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EVENTS TICKETING MANAGEMENT: THE CASE OF THE OLYMPIC WINTER GAMES TORINO 2006 AND THE FIFA WORLD CUP GERMANY 2006¹

1. Introduction about the importance of the events

Amongst the most typical phenomena of modern times we can without a doubt place the events, seen in their ample and articulated significance. As a matter of fact, considering the strong evaluation in course, the definition of event is not always clear and as one. It is passed from the Zingarelli Dictionary that defines it “initiative or shows of particular relief” to Shone and Parry² that developed the concept mainly characterizing it like a “*phenomenon arising from those non-routine occasions which have leisure, cultural, personal or organizational objectives set apart from the normal activity of daily life, whose purpose is to enlighten, celebrate, entertain or challenge the experience of a group of people*”²³.

Moreover it’s important to point out that from a simple instrument for the marketing mix of products and services, the event has become more and more often a true and own business with specific autonomy.

The phenomenon is sufficiently perceptible in an empiricist way, while it turns out, that still today, it is more complex to determine the proportions in statistical terms since that in many cases the events, in their varied styles and types, are counted under several voices.

Based on the last data published, it turns out, however, that in Italy, in the course of 2005, almost 900 millions of payment events (excluding movies) were realized.

Table 1: Tickets, revenues and shows in Italy during 2005 (millions)

<i>EVENTS TIPOLOGY</i>	<i>TICKETS SOLD</i>	<i>TICKETING REVENUES (euros)</i>	<i>Nr of EVENTS</i>
Movies	104.684,1	599,5	1.193,772
Theatrical and musical	30.888,9	517,3	187,556
Sport	21.604,5	311,2	142,176
Dance	31.282,3	427,9	526,128

These figures do not include the free entrance shows. Source: SIAE

¹ Cherubini S. wrote §1, 2 and 7; Iasevoli G. wrote § 3, 4, 5 and 6; Lauretta G. wrote § 8 and 9.

² Shone A., Parry B. (2004), *Successful event management*, Thomson ed.

³ The event definition is visible in Cherubini S., Iasevoli G. (2005), *Marketing for generating values in the event system*, in Andreani J. and Collesei U., *Marketing Trend in Europe*, EAP Parigi .

The expense supported by the public in order to assist to the shows, calculated on the base of the proceeds obtained through ticket sales and subscriptions (excluded free entrance), without considering ulterior and eventual entrances referenced to the consumptions carried out from the spectators in the places where the show took place, to the subsidies and the public funding, to the sponsorships and the recording and transmission rights, altogether sums over 1.8 billions euros.

Regarding kinds of shows, most of the manifestations have interested the movies, with over 1.19 billions representations (1.15 in 2004), dance with over 5,2 millions events (5,6 in 2004), theatrical and musical with 1,8 millions of events ((1,9 in 2004) and sport with over 1,4 millions events (1,7 in 2004) (table 1).

On the level of each event, the 2006 FIFA World Cup (the world-wide soccer championship), was probably the most followed event in the world; which for the final had over 25 million television spectators in Italy, 22 million in France, 17 million in the United States; while the entire competition or event had developed 4.2 billion visits to the web page, double with regards to the 2 billion in 2002.

Always speaking about soccer it can also be cited that the five main European soccer Leagues (France, Germany, Spain, Italy, England) realized proceeds for 5.8 billion euro with their games.

The other great sport event is the Olympic Games: in those of Sydney (2000) 6.7 millions tickets were sold, 88.2% of the total proceeds equal to 451 millions US dollars. The event with the highest percentage was the opening ceremony with 99.77%. There were also 3.7 billion television spectators.

In Athens (2004) there were 4.2 billion television spectators in 220 countries. In this edition, the ticketing revenue was approximately 202 millions dollars (table 2).

Table 2: Olympic Games tickets and revenues

<i>OLYMPIC GAME</i>	<i>TICKETS AVAILABLE</i>	<i>TICKETS SOLD</i>	<i>% SOLD TICKETS</i>	<i>TICKETING REVENUES (\$)</i>
Sydney 2000	7.600.000	6.700.000	88,2%	451.533.000
Salt Lake 2002	1.605.524	1.525.118	95,0%	183.000.000
Athens 2004	5.300.000	3.581.080	67,6%	202.500.000
Torino 2006	1.124.000	898.631	79,9%	82.400.000

Still regarding Italy, among that most seen ten television shows we have many events: going from national soccer games to the Sanremo musical festival.

Analyzing these statistics, which aren't exhaustive, the already mentioned immense articulation of the events is explained. With regards to this, it is therefore opportune to remember synthetically the main typologies of these events, considering that they constantly increase thanks to the creativity of the operators.

For starters, we can distinguish them by categories, varying from cultural events to religious, political, sports, musical, theatrical, cinematographic, gastronomic, folkloric, business, technological, associative, celebratory, work-related events amongst others.

Each one of these typologies can be articulated in various ways among show/practice to calendar-free dates, profit/ not profit, international/local, with international/local participants, periodical/occasional, localized/ to tour, public/private, monothematic/polythematic, with fixed /various sites, with professionals/volunteers, monosegmented/polysegmented, of one or more days, with mono-organization/poly-organization, with occasional/stable organizations.

From this synthetic classification⁴, it is possible to understand with a sure peculiarity of such events which always differ from one another, yet they continue having absolutely similar characteristics based on what we can ultimately say is event management.

2. Competitiveness, strategy and ticketing of events

The increasing importance of these events, mentioned in the previous paragraph, equally involves an increasing attention from of several operators who tend to evaluate “the appeal”; consequently, their

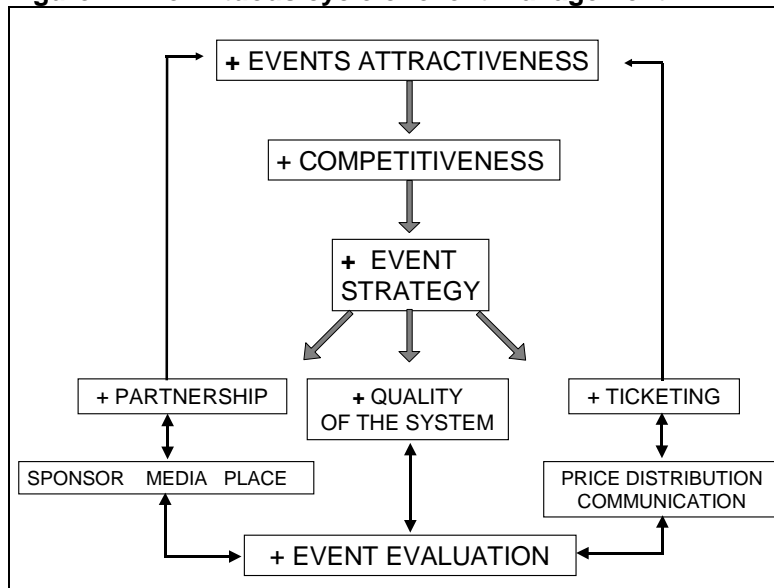
⁴ For more details read: Cherubini S., Iasevoli G. (2005).

interest grows when organizing and/or participating in them with the various modalities already mentioned which could be sponsors, suppliers, media, etc.

In effect, the well-known life cycle model marks that in each field the expansive phase of the cycle will lead to an increase of the competition, therefore it becomes essential to define the just competitive mix to be able to take advantage of the expansive moment. On the contrary, if this does not happen, it is easy that for some operators the appeal will be fatal, in the sense that they will be tempted to enter this field but, not having the adequate competences and/or resources, they will end up suffering great losses advantaging the better operators.

All which, so far, seems to be the category of the events where the increase of the appeal is necessary to correspond an adequate increase of competitiveness of those who hope to draw benefits also in medium-long term.

Figure 1: The virtuous cycle of event management



In order to develop greater competitiveness, as it has already been said in previous works, it is necessary that the technical ability, in the organization of the event, is more and more accompanied by a management abilities. Starting from a clear strategic vision, where the objectives proposed are explained, as well as the targets that want to be met and the marketing mix that wants to be developed. competitiveness

Inside the strategy, one essential component are obviously the people, who may be the technical protagonists, or the spectators which, in wide range, will be the ones to render the event “memorable and citable”.

In this optic, the ticketing that regards customers becomes, directly and indirectly, a critical factor for the success of the event and, consequently, it must be set up and realized in more and more professional and coherent way with the context of which it is to be situated.

With regards to this, an evolved and more advanced definition can be proposed for the meaning of ticketing: “a whole of activities, (programmed, organized and controlled) that start from the input of the strategy of the event (objectives, targets, service concept) and come to being through price integration, distribution and communication of tickets in order to obtain the attendance of people, in amount and quality, suitable to favor the attainment of its objects and goals, that the various stakeholders, wish to meet with the same event”.

