

## **CONCESSION SALES**

### **Concession Sales: The Examination of Novelty Effect and Consumer Mood**

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#### **Abstract**

While scholars have concluded that concession sales were impacted by various quality measures including customer service factors (Bigelow, 2004; Nagel, 2010), a key measure in determining a successful concessions operation was to focus on increased per-capita spending. While a few studies had also focused on team performance with attendance and concessions spending (DeSchriver & Jensen; Kelley, 2011; Trail & Lee, 2008), this study focused on the effects of team performance at halftime and novelty effect on per-capita concessions spending. The results indicated that per-capita spending was significantly influenced by both the halftime performance of the home team and novelty effect.

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#### **Introduction**

Bigelow (2004) noted that when Joe Robbie Stadium opened in the late 1980's, the stadium, "offered its customers a new level of service never before available in a sports facility: valet parking, private stadium entrances and elevators, wait-staff service at their seats, and a fully air-conditioned and carpeted private concourse featuring bountiful buffets with gourmet sandwiches, homemade pasta, and freshly carved prime rib," (p.415). Robbie was well aware of the profit potential of concessions and the corresponding need to dramatically increase per-capita spending by spectators. The openings of both Cowboys Stadium and Yankee Stadium appeared to embrace the concessions focus by Robbie thirty years earlier. The two stadiums each increased the number of service outlets and expanded product offerings, however their pricing strategies did differ. Yankee Stadium maintained its pricing for three of its traditional offerings such as \$3 hot dogs and sodas and \$6 beers (Kuban, 2009), while Cowboys Stadium prices ranged from \$6.50 for sodas to \$8 for beer and \$60 for a small four slice pizza (Gubbins, 2010; Magary, 2009). Pricing strategies for both venues appeared to be geared towards driving up per-capita concessions spending beyond the National Football League's (NFL) average of \$6-\$15 (Bigelow, 2004). While previous studies have found that concession sales were often impacted by various quality measures including customer service factors (Bigelow, 2004; Nagel, 2010), a key measure in determining a successful concessions operation was to focus on increased per-capita spending. The purpose of this study was

to assess the effects of team performance at halftime on consumer behavior and novelty effect on concessions spending.

### **Review of Literature**

Leeds and von Allmen (2005) discussed the importance of revenues derived from venue concessions on team profitability. In particular they noted that the poor financial performance by the University of Michigan's athletic department was directly linked to their low per-capita concession sales for both football (\$2.50) and basketball (\$2.00). Those amounts, however, were within the low-high range reported by Bigelow (2004) for college sports - \$1.50-\$3.50 and \$1.00-\$2.00 respectfully. Managed efficiently, concession sales can play a major role in the overall financial performance of most sport venues (Mulrooney & Farmer, 2001). While internal controls play a major role in the profitability of concessions, consumer mood and novelty may also have played a role in top-line revenues.

### **Consumer Mood**

While at a sporting event, the decision to purchase items such as concessions may be related to factors like the weather, pricing, and mood. Consumer mood states impact people's actions and reactions as well as their behavior and behavioral intent (Faber & Christenson, 1996). According to Faber and Christenson (1996), "...some behaviors may be motivated by an attempt to alter or prolong specific mood states" (p.805). When an individual is in a good mood, he or she may engage in a particular behavior (such as shopping, if they enjoy that activity) to prolong the positive mood state that is being experienced. An example given in the literature is that of self-gifting, or making purchases as a reward to one's self or to maintain a cheerful disposition. Faber and Christenson (1996) also suggest that "marketers and advertisers can manipulate their stimuli (either through content or placement) to capitalize on various moods" (p.805).

