

Portland Trail Blazer

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Overview

- The Portland Trail Blazers faced challenges both on and off the court following the 2005 NBA All-Star break.
- On-court issues included a coaching change and a poor win-loss record, while off-court challenges involved declining attendance and a negative perception among Portland-area residents.
- Various player-related controversies contributed to the team's tarnished reputation, leading to decreased fan support.

01

Which attribute does the conjoint analysis indicate is most important in the overall purchase decision?



Utility for each attribute

Utility

Number of Games

0.03257

3-game create-your-own pack, including one elite team and two very good teams

0.24383

6-game create-your-own pack, including two elite teams and four very good teams

-0.2764

10-game create-your-own pack, including any combination of teams

Utility for each attribute

Utility

Ticket Price

0.65646

\$15 per seat per game

0.22011

\$25 per seat per game

0.126

\$35 per seat per game

1.00257

\$60 per seat per game

Utility for each attribute

Utility

Ticket Location

-0.73169

300 level, behind the baskets

-0.43716

300 level, on the corners

0.15736

300 level, midcourt

1.01148

200 level, midcourt

Utility for each attribute

Utility

Promotional Item

0.12511

Priority for home playoff tickets

0.17428

Hot dog and soda with each ticket

0.00158

Trail Blazer apparel (hat, jersey, etc.)

0.01689

\$20 gift certificate for popular local restaurant

-0.31786

No promotional item

Impact on purchase decisions

| | <i>Range of utility scores</i> | <i>Importance of attribute</i> |
|--------------------------------|---|---|
| <i>Number of Games</i> | 0.52023 | 0.143230794 |
| <i>Ticket Price</i> | 1.65903 | 0.241339056 |
| <i>Ticket Location</i> | 1.74317 | 0.479933152 |
| <i>Promotional Item</i> | 0.49214 | 0.135496998 |

02

***Are the conjoint results
useful in making any
pricing decisions?
What useful
information can be
gleaned from the
research?***



Trail Blazers Pricing Decisions with Conjoint Analysis

The Portland Trailblazers can leverage conjoint analysis data to make informed pricing decisions for season tickets, maximizing attendance utility while maintaining profitability.



Understanding Conjoint Analysis Results

a. **Conjoint analysis** is a powerful tool for pricing decisions. It provides insights into the relative importance of different ticket attributes (number of games, location, price) for potential attendees. This allows the Blazers to understand the trade-offs fans are willing to make (e.g., fewer games for better seats or a lower price).



Management Preferences and Price Constraints

Management Preference: *The Blazers prioritize offering 6-game packages over 10-game or 3-game options.*

Price Constraints:

The minimum price for 200-level midcourt seats should be \$60.

The minimum price for 300-level midcourt seats should be \$25.



Analyzing the attributes

i. Number of Games: Since the 6-game package aligns with management preference and has the highest utility score, we'll focus on this option.

ii. Ticket Location and Price: We'll prioritize options that meet the price constraints:

Option 1: 6-game package, \$60 per seat, 200-level midcourt (meets the minimum price requirement for 200-level seats)



iii. *Price Comparison within Same Location: If both options offer 300-level midcourt seats:*

\$25 per seat will be preferred over \$35 per seat due to the higher utility associated with a lower price.

iv. *Location Trade-off: We'll compare the options above to a potential corner seat option*



The total utility for each combination

Combination 1:

- *Number of Games: 3-game create-your-own pack*
- *Ticket Price: \$15 per seat per game*
- *Ticket Location: 200 level, midcourt*
- *Promotional Item: Hot dog and soda with each ticket*

$$\begin{aligned}\text{Total Utility} &= \text{Utility}(\text{Number of Games}) + \\ &\text{Utility}(\text{Ticket Price}) + \text{Utility}(\text{Ticket Location}) + \\ &\text{Utility}(\text{Promotional Item}) \\ &= 0.03257 + 0.40316 + 0.27905 + 0.33179 \\ &= 1.04657\end{aligned}$$



Combination 2:

