



DEVIL

PRICING

Presented by: Daniel Sagerman
Northwestern University

MSA 401

2017-18 NHL Season

- Regular season record: 44-29-9 (97 points)
 - **8th** in Eastern Conference
 - Lost in 5 games to Lightning in Eastern Conference Quarterfinals
 - First playoff appearance since 2012 Stanley Cup Finals
- Average attendance: 15,200
 - **27th** out of 31 teams
 - Prudential Center capacity: 19,500
- Median ticket price: \$135
 - **12th** most expensive in league
 - Washington Capitals: \$92

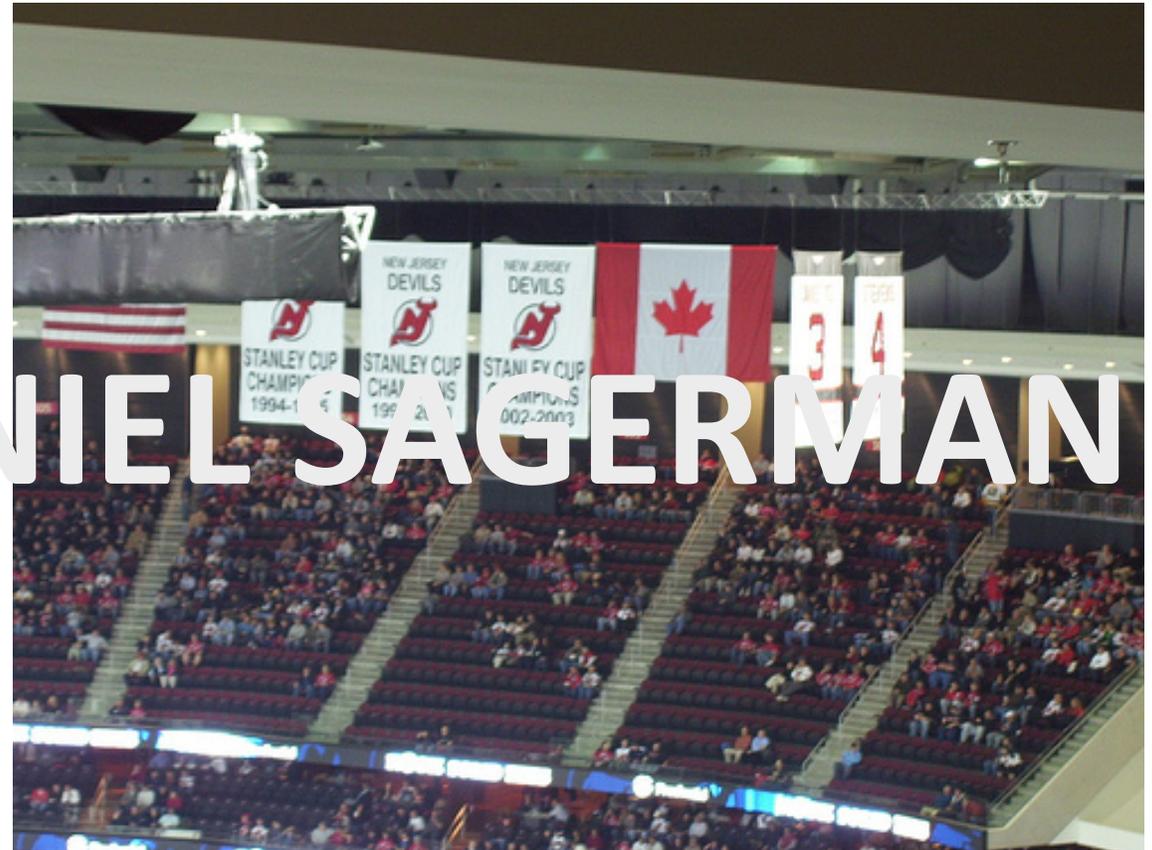


Source: Statista, Vivid Seats



The Problem

- Not enough attendance despite playoff-caliber team
- Ticket prices too expensive
 - 2018-19 average price: \$82
 - Too low
 - Could drop revenue further even if attendance increases
- Result: no optimal price point



