

Kingston Frontenacs

H. F. (Herb) MacKenzie

It was early August 2010, and Jeff Stilwell had just started his summer vacation. Jeff was the director of marketing and communications for the Kingston Frontenacs, one of the Ontario Hockey League's Eastern Conference teams. The team was seriously considering ways to increase revenue, particularly from ticket sales. Its administration had met several times, and everyone had provided a number of suggestions. It was now up to Jeff to put together a plan for the group's consideration and (hopefully) approval.

Jeff knew that ticket revenue could be increased in only two ways: sell more tickets or increase the tickets' average price. Of course, some combination of the two alternatives would also work. Jeff was equally concerned with long-term growth of fan support. He was pleased with what he'd accomplished with advertising and sponsorship sales, and wanted to make sure that whatever suggestions he made for increasing ticket revenue would be supported by senior administration.

As he relaxed on the patio, Jeff scanned the suggestions that had come up during previous meetings and informal discussions relating to ticket pricing. He was thankful to have several relaxing weeks of "noodle" time, but once his vacation was

Copyright © 2010 H. F. (Herb) MacKenzie, Goodman School of Business, Brock University. This case was written as the basis for student discussion. It is not intended to show either effective or ineffective administrative decision making. The author would like to thank Jeff Stilwell, director of marketing and communications, Kingston Frontenacs, for his assistance during the case-writing process. Reprinted with permission.

over, everyone would be expecting to see a plan that could be easily implemented and that would ultimately be successful.

ONTARIO HOCKEY LEAGUE

There are 20 teams in the Ontario Hockey League (OHL), with 10 in the Eastern Conference and 10 in the Western Conference. Each team plays a regular season of 68 games: 34 home games and 34 away games. (The 2009–2010 standings are shown in Exhibit 1.) The OHL, the Quebec Major Junior Hockey League, and the Western Hockey League make up the Canadian Hockey League (CHL), which has a total of 60 teams in nine provinces and five U.S. states. In the 2009–2010 season, attendance at CHL games exceeded 9 million spectators. The CHL might not match the NHL for quality of hockey, but many loyal junior hockey fans believe the excitement is often as great; plus, they get to see future NHL stars as they begin their professional hockey careers. In fact, more NHL players come from the CHL than from any other hockey league. In the NHL's 2010 entry draft, the top three first-round draft choices all came from the OHL. With the first pick, the Edmonton Oilers chose Taylor Hall (40 goals and 66 assists in 57 games) from the Windsor Spitfires. The Boston Bruins, with the second pick, chose Tyler Seguin (48 goals and 58 assists in 63 games) from the Plymouth Whalers. The Florida Panthers chose Erik Gudbranson (2 goals and 21 assists in 41 games), a 201-pound, 6'3" defenceman from the Kingston Frontenacs, as the third pick. Erik was only the seventh Ottawa-area player to be a top 10 NHL draft pick in the last 30 years.

EXHIBIT 1		OHL Standings, 2009-2010						
Eastern Conference	Wins	Losses	Overtime Losses	Shootout Losses	Points	Goals For	Goals Against	Penalties in Minutes
Barrie Colts	57	9	0	2	116	327	186	1384
Ottawa 67's	37	23	5	3	82	246	219	1014
Mississauga St. Michael's Majors	42	20	4	2	90	222	175	1172
Kingston Frontenacs	33	30	2	3	71	229	251	1316
Brampton Battalion	25	29	7	7	64	167	181	1039
Peterborough Petes	29	35	1	3	62	231	277	1179
Niagara Ice Dogs	26	34	2	6	60	191	233	1184
Sudbury Wolves	26	35	4	3	59	193	267	1297
Oshawa Generals	24	39	3	2	53	216	299	1276
Belleville Bulls	20	40	2	6	48	189	263	1099

EXHIBIT 1 OHL Standings, 2009-2010 (continued)								
Western Conference	Wins	Losses	Overtime Losses	Shootout Losses	Points	Goals For	Goals Against	Penalties in Minutes
Windsor Spitfires	50	12	1	5	106	331	203	1333
London Knights	49	16	1	2	101	273	208	1197
Kitchener Rangers	42	19	4	3	91	286	236	1096
Plymouth Whalers	38	27	1	2	79	245	201	1222
Sault Ste. Marie Greyhounds	36	27	1	4	77	237	213	1318
Saginaw Spirit	34	27	4	3	75	240	230	1344
Guelph Storm	35	29	3	1	74	242	255	1252
Erie Otters	33	28	5	2	73	257	259	1013
Owen Sound Attack	27	33	4	4	62	221	276	1135
Sarnia Sting	17	46	3	2	39	184	295	1293

