

London 2012
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Paul Williamson and his team were responsible for developing the policies for pricing and distributing the tickets for the 2012 London Olympic Games. He along with team members Chris Townsend, the Commercial Director of the LOCOG and Joanna Manning-Cooper, Head of Public Relations and Media were actively engaged in the pricing strategy decision making. The tickets were set to go on sale starting in late 2010 which meant that Williamson had about 18 months to plan his pricing strategy. The Olympic Games are governed by the International Olympic Committee (IOC) which is responsible for electing the Olympic host cities, setting guidelines for the host cities, managing copyrights, and trademarks as well as managing broadcast rights and international sponsorships. The management of the Games is left to the host city's Organizing Committee for the Olympic Games (OCOG) which is responsible for ticketing, domestic sponsorships, and domestic licensing.

As Williamson was considering his strategy, he kept two thoughts in mind; one from his boss Chris Townsend who said " Missing either our revenue or our attendance target is simply unacceptable." The other comment came from Joanna Manning-Cooper who reminded him that " We are billing these as ' Everybody's Games,' which means the majority of tickets have to be at prices the public can afford." Williamson was caught between the two choices- should he make the prices high in order to maximize revenue, or should he price them low enough or the general public to fill the seats. There was 7.9 million tickets up for sale and the LOCOG estimated about 500,000 people per day that attend the Games with up to 800,000 people on busy days. According to the LOCOG, " It is estimated that roughly 30% of all the tickets would be purchased by Londoners, 25% by United Kingdom residence

who live outside of London, 20% by the rest of Europe, and 25% by people in the rest of the world. Problem

Williamson was faced with the difficult decision of how to price the London Olympic tickets. He needs to decide whether he should price tickets at a high price in order to maximize revenues or at an affordable price for Londoners and the average person. Another issue is managing attendance. Many times, the seats are sold but the purchasers do not actually show up. This was the case in the 2008 Beijing games. Williamson and his team need to ensure that the people who buy the tickets actually want to be at the game and avoid people such as VIPs and media people from not showing up.

Williamson's goal is to maximize the ticket sales and attendance in all of the 26 Olympic events, not only the popular sports such as swimming, athletics, and gymnastics but also table tennis and handball. Williamson is also wanted to focus on selling the tickets to the "knowledgeable fans" that will be not only attending the events but all so actively participating and cheering on the athletes. Finally, Williamson and the committee need to find a pricing strategy that not only is suitable for the high class society and the wealthy foreigners, but also for the average Londoners and those leaving nearby. Williamson has to choose between exceeding the ticket revenue target by \$50 million with about 70% attendance or falling short of the \$50 million goal and raising the attendance to 90%. The reoccurring issue remains the same; to raise the revenue or to raise the attendance to the 2012 London Olympics, "Everyone's Games." Analysis

Williamson needs to consider different pricing strategies. There are several advantages and disadvantages of variable or dynamic pricing. It would be wise for Williamson to consider variable pricing for the Olympic events by varying the price based on the popularity of each event. He can also consider using different prices for different seat locations, as described in the case as “ tiers.” The issue for variable pricing based on type of event or sport is that in many cases, this can offend the athletes of those lower-demanded sports such as handball. Instead of pricing the events so low as to offend the teams and athletes, these events should just include a larger number of lower priced tiers by which they can encourage a higher attendance. London provided impressive infrastructure for the 2012 games. The Olympic Stadium seats 80, 000 people, the Aquatics Center seats 17, 500 people, the London Velopark and the Basketball Arena seat 12, 000, and the Olympic Field Hockey Center seats 15, 000.

These large stadiums offer the availability to divide the seats into many tiers according to the demand and price limitations of the audience. Prior to the Games, Londoners were invited to place a bid requesting seats to a specific event, on a specific day, at a preferred price. Closer to the 2012 games, the locals were notified of whether they were given the seats and at what price range. This allowed the arenas to be divided into tiers based on pricing preferences and demands. The free London public transportation system can also entice people who purchased the tickets to actually attend the events. A good pricing strategy should be based upon competition, customers, financials, perceived value, and marketing objectives. Therefore, it is vital for Williamson and his team to consider the perceived value of each of the

events as well as the Games as whole. By doing this, they can increase the overall revenue for the Games as well as see what the customers want and offer affordable pricing options.

