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Variable Ticket Pricing in Major League Baseball

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Daniel A. Rascher, Chad D. McEvoy, Mark S. Nagel, and Matthew T. Brown

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Sport teams historically have been reluctant to change ticket prices during the season. Recently, however, numerous sport organizations have implemented variable ticket pricing in an effort to maximize revenues. In Major League Baseball variable pricing results in ticket price increases or decreases depending on factors such as quality of the opponent, day of the week, month of the year, and for special events such as opening day, Memorial Day, and Independence Day. Using censored regression and elasticity analysis, this article demonstrates that variable pricing would have yielded approximately $590,000 per year in additional ticket revenue for each major league team in 1996, ceteris paribus. Accounting for capacity constraints, this amounts to only about a 2.8% increase above what occurs when prices are not varied. For the 1996 season, the largest revenue gain would have been the Cleveland Indians, who would have generated an extra $1.4 million in revenue. The largest percentage revenue gain would have been the San Francisco Giants. The Giants would have seen an estimated 6.7% increase in revenue had they used optimal variable pricing.

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