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Case Study

Hertha BSC

Implement Dynamic Pricing for more than 70,000 seats in Germany's 3rd biggest stadium in Berlin

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Introduction

With Hertha BSC, the first major German football club has set dynamic prices throughout the whole Olympic Stadium in Berlin. Other clubs are also dynamically boosting prices or testing a more flexible capacity of individual categories. To face the modern need of digitization and personalization, many clubs are currently modernizing in ticketing and making decisions much more data-driven. Following the trend, dynamic pricing is an integral part of ticketing in professional sports nowadays.

We have supported Hertha BSC through the whole process of implementing demand-based pricing at Hertha BSC to transparent fan communication.

After starting the cooperation with Smart Pricer, the Bundesliga club was skeptical at first and started to test dynamic pricing in individual areas in the stadium in 2016 to gain experience in all directions. After the initial successful tests, the club now believes that data-driven ticketing decisions are an essential part of a modern club. Today Hertha's ticketing managers have the opportunity to individually optimize and control each game, while at the same time save their fans' interests.

"The results of the Smart Pricer Software convinced us.

We are pleased to use their dynamic pricing solution in the entire stadium."

Thomas E. Herrich

Member of the Executive Board, Hertha BSC

Hertha BSC's ticketing challenge

For the first time since 2013, ticketing revenue per game in the past Bundesliga season has fallen by -5% in 2016/17 compared to the 2015/16 season (source: DFL Report Wirtschaftszahlen, 2018). Other indicators, such as rising no-show rates, also show that there is a need for action in ticketing in the area of professional football. As one of many clubs, Hertha BSC had several issues in ticketing they were dealing with:

1. Stagnating attendance was under pressure. Hertha BSC used frequent, general price increases for their static price lists
2. Hertha BSC lacked the tools to analyze, interpret and optimize their ticketing data, which did not support innovative ticketing in times of digitalization

Like many other Bundesliga clubs, Hertha BSC is constantly modernizing and implementing their digital strategy. In their ticketing business, they were looking for innovative concepts to ease price changes and manage the stadium capacity more effectively.

What solutions did we offer

At the beginning of the collaboration, Hertha BSC, together with Smart Pricer, worked out a strategy that fits the exact needs and strategic goals in ticketing of the club. Even within the season, Hertha BSC keeps in a constant exchange with us to enhance their strategies.

Basically, Hertha BSC sought to reward loyal fans with low prices for early bookers, while optimizing the overall available stadium seat capacity. Via a data feed Smart Pricer receives the current sales data for each game. We then use our machine learning pricing software to analyze this up-to-date data and send price recommendations for individual seat and ticket categories. Those are then implemented and shown through all sales channels of Hertha BSC.

Because each game has its special demand, due to many different parameters, Hertha BSC relies on the pricing expertise of our team to understand these demand patterns and make the best possible use of them.

How these solutions worked

When implementing dynamic pricing at Hertha BSC, we approached the topic in three steps:
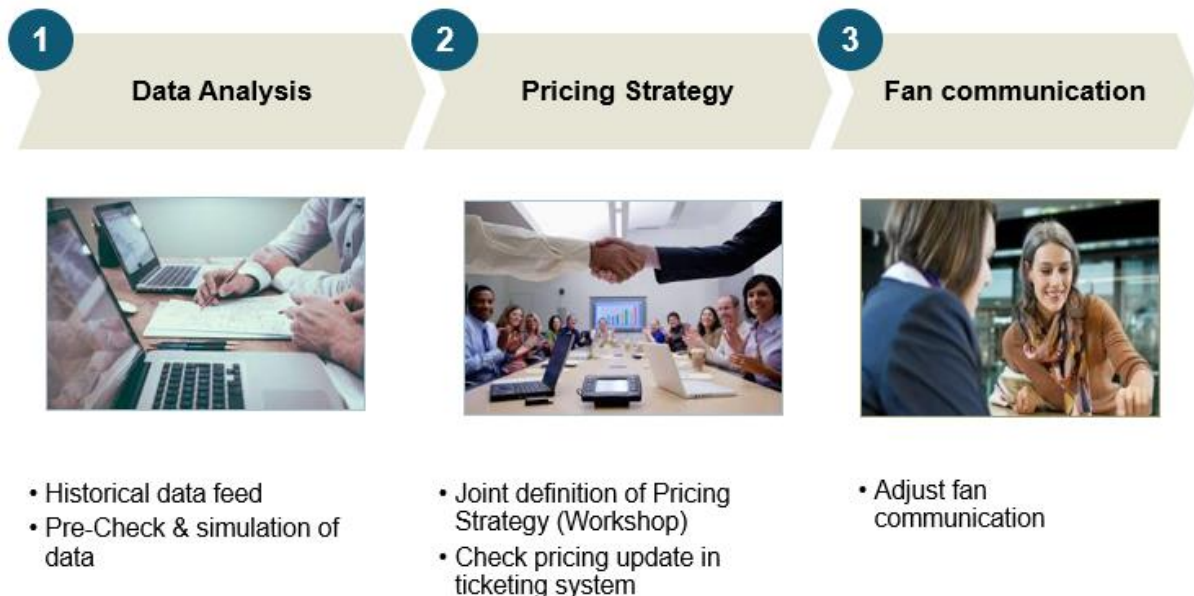

