

# San Jose Earthquakes Concessions Pricing Strategy



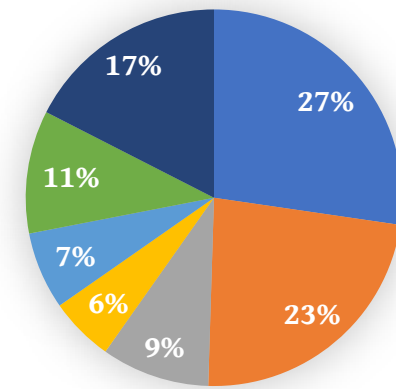
# Concessions Overview



## Biggest sellers in biggest categories

- Canned Soda
  - 20 oz Bottled Water (43% of sales, 167,346 in revenue)
  - 20 oz 7Up (16% of sales, 61,515 in revenue)
  - 20 oz RC Cola (13% of sales, 50,601 in revenue)
  - A&W Rootbeer (7%, 28626)
- Hot Dogs
  - Stadium Dog (64% of sales, 1258,394 in revenue)
  - Bratwurst (13%, 32886)
  - Polish Sausage (9%, 22824)
  - Linguica (8%, 19998)
- Liquor
  - Premium Liquor (16% of sales, 54,180 in revenue)
  - Call Liquor (9%, 31842)
  - Jameson (7%, 24929)
  - Ketel One (7%, 23148)
  - Don Julio (6%, 22232)

## Concessions Breakdown (2016)



- Draft Beer
- Canned Beer
- Liquor
- Snacks
- Hot dogs
- Canned Soda
- Miscellaneous

- Snacks
  - Bavarian Pretzel (62% of sales, 126,287 in revenue)
  - Kettle Corn (17%, 35476)
  - Peanuts (12%, 23575)

# Recommendation



## DECREASE BEER PRICES

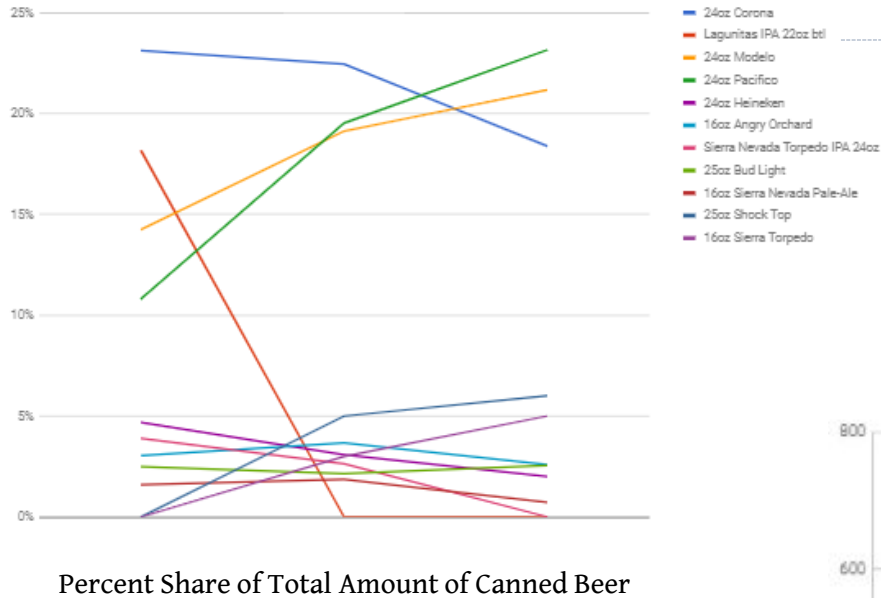
- Assuming 20K attendance, 80% drinking age, 50% of those who purchase beers, avg 1 beer/person, we have 8000 potential bottles/cans sold
- As of 2017, 6000 bottles/cans sold
- Assume we can capture half of remaining potential sales, ~1000
- Therefore, to break even, 15% price reduction in beer prices

