Premier League Pricing
An investigation of spectator ticket pricing strategy of football clubs within the English Premier League

The Aarhus School of Business
2010
Abstract

This paper explains the current and possible future spectator ticket pricing strategies of clubs from the English Premier League (EPL), the world’s most successful football league. It shows what variables and considerations EPL clubs use when deciding what prices they should charge for their tickets. Possible future pricing strategies will focus on those currently used in the airline and hotel industries, namely revenue management (RM) and dynamic pricing. Its primary goal is to investigate whether dynamic pricing could be utilized as a future ticket pricing strategy for English Premier League clubs, and if so what are the benefits and how could it be achieved?

The paper has three central sections. The first introduces a theoretical framework for a systematic approach to strategic pricing. The second section uses that framework to investigate how EPL clubs construct their ticket pricing strategies and from what basis of information do they use to formulate these prices? The third section will focus on future possible strategies and whether dynamic pricing could be utilized by EPL clubs.

Key words: English Premier League, football, sports demand, dynamic pricing, revenue management, yield management, pricing strategies
# Contents

1.0 Introduction .................................................................................................................. 6  
1.1 Problem Statement ...................................................................................................... 6  
1.2 The Approach and Methodology ................................................................................ 7  
1.3 Delimitations: .............................................................................................................. 8  
1.4 Acknowledgements ..................................................................................................... 9  
2.0 Theoretical Background to Pricing ............................................................................ 10  
2.1 Systematic Approach to Pricing .................................................................................. 10  
2.2 Analysis of Internal Environment .............................................................................. 11  
   2.2.1 Company Objectives and Strategies ................................................................. 12  
   2.2.2 Costs ................................................................................................................. 14  
2.3 Analysis of External Environment ............................................................................. 15  
   2.3.1 Customers ......................................................................................................... 15  
   2.3.2 Competitors ..................................................................................................... 16  
   2.3.3 Channel Environment ....................................................................................... 17  
   2.3.4 Legal Environment ........................................................................................... 17  
2.4 Price Determination .................................................................................................. 17  
   2.4.1 Pricing Objectives ............................................................................................ 17  
   2.4.2 Pricing Strategy and Structure ......................................................................... 18  
   2.4.3 Price Level ........................................................................................................ 19  
   2.4.4 Tactics ............................................................................................................... 20  
3.0 The English Premier League ....................................................................................... 20  
3.1 The Pricing Strategies of English Premier League Clubs ......................................... 21  
3.2 Analysis of Internal Environment ............................................................................. 22  
   3.2.1 Objectives and Strategies ............................................................................... 22  
   3.2.2 Costs ............................................................................................................... 24  
3.3 Analysis of External Environment ............................................................................ 24  
   3.3.1 Customers ........................................................................................................ 24  
   3.3.2 Competitors ..................................................................................................... 34  
   3.3.3 Channel Environment ....................................................................................... 35  
   3.3.4 Legal Environment ........................................................................................... 35  
3.4 Price Determination .................................................................................................. 36  
   3.4.1 Pricing Objectives ............................................................................................ 36  
   3.4.2 Pricing Strategy and Structure ......................................................................... 37  
   3.4.3 Price Level ........................................................................................................ 39  
   3.4.4 Tactics ............................................................................................................... 40
3.5 Different Strategies for Different Clubs

4.0 Future Pricing Strategies for the EPL

4.1 Revenue Management and Dynamic Pricing

   4.1.1 Background and History of Revenue Management and Dynamic Pricing
   4.1.2 Business Characteristics Required for Revenue Management and Dynamic Pricing

4.2 EPL Clubs and the Characteristics of Revenue Management and Dynamic Pricing

   4.2.1 Requirements for Dynamic Pricing
   4.2.2 Benefits of Dynamic Pricing to EPL Clubs

4.3 Understanding the Current Non-Use of Dynamic Pricing by EPL Clubs

4.4 Closing Analysis of Dynamic Pricing

5.0 Conclusion

6.0 Bibliography

7.0 Appendices

   Appendix 1: Average attendance by club for the top three leagues in England 2008-09
   Appendix 2: Ticket policy information from Burnley FC’s website
List of Figures and Tables

Figure 1: Systematic approach to pricing ................................................................. 11
Figure 2: Cost leadership strategy........................................................................... 12
Figure 3: Differentiation strategy............................................................................ 13
Figure 4: Cost-Volume-Profit Graph ....................................................................... 14
Figure 5: Inelastic and Elastic Demand .................................................................. 16
Figure 6: Cost-Based versus Value-Based Pricing .................................................. 19
Figure 7: Category of spectators matrix .................................................................. 33
Figure 8: Variable pricing and dynamic pricing opportunities for EPL clubs .......... 48

Table 1: Table of pricing objectives. ....................................................................... 18
Table 2: Average match day attendance by league for the period 2005 to 2009 .......... 27
Table 3: Attendance and capacity utilization for teams outside the ‘Big Four’ in 2008/9 . 29
Table 4: Attendance and capacity utilization for the ‘Big Four’ in 2008/9 .................. 30
Table 5: Analysis of EPL clubs differential and segmental pricing strategies for 2009/10 . 38
Table 6: Ticket pricing structure by team and category for season 2009/10 .............. 40

Abbreviations Used

EPL – English Premier League
RM – Revenue Management
1.0 Introduction
The primary function of this report is to investigate the spectator ticket pricing strategies of clubs from the English Premier League (EPL). The EPL is the most watched football league in the world, being broadcast to the majority of countries around the world. It is also the richest football league with the clubs having combined revenues of over £2 billion (Deloitte, 2009). The majority of this income comes from broadcasting, which accounts for 48%, with commercial activity accounting for 23%. Ticket and match day income accounts for 29% of revenue (Deloitte, 2009). This report will focus on the ticket pricing strategies that EPL clubs use to maintain and attract supporters to attend matches, while trying to maximise their revenue.

The paper will show what variables and considerations EPL clubs use when deciding what prices they should charge for their tickets. It will describe this process in detail, relating it to the current situation, but also analysing the future options of ticket pricing, which will focus on pricing strategies used in the airline and hotel industries, namely revenue management (RM) and dynamic pricing. This would involve ticket prices changing on a day to day, or even minute by minute basis as a result of changes in demand variables.

1.1 Problem Statement
The core problem this paper will attempt to answer is:

*To investigate whether dynamic pricing could be utilized as a future ticket pricing strategy for English Premier League clubs, and if so what are the benefits and how could it be achieved?*

To be able to answer this question will require analysis on the historical and current situation beforehand, which is why the following sub question will be required to be answered initially:

*How do the football clubs of the English Premier League construct their ticket pricing strategies and what basis of information do they use to formulate these prices?*

Understanding the causes of demand and the reasons for different strategies by EPL clubs will be at the core of this question.
1.2 The Approach and Methodology

To answer the problem statement the paper will be split into three central sections:

To be able to identify how EPL clubs construct their ticket pricing strategies and from what basis of information, this paper will first need to present a theoretical framework of how pricing is constructed. Within the 4 P’s of marketing (product, price, place, promotion), pricing is often acknowledged as been given the least attention by businesses. This is strange considering the importance the effect of the price has on the business. Many businesses put very little effort into finding the true price of their product, or more precisely the true value that their customers place on the product and would be willing to pay. The formation of the price can in some cases be almost guess work or just leaving the price to be negotiated by salesman. This paper makes the argument that pricing is almost a neglected skill that actually requires close attention and analysis. It will present a theoretical framework which highlights the areas that businesses should be considering and analysing before they finalise their pricing. This will be done by following a systematic approach devised by Gijsbrechts & Campo (2000) from the work of Morris and Calantone (1990) and Nagle and Holden (1995). It involves an analysis of both the internal and external environment of the price setting company. The internal environment concerns the company objectives, strategy and costs, whereas the external environment is looking at all factors outside the company including customers and competitors. Thereafter the process of price determination is then explained. Each section of the systematic approach to pricing will be described theoretically. The work of Nagle and Hogan (2006) was one of the major influences for this section together with other academic books within the field of pricing and marketing. Research articles will also be used as sources of information.

Once the systematic approach to pricing has been explained, the second section will follow this approach in trying to answer the problem of how do the football clubs of the English Premier League construct their ticket pricing strategies and what basis of information do they use to formulate these prices? This will try to understand what the overall objectives and strategies of the clubs are, which varies from just surviving within the EPL by avoiding relegation to being the biggest club in the world. Particular attention in this section will be focused on the demand for attendance at EPL matches, which will investigate and explain issues such as loyalty and segmentation of supporters. There will be analysis of the current pricing strategies of EPL clubs and why there is the need for different clubs to have different strategies. The sources of information will include empirical evidence from EPL clubs
websites and the Deloitte Annual Review of Football Finance 2009, plus academic research articles relating to sport attendance and demand.

The final section will focus on answering the core problem statement of investigating whether dynamic pricing could be utilized as a future ticket pricing strategy for English Premier League clubs, and if so what are the benefits and how could it be achieved? A theoretical background will be given to this area along with the industries where this type of pricing is currently used. Investigation of whether dynamic pricing has been used in other spectator sports around the world will find that there are now two teams within the United States, the San Francisco Giants of the NBL and the Dallas Stars of the NHL, that now operate such a system. Then consideration will be given to the likelihood of this type of pricing in the EPL along with the possible reaction and acceptance by the supporters of EPL clubs. Sources of information will include academic books and research into the area of revenue management and dynamic pricing along with analysis and research of supporter demand and segmentation. Interviews were also sort with business managers of the EPL clubs, which proved mostly unsuccessful. However an interview with the CEO of the US based dynamic pricing ticketing company, who have the contracts with the San Francisco Giants and the Dallas Stars, was arranged and helped greatly in the construction of knowledge for this section.

The report will finish with a conclusion detailing the main salient points and findings.

1.3 Delimitations:
Clubs from the EPL have combined revenue of over £2 billion. The majority of the income that each club receive is in some ways out of their control. That is because the broadcasting rights, which account for nearly 50% of the revenue, are negotiated centrally by the Premier League. This leaves the clubs to manage their own commercial activities, such as sponsorship and merchandise, and matchday activities, which include ticket sales and activities inside the stadium such as food and drink sales. This paper will only focus on the ticket pricing strategies of EPL clubs. However, the reader should not lose sight that the other forms of income exist and they may have an indirect influence on the ticket pricing strategies.

When discussing ticket prices, this paper will only be referring to and analysing the ‘normal’ seat within a stadium and not box or corporate seats. Box and corporate seats are normally owned by companies for hospitality purposes and the people who use them are normally
guests of the company who are being entertained and therefore have not paid for attendance to the game.

This paper tried to obtain interviews with business managers from all clubs within the EPL along with some recent EPL clubs who are now in the Championship to discuss the issue of future pricing strategies. Unfortunately this proved in the whole unsuccessful, apart from one written statement reply from Liverpool F.C.. Contact was also made with Deloitte, who have a sports business group that specialise in analysing and producing reports concerning the football industry as a whole and the EPL in particular. However, this also proved unsuccessful, with them citing customer confidentiality. Without having such primary meaning and understanding from within the industry, it does make it much more difficult to draw conclusions on their future pricing strategies.

An interview with Barry Kahn of Qcue helped greatly in assembling knowledge for the dynamic pricing section, but there has to be acknowledgement that Barry’s perspective is from the pro-dynamic pricing argument. His business is trying to sell dynamic pricing to sport teams across the United States, therefore his opinion will probably involve a lot of subjectivity, which cannot be balanced off with the views and opinions of EPL clubs. However, this paper has used the meaning and knowledge gained from the interview with Barry, together with theoretical knowledge concerning dynamic pricing and this papers analysis of the current pricing strategies of EPL clubs to form an opinion of future pricing strategies for EPL clubs. This has been carried out with as much objectivity as possible, although the author acknowledges it is almost impossible to remove all subjectivity from such an analysis.

1.4 Acknowledgements
There are two people who deserve acknowledgement for their help and assistance in the writing of this paper. Firstly Lars Esbjerg, whose help and guidance, especially at the beginning of the project, is greatly appreciated. The second acknowledgement is to Barry Kahn, CEO of Qcue, who gave some of his valuable time for an interview. This helped greatly in the construction of knowledge of dynamic pricing within sports. His help is also very much appreciated.
2.0 Theoretical Background to Pricing

To begin this paper it is perhaps appropriate to define exactly what is meant by price and its place within marketing. The Oxford English Dictionary describes price as *the amount of money expected, required or given in payment for something*. Price is part of the 4P marketing mix devised by McCarthy in his 1960 paper *Basic Marketing: A Managerial Approach*. The 4 P’s consist of Product, Place, Promotion and Price and represent the parameters and tools that sellers’ can control in trying to influence buyers to purchase their product.

Within the marketing mix, price is the only one that generates sales revenue, with the other three being costs. Price is also the most flexible as this can be changed almost immediately, unlike the three other elements. It is also the element where any changes made are more likely to create a reaction from competitors in the first instance than either of the other three.

However, all four are intrinsically linked in a company’s marketing strategy making it difficult to discuss one area, such as price, in complete isolation. Whatever pricing strategy a company decides upon, the success or failure of it will also depend upon the product, place and promotion. Therefore all four areas need to be coordinated with each other, which is why the marketing mix is appropriately named.

2.1 Systematic Approach to Pricing

Price setting can be as simple as just picking a number or reacting to market conditions. Strategic pricing however, is more proactively trying to manage market conditions. Strategic pricing can be described as the coordination of interrelated marketing, competitive and financial decisions to set prices profitably (Nagle & Hogan, 2006).

A systematic approach to pricing has been devised by Morris and Calantone (1990) and Nagle and Holden (1995) (cited in Gijsbrechts and Campo (2000)). This approach will be used throughout the paper. It involves an analysis of both the internal and external environment of the price setting company. The internal environment concerns the company objectives, strategy and costs, whereas the external environment is looking at all factors outside the company including customers and competitors. After this analysis, price determination can take place considering amongst others pricing objectives and strategy. Companies will go through the process continuously, obtaining new knowledge and adjusting accordingly. An outline of this approach can be seen in Figure 1 on the following page. The
paper then continues with an analysis of the theoretical background for each element of the systematic approach.

Figure 1: Systematic approach to pricing

2.2 Analysis of Internal Environment
The starting point in the systematic approach to pricing is having the knowledge and understanding of the internal environment of the company. This section will show why such knowledge and understanding of company objectives and strategies, and costs are essential for effective pricing.
### 2.2.1 Company Objectives and Strategies

This relates to strategic management and can be described as the identification of the purpose of the organisation and the plans and actions to achieve that purpose. Lynch (2009) expands on this by stating:

*Strategic purpose is delivered by identifying and defining the mission and objectives of the organisation. However, before considering these two subjects, we need to stand back and consider why the organisation exists, who it is meant to serve and how its value added should be generated and distributed amongst its stakeholders.* (Lynch, 2009)

Therefore, it is virtually impossible to develop a company’s strategy if the purpose is unknown or not clearly defined. When trying to connect the strategy of a company with its pricing, then Michael Porter’s generic strategies theory (Porter, 1980) can be argued as providing a good link between the two. Porter’s theory argues that there are three basic strategies a company can choose:

1. Cost Leadership
2. Differentiation
3. Focus

The theory states that the company must choose one of these strategies to enable it to obtain a sustainable competitive advantage (SCA) within the market place.