According to Exhibit 5, the ticket sales continue to increase for each Olympic Games. In 2008, Beijing sold nearly 100% of its tickets; however many times the events that were sold out were filled with empty seats. This is what the London Olympics wants to avoid. They want as many eager and committed fans as they can get into their large facilities at an affordable price. As the table is compared to London, it can be noticed that London offers about . 4 million more tickets than Beijing in 2008 and almost 2 million more than Athens in 2004. By looking at these numbers, it can be expected that London also exceeds their revenue by an outstanding amount if appropriate pricing strategies are utilized. According to Exhibit 6, the leading sport in terms of available tickets for the 2012 London Olympics Games is Football (soccer) with 1, 975, 000 seats available. Other high ticket holders include Aquatics, Basketball, Volleyball, Gymnastics, Rowing, and Athletics. There are 300 total athletic events at the 2012 London Olympic Games which offer 7, 961, 000 seats total throughout the 17 days. Along with the impressive transportation system as well as the numerous amounts of available seats, London strives to be the most accessible and participative Games ever. They are focused on meeting the expectations and needs of their 60 million British stakeholders. According to previous studies, the LOCOG's expects about \$650 million from ticket sales alone.

There are three classes of events that need to be managed specifically in the London Games in terms of attendance. The four biggest events include

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swimming, gymnastics, athletics, and the ceremonies. The demand is the highest for these events and far exceeds supply which means they will likely sell at any price. There is an expected 40% of ticket revenue attached to these four sports. The second event is football, London's most loved sport which accounts for 10% of the total ticket revenue. Finally, there are the other sports in which supply exceeds demand; where Williamson should focus the bulk of his attention on. Recommendation

Williamson and his team should consider variable pricing based on the availability of seats as well as the demand for specific sports and events. By utilizing value based pricing as well as variable pricing, London will see the highest revenues as well as an outstanding attendance number. By using variable pricing, the higher-demanded events will continue to see the high attendance rates while also seeing high revenue, while the lower-demanded sports can be offered at an attractive price to increase attendance. The stadiums should be divided into tiers determined by price. The tiers will vary from stadium to stadium and from event to event, but the general idea will remain the same; the higher tiers will be more expensive while the lower tiers will be less expensive. The goal for Williamson in terms of his pricing strategy should be to increase the attendance. The 2012 London Olympic Games are deemed as "Everyone's Games" the pricing strategy should align with this idea. The tickets should be priced at a cost that Londoners or the public can afford. The Games are marketed as "Everyone's Games" and they should be priced accordingly.

Therefore, the lower tiers for each event will be placed at an affordable price for local Londoners to purchase. The football stadium holds the highest

number of people and should be divided up into several tiers in order to comply with the expectations for affordability as well as to ensure profitability. The highest tiers for the preliminary rounds will be set around \$135, comparable to that of the English Premier League Football and the lowest tiers will be priced around \$30 to attract the average Londoners. Many of the more popular events will follow similar pricing techniques, while the sports with a lower demand will be divided up into larger tiers to ensure that there are a greater number of less expensive seats to increase attendance and affordability.

In terms of the other sports, the goal should be maximizing attendance by offering very affordable pricing. Sports such as table tennis which do not expect a high demand should be priced around \$25 for the higher tiers and \$10 for the lowest tiers for the preliminary rounds. Williamson and the LOCOG should also consider offering coupons and promotions for seniors and students. The majority of Olympic attendees are most likely those who can afford the tickets which in most cases relate to middle aged adults. By offering senior and student discounts, London can ensure that the younger and older demographics are also interested and available to purchase the tickets at an even more affordable price. This aligns with the London slogan "Everyone's Games;" if they want everyone to attend, they have to provide prices that everyone can afford. Along with the idea of "Everyone's Games" London should be sure to continue the impressive public transportation system and encourage attendees to utilize the free and convenient services.

Conclusion

Williamson and the LOCOG should focus their attention on increasing the attendance of the events as a whole. After all, the slogan of the 2012 London Olympic Games is “ Everyone’s Games” and it is important to align with the marketing slogan. The London Games are already expected to be one of the largest Olympic Games in terms of available tickets and size of stadiums and venues. The marketing team has a lot of hardships to overcome, but by utilizing variable pricing based on event and seat location, the LOCOG will also see very high revenues as well as high attendance. In conclusion, the 2012 London Games will be in great shape as long as Williamson stays on track and remembers that the Londoners are the most important target market, with almost 30% of their ticket sales.