

College Sport and Declining Stadium Attendance: Designing Adaptive Strategies

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This case study presents the challenge of declining football attendance that a number of NCAA football programs are facing. The case participants (as members of a hypothetically formed advisory board) are asked to develop adaptive strategies and tactics to respond to this challenge by conducting an in-depth examination of fans' declining stadium attendance and proposing recommendations to the Pac-12 Commissioner's office. Particularly, students are expected to detail the reasons for fans' declining stadium attendance, to identify the short-term and long-term implications of declining stadium attendance, and to specify adaptive (corrective) strategies that can be designed based on Arizona State University's ticket-related marketing initiatives as a template. As a member of the advisory board, students are asked to address a list of questions and provide recommendations to address the challenge.

Keywords: college attendance, facility renovation, live attendance, ticket price, ticket sales

Intercollegiate athletics at American colleges and universities date back to the 19th century (Ridpath, 2008) and have grown to become a highly visible, emotional, and influential part of American society (Clotfelter, 2011; Toma, 2003). Notably, the commercialization of American football and basketball, in particular, is easily observed over the past century (Clavio & Walsh, 2014). Today, a number of colleges and universities in the United States have intercollegiate teams, 347 of which are classified as National Collegiate Athletic Association (NCAA) Division I (D1), the highest performance level in the NCAA (Taylor, 2016). The NCAA D1 has passionate supporters, and its fan base has grown in size and popularity since the turn of the century (Clavio & Walsh, 2014).

A number of studies investigated the impacts of college athletics on the larger university and the local communities in which universities operate (Baade, Baumann, & Matheson, 2008; Goff, 2000; Humphreys & Mondello, 2007), and a body of research exists related to attendance at football games (e.g., Fazel & Bennett, 1989; Price & Sen, 2003). As Solomon (2016) reported, fans' stadium attendance at football games has been declining steadily over the past few years. In 2015, for example, the Pac-12 saw a 3% decrease from the previous year and a total overall decrease of 14% from their peak season in 2007 (Solomon, 2016). In 2016, Stanford University (-12%) led the Pac-12 in attendance decline, while Arizona State University (ASU) tied for second (-9%). In the case of ASU, these 2016 numbers resulted in an average of 74% of capacity.

This hypothetical case study is designed to understand and seek solutions to the declining stadium attendance. The past six

years declining fans' stadium attendance is troubling the Commissioner of the Pac-12, Larry Scott. In his eight years in the role as Pac-12 Commissioner, Scott has orchestrated a rebranding of the conference, based on the core messages of innovation, excellence, and the advantages of a West Coast location (Pac-12, 2017). The Commissioner led the conference through an expansion for the first time since 1978 by successfully adding the University of Colorado Boulder and the University of Utah. During his tenure, the Pac-12 added a Football Championship Game, transformed its men's and women's basketball tournaments into must-attend events, and secured an agreement for equal revenue sharing for the first time ever. The Commissioner is credited with the delivery of a landmark media rights agreement with ESPN and FOX. He also played a leadership role in the creation of the Pac-12 Network, the first integrated media company owned by a collegiate conference. While the Commissioner is well aware that the conference is in a stable financial situation today, he is troubled by the conference's declining football attendance, and its short- and long-term implications for the conference and the athletics departments of the member schools. In response, he decided to form an advisory board to investigate this troubling issue and present strategic recommendations to his office. This newly formed hypothetical advisory board includes three student members amongst a larger board. You and two of your classmates were invited and agreed to be members of the advisory board. The balance of the board includes athletic directors, community leaders, and other stakeholders.

Commissioner Scott instructed the advisory board to conduct an in-depth examination of fans' declining stadium attendance and to propose strategies to address the issue. By focusing on one Pac-12 member, it is expected that other conference members can learn from and make an informed decision, if any. For this, it was recommended that Arizona State University's (ASU) ticket-related marketing initiatives could serve as a guiding template for the

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advisory board members. Particularly, the Commissioner has asked the advisory board to develop an exhaustive list of possible reasons for fans' declining football attendance, to identify the short- and long-term implications of this decline, and to specify adaptive (corrective) strategies (and tactics) that can be designed based on ASU's ticket-related marketing initiatives.

College Sport and Reasons for Fans' Declining Stadium Attendance

Arguably, the highest level of college football is the NCAA Division I Football Bowl Subdivision (FBS), which consists of 128 schools (NCAA, 2015a). While the majority of FBS teams' stadia are amongst the largest in the world (sometimes exceeding 100,000 spectators), and these stadiums are often seen as sold-out on television, stadium attendance at college football games is not thriving as many may think. Indeed, as of the end of the 2016 season, college football home-attendance rates, particularly at FBS games, have declined for the sixth straight season (Solomon, 2016). Table 1 reports the schools in the Pac-12, their attendance in 2016, the percentage change from 2015, and the percentage of their stadium capacity filled in 2016.