Many different emotional factors come into play when a consumer decides to make a purchase (Gardner, 1985). The state of mind of a consumer is just one of those factors which affects whether or not a consumer makes a purchase. The mood and emotions of a consumer play a significant role in whether or not that person will actually purchase an item (Hirschman & Stern, 1999). Hirschman & Stern (1999) examined the mood states of consumers and how they correlated with consumer behavior. Happy consumers were more likely to be active in their purchasing choices, and display accelerated processing speed. These happy consumers were considered to have an elevated mood state that is linked to the "stimulation of cognitive and physical activity" (Hirschman & Stern, 1999, p. 9). Faber and Christenson (1996) examined compulsive purchase behaviors and noted that impulse purchasing is often used to enhance a consumer's current mood state. People who purchase products when they are happy or excited do so, not only to continue feeling this way, but also because the products as they are used or reused become linked with those feelings. Further research has shown that happiness is an emotion related to the purchase of goods and services (Bagozzi, Gopinath, & Prashanth, 1999). When people have positive emotions they are more responsive to persuasive appeals, such as advertising for concessions at a game. The emotions

experienced are also linked positively to overall customer satisfaction. Negative emotions such as anger and sadness are also associated with diminished effectiveness of advertisements and lowered levels of purchasing decisions (Gardner, 1985).

These findings could have major implications on the success of concession sales at sporting events. Based on this research of consumer mood and behavior, it is plausible to assert that a sports fan who is experiencing happiness or excitement over his or her team's success during a game, may seek out ways at halftime to continue this experience. One way to do so may be purchasing items at the concession stand during the break. Halftime presents the longest sustained break during an NFL or NBA (National Basketball Association) game, enabling consumers to purchase concessions without missing any of the action during the sporting event.

According to Gardner (1985) the context and environment in which the consumer makes a purchase decision plays a major role in the eventual purchasing decision. Considering the majority of fans prefer when the home team wins (Schmidt & Berri, 2001), the home team winning the game (being in the lead at halftime) would result in the most happiness (positive mood states) for the greatest number of people attending the game. With a large portion of fans in an elevated mood state, they may be more likely to make purchases while at the stadium. While attempting to control for other factors, this research aims to examine the impact on concession sales when the home team has a higher score than the visiting team at halftime of a professional sporting event.

### **Basking In Reflected Glory**

In the world of sports, a unique aspect of consumer behavior that may impact consumer mood is the phenomenon of Basking in Reflected Glory (BIRGing). In 1976, a new aspect of social identity theory was explored called Basking In Reflected Glory. BIRGing was defined as the tendency of individuals to publicize a connection with another person or team who has had recent success in sport (Cialdini, Borden, Thorne, Walker, Freeman, & Sloan, 1976). Individuals were found to have a more positive connection and emotions associated with that team following a victory. BIRGing appears to be driven by the desire of the individual to enhance his or her self image, which is accomplished by attaching the success of the team to his or her personal attributes (Wann & Branscombe, 1990). Research has shown that the more an individual identifies him or herself with a team, that individual is more likely to bask in reflected glory when the team wins, as opposed to an individual with less association with the team (Wann & Branscombe, 1990). In other words, dedicated fans are more likely to BIRG than casual fans. Research also suggests that attendance at a game demonstrates a higher level of dedication than watching the game on TV or listening to the game on the radio. Therefore, fans who attend games are more likely to BIRG after a win than those who do not attend the game (Wann & Branscombe, 1990). Furthermore, an effect of basking in reflected glory of a team's success may be an elevated mood state of the fan and increased likelihood of being a satisfied and happy consumer of the game.

Evidence was found of the BIRGing phenomenon among college students who were more likely to wear school identifying apparel and refer to their collegiate football team as a collective "we" following victories. The personal images of the fans were found to be closely tied to the

outcome of the games, and success was determined to be a personal victory for the fan. This new aspect of social identity theory was also found to exist as a phenomenon at the professional level. After their 1994 NBA championship season, merchandise sales for the Houston Rockets increased by 397%, indicating a desire of fans to be associated with winning teams and clubs (Sutton, McDonald, Milne, & Cimperman, 1997). While basking in reflected glory has been associated with merchandise sales and increased team association in post game situations (Cialdini et al., 1976; Sutton et al. 1997), no study has focused on the fluctuating effects of BIRGing during the actual game itself.

