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Recommended Citation

Raggio, Randle D., and John Richardson. "The Robins Center: Is Less More?" *Sport Marketing Quarterly* 21, no. 2 (2012): 119-29.

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The Robins Center: Is Less More?

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The Robins Center: Is Less More?

The Robins Center at the University of Richmond, home of Richmond's men's and women's basketball teams, had hosted a Presidential debate in 1992, but at 38 years old it was time for a major renovation. In mid-March 2011, based on the success of the men's basketball program over the past two seasons, a generous donor had agreed to contribute the total amount needed to renovate the Robins Center.

In late April, Jim Miller, Richmond's Athletic Director, had to make a presentation to the board of trustees and the university president with his proposed renovations. One of his major decisions was whether or not to reduce the seating capacity of the Robins Center. The architects had presented three options for the renovations and two of the three featured reduced seating.

Miller knew that reducing the capacity of the Robins Center was not necessarily a bad idea. In the fall of 2010, the athletic department transitioned its football program from a downtown stadium, UR City Stadium, which seated 21,320, into the brand new on-campus 8,700-seat Robins Stadium. Prior to the season, alumni, fans, and the community were skeptical of the move to a smaller stadium, but it proved to be very successful: revenue from football ticket sales increased, donations to the Spider Club increased, and the game-day experience and atmosphere of Richmond Spider football improved.

Miller wondered if the same effects were possible for the Robins Center. Would the combination of a renovated space and reduced seating capacity of the Robins Center create enough incremental demand to increase revenue from tickets, drive additional donations to the Spider Club, and create a more dynamic atmosphere for Richmond basketball? Or would the reduction in seats have a negative impact on revenues and the basketball programs? Would alumni or other peer institutions look negatively on a reduction of seating and a smaller arena?

As facilities play an important role in attracting and retaining spectators, the purpose of this case study is to

examine the evaluation of renovation options and the impact such a decision may have on fans, team performance, the financial performance of the collegiate athletic department, and the larger institution in which it operates. As the case concludes before a final decision is announced, readers are encouraged to reach their own conclusion on the best option to pursue. However, before recommending an option, the case requires a thorough financial analysis of the differing options and a critical analysis of athletic department assumptions, as well as other institutional considerations, all of which become important inputs to the decision process. When finished, one should be able to recommend one of the four options and provide support for the recommendation from relevant literature and theory and other information provided in the case. Finally, one should have a greater understanding of the complexity of such decisions. The following sections provide information about the university and its recent football move, its men's basketball program, the surrounding market, The Robins Center history and current use, as well as information on facilities at peer and other institutions; however, it is important to begin with a fundamental review of relevant strategic concepts in sport marketing that may impact this critical decision: sportscape, ticket scarcity, and the stadium novelty effect.

Sportscape

In addition to prior and current-season winning percentages, promotional activities, and team loyalty, "stadium surroundings play an important role in determining spectators' attendance tendencies" (Wakefield & Sloan, 1995, p. 154). Important "attendance tendencies" are spectators' desire to stay at an event and their desire to return to another event at the same facility. Services marketing research demonstrates that the service setting impacts satisfaction with an event, which in turn increases the likelihood that customers will stay longer at an event (increasing the probability of spending more money) and will return again in the future (Bitner, 1992), and this finding

holds in the sport context (Wakefield & Blodgett, 1996; Wakefield, Blodgett, & Sloan, 1996; Wakefield & Sloan, 1995). Indeed, behind appreciation for the sport, game entertainment, team quality, and promotions, the facilities category generates the fifth-most comments in Greenwell, Lee, and Naeger's (2007) evaluation of comment cards at a minor league baseball and arena football game. Wakefield and Sloan (1995) coin the term "sportscape" to describe the physical elements of the setting in which fans view games. Sportscape includes factors such as stadium access, facility aesthetics, scoreboard quality, seating comfort, and layout accessibility, which includes space allocation for amenities such as concessions and restrooms, and signage (Wakefield et al., 1996). Of these factors, those that impact spectators' feelings of being crowded or cramped (e.g., seating comfort and access to seats, restrooms, and concessions) have the greatest impact on spectators' desire to stay at a game and/or return for future games (Wakefield et al., 1996; Wakefield & Sloan, 1995). It is the entire experience, not only the team's performance, that attracts fans to games (Wakefield & Sloan, 1995). Studies across multiple countries and sports demonstrate a positive impact of tangible elements of sportscape (e.g., physical facilities) on customer satisfaction (Kim, LaVetter, & Lee, 2006; Lambrecht, Kaefer, & Ramenofsky, 2009), repurchase intentions (Kim et al., 2006), and word-of-mouth (Theodorakis & Alexandris, 2008). However, more recent research fails to find a significant relationship between facility space and service satisfaction in Japan (baseball) and the U.S. (football) (Yoshida & James, 2010). Additionally, Theodorakis and Alexandris (2008) find no significant relationship between tangibles and repurchase intentions in Greece (soccer).

