites, the “real” price of the ticket could be seen by both the buyer and the sports franchise. This market information allowed the clubs to model and forecast demand and price tickets dynamically, similar to hotels and airlines. Today, it is possible for ticket prices to vary by specific event, predicted demand, and date purchased. Major League Baseball, which was the first to substantively adopt dynamic pricing, saw large benefits due to the extreme variability of demand game-to-game. Between rotations of popular pitchers, weather, and changes of team performance throughout the season, ticket demand could vary greatly.

Many sports franchises have become more comfortable with the idea of managing both primary and secondary ticket sales through dynamic pricing as fans have become more accustomed with the practice. Most of the tickets are now sold to season ticket holders for a set price or negotiated agreements based on volume, as some customer segments prefer to lock in prices rather than deal with future price volatility. The rest of the tickets are available for primary sale, and offer an important opportunity to manage revenue. Besides the team’s ability to control its own pricing, the advantages of a team using dynamic pricing include:²⁸

- Greater efficiency in setting prices
- Better opportunities in revenue maximization
- Incentives to consumers to purchase season tickets
- The ability of fans to acquire tickets to low-demand games

Some clubs have turned to outside pricing experts, such as Qcue (<http://www.qcue.com>) and Digonex (<http://www.digonex.com>) to manage their dynamic pricing programs. These third-party providers provide ticket prices for each game in each section of the stadium and are optimized as often as daily. The pricing is based on (but not limited to) the following data sources:

- Available inventory
- Current sales
- Historical sales patterns
- Television schedules
- Game date/time
- Home team record
- Visiting team record
- Secondary market prices
- Weather

These dynamic pricing experts create separate pricing algorithms for each sports league and customize them to each team. The third-party company sends their experts’ pricing recommendations to each team’s management, which can approve, modify, or reject the prices prior to the new prices being sent to the team’s ticketing venue.

Ticket Purchases Go Mobile

Observers have noted a move toward greater access to ticketing across platforms.^{29 30} Even Ticketmaster moved about 10% of its 100 million tickets sold in North America last year to platforms it does not own. Such moves have been a response to increasing customer demand for convenience -- buying when, where, and how they want, and it better be easy.

Sales on mobile platforms have continued to soar. In early 2015, nearly half of all online retail traffic was through a mobile device, a 26.5% growth. Mobile commerce was 23% of online sales, a growth of 35%.^{31 32} Mobile ticket purchases are expected to account for more than 50% of all tickets transacted on digital platforms by 2019 according to a new report from Juniper Research. Digital ticket purchases made from desktop and mobile devices, including tablets and smartphones, will reach \$32 billion by 2019, almost twice the amount of \$16.2 billion in 2016.³³ SeatGeek realized significant growth through its own mobile ticketing sales,³⁴ and attributed this increase to the convergence of the convenience of buying through a mobile device with target markets that increasingly “live” through their mobile devices.

Following the growth and popularity of mobile payment platforms, SeatGeek identified Apple Pay as its mobile payment platform of choice for a seamless transaction process. Typical conversions to purchase on SeatGeek’s mobile site tended to be about 30%, but this percentage rose to 80% when a customer paid with Apple Pay. Groetzinger summed up the strategic importance of convenient payment systems in the mobile environment: “Apple Pay is convenient in a physical store, but you’re never going to Wal-Mart because of Apple Pay. It’s a triviality. ... But you are going to buy tickets on SeatGeek with Apple Pay in a case where you wouldn’t have otherwise. That’s huge.”

Apple Pay makes one-tap shopping easier than multiple taps to enter credit card and other buyer information. Verification is through a fingerprint check. Groetzinger wished that other mobile payment platforms, such as Google’s Android app, were as robust and easy to use as Apple Pay.

Attracting Millennials

Like many businesses, Sporting KC had identified Millennials as the next opportunity for growth and long-term customer engagement. Millennials, which the U.S. Census Bureau defined in 2015 as individuals between the ages of 18 and 34, numbered 75.4 million that year, surpassing the 74.5 million Baby Boomers (ages 51-69).³⁵ The Millennial generation had grown so quickly in part because of young immigrants. Generation X (ages 35-50 in 2015) was also projected to pass the Boomers in population by 2028, as Boomers aged and passed away, and because older immigrants were not making up for this decline.