There have been no studies thus far that examine the effects of basking in reflected glory on an immediate time scale. Research from Cialdini et al. (1976) reveals that basking in reflected glory is a true phenomenon that occurs after the actual sporting event has happened. While halftime is an elongated pause in the action, it may provide a specific moment of time long enough for fans to bask in the reflected glory of the action from the first half. The positive feelings associated with basking in reflected glory are an indicator of consumer mood and may ultimately affect purchasing decisions.

### **Cutting Off Reflected Failure**

The opposite of basking in reflected glory, Cutting Off Reflected Failure (CORFing) is the tendency of fans to distance themselves from the team psychologically following a loss (Wann & Branscombe, 1990). This phenomenon is considered to be an action that protects the self concept from the negative impacts associated with failure and defeat. CORFing is most prevalent among fans with low to medium association and identification with the team. The less an individual is personally invested in a team, the more likely they are to CORF and distance themselves from the group failure. Fans with higher identification with the team are seemingly more immune to CORFing and are more likely to stick with the team regardless of the outcome of the game (Wann & Branscombe, 1990).

Negative emotions associated with losing at halftime may result in fans CORFing, and decrease the positive mood experienced by the fans. The effects of Cutting Off Reflected Failure (CORFing) of a team's lack of success may make an individual fan less happy, and potentially cause them to have feelings of anger or sadness. Sad consumers are more passive in their consumption choices (Hirschman & Stern, 1999), and this may play a role in the purchasing decisions of individual fans at the half. While there has been research on the effects and outcomes of CORFing (Snyder, Lassegard, & Ford, 1986), little to no research has been performed on CORFing behaviors displayed during an actual game.

### **Novelty Effect**

Novelty effect refers to the appeal of a new or unusual feature which influences an individual's willingness to become engaged or take action. A novel experience could be considered one that is unique, different, or provides a fresh perspective. Novelty effect suggests that spectator attendance increases for a period of time after a team moves into a new stadium or renovated venue

(Coates & Humphreys, 2005; Howard & Crompton, 2003). The new facility draws in not only a sport's loyal fan base, but novice fans that attend more out of curiosity for a novel experience than love of the sport or support of the home team. Howard and Crompton's (2003) eight year review of attendance levels for professional sports teams that moved into new venues found that while year one after the move showed significant increases in attendance, attendance declined in later years. Coates and Humphreys (2005) also noted a significant increase in attendance after teams moved to a new facility, as did Gitter and Rhoads (2010). Bucher, Whisenant, Dees, and Martin (2012) found a significant increase in attendance for year one compared to the year prior to the new construction or major renovation.

While this "honey-moon" effect was often observed after new stadium construction or renovations, no works were found that examined the same theory with regard to concession sales over the span of a team's season. The same phenomena may exist over the course of a season when a team has 41 games played at its home venue. At the start of the season fans may be excited, but as the season progresses and the excitement wears off, their level of spending on concessions may wane as well. Such behavior would drive down the venue's per-capita concessions spending.

### **Research Objectives**

Based on the aforementioned review of literature, this study examined two objectives. According to Mulrooney and Farmer (2001), 80% of concession sales take place by the conclusion of halftime and 20% occur after halftime. As a result of that spending pattern, the first objective was to determine what effect (if any) the halftime score - was the home team winning or losing at halftime - had on per-capita concession sales, suggesting an emotional reaction to the team's level of success at halftime impacting consumer mood. The second objective was to determine if per-capita concession sales would decline as the season progressed, suggesting that concession sales may be subject to novelty effect.

### **Method**

Due to the proprietary nature of the data used (per-capita sales data) the authors agreed not to report the specific sales data provided by the concessionaire. As such, the mean per-capita sales data were not provided in the results section of the study. However the authors did provide the standard deviations of the descriptive statistics. The team / sport selected and number of years used for the study were dictated by the confidentiality agreement between the authors and team management.