In this optic the ticketing activities four fundamental phases, closely connected to one another, are:

1. the *definition* of the ticketing product (single ticket, carnet, subscription, etc.);
2. the *definition* of the requested price for the people to participate in the event (pricing);
3. the *distribution* of the tickets and/or titles to enter the event;

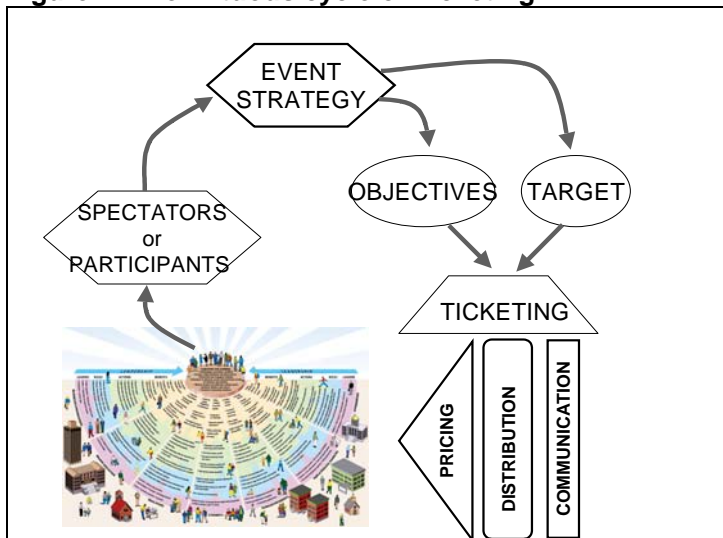
4. the *communication* carried out before, during and after the event with the purpose of promoting the people interest to acquire (pay) the tickets.

All these activities contribute to increase the event value, to enjoy an immense presence (as for the fixed targets) and presumably to be appreciated by all the stakeholders.

In regard to this, it is necessary to specify that the ticketing could be distinguished from the activities carried out towards the other stakeholders like sponsors, media, suppliers, and representatives of the territory also when such activities indirectly involve the access to the event of people who take part in it thanks to this operators.

As above mentioned, the interrelation between strategy of the event and ticketing turns out obvious since the strategy must supply the input for the operating activities of ticketing.

Figure 2: The virtuous cycle of Ticketing



First of all, it is about specifying the objectives which the several stakeholders want to reach: for example, the organizer is probably interested in the profitability, the number of presences, the satisfaction of the spectators, the reputation of the event, and lack of incidents; the sponsors, on the other hand, would be interested in the brand awareness, the visibility of the event, the sales generated in the event, the number and mix of presences, the visibility of the media, the absence of incidents, in the total event reputation, among others⁵.

Subsequently, it is necessary to define the balance expected between the free tickets and those given to the event's partners such as sponsors, media, territories, etc. With regards to this topic, it must be mentioned that in recent events, there have been a certain amount of complaints with regards to the tickets distributed to the partners and those not used, among which: 1) leaving empty spaces in the stadium, which are useless for the entire atmosphere, and 2) creating discontents between the somewhat passionate spectators which were not able to get tickets⁶.

⁵ For more details read: Cherubini S., Iasevoli G. (2006), "Stakeholders event evaluation. The Notte Bianca case study", in "Marketing Trend in Europe" conference, Cà Foscari University, Venice, 20-21 gennaio.

⁶ Soccer Investment, number 2109, July 31 2006: "Supporter group begs for more tickets for fans. FIFA must act to ensure a greater allocation of tickets go to fans and not corporate sponsors, according to an England fans' group. After a meeting to discuss the 2006 FIFA World Cup, Mark Perryman, a leading member of the England Fans' Group, said their main complaint was with the number of tickets given to fans and the media, reports Reuters. "The one thing that FIFA got wrong was the ticketing. The percentage of tickets going to sponsor...of course corporations and sponsors need to have a number of tickets for VIPs and some of them are undoubtedly used in competitions but the best way to distribute them is directly to the fans through each competing Football Association," Perryman added. Organisers of the UEFA 2008 European Championship have promised to free up a greater percentage of tickets to "genuine fans".

Moreover, always as a strategy input, the definition of the target (for example, VIP’s, young people, out of towners, families, social segments which are more or less elevated, etc.) must be specified in order to assure coherence between the initiatives and spectators attitudes.

3. The use of tickets in the organization of events

For a service enterprise and more particularly an enterprise in charge of managing and promoting events, the presence of spectators and the consequent tickets distribution (free or sold) represents a strategic activity whose decisions can meaningfully affect the achieved outcomes and, therefore, the success of the event. If the ticket is taken into consideration as a “necessary title in order to approach a service or to assist to an event”, which corresponds to an economic sum, it is obvious as this title, besides eventually representing a vehicle through which a total or partial quota of the costs could be covered, it constitutes a useful medium that will contribute to organize (as best as possible) the offer and to try to manage the demand effectively.

In fact, although the necessity to harmonize the production capability of an enterprise with dimensional flows of demand is the specificity of the services enterprises⁷, in the context of the events such necessity decidedly becomes more critic since the negative effects of a misalignment could be greater. As a matter of fact, above all when the event is of great dimensions, the ticketing represents a useful instrument in order to manage at best the spaces and to avoid particularly dangerous lines or crowding; particularly, in the context of the sport events, very often tickets are used also to limit the access to determined areas (for example those occupied from the opposing fan clubs) or to manage at best some services reserved to specific segments of the public (i.e. the access to the team boxes during grand prix’s).

Ticket sales, as above mentioned, represents without a doubt one of main means to generate flows of particularly useful revenues to the cover costs; particularly, if the sale of tickets happens long before the event takes place, the cash flow will be necessary for the payment of expenses that precede the event. The organization of an event, as a matter of fact, represents the typical business with a cash flow strongly unbalanced since a large part of the expenses happen before the taking place of the event and of the ticket sales that consequently generate a flow more or less intense of expenses, not balanced - from a temporal point of view - from a similar flow of revenues. Therefore Allen (2002) thinks that the main advantage of the presence of a ticket sales system is the one of being able to manage the cash flows.

To sale tickets long before the event, furthermore, can represent a precise strategy finalized in the creation of an exclusivity image event and a way to demonstrate the large public interest regarding the event itself (Kotler and Scheff, 1997). For example, the tickets of the year-end concert of Vienna’s Filharmonic Orchestra are sold a year in advance and exclusively online; probably, this narrow tickets availability has therefore contributed, in the course of the years, to increase the image of exclusivity and prestige of the concert itself.

Moreover, by ticketing (above all when a booking/reservation system is available) many museums or exposition spaces, try to guarantee that the number of people corresponds correctly to the rules of preservation of the artistic and cultural works, or even those imposed by security regulations. For example, in many museums the presence of an excessive number of people causes the elevation of the temperature and carbon dioxide causing a greater risk of deterioration to the exposed works (and to the necessity to resort to ventilation systems more advanced and expensive).

An other advantage of the presence ticket sales system deriving from the possibility to establish a direct relation with customers, to collect data on their behaviour and therefore to be able to start relational marketing activities. This argument shall be focused in § 7.

However, regarding this long list of advantages, the presence of a sale and distribution system of tickets can generate some disservices, above all when the event is destined to the greater number of

⁷ On this topic Cherubini, in *Marketing dei servizi*, ed. Franco Angeli 1996, speaks of sincro-marketing meant just as techniques and stiff procedures to balance the encounter between supply and demand, therefore speeding up the demand and reducing the capacity in the low moments and to slow down the demand and increase the capacity in the high moments.

persons and it does not introduce large problems of management of the spaces. For example, the greatest event of the city of Rome – the Notte Bianca - places the objective to let much more accessible the city to their citizens and tourists and so the presence of a ticket would not be recommended due to the “open” idea of the event positioning.

4. Primary objectives in the tickets pricing

Simply, price can be defined as “the sum of money paid by the buyer to the vendor as an exchange for a product or a service” (Pellicelli, 1988).

To frame the importance of the price and consequently the economic value of the ticket has its importance from systematic point of view, as the choices within this area surely will influence the event positioning in the market, the perception of the potential customers and, as last result, the sale and participation levels of the event itself.

Also for this reason the management of the ticket sales system and fixation of the price in events does not have to be referred to as the “simple” fixation of the price to make the participant pay or not, but it is meant to be a flexible and dynamic instrument useful to increasing the event values for the different public segments.

As far as price determination, although over 30 years have passed, the rule proposed by Palda (1977, p.8) is still surely valid, according to which “the limits advanced and inferior within which to situate the fixed optimal price from the vendor, held in due consideration to the (eventual) competition, is: the price should not exceed the benefit it brings the buyer, neither should it go under of the cost of realization and distribution of the product/service”.

Regarding to the services industry, to which the event industry is placed, an analysis of the literature individuates multiple price objectives (Avlonitis e Indounas, 2005, p. 48); particularly, it has been proposed to subdivide the price objectives in the service context in three main streams: 1) nature/content, 2) level of expectation 3) temporal horizon.

With reference to the content of the objectives, an ulterior classification is that on the qualitative or quantitative nature of the objectives; with regards to the level of expectation, the price objectives are generally divided between those extended to a maximum level (i.e. maximization of the profit) and those valued as satisfactory.

In fact, the price objectives could be classified also through other variables; for example, one of most frequently used classifications is the one based on the subdivision of objectives in comparison to the temporal horizon (objectives of short and long period). However, independently from the used criterion, the complexity of the decisions and some contextual requirements push the enterprises or the organizations to pursuing more than one price objective, although - as it has been demonstrated (to Keil and others, 2001) - an incompatibility among the single objectives often exists.

A summary of the primary objectives taken at the events is reported in table 3.