During the 2016 college football season, more than 179 million fans watched 100 billion minutes of college football games on networks of the United States' leading National Sport Network (NSN) ESPN (ESPN, 2016). FOX Sports, another NSN, recorded its most-watched college football season ever, with an 11 percent increase in viewership in 2016 over 2015 (FOX Sports, 2017). Based on these figures, it can be argued that an increasing number of sport fans are following college football on TV despite the declining football stadium attendance rates (see Table 1). This could suggest that although college football is popular, some fans do not think it is necessary (or appealing) to watch it at the stadium. An important point is that revenue streams are attached to both TV viewership (i.e., media rights) and in-stadium attendance (i.e., tickets, concessions, parking). Thus, gate revenue at college sporting games is becoming a concern for Pac-12 athletics departments today as attendance is declining. Contributing to this decline is an enigmatic and digitally savvy young generation of 'Millennials' (approximately 18 to 40 years of age) and 'Next Gen' (under 18 years of age approximately), whose frequent use of, and vast

experience with, technology is challenging the ways in which athletics departments think, plan, and operate (Neging, Musa, Kasuma, & Neging, 2017).

FBS college football generates revenue from three sources: media contracts, ticket sales, and donations. Previous research has shown that television ratings are correlated with attendance (McEvoy & Morse, 2007). However, considering that 41% of the total revenue at FBS schools in 2014 came from ticket sales and donations (NCAA, 2015b), the decline in stadium attendance is alarming. One can argue that low attendance will not only threaten ticket revenue in the short-term, but also alumni donations in the long-term. If students are not invested in their team while they are at school as students, they may be less interested in donating after they graduate. This is significant because alumni donations are one of the biggest sources of revenue for college athletics departments.

While further research needs to be conducted on various reasons that contribute to the declining fans' stadium attendance, for the purpose of this case study, the possible reasons to consider include (i) a lack of Internet access (Wi-Fi) in the stadiums (Kaiser et al., 2017), (ii) high ticket prices (Foster, O'Reilly, & Davila, 2016), (iii) the quality of opponents (i.e., sometimes scheduling has lopsided games) (Foster et al., 2016), (iv) increasing number of competing entertainment options (Foster et al., 2016), (v) a general decreasing interest in attending entertainment events in general (McDonald et al., 2015), and (vi) uncomfortable seating, as well as (vii) quality of televised offering and (viii) demographic shifts (Foster et al., 2016).

Although TV rights are a significant source of income in college sports, they have their own repercussions on ticket sales for live games. In today's fast-paced, technologically driven world, the TV (and streaming) viewing experience is changing, and many fans, particularly the younger generations, are currently watching games on TV (or other devices) rather than attending the games in person. This may be due in part to the enhanced viewing experience provided by high quality streams, attractive hardware options, big-screen TVs, detailed replays, and/or commentators' depth of commentary. The argument is that these fans are also quite happy to watch surrounded by family/friends at home, or with friends/fans in the dorm or at a bar. Watching in these settings is more cost effective than going to a stadium, where the costs of drinks, parking, meals, and snacks are higher. Another positive attribute when watching at home or with friends is the ability to go to the restroom as many times as one wishes and not being confined to one place. The ability to pause or record the telecast/stream is also a benefit. Attending live sporting games also involves transport-related costs, such as driving time to games, time spent in traffic, and availability of nearby parking.

The constant evolution of technology is also facilitating the presentation of, and access to, entertainment offerings and sport events. Today, fans can live-stream games on their phones, tablets, laptops, or most hardware devices at any time, from anywhere, and at their convenience. Fans can also follow the highlights of live games on social media, which are far more accessible, affordable, and engaging than ever before. In conjunction with these advances, a number of competing electronic entertainment market options now exist in the market, including Netflix, Apple TV, on-demand music, social media channels, and video games. These channels are more engaging and have more appeal, especially for the younger generations as noted. Furthermore, many more 'traditional' entertainment options, such as concerts, art shows, movies, and dining out, are also available to fans in competition for the same discretionary spending that they would allocate to college sport.