Hightower, Brady, and Baker (2002) provide a potential explanation for the diversity of findings. They position sportscape within a more comprehensive model of sport service consumption and identify the mediating role of overall service quality, value, and positive affect between sportscape and behavioral intentions (word-of-mouth, repeat purchase, willingness-to-pay, and time spent at the event). Support for the mediated effects of sportscape indicates that sportscape is only one of several contributing factors to those constructs that then have a direct impact on behavioral intentions. Thus, without measuring the mediators and considering a more complex relationship, it is likely that factors other than sportscape have influenced prior results.

Ticket Scarcity

Perceptions of ticket scarcity also can impact fans' desire to attend a game. Research on the scarcity effect

finds that people place greater value on, and have a greater desire for, items that are or are becoming more scarce (e.g., Cialdini, 1995; Lynn, 1992). In fact, perceptions of scarcity influence consumers, "even when the (consumption) opportunity holds little attraction for us on its own merits" (Cialdini, 1995, p. 270). Wann, Bayens, and Driver (2004) demonstrate that perceptions of scarcity increase desire to attend a game, increase willingness to miss another event to attend the game, and increase willingness to pay to attend the game. Although their research setting is collegiate basketball, their focal game is a Sweet 16 matchup between Duke and the University of Kentucky, not a typical regular-season game. However, West (1975) demonstrates that even manipulating the scarcity of a university's cafeteria food (which pretests had revealed to be of poor quality) increases students' desire to consume the food. Thus, Wann et al.'s (2004) context may not have a significant impact on the results. Interestingly, they also investigate the impact of identification with the University of Kentucky men's basketball team. Team identification has a significant impact on the three outcome variables, but does not interact with scarcity, indicating that "the scarcity effect was equally powerful for all fans regardless of level of identification with the team" (Wann et al., 2004, p. 214).

Sport marketers must use caution when applying scarcity tactics from other contexts. For example, Inman, Peter, and Raghubir (1997) demonstrate the power of sales restrictions (e.g., "limit 3 per customer") to increase sales in a retail setting. However, this is not likely to be as effective in a sport marketing setting because fans that want to purchase above the restricted quantity may not buy at all, as the hassle of coordinating multiple purchases and/or concerns over seat assignments may keep them from buying. Gierl, Plantsch, and Schweidler (2008) classify scarcity tactics into those focused on quantity or time. Under quantity-focused tactics, they identify those due to supply and those due to demand. Tactics that focus on scarcity due to demand such as "only X seats left" or "X% sold" do not discourage potential buyers of large blocks of tickets, but some buyers may believe that if response has been strong, no good seats (or no seats together) remain. Tactics that focus on scarcity due to supply such as "small number of seats will be made available" are more likely to produce positive effects. Even without limited supply, it may be possible to introduce a time-based scarcity component into season ticket promotions (e.g., "Booster Club members can order season tickets before they are available to the public, so get your choice of seats by ordering early"; or "single-game tickets go on sale XX/XX, so hurry and secure your season tickets now"). In line with this caution, Gierl et al.

Exhibit 1.
University of Richmond and Surrounding Area Statistics

| | |
|-------------------------------|-----------|
| Undergraduate Students | 3,048 |
| Graduate Students | 1,357 |
| Total Student Body | 4,405 |
| Total Alumni in Virginia | 13,000 |
| Total Alumni in Richmond Area | 7,500 |
| Total Alumni | 45,000 |
| City of Richmond | 204,214 |
| Metropolitan Richmond Area | 1,231,675 |

Sources: University of Richmond Alumni Association; student body numbers from <http://www.richmond.edu/facts/index.html>; population information from U.S. Census

(2008, p. 59) conclude, "Our investigation shows that neither an overall positive nor an overall negative effect on desirability of products exists. The strength and the sign of the scarcity effect depend on the type of scarcity information and product category."

Stadium "Novelty Effect"

Studies of the four major professional sports leagues and minor league baseball indicate that there is a significant positive effect of moving into a new stadium (Coates & Humphreys, 2005; Howard & Crompton, 2003; Leadley & Zygmunt, 2006; McEvoy, Nagel, DeSchriver, & Brown, 2005; Roy, 2008). Attendance gains are greatest in the first year, but attendance due to the stadium novelty effect generally declines in subsequent years; however, attendance in year five is usually higher than attendance in the last year before a move. After the initial excitement of the new venue, declines may be attributed to higher ticket prices (Howard & Crompton, 2003), or wearout of the novelty of the new stadium. The length and intensity of the novelty effect varies by sport. In the NFL, the novelty effect persists about four years and boosts attendance about 6% over previous annual average attendance; novelty effects persist nine years in the NBA, with average increases about 10%; in MLB, novelty effects boost attendance nearly 28% in year one, but decline to about 15% in the eighth year (Coates & Humphreys, 2005). Coates and Humphreys (2005, p. 454) conclude, "this effect is strongest and most persistent in MLB, somewhat smaller and less persistent in the NBA, and relatively weak and short lived in the NFL." In professional hockey, Leadley and Zygmunt (2006) find that the novelty effect is eight years for new stadiums opened from 1994-2003, compared with five years for stadiums opened from 1970-1993. Interestingly, McEvoy et al. (2005) find that with MLB stadiums,