The Solution: Find Optimal Price Point

- With successful on-ice product, fan attendance crucial for financial success
- Dynamic ticket pricing using analytics
 - Bring in fans to games that don't ordinarily sell
 - Fans that pay less will be enticed to return for more games

“Purple Pricing”



Purple Pricing

- Created in 2012 by Northwestern professors Jeff Ely and Sandeep Baliga
- Multi-unit Dutch Auction
 - Prices start high, can only decrease, based on demand
 - Fans refunded if final price falls below their purchase price
- Ensures fans pay lowest possible price
- Price based on actual demand
- Proven effective for Northwestern football and men's basketball



PROPERTY OF DANIEL SAGERMAN

Maximizing Revenue

- Implement Purple Pricing → Rebranded as “Devil Pricing”
- Optimal pricing point guarantees most revenue per fan in attendance, while increasing attendance

PROPERTY OF DANIEL SAGERMAN

DEVIL
PRICING



Ethically Generating Profits

- We care about our fans
- We want all Devils fans to be able to afford a game
- Devil Pricing allows more fans to pay optimal price
- No secrets, refunds are guaranteed

DEVIL
PRICING



Fan-Friendly
Pricing



Competitive Advantages

- Optimal pricing point
- Greater value for ticket price
- Keeps opposing fans out



PROPERTY OF DANIEL SAGERMAN



Reinvigorating the Sportscape

- Devil Pricing will bring a new wave of Devils fans to Prudential Center
- More affordable pricing entices fans to return
- New source of financing
 - Additional revenue can be reinvested into organization
 - New funding for arena upgrades, renovations

PROPERTY OF DANIEL SAGERMAN



Enhancing Sponsorship Revenue

Optimal pricing → Higher attendance → More foot traffic

PROPERTY OF DANIEL SAGERMAN

→ Improved activation opportunities

→ Increased opportunities for customer acquisition, customer retention, brand perception, brand awareness



Asset Valuation

- Teams are valued through inherent cash flow
- Increased attendance → Increased revenue → Enhanced arena experience → Increase in asset valuation

Team Value

2016: 27th in NHL

2017: 21st in NHL

2018: ???

Source: Forbes



Enhancing Team Identity

- Optimal pricing brings in more fans
- Sold-out arena enhances fan experience
- Grows identity of elite hockey quality, passionate fans, world-class arena experience



Potential Competitor Reactions

- In 2017, Devils' ticket pricing was similar to Vegas Golden Knights, Philadelphia Flyers, Tampa Bay Lightning, Pittsburgh Penguins
- Competitors may implement "Purple Pricing" variation
- We aren't concerned with competitors' pricing models
- Most important: optimal pricing brings in more Devils fans, new demographics, improved arena atmosphere



First Steps

- Implement Devils Pricing for following games:

- Thursday January 10, 2019 vs. Toronto
- Saturday January 19, 2019 vs. Anaheim
- Tuesday February 5, 2019 vs. Los Angeles
- Saturday February 9, 2019 vs. Minnesota

- Analyze results: pricing, attendance, revenue



Thank You

PROPERTY OF DANIEL SAGERMAN



Sources

- <https://www.forbes.com/sites/kevintrahan/2014/10/21/a-solution-to-the-flawed-way-college-football-teams-sell-tickets/#5f27b9c5ab45>
- <https://www.cnbc.com/id/48194739>
- <https://www.statista.com/statistics/193749/regular-season-home-attendance-of-national-hockey-league-teams-in-2010/>
- <https://www.vividseats.com/blog/nhl-ticket-prices>
- <https://www.prnewswire.com/news-releases/vivid-seats-national-hockey-league-ticket-pricing-preview-reveals-some-surprises-for-the-2017-2018-season-300523829.html>
- <https://www.forbes.com/pictures/5a1c09744bbe6f37e6587a58/21-new-jersey-devils/#6780e8ae511b>