Exhibit 1: Implement Dynamic Pricing in three steps

1) A comprehensive 360° analysis of historical ticket data from Hertha BSC formed the foundation. Those data streams are based on existing reports from Hertha's ticket system (Eventim). We fed this data in our machine learning models and simulate different revenue outcomes, by defining the strategic goals for a new pricing model
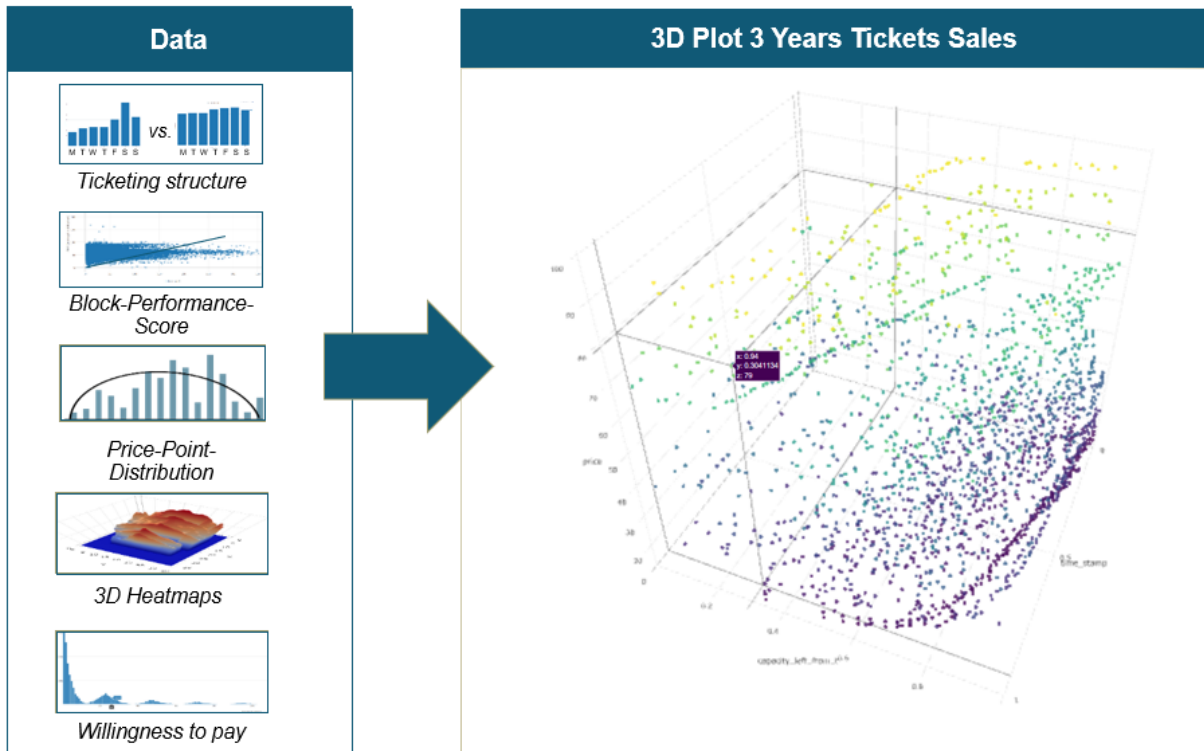