KINGSTON FRONTENACS

Kingston has had a junior hockey team since 1973, when the Kingston Canadians first entered the OHL; the team played out of the 3300-seat Memorial Centre. In its second season it took the Toronto Marlboros—favoured for the CHL's Memorial Cup—to eight games in the first round of the OHL playoffs, and lost on what has become a Kingston legend: the famous phantom goal. In the 1985–86 season, Kingston goalie Chris Clifford became the first OHL goalie to score a goal. In the 1987–88 season, the team lost 28 consecutive games, the longest losing streak in league history. That was the end for the Kingston Canadians. A new owner renamed the team Kingston Raiders, but after only one season the team changed ownership again. It became the Kingston Frontenacs, named in honour of Louis de Buade de Frontenac, the governor of New France who established Fort Frontenac, where the city of Kingston now stands. With its new name and colours, the team ended its first season one point out of first place. Unfortunately, it lost in the first round of playoffs against its arch rival, the Belleville Bulls. That seventh game, played in Belleville, stands as the longest game ever played in OHL history. The game finished at 1:46 a.m.—after six hours and 16 minutes—in the fourth overtime period.

On February 22, 2008, the Frontenacs played for the first time at the new 5380-seat, state-of-the-art K-Rock Centre. Fan attendance increased immediately, but unfortunately the team had a very disappointing year. That was followed in 2008–09 by an even more disappointing year; however, the team greatly improved its overall performance in 2009–2010 and made the playoffs. (Exhibit 2 lists its win-loss records and other statistics in recent years.)

EXHIBIT 2		Kingston Frontenacs' Win-Loss Records, 2000-2010			
Year	Wins	Losses	Overtime Losses	Shootout Losses	Points
2009-10	33	30	2	3	71
2008-09	18	40	6	4	46
2007-08	25	41	0	2	52
2006-07	31	30	5	2	69
2005-06	37	24	4	3	81
2004-05	28	33	4	3	63
2003-04	30	28	7	3	70
2002-03	25	37	2	4	56
2001-02	18	37	9	4	49
2000-01	28	28	11	1	68

The team has contributed a number of exciting players to the NHL. Chris Stewart was a 2006 first-round draft pick by the Colorado Avalanche. Ethan Werek, a Frontenacs rookie in 2008-09, became the 11th overall rookie points leader, scoring 64 points in his first season. He was selected in the second round of the 2009 NHL draft by the New York Rangers. In the 2009-2010 season, Werek was second in overall scoring among Frontenac players, even though he lost part of the season through injury; he returned to the team lineup for 2010-11. Erik Gudbranson, a star defenceman with the Frontenacs, was the Florida Panthers' first-round 2010 NHL draft pick; it was uncertain whether he'll stay with the Panthers this coming year or return to Kingston for another season. To help strengthen the Frontenacs' defence, younger brother Alex Gudbranson, a 190-pound, 6'2", right-shooting defenceman, has signed as a rookie for the 2010-11 season. When Larry Mavety, Kingston Frontenac Hockey Club's director of hockey operations and general manager, announced the signing of the team's 2010 first-round OHL priority selection, he said, "Alex will make a great addition to our hockey club. He has great size, a good shot, plays with an edge, and isn't afraid to mix it up if necessary."

The team was looking forward to a good 2010-11 season, hoping to improve further on its previous year's performance. (See Exhibit 3 for a list of the Frontenacs' 34 scheduled home games.)

The 2010-11 schedule was very similar to the previous year's, although there were a few "rogue" games. The Monday and Saturday games were something new. Jeff thought the change was unlikely to have much of an impact on overall fan attendance. (Attendance in recent years is shown in Exhibit 4.)