Sporting KC decision makers were well aware that Millennials are different from previous generations in more ways than mere numbers.³⁶ Comprising the most racially diverse generation in U.S. history, Millennials also are more likely to be single (26%) compared to when other groups were that age. Many would like to marry, but they are also more likely to have student debt and lower incomes than previous generations. They are putting off marriage until they achieve a more solid financial situation. Instead of belonging to political and religious organizations, their social

lives revolve around personal networks of friends, colleagues, and groups through social and digital media.

While many Millennials face economic challenges, more than 8 in 10 say they currently have enough money to lead the lives they want or expect to in the future.³⁷ In part, this may be explained by their educational attainment, which often leads to better-paying jobs: in 2014, 34% of Millennials have a college degree, and of the 25-32 year-olds, 72% have said that their bachelor's degree has paid off or will pay off in the future.³⁸ Still, two-thirds of recent bachelor's degree graduates have an average debt of \$27,000 compared to an average of \$15,000 two decades ago, adjusted for time and inflation.³⁹

Millennials have joined the trend of preferring to spend their money on experiences rather than things.⁴⁰ By 2020, Mintel's American Lifestyles Report predicts that total spending on so-called "non-essential" categories, including tourism, vacations, and dining out, will grow by approximately 22%. As a result, industries from live entertainment to hotels to restaurants to various lifestyle activities have targeted this group. Businesses in these industries are trying to connect with Millennials where they are naturally engaged, which means following them to the digital environment.

Millennials are heavy users of digital technology and the Internet. However, they are also less trusting than older Americans.⁴¹ This contrast may mean that Millennials are also more savvy consumers in the digital environment, preferring to rely on networks of friends and trusted experts than commercial advertisers and institutions for information and insights.

The Growth of the Digital Environment and Social Media

While Internet traffic keeps growing, mobile traffic exceeded the amount of desktop traffic for the first time in May 2015.⁴² The fact that Google's newest algorithms penalize sites that aren't optimized for mobile search should only cause this trend to increase.⁴³

"Constantly connected" describes most Americans, and especially the Millennials' relationship with the digital environment.⁴⁴ Millennials are further accelerating the growth of the digital environment, often through their participation in social media. For example, where 79% of all adults use Facebook, 88% of the 18-29 year-olds and 84% of the 30-49 year-olds use it.⁴⁵ Millennials' median "Friend" count on Facebook is 250 (higher than other age groups), and 55% have posted on a social media site.⁴⁶

Facebook continues to be the platform on which most users begin their social media lives. Indeed, Facebook's 1.65 billion users now spend an average of 50 minutes a day on their Facebook and its subsidiary platforms, Instagram and Messenger (does not include its messaging app, WhatsApp).⁴⁷ Other social media platforms also attract a disproportionate share of younger groups (see Table 2). In addition, the percent of Facebook users that interact with another platform is high.

Marketers are particularly intrigued by heavy users of social media through the use of Influencer marketing.⁴⁸ These are social media users who have a disproportionate influence over a marketer's target audience. By creating a mutually beneficial situation, or providing useful

content, a marketer can make it easy for the influencer by giving them swipe files, and using “click to tweet” or similarly helpful tools.

Table 2. Use of Selected Social Media by Age Groups

	All Ages	18-29	30-49	% use Facebook
Facebook	79%	88%	84%	-
Instagram	32%	59%	33%	95%
Twitter	24%	36%	23%	93%
LinkedIn	29%	34%	33%	92%
Pinterest	31%	36%	34%	89%

Source: compiled from Greenwood, Shannon, “Social Media Update 2016,” PEW Research Center, November 11, 2016. <http://www.pewinternet.org/2016/11/11/social-media-update-2016/>

The Challenge

Jake continued to ponder the strategic value of Sporting KC’s relationship with SeatGeek beyond becoming the online provider of ticketing services for his organization. He understood that a fan’s journey, or experience, begins long before he or she steps into the stadium. From the moment fans learned about a Sporting KC soccer match, they had to figure out if they could attend, with whom they wanted to attend, and where they wanted to sit – well before they decided where to obtain the ticket/s. Those decisions were all part of what could make the experience rewarding and value driven. Fans’ exposure to and experience with SeatGeek could become a prelude to a long-term relationship with Sporting KC and MLS that goes beyond awareness, discovery, and cultivation. It could transcend life-long loyalty and advocacy.

Jake leaned forward and picked up the phone to schedule a meeting with you, his marketing team. He knew Sporting KC’s relationship with SeatGeek would present many new and innovative ways to reach fans in both the primary and secondary ticket markets. With interest in MLS growing, he was convinced that finding the right prices and pricing mechanisms for various market segments and finding the best ways and venues to engage and communicate that value, could maximize revenue like never before. The key would be to balance this strategy while also delivering the best fan purchase experience.