**Figure 2: Cost leadership strategy**

\[
\text{Profit per unit} = \text{Price} - \text{Costs per unit}
\]

- **A**——Average Prices
- **Y**——Cost of Competitors
- **X**——Cost of Low-Cost Leader


Cost leadership does not necessarily mean that the company is charging its customers the lowest prices in the market place. Instead it refers to having the lowest cost of production,
distribution, and labour. This can be achieved by focusing on all costs within the value chain. Low cost producers normally sell a standardised product in which they attempt to achieve economies of scale. They can choose to sell at the lowest cost in the market place, or, as figure 2 above on page 12 shows, charge an average market price which would delivery higher profits than its competitors.

Differentiation involves having a product that is considered in some way unique and therefore being able to charge a premium for the product above the market average. This strategy would likely incur higher costs, which could come from design, the purchase of better quality components, higher wages for better quality employees, or even brand promotion and awareness. The product does not necessarily even have to be of a higher quality than its competitors, just perceived by its customers to be so, which is why brand promotion could be the only difference in costs between two similar products. Figure 3 below shows how a differentiation strategy by a company could delivery higher profits than its competitors.

Figure 3: Differentiation strategy

\[
\text{Profit per unit} = \text{Price} - \text{Costs per unit}
\]


The focus strategy is perhaps better defined by another name, a niche strategy. The previous two strategies are regarded as covering the broad market, whereas with this strategy the company would focus on a much narrower market segment. However, it would still have to decide whether to focus on cost leadership or differentiation within that niche.
2.2.2 Costs
Costs can be an extremely difficult issue, but need to be accurate and controlled to ensure reliable pricing. All products and services are usually made up from a combination of two different costs: fixed cost and variable cost.

Fixed costs are those that do not change with the proportion of output. Examples include rent for offices and factories, and capital machinery. However, fixed costs may only be fixed over a relevant range or certain time period. This can be a result of volume increasing to such an extent that more fixed costs need to be added to support this volume.

Variable costs are those that change with the proportion of output. Examples include raw materials for products produced, production wages and sales commission.

Knowing how these two set of costs interact is critical for pricing, especially with volume involved. Figure 4 below shows an example of a cost-volume-profit analysis. The example shows that fixed costs are €1,000 and that for the particular unit price chosen (in this case €44.44), the break-even point (where income equals expenses) is at 45 units sold, while the sale of 70 units would provide a net income of €500.

Figure 4: Cost-Volume-Profit Graph

Source: Adapted from Horngren et al, Introduction to Management Accounting, page 54

Figure 4 is quite basic and linear in its construction. In reality, costs very rarely follow such a simplified structure. Difficulties can even arise from identifying what is a fixed cost and what
is a variable cost. This can make accounting for the cost of a product or service very difficult, although tools such as activity based costing can help immensely with this. Economies of scale, where the cost changes with the output level, and the experience curve, where unit costs can be lowered from the learning effect, all add to the complexity of this area. The reality is that not all companies truly know how their costs function, leaving them at a disadvantage to their competitors who do, especially with regard to pricing.

2.3 Analysis of External Environment
The second stage of the systematic approach to pricing is understanding the company’s external environment. This involves analysis of customers, competitors, the channel environment, and the legal environment. This section of the paper will show why such understanding is necessary for pricing strategy.

2.3.1 Customers
When considering customers there are two main areas that a company needs to consider when setting prices; demand and price perception.

Identifying demand for a product can be extremely difficult. Companies attempt to do this in many different forms including by surveys, price experiments and statistical analysis (Kotler & Keller, 2009). The reason why price experiments help to identify demand is because demand will also change with the price of the product. The magnitude of that change depends on the price elasticity of demand, which is how much the quantity demanded for a good changes after an increase/decrease in the price of the good. If the percentage of demand changes less than the percentage of the price change then it is considered inelastic demand, meaning that demand is much less price sensitive. This would in general indicate a lack of suitable substitutes. However, if the percentage of demand changes more than the percentage of the price changes then it is considered to be elastic demand, meaning that demand is price sensitive. Therefore identifying customers demand is of high importance to companies with regard to pricing. Figure 5 below shows a graph for both inelastic and elastic demand.

---

1 The mathematical equation for the price elasticity of demand is $E_p = (\%\Delta Q)/(\%\Delta P)$, where $\%\Delta Q$ means the percentage change in quantity, and $\%\Delta P$ means the percentage change in price. Therefore if a price increase of 5% resulted in the demand falling by 10% the price elasticity of demand would be $-10\%/5\% = -2$. 

Different customers will be prepared to pay different prices for the same good. If a company charges the same price to all customers, some may have been willing to actually pay more for that product. Therefore they have received a benefit which is known as a consumer surplus. Market segmentation can help companies reclaim some of this surplus. They can focus the sale of their products on different types of customers depending on variables such as consumers' location, age, income, gender, and social class, amongst many others. Therefore understanding how to repackage products or services for various segments and obtaining different prices for these offerings can greatly benefit pricing.

From a customer perception point of view, the reference price effect states that buyers are more price sensitive the higher the product’s price relative to the prices of the buyers’ perceived alternatives (Nagle & Hogan, 2006). The key point being the buyers perceived alternative or substitute.

2.3.2 Competitors
Careful analysis of competitors is required for effective pricing. Game theory helps to understand that undercutting competitors is not always the best move because you need to consider your competitors response. A price war can dilute profits for all competitive participants.

Nagle and Hogan (2006) discuss the pricing game stating that pricing against competition is more challenging and hazardous than pricing a unique product. Price competition is usually a negative-sum game since the more intense price competition is, the more it undermines the value of the market in which the company is competing. Rather than trying to beat the competition and create a large market share by attracting customers by taking less profit,
positive-sum strategies can attract customers by creating more value or more operating efficiency. This relates to the discussion early concerning Michael Porter’s generic strategies and the ability of the company to develop a sustainable competitive advantage.

2.3.3 Channel Environment
Channel distribution is linking the producer to the consumer. The company that produces the good is not usually the one who sells it to the final user. In between are intermediaries such as wholesalers and retailers. Channels can therefore vary from only two levels, where there is just the producer and end user, to extremely long. To develop effective pricing strategies, companies must comprehend the effect of their decisions on pricing and value delivery, both to immediate customers and to ultimate consumers (Nagle & Hogan, 2006).

2.3.4 Legal Environment
Governments can influence final consumer prices in various ways, including the level of VAT, regulation on price ceilings and floors and against price collusion amongst companies. Import duties and tariffs also need to be considered for international trade. As a result, the price the company sets and the price the purchaser pays can be dramatically different. Therefore it is important to fully understand the impact that legal regulations and taxation has on price setting.

2.4 Price Determination
Once the analysis of the internal and external environment has been completed then the price determination can begin. The information and knowledge gained from the environmental analysis should be used to guide the company towards the most appropriate pricing objectives, strategy, structure, level, and tactics. This section will describe these price determination factors.

2.4.1 Pricing Objectives
The purpose of pricing objectives is to give direction to the whole price determination process. It’s a decision on the broad objectives of the whole pricing structure and should relate to the overall objectives of the company as discussed in the internal environment section. Gijsbrechts and Campo (2000) state there are four board areas of pricing objectives; profit oriented, volume oriented, cost oriented and competition oriented. See Table 1 below for examples of each type.
Table 1: Table of pricing objectives.

<table>
<thead>
<tr>
<th>Profit Oriented</th>
<th>Volume Oriented</th>
<th>Cost Oriented</th>
<th>Competition Oriented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize profit</td>
<td>Sales growth or maintenance</td>
<td>Pursue economies of scale</td>
<td>Price leadership</td>
</tr>
<tr>
<td>Reach target return on investment</td>
<td>Market share growth or maintenance</td>
<td>Exploit experience effects</td>
<td>Entry deterrence</td>
</tr>
<tr>
<td>Maximize market skimming</td>
<td>Increase usage, participation, or store traffic</td>
<td>Recover investment costs</td>
<td>Market Stabilization</td>
</tr>
<tr>
<td></td>
<td>Market penetration</td>
<td></td>
<td>Meet competition</td>
</tr>
</tbody>
</table>

Source: Gijsbrechts and Campo (2000)

However, it is very rare that a company would choose one single objective, instead a mixture of at least two with different levels of overall significance. That said, Kotler and Keller (2009) state that the clearer a firm’s objectives, the easier it is to set price.

2.4.2 Pricing Strategy and Structure

Demand curves, as discussed earlier, assist in price setting, but they can also mislead. This is because they set prices while holding all ‘other’ things equal. Nagle and Holden (2002) state the essence of effective pricing strategy is the coordinated management of those ‘other’ things. By changing customers’ price expectations, product perceptions and perceived alternatives companies can proactively create more profitable pricing. Tellis (1986), states that pricing strategies can be broadly classified into three groups:

1. Differential/Segmental Pricing: Trying to exploit consumer heterogeneity, so that the same product can be sold to consumers under a variety of prices.
2. Competitive Pricing: Using the firm’s competitive position to carry out policies such as penetration pricing by exploiting economies of scale, or predatory pricing by pricing low.
3. Product Line Pricing Strategies: Relevant when a company has a set of related products. Price bundling and premium pricing are examples of such strategies.

Price structures build upon the pricing strategy and lay the foundation on which price levels will be set by defining how the characteristics of a product will be priced (Stern, 1986). This can vary from the simple one price per product to more complex pricing structures. Stern
uses the example of a taxi, where it can have a three part price structure: a price to get into the cab, a price per kilometre, and a price per minute.

2.4.3 Price Level
Finally, the price level of the product can be set, but even here there are several different alternative ways of pricing. These include target return pricing, psychological pricing and going rate pricing along with many others. However, this paper will now describe perhaps the two most common types, namely traditional cost-plus and value based pricing.

Cost-plus has been a traditional way of pricing for centuries. It calculates the cost of the product and then applies a mark-up rate to compute the price level. However, Nagle and Hogan (2006) are scathing in their criticism of this type of pricing. They argue that it’s impossible to determine the unit cost because it changes with volume and volume changes with price. If a fixed cost increases and the price is raised, then more often than not the price increase reduces profits as volume is reduced, resulting in an even higher unit cost (and perhaps another price increase). A price cut would probably have the reverse effect. Cost-plus pricing can lead to overpricing in weak markets and under pricing in strong ones, which is the opposite direction of a prudent strategy. A solution to this problem is value-based pricing.

Figure 6: Cost-Based versus Value-Based Pricing

Cost-Based Pricing

| Product | Cost | Price | Value | Customers |

Value-Based Pricing

| Customers | Value | Price | Cost | Product |

Source: Nagle and Hogan (2006)

Figure 6 above shows the different paths these two pricing methods take. The principal of value-based pricing is to look at what customers want and their perceived value of that product and ideally this should be done at the beginning of product development, before the product actually exists. The price customers are willing to pay for the product is used as the
target price, from which a cost limit of producing the product is agreed. If the product cannot be produced to an acceptable profit margin, then it is not produced.

It can be argued that in the cost-based method there are no marketing skills involved until the value section is reached, whereas in the value-based method marketing skills are used throughout the process.

2.4.4 Tactics
Tactics can refer to short-term price decisions to realize short-term objectives or respond to short-term environmental changes (Gijsbrechts & Campo, 2000). Given this description, an obvious tactic would be a price promotion.

As was shown and described earlier (see Figure 1 on page 11), this is not the end of the pricing strategy process. Instead it should be a continuous, ongoing process. The internal and external environment should be continuously analysed and price determination regularly reviewed. Pricing strategy is never a job completed; it should always be work-in-progress.

This concludes the theoretical background to strategic pricing. The paper will now use the same systematic approach to pricing to analyse the ticket pricing strategy of clubs from the English Premier league. However, before this takes place an introduction and background knowledge of the English Premier League will be presented.

3.0 The English Premier League
The English Premier League is the most watched football league in the world. It has achieved worldwide success in both sporting and business terms. The plaudits for the league include many business sectors, with Marketing Week (2005) stating even the most hardened cynic would have to admit that the FA Premier League has been an unmitigated success since its formation in 1992. However, prior to this period English football was looked upon in a completely different light. The 1980’s was a period of hooliganism highlighted by the death of 39 Juventus supporters as a result of rampaging Liverpool supporters before the start of the 1985 European cup final. Liverpool themselves were victims of a tragedy in 1989 when 96 of their supporters were crushed to death at the Hillsborough stadium. The report that investigated the causes to this tragedy and also gave recommendations is considered a turning point in English football. It was called the Taylor report and recommended the introduction of all-seater stadiums along with other issues concerning the sale of alcohol, and the removal of fences between the supporters and the field of play. To meet these recommendations
required significant investment and the top clubs started to discuss ways of attracting more revenue and investment. This is where the idea to form a breakaway league was decided upon. The top clubs considered they could market and negotiate better deals as a single division of 22 clubs instead of four divisions of 92 clubs, which was the then structure of the Football League.

The main source of improved revenue came from broadcasting, with the relatively new satellite broadcaster BSkyB paying £191 million for exclusive rights to show live matches for five years from 1992. The domestic broadcasting revenue for the three years from 2007 is a staggering £1.7 billion (premierleague.com, 2010, March 4), showing how much the league has grown since its beginning. Between 1992 and 2008 the UK economy experienced an average growth rate of 5.4% in nominal terms, while the collective revenues of the 20 EPL clubs have grown at a compound annual rate of over 16% during the same period (Deloitte, 2009). Both domestic and worldwide television rights are the primary source of this revenue, with match day revenue (primarily the ticket price plus food and drink etc that is purchased in the ground) accounting for circa 30% (Deloitte, 2009). Merchandising and commercial activity are also important sources of revenue.

The league started in August 1992 and consisted of 22 teams. Three years later that was reduced to 20 teams as part of an originally planned reduction. The Premier league is owned by each of the 20 teams who hold a 1/20th share holding (premierleague.com, 2010, March 4). It operates on a promotion and relegation basis, with the bottom three teams in the league at the end of each season being relegated to the division below, which is called The Championship. The relegated teams pass on their share ownership to the top three teams from The Championship that has gained promotion to the Premier League.

The clubs share a certain percentage of revenue from broadcasting, with the rest of the broadcasting money being split on how many times each club is shown on live TV and also their final finishing place in the league (Deloitte, 2009) The money each club charge and the strategies they operate for ticket sales are completely at the discretion of each club. This is the area that this paper will now analyse.

3.1 The Pricing Strategies of English Premier League Clubs

Having described the background and history of the EPL, the paper will now use the systematic approach to pricing to help answer the sub question of the problem statement:
How do the football clubs of the English Premier League construct their ticket pricing strategies and from what basis of information do they use to formulate these prices?

3.2 Analysis of Internal Environment

3.2.1 Objectives and Strategies

It is perhaps difficult to be fully aware of these because not all of them will be knowledgeable to people outside each of the organisations with all 20 clubs within the EPL having different objectives. A good starting point would be to analyse the mission statement of the EPL itself.

Lynch (2009) states that the role of the mission statement is to communicate to all the stakeholders inside and outside the organisation what the company stands for and where it is headed.

Premier League Mission Statement:

1. Manage, continually improve and be regarded as the world’s best league football competition – on and off the field.
2. Increase interest in our competitions, promote accessibility to live games and ensure that media exposure is used to optimal effect.
3. Generate increased commercial value, using the resulting revenues to further enhance our competitions and strengthen the long-term future of the premier league and its clubs.
4. Use our power and influence responsibly to improve the game in this country and abroad through partnerships with the FA, UEFA and other bodies.
5. Create a quality of competition that provides a platform from which our member clubs can achieve unparalleled success in European or World competitions.
6. Use our resources to develop playing talent that will provide for international success with the England team at all levels – with the status of World Champions being the realistic goal.