When Jeff thought about the attendance, a number of things concerned him—and might provide some opportunity for growth. He recalled seeing lots of young children at NHL games. While there were certainly many children at Frontenacs games, their percentage seemed much lower—usually about 15%. Jeff also thought about the number of women attending the games: in the previous year they had accounted for only about one-third of fan support, and he wondered what could be done to make the game more attractive to them. Finally, Jeff wondered if something could be done to attract more students. Kingston certainly

EXHIBIT 3 Kingston Frontenacs' 2010-11 Home Schedule		
Fri., Sep. 24	7:30 p.m.	Mississauga St. Michael's Majors
Fri., Oct. 01	7:30 p.m.	Belleville Bulls
Fri., Oct. 08	7:30 p.m.	Oshawa Generals
Sun., Oct. 10	1:00 p.m.	Plymouth Whalers*
Fri., Oct. 15	7:30 p.m.	Belleville Bulls
Wed., Oct. 20	7:00 p.m.	Ottawa 67's
Fri., Oct. 22	7:30 p.m.	Peterborough Petes
Fri., Nov. 05	7:30 p.m.	Barrie Colts
Fri., Nov. 12	7:30 p.m.	Sault Ste. Marie Greyhounds*
Sun., Nov. 14	2:00 p.m.	Sarnia Sting*
Fri., Nov. 26	7:30 p.m.	Brampton Battalion
Sun., Nov. 28	2:00 p.m.	Ottawa 67's
Fri., Dec. 03	7:30 p.m.	Peterborough Petes
Fri., Dec. 17	7:30 p.m.	Belleville Bulls
Sat., Jan. 01	2:00 p.m.	Mississauga St. Michael's Majors
Fri., Jan. 07	7:30 p.m.	Owen Sound Attack*
Fri., Jan. 14	7:30 p.m.	Oshawa Generals
Sun., Jan. 16	2:00 p.m.	Windsor Spitfires*
Fri., Jan. 21	7:30 p.m.	Guelph Storm*
Sun., Jan. 23	2:00 p.m.	Saginaw Spirit*
Fri., Jan. 28	7:30 p.m.	Peterborough Petes
Fri., Feb. 04	7:30 p.m.	London Knights*
Wed., Feb. 09	7:00 p.m.	Niagara Ice Dogs
Fri., Feb. 11	7:30 p.m.	Belleville Bulls
Sun., Feb. 13	2:00 p.m.	Erie Otters*
Fri., Feb. 18	7:30 p.m.	Brampton Battalion
Mon., Feb. 21	2:00 p.m.	Ottawa 67's
Fri., Feb. 25	7:30 p.m.	Oshawa Generals
Fri., Mar. 04	7:30 p.m.	Kitchener Rangers*
Sun., Mar. 06	2:00 p.m.	Barrie Colts
Wed., Mar. 09	7:00 p.m.	Ottawa 67's
Fri., Mar. 11	7:30 p.m.	Oshawa Generals
Sun., Mar. 13	2:00 p.m.	Niagara Ice Dogs
Fri., Mar. 18	7:30 p.m.	Sudbury Wolves

*Teams from the Western Conference (one game at home against each).

EXHIBIT 4 Attendance Figures		
2009-2010 Season	Games	Attendance
Regular season	34	94 735
Playoffs	4	13 991
Friday games	23	64 923
Sunday games	9	23 876
Wednesday games	2	5 937
Season	Attendance	
2008-09	105 174	
2007-08	86 711	
2006-07	76 397	
2005-06	74 731	
2004-05	71 232	
2003-04	67 270	
2002-03	65 518	
2001-02	74 017	
2000-01	80 818	

had considerable potential here. There were about 25 000 students at Queen's University, and St. Lawrence College and Royal Military College contributed about 10 000 and 1500 students, respectively.

TICKET PRICES

Historically, OHL teams have shown little creativity in establishing their ticket prices. Kingston Frontenacs tickets were priced at \$18 for adults, \$16 for students and seniors, and \$12 for children aged 13 and younger. Season tickets provided attendance at all home games, and should the team get into the playoffs, season-ticket holders would be guaranteed seats if they wished to purchase them. Season tickets were \$510 for adults, \$480 for seniors and students, and \$440 for children.

For the 2010-11 season, the team was planning to add "flex packs" of 6 or 12 tickets. These were priced at \$192 for a 12-ticket pack and \$96 for a 6-ticket pack. With a 12-ticket flex pack, for example, one person could attend 12 games, four people could attend three games, or 12 people could attend one game.