With reference to the frequency with which such objectives are pursued, although the literature on the topic is one of most insufficient in the within of the Economic-Business studies, the few conducted searches show that some objectives are generally more frequent than others (Schissel 1977, Morris and Fuller, 1989, Meidan and Chin 1995, Avlonitis and Indounas, 2005); and particularly the objectives of “maximizing the profits”, “achieving satisfactory profits” or “guaranteeing cost coverage” are used more frequently than others.

In the event context and more specifically with reference to the field of exhibitions and cultural events, objectives are in one or more of the following typologies (King, 2003):

- economic-financial equilibrium;
- profit or liquidity;
- cultural spread;
- proportional stability of demand;
- image.

Instead, concerning sport events, taking the case of the Sydney Olympic Games, the price objectives pursued by the organizers regarded the following categories (Thamnopoulos and Gargalianos, 2002):

- to generate a sure cash flow;
- to guarantee fairness in the distribution between the Australians and foreign spectators of other countries;
- to be socially responsible, considering of the role of the sport;
- to improve and to preserve the Olympic Games image.

Table 3: Summary of the primary event price objectives

✓	Maximization of the revenue
✓	Maximization of the profits
✓	Maximization of the market share
✓	Increase of the market share
✓	ROI of the event
✓	ROA of the event
✓	Cover costs
✓	Generation of a counter
✓	Quality leadership
✓	Image and prestige of the event
✓	Minimal cover of the public ability
✓	Satisfaction of intermediaries
✓	Qualitative and quantitative presence of spectators
✓	Stability of spectators presence
✓	Organizer's disappointment
✓	Customer Loyalty
✓	Survival
✓	Revenue and presence development
✓	Social objectives
✓	Fairness towards the competitor of other events
✓	Customer satisfaction
✓

4.1 Pricing in event industry

Once the objectives are fixed, and the inner and external evaluations are carried out, it passed to the phase that regards the so-called “*politics of pricing*” that is all those “procedures and actions carried out for the definition of the final price” (Oxenfeldt, 1983) and therefore of the economic offers in order to participate to the event; from an analysis of the more recent literature, it turns out that the enterprises of services and the organizations use a series of approaches, here synthetically described (Avlonitis and Indounas, 2006):

- list pricing: that is the definition of an only price without differentiation tied to the segments of customers or the target to reach. This the case of many concerts where it is not possible to create different places or when however discriminations between the customers are not wanted;
- differentiated pricing: in this case different prices are proposed to the customers based on several criteria (to the segments, to the modalities of purchase or consumption, to the amounts consumed, to geographic localization of the event, etc);
- negotiated pricing: the prices are practically personalized on the base of an agreement between the single customer and the organizing agency of the event;
- discounts pricing: the price is defined by subtracting a certain amount, called “price reduction”; particularly the reductions in price can at the same time be tied to one or three dimensions at the same time: a) to the amounts acquired; b) to the purchase modalities; c) to the times of payment;
- price bundling: such policies foresee the fixation of an only price for the combined sale of two or more services offer in the system event; particularly, there are two different hypothetical situations: there is one where this kind of price cannot be sold separately (for example when the participation to an event is tied to other services such as transportation, room and board, etc.) or one in which the services, even if sold singularly, offers come jointly in order to offer a greater final value to the customer (in terms of reduced).

From this first classification it turns out that some of these politics are particularly used for some specific typologies of events (for example the fixation of an only price for concerts in a stadium), while others are used independently from the typology of the event. In reality the little searches on the topic connected to the widest field of the services (Morris and Fuller, 1989, Tilson 1994, Avlonitis and Indounas, 2005), would seem to affirm the differentiated pricing as the most frequently used politic, although the results obtained by Avlonitis and Indounas confirm that the one mostly used is the list pricing policy⁸.

4.2 Differentiated pricing in events

In the world of the events, in a very large sense, the requirement to pursue specific objectives, the participation of a heterogeneous public is seen both under a socio-economic point of view as well as from a behavioural one, let alone the presence of stakeholders that have different profiles and interests (think of the public institutions that often finance events, or to the private companies interested in the sale of their own products/services, or to the cultural or sport organizations and sponsors interested in the visibility and the image, etc), makes the ticket sale happen generally by using the differentiated pricing policy.

In order to illustrate the differentiated pricing strategy, the example that is generally used is that of a monopolist that perfectly knows the demand curves of its customers and consequently, the maximum value that these are willing to pay; theoretically, a price could fix for each customer therefore drawing the maximum possible profit. In reality, this differentiation - defined of first level - is not practiced sufficiently, above all when speaking of events; even when the organizer would operate in a monopoly, he could probably never know in detail the behaviours of each customer.

There may be a second level of discrimination when the services of the event differ and consequently the relative prices too. In this case, there isn't a lot of knowledge about the curves of demands, so it is assumed that the different offers correspond to the demands of each client and that - above all - these will auto-select the available services.

A third type of discrimination is when the price of the ticket is fixed for every single segment of customers, of which organizer knows more or less in detail the behaviours and expectations. Specifically, according to the classic definition, differentiated pricing is done when different prices are applied to the various segments of customers for the same service, and when the price differences are not justified or proportional to the cost differences (Awh 1988, Loomis and Walsh 1997, Yelkur and Herbig 1997).

Apart from the typology used, the main goal of the discriminated pricing is always to increase the enterprise value, achieving the maximums possible (in terms of volumes of presences, types of presences, revenues, profit margins, etc) in relation to the maximum ability of public participants to the event.

Particularly when dealing with events, the discriminated pricing can find a valid justification from an economic point of view as well as a from a social one; in fact, the discrimination - above all if applied contextually to the presence of a yield management system - can be useful to increase the participation and therefore increase the revenues of the event. In fact, it is fundamental to remember that above all when there are sponsors, the dimension and the typology of the public represent a meaningful hanging of evaluation of the success of an event⁹; moreover it is just on the dimension of the public (directly present or that watch the event on TV or on other media) that the cost per contact is estimated and therefore the value of the sponsorship.

More specifically the adoption of a discrimination strategy can bring to the organizers and - directly or indirectly - to the others stakeholders of the event a series of advantages, amongst which:

⁸ To these searches, it is relatively beneficial to state some concepts: firstly, that for their specificities, they generally analyse not very wide samples of enterprises. Moreover, that the examined samples are usually circumscribed to specific fields of services; for example, the search of Tilson exclusively examined the behaviour of the English libraries, while Morris and Fuller had taken care of the behaviour of the enterprises of administrative advising and revisions at the United States.

⁹ For an in-depth analysis of the evaluation systems of an event it is sent back to Cherubini S., Iasevoli G. (2006), “Stakeholder event evaluation”, in Andreani J., Collesei U., *Marketing Trend in Europe*, Venezia.

- to allow the maximisation of the “consumer surplus”¹⁰;
- to facilitate the definition of an offer aimed for every target;
- to guarantee a better development (and therefore greater success) of the same event, above all when the public carries out an active role;
- to guarantee greater flexibility in the management of the same event, with particular reference to the public presence;
- to assist the economically or socially weaker segment of participants, that require great care and attention (think of young and elderly people).

With regards to this last point, since many events have useful applications and returns for the entire and/or for specific segments of the public, the discrimination is justified for the involvement of the weaker segments of people: for example: free exhibitions/shows, sport events aimed towards young people (Youth Games), special days dedicated to schools, etc.

However, to really be practicable, the discrimination pricing requires that some operating conditions be met; particularly, three have been identified and considered indispensable (Awh R., 1988):

- the offered service would have to be particularly attractive for a wide range of the public and would have to introduce itself as “different” compared to its competitor;
- it should be capable of estimating a consumers curve of demand, for example by examining the presences in the past, and above all that it shows some elasticity. It is demonstrated that price discrimination does not work if a linear demand curve is applied;
- there is the possibility to define different prices for the same event, that is that the organizer can fix prices freely. For example, in Italy state museums or communal have large ties in the definition of amount of the price.

As above mentioned, technically, we have discrimination when there is a different price for the various segments of customers; such discrimination can happen by attributing greater weight to one or more bases (driver of differentiation), of which the most important and frequently used are:

- the social-demographic characteristics of demand: which is undoubtedly one of the main bases of price discrimination above all in the context of cultural events. This category encloses the discrimination based on age, on social profile (for example generally museums and exhibitions are free for young people under eighteen years of age and those over 65, for anyone in pension or for university students), sometimes based on the person’s profession (this aspect for example, covers free entrances for the referee during the soccer games, for university researchers in some museums, for journalists and for some cultural events, etc.);
- the economic characteristics of the customers. The differentiated pricing is frequent in all those cases in which the performances and the distribution of some services are wanted to be guaranteed independently from the disposable income. In some museums, the customer decides how much pay in relation to its economic availabilities (draft of the so-called rule of “you pay as much as you wish”) or however they are previewed of the days to free entrance (as an example, the MOMA of New York previews a free entrance the Friday evening, the Museums Vatican the last Sunday of the month, etc);
- the belongings to groups of social interest. This politics preview the differentiated prices in relation to the belongings or less to groups or social associations (that are taken care of handicaps), cultural, religious, etc;
- the sale of predefined amount. A lot often the organizing agencies in order to favor the interest above all towards those events to low involvement, they preview a bundle of tickets.

