

## 2 The Use of Online Platforms in the Fight Against Black Market Sales of Football Tickets – Empirical Evidence from Germany

*Alexander Hahn<sup>3</sup>, Markus Breuer<sup>4</sup>, Sebastian Kaiser-Jovy<sup>5</sup>*

### 2.1 Introduction

Building up strong brands as well as cultivating the relationships towards fans and customers become more important in professional sports. Football managers need to permanently rethink and optimize their corporate communication. This paper presents results of an empirical study that was conducted in Germany in 2015. The basic population of the underlying survey is the (global) fan base of Bayern Muenchen, Germany's most successful and probably best-known football club. Perception and usage of the different ticket markets have been questioned and hypotheses were set up to test whether or not an authorized secondary market can combat grey and black markets and if it can strengthen the relationship between fans and professional sport clubs.

### 2.2 Special Characteristics of the Sports Market

During recent decades, sports have become an essential part of people's leisure time. Sports organizations have evolved from local institutions that were dominated by volunteers to professional, global players (Breuer & Kaiser, 2016). As a consequence, sports marketing faces new challenges. Both marketing of sports and marketing through sports are subject to particular circumstances and recent developments that make a difference between sports and other markets (Breuer & Kaiser, 2016; Smith & Stewart, 2015; Beech, Kaiser, & Kaspar, 2014; Beech & Chadwick, 2004). Not least, globalization has a significant impact on the scope of sports organizations. For example, the sale of TV rights of the major European football leagues which has become more and more important, especially for clubs that have been able to build up global brands, such as FC Barcelona or Manchester United (Breuer & Kaiser, 2016; Kaiser & Müller, 2014).

From the supplier's perspective one of the main characteristics of the sports market is the diversity of different sports producing organizations. In Europe, a

---

<sup>3</sup> SRH University Heidelberg/Germany, alex.hahn89@gmail.com

<sup>4</sup> SRH University Heidelberg/Germany, markus.breuer@hochschule-heidelberg.de

<sup>5</sup> Heilbronn University/Germany, sebastian.kaiser@hs-heilbronn.de

large number of the institutions involved are non-profit organizations such as clubs and associations that are subsidized by public authorities. Their (primary) goal is not maximizing profit but being successful in sports events, tournaments, etc. (Breuer & Kaiser, 2016; Kaiser, 2010). Furthermore, taking the special features of the production process in team sports into account, it is striking that competitors have to cooperate to a certain degree. Without any cooperation between the athletes or teams, neither sports nor sports goods (for passive sports consumption by spectators) can be provided. Not least, as a large part of sports goods are services in nature, production and consumption are linked inseparably. Additionally, external production factors (a. o. the spectators) are involved in the production process. Not least so called “exogenous factors”, such as the weather, consumption of performance-enhancing drugs, etc., play an important role during the production process and also affect the marketability of the product (Breuer & Kaiser, 2016).

Also, the demand for sports services and goods can be characterized by several peculiarities that should be considered in the marketing management process. In professional sports, the popularity of team sports and team sports events is often explained by the so called “Uncertainty of Outcome Hypothesis” (Rottenberg, 1956). It states that the attractiveness of a competition is influenced by the uncertainty of its outcome: The more uncertain the result, the higher the attractiveness. However, regarding fans that show a deep loyalty to a certain club, the uncertainty of the outcome is of minor importance. Group experiences (in the stadium, watching their club win or lose) become much more important for these fans, compared with neutral spectators who are only interested in the sports but not in the performance of a single team (Breuer & Kaiser, 2016).

Against this background, sports marketing faces an opportunity: If the marketer is able to strengthen the identification of the fans (consumers) with “their” team, the revenues resulting from the sale of tickets, merchandising, etc., are more and more independent from the current performance of the team. Thus, “identification with the team” is an important segmentation criterion for a target group oriented address. In this context, the new media allow adequate means to get in contact with target groups as they enable the marketer to address different groups at low costs. For the strategic planning and the identification of adequate content, it is important to identify links that allow a long-term identification with a club that is independent of the current success (independent of the current league table). According to Kaiser (2010, pp. 437), such links might be:

- a) the team's success in the past,
- b) the performance of individual athletes,
- c) shared values (for example a working-class background,
- d) a strong connection to a city or region or
- e) a common understanding as an underdog

### 2.2.1 *Ticket Markets*

In order to describe the specific features of ticket markets in sports, it seems to be helpful to consider the various circumstances of the production and consumption in this particular field. In recent scholarly publications, the natural monopoly of a sports league is mentioned once and again. This is explained with the peculiarities of league competitions: in order not to lose its credibility, every competition can only have one winner, every league only one champion. Furthermore, a sports league is typically a cartel-like merger of the relevant clubs (Downward, Dawson, & Dejonghe, 2009). Not least, also at the micro-level each individual club, in contrast to other companies and because of a high level of emotional bond and loyalty of its fans and spectators, can be seen as a monopolist: only the respective club can offer the requested product, i.e., a match of their favored team.