Source: Premier League website

Considering the above mission statement, there are two areas which stand out in relationship to indentifying a connection with pricing strategy. It describes its mission as being the best football league competition in the world and also to generate increased commercial value. To be the best league requires having the best players and to have the best players requires high salaries, which in turn requires generating an increasing commercial turnover. As such, when
considering Porter’s generic strategies, detailed on page 12, the EPL have chosen a differentiation strategy to gain sustainable competitive advantage. They are trying to differentiate themselves not only from other football leagues around the world, but also other sports. Lynch (2009) states that when an organisation is able to differentiate its products, it is able to charge a price that is higher than the average price in the market place. This is shown in figure 3 on page 13.

This type of differentiation can also apply within the EPL itself, with clubs regularly at the top end of the table like Manchester United and Arsenal being able to differentiate themselves from middle to lower EPL clubs like Bolton and Fulham. Each club in the EPL has published their own Club Charter, which is available to read on the club websites. The majority are very similar in construction discussing issues such as ticketing availability, membership schemes, merchandise, and customer service. Although they cannot be truly regarded as the overriding objectives of the clubs, they do show some interesting pointers. Perhaps the boldest of all comes from Chelsea’s charter that states:

*Chelsea’s vision is: “To be recognised internationally, by 2014, as the world’s number one football club.” This applies to customer service, as well as achievements on the pitch.*

(chealseafc.com, 2010, March 21)

Obviously only a club with a large fan base, good resources and a strong team on and off the field of play could realistically make such a statement, which most independent observers of football would probably concede that Chelsea do have. Whether they achieve their goal is in some ways immaterial, but it does show their ambition and intent.

Of course the majority of other clubs in the EPL have no such grand vision of the future. Most of their objectives are likely to be just to remain within the EPL and to attract as many supporters as possible to each home game. This is perhaps evidenced in all the clubs charters discussing the issue of ticket prices and growing the supporter base. An example of such comes from the club charter of Fulham:

*As well as making tickets more accessible, the club recognises the need to fill the stadium in the short term, and to grow the supporter base in the long term by introducing young fans to the club. We acknowledge that it is essential that the whole family can afford to come along and Fulham FC will run promotional offers during the season to specifically attract children to matches.*

(fulhamfc.com, 2010, March 21)
All EPL clubs have similar statements within their charters. This can therefore be assumed to be an objective for all EPL clubs, and perhaps it would be surprising if it was not. However, to what extent each club pursues these goals will undoubtedly be different. Further analysis of this will be carried out in the pricing strategy section.

### 3.2.2 Costs

Lonsdale (2004) describes EPL clubs having four main sets of suppliers to manage within their supply network: players, coaches, merchandise suppliers and construction suppliers. Total wage cost in the EPL (players and coaches) exceeded £1 billion for the first time in 2007/08, reaching £1.2 billion (Deloitte, 2009). This was an increase in total wage costs of £227 million (23%), leaving the EPL with a wages/revenue ratio of 62% (Deloitte, 2009). Costs of merchandising could not be found and therefore cannot be discussed. However, with regard to construction costs, since the introduction of the EPL in 1992, clubs have spent circa £2 billion on stadium construction and improvements, with £187 million being invested in 2007/08 (Deloitte, 2009). Clubs that have built new stadiums in that time include Arsenal, Sunderland, Manchester City and Bolton, while others have significantly redeveloped their existing ground like Manchester United and Chelsea. The reasons for this development is not only to replace/redevelop old run down stadiums, but to actually increase the capacity of the stadiums to give the clubs the means to increase turnover.

With regard to the cost structure of EPL clubs, it is without doubt virtually all fixed costs. The players and managers are on long term contracts and their wages have to be paid immaterial whether the players play in a particular game or on the number of spectators who come to the game. In fact variable cost is almost negligible when one more spectator purchases a ticket. If the club expects higher demand than usual, they may have to arrange for more stewards and cleaning operatives, but these and any other additional costs are almost insignificant when compared with the overall cost structure.

### 3.3 Analysis of External Environment

#### 3.3.1 Customers

Customers of the EPL come in many different forms. There are those that watch the product on TV, and also those that buy merchandise like team shirts. However, the objective of this paper is to investigate stadium ticket pricing, therefore it is only the customers who attend the matches at the stadiums that will be considered here.
One of the noticeable elements of EPL customers, or supporters to give them their more appropriate name, is the changing of the demographics over recent years. As Jon Keen, deputy chairman of the Football Supporters Federation, explained in an interview with the Guardian newspaper in 2008:

“The demographic is altering. Season-ticket holders today are very different from those of 15 or even 10 years ago. Their age and affluence is going up. The average age of a Premier League season-ticket holder is now 44 and a recent survey showed that only around 9% can be classified as working class. That figure used to be around 75-80% and the average age was much younger” (Taylor, 2008).

When considering this, it should also be observed that the so called ‘middle class’ has grown in this period and continues to grow. According to a report from the Future Foundation, the proportion of Britains who regard themselves as middle class stood at 43% in 2006 and by 2020 is poised to become the majority of the population (Frean, 2006). It should also be considered that it is very difficult to qualify what is working class and what is middle class, therefore the figures quoted in the interview with Jon Keen can be questioned. However, there does seem little doubt that the demographics has changed, with the so called middle classes and their higher wealth, now accounting for the majority of attendance at EPL matches. This, together with an increase in the average age and therefore theoretically higher incomes from those people attending matches, has an upward effect on ticket prices.

This section on customers will primarily focus on demand and what determinants entice customers to attend matches in the EPL. Borland and Macdonald (2003) state that understanding the nature and determinants of demand is arguably the most important empirical issue in analysis of professional sporting markets. Without some knowledge of demand, a team will not be able to maximize or at least increase revenue. Considering the importance of demand to ticket pricing, this will be one of the integral sections of the paper.

Borland and Macdonald (2003) have identified five main categories of determinants of demand for attendance at sporting events: These five categories of demand form a conceptual framework for understanding the sources and determinants of demand for professional sporting contests. They cite analysis of over 60 econometric studies of determinants of attendance for professional sporting events, which are primarily from football within the UK and baseball within the USA. As such, it would not be unreasonable to assume that the same five categories would apply to all teams within the EPL. The five categories are as follows:
1. **Consumer Preferences:** This is broadly concerned with the utility of the consumer and whether attending a sporting event would increase or decrease their utility. However, Borland and Macdonald state that there is a greater degree of complexity about preferences for attendance of a sporting event than for most other goods or services. They state that motivation for attendance encompass effects of ‘habit’ where consumers/supporters have team loyalty, and also the ‘bandwagon’ effect where attendance by one fan increase the ‘value’ of attendance for other fans.

2. **Economic Factors:** This encompasses direct issues such as the price of the ticket, cost of travel, cost of food and beverages at the stadium. Cost of substitute possibilities of watching the game on TV or watching another sporting event or even another form of entertainment such as the theatre or cinema could be considered. Incomes of fans plus macroeconomic factors such as unemployment levels also play a part.

3. **Quality of Viewing:** The facilities at the stadium, which includes the quality of the seating, food outlets and toilet facilities. The impact of bad weather conditions. The timing of the event, as in which day and at what time the sporting event takes place.

4. **Sporting Contest:** Determinants such as the current success of the team, the anticipated quality of the match, the uncertainty of outcome, match significance, whether it a local derby and the characteristics of the opposing team, all effect supporters’ demand.

5. **Supply Capacity:** The size of the stadium affects the supply capacity. If the ‘desired’ attendance is less than the stadium capacity there is no constraint on attendance. However, rationing will occur if ‘desired’ attendance is more than stadium capacity.

The diversity of the above determinants for demand for a professional sporting event shows the complexity involved for sporting managers and executives in being able to estimate underlying demand and consequently pricing tickets at the appropriate rate and structure to attract that demand. All the categories will affect EPL clubs, some more than others. This paper will now focus on demand for the EPL and its clubs, using facts and data along with research articles. Where appropriate, reference will be given to parallels with the five categories listed above.

EPL customer demand can in reality be split into two: Premier League football and the individual clubs/matches themselves. The core product is the game itself that takes place on the pitch between two teams; however the seasonal round-robin competition, where all teams play each other home and away, creates the league product. This difference in demand for the
league product can be seen in Table 2 below. The Premier League is the highest professional football league in England followed by The Championship then League One and finally League Two.

Table 2: Average match day attendance by league for the period 2005 to 2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Premier League</td>
<td>35,630</td>
<td>36,076</td>
<td>34,363</td>
<td>33,864</td>
<td>33,890</td>
</tr>
<tr>
<td>Championship</td>
<td>17,875</td>
<td>17,022</td>
<td>18,221</td>
<td>17,616</td>
<td>17,410</td>
</tr>
<tr>
<td>League One</td>
<td>7,540</td>
<td>7,992</td>
<td>7,489</td>
<td>7,578</td>
<td>7,738</td>
</tr>
<tr>
<td>League Two</td>
<td>4,175</td>
<td>4,337</td>
<td>4,133</td>
<td>4,194</td>
<td>4,502</td>
</tr>
</tbody>
</table>

Source: European Football Statistics website

The table clearly shows, that the higher league a club is in, the higher demand and average attendance it can expect to receive. Appendix 1 shows the average attendance for each club in the top three leagues in England for the 2008-09 seasons. This does show that the three teams that were promoted to the EPL in 2008, Stoke, Hull and West Brom, increased their average attendance by 60.6%, 37.7% and 15.8% respectively, while the three teams relegated from the EPL, Birmingham, Reading and Derby had a attendance reduction of 27.1%, 15.5% and 10% respectively. This reconfirms, that the higher league a team is in, the higher their attendance. However, it can also be seen that the team with the highest average attendance in The Championship, Derby, had in fact a higher attendance than nine teams in the EPL. Also the average attendance of ten teams in the Championship was higher than the lowest average in the EPL, which was Wigan. In fact, two teams in League One had higher averages than the two lowest in the EPL. There are some constraining issues that can influence this, with the capacity of the stadium perhaps being the biggest. Portsmouth, with the second lowest average in the EPL has a capacity of 20,700, which can partly explain their low average. However, Wigan with the lowest average of 18,350, have in fact a stadium capacity of 25,138.

Therefore, as has just been shown, being in a higher league does not necessarily mean that a club will achieve higher attendance then clubs in lower leagues. As Borland and Macdonald (2003) have shown with their five categories of demand for sporting events, many other variables can affect the level of attendance.
Forrest & Simmons (2002) discuss the importance of ‘competitive balance’ and ‘uncertainty of outcome’ as considerations for customers/supporters as to whether they attend a match. They describe competitive balance as a league structure that has relatively equal playing strength between league members. This certainly is not the case in the EPL, especially with the ‘Big Four’ teams being much stronger competitively.

The ‘Big Four’ are Manchester United, Arsenal, Liverpool and Chelsea. They have dominated the top four positions within the EPL for many years and no team outside these four teams has won the EPL since Blackburn in 1995. Also, all four of the teams have been in at least one European Champions League final within the last four years. They all have a large following and resources and are therefore able to buy some of the most talented and best footballers in the world. Therefore it is almost impossible to argue that matches between a big four club and other clubs from the EPL, especially those towards the bottom of the league, would have a ‘competitive balance’. Likewise, ‘uncertainty of outcome’, although existing to a certain extent, is difficult to argue for. The findings of Forrest & Simmons show that although supporters state that they are attracted to games that are equally balanced, the reality is different. In fact, if all teams were of equal ability and given the benefits of home field advantage, there would be a strong imbalance in each game because home wins are double in frequency than away wins (Forrest, Beaumont, Goddard, and Simmons (2005) show that home field advantage results in 2.017 times as many home wins as away wins). This would then result in foregoing the higher attendances, that Forrest & Simmons show in their model, with matches where a weak home team hosts a strong away team. This can be related to the EPL where home games for weaker teams attract higher attendances when they are playing one of the big four teams than when they play a team of equal or weaker strength. This can be evidenced from table 3 below. It shows the 16 other teams outside the big four from the 2008/9 EPL season and their average attendance against big four teams and also for matches against the remaining 15 teams. The figure also shows the capacity utilization for both types of matches and the increase in capacity utilization and attendance for big four matches.

Table 3 below shows that capacity utilization and attendance is higher for all 16 teams when they play matches against any of the big four. The overall average increase in capacity utilization for big four matches is 5.75%, while the average increase in attendance is 6.53%. However, it is interesting to note the differences between all of the teams.
Table 3: Attendance and capacity utilization for teams outside the ‘Big Four’ in 2008/9

<table>
<thead>
<tr>
<th>Team</th>
<th>Stadium Capacity</th>
<th>Average attendance against Big 4</th>
<th>Capacity utilization against Big 4</th>
<th>Average attendance against all other teams</th>
<th>Capacity utilization against all other teams</th>
<th>Increase in capacity utilization for Big 4 matches</th>
<th>Attendance increase for Big 4 matches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aston Villa</td>
<td>42,788</td>
<td>42,351</td>
<td>98.98%</td>
<td>39,135</td>
<td>91.46%</td>
<td>7.52%</td>
<td>8.22%</td>
</tr>
<tr>
<td>Blackburn</td>
<td>31,367</td>
<td>24,488</td>
<td>78.07%</td>
<td>23,210</td>
<td>73.99%</td>
<td>4.07%</td>
<td>5.51%</td>
</tr>
<tr>
<td>Bolton</td>
<td>28,723</td>
<td>23,908</td>
<td>83.24%</td>
<td>22,106</td>
<td>76.96%</td>
<td>6.27%</td>
<td>8.15%</td>
</tr>
<tr>
<td>Everton</td>
<td>40,157</td>
<td>37,099</td>
<td>92.38%</td>
<td>35,286</td>
<td>87.87%</td>
<td>4.52%</td>
<td>5.14%</td>
</tr>
<tr>
<td>Fulham</td>
<td>25,700</td>
<td>25,513</td>
<td>99.27%</td>
<td>24,032</td>
<td>93.51%</td>
<td>5.76%</td>
<td>6.16%</td>
</tr>
<tr>
<td>Hull</td>
<td>25,404</td>
<td>24,929</td>
<td>98.13%</td>
<td>24,786</td>
<td>97.57%</td>
<td>0.56%</td>
<td>0.58%</td>
</tr>
<tr>
<td>Manchester City</td>
<td>47,726</td>
<td>46,687</td>
<td>97.82%</td>
<td>41,389</td>
<td>86.72%</td>
<td>11.10%</td>
<td>12.80%</td>
</tr>
<tr>
<td>Middlesbrough</td>
<td>35,049</td>
<td>31,008</td>
<td>88.47%</td>
<td>27,741</td>
<td>79.15%</td>
<td>9.32%</td>
<td>11.78%</td>
</tr>
<tr>
<td>Newcastle</td>
<td>52,387</td>
<td>51,459</td>
<td>98.23%</td>
<td>48,027</td>
<td>91.68%</td>
<td>6.55%</td>
<td>7.14%</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>20,700</td>
<td>20,452</td>
<td>98.80%</td>
<td>19,663</td>
<td>94.99%</td>
<td>3.81%</td>
<td>4.01%</td>
</tr>
<tr>
<td>Sunderland</td>
<td>49,000</td>
<td>42,834</td>
<td>87.42%</td>
<td>39,458</td>
<td>80.53%</td>
<td>6.89%</td>
<td>8.56%</td>
</tr>
<tr>
<td>Stoke</td>
<td>28,383</td>
<td>27,301</td>
<td>96.19%</td>
<td>26,860</td>
<td>94.63%</td>
<td>1.55%</td>
<td>1.64%</td>
</tr>
<tr>
<td>Tottenham</td>
<td>36,310</td>
<td>36,030</td>
<td>99.23%</td>
<td>35,902</td>
<td>98.88%</td>
<td>0.35%</td>
<td>0.36%</td>
</tr>
<tr>
<td>WBA</td>
<td>26,500</td>
<td>26,402</td>
<td>98.88%</td>
<td>25,728</td>
<td>97.09%</td>
<td>1.79%</td>
<td>1.84%</td>
</tr>
<tr>
<td>West Ham</td>
<td>35,303</td>
<td>34,865</td>
<td>98.76%</td>
<td>33,390</td>
<td>94.58%</td>
<td>4.18%</td>
<td>4.42%</td>
</tr>
<tr>
<td>Wigan</td>
<td>25,138</td>
<td>20,904</td>
<td>83.16%</td>
<td>17,669</td>
<td>70.29%</td>
<td>12.87%</td>
<td>18.31%</td>
</tr>
<tr>
<td>Average</td>
<td>34,415</td>
<td>32,252</td>
<td>93.72%</td>
<td>30,274</td>
<td>87.97%</td>
<td>5.75%</td>
<td>6.53%</td>
</tr>
</tbody>
</table>

Source: Authors own construction. Data taken and calculated from each clubs website fixture and results section.