¹⁰ For a corrected definition of a consumer surplus it is sent back to Pellicelli (2000) who thinks that the “quota value that the customer capture is given from the difference between paid price (p) and perceived benefit (b). The vendor, on his part, seizes the part of P that remains after having paid the costs (c); the consumer surplus turns out therefore from the difference between the perceived benefit and the costs of the inputs supported in order to obtain such benefit”. The customer’s value is not always quantitatively explainable, considered that many cost components have an immaterial and/or emotional nature, acquiring in such a way, a very a different value for every single customer.

As an example, in the context of the theater events, is very frequent that ticket manager sells tickets in subscription for the entire season or to sell packages of events (shows, contests sport, concerts, etc) in which they are both those to high participation than those of which smaller presence is estimated;

- the moment of the consumption. This strategy concurs to define a different price in relation at the moment of the consumption; draft of a particularly used approach when it is wanted to be stimulated the moments of minor presence of customers, diverting part of the public from a segment too much crowded towards a temporal segment less attended (as an example many theatres differentiate the prices of tickets in relation to the day of the week or some museums try to stimulate the demand of the periods to smaller frequentation with lower prices);
- the moment of the purchase. This approach previews a different price in relation at the temporal moment of the purchase and turns out particularly useful when eventual tickets are wanted sell as “last minute” or when the demand is segmented on the importance for the time and the certainty of being able to participate or less to the event. This base of differentiation turns out to be a lot used in the context of the cultural and sport events where every single organizer prefers to follow its own pricing strategy in relation to the time; as an example there are ticket managers that establish an increasing price to approaching of the date of the event, others that sell a lower price ticket much time before the event, an medium/higher price in the intermediate period and a last minute price in the last days before the event;
- the sale channels. The usage of this differentiation base concurs to define different prices in relation to the modalities by which customers acquire the ticket (it is worth evidently for those events where it is possible to participate exclusively through a ticket). Today, thanks also to the recent development of the interactive technologies, the customers have a variety of channels in order to acquire a service and so it is possible to practice different prices among the various channels; generally, when the ticket from the organizing agency is bought directly, even through the situated dedicated Internet, the price is more bottom of the other channels, although this can create reasons of clutch between the issuing agency and the intermediaries. However it is also true that many theatres or movies establish a higher price on Internet since the customer has the possibility to select the seat and to reserve with wide advance payment.

Although such bases of differentiation have a rather generalized application, it is also true that some of they can be characterized and be applied in specific typologies of events. As an example, relatively to sport events, some researches turns out that the differentiated pricing of the professional teams (NBA, NFL, NHL, etc) is based on some specific bases: 1) the rank of the team in the previous season; 2) selling objectives and cash flow need for the organizer; 3) public relations strategy; 4) the sensibility of the public regarding price; 5) the identification of supporters and 6) the average of the prices fix from competitor.

Quite, such bases can also vary in relation to the importance and the dimension of the single sport event; as an example, in the event of the Olympic Games in Sydney, the bases for the differentiation have been (Thamnopoulos and Gargalianos, 2002):

- sales forecast;
- availability seats;
- awareness of the sport discipline;
- dimensions of the place;
- timing of the matches during the Olympic Games;
- probability of the Australian athletes in winning medals;
- level of prices practiced in the previous Olympic Games.

Instead, with reference to the cultural events like extensions, shows and other, Hill and Others (1996) identify three important factors in the political of discrimination pricing:

- reputation of the artists, a greater value is estimated to the artists of greater reputation and notoriety;

- image of the place where exposition is carried out: as an example such driver includes the expectations and the opinions of the public regarding the museum, the theatre, perceived above all like a cultural brand;
- atmosphere, that is broadly speaking the services of acceptance and participation to the event and the atmosphere that the place is in a position to transmitting and creating.

It is important to remember that such approaches can be applied separately, but it is also possible to use two or more bases jointly in order to obtain a greater differentiation and to try in such a way to maximize revenue and results.

5. Ticket sales and distribution system

A ticket, in order to achieve the aims for which it has been planned, must respect some basic rules among which the counterfeiting difficulty, the immediate identification of the event and of its organizer, and if planned, a clear description of the place and the booked seat. Moreover, it has not to under evaluate “the systemic” impact of such decision, as it has been suggested from Bowdin and others (2002) it is necessary to guarantee an elevated degree of coherence with all the other decisions of marketing.

Nowadays, an organizer who sells and distributes tickets of an event has a variety of options connected to a more or less intensive usage of ICT.

First of all, it is well to remember that the process of purchase of a ticket could be to simple and immediate or instead along and complex, joint also to eventual negotiations between the purchaser and the vendor. In particular, above all in those cases where the demand exceeds the supply, and when the tickets of the event are sold in advance, it is possible to have an other market called secondary. The operators that animate this secondary market could simply be the friends, or the travel agents, or the tour operators, or intermediaries, or virtual facilitators through the internet or the so-called “scalpers”¹¹.

This phenomenon has a big importance: in fact some figure, regarding for example the American ticket market for theatres, concerts and sport events, estimates the dimensions in approximately 10% of the primary market (Courty 2003, p. 85) and it seems that such values go up to 20-30% for tickets of greater quality (Happel and Jennings, 2002).

In order to describe the single actors involved in the so-called ticketing system, a conceptual model has been proposed in figure 3 in which the single actors and the roles they carry out are identified in the sale process; because of its nature, the conceptual model refers to a generic event and so it aspires to describe the sales process and distribution of whichever typology of event, both large or small, international or local.

At the top of the model, the promoting agency of the event is placed. This agency has - amongst the others - the task of defining the pricing objectives, the channels and the modalities of the ticket sales. The promoting agency will probably have role of leadership and government of the entire ticket sale system; in fact, besides planning it, it could decide to manage in autonomy some sales channels, completely excluding the external intermediaries.

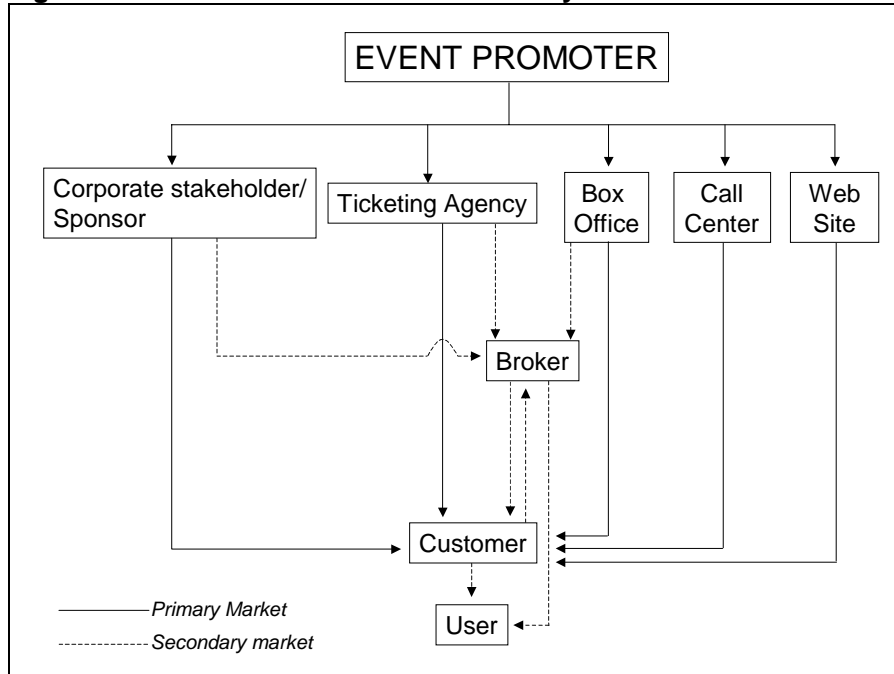
When an alternative is chosen, it is important to remember that the decisions concerning the tickets also have strong relapses (in systematic terms). In fact, the flow of the entire sales process foresees a series of activities that go from the graphical planning of tickets¹², to the press (also print on demand methodology directly at box office), to the subsequent distribution at the points of sale, the delivery to

¹¹ The scalpers are those people who: a) re-sell the tickets at different prices (generally higher) from the pre-established one; b) they have not received an official authorization to do such activity and above all to change of the price.

¹² From this point of view Shone and Parry (p. 179, 2004), say that a ticket should necessarily indicate the name of the event, its date, the sequence number, the price and typology, the conditions for usage or annulment, the place of the event (if already known), the holograms to prevent falsifications; in addition to this information individuate others amongst which the contacts for more information, the map for the event site, the presence of the secondary services.

the customers, to the monitoring of the sales and lastly, to the management of cash flow. Since such activities, especially in the hall marks, could have a high level of managerial complexity, it could be rather frequent to turn to an external intermediaries or companies specialized in the sale and distribution of the tickets.

Figure 3: The sale and distribution ticket system



5.1 Box Office

A customer who wants to reserve or acquire a ticket of an event, generally has, as a first option, to physically go to the official box office of the organizing agency. This sale modality, which is the most traditional among the other available ones, is still used greatly, especially in the context of cultural events. Still today, theatres and movies distribute the largest part of their tickets through the box office which are physically established inside of the hosting structure of the event. It is also true that some great events overlook the presence of a “box office”; for example, regarding the Super Bowl, one of the greatest sports events in the United States, the interested supporters participate in the extraction of tickets or these last ones were given out by local radio stations, to the winners of live on-air games. The winners have the possibility to acquire these tickets through the indicated channels.