attendance decreases for the first 48 years, then begins to increase, which they attribute to a life cycle similar to that found in research investigating satisfaction in marriage; viz., after reaching a low, satisfaction increases, but does not reach levels experienced during the honeymoon. No research has investigated the impact of stadium refurbishment.

University of Richmond Profile and Background

The University of Richmond (UR) was a private, highly selective, liberal arts university founded in 1830. It was located on a 350-acre suburban campus just six miles from downtown Richmond, VA. UR had a total enrollment of 4,405 students, including 3,048 undergraduate students from 45 states, Washington, DC, Puerto Rico, and 67 countries. The cost of undergraduate student tuition plus room and board was approximately \$50,400 per year. Twenty percent of the undergraduate students were from Virginia, 18% were American students of color and 9% were international students. Its top competitors for students were the University of Virginia, William & Mary, Boston College, Wake Forest, and Georgetown (University of Richmond, 2011). UR had approximately 45,000 alumni living in all 50 states, Washington, DC, and more than 60 countries. Approximately 13,000 of those lived in the state of Virginia and around 7,500 lived in the Richmond metropolitan area (see Exhibit 1 for UR Statistics).

UR competed in 19 intercollegiate sports at the NCAA Division I level. Its mascot, the Spiders, was one of the most unique mascot names in all of sports. It had a major conference affiliation with the Atlantic 10 (A-10) in all sports except football and women's golf, which were part of the Colonial Athletic Association (CAA). UR had won two national championships. The women's tennis team won the 1982 AIAW National

Exhibit 2.**University of Richmond Men's Basketball Record**

| Year | Overall | Conference | Home | Away | Neutral |
|------|---------|-------------|------|------|---------|
| 2011 | 29-8 | 13-3 (3rd) | 12-3 | 10-3 | 7-2 |
| 2010 | 26-9 | 13-3 (3rd) | 14-1 | 7-6 | 5-2 |
| 2009 | 20-16 | 9-7 (5th) | 11-7 | 7-7 | 2-2 |
| 2008 | 16-15 | 9-7 (4th) | 9-6 | 6-8 | 1-1 |
| 2007 | 8-22 | 4-12 (12th) | 6-10 | 2-11 | 0-1 |
| 2006 | 13-17 | 6-10 (11th) | 11-5 | 1-10 | 1-2 |

Source: RichmondSpiders.com, retrieved from <http://www.richmondspiders.com/sports/m-baskbl/archive/rich-m-baskbl-archive.html>

Championship and in 2008 the football program won the NCAA Division I Football Championship Subdivision (FCS) National Championship.

The Market: City of Richmond

The City of Richmond was centrally located in, and the capital of, Virginia, 90 miles south of Washington, DC. Richmond had a population of 204,214 within its city limits and 1,231,675 in the greater Richmond metropolitan area.

Richmond was home to one of the 13 United States Courts of Appeals and one of 12 Federal Reserve Banks as well as six Fortune 500 companies that included Dominion Resources, CarMax, Owens & Minor, Genworth Financial, Altria, and MeadWestvaco. The Richmond area also had several institutions of higher education within a 20-mile radius, including Virginia Commonwealth University, Virginia Union, Virginia State, and Randolph-Macon College.

The Richmond area did not have any major-league professional sports teams but it supported both the Richmond Flying Squirrels, a AA minor-league baseball team for the San Francisco Giants, which played at the The Diamond, a facility in downtown Richmond, and the Richmond Kickers from the United Soccer League's Second Division, which played at Richmond City Stadium (formerly UR City Stadium). Because of the absence of any major professional teams, the Richmond sports scene was dominated by college athletics. Both the University of Virginia and Virginia Tech had strong alumni followings in the Richmond area and the University of Richmond and Virginia Commonwealth University garnered local support from their respective alumni and local residents. The Richmond International Raceway hosted two NASCAR Sprint Cup races and one IndyCar race each year. Richmond was also home to the Ukrop's Monument Avenue 10k, one of the largest running events in the country with more than 40,000 participants each year.