Table 1 Pac-12 Football Attendance*

School	2016 Average	Difference from 2015	Stadium Capacity Filled (2016)
Stanford	44,142	−12%	88%
USC	68,459	−9%	73%
Arizona State	47,736	−9%	74%
Arizona	48,288	−6%	87%
Oregon	54,677	−5%	101%
California	46,628	−4%	75%
UCLA	67,459	1%	74%
Washington	64,589	4%	92%
Oregon State	37,622	4%	83%
Washington State	31,675	8%	97%
Colorado	46,609	18%	93%
Utah	46,506	Less than −1%	102%

*Sorted in ascending order of percentage change in attendance.

To address the decline in football attendance figures, some athletics departments are developing strategies to entice fans back to their live events. This trend is what inspired Commissioner Scott to use ASU's ticket-related marketing initiatives as a template for the advisory board to use. With the aforementioned list of factors in mind, the following section discusses ASU Athletics as an illustrative case, with a focus on declining stadium attendance and associated marketing initiatives undertaken by the Athletics Department.

Stadium Attendance and ASU's Ticket-Related Marketing Initiatives

The ASU Athletics Department is headed by an Athletics Director and Vice President (one position with two titles) for University Athletics. At the time of the writing of this case, the Athletics Director and Vice President's senior administration team was made up of 22 people who are responsible for different areas within the department. The Ticket Sales and Marketing departments are the units who are primarily responsible for attendance. The Director of Ticket Sales and Service manages ticket sales, while the Associate Athletics Director manages the Marketing Department. The two departments have a total of just under 20 staff members. In ASU's 14-year, 70-game history, there were only nine sellouts for football, three of which were from games when in-state rival, University of Arizona, was playing against ASU. Overall, ASU averages a sellout once every 7.8 home games against Power 5 Conference opponents (Solomon, 2014).

The ASU Sun Devils football team plays its home games at Sun Devils Stadium. The team has played at this stadium since it was constructed in 1958. In 1988, 1,700 seats were added, which brought the total capacity up to 71,706 seats. Currently, Sun Devils Stadium is going through a three-phase, US\$256 million, renovation. Over the years, improvements have been made to the concourse, lower bowl, restroom facilities, and concessions, as well as electrical and plumbing upgrades, a new club and premium seating. Modifications were also made to the upper deck, a new videoboard and sound system are being installed, and about 5,700 seats were being removed from the north end zone (ASU, 2016). The renovation project was financed through donations and bonds issued without any tuition or taxpayer funds (Metcalf, 2016). It is reported that revenue from tickets, sponsorships, naming rights, and other revenues from the ASU athletics facilities district will be used to repay the bonds issued (Metcalf, 2016).

Ticket-Related Marketing Initiatives

ASU laid out an attendance and affinity plan with the goal of building better affinity with the university community (i.e., faculty, staff, alumni, and the community), to increase student engagement through marketing initiatives, and to enhance the game day experience. To create affinity, the Ticket Department offered deals to various groups, including the opportunity for faculty and staff to purchase ten season tickets at a 20% discount and a donation of 500 tickets per game to military veterans. The Marketing and Ticket departments also partnered with ASU Career Services to invite and entertain various companies (likely to hire ASU graduates) at different games. To enhance game day experience, themes and featured marketed giveaways were developed for each of the home games, including t-shirts, drawstring backpacks, reusable cups, rally towels, and bobbleheads. In addition, the department partnered with Sodexo, a quality of life services provider, to offer discounted ticket packages for families. The package included food and beverages from the concessions.

One of the ASU Athletic Department's ticket-related marketing initiatives was to impose a mandatory athletics fee. The university charges students a mandatory \$150/year athletics fee and, in return, students receive free tickets to all sporting events throughout the year (Boivin, 2015). At any home game, 13,000 seats are made available to ASU students in the stadium with tickets distributed on a first-come first-served basis. Student attendance numbers can be found at Table 2. Students also receive an assigned seat ticket so as not to lose their seat if they leave it for any reason throughout the game. The Marketing Department also offers students who attend games incentives in the form of discounted refills on drinks, gold t-shirts, sunglasses, dog tags, and rally towels (Metcalf, 2014).

Another tactic that the Athletics Department helped spearhead is the 942 Crew, a student run group that aims to improve student attendance at all sporting events. The organization reaches students mainly through personal marketing initiatives including passing out flyers and partnering with the Athletics Department to leverage social media posts, giveaways, and unique in-game experiences (Pekale, 2016).