## INCREASE PRICES OF OTHER ITEMS

- Other inelastic items:
  - Hot dogs
  - Canned soft drinks
  - Snacks
  - Fried food
- Possible to increase prices without losing too much revenue

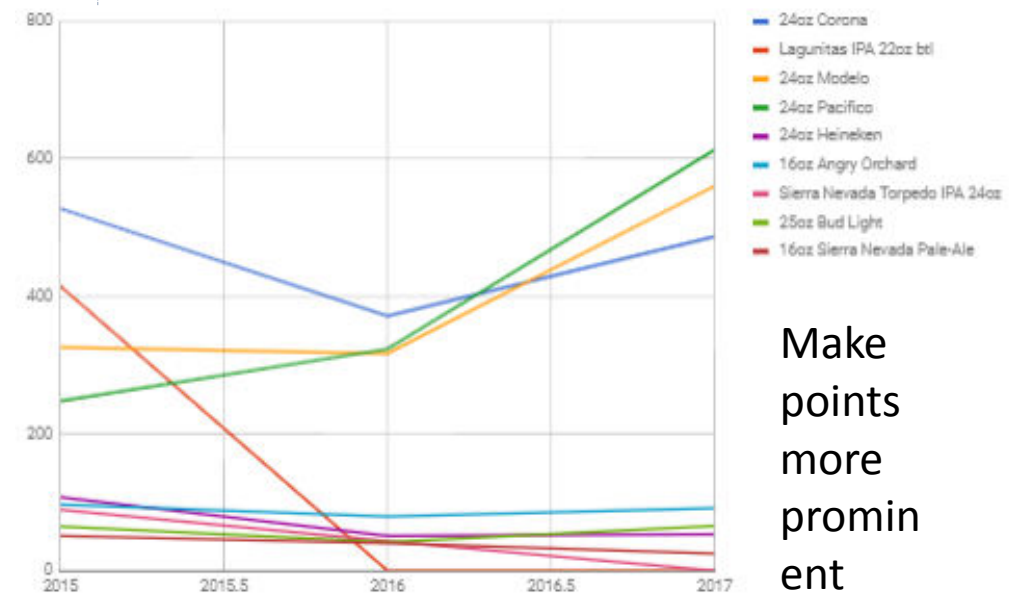
**We recommend that San Jose Earthquakes decrease beer prices by up to 15% and increase prices of other items to increase revenues**

# Canned Beer Analysis



## Canned Beer Revenues

- 2015 – 2016:
  - 5.25% overall increase in beer prices
  - 33% drop in revenue
- 2016 – 2017:
  - 1.23% increase in beer price
  - 39% increase in revenue



Make points more prominent

## Canned Beer Trends

### Overall Revenue

- 2015: \$26,000
- 2016: \$21,000
- 2017: \$35,000
- Dropping Lagunitas in 2016 significantly decreased revenues

Quantity Fluctuations in Canned Beer



# Price Changes

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The five most important price points were \$14.00, \$13.25, \$12.50, \$11.25, and \$10.00. Nearly all the canned and draft beers were sold at these price points.

Based on a 15% decrease that we believe will be beneficial, these prices become \$11.9, \$11.26, \$10.63, \$9.56, and \$8.50.

Using basic psychological pricing (rounding to the nearest quarter, increasing price up to .75 from .50), these prices become \$11.75, \$11.25, \$10.75, \$9.75, and \$8.75, respectively.

# Risks and Mitigations

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1

**Risk:** Possible Loss of Revenue

**Mitigation:** Selective automation and CSR campaign

2

**Risk:** Miscommunication of price decrease

**Mitigation:** Good marketing campaign to get words get

# Appendix

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Calculated % change in price/% change in revenue to be -0.06 by averaging the difference between 15-16 and 16-17, but that would yield an increase in revenues even with a price increase, which doesn't make sense, so this was our approach given limited data.