University of Richmond Men's Basketball Legacy

UR's men's basketball program was coming off one of its most successful seasons and capping off the most successful two-year run in school history. It compiled an overall record of 29 wins and 8 losses in 2010-2011, the most wins in school history. It finished third during the A-10 regular season with a record of 13 wins and 3 losses, and won the A-10 tournament championship. It entered the NCAA tournament as a #12 seed, advancing to the Sweet 16 after beating the #5 seed Vanderbilt and the #13 seed Morehead State in the first two rounds. It finished the season ranked #21 in the country in the ESPN/USA Today Coaches' Poll. After the season, head basketball coach Chris Mooney had agreed to a 10-year contract extension through the 2020-2021 season. Financial terms were not disclosed, but this was the third straight year that Mooney had received an extension. Over six seasons, Mooney compiled a 112-87 record, and over the past four seasons the team had won 91 games, the most in school history.

This was the second consecutive year that the men's basketball team had finished the season nationally ranked. In 2010, the Spiders were ranked #24 in the final Associated Press Poll. That year the men's basketball program compiled an overall record of 26 wins and 9 losses. It had entered the NCAA Tournament as a #7 seed, its best seed in school history. Prior to this two-year stretch the men's basketball team had a mixed record. After an NCAA Tournament appearance in 2004, the men's team won only 13 games during the 2006 season and won only 8 games in 2007 (see Exhibit 2 for the men's basketball win-loss record since 2006).

UR first competed in men's basketball in 1913 and had compiled an overall record of 1,251-1,087. It had won five regular season conference championships as a member of the CAA, plus six conference tournament championships overall, five as a member of the CAA and one as a member of the A-10. UR men's basketball had been invited to the National Invitational

Exhibit 3.

University of Richmond Men's Basketball Attendance and Ticket Prices

| Year | Avg. Attendance | Season Ticket Sales | Season Ticket Price | Single Game Price |
|---|-----------------|---------------------|---------------------|-------------------|
| 2011 | 5,958 | 1,407 | \$200.00 | \$15.00 |
| 2010 | 4,629 | 1,189 | \$200.00 | \$15.00 |
| 2009 | 4,559 | 1,112 | \$200.00 | \$15.00 |
| 2008 | 3,991 | 957 | \$200.00 | \$15.00 |
| 2007 | 4,023 | 1,007 | \$200.00 | \$15.00 |
| 2006 | 4,748 | 1,203 | \$200.00 | \$15.00 |
| 5-Year Avg. | 4,651 | 1,146 | \$200.00 | \$15.00 |
| Capacity of Robins Center | 9,071 | | | |
| Average Percent Filled to Capacity | 51.28% | | | |
| Top 5 Attended Games 2011 | | | | |
| Attendance | Opponent | | | |
| 8,906 | VCU | | | |
| 8,514 | Xavier | | | |
| 8,113 | Wake Forest | | | |
| 7,291 | St. Bonaventure | | | |
| 6,524 | Duquesne | | | |
| <p>Note: Prices represent average season ticket and average single game ticket. Source: University of Richmond Ticket Office</p> | | | | |

Tournament (NIT) seven times with its last appearance in 2003. UR had also made the NCAA Tournament nine times, including its 2011 appearance. In the NCAA Tournament, the Spiders compiled a record of 8-9, making it to the Round of 32 five times and the Sweet 16 twice (1988 and 2011). During that time period it received national recognition and developed the reputation as a "giant killer" in the NCAA tournament by being the only basketball program in NCAA Division I basketball history to win games as a 12, 13, 14, and 15 seed.

The Robins Center

The Robins Center was built in 1972 and at the time was heralded as one of the finest facilities of its kind in America. The Robins Center housed the University's athletic department and served as the showplace for UR basketball. It also served as the host for the university's commencement ceremony each year and provided space to accommodate countless educational and cultural events, such as the 1992 Presidential debate that featured Bill Clinton, George H. W. Bush, and Ross Perot on the main arena floor (University of Richmond Athletics, 2011).

During the last 38 years the Robins Center had had only minor renovations, including new men's and women's locker rooms and a permanent maple floor in

2003. A new scoreboard and sound system were installed in 2006. After these renovations, the seating capacity in the Robins Center was 9,071 (University of Richmond Athletics, 2011).

The men's basketball program's home record at the Robins Center was 356-175, a winning percentage of .670. Since the opening of the Robins Center, the Spiders had played more than 60 games in front of crowds of 8,000 or more. The Robins Center had been sold out and reached capacity 21 times in its 38 seasons, but most of those games were between 1985 and 1995 when the Robins Center was sold out 18 times. The last time the Robins Center had been sold out was during the 2002 season when the Spiders played Syracuse in the NIT Quarterfinals.