- *Number of Games: 6-game create-your-own pack*
- *Ticket Price: \$15 per seat per game*
- *Ticket Location: 200 level, midcourt*
- *Promotional Item: Hot dog and soda with each ticket*

Total Utility = 1.25783



Combination 3:

- *Number of Games: 3-game create-your-own pack*
- *Ticket Price: \$25 per seat per game*
- *Ticket Location: 200 level, midcourt*
- *Promotional Item: Hot dog and soda with each ticket*

Total Utility = 1.04657





The top 3 combinations with the highest total utilities are:

1. *Combination 2: 6-game create-your-own pack, \$15 per seat per game, 200 level midcourt, Hot dog and soda with each ticket*
2. *Combination 1: 3-game create-your-own pack, \$15 per seat per game, 200 level midcourt, Hot dog and soda with each ticket*
3. *Combination 3: 3-game create-your-own pack, \$25 per seat per game, 200 level midcourt, Hot dog and soda with each ticket*



While our initial analysis identified Combination 2 and Combination 3 as potentially favorable based on their utility scores, a closer examination of pricing considerations reveals that these options may not be financially viable due to their high costs.

Therefore, to ensure a balanced approach that prioritizes both customer satisfaction and profitability, we recommend the following combination:



Proposed Combinations

Combination 1

Cost

Utility

*6-game create-your-own pack,
including two elite teams and four
very good teams*

0.24383

\$25 per seat per game

25

0.22011

300 level, behind the baskets

-10

-0.73169

Priority for home playoff tickets

15

0.12511

Total

15

0.58905

Proposed Combinations

Combination 2

Cost

Utility

6-game create-your-own pack,
including two elite teams and four
very good teams

0.24383

\$35 per seat per game

35

0.126

300 level, on the corners

-12

-0.43716

Hot dog and soda with each ticket

-3.25

-.17428

Total

19.75

0.54411

Proposed Combinations

Combination 3

Cost

Utility

6-game create-your-own pack,
including two elite teams and four
very good teams

0.24383

\$60 per seat per game

60

-1.00257

300 level, midcourt

-18

0.15736

Hot dog and soda with each ticket

-3.25

0.17428

Total

38.75

0.57547

Proposed Combinations

Combination 4

Cost

Utility

6-game create-your-own pack,
including two elite teams and four
very good teams

0.24383

\$60 per seat per game

60

-1.00257

300 level, on the corners

-12

-0.43716

Priority for home playoff tickets

0

0.12511

Total

48

0.36894

Trade-Off Analysis for Basketball Game Ticket Packages:

Utility per Dollar Calculation:

The utility per dollar spent for each combination can be calculated using the formula:

Utility per Dollar = Utility / Cost

- *Combination 1: Utility per Dollar = 0.03927*
- *Combination 2: Utility per Dollar = 0.02755*
- *Combination 3: Utility per Dollar = 0.014851*
- *Combination 4: Utility per Dollar = 0.00768*

Combination 1 provides the highest utility per dollar



Willingness to Pay:

- *Baseline Combination*

We assumed the baseline combination is Combination 1 since it has the lowest cost at \$25 per seat per game.

- *Utility-to-Price Conversion Factor Calculation:*

Given that Combination 1 costs \$25 and has a total utility of 0.58905, we'll use this to set the baseline utility-to-price ratio. Then, we use this ratio to find the additional price customers might be willing to pay for the increased utility in other combinations relative to the baseline.



Combination 2: Willingness to pay is approximately \$23.09 per seat per game.

Combination 3: Willingness to pay is approximately \$24.42 per seat per game.

Combination 4: Willingness to pay is approximately \$15.66 per seat per game.

These values reflect how much more (or less) a customer might be willing to pay for the utility provided by each combination, relative to the baseline cost and utility of Combination 1 (\$25 per seat per game).



Pointers for the Blazers

- *Offer a 6-game season ticket package with a focus on 200-level and 300-level midcourt seats.*
- *Price these tickets competitively, considering the trade-off between price and location based on conjoint analysis data.*
- *Utilize promotional items strategically, prioritizing those with high utility and low cost (e.g., playoff ticket priority).*
- *Continuously refine pricing strategies based on ongoing conjoint analysis to optimize attendance and revenue.*



03

What about the promotional items? Are they worth giving away (free) to season-ticket holders?