However, whereas monopolists usually try to maximize their profit by adjusting prices and volumes, football clubs deliberately keep ticket prices low. In doing so, they aim to meet their social as well as socio-political responsibility (as described in the statutes of the German Football Association as well as the German Football League (DFB, 2013). On the other hand, this measure is considered to have a positive impact on stadium attendance which may in turn lead to a better overall quality of the product and thus to higher media coverage. Last but not least, clubs thereby hope to catalyze sales of complementary goods such as merchandize and catering. Taking into consideration the inelastic demand for tickets in team sports, the ticket market in football can be characterized by supply-side market failure. Because of their monopolistic position and because of the fact that the quantity supplied is limited due to a fixed number of matches as well as the stadium capacity, clubs are not able to meet the high and rising demand while raising the ticket prices is avoided purposely.

All these factors combined a consequence is the creation of parallel markets – including the so called “black market” – which have to be differentiated from the official market with due regard to their characteristics and their stakeholders. Generally, the market for tickets in football is divided into a primary and a secondary market (Holzhäuser, 2012). On the primary market the official sale of tickets by the organizer and/or cooperative partners takes place. According to the regulations of the German Football League (DFL Deutsche Fußball Liga GmbH),

the league association itself is responsible for the organization of the matches which assigns the staging and operation as well as the associated rights and obligations to the respective home team. This club may then receive all revenue generated throughout the match (esp. tickets, merchandize, sales of complementary goods). As far as the distribution of tickets is concerned, clubs make use of the classic marketing channels. Moreover, several clubs cooperate with authorized sales partners such as advance booking offices or sales agencies offering a large network for distribution. These sales partners usually finance themselves through a commission fee while they are not allowed to resell tickets to other traders at self-determined prices. This is one of the most characteristic features of the primary market: tickets are only dealt at official rates according to the price structure of the respective club (Holzhäuser, 2012).

### *2.2.2 Secondary Ticket Markets*

The secondary market for football tickets can be divided into an authorized as well as an unauthorized market. With the authorized secondary market, clubs (or authorized sales partners) offer tickets again; after they have been sold on the primary market, typically via online ticket exchange platforms. Thereby fans have the opportunity to sell tickets they may not use under the conditions of a controlled and regulated formal environment (Holzhäuser, 2012). At the same time, those platforms can be seen as an instrument against the non-authorized secondary market. However, due to changing technological framework conditions in recent years, also new forms of trading have evolved. Professional and mostly international organizations enable third parties to trade tickets on specifically designed (digital) ticket exchange tools. This newly created market is called “grey market”. On this market, dealers can act anonymously. Furthermore, in many cases it doesn’t become apparent that the tickets are not offered by the provider itself but by third parties. Finally, on the black market tickets are sold by dealers that have bought them via various purchasing channels on the primary market, aiming to maximize their profit. For the acquisition of the tickets, traders often make use of stooges that buy the maximum quantity available on the primary market, which they then sell to them with a profit margin (Holzhäuser, 2012). Both market forms, grey as well as black market, have in common that tickets are sold at a price which is significantly higher than the official price.

## **2.3 Empirical Evidence from Germany**

The following sections are based on a study that was conducted in Germany in 2015. Chapter 2.3.1 summarizes the facts and circumstances under which the survey was conducted. Chapter 2.3.2 deals with some initial analyses (descriptive

statistics) whereas section 2.3.3 presents the findings from hypothesis testing. Hypotheses were set up to test whether or not an authorized secondary market can combat grey and black markets and strengthen the relationship between fans and professional sport clubs.

### *2.3.1 Facts and Circumstances*

The basic population of the underlying survey is the (global) fan base of Bayern Muenchen, Germany's most successful and probably best-known football club. The survey was conducted through a standardized online questionnaire. The link to the questionnaire was communicated through the following channels:

- Facebook: Major Bayern Muenchen fan clubs (Club Nr. 12, La Bestia Negra) published the link to the questionnaire on their Facebook page.
- Xing<sup>6</sup>: The link to the questionnaire was posted by the Xing group "FC Bayern München".
- The "Audi Fanclub FC Bayern Muenchen", one of the most important fan clubs in Germany, sent an e-mail containing the link to the questionnaire to its members.