The secondary data used for this study were collected from two sources. To answer the first research objective, the box scores (N=164) were collected for every regular season home game over four seasons from 2007 to 2011 to determine if the team was winning or losing at halftime. Categorical data (winning or losing) were used for the study rather than the raw score differential at half time to control for any emotional bias based upon the teams' rivalry level. Data for preseason and postseason games were not included in the study to ensure consistent year over year comparisons of the data could be made. Per-capita concession sales for both the first half and

second half of each game were provided by the team's concessionaire contractor. An independent samples t-test was used to determine if there was a difference in per-capita concession sales between the first half of the game and the second half of the game based upon whether or not the team was winning or losing to their opponent at halftime. To determine if per-capita concession sales were subject to novelty effect over the course of the four seasons, each home game for each of the seasons studied was sequentially numbered from start to finish (1-41) each season to allow for an analysis using a Pearson Correlation and an independent samples t-test. An alpha of .05 was used for each analysis.

## Results

The analysis of the data found that over the four year period utilized for the study, team was more likely to be winning ( $n=87$ ) at halftime than losing ( $n=77$ ). To satisfy the first objective of the study, an independent samples t-test was performed comparing the per-capita concessions sales data for each home game and the status of the game at halftime – the team was winning or losing at halftime. The independent samples t-test found that there was a difference between per-capita concession sales when the team was ahead at halftime ( $SD=\$1.64$ ) compared to when the team was losing at halftime ( $SD=\$1.52$ ) and the difference was significant,  $t(162)=2.101$ ,  $p=.037$ . Equal variances were assumed. To address the second objective, a Person Correlation was completed. The finding was that as the seasons progressed, per-capita concessions sales declined, thus a linear relationship did exist and it was significant,  $r=-.236$ ,  $p=.002$ . The independent samples t-test of per-capita spending the first half of the season differed compared to the second half of the season and the difference was significant,  $t(162)=2.159$ ,  $p=.032$ .

## Discussion

The results of this study indicated that consumers were likely to spend more money on concessions when the home team was ahead at halftime. The mean difference between per-capita spending when the team was winning at halftime versus losing at halftime was \$.52. This information may be useful to concession vendors that wish to use modeling to help predict necessary staffing levels. These results also lend credence to a new prospective of immediate basking in reflected glory in which consumer mood (and therefore purchasing decisions) was affected by the score of a game as it was happening.

These results seem to further the idea of BIRGing first proposed by Cialdini, et al. (1976). While individuals were found to have a more positive connection and emotion associated with their favored team following a victory, these results indicated that fans may have experienced the positive effects of the home team leading at halftime. Those positive effects on consumer emotion related to the consumer mood and emotion study performed by Hirschman and Stern (1999). Most notably, happy consumers were considered to have an elevated mood state that was linked to “stimulation of cognitive and physical activity” (p.9). A home team lead at halftime may have elevated consumer mood and emotion, increasing the likelihood of the fan leaving their seat (physical activity) and making a purchasing decision (cognitive activity). On the other hand,

concession sales were lower when the team was behind at halftime. The effects of CORFing could have negatively impacted consumer mood, potentially making consumers less physically active and less likely to have purchased concessions.

The results also indicated that as the season wore on, the purchase levels related to concessions were also subject to novelty effect. The average decline in per-capita spending for the four year period was \$0.53, when comparing the first half of the season to the second half of the season. Spending differed as much as \$11.30 from its lowest level in season one to its highest level in season four. The range differences by season were \$5.79 in season one, \$2.29 in season two, \$3.96 in season three and \$8.41 in season four. The mean difference also varied by \$3.10 from year one to year four.

Both team performance at half time and the duration of the season impact per-capita concession sales. The findings did conflict with those of Kelley (2011) who indicated that the team's outcome (win/loss) had no effect on concession sales. They also differed regarding novelty effect - Kelley found that the per-capita sales did not decline as the season progressed.

### **Marketing Implications**

Since revenue generated from ancillary sales such as concessions are a vital component of the business model in professional sports, sales and marketing managers should pay particular attention to the purchasing patterns of their consumers. Capitalizing on consumer behavior when it is at its peak (early in the season and when fans BIRG) increases the potential for firms to profit maximize. In order to accomplish this, based on the results of the study and concurrent research, teams should focus on the following: 1) Staffing/supplying of events, 2) scheduling of promotions, and 3) other ancillary services.