Exhibit 2: Analysis of historic ticket data and revenue simulation

2) With the knowledge gained, we developed a pricing strategy together with the club and took account of club-specific factors such as fan structure, camera blocks, member structures, etc. We optimized those in a set of rules set by the club itself. For example, Hertha BSC notes that prices in block A should range between 20 and 40 euros. We use this range as a framework for the ticket price optimization. We then adapted our real-time ticket pricing tool to the needs of Hertha BSC.
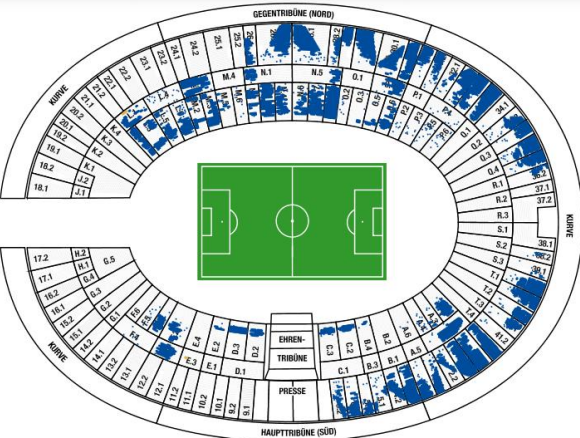
Exhibit 3: Exemplary set up of price range for ticket categories and price change over time

3) In the third step, we contributed our experience from dozens of Dynamic Pricing projects and adapted the fan communication. For this we recommended our "5 golden rules". These rules make sure that everyone within the club as well as the fan will be taken on the journey in a modern ticketing:

1. Exclude standing-room tickets from the dynamic price-setting

2. Season tickets continue to receive the lowest price

3. Early bird & members save

4. Remove price lists from the homepage and from the fan shops

5. Open communication and FAQ's on the website for the introduction of a flexible price

Exhibit 4: Open communication at Hertha BSC's ticket shop showing the flexible prices

The results for Hertha BSC Berlin

Results after one year of Dynamic Pricing:

- ✓ **Average ticket price**: increased between **2 - 10%** at all games
- ✓ **Online share:** increased by more than **5 Pp**
- ✓ **Attendance:** **stable** load factor in the stadium
- ✓ **Fan reaction:** **Good –** neutral fan acceptance
- ✓ **Employee acceptance:** **very good** acceptance and collaboration

"Overall, we are satisfied with the developments. The promised increase in sales between 5-10% is achieved. At the same time also know that pricing is not the "Holy Grail" to fill a stadium. Pricing is an important building block for us in ticketing together with other tools.

There is virtually no feedback from the fans through good and open communication. We had a lot of respect here at the beginning, but we're happy with tests and close feedback loops with the fan shops. A pleasant side effect is that today we no longer communicate plate price increases in day passes."

Thomas E. Herrich

Member of the Executive Board, Hertha BSC

About Hertha BSC

Hertha BSC can look back on 125 years of varied history making it one of the oldest clubs in the Bundesliga. The largest club in Berlin currently has around 35,000 members. At the beginning of the 1930s, Hertha BSC became German champion twice in a row. Three times the Berlin reached the DFB Cup final. In 1979, the blue-whites were in the semifinals of the UEFA Cup, 2000 pulled the capital club in the second round of the Champions League. The Olympic Stadium - the home ground of the Blue and White - since 1963 the home of the home games and holds 74,629 spectators. Under coach Pál Dárdai Hertha BSC is constantly on the way up.

About Smart Pricer

Smart Pricer's team of pricing experts provides sports clubs, cinemas, ski resorts and entertainment venues around the globe with the necessary tools to increase ticketing revenues and attract more visitors. With over 10 years of airline pricing experience and millions of pricing optimizations, Smart Pricer is the go-to-partner for many top industry players such as Germany's famous sports clubs Hertha BSC and FC Bayern München, Europe's largest cinema chain Odeon-UCI, and Swiss Zermatt Bergbahnen AG. Smart Pricer continues to help companies achieve an increase in ticketing revenues by +5-15% while enhancing visitor satisfaction.

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