Over the past six seasons the Robins Center had averaged 4,651 fans each game, which meant that on average, the Robins Center was only 51.28% full. In 2011 attendance was on the rise, averaging 5,958. The highest-attended game in 2011 was a near sell out of 8,906 fans when Richmond played its cross-town rival Virginia Commonwealth University (see Exhibit 3 for men's basketball attendance since 2006).

Over these six seasons the men's basketball season ticket and single-game prices had remained the same: season tickets were \$200, while an individual game ticket was \$15. The men's basketball team averaged

Exhibit 4.

University of Richmond Football Attendance and Ticket Prices

| Year | Avg. Attendance | Season Ticket Sales | Season Ticket Price | Single Game Price |
|---|-----------------|---------------------|---------------------|-------------------|
| 2010 | 8,567 | 3,533 | \$150.00 | \$25.00 |
| 2009 | 9,413 | 1,717 | \$100.00 | \$20.00 |
| 2008 | 7,337 | 1,216 | \$100.00 | \$20.00 |
| 2007 | 6,287 | 1,057 | \$90.00 | \$20.00 |
| 2006 | 7,263 | 1,178 | \$90.00 | \$20.00 |
| 5-Year Avg. | 7,773 | 1,740 | \$106.00 | \$21.00 |
| Capacity of UR City Stadium (2006-2009) | 21,320 | | | |
| Average Percent Filled to Capacity (2006-2009) | 35.53% | | | |
| Capacity of Robins Stadium (2010) | 8,700 | | | |
| Average Percent Filled to Capacity (2010) | 98.47% | | | |
| Top 11 Attended Games 2000-2010 | | | | |
| Attendance | Opponent | Year | | |
| 17,527 | William & Mary | 2009 | | |
| 16,151 | James Madison | 2008 | | |
| 14,100 | Bucknell | 2000 | | |
| 13,750 | James Madison | 2000 | | |
| 13,100 | Delaware | 2000 | | |
| 12,200 | Villanova | 2001 | | |
| 11,667 | Villanova | 2009 | | |
| 11,150 | James Madison | 2006 | | |
| 10,560 | VMI | 2006 | | |
| 10,235 | James Madison | 2004 | | |
| 10,200 | Massachusetts | 2000 | | |
| <p>Note: Prices represent average season ticket and average single game ticket. Source: University of Richmond Ticket Office</p> | | | | |

about 15 games at home each season. Season ticket holders accounted for approximately 25% of the overall attendance. In 2011, the ticket office sold 1,407 men's basketball season tickets, an increase of 18.33% from the 2010 season. The ticket office annually spent about \$100,000 for basketball advertising and marketing expenses (see Exhibit 3 for men's basketball season ticket sales since 2006).

A Similar Move? Transition from UR City Stadium to Robins Stadium

In the fall of 2010 the UR football team moved from UR City Stadium with a capacity of 21,320 to its new on-campus Robins Stadium with a capacity of 8,700.

The athletic department experienced increased season ticket sales and revenue, a larger number of donors and amount of money raised by the Spider Club, and an improved game-day experience for Spider football.

Because the seating capacity was substantially reduced in the move from UR City Stadium to Robins Stadium, tickets were at a premium, especially for games against traditional rivals such as Delaware, James Madison, VMI, and William & Mary. The ticket office promoted the fact that if fans did not have season tickets for the inaugural season in Robins Stadium in 2010, it would be very difficult to purchase a single-game ticket to attend a game. As a result, season ticket sales increased 105.77%, from 1,717 in 2009 to 3,533 in 2010. Also, the

Exhibit 5.
University of Richmond Spider Club Statistics

| Fiscal Year | # of Donors | \$\$ Raised |
|-------------|-------------|-------------------------|
| 2011 | 3,003 | \$1,321,105 (Projected) |
| 2010 | 2,860 | \$1,258,195 |
| 2009 | 1,933 | \$817,852 |
| 2008 | 1,686 | \$1,023,479 |
| 2007 | 1,956 | \$1,318,133 |
| 2006 | 1,841 | \$916,024 |

Source: University of Richmond Spider Club

athletic department raised season ticket prices from \$100 in 2009 to \$150 in 2010 and increased single-game ticket prices from \$20 in 2009 to \$25 in 2010. Due to the increase in season ticket prices and season tickets sold, season ticket revenue increased 208.65% from \$171,700 in 2009 to \$529,950 in 2010 (see Exhibit 4 for Football Ticket Sale Statistics since 2006).

