Are Sports Fans Recession Proof?
by MIKE PESCA

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The New York Jets are auctioning 2,000 personal seat licenses for their new stadium. The PSLs allow holders the right to buy season tickets — but are not actual tickets. Other NFL teams are watching to see if the auction is affected by the recent downturn in the economy.

RENEE MONTAGNE, host:

A question for these trying economic times: Are sports recession proof? The New York Jets may soon find the answer to that with something called personal seat licenses, or PSLs. A PSL gives someone the right to buy season tickets. Not the actual tickets, just the right to buy them, like buying a spot in line to buy tickets. This week, the Jets are auctioning off PSLs online, and they aren't cheap. From New York, NPR's Mike Pesca reports.

MIKE PESCA: In order to market pricey tickets in their new stadium, the Jets had some legendary names to draw upon. Well, really just one legendary name, but they've gone a different direction, the very classy Donald Trump.

(Soundbite of New York Jets advertisement)

Mr. DONALD TRUMP: Who were you expecting - Joe Namath?

Unidentified Announcer: The Coaches Club at the new Jets stadium, the 2,000 best seats in sports. Auction runs October 19 through 27 on StubHub.

PESCA: To get into that exclusive Coaches Club, one doesn't simply buy a ticket. One must first buy a personal seat license. Think of PSLs as a ticket to buy a ticket. John Vrooman, an economist at Vanderbilt University, says PSLs are a good deal for the public because they allow teams to finance new stadiums through their own fans and not all the taxpayers in a community. They've been around for a while. What's new is that the Jets have put their best PSLs up for bid online, which, according to Vrooman, is a pretty savvy move.

Dr. JOHN VROOMAN (Senior Lecturer in Economics, Vanderbilt University): It's called perfect price discrimination. What you're trying to do is to get every fan to pay the most they possibly would for a season ticket.

PESCA: So what is that price?

Mr. SEAN PATE (Spokesman, StubHub): $65,100 per seat.

PESCA: Sean Pate, a spokesman for StubHub, the Web site running the auction, is speaking of the highest winning bid yet for one of the best seats. Most Coaches Club PSLs are selling at auction
for under $20,000. And it should be noted that the Jets bowed to public pressure, and now their fans can buy seats in the upper deck without the purchase of a PSL. Yes, in today's market, a team only charging for seats once is a sign of good corporate citizenship.

But what about the current season ticket holder who's worried about being priced out of his seat? Fans like Jeff Budda(ph), who's been going to New York Giants games for over a decade, sitting in great seats that sell for $100 each, which is much less than the market will bear. With the Giants planning to move to a new stadium in two years, Jeff knew that he'd be hit hard. And indeed, the PSL price tag was $40,000 for the pair of tickets. First, Jeff sought out cheaper seats.

Mr. JEFF BUDDA (New York Giants Fan): My thought was, why don't I downgrade my location?

PESCA: The problem was the Giants couldn't guarantee him cheaper seats. He was like an airline passenger with a first-class ticket who was told he couldn't fly coach. As he considered the $40,000, his financial portfolio, like everyone else's, was tanking.

Mr. BUDDA: You can argue the market's going to stabilize. It'll come back. It'll grow. Whatever it is, it certainly is going to be a lot more volatile than what the value of these football seats are going to be.

PESCA: PSLs can be resold, and the Jets and Giants don't mind getting the word out that they often appreciate in value. Carolina Panther PSLs, which sold for hundreds in the 1990s, sell for thousands now. It was time for some Budda family asset reallocation.

Mr. BUDDA: Much to my pleasant surprise, the more I talked about it with my wife, the more she was conducive to pulling money out of our portfolio and putting it into the PSLs.

PESCA: So like Eli Manning down by four in the Super Bowl, Jeff Budda is going long, on the value of the PSL. As we speak, some St. Louis Rams PSLs are selling for less than what their owners paid. But Budda figures Giants fans to be a different, more insatiable, breed. With any luck, the only bleeding he'll be doing is Giants blue. Mike Pesca, NPR News, New York.
Elvira Bromberg (Elvira) wrote:
I can now understand the revulsion that the rest of the world feels at the excess in America. When "average Americans" buy $40,000 PSLs and send their pets to spas, other "average Americans" are sleeping in the street and being denied medical treatment for financial reasons. I am an "average American" and I am nauseous.
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David Kimball (Curiousdwk) wrote:
Perhaps the question should be "Are sports Teams recession-proof?" And the answer is yes. The reason is that most sports teams are not financed through the fans, but rather thru the networks which are financed through advertisers which are financed through their marketing budgets which are financed by consumers in their product prices. And since these consumers are both fans and non-fans, the numbers don't quit during an economic slow-down. People will still buy Pepsi which will pay the networks which will pay the sports teams. No slow-down in sight yet.
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