For example, Wigan experience the biggest increase in attendance for games against the big four at 18.31%, while Tottenham experience an almost negligible increase of 0.36%. The reasons for such a difference are similar to why the big four draw larger attendances. Tottenham are usually towards the higher regions of the EPL while Wigan are towards the bottom, with Tottenham having more resources and a larger fan base, resulting in the ability to purchase better quality players. As a result, Tottenham can maintain a well established loyal fan base that gives the club a sold out stadium\(^2\) for every game, no matter what team they are playing. The same principle applies for the big four teams, which is evidenced in table 4 below.

\(^2\) According to Deloitte, a club achieving a capacity utilization of 96% or over effectively means a sold out stadium at every home game due to segregation policies and ticket provision for fans of the visiting team.
Table 4: Attendance and capacity utilization for the ‘Big Four’ in 2008/9

<table>
<thead>
<tr>
<th>Team</th>
<th>Stadium Capacity</th>
<th>Average Attendance against Big 4</th>
<th>Capacity Utilization against Big 4</th>
<th>Average Attendance against all other teams</th>
<th>Capacity utilization against all other teams</th>
<th>Increase in capacity utilization for Big 4 matches</th>
<th>Attendance increase for Big 4 matches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manchester United</td>
<td>75,957</td>
<td>75,497</td>
<td>99.39%</td>
<td>75,268</td>
<td>99.09%</td>
<td>0.30%</td>
<td>0.31%</td>
</tr>
<tr>
<td>Arsenal</td>
<td>60,355</td>
<td>60,092</td>
<td>99.56%</td>
<td>60,030</td>
<td>99.46%</td>
<td>0.10%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Liverpool</td>
<td>45,276</td>
<td>44,263</td>
<td>97.76%</td>
<td>43,489</td>
<td>96.05%</td>
<td>1.71%</td>
<td>1.78%</td>
</tr>
<tr>
<td>Chelsea</td>
<td>41,841</td>
<td>41,742</td>
<td>99.76%</td>
<td>41,435</td>
<td>99.03%</td>
<td>0.73%</td>
<td>0.74%</td>
</tr>
<tr>
<td>Average</td>
<td>55,857</td>
<td>55,399</td>
<td>99.18%</td>
<td>55,055</td>
<td>98.56%</td>
<td>0.61%</td>
<td>0.62%</td>
</tr>
</tbody>
</table>

Source: Authors own construction. Data taken and calculated from each clubs website fixture and results section.

Table 4 shows that, although there is a slight increase in attendance when any of the big four play each other, the increase is almost insignificant, especially when considered that Manchester United, Arsenal and Chelsea have a capacity utilization of over 99% for games against the other 16 EPL teams. Liverpool has the lowest utilization against the other 16 teams at 96.05%, but even this is considered a sold out stadium. This shows that demand for home games for the big four and some of the other teams in the EPL, like Tottenham, are reasonably constant no matter who the match is against, whereas for the majority of the other teams it is more variable. This data therefore indicates that the more successful a team is, the higher the demand for attendance, both for their home and away matches. It can also be related to other factors concerning the perceived quality of the team/players. Forrest and Simmons (2002) found similar conclusions, stating that fans of English football placed high importance on match outcome and game quality. Both of these motivators for demand correspond with the forth category of Borland and Macdonald’s determinants of demand for professional sporting contests, namely the sporting contest itself. It can also be argued that their first determinant of consumer preferences, with the utility of the consumer/supporter, also applies. However, teams such as Hull and West Bromwich have capacity utilization of over 97% for matches against all non-big four clubs, and these two teams would not be considered amongst the most successful or highest quality within the EPL. That said, both these teams had gained promotion to the EPL the previous season from the Championship, therefore their supporters may look upon them as being successful. This perhaps can be
related to the research of Peel and Thomas (1996) who found that ‘floating’ supporters who
do not attend regularly are mostly focused on team success.

Buraimo, Forrest & Simmons (2006) carried out a study of 2,884 matches from the second
tier of English football, The Championship. They found, that compared to a weekend match,
a midweek match would attract 7% less spectators, whereas a match played on a bank holiday
(UK public holiday) would be associated with a 10.4% boast to attendance. An even bigger
boast is associated with ‘Derby’ games where a 13.9% increase in attendance was observed.
They also found that attendance gradually increased from December onwards until the end of
the season in May, a sign perhaps that the closure to the end of the season, the more
significant the results of matches come, for promotion or relegation, therefore attracting more
spectators. Better weather may also be a factor. However, as this was a study on
Championship matches and not EPL there needs to be some caution. EPL matches averaged
92.2% capacity utilization, whereas the Championship achieved 71% for the season 2008/09
(Deloitte, 2009). Therefore the percentage of increases in attendance cannot be reciprocated
exactly within the EPL. However, it is difficult to imagine that the same forces of demand
would not affect EPL matches.

The fifth determinant of Borland and Macdonald, supply capacity (the capacity of the
stadium), may apply to a certain extent for Hull and West Bromwich. They both have similar
stadium capacity of approximately 26,000, which is relatively low compared to the majority
of other EPL clubs. This can be regarded as a scarcity of supply and perhaps could in fact
create an acceleration in demand that would not exist if the stadium had a larger capacity.
However, this is difficult to substantiate and also probably not a major determinant of
demand. Obviously other factors must determine their level of demand.

Buraimo and Simmons (2006) have carried out research which helps to understand these
other factors. They have focused their research entirely on the EPL and have devised a
controlled experiment to obtain a model of attendance demand for an EPL match. Their data
set covered EPL matches between 1996/7 and 2003/04 seasons. They have confirmed, what
would seem an obvious assumption anyway, that teams located in bigger markets are able to
generate higher gate attendances than those in smaller markets. Their key result is that a
100% increase in population within 10 mile radius of a stadium raises gate attendance by
11.5%. Therefore, if one team has a population within this 10 mile radius that is 100,000
greater than a team in another location, then the team with the larger population density is
predicted to have 0.79% greater attendance. The extra revenue generated from this higher attendance and other revenues, generates resource to invest in player talent. As has been discussed above, better player talent can lead to more successful and entertaining teams, which again is another determinant of demand. Therefore, the size of the market the club is located in can truly dictate the level of demand. This is certainly the case with the big four in the EPL who are all located within highly populated markets.

Buraimo and Simmons also discuss the issue of first mover advantage where older established clubs with history and tradition form entry barriers for newer clubs to develop and sustain a fan base. Once a supporter has chosen a club, it is very unlikely that they will ever change that allegiance and becomes more of a case of whether they will actually attend a match for their chosen club or not. Byers, Peel and Thomas (2001) state that loyalty to a football club is determined by a host of socio-economic and cultural factors, often spanning generations and linked to club history and tradition. It may be related to habit which can be viewed as a determinant of demand where past attendance influences current levels by raising the marginal utility of current and future attendance. This corresponds with category one of Borland and Macdonald’s (2003) five categories of demand for sporting attendance, as does Borland and Lye (1992) where they state that gradual learning about the game by individuals enhances their enjoyment from future matches, as well as relating to the derivation of utility from the ‘tradition’ of attending matches. Much of the utility derives from the feeling of identity with the club they follow.

Perhaps in its most simplistic terms, football supporters can be classed into two different categories; the loyal supporter who will turn up for matches year after year no matter what results/successes the team experiences, and those supporters that vary their attendance considerably, depending on the demand determinants already mentioned. However, Giulianotti (2002) argues that there are four broad categories into which we can classify spectators. Figure 7 below shows the four categories, that Giulianotti has named Supporter, Fan, Follower, and Flâneur.

Giulianotti describes the traditional/consumer horizontal axis as measuring the individual’s investment in a specific club, where traditional spectators will have a longer, more local identification with the club, whereas consumer fans will have a more market-centered relationship. The hot/cool vertical axis measures how central the club is to the individual and
their level of loyalty. Hot describes intense kinds of identification and solidarity with the club, with cool describing the reverse. Given this description, placing the traditional two category view of supporters would see the loyal, year in year out supporter placed as ‘Supporter’ in the top left of Giulianotti’s matrix. It is the supporters who vary their attendance who would be spread within the other three sections of the matrix. These are the supporters that would require additional focus on from the clubs marketing department to increase capacity utilization.

Considering all the above discussed determinants of demand for EPL clubs, do they explain why Wigan has the lowest demand for tickets in the EPL? The following paragraph will highlight some of the main attributes for determining the demand for home matches for Wigan, detailing in parenthesis the connection to research discussed above. Facts concerning the history and performance of Wigan is from their website. The Office for National Statistics states that Wigan has a population of 81,203 (Buraimo and Simmons (2006): low population radius) and the football club only joined the football league and thereby coming a professional club in 1978. Since then have spent the majority of that time in the third and forth tier of the English league system and only gained promotion to the second tier for the first time in 2003 and then to the top tier, the EPL, in 2005 (Buraimo and Simmons (2006) & Byers, Peel and Thomas (2001): club history and tradition). The majority of neutral supporters would probably consider them to be one of the least entertaining sides in
the EPL and they are usually towards the bottom of the EPL, losing more games than they win (Forrest and Simmons (2002): high importance on match outcome and game quality). They are located in the metropolitan area of Greater Manchester, which the Office for National Statistics states has a population of 2,573,200, and face competition for fans from Manchester United and City and Bolton to the east and Liverpool and Everton to the west, which are all older with more well established fan bases.

Considering these facts that Wigan has a low population, is a relatively young club with little history and tradition, has relatively less entertainment value and inferior results than the majority of other EPL clubs, plus its proximity to clubs like Manchester United who possesses the opposite traits to these, it perhaps comes as little surprise that Wigan has the lowest demand for tickets within the EPL. All clubs will, of course, have different levels of these traits. Identifying them helps to provide an understanding for all clubs in beginning to find the underlying demand for their product.

3.3.2 Competitors
These can be classed as other countries top football leagues like La Liga in Spain and Serie A in Italy. However, that would really only apply to the worldwide media side of competition and not the tickets for actually attending the games. It is very unlikely that any significant number of consumers living in England would support a team from a foreign league and commute regularly back and forth to attend these games. That said, an article in The Guardian on 7th July 2008 entitled “Why football fans are saying Auf Wiedersehen to the Premier League” (Sharp, 2008) describes how some supporters from England have found the prices of tickets too high in the EPL and have started to go to watch matches in the German Bundesliga. However, no numbers are given and further research on the subject could not find any substantive information. Therefore any such movement by English supporters to watch matches in foreign countries has to be considered insignificant.

Of course clubs are competitors to each other for supporters, but as stated previously and highlighted by the research of Buraimo and Simmons (2006) and Byers et al (2001), supporter loyalty is an integral part of football and it is highly unlikely that a supporter will change allegiance to another club, even if the pricing is considerably cheaper. The more obvious competitors for Premier League clubs are substitutes, which would include other sports like Rugby League, Rugby Union and Cricket and perhaps in the future an NFL franchise in London. Substitutes are not necessarily restricted to sport, with other forms of
entertainment such as the cinema, theatre, a day trip to a tourist attraction, or even a day shopping.

Perhaps the most ironic substitute for attending a game is actually watching the game on TV. A supporter may consider the time and expense for travel and purchasing the ticket decreases their utility when compared to either staying at home or going to the local pub to watch the game. This would perhaps be especially true for the three non-supporter categories in Giulianotti’s (2002) spectators’ matrix shown previously in figure 7 on page 33.

3.3.3 Channel Environment
From investigating all twenty EPL clubs websites it shows that all clubs operate their own ticket office and sell direct to the end consumer. This is therefore a two level business-to-consumer (B2C) channel. The secondary market is also any area where some clubs are starting to get involved. Normally this is the area of ticket touts who buy and then sell the tickets on at a higher value. However the big four plus other clubs that usually have near to full capacity like Tottenham, Fulham and Portsmouth are now offering a ticket exchange service. This applies for season ticket holders who cannot attend a particular match. They place their ticket for that game onto the clubs ticket exchange web page, where members of the club can then purchase those tickets. The schemes of each club do vary, but in general the club takes 10% of the selling price, plus an administration/booking fee. At present these club ticket exchanges only apply to season tickets. Therefore ticket touts still have the individual match day ticket market to themselves.

3.3.4 Legal Environment
Perhaps the most significant legal requirement is that of all-seater stadiums following the Taylor report in 1989. As stated in the introduction description of the EPL, this was perhaps the true birth of the EPL, making stadiums safer and more attractive to market segments like women, families and the middle classes.

A current issue that will cause issues for the EPL is that in April 2010 the UK introduced a new higher rate of income tax of 50% for earnings over £150,000 whereas previously there was only one higher rate of income tax of 40% for earnings over £37,400 (HM Revenue & Customs). This could cause a problem for EPL clubs by making it less enticing for foreign players to come to England, coupled with the reduced value of the British Pound against the Euro. Deloitte have calculated that a player negotiating a new contract and demanding €3 million per annum after tax would cost an EPL club €6.8 million after April 2010. This is
70% higher than the €4 million it would cost a Spanish club to give a non-Spanish player the same net pay (Deloitte 2009, July 17). This could have an impact on future ticket pricing, especially if the EPL wants to continue to buy the best players in the world to maintain its position as the global number one football league.

From an EU perspective the most significant legal issue for the European football industry as a whole came in 1995 when the “Bosman Ruling” was passed by the European Court of Justice concerning the freedom of movement of players between clubs. Up to 1995, clubs prevented a player moving to another club at the end of his contract unless the recipient club paid a transfer fee (Lonsdale, 2004). This gave more power to the players and helped them gain more value from within the EPL value chain. It can therefore be argued that this has affected ticket prices because of the higher wage demands and power that players gained from the Bosman Ruling.