Your assignment is to develop and present a multifaceted distribution plan for Sporting KC to achieve the following goals:

- Ensuring maximization of ticket and related revenues
- Identifying new revenue streams for Sporting KC, made possible via the MLS partnership with SeatGeek

- Reaching and engaging new fans, Millennials in particular, by providing outstanding ticket-purchasing experience
- Developing a plan that other MLS clubs can model in the future as more MLS teams implement SeatGeek, keeping in mind MLS' goal of creating the best fan experience in sports

In your presentation, you should prioritize and address each of the goals appropriately, recommend proper strategies to achieve them, and provide guidance to measure their effectiveness.

You are given a financial goal of \$250,000 in projected revenue for Year 1 based off Sporting KC's distribution efforts. For this financial goal, 80% should come from ticket sales and 20% should come from new distribution partners. A typical deal with a distribution partner can bring in anywhere from \$10,000-\$30,000. You will also have a goal of \$55,000 to spend on marketing/social media efforts in conjunction with the distribution plan.

Entertaining the following questions can help your team to further clarify its recommended distribution strategy for Sporting KC:

Recommend specific ticket distribution partners and marketplaces – opportunities made possible by SeatGeek's unique open ticketing network/platform – which will ensure that Sporting KC provides an outstanding ticket-purchase experience for fans and will allow Sporting KC: a) to reach/engage new fans (in particular, Millennials), b) to identify new, creative revenue streams for Sporting KC, which are made possible via the MLS partnership with SeatGeek, and c) to ensure maximization of ticket and related revenues. In your presentation, you should prioritize and address each of the goals appropriately, as well as provide guidance for measuring the effectiveness of each strategy recommendation.

1. How can Sporting KC take full advantage of SeatGeek's unique ticketing platform by developing relationships with a variety of ticket distribution partners? You may want to focus on one or more of the following factors or the ones you identify:
 - SeatGeek's open ticketing system allows Sporting KC to work with a wide range of distribution partners to sell tickets. What distributors would you recommend Sporting KC partner with to sell tickets beyond pure-play ticketing companies like StubHub or Vivid Seats?
 - Help Jake and his team understand why a sports fan would choose SeatGeek over other online ticketing options when purchasing Sporting KC tickets. You may want to conduct a SWOT analysis for the relationship between Sporting KC and SeatGeek.
2. How can Sporting KC reach and engage new fans (in particular, Millennials) by taking full advantage of SeatGeek's unique ticketing platform, as well as other opportunities? You may want to focus on one or more of the following factors or the ones you identify:

- What other brands are currently employing effective strategies to market to Millennial sports and entertainment fans? Would any of their strategies or tactics be applicable to Sporting KC's challenge? Does Sporting KC's relationship with SeatGeek offer any particular advantage(s) to target Millennials?
 - What should be particular features with key apps or websites that Sporting KC could use to target Millennial fans and direct them to SeatGeek to purchase their tickets?
 - Are there specific "premium" periods or games that Sporting KC can use to target and attract Millennial fans? Are there segments within the Millennial group that would be more responsive to Sporting KC's targeting?
3. Identify new opportunities that are made possible, via the MLS partnership with SeatGeek, to enhance customer value and maximize Sporting KC's revenue stream. You may want to focus on one or more of the following factors or the ones you identify:
- SeatGeek posts a "value for the ticket." Is there a way that Sporting KC could add customer value to certain sections or seats to improve their rating score?
 - How can Sporting KC use influencer marketing to drive ticket sales?
 - What social media strategies can be designed to target and attract Sporting KC fans to online ticket outlets?
 - What other types of organizations or events might the managers of Children's Mercy Park seek to use the stadium, and use SeatGeek for their ticketing services? Is there potential for synergy between and among Sporting KC and these other ticketed venues?
4. For each strategy that you recommend regarding the MLS/SportingKC/SeatGeek partnership, be sure to identify the specific target market/s of each strategy and indicate how to measure the effectiveness of each strategy. You may want to focus on one or more of the following factors or the ones you identify:
- What are the important metrics that Sporting KC should use to evaluate the success of the SeatGeek relationship?
 - What are the important metrics that SeatGeek should use to evaluate the success of the relationship with Sporting KC (and subsequent MLS teams)?