The presence of a box office introduces the advantage of being able to directly manage the relationships with the customers and of being able to have internal control over, from a temporal point of view, the flows of demands in relation to the capacity and the available seats.

However, just because the box office is often established inside the structure of the event, it could also become a source of inefficiency if lines should be created or it should be managed inefficiently as well. So the box office can operate proactively and represent a useful instrument for the sales management, but also for the organization and the development of the event, it is opportune that effective modalities of control of the spaces and the eventual ticket lines are planned. As it is known, a different management of the waiting times generates a completely different perception of the service between the various segments of customers, in relation to the importance that customers attribute to the time factor, to the capacity of stress management and to their personnel characteristics. If we imagine a rather simple situation, in which there are approximately 200 people in line for the purchase of a ticket, whose sale procedure estimates in average 4 minutes each, there will take a total time of waiting of approximately 800 minutes, that is of 13 and a half hours in the hypothesis that only one gate is open.

For these reasons, in some events (above all for many cultural events carried out in museums and movies) electronic box offices or ticket machine have been introduced; these ticket machines manage

not only the classical services of ticket emission and proceeds, through cash payments or with credit cards, but also printing out of tickets in case that the preventive booking service is provided by different channels (via telephone or web).

5.2 Ticket Agency

The customers often have another option for the purchase of tickets: to officially address to agents in charge of such a goal. Particularly, such agents (commonly defined ticket agency) can theoretically be represented by anyone who opens a gate for ticket sales and distribution.

First of all, within this category, one finds the companies that make ticket sales their *core business*; in many cases they are large companies specialized in managing the sales of enormous amounts of tickets regarding the event’s typology. In Italy, one of the most important ones is without a doubt TicketOne (with more than 400 sales points), while in the rest of the world, the leader is TicketMaster which manages approximately 6500 centres of ticket distribution, 19 call centres and it attends over 9000 customers, selling in total more than 119 million tickets for number of transactions approximately equal to 6 million dollars in 2005. According to search lead by the Kelsey Group, more than 80% of the American teams enrolled in professional championships have delegated the business of tickets to an external agency.

When deciding whether or not to delegate the sale of tickets to an external agency, it is opportune to estimate the benefits and the costs (or risks) to the agreement. Beaven and Laws (2004) identify a series of advantages and disadvantages. In particular the main advantages in general are associated to the following factors:

- a greater specific experience within the ticketing management, which is hardly found inside of the event promoter;
- a reduction of structure cost regarding the sale system;
- a human resource management more flexible, especially if the sale activity or time period is short;
- a tickets sale integrated with other services of support;
- a greater capacity to recover from inefficiencies and to supply a “back up”;
- a greater network possibility between the external intermediaries for the purchase and the ticket delivery.

On the contrary, the main disadvantages linked to a outsourcing strategy in the sale of tickets, mostly involves the following aspects:

- the increase of direct costs could reduce the economic income of the event;
- an increase in the costs for the customers because of the commission due to the agent;
- an indirect control over the service supplied to the customer;
- an insufficient knowledge about the typology demands;
- a loss of information on the customers and therefore creating greater difficulties when developing actions of relationship marketing;
- slower reaction times in the crisis management in one or more of the ticketing phases.

5.3 Call Centres and Web Sites

Another option through which the customers can acquire tickets is by using a call centre or using a web site dedicated to this service. Generally, the web site or call center are services available by the external agency and therefore represent an additional element of the service offered to the customer.

This phenomenon would have huge dimensions if it is believed that the Forrester Research estimated that the online ticket sale had grown from 300 million dollars in 1999 to the 3.9 billions in 2004. Recently, Jupiter Research estimates that exclusively for the market of sports events, the online ticket sale will grow from approximately 450 million dollars in 2002 to approximately 1.2 billions in 2007 and that a more a more increasing number of customers and event promoters will aim at this system thanks to the greater information that can be collected on the single customers. As an example during the Aichi Expo 2005, thanks also to the RFID technology, the organizers checked constantly the number of the visitors and could take part in limiting the accesses in case of overcrowding with

immediate actions. The public has been able therefore to visit the manifestation without some type of emergency or access problem, not even in occasion of the peaks that they have made to record until 280.000 visitors for day (the day average was of 119.186 presences).

The presence of a web site allows to offer to the final customer a variety of advantages and connected services to the purchase and payment system, or to the system that allows the use of the same ticket. For example, generally, the spectator has the possibility to see on a map all the seats that are available and choose the best one. Frequently, besides the ticket delivery in the box office at the place of the event, the possibility of receiving via mail the ticket in the place and the schedule chosen by the customer is foreseen. In these cases, a “tracking” service is often predicted in which throughout emails the customer will be informed on approximately the place and the phase in which the ticket is at that time, within the procedure of delivery and payment.

It is also true that the online purchase can generate discontent if the delivery of the ticket to the box office is not managed in an excellent way (we have the same considerations made previously on the box office); however, with the arrival of the “print at home” system, the spectators will have the possibility to print their own tickets directly from their house. In these cases it is necessary to equip the place of the event with a system of optical reading for the bar codes, which also has the capability to supply information about the nature and dimension of the audience in real time.

An enormous advantage of the web site regards the possibility to reduce illegal sales and increase the control over the security of the event; in fact, since that information is demanded on the purchaser and considering that generally the only accepted form of payment is the credit card, the purchaser’s identification becomes easier to obtain.

The use of the web site for ticket sales also involves the typical advantages of the world of e-commerce, which are:

- speed. The customer can acquire the ticket at a distance, at any moment and place (house, office, etc) depending on the customer’s convenience, eliminating almost entirely the waiting times;
- facility to compare. The consumer can easily analyse the proposals rather than sale of a ticket just by comparing - while this possibility exists - the modalities and costs of purchase of the different suppliers. At the same time it can also check all those events that respond to the real budget availabilities and times for the *entertainments*;
- convergence and development of the technologies. In perspective, the possibility to integrate the mass media allows the organizer to offer a variety of services to the customer who navigates the web site but which can be distributed also through other communication channels. For example, it is possible to send the customer a mms allerta with the indications of the place of the event, the map of the place, the information on lines, etc.

5.4 Tickets destined to the sponsors or other stakeholders

In the management of the so-called ticketing system, it is opportune to consider the role and the weight that the sponsors or the committee of the event can have. The revenue of an event can flow from different sources which can be more or less integrated among themselves. Some of these sources are: the ticket sales, the sponsor’s supports, the merchandising, the publicity during the event, the transfer of television rights, the institutional financings, and the same support of the committee¹³.

In all those cases where the sponsors or the committee have a secondary role, but not completely inexistent, it is opportune to define the ticket amounts that should be destined to all these users and most of all, the modalities of allocation and distribution.

In this phase, in fact, the risk that runs is that of losing the control of the demand both in dimensional or typological terms; in fact, once having established the amount of tickets to assign to the sponsor or stakeholder, in virtue of the financings it brings, the organizing agency could not know anything, until the day of the event, about which and how many people will use the “institutional” tickets effectively. This aspect, which could in some cases seems marginal, in others instead, it could influence the

¹³ In the so-called corporate event, that is an event which are ordered by an agency or institution exclusively in order “to achieve specific objectives which are for example: entertainment of the customers, the introduction and the launch of new products, the promotion of business offers, the boosting of the staff or the intermediaries, therefore like for other activities” (O’ Toole Mikolaitis, 2002, p.IX), the buyer cover entirely the amount of costs.

success of the event above all if it is predicted that the customers have an active and participating role during the event (supporters during the sports events).

5.5 The Tickets Secondary Market

Since the turnover of the events and the number of tickets have a big dimension, many often the parallel sale or “resale” of tickets are grown up.

Also, remember that in Italy and in many other countries of the world, the unauthorized sale of tickets at a higher price than the one stamped on it is prohibited. Whoever practices this, however, is punished by the legislator with penal sanctions and then, because of this, the previously mentioned market is only that respects the norms on tickets.

As priory mentioned, it is estimated that this market has a dimension of approximately 10% of the primary market and can predict differentiated sale forms; in particular, as described in figure 4, four different sale typologies can be assumed in the secondary market.

Figure 4: The different alternatives for sales of the secondary market

		BUYER	
		Business	Consumer
SELLER	Business	<i>Agency sells tickets to other broker</i>	<i>Agency offers to customer re-purchase or exchange services</i>
	Consumer	<i>Customers sell their tickets to brokers</i>	<i>Customers sell or exchange their tickets with other customer</i>

In the first place, the original resale form is that of *Business to Business* (B to B) which is when a retailer, having acquired the right to the sale of a certain amount of tickets, uses other retailers service for the final ticket sales. Particularly, this happens above all when the event has an international dimension and the agent does not have an equally diffused territorial net. In the 1998 Ticket America tried to create a sort of integrated sales system of B to B, involving other large brokers; however, today no successful integrated and competitive systems of this gender¹⁴ exist, although this sale typology regards over 2 billion of the worlds tickets (Business Week, 31/8/06).