3.4 Price Determination

3.4.1 Pricing Objectives
As described earlier, these need to be in align with the organisations overall objectives. This is perhaps where football differs from other businesses. The objective of reporting a profit is perhaps much lower than the objective of qualifying for the Champions League³ or even maintaining Premier League status by avoiding relegation (The cost to a club of relegation from the EPL is put at between £30 to £50 million (Deloitte 2009, May 28) in lost TV revenue, ticket sales and commercial activity). The profits/losses reported by the clubs in the EPL in 2008 backs up this assumption. Out of the twenty clubs, only three reported a before tax profit, which were Arsenal, Tottenham and West Brom (Conn, 2009, Jun 3). This would then eliminate the profit orientated approach from the table of pricing objectives, shown in Table 1 on page 18.

It can also be argued that competition oriented does not apply. Even though clubs are, of course, competitive on the field of play, when it comes to competing for supporters the issue of fan loyalty, as discussed early in the report, eliminates the option of truly competing against each other for fans attendance.

Because of the variation in costs at each club, it is also difficult to argue that they follow a cost oriented approach. The clubs with the highest cost are also the most successful within the

³ The premier European football competition in which the top four EPL clubs qualify to play in.
EPL where the big four have the highest cost in terms of wages and ticket prices (Deloitte, 2009), so this cannot be regarded as a cost differentiation policy.

This leaves the last option of volume oriented and here is where it can be argued that the pricing objectives of EPL clubs can be considered to fit best. As stated in the theoretical section, it is very rare that a company would choose one single objective, instead a mixture of at least two with different levels of overall significance, however this paper argues that volume oriented is the most significant for EPL clubs. As this paper has highlighted, clubs are continuously trying to maintain (if at full capacity) or increase sales and usage, so that they can continue to cover ever increasing costs while at the same time meeting their overall objectives i.e. maintaining Premier League status, qualifying for Champions League etc.

3.4.2 Pricing Strategy and Structure
When considering the three groups of pricing strategies of Tellis (1986), described earlier, then the clubs of the EPL would be within differential/segmental pricing. This can be shown in Table 5 on page 38. This table and the information about clubs pricing strategies within this section are, unless indicated otherwise, from investigation and analysis of each of the 20 Premier League clubs websites.

The first observation from Table 5 is that all twenty clubs offer season tickets as well as reduced ticket prices for over 65’s and under 16’s. Season tickets offer the supporter a guaranteed seat at each of the club’s 19 home games, while at the same time offering a discount when compared to individually buying a ticket for each game. The season ticket will be discounted further if the supporter is over 65 or under 16. These two age groups also receive discounts for individual match day tickets. Some clubs, as can be seen in Table 5, also offer these discounts to other segments; youths (16-21) and students. Another pricing strategy that all clubs operate, although not shown in Table 5, is differential pricing for tickets depending on the location of the seat within the stadium. These types of differential and segmental pricing strategies have been used within football for decades.

A much more recent strategy is offering supporters membership. Here the supporter pays a fee each season (which ranges from £20 for Bolton up to £50 for Wolves), so that they can obtain preferential/priority ticket booking. This then entitles them to purchase individual tickets for games, before they go on general sale to the public. Of the 20 EPL clubs, 14 are operating this system, although in slightly various forms. Manchester United’s membership for example costs £30 per season, but there is no guarantee that a supporter will even have the
opportunity to purchase a ticket, because of its large membership and the fact it operates a ballot system. Some clubs also offer discounts on tickets and merchandise for members.

Table 5: Analysis of EPL clubs differential and segmental pricing strategies for 2009/10

<table>
<thead>
<tr>
<th>Team</th>
<th>Season Tickets</th>
<th>Membership with priority ticket booking</th>
<th>Different Category league matches</th>
<th>Senior prices (65+)</th>
<th>Youth Prices (16-21)</th>
<th>Child / Junior (Under 16)</th>
<th>Student Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arsenal</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Aston Villa</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Birmingham</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Blackburn</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Bolton</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Burnley</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Chelsea</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Everton</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Fulham</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Hull</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Liverpool</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Manchester City</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Manchester United</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Stoke City</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Sunderland</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Tottenham</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>West Ham</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Wigan</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Wolves</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Information taken from each clubs website 17th February 2010

Price banding for different category matches is an even more recent development. The objective of this strategy is to operate different price bands depending on which team the club is playing. Clubs have always known that demand for games varies but, as Maich (2008) states, most were loath to admit an obvious truth that fans have known forever: some games are better than others. Clubs will therefore use price banding to fill stadiums when demand is low and maximise income when demand is high. Seventeen clubs operate this system in the EPL, with Manchester United, Chelsea and Portsmouth being the exception. Assumptions for why these three clubs do not operate this system are that Manchester United and Chelsea are both very successful clubs and can sell all their tickets at a premium rate and still have excess
demand; therefore they see no need to operate price banding. Table 4 on page 30 substantiates this by showing they both had over 99% capacity utilization for all games. Portsmouth is perhaps also a similar story although for different reasons. They have a small stadium and do not have any other EPL clubs located close to them on the south coast of England, so perhaps they consider they can also charge a premium rate and still achieve full capacity for all matches. This seems to be confirmed from table 3 on page 29 which shows they achieved virtually 95% utilization against the 16 non-big four teams, although a sold out stadium is considered at 96% or over, so perhaps there are grounds for argument that they should be using a price banding system as well.

Some clubs have even started price bundling, where a supporter can buy a ticket for a category ‘A’ match only as part of a package with another category match. Burnley operate such a system where any sale to non-members of a ticket for a category A game must be purchased together with a ticket for a category ‘B’ game. Details of this and their membership scheme and price banding with match categories can be seen in Appendix 2.

3.4.3 Price Level
The price level for tickets in the EPL varies considerably from club to club and also within each club because of the previously discussed strategies and structures. Table 6 on the following page shows the price range for all EPL clubs (except Hull), from the cheapest to the most expensive seat and for each category of match. These prices are for a non-concession rate, purchasing for just one game.

The lowest price found was £15 for a category D match at Birmingham, with the highest being £94 for a category A match at Arsenal. One observation of obtaining this information is how difficult it was to find. This seems strange considering price banding is devised not only to charge a premium when demand is high, but also to encourage attendance for low demand matches by offering discounted prices.

When considering on what grounds EPL clubs base their pricing level, then assumptions has to be used. Considering that in 1990 the Taylor Report following the Hillsborough disaster stated that “it should be possible for seating to be £6”, with inflation that would mean approximately £10 now, rather than the average of over £30 (Jackson, 2008). This does not come across as such a fair deal for supporters and perhaps does not indicate value pricing. Instead perhaps it points to a more traditional manner of cost-plus pricing as a result of the
Table 6: Ticket pricing structure by team and category for season 2009/10

<table>
<thead>
<tr>
<th>Team</th>
<th>Category A</th>
<th></th>
<th>Category B</th>
<th></th>
<th>Category C</th>
<th></th>
<th>Category D</th>
<th></th>
<th>Cumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Arsenal</td>
<td>£48</td>
<td>£94</td>
<td>£33</td>
<td>£66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£33</td>
</tr>
<tr>
<td>Aston Villa</td>
<td>£20</td>
<td>£43</td>
<td>£20</td>
<td>£40</td>
<td>£19</td>
<td>£38</td>
<td>£17</td>
<td>£36</td>
<td>£17</td>
</tr>
<tr>
<td>Birmingham</td>
<td>£32</td>
<td>£40</td>
<td>£23</td>
<td>£40</td>
<td>£20</td>
<td>£40</td>
<td>£15</td>
<td>£35</td>
<td>£15</td>
</tr>
<tr>
<td>Blackburn</td>
<td>£28</td>
<td>£38</td>
<td>£17</td>
<td>£29</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£17</td>
</tr>
<tr>
<td>Bolton</td>
<td>£28</td>
<td>£36</td>
<td>£24</td>
<td>£32</td>
<td>£21</td>
<td>£29</td>
<td></td>
<td></td>
<td>£21</td>
</tr>
<tr>
<td>Burnley</td>
<td>£28</td>
<td>£35</td>
<td>£26</td>
<td>£32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£26</td>
</tr>
<tr>
<td>Chelsea</td>
<td>£45</td>
<td>£65</td>
<td></td>
<td></td>
<td>£45</td>
<td>£65</td>
<td></td>
<td></td>
<td>£45</td>
</tr>
<tr>
<td>Everton</td>
<td>£34</td>
<td>£40</td>
<td>£30</td>
<td>£36</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£30</td>
</tr>
<tr>
<td>Fulham</td>
<td>£40</td>
<td>£45</td>
<td>£30</td>
<td>£45</td>
<td>£25</td>
<td>£40</td>
<td></td>
<td></td>
<td>£25</td>
</tr>
<tr>
<td>Hull</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liverpool</td>
<td>£28</td>
<td>£39</td>
<td>£26</td>
<td>£37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£26</td>
</tr>
<tr>
<td>Manchester City</td>
<td>£36</td>
<td>£44</td>
<td>£23</td>
<td>£30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£23</td>
</tr>
<tr>
<td>Manchester United</td>
<td>£27</td>
<td>£49</td>
<td></td>
<td></td>
<td>£27</td>
<td>£49</td>
<td></td>
<td></td>
<td>£27</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>£34</td>
<td>£38</td>
<td></td>
<td></td>
<td>£34</td>
<td>£38</td>
<td></td>
<td></td>
<td>£34</td>
</tr>
<tr>
<td>Stoke</td>
<td>£35</td>
<td>£42</td>
<td>£30</td>
<td>£37</td>
<td>£25</td>
<td>£32</td>
<td></td>
<td></td>
<td>£25</td>
</tr>
<tr>
<td>Sunderland</td>
<td>£28</td>
<td>£33</td>
<td>£22</td>
<td>£27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£22</td>
</tr>
<tr>
<td>Tottenham</td>
<td>£42</td>
<td>£73</td>
<td>£32</td>
<td>£52</td>
<td>£27</td>
<td>£42</td>
<td></td>
<td></td>
<td>£27</td>
</tr>
<tr>
<td>West Ham</td>
<td>£45</td>
<td>£63</td>
<td>£35</td>
<td>£51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£35</td>
</tr>
<tr>
<td>Wigan</td>
<td>£28</td>
<td>£30</td>
<td>£25</td>
<td>£27</td>
<td>£20</td>
<td>£22</td>
<td></td>
<td></td>
<td>£20</td>
</tr>
<tr>
<td>Wolves</td>
<td>£34</td>
<td>£40</td>
<td>£20</td>
<td>£30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£20</td>
</tr>
</tbody>
</table>

Source: Prices taken from each clubs respective website February 2010

ever spiralling costs within the EPL, primarily players wages. When considering Figure 6: Cost-based versus value-based pricing from page 19, it can be argued that EPL clubs are looking at their own product and costs first before considering the price and value that they offer to their customers.

This situation may well be changing. Deloitte have observed that price freezes or even reductions are commonplace for the 2009/10 season (Deloitte, 2009). They also state that it is key for clubs to set prices that deliver strong value for money for fans which help attendances stay healthy. More than ever clubs need to understand the price perceptions of their fans so they can decide on sensible price strategies (Deloitte, 2009 May 11).

3.4.4 Tactics
As this paper is referring to tactics as short-term pricing objectives, it is difficult to observe this type of pricing in the EPL. Price banding in some respects covers this area with discounting prices for different categories of matches. However, once an EPL club sets its
pricing and which games come under which category at the beginning of each season, it is highly unlikely to deviate from these and offer short term “sales”. That said, on 20\textsuperscript{th} October 2009 Birmingham City FC announced a wide ranging review of their ticket prices and decided to reduce prices and grade categories (Tattum, 2009), an extremely unusual occurrence during the middle of a season.

3.5 Different Strategies for Different Clubs

The paper has so far shown the various stages, processes and strategies that EPL clubs currently use to structure their pricing policy. Having analysed EPL clubs through the Systematic Approach to Pricing, it has shown that the variation in many variables between all the different clubs means there is no one fit for all strategy. Each club is different in its own right and therefore different pricing strategies and levels are required depending on variables such as; the size of the market it is located in, its distance from other clubs, the history of the club, how successful the club is on the pitch, the size of the stadium and the quality of the opponents, amongst other factors.

In attempting to clarify this more meaningfully for the reader, the paper will conclude this section by looking at two clubs, the club that has the highest ticket prices, Arsenal, and the club with the lowest, Blackburn (Birmingham do have the lowest at present, but were not in the EPL last season, therefore analysis concerning last season is not possible). Information in this analysis concerning history and performance is from the respective clubs websites.

Arsenal is located in North London. London has a population of 7,556,900, with the London metropolitan area estimated between 12.3 to 13.9 million (Office for National Statistics) and there are four other EPL clubs in London. Arsenal has a rich history having been founded in 1886 and have won the top tier of English football 13 times, resulting in a large loyal following. Their stadium is three years old and has a capacity of 60,355 and last season they enjoyed a stadium utilisation of 99.5%. In the 2008/09 season they finished in the top four in the EPL and therefore qualified for the Champions League for the 12\textsuperscript{th} consecutive year. It is not unreasonable to assume that aesthetically most football supporters would regard them as an entertaining and stylish team to watch.

Blackburn is located in the North West of England, where there are currently another seven EPL clubs. It has a population of 105,085 (Office for National Statistics). It has won the top tier of English football three times, although only once since 1914. They have played at the
same ground since 1882, although this was extensively rebuilt in the 1990’s and has a capacity of 31,367 from which they obtained a 74.8% utilisation in the 2008/09 season. At the end of that season they finished 15th in the EPL, three places off relegation. Again, a reasonable assumption would be that most supporters would regard them as a very workman like team, but perhaps not that pleasing on the eye aesthetically.

Working through the same systematic approach shown in this paper, the author will use the facts learnt and discovered from this report, plus assumptions in comparing the two strategies of both these clubs.

With regard to the objectives of each club, it is fairly apparent that they are different for both clubs. Arsenal has the objective of trying to win the EPL title, with the minimum requirement of finishing in the top four. Blackburn certainly has lower realistic objectives, with the minimum objective of surviving within the EPL. Arsenal has much higher costs (Deloitte, 2009) because of higher skilled players and also a higher customer base because of their history and location in London, resulting in a higher demand for their product. Arsenal has a sold out stadium for every home game while charging some of the highest prices for seats in the EPL. Blackburn has approximately 75% utilisation while charging some of the lowest prices. Arsenal’s stadium is approximately double the size of Blackburn’s.

The reader may disagree with some of the assumptions, but the overall flavour of why clubs have to have different pricing strategies and levels within the EPL is hopefully proven.

4.0 Future Pricing Strategies for the EPL
As shown in Figure 1 on page 11 and described throughout the paper, the decision making process of pricing is never finished. It should always be continuously reviewed. This will always result in new approaches and ideas being brought to the market, like the recent introduction of price banding. Maich (2008) has envisaged the natural end point for pro sports. It’s a scenario where people go online and check a quote for a particular game in a similar manner to that of airline tickets. Although Maich does not expand further on his envision it does make an interesting assumption for the future of sports pricing. This paper will now take this idea to analyse if this type of pricing could be adopted by clubs within the EPL.
4.1 Revenue Management and Dynamic Pricing

Revenue Management (RM), also known as yield management, is described as the application of information systems and pricing strategies to allocate the right capacity to the right customer at the right price at the right time (Kimes, 1989). It is about trying to achieve full capacity by meeting the price elasticity of demand for different segments of the market, by offering price differentiation. It can certainly be argued that the majority of EPL clubs already operate a form of RM, with their variable pricing for different category of matches depending on what team they are playing and also even the variable pricing for different seat locations in the stadium and different age groups. However, these variable prices are usually set at the start of the season, forecasting potential demand weeks and months ahead. Updating pricing on a minute by minute basis depending on demand and other variables is what this paper will describe as dynamic pricing. Dynamic pricing is variable pricing but with much greater accuracy and precision. Dynamic pricing is the practice of changing prices at regular intervals, such as every few minutes, hours or days based on actual witnessed demand.