As Jeff began to ponder the notes he'd taken at the pricing strategy meetings, he saw a number of suggestions that stemmed from recent strategies employed by major professional sports teams. Someone had talked about the Toronto Blue Jays, a team that in a recent year had increased its average season ticket prices by 10%, but its average single-game prices by only 1%. At the same time some prices increased, some remained the same, and some decreased, depending on their location in the stadium. During that season the franchise had also explored a varied pricing strategy for particular games. A small number of early-season Tuesday games were designated as "value" games, with ticket

prices discounted considerably. About 30 games were designated “premium” games, including seven games against the Boston Red Sox and nine games against the New York Yankees, the two toughest teams in the Jays’ division. Someone else had talked about the Toronto Raptors, a team that was much more dependent on single-game ticket sales. The Raptors were charging higher prices for visiting teams that attracted larger crowds. Finally, the New York Yankees baseball team charged higher prices for premium-seat tickets purchased on game day, but lower prices for fans who purchased advance tickets.

When he flipped to the next page of his notes, Jeff saw a number of comments about the strategies NHL teams used. Almost every team in the NHL, it was noted, used some form of variable pricing; they’d been experimenting with it for several years. The Vancouver Canucks, Edmonton Oilers, Calgary Flames, Ottawa Senators, and Montreal Canadiens all charged ticket prices that varied depending on seat location, visiting team, day of the week, and time of season. Only the Toronto Maple Leafs had elected not to use variable pricing for its single-game tickets. It didn’t have to. Season tickets accounted for more than 90% of ticket sales, and only about 1000 seats were available for each game for single-game ticket holders. There were seldom any nights with an empty seat—even at the highest ticket prices in the NHL.

But among NHL teams, perhaps the Ottawa Senators were the most creative. Early in its pricing experiments the team had designated a number of games for which it offered discounts as high as 40%, and a small number of additional games for which only children received a 40% discount. At the same time, it charged a 10% premium when the Montreal Canadiens were the visiting team, and a 40% premium when the Toronto Maple Leafs came to Ottawa. The rivalry was such that the Montreal and Toronto teams always drew a large crowd. After trying this strategy, Ottawa became even bolder. In the 2008–09 season it tried “bundling” games. The Senators advertised a special promotion to see the Toronto Maple Leafs (\$236.05), or the Montreal Canadiens (\$208.05), or the Pittsburgh Penguins, with scoring star Sydney Crosby (\$188.05). However, customers who read the fine print found that they could buy one of these tickets only if they also purchased a ticket to see the Buffalo Sabres or the Florida Panthers for an additional \$142.05. And the total price didn’t include food, drinks, or parking, so a night—or two—could be very costly. Fans weren’t pleased, but the team defended its strategy: it would sell out more games and would discourage ticket scalpers, who tended to buy tickets only for high-demand games.

THE DECISION

Jeff had a lot to consider. He wondered whether the team had been too hasty when it implemented the flex-pack price strategy. Could he design a better strategy while maintaining the flex packs, or should he consider revising or dropping the flex packs for future years? Should he recommend some form of flexible pricing, and if so, what should it be? How could he attract more children, women, and students—and could a new price strategy help him do this, or would he need to consider other promotional events to grow these important fan segments? While he was thinking about all this, Jeff was very aware that his goals had to take into account both the short and the long term. He wanted to improve attendance for the 2010–11 season, but he also wanted to create a solid base for long-term fan support.

SPARK Marketing: Responding to Market Opportunities and an Industry Shakeup

*Susan Myrden and
Donna Stapleton*

It was the middle of August 2010, and significant changes were occurring in Atlantic Canada's communications industry. SPARK Marketing had been making its mark on the communications sector since its inception just one year before and had succeeded in making a name for itself. In fact, times had never been better for this full-service marketing and advertising agency. However, with the industry in flux, companies had to be in tune with ongoing changes in the communications landscape. The past 10 years had seen the introduction of many small marketing and communications companies in the Atlantic Canadian market; plus, the communications industry had experienced a technological revolution. Another change was the recent announcement that a major player, Bristol Group, was shutting down operations.

According to Andrew Best, co-founder of SPARK and responsible for its strategic planning and business development, "The barriers to entry in this business are low. Competitors come and go. I'm certain that many of our competitors thought we didn't stand a chance to survive as a newcomer when we entered this market just over a year ago, but we've had a great year and our goal is to grow our revenue by 10% in our second year." Andrew had identified several opportunities to grow the business. He wondered if he

Copyright © 2012 Donna Stapleton, Memorial University, St. John's, NL. This case was written by Susan Myrden and Donna Stapleton as a basis for classroom discussion and is not intended to illustrate either effective or ineffective handling of a management situation. Reprinted with permission.