During June 8th and June 30th 2015 3,877 football fans participated in the survey. 2,994 of them completed the questionnaire whereas a total number of 883 did not answer all of the questions. According to our knowledge, the club does not have precise data on the socio-economic composition of the fan base. Thus, it is not possible to prove that the random sample is an adequate sample. The adequateness of the sample probably suffers from the channels that were used to attract participants. However, the size of the data set should allow interesting insights in the club's fans and their behavior with regard to club communication and the sale/purchase of tickets on secondary markets.

### *2.3.2 Descriptive Statistics*

An indicative analysis of the sample shows that the participants can be grouped into three different groups:

- a) Those fans that are member of Bayern Muenchen represent a first group. 2,237 participants show this kind of high commitment to the club. The average age is ca. 30 years and more than 93% of this group is male.
- b) A second group is represented by 473 season ticket holders. On average, they are approximately 34 years old and 92.39% are male. Season ticket holders are

---

<sup>6</sup> Xing is a professional social network similar to LinkedIn that is mainly used in Germany, Austria and Switzerland.

de facto a sub group of the club members (group one). Only 24 participants of the survey hold a season ticket without being a member of Bayern Muenchen. Against this background, season ticket holders will not be considered as a group on its own for all further analysis.

- c) A third group shall be called fans/visitors. A total number of 733 survey participants are neither members of the club nor season ticket holders. However, we can assume a strong relationship to the sports club and regular stadium visits. Otherwise these participants would not have received the link to the questionnaire. Moreover, fans have used unauthorized secondary markets for several times in the past. Participants belonging to this group are on average 33.5 years old. 89.5% are male.

The knowledge of the authorized secondary market for tickets that is organized by the club itself differs significantly between the groups: Whereas 88.5% of the members are aware of the online market (93.7% of the season ticket holders), only 34.7% of the fans/visitors have ever realized that there is the official secondary market. In contrast, more than 90% of all groups are aware of unauthorized secondary markets including online platforms like Ebay. Moreover, for all groups the awareness of black and grey markets is above the awareness of the online platform that is driven by the club.

Regarding the communication channels, it is striking that members (including season ticket holders) receive their information on the authorized secondary market mainly through the official club webpage. In contrast, for fans/visitors independent webpages could be found to be the most important source of information on the authorized market. The importance of social media is in line with these initial findings: Social media play a minor role for members. For fans/visitors social media are ranked fourth and, thus, are of much higher importance.

Usage of the authorized secondary market (for *purchasing* tickets) is strongly influenced by the affiliation to one of the identified groups. Whereas 42.74% of all members and 38.27% of all season ticket holders used the official secondary market at least once, only 1.36% of the fans/visitors ever participated in the authorized sales platform. In contrast, black market activities are more equally spread between the different groups. Figures for the *sale* of tickets are similar. Most important factors for the *purchase* of tickets using online platforms are “original sales price” (price on the secondary market equals the original sales price) and “security of the platform” (regarding e.g., the submission of credit card details, etc.). Regarding the question whether or not an authorized platform is used for tickets trades, members and season ticket holders show a significantly higher preference for official platforms compared to fans/visitors. The same result can be observed for the demand for security. In other words: Fans/visitors are less

interested in using authorized and, thus, secure platforms but tend to trade on grey and black markets.

Focusing on factors influencing the willingness to *sell* tickets on online platforms, the following items have been checked: Importance of:

- selling the ticket to another fan (in contrast to any anonymous buyer)
- sales price
- fast payment
- paying methods (e.g., debit card, credit card, PayPal, etc.)
- sales and payment conditions

Among others, the survey showed that ticket sales “to other fans” are evaluated more important by members/season ticket holders compared to fans/visitors. In contrast, a maximum sales price was rated less important. Both results are highly significant.

### 2.3.3 *Hypothesis Testing*

The following table provides an overview on the hypotheses that were tested based on several questions included in the questionnaire. Highlighted in bold are hypotheses that showed a significant correlation based on the data set available. Correlations Coefficient Spearman’s rho has been computed, correlations were significant on the .01 level.

Hypothesis 1a/b show that a club’s communication strategy has to aim at increasing the fan’s/consumer’s identification (commitment) with the club. Based on the underlying sample, a higher identification results in a more detailed knowledge of the OSM and, moreover, in less detailed knowledge of any grey and black markets. Hypotheses 2a/b showed that a better knowledge of the OSM (based on a higher identification) implies a more frequent use of this platform. However, usage figures of the grey and black market are not affected by the level of knowledge (and thus the usage) of the OSM. Similarly, hypotheses 3a/b show that the perceived quality of the OSM (measured by factors like fast payment) has significant influence on the usage figures. However, usage of grey and black markets is not affected by the quality perception of the OSM. Hypotheses 4a/b prove a significant relationship between a fan’s identification with Bayern Muenchen and a more frequent use of the OSM. Again, a higher identification does not result in a less frequent use of other sales portals. Finally, a more frequent use of the OSM does not imply a less frequent use of grey and black market for the sale/purchase of tickets.