There does seem to be a lack of consensus within academia and business as to the rightful naming of this subject. RM and yield management are often interchangeable, depending it seems on the authors preference. The description this paper has given above for dynamic pricing, will in most cases be described in its general term of either RM or yield management in other papers and books. However this paper argues that there is a distinction with dynamic pricing being a part of RM, where the use of more complex computer software and the continuous update of demand variables distinguishes dynamic pricing as the latest advancement of RM.

4.1.1 Background and History of Revenue Management and Dynamic Pricing

Most people may think of RM as being a relatively new business practice, with the airline industry being the example thought of the most. However, Talluri and Van Ryzin (2004) state that in one sense RM is a very old idea, with every seller in history facing RM type decisions: What price to ask? Which offers to accept? When to offer a lower price? And when to “pack up ones tent” and try selling at a later point in time or in a different market. However, the true birth of what is now commonly regarded as RM came in the 1980's.

This was a result of airline deregulation in 1978 within the USA. Previous to this airline ticket prices were tightly controlled and held at a level which was high enough to ensure the airlines a sufficient return on their investment. Soon after deregulation in 1981, a company called PeopleExpress started a low cost airline offering ticket prices up to 70% lower than the
major carriers. The majors could not offer the same prices because of their higher costs and therefore had to come up with another tactic to survive.

The main loss was leisure passengers, with business passengers remaining with the majors because of the frequent schedules, service to more city pairs, an established brand and reputation, which were more important to them than price (Talluri and Van Ryzin, 2004). It was therefore the leisure passengers they needed to win back, but not at the expense of the revenue from their full-fare business passengers.

American Airlines can be regarded as starting RM in the airline industry by introducing lower fares as long as certain conditions were met, like booking at least two weeks in advance, staying in a destination over a Saturday night/minimum stay of seven days. All of these type of conditions were likely to be meet by leisure passengers, but not by business passengers. They had therefore succeeded in segmenting the market and could offer leisure passengers low fares while at the same time maintaining the higher fares for business passengers, with both set of passengers receiving exactly the same service. As a result they regained the leisure passengers, which soon led to PeopleExpress going bankrupt.

The system was taken up by all the other major airlines and developed into a much more complex technology automated system. All major airlines worldwide now use some form of RM and dynamic pricing. Other industries that have adopted this practice include hotels and car rentals.

4.1.2 Business Characteristics Required for Revenue Management and Dynamic Pricing
As stated previously, this paper regards dynamic pricing as the latest advancement of RM, therefore the same type of business characteristics that are required for RM to be successful are also required for dynamic pricing. This section will now outline what those business characteristics are.

The majority of research broadly concurs with the European Commission General Report of 1997 (European Commission, 1997), which states that RM is appropriate for businesses with the following four main characteristics:

1. **Perishable Inventory**: Timing of a sale can be critical for businesses with perishable inventory, like fresh fruit, where the business knows they have a certain time period into which they can sell the product. The inventory of a capacity constrained service company however, is not a physical item, but time. There is a time window when that
inventory can be used and once that time expires, that revenue opportunity is lost forever. A prime example is that of a plane taking off with an unsold seat.

2. **High Fixed Costs**: A business with high fixed costs and low variable costs has the ability to be more flexible with their pricing. Because the marginal cost of having one more customer can be almost negligible, it gives business the opportunity to charge low prices during periods of low demand to attract more customers. However, it must not be forgotten that fixed costs have to be covered in the long run.

3. **Fixed Capacity**: A plane has a fixed capacity of seats, as does a hotel with the number of rooms. This is not the case for companies that do not have constrained capacity, as they can place items in stock/inventory when demand is low and use stock/inventory when demand is high. In the long term capacity is not necessarily fixed, with airlines able to buy bigger planes/more routes and hotels can expand.

4. **Advance Purchase**: Because of the perishable inventory, customers like to purchase in advance to ensure that they will be able to consume the product/service when they need it in the future. This helps businesses with cash flow, but more importantly with regard to RM, it gives businesses the opportunity to monitor demand. From this they can adjust prices dependent on the demand.

Ingold, McMahon-Beattie and Yeoman (2000) also discuss time-variable demand as a characteristic of RM. They argue that customer demand that varies by time of year, or by week, or by day or even time of day is appropriate for RM, whereas Talluri and Van Ryzin (2004) discuss the need for customer heterogeneity. They discuss that if all customers value a product identically there is little scope to exploit variations in willingness to pay. Therefore, the more heterogeneity that customers possess, the more potential to differentiate prices and improve revenues.

When the above characteristics are considered against the airline industry, it can be seen that they all match the characteristics of that industry, as does the hotel industry. That perhaps comes as little surprise, considering these are the two industries that have embraced RM the most. Do, however, the characteristics match those of EPL clubs?

### 4.2 EPL Clubs and the Characteristics of Revenue Management and Dynamic Pricing

This paper will now analyse the business characteristics required for RM to those of EPL clubs to establish whether RM and dynamic pricing could be used within the EPL.
1. **Perishable Inventory**: This is certainly the case for EPL clubs. Any unsold tickets for attendance at a match cannot be resold once that match is over. In some ways, this is even more critical to EPL clubs than airlines or hotels because they only have 19 home games in an EPL season in which they can sell tickets, whereas airlines may have several different flights each day with the same plane and hotels have new opportunities to sell every day.

2. **High Fixed Costs**: As discussed in the cost section earlier, almost all of the costs of EPL clubs are fixed. The cost to a club of one more spectator attending a match is insignificant.

3. **Fixed Capacity**: Obviously, this also applies to EPL clubs. Each club’s stadium has a fixed capacity as to the number of seats and therefore the number of spectators that can attend each match.

4. **Advance Purchase**: The majority of tickets purchased for EPL games are purchased in advance. This is obviously the case with season tickets, but also with the majority of individual match day tickets. As table 3 & 4 showed earlier (on pages 29 and 30 respectively), utilization of EPL clubs stadiums is high (an average of 92.2% for 2008/09 according to Deloitte). Therefore supporters cannot take the risk of showing up on match day without a ticket, hoping to be able to purchase one. Therefore advance purchase will be used by the vast majority of supporters.

The characteristic of time-variable demand, where matches played at different times may vary demand, can also be considered true. The study of Buraimo, Forrest & Simmons (2006), discussed in the customer demand section on page 31, shows the existence of this.

Perhaps a linking alternative characteristic to this would also be the difference in demand that different opposing teams create, like the big four, again highlighted in the section on customer demand earlier.

Heterogeneity of customers also exists for EPL clubs. This can be evidence from the different prices for seats in the stadium depending on where they are located, and season ticket holders compared to match day ticket purchasers. Also the higher attendance for big four matches shows there are different types of supporters, some who are more loyal than others and only interested in seeing certain games. The heterogeneity of customers also corresponds with figure 7, on page 33, of Giulianotti’s category of spectators’ matrix.
Considering the above analysis of the business characteristics required for RM to those of EPL clubs, there seems no reason, in theory, as to why EPL clubs could not use RM and, and consequently dynamic pricing, as a pricing strategy.

4.2.1 Requirements for Dynamic Pricing
As this paper has established that EPL clubs meet the characteristics to operate RM, the next question is what requirements are needed for EPL clubs to use dynamic pricing? This system would give real time prices reflecting true demand on a minute by minute basis as and when any of the variables change, therefore the main requirement will revolve around IT infrastructure. To operate dynamic pricing will require storing, managing and analysing data, meaning a good information technology system will be required. The data used to calculate tickets prices dynamically will be both external and internal, and historical and real time.

Internal records will include historical sales, web and ticket office traffic, number of unsold tickets, date and time of the match. External data will include actual sales of the tickets to date, demand, plus factors like the opposition, star players, end of season implications, whether the team is on a winning or losing streak, and even the weather. This will require links with external systems such as the national weather forecasting association. All this input of data should be completely automated so that the prices for tickets can then be dynamically optimized by using algorithms. However, this may not be possible for all variables, especially at the beginning of such a system. For example, calculating in variables such as a star player can be very subjective. Therefore some of these variables would have to be manually inputted. In the long term it would be possible to automate such information. This could be done be an independent organisation who could survey supporters, calculate match ups etc.

The foundations of setting up a dynamic pricing system would already exist, with all EPL clubs having some form of a customer relationship management system (CRM). This is evidence by the majority of EPL clubs have a membership scheme and also historical data of advanced ticket sales. However, the likelihood is that any EPL club deciding to operate dynamic pricing would require a major investment in additional hardware and software to implement the system. Using external expertise from a company specialising in the management and construction of RM and dynamic pricing systems would seem the logical step forward.
4.2.2 Benefits of Dynamic Pricing to EPL Clubs
Dynamic pricing is the adjustment of ticket prices to ensure that prices accurately reflect the value of attending that event at all times. Rather than relying on limited historical data and making pricing decisions months in advance, dynamic pricing would allow EPL clubs to respond to the real variables that drive fans to attend matches, enabling every match to be priced independently and updated when market conditions changes (Qcue, 2010). When demand is low it could lower prices, which would increase the capacity utilization and thereby contributing to the atmosphere and energy within the stadium, which can increase the level of the experience for everyone and in turn help to feed future demand. When demand is high it will achieve the true value of the tickets taking away the consumers surplus and also reducing the secondary market with ticket touting. Figure 8 below shows the opportunities dynamic pricing gives to EPL clubs compared to the more static variable pricing.

Figure 8: Variable pricing and dynamic pricing opportunities for EPL clubs

<table>
<thead>
<tr>
<th>Dynamic Pricing Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opponent</td>
</tr>
<tr>
<td>Days of Week &amp; Holidays</td>
</tr>
</tbody>
</table>

Source: Adapted from the website of Qcue (www.qcue.net)

The obvious benefit from dynamic pricing to EPL clubs themselves is the opportunity to increase incremental revenue. This could be achieved in two ways:

1. By increasing sales of tickets and therefore capacity utilization. This does not necessarily mean that the supporters will be paying more to attend matches. One of the key parts of dynamic pricing is to try and attract supporters to matches when demand is low, therefore this could result in overall average income per supporter actually decreasing, but income per seat increasing because of the higher capacity utilization. This would certainly be regarded as a win-win situation for the club and supporter. However, it is not only the sale of more tickets themselves that would generate increased revenue. With more supporters there is the opportunity to sell more food and drinks in the stadium, match day programs, and products from the clubs.
store, all of course revenue opportunities that would be lost if the supporters were not there.

2. Where clubs already have high capacity of over 96%, regarded as a sold out stadium, it is obviously impossible to sell any more tickets. It is likely that these teams are under selling the true value of their tickets and ‘leaving money on the table’ with a consumer surplus. A dynamic pricing system would correct this pricing failure and identify the demand to achieve the true value of each ticket. This however would certainly be meet with less enthusiasm by supporters.

The potential gains from dynamic pricing are great. Forrester Research estimates that price optimization software improves gross margins 10 percent (Wreden, 2003). However, could this type of figure be reciprocated by EPL clubs? Within the sports industry there has been a vast take up of variable pricing, similar to that shown in this paper with EPL clubs, where prices would be static having been set at the start of the season. So far there has been very little adoption of dynamic pricing, where prices can change minute by minute depending on many different variables. However, in 2009 the San Francisco Giants, one of the 30 teams competing in the Major Baseball League (MBL), the highest level of baseball in the USA, started a trial of dynamic pricing with 5% of their stadium, approximately 2000 seats. This turned out to be a major success with impressive financial results, where they achieved an incremental revenue increase of $450,000 from an 18% increase in sale (Kahn, 2010). As a result they have now allocated 100% of their stadium to dynamic pricing, which is operated by a company called Qcue (pronounced kyoo kyoo). They are based in Austin, Texas and claim to operate the world's only dynamic pricing engine for live entertainment events (in the course of its investigation, this paper could find no evidence of similar companies and therefore has no reason to dispute this claim). As part of this papers investigation into dynamic pricing the author carried out a telephone interview with Barry Kahn the CEO and founder of Qcue. He stated that dynamic pricing could make a typical team $5-10 million in incremental revenue. Since the success of the trial with the San Francisco Giants, the Dallas Stars of the National Hockey League (NHL) has now entered into contract with Qcue for them to operate dynamic pricing to 100% of their stadium, with apparently many other teams in negotiations. This empirical evidence shows that the potential benefits of dynamic pricing to EPL clubs of increasing incremental revenue are not unfounded.

From a theoretical side there seems to be very little research papers concerning dynamic pricing for sports. One exception is a paper from 2008 by Won and Lee, *Optimal dynamic
pricing for sports games with habitual attendance. Their research is under the assumption that fans find game attendance to be habit-forming. Given the discussions this paper has given to supporter loyalty of football clubs, the assumption of habit-forming attendance does not seem an unreasonably assumption for EPL clubs. Their results show that the optimal dynamic price is higher than the static price in the long run and, long-run attendance also exceeds static attendance. Therefore, dynamic pricing would increase both attendance and prices in the long run. This is achieved, according to their research, by a team lowering their price during early periods, to induce greater present and future attendance, and then raising it in the long run to take advantage of habit persistence in attendance. This can be related to an EPL club using dynamic pricing and offering low prices for a game with low demand. This could then attract supporters who do not normally go to games because of, what they perceive to be, high ticket prices, plus their loyalty may not be so high as other supporters (as per Giulianotti (2002)). Attracting these supporters to matches may then start to create a ‘habit-forming attendance’, which leads to even higher demand and consequently higher attendance and prices.

Won and Lee state in their conclusion that their results open the door to further research, and indeed it is difficult to state from one academic research paper that dynamic pricing for sports would be successful. However, considering this research together with the experience of the San Francisco Giants and the expansion of Qcue’s model to other teams, plus the success within the airline and hotel sectors, and the estimate of Forrester Research, there are good reasons to believe that introducing dynamic pricing by an EPL club would increase their incremental revenue.

The question remains, given the above findings, why are EPL clubs not taking the opportunity to increase their incremental revenue by operating dynamic pricing and how could this be achieved?

4.3 Understanding the Current Non-Use of Dynamic Pricing by EPL Clubs
The obvious first reaction for the reason of non-use of dynamic pricing by EPL clubs is that they simply do not know or understand it. However, this is almost impossible to believe. EPL clubs revenues are now in excess of £2 billion (Deloitte, 2009) with clubs having well educated and experienced business managers together with consultants, such as Deloitte, advising them on future trends and strategies. The probability of dynamic pricing not being
given some form of consideration must be slim. If this is the case, why have EPL clubs currently rejected the use of dynamic pricing?