Another tactic is via The Sun Devil Club, the booster organization of ASU athletics. The club offers a per-seat donation that gives the donor the right to buy season tickets for a certain seat in the stadium if they donate at a certain level. The per-seat donation goes directly toward the Sun Devil Club's annual fund, which supports student scholarships. The price of the donation varies, depending on where the seats are in the stadium; seats closer to the

Table 2 Pac-12 Football Student Attendance 2009–2013

College	2009	2010	2011	2012	2013	PCT. Change
Colorado	5883	5203	5540	3369	2793	–52.50%
Arizona	5752	4326	4111	3794	4534	–21.20%
Washington		4976	4067	3746	4373	–12.10%
Oregon State	5862	6046	5475	5686	5273	–10.10%
Oregon	3857	3720	4025	4207	3949	2.40%
Washington State	4730	4596	4286	5028	5718	20.90%
Arizona State		5333	7390	7228	7686	44.10%
California			1755	3393	2590	47.60%
UCLA	3421	3442	3404	4611	5420	58.40%

Source: Cohen (2014) as published in the Wall Street Journal: <https://www.wsj.com/articles/at-college-football-games-student-sections-likely-to-have-empty-seats-1409188244>

middle of the field in the lower bowl are pricier than those located further out. The 2016 and 2017 price structure of the ASU Stadium is shared as Appendices A and B.

As reported in the appendices, both donation levels and ticket prices have changed from the 2016 season to the 2017 season. This is partially the result of the stadium's reconstruction but also may be due to the attendance problem that they have been experiencing. This per-seat model is typical amongst Power 5 schools, so perhaps the university was adopting a practice used by similar organizations.

Two considerations related to pricing and donations are important to discuss here. First, required scholarship payments from the athletic department to university administration have continued to increase for both in-state and out-of-state students. In fact, the cost to the athletic department for both in-state and out-of-state student scholarships has nearly doubled over the past decade. Second, by lowering the donation required and ticket prices for the 2017 season (see Appendix A), ASU has decreased the revenue per donation or ticket sale, to recover those revenues, more donations and tickets must be sold.

Ticket Sales for Arizona State Football

Season Tickets. Season ticket sales are managed through the Sun Devil Club. A donation is required per seat to be able to secure the right to purchase a season ticket or season tickets. As noted, the total cost is the sum of the donation plus the ticket price per seat.

Single Game Tickets. Single game tickets are released much later than season tickets to support the objective of prioritizing the sale of season tickets. The single game ticket sales start at the beginning of the fall semester at ASU. The price of seats fluctuates depending on who the Sun Devils play. This is known as variable pricing and is very common in college football (i.e., the higher profile the visiting team or the higher they are ranked, the higher the ticket price for the seat).

Mini Packages. Mini packages do not typically go on sale until the summer before the season. In a similar manner to single game tickets, the amount paid for a seat is based on the opposing team. The mini packages will typically tie in one big name school as well as a smaller school to incentivize fans and to sell tickets to lower profile games.

Group Sales. ASU group tickets are sold to groups of 20 people or more. Group rates are typically discounted due to the size of the group and the number of tickets sold (at least 20). Group sales are targeted to different people or organizations in the community who support the athletics program. Group sales are essential for filling the stadium to its full capacity.

Premium Seating. With the renovations to the stadium, ASU premium seating will likely change in 2017 and beyond. It is expected that the stadium overhaul will help lure premium seat holders to different seats or different premium sections to increase sales and revenues. In general, premium seating typically caters to higher-end fans, who will pay the high per-seat donation and will feel gratified by supporting athletics and students.

Conclusion

Considering the content provided in this case related to possible reasons for fans' declining stadium attendance and ASU's ticket-related marketing initiatives, you are expected as a member of the

advisory board to conduct an in-depth examination of fans' declining stadium attendance and to propose recommendations to the Commissioner's office in the form of strategies and tactics they can implement. Specifically, you are expected to provide detailed responses regarding the reasons for fans' declining stadium attendance, to identify the short-term and long-term implications of declining stadium attendance, and to specify adaptive (corrective) strategies and tactics that can be designed based on ASU's ticket-related marketing initiatives. Note that you can draw from other properties and sports as the declining attendance problem is occurring in many sports in many contexts around the world.

You should also keep in mind that there are other members of the advisory board from different stakeholder groups who will have their own interests and points of view. The key aspect that you should address, as a member of the advisory board, is how do you answer the following questions and what recommendations would you propose (make contribution) to the advisory board regarding each of the below.

Stage one:

1. Identify additional reasons for fans' declining football attendance in addition to those possible reasons that are presented in this case. Describe each in detail.
2. What other schools have seen an increase in annual attendance in the past few years, and which ones have been successful with their marketing initiatives to address declining stadium attendance?