Since variable costs associated with staffing events escalate with larger crowds, it becomes important to manage these costs by not overstaffing when crowds diminish. For example, according to this particular study, more consumers are purchasing at the beginning of the season versus the end, so adequately staffing concession stands early will cause the team to incur larger expenses. However, as the season progresses, the team should be able to reduce the amount of workers (or hours per worker) as concession sales decline. The same concept applies to the instances where the fans are likely to BIRG and CORF. Although managers cannot control winning and losing, they can predict peak performances and poor ones. By analyzing the team's schedule and being responsive to strong and weak match-ups, managers can attempt to prepare for BIRG opportunities. For instance, if the home team routinely dominates a weak opponent and traditionally has a halftime lead, then managers can plan for surges at the concession stands at halftime of these games...particularly if they are also early season match-ups. This is why staffing an event effectively and efficiently based on your team's success and the timing of the season can potentially be a profit maximizing strategy.

Not only is staffing a factor when crowds increase at an event, but having the proper supplies can be an issue. Weather at outdoor events often dictates how concession stands are supplied, because managers know that patrons will demand more of certain items under certain conditions. Cold weather in the early part of baseball season means coffee and hot chocolate should

be in large supply. The results of this study suggest that event managers should take into account other factors that may affect supply and demand at concession stands. Success of the team and timing of the season may cause spikes in concession sales, so having adequate supplies, particularly of the most popular items, is critical. For example, if concession stands are running low on various items, they should be re-stocked prior to games like the one mentioned above where the team is likely to win. Additionally, if the team takes a large lead in the start of the game, concession stands should work together to spread items around the arena so patrons are sure to get what they need when they visit the concourse at the half.

The scheduling of sales promotions is another strategy that teams can use to maximize profits from concession sales. According to Sports Business Journal's data on Major League Baseball (MLB) following the 2009 season ("How goes the gate?" 2009), concessions discounts were one of the most frequently used promotions (second to fireworks). With the escalating cost of tickets to live sporting events, concessions discounts help to provide more value to the experience (Muret, 2009). However, this study suggests that scheduling deals in a tactical manner by placing more emphasis on the latter part of the season, or offering halftime discounts when the team is losing, could help stimulate sales.

Lastly, the application of these same concepts may be applied to other ancillary services such as merchandise sales. While this study did not examine merchandise sales (future research should explore this), there is reason to believe that consumer mood and fans BIRG and CORF behaviors may affect sales similarly in the team store. If this is the case, merchandise promotional strategies could be implemented as well.

It has been documented that, "The perceived value of live sporting events among U.S. consumers trails that of theme parks, concerts and Broadway shows...sports fans prefer to watch at home. In fact, even if tickets were offered to them for free, nearly a quarter of fans said they still would prefer to watch on television" ("Consumers sound off," 2012). These statistics are disconcerting for sales and marketing managers who are responsible for getting fans in the seats and providing the best entertainment experience and value for the ticket price. Eating and drinking at live events is a core component of the experience, and the pricing of concessions has a direct impact on fans' perceptions of ticket value (Muret, 2009). Therefore, capitalizing on concession sales when fans are in the mood to purchase is critical for the organization's success, while offering discounts at opportune times, could add more value for fans when they feel less likely to purchase.

### **Limitations of the Study**

While this study certainly provided some unique insight into novelty effect and consumer mood and how each factor impacts per capita concession sales, it is not without limitations. There are a multitude of factors that could influence when fans purchase concession items and how much they choose to buy. Some factors that were not explored in the research were game day-of-the-week and playoff games. Games during the week could possibly have lower concession sale numbers than weekend games. Novelty effect may also repeat itself during the playoffs when the team makes a post-season appearance. Although per capita concession sales may decline as the regular season



goes on, once a team makes the playoffs, concession sales may spike once again. Examining the concession sales data for a wide variety of teams in the same league over the same four year period would provide even more insight into how event managers should administer this ancillary facet of the sporting experience.

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