In trying to answer this question, this paper contacted all EPL clubs to try and discuss the issue of dynamic pricing with their business managers. The results were disappointing, although not entirely unexpected. The most common replies were “we receive a large number of similar requests each week and unfortunately we are unable to give all the queries the individual attention they require” to “we do not discuss business strategies”. The only true exception to this rule was Liverpool F.C.. Although they refused to give an interview and discuss the issue, they did give the following statement:

A revenue pricing model would be attractive to top premier league clubs if they were regularly experiencing lost revenue opportunities from unsold capacity. LFC cannot speak for other clubs in the league but this is not an issue here at Liverpool and demand far outstrips supply for virtually every match we play at our home ground. Typically we also have a fairly narrow window of sale for each match, whereas flight seats and hotel rooms for example are available for sale over a much longer period of time which provides the opportunity to review sales against capacity and alter the pricing accordingly. We could not say that some form of revenue modelling would not be attractive to consider at some point, particularly if we were to build a new stadium and have much greater volume of seating available. (Liverpool F.C. Commercial Department, 16th April 2010)

How much meaning can be taken from this statement is questionable. Firstly the language used leaves it open to some confusion. They discuss a ‘revenue pricing model’, which does not necessarily mean dynamic pricing. As discussed earlier, the lack of consistent meaning appointed to the names of RM, yield management and dynamic pricing within academia and business contributes to this.

They state they have no problem with unsold capacity, which as table 4 showed on page 30, is true. They use this as an argument for not using a ‘revenue pricing model’. However, as table 6 showed on page 40, they do use a form of RM because they have two different categories of matches, depending on which opposition they are playing. Does this mean when they state ‘revenue pricing model’ they mean dynamic pricing? Considering they state that selling tickets for EPL matches involves a shorter opportunity to review sales against capacity compared to airlines, they seem to be ignoring the main point of dynamic pricing in
that it is completely automated. Therefore, in some ways, this just adds to the confusion concerning the meaning of the statement.

Without being able to interview someone from the club and extract the true meaning it is difficult to draw definite conclusions. However, this does not mean that some value cannot be extract from this statement.

The statement is basically concerning capacity utilization. It states that a ‘revenue pricing model’ would be attractive to teams with unsold capacity and also maybe something they would consider when they have a new stadium in the future, implying a bigger stadium to try and fill capacity. This corresponds to the first of the two ways of increasing incremental revenue listed on page 48, namely increased revenue per seat, but possibly decreased revenue per ticket, the win-win situation for supporter and club. What the statement does not mention or consider is the second way of increasing incremental revenue where dynamic pricing can be used to identify demand to achieve the true value of each ticket. Given that Liverpool F.C. is achieving over 96% utilization for every game, it is possible they are under selling their tickets. However, discussing, or even eluding to charging supporters more for their tickets is not something that clubs, or most businesses, would want to do.

Here is perhaps one of the main reasons why dynamic pricing is not currently used by EPL clubs, especially those with full capacity utilization. Clubs are worried about the negative impact such a system may have on supporters’ perceptions. Even though the prices dynamic pricing would charge would reflect the true value of the ticket, supporters may feel that they are being taken advantage of. Because of the high publicity associated with the EPL, any club starting dynamic pricing would receive a lot of publicity within the media. It is unlikely that this media coverage would show dynamic pricing in a favourable light, focusing more on the negative aspects than the positive. This could re-enforce and create more antagonism towards the system from supporters, with perhaps supporter groups even calling for the boycotting of games.

Such a scenario would not be very palatable for the club concerned. The loyalty of supporters, as discussed in this paper, is the lifeblood of clubs and any such anticipated reaction would force the club to carefully consider if introducing dynamic pricing was truly worthwhile.
In this paper’s interview with Barry Kahn, CEO of Qcue, he stated that they were very proactive with the media and messaging to try and overcome such objections and that there were two sorts of media messages. The first was towards ‘the average fan’, where they try to get the message across that yes, the high demand games may be more expensive, but the lower demand games may also be a lot cheaper. This can have benefits like “being able to take a family of four to the ballpark for $20.00”. It is not surprising that they are focusing the message on the low prices aspect, but what is perhaps surprising is the second kind of message they are proactively communicating. This is aimed towards the season ticket holders, where they are sending out the message that they are better off buying a season ticket because of the higher prices for high demand games, and therefore there is a benefit in buying a season ticket.

This highlights another area as to why EPL clubs are not operating dynamic pricing. Season ticket holders are extremely important to EPL clubs and account for a high percentage of the attendance. The actual figure depends on the club but can be between 50%-75% of the capacity, with some clubs creating a cap of how many season ticket holders there can be, like Manchester United at 57,000 (75% of capacity), which also has a long waiting list of supporters wanting to be season ticket holders (Channel 4 News).

Season ticket holders buy their tickets for two primary reasons. First is to guarantee that they can attend every home match, while the second is the ‘buying-in-bulk’ price benefit. If dynamic pricing was introduced and season ticket holders start to see a lot of cheaper tickets being sold, they would start to question why they are buying season tickets in the first place, if they could buy them cheaper individually. Therefore, it can be seen why the message of individually prices increasing would be actively communicated by the clubs to their season ticket holders.

The importance of season ticket holders does seem a prime concern to operating dynamic pricing. Barry Kahn from Qcue stated:

“I can make a typical team $5-10 million in incremental revenue, but if we were to do it at the expense of losing them season ticket holders we wouldn’t get our contracts renewed. I think that is one of the biggest concerns, how do team season ticket holders react to this”.

In trying to understand this issue further, Barry stated that they have tried to make the season tickets look like variable pricing. Instead of printing the same price on every ticket, they have
different prices for different games. The total package price remained the same, but now the prices they had printed on the season tickets became the ‘price floors’. This meant that the dynamic pricing system would not go below the prices quoted on those season tickets for those respective games. This way they are able to guarantee that season tickets holders are getting the cheapest ticket for each game.

It is interesting that they have set price floors, because a true dynamic pricing system would not have floors. Barry admitted that they would rather not have had the floors in place, but it was important to protect the season ticket holders. The opportunity to influence their perception via different prices on the tickets was a simple solution to a potential big obstacle to the whole dynamic pricing process.

Another reason for EPL clubs not using dynamic pricing is that revenue maximisation is perhaps not one of their main goals. In the 2007/08 season EPL clubs received on average 29% of the income from match day operations, with 48% from broadcasting and 23% from commercial activity (Deloitte, 2009). Because of a new broadcasting contract, the figure from broadcasting is expected to be 51% in 2009/10 according to Deloitte. This shows that although ticket sales are very important, they are not the primary source of income. This means that EPL clubs are not fully relying on ticket sales for their income, allowing them to adopt a more conciliatory approach to ticket pricing. This again relates to how they are perceived by their fans and the media, meaning that EPL clubs would probably like their ticket prices set at a level they would like to be perceived at as opposed to what is the true value.

It is unlikely that the current ticketing systems of EPL clubs will have the capabilities to allow prices to be changed. This is a problem that Barry Kahn has experienced in the US market. He stated that they had to do a lot of work with ticketing systems and adding features, just to be able to get the teams to work with them and that this has been cited as one of the reasons for not taking up dynamic pricing. Upon reflection, this does perhaps seem a strange reason for not operating dynamic pricing. Any cost of implementing a new system would probably be covered in a reasonably quick time by the additional incremental revenue. However, if clubs are unsure whether dynamic pricing would work for them, having additional expenditure may be a contributing factor for deciding not to do it.

There also maybe an issue with being the first club to try dynamic pricing. Issues such as no EPL club having tried to use the system, meaning there is no evidence that it will be
successful in the EPL. This is an issue that Barry Kahn has experienced stating that there are not a lot of first adopters in the industry. He stated:

“*It is one of those things where there is a lot of ‘wait and see’ going on. It’s sort of along the mentality of ‘I am not going to be fired, if I do what I am doing now’. There is not a lot of incentive for somebody to think outside the box and to try and do something*”.

Barry pointed to the fact that once they had proved their system worked with the 5% trial at the NBL’s San Francisco Giants, they then got the whole stadium. Then the Dallas Stars of the NHL came on board. Now he states they have another 3 to 4 NHL teams starting next season and a couple more NBL teams on board as well. Barry elaborated further:

“The way this market moves, there are one or two that do something and then there are two or three and then you get to about five and then next season it is everyone. There just aren’t enough first movers”.

It is not impossible to believe that the same applies to the EPL and that it will take one bold club to implement dynamic pricing and to prove it works (or doesn’t), before others will follow.

### 4.4 Closing Analysis of Dynamic Pricing

As shown earlier, the benefits of dynamic pricing to EPL clubs include ensuring prices accurately reflect the value of attending a match, and increasing capacity utilization for lower demand matches by offering lower prices to reach out to supporters who are more price sensitive, with the net result of increased incremental revenue for the club. Given these benefits and the others discussed, it raised the question as to why EPL clubs were not using dynamic pricing. The previous section, on the reasons for non-use of dynamic pricing by EPL clubs, highlighted legitimate reasons why this is currently the case.

However, these reasons for non-use are not insurmountable to overcome. The sports industry is unlike most other industries, with the loyalty of its customers and the passion they can exhibit towards their team are not anywhere near the same emotions customers would have towards airlines or hotels. This creates special problems, but the experience of Barry Kahn and Qcue show that it is possible to overcome such obstacles and make dynamic pricing work within the sports industry.
The core problem statement this paper has been attempting to answer is, to investigate whether dynamic pricing could be utilized as a future ticket pricing strategy for English Premier League clubs, and if so what are the benefits and how could it be achieved? This paper has answered the question, with perhaps the exception of how could it be achieved. The previous section presented solutions to the non-use of dynamic pricing by EPL clubs and this can be considered an answer to how it can be achieved. However, to try and give some more clarification on how dynamic pricing could be achieved, this paper will conclude by presenting a prediction of the future. It is of course extremely difficult to predict the future, but this paper will attempt to do just that. Having carried out an extensive research of EPL clubs, analysing their pricing strategies along with determinants of their demand and the benefits and obstacles of dynamic pricing, this paper has shown their current and possible future pricing strategies. It therefore seems reasonable to use this knowledge gained to try and predict future developments and how dynamic pricing could be achieved by EPL clubs.

Firstly, within five years one of the EPL clubs will implement some form of dynamic pricing. This will probably be on a trial period with a certain percentage of the stadium, in a similar way to the San Francisco Giants. The integral ingredient for success will be implementing a floor price for tickets to protect and reassure season ticket holders.

Secondly, the EPL club that firsts introduces this will not be a club that is achieving full capacity for every match. The club will probably achieve full capacity against the big four but not against the other teams. Table 3 on page 29 shows there are seven teams in the EPL that currently meet this criteria, which includes Aston Villa, Manchester City and Newcastle. It will be easier for a club not achieving full capacity to present the message to the media and supporters that average prices for low demand games may actually go down. However, even with this message, there will still be some negative reaction to overcome.

It may take a while for the trial to be a success with supporters taking their time to adjust to the new scheme. However, this paper predicts it will be a success and implemented to the whole stadium the following season.

The other remaining clubs will sit back and observe with interest, but at the same time they may even release statements stating they “have no plans to operate such a system here”.

The first season with the whole stadium under dynamic pricing will prove a success for the trial club. There will still be some negative media and reaction from some supporters to
proactively respond to. The same type of negative reaction was common for a couple of seasons after the introduction of a form of RM, with the classification of matches depending on the opponents. However, supporters and the media now accept this type of pricing as normal, therefore there is reason to believe that once supporters become more and more accustomed to dynamic pricing their negative response will subside.

After the end of the season, with dynamic pricing successfully used in the full stadium by the trial club, one or two other clubs will announce their intention to use the system as well. From here, over the next few seasons more and more clubs will start to operate dynamic pricing so that within five years of the first club trailing the system, all, or at least the vast majority, EPL clubs will be using dynamic pricing.

Whether this prediction is true or not, this paper concludes that dynamic pricing is a legitimate technique that EPL clubs could utilize to increase their incremental revenue. Whether there is a bold first adopter to test the waters remains to be seen.

5.0 Conclusion
The primary function of this paper has been to investigate the spectator ticket pricing strategies of clubs from the English Premier League (EPL). The core problem that it has been attempting to answer is whether dynamic pricing could be utilized as a future ticket pricing strategy for English Premier League clubs, and if so what are the benefits and how could it be achieved?

In answering this question this paper has been structured into three sections. The first section was introducing a systematic approach to pricing that was devised by Gijsbrechts & Campo (2000) from the work of Morris and Calantone (1990) and Nagle and Holden (1995). It involves an analysis of both the internal and external environment of the price setting company. The paper considered it important to show a theoretical framework of how the pricing process should proceed, so that it could then follow the same framework in the second section in answering the sub question of the problem statement of how do the football clubs of the English Premier League construct their ticket pricing strategies and from what basis of information do they use to formulate these prices?

The findings of the analysis of EPL clubs considered the objectives and strategies of clubs were more concerned with on field performance issues, like maintaining EPL status, than making a profit. As a result, costs are high, with a wages/revenue ratio of 63%.
One of the core elements of this section was concerning customer demand. Here it showed that the demographics of who attends matches had changed over recent years, with the middle classes and their higher wealth, now accounting for the majority of attendance at EPL matches. This has had an upward impact on ticket prices. Other main determinants of demand found were:

- The loyalty of the supporter, where attendance could be habit forming.
- The quality of the opposition, with the paper showing that attendance increased for matches when one of the ‘big four’ was the opposition.
- The time of the match also effects demand, with higher demand for weekend matches than for mid-week.
- The more success the team has on the field of play, the higher the demand for attendance.
- The cost of the ticket.
- The size of the market the club is located in can dictate the level of demand.
- Club history and tradition.
- Even the weather could be a factor.

After investigation the basis of information that EPL clubs use to formulate their ticket pricing strategies, the paper then analysed what those strategies currently were. One of the main observations was the differential and segmental pricing strategies. Virtually all clubs had different structures, depending mostly on the determinants of demand listed above.

Season tickets are one strategy that all teams use, however the different strategies included:

- Price banding: Categorisation of matches to enable different prices for different matches. 17 teams operate this type of ticket pricing.
- Membership schemes with preferential ticket booking. Offered by 14 teams
- Age segmentation: Cheaper prices for Over 65’s and under 16’s offered by all teams. Youth’s and/or Students offered by 14 teams.

The paper then showed the different price levels that the clubs have and analysed and compared two clubs pricing strategies, Arsenal and Blackburn. This used the knowledge gained from the determinants of demand to understand and explain why clubs needed different pricing strategies.
The third section of the paper concerned the future pricing strategies of the EPL, which was focusing on dynamic pricing. One of the first tasks was to identify whether revenue management (RM) and dynamic pricing could actually be used by EPL clubs. The business characteristics required were found to be compatible, which were:

- Perishable Inventory: Any unsold tickets for attendance at a match cannot be resold once that match is over.
- High Fixed Costs: Almost all of the costs of EPL clubs are fixed. The cost to a club of one more spectator attending a match is insignificant.
- Fixed Capacity: Each clubs stadium has a fixed capacity as to the number of seats
- Advance Purchase: The paper found that the majority of tickets purchased for EPL games are purchased in advance.
- Time-Variable Demand: Games played at weekends have higher demand than mid-week games.
- Heterogeneity of Customers: Lots of evidence that this exists from the demand section, which includes higher attendance for big four games and different levels of supporter loyalty.

The paper then showed that the benefits to the clubs from operating a dynamic pricing strategy would be an increase in incremental revenue. This did not necessarily mean that supporters would be paying more to attend games. One of the key parts of dynamic pricing is to try and attract supporters to matches when demand is low, therefore this could result in overall average income per supporter actually decreasing, but income per seat increasing because of the higher capacity utilization. However, with clubs where there is already a full capacity for each game this scenario would not be possible and supporters would likely be paying more per ticket. EPL clubs would though be receiving the true value of their tickets.