The Spider Club, which handled all athletic fundraising for UR, capitalized on the reduction of seating capacity by making Spider Club membership a premium. Spider Club members received priority in purchasing season and single-game tickets. Spider Club members who were also season ticket holders received priority parking near Robins Stadium. The more money an individual gave or the higher his/her contribution the more priority and the more benefits, such as better parking or better seating, the donor received. Because of the advantage of being a Spider Club member, the number of donors increased 47.96% from 1,933 donors in fiscal year 2009 to 2,860 donors in fiscal year 2010. The amount of money raised by the Spider Club increased 53.84% from \$817,852 in fiscal year 2009 to \$1,258,195 in fiscal year 2010. In fiscal year 2011 the Spider Club projected that the number of donors and amount of money raised would increase to 3,003 donors and \$1,321,105. The Spider Club anticipated that both the number of donors and the amount of money raised would continue to increase 5% annually (see Exhibit 5 for Spider Club Statistics since 2006).

Lastly, the move from UR City Stadium to Robins Stadium greatly improved the experience and game-day atmosphere of Spider football. It was a dramatic difference to see a packed Robins Stadium after so many years of two-thirds-empty UR City Stadium. Fans were noticeably more vocal and engaged, which was more fun for the fans, and appreciated by the team. In 2010, the average attendance at football games was 8,567, which filled Robins Stadium to 98.47% capacity. Three games (Elon, Delaware, and James Madison) were considered sold out. In contrast, in 2009 UR City Stadium

was filled only to 44.15% capacity, with average attendance of 9,413, which was more than the on-campus average in 2010, but this higher attendance figure for 2009 was skewed by the 17,527 fans that attended the William & Mary game. Because of the high seating capacity at UR City Stadium, no games were sold out in the last 20 seasons of play. In fact, since the 2000 season there had only been 11 games with crowds over 10,000 fans (Exhibit 4).

Despite the positive results from football's stadium downsizing, Miller had to decide whether this was an appropriate case study for the decision he had to make about The Robins Center. Moving into a brand-new on-campus facility likely had as much or more impact as the reduction in seating capacity. So he considered other on-campus downsizings. A recent example was Stanford Stadium, renovated in 2005-06, with reduced seating capacity from 94,000 to 50,000. Stanford's motivations were similar to those driving the change at UR:

The 50,000 figure was conceived by athletics department officials to create more demand for tickets, and to pump up the home-field advantage that a full house produces. [Stanford's Athletics Director, Ted] Leland acknowledged that Stanford's facility was influenced by Oregon's 54,000-seat Autzen Stadium, where sellouts are the norm and raucous, mind-bending noise rattles opposing teams.

Fans won't need to scrunch together, either. Seats in the new stadium are three inches wider and have six more inches of leg room than the old venue provided. All seats between the 15-yard lines have armrests and backrests. (Johnson, 2006)

But contrary to expectations, the Cardinal saw average attendance in every year after the renovation fall below 2005 levels (see Exhibit 6 for Stanford Stadium average attendance from 2003-2010). Although Richmond's football move may not have been the best benchmark, it was not clear that Stanford's experience was directly related either.

Exhibit 6.
Stanford Stadium Average Attendance

| Year | Avg. Attendance | % of Capacity |
|-------|-----------------|---------------|
| 2003 | 44,870 | 52 |
| 2004 | 35,942 | 42 |
| 2005 | 43,550 | 51 |
| 2006* | 41,742 | 84 |
| 2007 | 39,332 | 79 |
| 2008 | 34,258 | 69 |
| 2009 | 41,436 | 83 |
| 2010 | 40,042 | 80 |

* Renovation completed prior to 2006 season.
Source: NCAA, retrieved from http://fs.ncaa.org/Docs/stats/football_records/Attendance

Notable Facilities and Peer Institutions

Universities took different approaches when it came to the size of their arenas. Duke University played men's basketball games at Cameron Indoor Stadium where the seating capacity was 9,314. It sold out every game. Because of Duke's storied basketball history it easily could have increased the seating capacity of Cameron Indoor Stadium and still sold out almost every game. But Duke's athletic department and fans preferred the intimate setting that continually reached 100% capacity, making it one of the toughest places to play in men's college basketball (NCAA, 2011).

At the other extreme was Syracuse University, which played men's basketball at the Carrier Dome, which also is where Syracuse played football. The seating capacity for men's basketball was 34,616 but could be increased if the athletic department thought a game would exceed that capacity. In 2010, Syracuse seated 34,616 fans when it played Villanova, the largest crowd in NCAA history ever to attend an on-campus college basketball game. Over the last five seasons Syracuse had averaged 21,329 fans and usually ranked first or second in highest average attendance in NCAA men's basketball. On average the Carrier Dome was only filled to 61.62% capacity, leaving just over 13,000 seats empty on an average game day (NCAA, 2011).