See Case Handout

Comparison of Ticketing Industry Competitors

Endnotes

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Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
SeatGeek	New York City	Ticket “meta” search engine, aggregator	Primary, secondary	Sports, concerts, entertainment events	Commission after sale	“DealScore” algorithm for best value, price forecasting feature, makes suggestions based on customer location, goal is 100 e-tickets (no physical tickets), mobile app and desktop, offers Apple Pay for payment
Ticketmaster	West Hollywood, California	Acts as agent for event promoters	Primary	Sports, concerts, entertainment, events	Fees paid by buyers (service charge, building facility charge, processing charge, shipping/e-ticket convenience/will call charge)	Makes ticket suggestions based on customer location, rated best sports ticketing company 2016 (free shipping of physical tickets, premium parking, gift cards, rewards, return policy), criticized for high customer fees, acquired Getmein.com to serve secondary ticket market
StubHub	San Francisco	Online ticket exchange	Secondary	Any ticket posted by seller	Commission after sale	Owned by eBay, helps customer find best deal, also called “ticket scalper of digital age”

Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
AXS	In the U.S., Los Angeles	Digital marketing platform for AEG venues/events	Primary, also serves ticket resellers	Sports, concerts, entertainment events	Business model similar to Ticketmaster in that they pay teams/venues a licensing fee for ticketing which they make back primarily on consumer fees added to base ticket price.	Parent company is AEG (world's largest owner of sports teams/events, second largest presenter of live music/entertainment), recently added "Name a Ticket Price" platform (partnering with ScoreBig), AXS Invite allows customers to reserve seating for friends
The Ticket Experience	Houston	Acts as agent for ticket sellers	Primary	Sports, concerts, theater	Traditional ticket brokerage model where they take on event inventory and sell that for a profit thru distribution channels.	Recently launched B2B secondary market service provider Eventellect
Eventellect	Houston	Provides ticketing solutions for sports and entertainment properties	B2B Secondary	Sports, concerts, theater	Standard consulting business model.	Company is The Ticket Experience, allows ticket sellers access to revenue, data, customers on secondary market

Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
Gametime	San Francisco	Tickets for impulse buyers (mobile ticketing app)	Primary, secondary	Sports, concerts	Distributor for tickets from ticket brokers. They either buy a ticket wholesale and sell it to the consumer at their own markup, or for other listings they may sell a ticket thru from a broker and retain a commission against that sale from the broker's take.	Most sales occur in final two hours before event start, mobile-based
Spectra	Irvine, California	Services provider (venue management, food services/hospitality, ticketing/fan engagement, fundraising)	Primary	College athletics, performing arts, professional sports	Same model as AXS -- primary ticketer that primarily drives revenues thru consumer fees. Major client focus is on the college market	Goal is to "transform events into experiences" for the customers of their clients; partners with StubHub
TicketIQ	New York City	Ticket search engine, aggregator	Primary, secondary	Sports, music, theater	Ticket aggregator akin to Gametime but web focused. Collects commission on top of a sale of broker tickets.	Low price guarantee, CEO is active disseminating ticket-market information via news media

Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
Tickets.com	Costa Mesa, California	Provides ticketing and other services to teams, entertainment venues, non-profit organizations	Primary	Sports, performing arts	Same model as AXS -- primary ticketer that primarily drives revenues thru consumer fees. Owned by MLB Advanced Media with a bulk of their business in MLB, though they do have an assortment of longer tail clients as well.	Parent company is Major League Baseball, partners with Boston Red Sox secondary market Red Sox Replay
TickPick	New York City	Provides online ticket marketplace for sellers and buyers	Secondary	Sports, concerts, theater	Ticket aggregator akin to Gametime but web focused. Collects commission on top of a sale of broker tickets.	Allows bidding, "Best Deal Ranking System" feature

Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
Score Big	Los Angeles	Ticket liquidator (allows venues and properties to discreetly move excess primary inventory to a secondary market without cannibalizing existing strategies)	Secondary ("stealth" primary)	Sports, concerts, entertainment events	Now defunct, but business model was primarily centered around cutting deals with teams for distressed inventory, selling it opaquely through their own channel or opaquely thru other distribution channels.	Partners with Ticketmaster, consumers can bid on tickets, self-described "outlet mall for tickets"
ShooWin	New York City	Connects "real" fans with tickets at face value	Primary	Sports, music	Make money by operating a marketplace where fans can buy team-specific options that entitle them to purchase a face value ticket in the event that their team qualifies for a playoff-caliber game (i.e., college bowl games).	Fans pick a championship team, pick a seating zone, pay the reservation price – if team qualifies, customer has locked in seats at face value; "created by fans"