

Kobe Bryant is coming to town

By Jacob Turnage

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This is what every NBA team and owner starving to sell out its games might as well say. Living in Atlanta for the better part of the 90s, I watched the Hawks play live many times. Only when Shaq, Kobe, LeBron (notice how all these guys only need one name; please reference Pele, Ronaldo, etc.) visit this great sports city would the arena be at capacity, even during productive, winning seasons, even though Atlanta is one of the largest metro US cities.

Dynamic Pricing is the emerging trend in the ticketing industry. Also called time-based pricing, this cutting edge approach is a special case of “price discrimination” in which producers charge different rates for a given good or service depending on various extenuating circumstances. During the 2010 MLB season the San Francisco Giants employed a dynamic ticket pricing system in which the price of tickets at AT&T Park fluctuated depending on demand. *Bloomberg* reported that a seat in the Field Club behind home plate was \$68 at the beginning of the season but \$175 during the closing weeks. With this system, the team's bottom line got an impressive boost. The Giants told *Bloomberg* that their revenue per seat increased by seven to eight percent this season. Fans who can't afford the best seats benefit from this model as well, finding steals for less than ten bucks for bleacher seats.

Supply and Demand is the driver, as it is with many facets of business. Any business owner with a focus on maximization is no stranger to this concept. Turn over every stone. Each business must ask “Is this best for our goals, vision and mission? We will turn away fans? Will we seem greedy? Are we shortchanging our investors?”. Dynamic pricing is sure to cause an uproar with the passionate purist sports fan such as a Giants die-hard.

How soon until the NFL and NCAA college football catch on and capitalize on historic rivalries and huge match-ups, inter-division games, etc? The NFL already employs a variation of dynamic pricing for playoff games, where most teams make the lion's share of the franchises' profits.

Currently dynamic pricing is all the rage. Soon this will become the norm. It just makes good business sense.