UR peer institutions varied in the average attendance and capacity of their arenas. William & Mary, which could be compared to UR academically, averaged 2,416 fans in attendance over the last five years, while its arena, Kaplan Arena at William & Mary Hall, had a capacity of 8,600. Xavier, one of the elite teams in the A-10 Conference, averaged 9,982 fans over the last five years. Its arena, Cintas Center, had a capacity of 10,250 fans, which meant that the Cintas Center, on average, was at 97.39% capacity. Virginia Commonwealth University, Richmond's cross-town rival and a mem-

ber of the CAA Conference, averaged 5,857 fans in attendance over the last five years, but its arena, the Stuart C. Siegel Center had a capacity of 7,500 (see Exhibit 7 for notable and peer institution attendance statistics). Because of VCU's recent success, including a trip to the 2011 Final Four, and head basketball coach Shaka Smart's decision to accept an eight-year contract worth over \$1.2 million in annual base pay, it was rumored that VCU was considering expanding its arena, but details were not available.

Miller's Decision

Jim Miller had to announce his decision on April 26 (less than one month away). The architects had assured him that all construction would be completed in late October 2011, prior to the start of the 2012 basketball season, so it was important to get a decision finalized so that the ticket office and Spider Club would be prepared to launch their 2012 season ticket and membership campaigns by July 1. As he sat at his desk to review his notes, he carefully considered four options.

Option #1: The first option would leave the Robins Center's capacity unchanged at 9,071. The renovations would update the corridors and concession stands and replace all of the seats inside the arena with seats of the same size as those currently installed. Miller felt that the men's basketball program would continue to be one of the elite teams in the A-10 and continue to make the NCAA Tournament on a regular basis. As a result, the ticket office estimated that if the seating capacity and ticket prices did not change season ticket sales would increase by 3% each year for the next five seasons. The Spider Club did not anticipate any significant marginal increase or decrease in members that would be directly related to this renovation option apart from its already anticipated 5% annual increase in number of members. Option 1 would cost \$7 million for concourse and arena updates, plus \$1 million for new seats, or \$8 million total.

Option #2: The second option would be identical to Option 1, but the ticket office would increase the price for both season and single-game tickets. The season ticket price would increase by \$10.00 for each of the next five seasons. The single-game ticket price would increase \$1.00 for each of the next five seasons. The ticket office thought that if it spent \$50,000 in additional advertising during the first season and \$10,000 each season thereafter the number of season tickets sold and average attendance would remain unchanged through 2016. The Spider Club did not anticipate that this increase in prices would have any significant impact on the number of donors or the amount of money that would be raised over the next five year

Exhibit 7.

Notable Facilities and Peer Institution Attendance, 2006-2010

| Season | Virginia Commonwealth Univ. Avg. Attendance | Duke Univ. Avg. Attendance | Syracuse Univ. Avg. Attendance | William & Mary Avg. Attendance | Xavier Univ. Avg. Attendance |
|---|--|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------|
| 2010 | 6,000 | 9,314 | 22,152 | 3,144 | 10,123 |
| 2009 | 6,106 | 9,314 | 21,044 | 1,879 | 10,097 |
| 2008 | 6,169 | 9,314 | 20,345 | 2,406 | 10,008 |
| 2007 | 5,640 | 9,314 | 21,516 | 2,453 | 9,910 |
| 2006 | 5,369 | 9,314 | 21,587 | 2,198 | 9,774 |
| 5-Year Avg. | 5,857 | 9,314 | 21,329 | 2,416 | 9,982 |
| Capacity of Arena | 7,500 | 9,314 | 34,616 | 8,600 | 10,250 |
| Avg. % Capacity | 78.09% | 100.00% | 61.62% | 28.09% | 97.39% |
| Arena Name | Stuart C. Siegel Center | Cameron Indoor Stadium | Carrier Dome | Kaplan Arena at William and Mary Hall | Cintas Center |
| Undergrad Students | 23,483 | 6,504 | 14,201 | 5,850 | 4,368 |
| Grad Students | 8,820 | 7,744 | 6,206 | 2,042 | 2,651 |
| Total Student Body | 32,303 | 14,248 | 20,407 | 7,892 | 7,019 |
| Season | Univ. of Dayton Avg. Attendance | Temple Univ. Avg. Attendance | Old Dominion Univ. Avg. Attendance | George Mason Univ. Avg. Attendance | |
| 2010 | 12,259 | 6,376 | 6,995 | 5,837 | |
| 2009 | 12,765 | 5,933 | 6,048 | 6,295 | |
| 2008 | 12,479 | 6,117 | 6,756 | 6,494 | |
| 2007 | 12,266 | 4,312 | 6,227 | 6,834 | |
| 2006 | 12,422 | 5,725 | 6,915 | 4,533 | |
| 5-Year Avg. | 12,438 | 5,693 | 6,588 | 5,999 | |
| Capacity of Arena | 13,455 | 10,206 | 9,520 | 10,000 | |
| Avg. % Capacity | 92.44% | 55.78% | 69.20% | 59.99% | |
| Arena Name | University of Dayton Arena | The Peter J. Liacouras Center | Ted Constant Convocation Center | Patriot Center | |
| Undergrad Students | 7,426 | 27,075 | 18,569 | 20,157 | |
| Grad Students | 3,143 | 9,925 | 6,161 | 12,405 | |
| Total Student Body | 10,569 | 37,000 | 24,730 | 32,562 | |
| <p>Note: Figures for 2011 have not been announced publicly Source: NCAA Men's Basketball Attendance. Retrieved from http://www.ncaa.org/wps/wcm/connect/public/ncaa/Resources/Stats/M+Basketball/Attendance/index.html</p> | | | | | |

period apart from its already anticipated 5% annual increase in number of members. Like Option 1, Option 2 would cost a total of \$8 million.

