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Giants' new ticket strategy

By John Ryan
Mercury News
Posted: 12/08/2008 09:05:22 PM PST

It happens every day on the resale market. Ticket prices vary according to about a hundred factors. But it has never been that way with the initial sale.

Beginning next year, the Giants will go that route. Within five years, expect every team in sports to be using a model like this one.

The Giants and QCUe, a start-up based in Austin, will team up on a variable-pricing strategy that will use reams of data to determine how much they should charge for 2,000 tickets at AT&T Park, adjusting the prices in 25- or 50-cent increments daily leading up to a particular game.

"As more information becomes available and you get closer to the game, you can really fine-tune what that ticket price should be," said Russ Stanley, the Giants' vice president of ticket services. "In reality, ticket brokers have been doing this for 100 years."

The Giants already have different prices for the same seat. But the only factors involved are the opponent (Dodgers, A's and opening day command the premium) and whether it's a weekday or a weekend. Also, the prices are set before the season.

QCUe, the brainchild of two Ph.D.s at the University of Texas, uses an algorithm that goes way deeper. It looks at the specific day, opponent, weather forecast, advance sales 30 or 60 days out, and any other factors that could come up. (For instance: Next year is one for experimentation. Gotto believe they're going to track the effect of Tim Lincecum starts.)

The

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result is a new way to move 1,500 view reserved seats that normally cost from \$20 to \$32, as well as 500 bleacher seats that go for \$18 to \$33.

Although the computer will analyze the data, the Giants will set the price. "We're giving them a lot of oversight," QCUe's Barry Kahn said. Stanley said the Giants want to "protect" season-ticket holders and group-ticket purchasers who paid face value for their seats.

Kahn, who holds a doctorate in economics, began pitching the service two years ago at a conference. Stanley saw some merit in the idea but wasn't convinced.

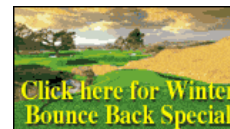
"Then Bonds hit 756 on a Wednesday night against the Nationals, and I said now I know what he's talking about," Stanley said. "This is probably the highest-demand game we've ever had at this ballpark, and it was our lowest-priced ticket."

It's an interesting effort. But if a family of four isn't going to a game for \$80, will they go for \$76?

"So many stocks change within an eighth of a point, which stimulates selling," Stanley said. "Going from a \$10 ticket to \$9.25, will that get sales going? If it does, great."

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