Stage two:

3. What alternative marketing initiatives would you develop if you were responsible for addressing the problem of declining stadium attendance other than the initiatives that are currently being executed by ASU? This may include mechanisms that make the experience of coming to the stadium more enjoyable than the experience of staying home (or going to a bar or other group setting) and watching it on TV or streaming. For each initiative, please describe your creative mechanisms, and develop a plan that would aid ASU in trying to build a better relationship with fans and ultimately help to increase annual football attendance.
4. Do the ticket pricing models adopted by ASU (e.g., a donation with ticket purchase) affect stadium attendance? Would you maintain this approach or explore a different one? Explain why.
5. What are the short- and long-term implications of mandatory athletics fees?
6. How would you advise the Athletic Director to respond to students who do not want to go to the games but on whom the athletics fee is imposed?

Stage three:

7. What do you think are the short- and long-term impacts of declining stadium attendance? List and describe at least 3. What remedies would you recommend to address each of these impacts?
8. Undertake a small market research project to figure out why are fans not attending. Review previous academic studies on the topic, review industry studies, survey a few classmates or interview someone from your Athletics Department to ensure that your recommendations are based on data rather than assumptions or opinions.

References

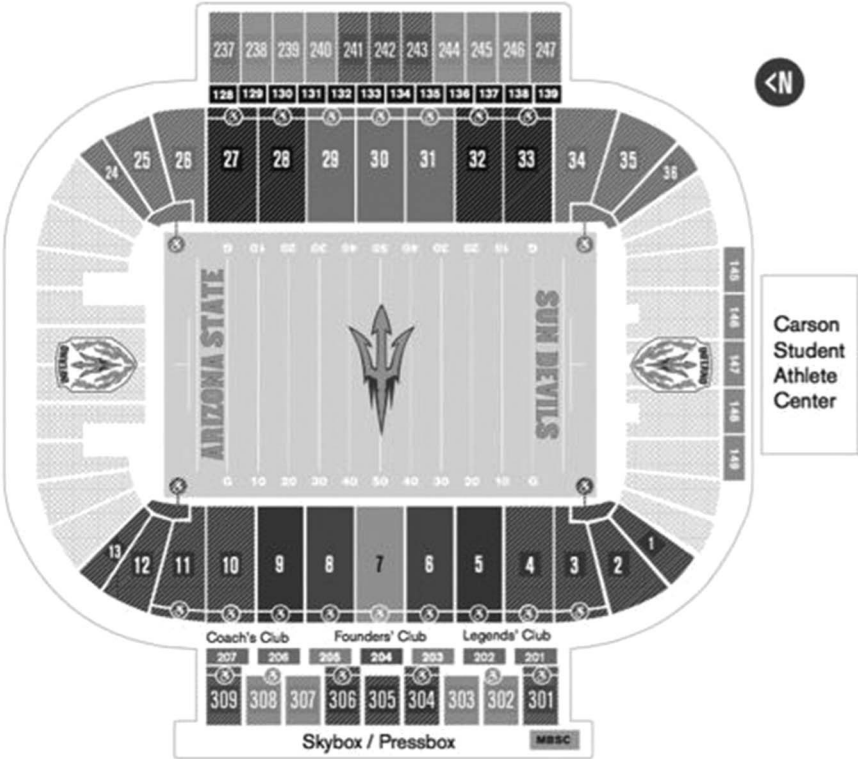
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Appendix A: 2016 Pricing structure



Appendix B: 2017 Pricing structure

2017 Sun Devil Football
Season Ticket Prices



2017 LOYALTY SEASON TICKET PRICES								
SECTION	TICKET	DONATION	TOTAL	SECTION	TICKET	DONATION	TOTAL	
MBSC	\$320	\$1,480	\$1,800	5; 9	\$200	\$300	\$500	
7	\$320	\$1,480	\$1,800	27-28; 32-33	\$160	\$290	\$450	
204	\$400	\$1,250	\$1,650	1-4; 10-13; 304-306	\$175	\$200	\$375	
203; 205	\$380	\$870	\$1,250	24-26; 34-36	\$145	\$170	\$315	
6; 8	\$320	\$880	\$1,200	302-303; 307-308	\$150	\$85	\$235	
Loge 128-139	\$300	\$900	\$1,200	241-243	\$120	\$90	\$210	
Loge 145-149	\$280	\$620	\$900	301; 309	\$140	\$60	\$200	
201-202; 206-207	\$325	\$475	\$800	238-240; 244-246	\$100	\$100	\$200	
29-31	\$175	\$425	\$600	237; 247	\$75	\$75	\$150	