Thus, the paper had answered the majority of the problem statement concerning whether dynamic pricing could be utilized as a future ticket pricing strategy for EPL clubs, and outlined the benefits. This left answering how it could be achieved?

In analysing this problem, the paper looked at the reasons for non-use and discussed how these could be overcome. As part of this, an interview with Barry Kahn, CEO of Qcue, was conducted. Qcue are a Texas based company that specialise in dynamic pricing for sporting
events. They have contracts for dynamic pricing with the San Francisco Giants of the NBL and the Dallas Stars of the NHL.

The interview with Barry helped to create the knowledge of how dynamic pricing could be achieved. There are two core areas that a club would need to work on. The first is to be very proactive with the media and messaging to try and overcome objections to dynamic pricing. There are two types of media messages. The first is to ‘the average fan’, with the message that yes, the high demand games may be more expensive, but the lower demand games may also be a lot cheaper. The second is aimed towards the season ticket holders, with the message they are better off buying a season ticket because of the higher prices for high demand games, and therefore there is a benefit in buying a season ticket.

The issue with season ticket holders is extremely important and is core to the success of dynamic pricing. How Qcue overcome this issue is by making the season tickets look like variable pricing. Instead of printing the same price on every ticket, they have different prices for different games. The total package price remained the same, but now the prices they had printed on the season tickets became the ‘price floors’. This meant that the dynamic pricing system would not go below the prices quoted on those season tickets for those respective games. This way they are able to guarantee that season tickets holders are getting the cheapest ticket for each game. This is a simple solution to a potential big obstacle to the whole dynamic pricing process and one that any EPL would need to follow to protect their season ticket holders.

The paper concluded with a prediction that within five years at least one EPL club would have adopted dynamic pricing. This does however require one club to be the first adopter, which with Barry Kahn’s experience, seems to be a problem. Clubs are reluctant to be first because of the unknowns involved, with no real history or experience to fall back on. The football industry is also very different to the airline and hotel industry, with football supporters showing much more loyalty and passion for their club than customers of airlines. This makes clubs more reluctant to risk upsetting their customers, and they may even forgo potential incremental revenue as a result. However, it will only require one bold club to prove that dynamic pricing can work in the EPL and the rest will no doubt follow.
6.0 Bibliography


Aston Villa F.C., www.avfc.co.uk, last visited 25th April 2010


Blackburn Rovers F.C., www.rovers.co.uk, last visited 25th April 2010


Frean, A. (2006, May 5). We're all middle class now as social barriers fall away. *The Times*.


HM Revenue & Customs: http://www.hmrc.gov.uk/rates/ last visited 13th March 2010


Kahn, B. (2010, April 15). CEO Qcue, inc. (J. Moore, Interviewer)


Manchester City F.C., www.mcfc.co.uk, last visited 25th April 2010


Portsmouth F.C., www.portsmouthfc.co.uk, last visited 25th April 2010


Wigan Athletic F.C., www.wiganlatics.co.uk, last visited 25th April 2010

Wolverhampton Wanderers, www.wolves.co.uk, last visited 25th April 2010


63
### 7.0 Appendices

**Appendix 1: Average attendance by club for the top three leagues in England 2008-09.**
Includes utilisation of ground attendance for all Premier League clubs.

**FA Barclaycard Premiership 2008-2009**

<table>
<thead>
<tr>
<th>Club</th>
<th>Average vs '08</th>
<th>Highest</th>
<th>Utilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manchester United</td>
<td>75.304 - 0.5%</td>
<td>75.569</td>
<td>98.8%</td>
</tr>
<tr>
<td>Arsenal</td>
<td>60.040 - 0.1%</td>
<td>60.109</td>
<td>99.5%</td>
</tr>
<tr>
<td>Newcastle United</td>
<td>48.750 - 5.0%</td>
<td>52.114</td>
<td>93.0%</td>
</tr>
<tr>
<td>Liverpool FC</td>
<td>43.611 0.2%</td>
<td>44.424</td>
<td>95.8%</td>
</tr>
<tr>
<td>Manchester City FC</td>
<td>42.899 1.8%</td>
<td>47.331</td>
<td>89.9%</td>
</tr>
<tr>
<td>Chelsea FC</td>
<td>41.588 0.5%</td>
<td>43.417</td>
<td>98.8%</td>
</tr>
<tr>
<td>Sunderland AFC</td>
<td>40.168 - 7.3%</td>
<td>47.936</td>
<td>81.2%</td>
</tr>
<tr>
<td>Aston Villa FC</td>
<td>39.812 - 0.5%</td>
<td>42.585</td>
<td>93.5%</td>
</tr>
<tr>
<td>Tottenham Hotspur</td>
<td>35.929 - 0.1%</td>
<td>36.183</td>
<td>98.9%</td>
</tr>
<tr>
<td>Everton</td>
<td>35.710 - 3.4%</td>
<td>39.574</td>
<td>88.9%</td>
</tr>
<tr>
<td>West Ham United</td>
<td>34.208 - 1.1%</td>
<td>40.482</td>
<td>96.9%</td>
</tr>
<tr>
<td>Middlesbrough FC</td>
<td>28.429 6.4%</td>
<td>33.767</td>
<td>81.0%</td>
</tr>
<tr>
<td>Stoke City</td>
<td>27.020 60.6%</td>
<td>27.500</td>
<td>95.2%</td>
</tr>
<tr>
<td>West Bromwich Albion</td>
<td>25.828 15.8%</td>
<td>26.344</td>
<td>97.5%</td>
</tr>
<tr>
<td>Hull City AFC</td>
<td>24.816 37.7%</td>
<td>24.945</td>
<td>97.7%</td>
</tr>
<tr>
<td>Fulham FC</td>
<td>24.340 2.4%</td>
<td>25.661</td>
<td>91.5%</td>
</tr>
<tr>
<td>Blackburn Rovers FC</td>
<td>23.479 - 1.9%</td>
<td>28.389</td>
<td>74.8%</td>
</tr>
<tr>
<td>Bolton Wanderers FC</td>
<td>22.486 7.6%</td>
<td>26.021</td>
<td>78.3%</td>
</tr>
<tr>
<td>Portsmouth FC</td>
<td>19.830 - 0.4%</td>
<td>20.540</td>
<td>94.8%</td>
</tr>
<tr>
<td>Birmingham City FC</td>
<td>19.081 -27.1%</td>
<td>25.935</td>
<td>73.0%</td>
</tr>
<tr>
<td>Coventry City FC</td>
<td>15.187 12.3%</td>
<td>18.053</td>
<td>73.0%</td>
</tr>
<tr>
<td>Watford</td>
<td>14.858 -12.0%</td>
<td>18.387</td>
<td>73.0%</td>
</tr>
<tr>
<td>Queens Park Rangers</td>
<td>14.090 0.9%</td>
<td>17.120</td>
<td>73.0%</td>
</tr>
<tr>
<td>Preston North End FC</td>
<td>13.426 6.2%</td>
<td>21.273</td>
<td>73.0%</td>
</tr>
<tr>
<td>Barnsley FC</td>
<td>13.189 15.4%</td>
<td>19.681</td>
<td>73.0%</td>
</tr>
<tr>
<td>Burnley FC</td>
<td>13.082 5.8%</td>
<td>18.005</td>
<td>73.0%</td>
</tr>
<tr>
<td>Doncaster Rovers FC</td>
<td>11.964 50.0%</td>
<td>14.823</td>
<td>73.0%</td>
</tr>
<tr>
<td>Plymouth Argyle FC</td>
<td>11.427 -12.1%</td>
<td>14.789</td>
<td>73.0%</td>
</tr>
<tr>
<td>Blackpool FC</td>
<td>7.843 -11.5%</td>
<td>9.643</td>
<td>73.0%</td>
</tr>
</tbody>
</table>

**Football League Championship 2008-2009**

<table>
<thead>
<tr>
<th>Club</th>
<th>Average vs '08</th>
<th>Highest</th>
<th>Utilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derby County FC</td>
<td>29.204 -10.0%</td>
<td>33.079</td>
<td></td>
</tr>
<tr>
<td>Sheffield United FC</td>
<td>26.023 1.5%</td>
<td>30.786</td>
<td></td>
</tr>
<tr>
<td>Norwich City</td>
<td>24.543 0.1%</td>
<td>25.487</td>
<td></td>
</tr>
<tr>
<td>Wolverhampton Wanderers</td>
<td>24.153 2.8%</td>
<td>28.252</td>
<td></td>
</tr>
<tr>
<td>Nottingham Forest</td>
<td>22.299 11.7%</td>
<td>29.140</td>
<td></td>
</tr>
<tr>
<td>Sheffield Wednesday FC</td>
<td>21.542 0.6%</td>
<td>30.650</td>
<td></td>
</tr>
<tr>
<td>Ipswich Town FC</td>
<td>20.961 - 4.4%</td>
<td>28.274</td>
<td></td>
</tr>
<tr>
<td>Charlton Athletic</td>
<td>20.894 - 9.8%</td>
<td>24.553</td>
<td></td>
</tr>
<tr>
<td>Reading FC</td>
<td>19.936 -15.5%</td>
<td>23.879</td>
<td></td>
</tr>
<tr>
<td>Birmingham City FC</td>
<td>19.081 -27.1%</td>
<td>25.935</td>
<td></td>
</tr>
<tr>
<td>Cardiff City FC</td>
<td>18.000 29.1%</td>
<td>20.156</td>
<td></td>
</tr>
<tr>
<td>Southampton FC</td>
<td>17.849 -16.0%</td>
<td>27.228</td>
<td></td>
</tr>
<tr>
<td>Coventry City FC</td>
<td>17.408 -9.0%</td>
<td>22.637</td>
<td></td>
</tr>
<tr>
<td>Bristol City FC</td>
<td>16.816 3.3%</td>
<td>18.456</td>
<td></td>
</tr>
<tr>
<td>Crystal Palace FC</td>
<td>15.220 -5.1%</td>
<td>22.824</td>
<td></td>
</tr>
<tr>
<td>Swansea City AFC</td>
<td>15.187 12.3%</td>
<td>18.053</td>
<td></td>
</tr>
<tr>
<td>Watford</td>
<td>14.858 -12.0%</td>
<td>16.386</td>
<td></td>
</tr>
<tr>
<td>Queens Park Rangers</td>
<td>14.090 0.9%</td>
<td>17.120</td>
<td></td>
</tr>
<tr>
<td>Preston North End FC</td>
<td>13.426 6.2%</td>
<td>21.273</td>
<td></td>
</tr>
<tr>
<td>Barnsley FC</td>
<td>13.189 15.4%</td>
<td>19.681</td>
<td></td>
</tr>
<tr>
<td>Burnley FC</td>
<td>13.082 5.8%</td>
<td>18.005</td>
<td></td>
</tr>
<tr>
<td>Doncaster Rovers FC</td>
<td>11.964 50.0%</td>
<td>14.823</td>
<td></td>
</tr>
<tr>
<td>Plymouth Argyle FC</td>
<td>11.427 -12.1%</td>
<td>14.789</td>
<td></td>
</tr>
<tr>
<td>Blackpool FC</td>
<td>7.843 -11.5%</td>
<td>9.643</td>
<td></td>
</tr>
</tbody>
</table>

**Total**                   | 17.875 5.0%   | 33.079  |             |
### Football League One 2008-2009

<table>
<thead>
<tr>
<th>Club</th>
<th>Average vs '08</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Leeds United FC</td>
<td>23.813</td>
<td>-10.3%</td>
</tr>
<tr>
<td>2 Leicester City FC</td>
<td>20.253</td>
<td>-13.8%</td>
</tr>
<tr>
<td>3 Huddersfield Town</td>
<td>12.863</td>
<td>37.0%</td>
</tr>
<tr>
<td>4 Milton Keynes Dons</td>
<td>10.551</td>
<td>11.6%</td>
</tr>
<tr>
<td>5 Millwall</td>
<td>8.940</td>
<td>3.1%</td>
</tr>
<tr>
<td>6 Southend United</td>
<td>7.850</td>
<td>-4.0%</td>
</tr>
<tr>
<td>7 Peterborough United FC</td>
<td>7.599</td>
<td>26.7%</td>
</tr>
<tr>
<td>8 Swindon Town FC</td>
<td>7.499</td>
<td>4.6%</td>
</tr>
<tr>
<td>9 Bristol Rovers FC</td>
<td>7.171</td>
<td>4.7%</td>
</tr>
<tr>
<td>10 Carlisle United FC</td>
<td>6.268</td>
<td>-20.0%</td>
</tr>
<tr>
<td>11 Stockport County</td>
<td>6.130</td>
<td>8.6%</td>
</tr>
<tr>
<td>12 Brighton &amp; Hove Albion AFC</td>
<td>6.092</td>
<td>2.6%</td>
</tr>
<tr>
<td>13 Tranmere Rovers</td>
<td>5.820</td>
<td>-10.5%</td>
</tr>
<tr>
<td>14 Oldham Athletic AFC</td>
<td>5.636</td>
<td>5.8%</td>
</tr>
<tr>
<td>15 Northampton Town</td>
<td>5.200</td>
<td>-3.9%</td>
</tr>
<tr>
<td>16 Colchester United FC</td>
<td>5.084</td>
<td>-7.7%</td>
</tr>
<tr>
<td>17 Scunthorpe United FC</td>
<td>5.021</td>
<td>-22.0%</td>
</tr>
<tr>
<td>18 Leyton Orient FC</td>
<td>4.692</td>
<td>-9.9%</td>
</tr>
<tr>
<td>19 Walsall FC</td>
<td>4.572</td>
<td>-18.6%</td>
</tr>
<tr>
<td>20 Crewe Alexandra FC</td>
<td>4.537</td>
<td>-8.0%</td>
</tr>
<tr>
<td>21 Yeovil Town FC</td>
<td>4.423</td>
<td>-19.1%</td>
</tr>
<tr>
<td>22 Cheltenham Town</td>
<td>3.854</td>
<td>-10.6%</td>
</tr>
<tr>
<td>23 Hartlepool United FC</td>
<td>3.835</td>
<td>-14.9%</td>
</tr>
<tr>
<td>24 Hereford United FC</td>
<td>3.270</td>
<td>-4.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7.540</strong></td>
<td><strong>-5.6%</strong></td>
</tr>
</tbody>
</table>

Source: European Football Statistics website
Appendix 2: Ticket policy information from Burnley FC’s website

Membership Scheme

To help prevent infiltration of away fans into home areas and to ensure that Burnley fans who come to Turf Moor on a regular basis are rewarded for their loyalty, the club is introducing a membership scheme for the 2009/10 season.

Membership will cost £20 for the season for all price categories, but this will give the member discounts of around 20% on normal match day prices, up to £7 per match for adults.

In addition, members will enjoy a priority period for the purchase of a ticket for home matches (note: sales will be strictly on a one membership, one ticket and first come, first served basis).

In the event that match tickets are available for sale after the members’ priority period, supporters who wish to purchase a ticket for an A category match must already be registered on the Burnley FC database and will be expected to purchase a ticket for a B category match in the same transaction.

Match Categories

Category A: Arsenal, Blackburn, Bolton, Chelsea, Everton, Liverpool, Man City, Man Utd, Sunderland

Category B: Aston Villa, Birmingham, Fulham, Hull, Portsmouth, Stoke, Tottenham, West Ham, Wigan, Wolves

Source: Burnley FC website