

Professional vs. Collegiate Luxury Suite Owners – Are They All That Different?

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Purpose of the study

This exploratory study investigated the perceived motivations and purchasing trends of those who sell luxury suites in college institutions, particularly the South Eastern Conference (SEC). The results are then compared to the buying tendencies presumed by sales associates of luxury suites within the professional sports marketplace.

State of the Industry

Professionals in luxury suite sales have little literary guidance to assist in selling luxury suites. Academic literature has only recently begun to address this discipline (e.g., Lawrence & Moberg, 2009, Lawrence, et. al., 2009, Lawrence & Kahler, 2007).

The luxury suite industry is growing. This growth is not just at the professional ranks as colleges are building more additional luxury suites to their stadiums by either renovating the entire stadium or building a new stadium in order to accommodate additional seating. The University of Michigan football stadium underwent a three-year renovation project that added luxury suites. In 2011, the University of Michigan “had received commitments for all 81 of the suites built during the renovation” (Hordwedel, 2010). Therefore, the continuing growth of the luxury suite industry provides an opportunity for colleges to gain revenue.

Colleges believe “that the only way athletic departments can fund such large budgets, with a “win at all costs” attitude, is to appeal to commercial interests”. They seek out advertising from local television stations or sponsorships from local clothing stores to provide uniforms and attire for their collegiate players”. In this sense, the collegiate and professional suite purchasers are similar because they both seek commercial sponsorships (Johnston, 2003).

The leading professional organization for premium seating sales, the Association of Luxury Suite Directors (ALSD), has recognized a changing landscape in suite sales and renewals. As early as 2004, ALSD executive director Bill Dorsey noted that “[p]remium seats do not sell themselves anymore” (Stone, 2004, p. 1). Understanding the buyers’ perceptions of a luxury suite has become extremely critical to the success of the luxury suite market.

Method

The survey instrument was divided into four sections addressing: 1) the perceived importance of a variety of motivating factors in the initial suite purchase decision; 2) the perceived importance of strategies related to enticements to purchase a suite; 3) the importance of improvement in certain sales and marketing areas moving into the future; and 4) the effectiveness of selling methods. The 32-item questionnaire was developed based on previously identified areas of perceived motivations for suite purchases/renewals by other populations as well as identified areas of possible improvement in suite operations established by Titlebaum and Lawrence (2010).

All responses were measured using a 5-point Likert type scale (1 = least important/effective, 5 = most important/effective). Surveys were administered to suite sales professionals representing the four professional sport leagues, National Basketball Association (NBA), National Football League (NFL), National Hockey League (NHL), and Major League Baseball (MLB), with a response rate of 38.5% (47 out of the 122 teams).

Next with the same instrument, we add the South Eastern Conference (SEC) to the mix of leagues to see how the collegiate market compares to the professional leagues already surveyed. From the South Eastern Conference (SEC), the survey response rate was 83.3% (10 out of the 12 teams).

Results

The results indicated collegiate and professional suite purchasers are similar based on the perceived perceptions of the luxury suites sales associates. However, a Kruskal-Wallis test was conducted to explore the differences between the collegiate market and the professional sports arena for any of the 29 variables under investigation. According to the findings, there are three significant differences that warranted further investigation among luxury suite purchasers in the collegiate (SEC) market place when compared to the professional market. Purchasers in the collegiate market are more likely than professional suite buyers to buy a suite for personal use and to support the community. In addition, college purchasers want improved amenities in their suites, which might correlate with the fact that collegiate purchasers buy a luxury suite for personal use.

Limitations

Due to the limited sample size of one collegiate conference, which only includes 12 collegiate teams, the ability to detect numerous differences between the collegiate market and the professional market can be difficult. However, the results showed three other differences approaching significance in the data. The development of personal relationships between teams and suite buyers, team performance, and creating more unique experiences in which to conduct business-to-business deals are the three differences which should be monitored as more data is collected. One reason that might explain why these differences appeared as areas to watch is due to the fact that in professional sports the suite market purchase is done more by corporations. In this sense, more data will be able to determine whether these differences are more significant in either the collegiate or professional markets or if they will become similarities.

Conclusions

By understanding the differences between professional and collegiate luxury suite purchasing decisions, the sellers of those suites can create a better sales position or retain the owner who has already purchased a suite. Both markets can gain insights from the sharing of this information.

Luxury suite sellers at all levels need to understand the popular ways to attract business for professional suites so they can similarly attract collegiate buyers using the same techniques. From the findings, luxury suite owners can see that many luxury suite purchasers identify with both the collegiate market and the professional arena. There are more similarities between the two markets than there are differences; therefore, using new and exciting sales techniques is

not as important for collegiate customers. If professional and collegiate suite owners use what they already know from previous experiences, they will enhance the attraction for collegiate buyers.

The next step is to explore actual motivations of suite owners by surveying or interviewing suite buyers. Other areas for future research relate to issues of customer analytics of suite and premium seat holders.

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