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News

Good Seats, Hard Sell

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A luxury suite for the big football game on campus just is not the status symbol it used to be, and a number of college athletics programs are paying the price for their donors' belt tightening.

The University of Minnesota at Twin Cities, for example, debuted its new, \$300 million [TCF Bank Stadium](#) Sept. 12 against the Air Force Academy, after spending three decades off campus at the multi-use [Hubert H. Humphrey Metrodome](#). Though Minnesota has sold virtually all of its outdoor seats – from general admission areas to more expensive box and club seats – it has yet to meet benchmarks for season sales of its [premium suites](#) and [indoor club seats](#). An entire suite costs \$40,500 and an individual club seat costs \$2,250, respectively.

“The economy didn’t help any,” said David Crum, associate athletics director for development at Minnesota. “It was yet another challenge for us to face. During the sales process this January, we had conversations with a number of major Fortune 500 companies here in the area. We had three there in one week tell us that they were looking to lay off people and that they didn’t feel like they could buy premium suites at a time like this. It was a perception problem for them. We fully understood that, of course.”

Minnesota had expected to sell nearly all of its 37 premium suites and 259 indoor club seats for the entire season. As the university was able to sell only three-fourths of its luxury suites and just over half of its indoor club seats in this manner, it has had to resort to selling them on a [game-by-game basis](#).

The poor economy, however, may not be the only reason for the slow sales of premium seats at Minnesota’s new stadium. One culprit, another athletic official suggests, may be the lack of alcohol at the stadium.

“We had a plan in place to sell alcohol in these premium areas but not in the general areas,” said Garry Bowman, a spokesman for Minnesota athletics. “However, the governor said we either had to sell it everywhere or not sell it at all. So, our regents decided not to sell alcohol, given that 20 percent of our crowds are students, most of which are underage. Still, this reversal did have an effect. Some people who were on the fence about getting a suite considered this a tipping point and decided, ‘Maybe we don’t need that suite after all.’ You can’t look at the selling numbers and say it was all the economy.”

Two season ticket buyers who had signed contracts pulled out because of the change in alcohol policy, Crumb said, adding that a third buyer who was close to signing a contract also cited the policy change for not closing the deal. To retain as many ticket buyers as possible, Minnesota is offering discounts of between 10 and 25 percent for premium suites and indoor club seats. Those who have already purchased them are also getting a reimbursement for the same amount.

“Nobody knows what the silver bullet is for selling these things,” said Crumb, noting that he thought the university would still be able to pay off its debt service for the stadium despite the low sales figures. “It’s tradition, supply and demand, and wins and losses. We are not selling as many as we can, but if we are winning, it’ll be easier to sell these and they will still be companies that will jump on board in the future.”





Photo: Bruce Kluckhohn, University of Minnesota
Premium suite at TCF Bank Stadium.

Back east, the University of Maryland at College Park is also having trouble paying for its recent \$50.8 million [renovations to Byrd Stadium](#), whose added amenities were meant to have generated profit for the athletics department. As of its first home game Sept. 12, Maryland has sold only 41 of its 64 [luxury suites](#) for long-term commitments, mostly seven years. These cost between \$40,000 and \$50,000 annually. Also, it has sold around two-thirds of the new 440 [mezzanine seats](#) for the season. These cost between \$800 and \$1,200 annually.

"The economy is what it is," said Brian Ullman, a spokesman for Maryland athletics. "I wish it was different, but it's not. Still, I think we're going to be able to sell out the suite and mezzanine seats eventually, maybe next year. It's really hard to judge the impact of the recession on this. But, when we're winning, everybody's happy and things are up."

The original plan, Ullman said, was that the sale of the suites would pay for the entirety of the university's \$2.4 million debt service for the renovation project and the sale of mezzanine seats would be considered "bonus revenue." Given the slow sales, however, Ullman said the university has had to offset the suite sales with mezzanine dollars. Now, about 10 percent of the debt service is being paid from mezzanine sales.

Though Ullman is convinced that sales of these premium seats will pick up with the economy, he said the downturn has shown the university something about fan and corporate loyalty.

"When we first conceived that we'd have 64 suites, we thought about half of them would be bought by corporations and the other half would be bought by people from our donor base," Ullman said. "What we've found out is that, in very general terms here, the support from the donor base is larger, while the economy has had a greater impact on our corporate market. Twenty-five of the 41 suites we've sold have been purchased by individual donors."



Photo: Shawn Nestor, University of Maryland
New box seats at Byrd Stadium.

Some universities, already in the midst of stadium renovations projects, are more optimistic than others in spite of the poor economy. The University of Michigan, in a state that has taken quite a beating during the current recession, hopes to complete a \$226 million [renovation of Michigan Stadium](#) by the 2010 football season.

Though Michigan officials did not respond to requests for comment about the project, a recent [Associated Press report](#) notes that the university has sold nearly 70 percent of the 82 new luxury suites and 3,000 club seats. The luxury suites cost between \$55,000 and \$85,000 annually, while the club seats cost between \$1,500 and \$4,000 annually.

Still, Joe Parker, senior associate athletics director for development at Michigan, told the AP that "some fans have scaled back their

commitments, downgrading from suites to club seats" because of the economy. He added that he expected all of the premium seats to be sold by the time the renovation is complete.



Photo: Martin Vloet, University of Michigan

Donors tour new construction at Michigan Stadium.

Dreary news about ticket sales for recently completed or ongoing stadium projects has not discouraged all institutions from pursuing the construction of premium seating in hopes of generating a profit. Later this week, the University of Kansas will introduce a plan before its Board of Regents for a \$34 million renovation of [Memorial Stadium](#) that would add 3,000 premium seats, both outdoor and indoor.

"We've done a lot of research and focus groups with fans, and we just think the time is right," said Jim Marchiony, a Kansas spokesman. "The economy really hasn't played too much into our conversation. We had many of these discussions about the plan last year, when the economy was at its worst. When you plan something like this you've got to be more concerned about your situation than other people's situation. We're confident this is going to work for us."

Kansas athletics is so confident its venture into premium seating will make money that it has already made a \$40 million commitment to direct profit from the seats to the university's academic departments.

"I'm not sure of a timetable, but I'm confident we will be able to provide the money to the university," Marchiony said. "The athletic director has already spoken to the chancellor and made this commitment. What comes first is paying for the building, obviously, but this is our next priority."

— [David Moltz](#)

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