Option #3: The third option called for the improvements to the Robins Center's corridors and concession stands and for all of the seating to be replaced. However, in this scenario each seat would be two inches wider, so the seating capacity would be reduced to 8,000 seats. Miller knew that the larger seat would benefit fans but wondered how they would react to the reduced capacity. The ticket office had looked at peer institutions that had made similar renovations and found that if they spent an extra \$25,000 in additional advertising during the first year promoting the new changes and creating ticket demand then season ticket sales would increase by 8% annually, which was 5% added to the 3% expected in Option 1, for a period of five years. The Spider Club also had done research and anticipated that this option would increase the number of donors 7.5% annually, which was 2.5% added to the 5% increase expected in Option 1, through 2016. With a reduced number of seats, the athletic department hoped for a similar improvement in game day environment for basketball as it had experienced for football. Specifically, a fuller stadium would be louder and create more enthusiasm for fans and players. Second, with increased season ticket sales, more fans would sit in the same seats next to the same fans for most games. Finally, reduced capacity should result in greater crowd control and an easier time for fans getting into and out of the stadium and reduce the demand for concession and restroom facilities, thereby reducing the amount of time fans would spend away from the game. The athletic department expected to spend \$25,000 in annual, incremental administrative costs because the ticket office and Spider Club would need to add an entry-level position to help ease the workload on both offices. Option 3 would cost \$7 million for concourse and arena updates, plus \$1.5 million for larger seats, for a total of \$8.5 million.

Option #4: The final option was the most drastic. The Robins Center's corridors and concessions would all be upgraded, and all the seats would be replaced with wider ones, but the architect had drawn up plans to completely remove two sections—both seats and concrete—of the upper stands near the main entrance. A major architectural change would allow more natural light into the arena, giving it more appeal and allowing fans to immediately see the court once they entered the Robins Center. Additionally, the change would create a new terrace area from which fans could watch the game before or after visiting the concession or restroom facilities. By removing the two sections, seating would be reduced to 7,000 seats, a 22%

decrease from the current seating capacity. Because seats would be at a premium, this option called for a similar ticket price increase as Option 2. Miller had his doubts about this plan. How would fans react to the new configuration of the Robins Center? What would be the financial risk? Four games during the 2011 season had attendance above 7,000. On the other hand the ticket office had done its research and felt confident that if it spent \$25,000 in additional advertising in the first year promoting the change and creating ticket demand that it could raise season ticket sales by 8% annually, which was 5% added to the 3% expected in Option 1, for a period of five years. If this happened the ticket office felt that by 2014 it would be close to selling out every game, which could create a significant psychological boost for fans and players, and an advantage in recruiting new players. The Spider Club also saw this as a way to drastically increase the number of donors and amount of money it raised each year. It predicted that the number of donors would increase by 10% annually through 2016, which was 5% added to the 5% expected in Option 1 that could be directly traced to the reduction in capacity and the high priority it put on being a Spider Club member. Under this option, the athletic department also would have to spend \$50,000 in annual, incremental SG&A because the ticket office and Spider Club would both need to add an entry level position to help ease the workload on both offices. The fan benefits outlined in Option 3 would also apply to this option. Option 4 would cost \$7 million for concourse and arena updates, \$1 million for seats and \$8 million for demolition and construction of new terrace, for a total of \$16 million.

Jim Miller surveyed the empty Robins Center and wondered what the best renovation option was. He hoped to increase demand for tickets and put a priority on being a member of the Spider Club. But he had to balance what was best financially for the athletic department with what was going to positively impact the atmosphere and game-day experience for athletes, alumni, and fans. He recognized that many fans attended both football and basketball games and therefore would expect a similar experience at both venues. Purposely reducing the capacity of the Robins Center could help provide this consistency, as both could be classified as more "intimate" venues compared with those at other universities. On the other hand, the Robins Center hosted other events that were not even associated with sports. Would a reduction in capacity remove the university from consideration for hosting major community events such as a future presidential debate? How could Miller get the most out of the Robins Center?

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Editor's Note: Teaching notes for this case study are available at www.fitinfotech.com.