Another sales formula is the one which we can define as *Business to Consumer* (B to C), when a broker re-sales tickets to the customers trying to obtain an economic return; in this case we are generally dealing with small brokers, not affiliated to each other, very active and competitive in the metropolitan markets that with agile structures are able to sell great amounts of tickets, above all those that have greater demand. This type of pre-acquired ticket sale in many cases favored by the organizing agency because it could be subject to minor revenues on all of the events intake, regarding

¹⁴ However, recently Ticket Master, who has always been reluctant to invest resources on the so-called reseller, it stipulated an agreement with Ticket Exchange according to encourage the tickets exchange. that were “repurchased”, sometimes at a higher price of the original price (the team applies a commission of 10%). It’s been estimated that this way has reduced approximately 50% of the empty places and at the same time has created revenues equal to approximately half a million dollars (Dickey, 2000).

for example expenses for parking, eating, drinking, merchandising, etc. Howard and Crompton (2004) estimated that for such great sport events expenses these intake is approximately 15 dollars per person. A third type of market is what we could define *Consumer to Consumer* (C to C), when a customer independently decides to sell or exchange the previously acquired ticket with other customers. It is a phenomenon of great development favorite also from birth of the so-called “virtual markets” that stimulate the sale and the exchange of tickets. On any given day, (for example October 9th 2006), on www.ebay.com there are over 45 thousand tickets on sale for all kinds of different events; although many of these exchanges are given by final customers who spontaneously try to re-sell their own tickets, the majority of these offers are often fed from professional brokers.

The fourth type of sale that is less practiced (*Consumer to Business*), that is the one of the resale of the ticket from the customer to an authorized dealer or to the same organizing agency. Particularly, the system is valid when subscriptions are sold with advanced payment; in fact, when a person is unable to attend the games (or the shows) for which they previously acquired a subscription, they can sell the subscription recovering a good part of the price. As an example, this system has been recently stimulated from the San Francisco Giants, which resell on their own website the tickets.

6. Communication regarding ticketing

Once that the organizing agency has fixed its own objectives of pricing and has defined the politics of tickets distribution, it is opportune to activate an informative flow finalized to communicate not only the entity and the value of tickets put in sale, but also the modalities and places where they will be purchased. All of this we could define as the campaign of communication finalized to increase the sale and distribution of tickets (*ticketing campaign*). Like other communication campaigns, it needs not only the definition of objectives and of the targets that wants to be reached, but also the selection of the media to use and the timing of the communication..

Regarding the objectives, it is opportune to say that these last ones have to be perfectly coherent with the image and the positioning of the entire event and with all the other communication activities foreseen to promote the event. Particularly, Thamnopoulos and Gargalianos (2002) think that the objectives should be those that clearly describe the means of purchase of the tickets, where they are available, and the value of tickets (for single session if the event previews one or more).

Generally, the communication campaigns about tickets are a focus of communication of the event itself therefore making it difficult to define the objectives and targets “ad hoc” for this area; however, it is also true that in the organization of big events, where the types of tickets and the manner of reservations/purchases are quite different, a specific communication for tickets is foreseen.

In this area, typical instruments of mass markets are used; particularly, other than mass media are used to generate a certain level of awareness regarding the event, to give general information and to remind people of the possibility to acquire tickets (so-called opening of the subscriptions campaign), others instruments are used as well - always of business derivation - finalized to transmit direct and personalized information. For example, in the 80’s it was common to use direct marketing techniques for ticket sales of an event (the first time they were used with great intensity was during the Olympic Games di Los Angeles of 1984), both by mailing that telemarketing.

Moreover these instruments of generalized application, it is possible to list some instruments typically used in this context. In the first place, brochures or folders which describe the various types of tickets, their value and the channels of purchase. Although its purpose is mostly connected to the ticket sale, the contents and graphic of the folders or pamphlets or brochures have to be strictly coordinated to the image and positioning of the event.

Particularly, in the so-called ticket book a series of information will have to be noted amongst which:

- timetables and places of the event and different sessions;
- categories of price to the public;
- maps for the selection of the seat (above all if tickets are differentiated based on the place’s capacity and seating localization inside where the event takes place);
- how to reserve and/or buy tickets;
- offers and rules regarding cancellations, or the cancellation of the event it self;

- general information regarding the location of the event, how to arrive, if it has parking, if you can lodge there or near by, restaurants, etc.

Since the ticket sale, as above mentioned, can predict the involvement of multiple units and of external intermediaries as well, in addition to the external communication addressed to all prospects, it would be useful that the event manager activate flows of internal communication in order to facilitate the cooperation between the partners. This way, it would also be useful to schedule cyclic meetings by which to inform anyone who may be interested on the work in progress and on results obtained in each phase.

7. Ticketing management

In the previous paragraphs the necessity to face the management of the box office with a new perspective since it becomes essential to assure main series of coordination mainly connected on several levels: 1) a superior vertical level with the strategy of the event and particularly with its objectives and targets, 2) on a horizontal level with other assets that affect the quality of the system undertaken for the event and particularly with the several partnerships that were created, 3) a inferior vertical level with the several sub-activities regarding pricing, distribution and communication.

Therefore it turns out, the obvious importance of an effective organization that knows, according to the classical principles, how to balance coordination and specialization, on one side, and “make” or “buy”, on the other. Particularly, regarding this last topic, the periodicity, which these events often have, could push towards outsourcing that surely introduce the advantage of the flexibility. The presence of a Ticketing Manager becomes, therefore, essential at the moment in which he/she is able to develop multiple and different skills that go from a strict economic dimension to those more finalized such as marketing and communication.

In this optic an ulterior element emerges that is essential for the efficient functioning of the ticketing and that is the support of ICT, that represents a fundamental component for ticketing activity. This reference is naturally connected to the presence on Internet, but also in a larger way to the many activities that come standardized and quickened with the support of the ICT.

It can be said that in this area as well the coordination with the other areas of activity of an event is essential, and in the first instance the logistics and the security, that in fact meaningfully contribute to define the level of functional and additional quality that wants to be distributed to the public.

At this moment an important point of reference is the already mentioned CRM by which a system of relations is developed that can usefully go beyond the single event. For example, the acquaintance of some personal identifying data on the customers allows the company to send useful information for the use of the service¹⁵, this way increasing the perceived value of the service.

In this managerial perspective, because sometimes it is little neglected, the control activity becomes more and more important; it means not only control of the results, but also control of the entire process. In this sense the resource to the logical and methodologies of the project management is always favorable: inside of work breakdown structure can be inserted in a section dedicated specifically to ticketing, therefore acquiring the support of timing with the Gaant diagram and of network relations with the PERT.

¹⁵ Respectively it would be nice to remember that the activity of “mobile marketing” with the text messages seems to have been born in Ibiza as a modality of a fast communication regarding micro events that happened in the nocturnal premises. With more consideration, instead, one can remember that some airlines use text messages, as a reminder of flights, supplying information on the punctuality and the shop of boarding; other damage information on localization of the place, on the presence of eventual rows, on the forecasts of the time, etc. In some cases the text messages are used or mms in order to facilitate the involvement of the public during the development of the event.

8. Ticketing of the Olympic Winter Games Torino 2006

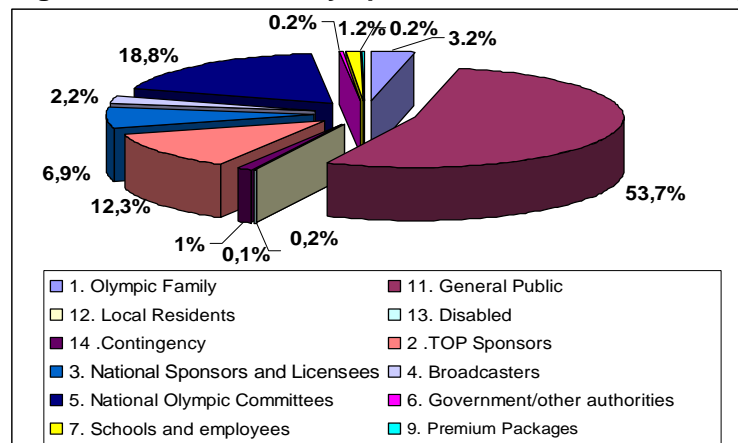
The main event of international importance in Italy in the last decade has been the recent Olympic Winter Games Torino 2006. Beyond the media exposition of the event in Italy, the case turns out to be very interesting from the point of view of ticketing for a series of aspects.

Particularly, regard to the ticketing of Torino 2006 the following results were obtained:

- total tickets sold: about 900.000
- tickets sold compared to those available: 80%
- tickets sold in Italy compared to the total: 70%
- tickets sold in Piedmont compared to the Italy total: 70%
- amount of categories of different ticket prices: 441
- total customers: 70.000 (between private, groups, schools and companies)

From the point of view of the various typologies of customers, in Torino 2006, 55% of tickets were acquired by the general public and local resident, while the remaining 45% were acquired by various stakeholders (the Olympic Family, Sponsors, Broadcasters, International Sports Federations, Olympic Committees), according to the percentages brought back in figure 5.

Figure 5: Torino 2006 Olympics Winter Games ticket buyers



As far as the generic public, Torino 2006 has confirmed the historical tendency of Italian spectators (moreover recognized by the market research carried out by the Organizing Committee) to procrastinate the decisions of participation and to privilege last minute ticket purchases, as it can be seen from table 4.