**Table 1:** OSM = Official Secondary Market; BLACK = Grey and Black Market  
(Own description)

1	<b>A higher identification with the club leads to more detailed knowledge of the OSM.</b>
1	<b>A higher identification with the club implies less detailed knowledge of the BLACK.</b>
2	<b>Better knowledge of the OSM leads to a more frequent use of the OSM.</b>
2	Better knowledge of the OSM implies a less frequent use of the BLACK.
3	<b>A higher perceived quality of the OSM implies a more frequent use of the OSM.</b>
3	A higher perceived quality of the OSM implies a less frequent use of the BLACK.
4	<b>A higher identification with the club implies a more frequent use of the OSM.</b>
4	A higher identification with the club leads to a use of the BLACK at a lower level.
5	Frequent use of OSM implies less use of BLACK.

Against this background, offering an authorized secondary market cannot be seen as a magic bullet in the club's fight against grey and black markets. The results of the survey might lead to the assumption that a club driven secondary market increases the fan's/consumer's willingness to sell their ticket and, thus, the overall number of tickets that are resold. However, mainly customers showing a high commitment towards the club ('members') are aware of the authorized market and even those who participate in this market do not reduce their activities on grey and black markets.

## 2.4 Summary and Outlook

Due to the increasing importance of customer relationship management and brand management in professional sports, club managers need to rethink and optimize their corporate communication. This need of rethinking current strategies must not be realized as a one-time task but as a current challenge. Offering authorized secondary markets for tickets might imply several positive effects resulting in higher fan commitment, increased ticket sales, and, finally, increased turnovers. However, secondary markets are only important for those clubs that show a high excess demand regarding their tickets. For fans of those clubs, club driven secondary markets can provide additional benefit and enable the club management

to collect socio-economic data of their customers that might be used for all kind of CRM activities.

However, the results of the survey (section three) show that official secondary markets might not be the first choice to combat grey and black markets. Future research could repeat the survey with other clubs (and other sports). Additional surveys should focus on considering those fans visiting the stadium only from time to time and showing minor commitment. The findings at hand might suffer from the fact that mainly club members and/or season ticket holders participated in the survey.

## 2.5 List of References

- Beech, J., & Chadwick, S. (Eds.). (2004). *The Business of Sport Management*. Harlow, United Kingdom: Pearson Education.
- Beech, J., Kaiser, S., & Kaspar, R. (Eds.). (2014). *The Business of Events Management*. Boston, MA: Pearson Education.
- Breuer, M., & Kaiser, S. (2016). *Defining Sports Marketing*. New York, NY: Routledge.
- DFB Deutscher Fußball Bund. (2013). Satzung. Retrieved August 30, 2015, from [http://www.dfb.de/fileadmin/\\_dfbdam/2014124\\_02\\_Satzung.pdf](http://www.dfb.de/fileadmin/_dfbdam/2014124_02_Satzung.pdf)
- Downward, P., Dawson, A., & Dejonghe, T. (2009). *Sports economics: Theory, evidence and policy*. London, United Kingdom: Routledge.
- Holzhäuser, F. (2012). Ticketing. In M. Stopper, & G. Lentze (Eds.), *Handbuch Fußball-Recht* (pp. 833-899). Berlin, Germany: Erich Schmidt.
- Kaiser, S. (2010). Kommunikationsmanagement im Sport. In G. Nufer, & A. Bühler (Eds.), *Management im Sport: Betriebswirtschaftliche Grundlagen und Anwendungen der modernen Sportökonomie* (2nd ed., pp. 437-461). Berlin, Germany: ESV.
- Kaiser, S., & Müller, C. (2014). Theorie und Praxis der Markenführung im Sport. In H. Preuß, F. Huber, H. Schunk, & T. Könecke (Eds.), *Marken und Sport* (pp. 57-70). Wiesbaden, Germany: Gabler.
- Rottenberg, S. (1956). The baseball player's labor market. *Journal of Political Economy*, 64(3), 242-258.
- Smith, A. C. T., & Stewart, B. (1997). *Introduction to sport marketing* (2nd ed.). New York, NY: Routledge.

Conference Proceedings Trends in Business  
Communication 2016

Becker, T.; Schneckenleitner, P.; Reitberger, W.;  
Brunner-Sperdin, A. (Eds.)

2017, VIII, 194 p. 20 illus., Softcover

ISBN: 978-3-658-17253-4