Enhancing Ticket Value with Promotional Items

Based on the utility scores from the conjoint analysis, we can evaluate whether giving away promotional items to season-ticket holders is worthwhile in terms of adding value and enhancing ticket attractiveness

0.12511

- Priority for home playoff tickets

0.17428

- Hot dog and soda with each ticket

0.00158

- Trail Blazers apparel (hat, jersey, etc.)

0.01689

- \$20 gift certificate for a popular local restaurant

-0.31786

- No promotional item

Cost vs. Benefit Analysis:

- Priority for home playoff tickets offers significant perceived value without a direct cost.
- Hot dog and soda costs the Blazers \$3.25 per package.
- Trail Blazers apparel costs \$12.00 per item, and the restaurant gift certificate costs \$10.00 to provide a \$20 value.

Incremental Value:

- Promotional items like playoff ticket priority and hot dog and soda offer the highest utility scores, indicating significant perceived value.

Promotional items, particularly those with high utility scores like playoff ticket priority and hot dog and soda, enhance the attractiveness of ticket packages

Strategic Promotion Selection for Season-Ticket Holders

Analysis of Promotional Item Utility:

- None of the promotional items have a demonstrably negative impact on utility.
- "Hot dog and soda with each ticket" promotion offers a positive utility contribution of 0.17428, approximately 3.9% increase in overall utility.

Recommendation:

- Strong recommendation to include the "Hot dog and soda with each ticket" promotion due to its high utility score and relatively low cost.

Cost-Effectiveness Comparison:

- Compared to other potential promotional items, "Hot dog and soda" promotion presents a compelling value proposition with the highest utility contribution and significantly lower cost.

Providing promotional items, especially those like hot dog and soda with high utility scores, can enhance ticket value and customer satisfaction for season-ticket holders, warranting their inclusion in ticket packages



04

***What about the size
of ticket packages?
What does the
conjoint analysis
suggest?***



Utility score of Ticket Packages

3

***3-game
package***

0.03257

6

***6-game
package***

0.24383

10

***10-game
package***

-0.2764

Strategic Implications



Focus on 6-game packages

It has the highest utility score and thus should be the primary focus in marketing efforts



Customizable 3-game packages

It has a positive utility score and thus might be appealing to those who prefer less commitment or are selective about the games they want to attend.

Strategic Implications



Reevaluate 10-game packages

It has a negative utility score, indicating it might be costly for many customers. Adding exclusive benefits or discounts might help offset the negative perception.



05

***What should the
management of the
Portland Trail
Blazers do?***



Optimizing Ticket Packages and Pricing Strategy

Optimize Ticket Packages:

- Promote the 6-game packages: Focus marketing efforts on these packages due to their high utility scores. Consider including high-demand games to enhance appeal.
- Offer customizable 3-game packages: Provide flexibility for fans who prefer fewer games. Allow fans to select games to cater to diverse preferences.
- Reassess 10-game packages: Due to negative utility scores, enhance with additional benefits or promote less aggressively.

Strategic Pricing:

- Leverage price sensitivity: Adjust prices based on utility scores to maximize attendance and profitability.
- Implement dynamic pricing: Adjust ticket prices based on demand, time of purchase, and opponent strength

These strategies ensure ticket packages are optimized to meet fan preferences while maximizing revenue and attendance

Enhancing Promotional Offerings and Improving Seat Allocation

Enhance Promotional Offerings:

- Focus on high-value promotions: Prioritize items with higher utility scores like playoff ticket priority and hot dogs and sodas.
- Minimize less impactful promotions: Reduce focus on items with lower utility scores unless cost-effective.

Improve Seat Allocation:

- Capitalize on preferred seating: Optimize availability and pricing of preferred seating areas like the 200 level midcourt.
- Offer discounts for less desirable seats: Provide discounts or bundle less attractive seats with appealing promotions.

By focusing on high-value promotions and optimizing seat allocation, the Blazers can enhance fan experience and maximize ticket sales.

Thank You