Table 4: Acquiring tickets in time

<i>Sale Phase</i>	<i>Period</i>	<i>% of tickets sold</i>
1° phase	4 november-19 December 2004	11%
2° phase	10 february-5 September 2005	9%
3° phase	27 september-23 January 2005	35%
4° phase	24 january-26 February 2006	45%

On the other hand, it is also important to point out that the market researches proved that a large part of the public of Torino 2006 acquired any ticket, without particular interest for one sport or a specific contest, but only to feel as “part of the Olympic Event”.

8.1 Ticket pricing

In the first place it is opportune to remember that TOROC, the Organizing Committee of the Olympic Games, had to take in account some aspects in the definition of the ticketing strategies, and particularly:

- the event’s connotation is mainly about sports with targets principally segmented by sex and age;
- the event has a limited duration (17 days);
- the event has many sessions (177) with extremely various levels of popularity between them;
- for each sessions a specific ticket was demanded;
- the different price sections were function, on one side, because the structure of the arenas and, on the other, because of the characteristics of every sport. Fixed rates were established according to each case, ranging from 2 or 3 different price sections;
- the IOC (International Olympic Committee) did not allow price reductions for specific public categories, nor forms of subscription that involve price reductions on the value of the tickets (it does not allow to resort to the price as a lever in order to stimulate the demand or to practice differentiation strategies based on the moment of the purchase).

In Torino 2006, as well as for other editions of Olympic Games, it was not possible to apply pricing policies similar to other cultural and sport events; generally speaking a base price is fixed for the ticket, applied for a single entrance, and policies of differentiation are foreseen according to a plurality of criteria (look at paragraph 3) which grasp the so-called “agreements”, that is reductions on the price of tickets recognized to the members of associations, professional categories or company employees to which a discounted price is awarded thanks of specific agreements (of sponsorships, of supply or other type).

With reference to the price level, all the tickets (except for the Opening and Closing Ceremonies that presented prices as high as €850) had prices ranging from €20 to €370 with an average price of €90, approximately 23% less than those of the Salt Lake City Olympic Winter Games of 4 years prior.

In spite that some prices were extremely elevated for the Italian market, 50% of tickets had a price of about €50 and ranged in the several price categories:

- 17% of tickets with prices between €20 and €30
- 33% of tickets with prices between €31 and €50
- 24% of tickets with prices between €51 and €80
- 12% of tickets with prices between €81 and €100
- 8% of tickets with prices between €101 and €150
- 6% of tickets with greater prices of €150

As previously mentioned, for expressed disposition of the IOC it was not possible to apply price reductions for public categories neither for particular categories, with the exception of the political price of €3 applied in favor of the students who had participated in the Olympic Education Program promoted by the same Organizing Committee in collaboration with the Italian Ministry of Education and because they acquired tickets through the scholastic institute of belonging.

The disabled people and their companions had to pay full price and were not subject to any reduction; the only free entrance was allowed to children less than two years.

Finally, it is important to notice that in Torino 2006 no presale rights were applied nor were other processing fees, but the price of tickets remained the same for all the sales period, whether they were bought on presale, or on the same day of an event. This contributed to making the public feel like a fair process and transparent purchase were taking place.

8.2 Ticket Distribution

Regarding the distribution, TOROC decided to directly manage the sales to the various stakeholders; instead, as far as the sales to the national and international general public various sales channels have been activated, and in particular:

- ticketing web site (www.torino2006.org/tickets);
- ticketing call center (848.88.2006);
- call center Telecom;
- Jumbo Grandi Eventi call center (for tourist packages);
- office ticketing (for sponsors and companies);
- office groups (for the organized public);

- 3000 banking branches (office) Sanpaolo;
- 400 TicketOne sales points;
- 15 venue box offices

Evidently, every single channel generated a different volume of sales; in fact, on the whole, the sales to the public per channel have been following:

- Official Website (32.5%)
- Box Offices (23%)
- Direct Sales (16%)
- Ticketing agencies (24.5%) of which Sanpaolo Bank (14.5%) and TicketOne (10%)
- Call Center (4%)

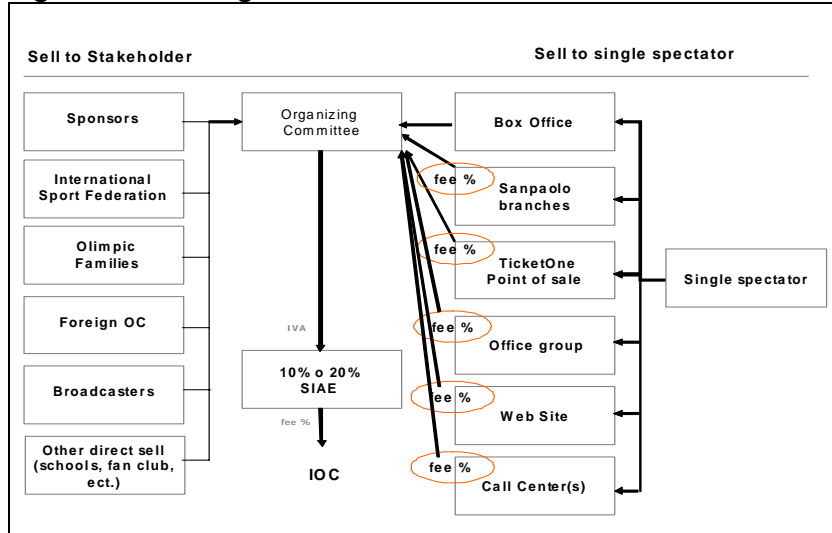
The contribution of the web to the total sales had been very different in the sale phases:

- 1° phase: 50.3%
- 2° phase: 62.2%
- 3° phase: 32.6%
- 4° phase: 23.9%.

In parallel with the decrease of the relative weight of Internet, the weight of “the physical” sales channels (Sanpaolo branches, TicketOne, box offices) has grown. In particular, as the event continued approaching, it breathtakingly increased the importance of the venue box offices that have gathered up the quota 60.6% in the period of the Games (February 10-26).

The call center has offered a relatively modest contribution in terms of sales but it has made a very important and irreplaceable informative function and post sale attendance. In the following figure is the Torino 2006 ticketing business model.

Figure 6: Ticketing business model in Torino 2006



No ticket has been deliberately sold to travel agencies or tour operators in order to avoid disturbances on the local hotel market; some restrictive measures have been applied in order to limit the purchase from the scalpers and unauthorized sales (the maximum buyable ticket limit for event).

8.3 The communication

Regarding the communication activities, Torino 2006 adopted numerous specific programs aimed at targets or particular markets. In the first place, a series of rather diversified targets had been identified:

- residents in that municipality;
- municipality employees;

- members of Italian sport clubs/federations;
- companies (corporate programs);
- fan clubs;
- schools;
- Italian associations abroad;
- foreign associations in Italy.

Many promotional programs were thought of purposely for such targets but none of them have been based on the lever of the price, but only on service delivered.

Besides the promotional activities, advertising played a fundamental role. The opening of the sales to the public, which happened contemporarily with all the sales channels, was in fact preceded and accompanied by an advertising campaign that stimulated the need of participation. In order to obtain this result, Torino 2006 worked in order to create an emotional impact on the national public focusing on the emotive variables that could stimulate that desire of participation to the event and generate a sense of urgency as for purchasing tickets.

The total advertising budget was of approximately 9% on the forecast revenue and therefore it was similar with advertising expenses for the promotion of great events in Italy.

Since the beginning, three communication flights were previewed (November-December 2004, February-May 2005 and October 2005-February 2006) which had to focus on increasing the target progressively.

Without completely omitting television and mailing, Torino 2006 used the following media:

- print: in order to reduce the dispersion of the contacts and to allow to argue the offer and at the same time to inform about the sales channels and the purchase times;
- web: in order to maximize the traffic and the purchase of tickets online;
- territorial marketing/direct mailing in order to relation with specific segments.

Finally, in terms of below the line materials, the activities can be distinguished between the activities in Italy and those abroad. In Italy 3 million copies of the Official Catalogue of Ticket that have been distributed through the network of sale (3000 Sanpaolo branches and 400 TicketOne points of sale) and by means of the “cellophane package” distributed inside daily and periodically. Moreover, the whole network of sale has been equipped with pamphlets, posters, and window stickers.

Abroad, instead, in order to support the acquaintance of Torino 2006 and to promote the interest towards Piedmont tourist offer, a 16-page brochure was created, 25 million copies were distributed through 40 of the most important newspapers of 14 European countries (for example FT, Le Monde, Tribune de Genève, El País, Frankfurter Allgemeine, etc).

8.4 Ticket Management

As far as the timing, the sales to the partner of the organizing committee (sponsor, Olympic national panel, sports international federations) are begun 22 months before the beginning of the manifestation (30/4/2004), while the presale to the national and international public has been started 15 months before (4/11/2004).

This long period of time, which is typical of other great international events like World Championships, Commonwealth Games or International Expositions, has made it possible to monitor the trend of the sales and, also throughout quantitative and qualitative market researches, to reposition the product after the first phase of sale, with an adaptation of the communication campaign and the event promotion.

Also, from the managerial point of view, Torino 2006 represents a point of reference for the management of great events, as for how many innovations were introduced in the field of ticketing, and in particular:

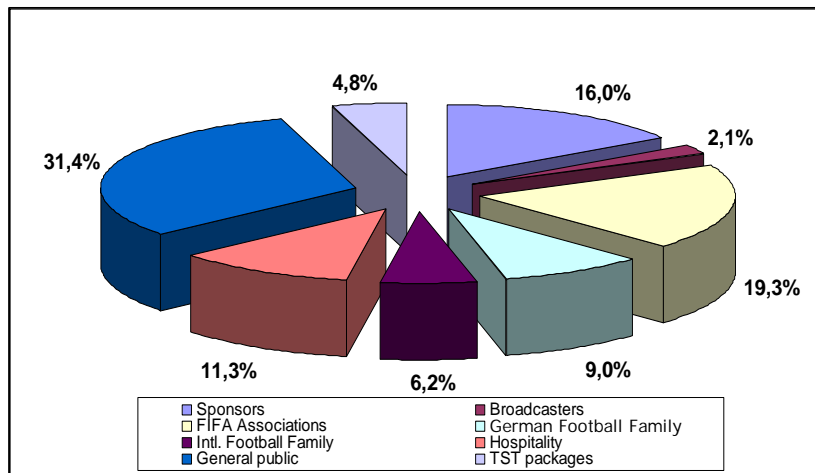
- Commercially
 - ✓ Ticketing News, bilingual monthly newsletter in electronic format;
 - ✓ Exchange Forum, exchange methodology of unused ticket;
- Technologically

- ✓ creation of a multi-channel sales platform completely web-based;
- ✓ integration of the ticketing system with the control system access;
- ✓ a multi-event acquisition process (integration of the purchase processes of Olympic and Paralympic tickets).

9. Ticketing of Soccer World Cup in Germany 2006

The other great sport event of 2006 was the FIFA World Cup in Germany. Respect to the Torino 2006 Olympic Winter Games, it presented a rather varied ticket distribution, as it is shown in Figure 7.

Figure 7: Ticket buyers of the 2006 FIFA World Cup in Germany



9.1 Ticket pricing

The Organizing Committee managed the direct selling to the various categories of stakeholders, guaranteeing however, at the same time, the maximum transparency to the public on the quotas that were effectively available for the generic public.

It was officially made public that approximately 16% of the tickets were assigned to FIFA or the Organizing Committee sponsors while another 15% was sold to the so-called “football family” (federations, clubs, associations, etc). Lastly, a little more than 11% of tickets was destined to the hospitality packages (on 3 price levels called: Sky Box, Elite and Prestige, based on the various enclosed services) managed by an service provider, the ISE Hospitality, and sold to companies that were not sponsors.

Based on the FIFA regulations, for every game, 8% of the tickets were available for each of the two teams, but since the single federations were obliged to order (and to pay) the tickets before the beginning of the tournament, the acquired contingents of the 32 finalist nations were very uneven (like displayed in the following table)¹⁶ and altogether never reached the “plenum”.

Indeed, it is noticeable that some of the stronger team candidates to the world champion title have ordered a relatively small amount of tickets while consisting purchases have been made from outsiders teams but which have seen in these tickets a possibility of gain when introduced to the market and resold to the general public.

Only 31.4% of tickets (against 55% of Torino 2006) have been therefore put at the disposal of the general public for single matches, while an ulterior 4.8% of tickets have been made available exclusively in the Team Specific Tickets (TST) formula that is a subscription to the 3, 4, 5, 6 or 7 played games by the supported team. If the supported team was eliminated, the regulations did not

¹⁶ Source “Stadionwelt” n° 16 february-march 2006

foresee any type of reimbursement of the price (it was an exception versus Euro 2004 for an analogous subscription called Follow My Team) but the right to assist to the matches of the winning team.

The result of the sale of the TSTs has certainly been positive, but partially the “philosophy” of the product that had to facilitate the participation on behalf of the fans supporting their personal team has been betrayed and it often gave an advantage to the more clever public, instead. Actually, many TST packages have been acquired by customers whom have “gambled” on the elimination at the first turn of the weakest teams and therefore on the possibility granted from the regulations to the TST purchaser, to follow the winning teams as the tournament continued. The sales analysis, in fact, have shown that many Ecuadorian TSTs were acquired from German citizens who had not found the German TSTs and therefore, had acquired the South American team’s TSTs assuming that this team could be eliminated in the first turn by Germany (in reality Ecuador passed the first phase and was subsequently eliminated at the Round of 16 by England, and the latter was the team that the TST buyers were forced to follow).

Table 5: Tickets sold per team

Nation	Ticket Detail
Brazil	12.793
Germany	12.793
Tunisia	11.854
Sweden	11.444
Ecuador	11.296
Ivory Coast	10.618
Paraguay	10.550
Ukraine	10.533
Serbia-Montenegro	10.487
Saudi Arabia	10.463
Poland	10.320
Australia	10.312
Costa Rica	10.241
Croatia	10.218
Togo	10.010
Switzerland	9.929
Argentina	9.862
Czech Republic	9.661
Japan	9.615
Trinidad and Tobago	9.615
Netherlands	9.498
Portugal	9.463
USA	9.068
Italy	8.985
Mexico	8.846
Spain	8.840
France	8.747
South Korea	8.571
England	8.536
Iran	8.413
Angola	8.370
Ghana	8.206

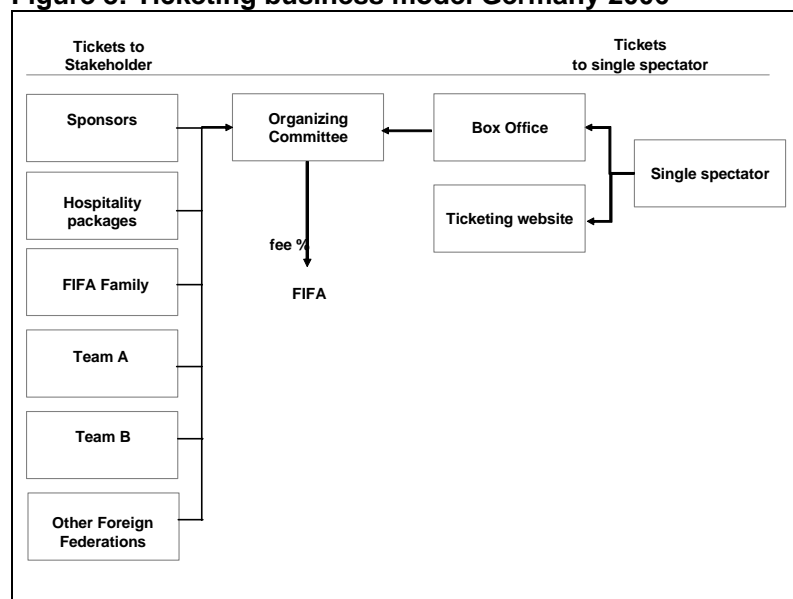
9.2 Ticket Distribution

Another meaningful difference versus Torino 2006 was the choice of the ticket distribution system: while the choice of Torino 2006 was to multiply the most possible sales channels in order to encounter the requirements of various targets, Germany 2006 adopted a completely opposite choice, to allow the customer purchases exclusively through Internet. Such limitation, combined with the exclusive payment forms previously agreed with Mastercard, has opened an infraction procedure of competitive rules in the European Union.

Given the specificity of the event, in order to limit the phenomena of scalpers, the Germany 2006 Organizing Committee adopted stricter purchase limits:

- maximum 4 tickets (categories price 1-3) or 2 tickets (category price 4) for game;
- maximum 7 events (categories price 1-3) or 4 events (category price 4) buyable;
- maximum one price category buyable per game.

Figure 8: Ticketing business model Germany 2006



From the ticketing point of view, Germany 2006 introduced interesting innovations: on one side, regarding the transfer of tickets that weren't used and, on the other, to be able to fill even the less popular events.

Germany 2006 adopted two different methods in order to reuse the unused tickets:

- *Resale*: ticket buyers had the possibility to deliver them “on sale account”, without any reason or justification, to the Organizing Committee that then would have resold them. Vendors and buyers did not have any contact with each other, and the Organizing Committee held a commission of €5-10 for every final transaction completed;
- *Transfer*: the original purchaser who did not intend to use all the tickets in his/her possession had the possibility to ask the Organizing Committee the possibility of selling his/her tickets to a third party adding, in the mean time, a selectable motivation on the website through a “curtain” menu. The original purchaser however, always had to act as a “guarantor” and keep for personal use at least one of the tickets bought. The Organizing Committee reserved itself from evaluating the validity of the motivations and whether to authorize or not the operation and, before accepting the exchange, had the faculty to demand more information or documentation to the second buyer (this in order to avoid phenomena of hooliganism). If the Committee refused the transfer possibility, the disappointed customer had the possibility to appeal the decision demanding and arbitrary (ombudsman). In this case as well, for its work of intermediation, the Committee withheld a commission of €5-10 for every order.

From a statistical point of view, it is to interesting to notice that, the total of tickets that underwent these procedures of re-distribution, only 20% changed owner through the process of “Resale” while 80% were transferred by the “Transfer” process.

In order to saturate the partially unsold events, the Organizing Committee adopted the procedures of the “Options” or waiting list. Based on this process the customer, who had not found ticket availability for the events he/she wished to see, had the possibility to sign up on the waiting list, for a maximum of 7 games, anticipating the payment. The requests were all inserted on a list and therefore, in the event of ulterior availabilities due to, for example the restitution of tickets on behalf of sponsors, were

extracted in a casual way. Such a process continued for all the duration of the manifestation until 36 hours before every match.

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