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White Paper

Personal Seat Licenses: Prices rising too high for the average fan to enjoy the game of football live in the stadium- crowds are slowly changing due to the price changes. Are these people really fans, or people with extra money to spend?

The New York Football Giants, as an organization, have had great amounts of success since their creation in 1925. With recent revenues of $3 billion in its 2011 season, the Giants have become a well-established NFL team. (Plunkett Research, 2012) The recent issue in society regarding the economy has affected countless companies across the country, the NFL being one of them. Since the downfall of the economy, people are making less money, and are spending it differently then they were a few years ago. With the recent issue of sales of Personal Seat Licenses within the NFL, and for the Giants specifically, has a lot to do with the prices of the PSL’s. The NFL and its football teams must stop raising their prices just because of funding purposes and must focus on what matters most to a team, not technology or money, but their fans.

Personal Seat Licenses are a required purchase when someone buys season tickets. A Personal Seat License (PSL) ensures that the seats you bought for that season are yours. New York Giants fans can purchase their PSL’s through Giants Stadium LLC. Once a person buys a PSL, they become a season ticket holder for those exact seats for all future seasons, until you stop paying. (Giants, 2012) Recently, with the high prices of PSL’s, fewer and fewer fans are rebuying their season tickets each year. As a result, to avoid an empty stadium, the Giants have been donating the empty seats, so they have a crowd for the games, however they are not profiting off of those tickets since they are being donated. As a long-term effect, the Giants are leaning towards marketing their PSL’s to a new demographic of people, which would be people with a higher income. Although these people could afford to pay the PSL’s each year, that doesn’t necessarily mean they are true fans. (Ahlgren 2012) This causes another issue, are the people in your stadium true, New York Giants fans, or just people who have extra money to spend? This causes an issue for the Giants and other NFL teams that are struggling with the same issue because football fans are supposed to fill the stadiums and support the teams through their games and season. Stadiums aren’t supposed to be filled with corporate businessmen that could care less about the game, and who are just there to socialize.

Although there are many benefits to owning a Giants PSL, for example, having the ability to use the PSL Marketplace, selling and transferring your PSL’s, having the same seats for every preseason and regular season game and having the change to buy these tickets before they are available to the general public. Season tickets also come with parking passes for preseason and regular season games, which are guaranteed with your PSL purchase through the PSL contracts. (Giants 2012) These are all great benefits and opportunities for fans, however with the high prices, are these opportunities still available to fans? The issue of true football fans are being blocked out is serious, for the teams and for the NFL. The Giants happen to be one of few teams where their PSL’s play a huge role in financing their newly built stadium, the other two being the Jets (who share MetLife stadium with the Giants) and the Dallas Cowboys. “The values of all three teams’ PSLs have plunged since their initial public offerings”. (Forbes 2012) The Forbes article by Dan Alexander, sums up the issue of PSLs and why they may now be considered a risky investment. Alexander also states that Giants fans who tried to sell their PSLs this year lost a total average of about $189 per seat, which is huge since the Giants won the Super Bowl last season.

The rising prices of PSLs have been a known problem to NFL fans since last season. PSL Source, which is where fans can purchase their PSLs, generates revenue from the sales of PSLs by charging a 10% commission off each sale made through their website. In 2011, they brought in a total of $250,000, which is said to double in size this upcoming year. (Forbes 2012) This shows the rising prices of PSLs, however the article also proves that purchasing PSLs are no longer considered to be investments. Buyers will continue to lose money of their PSLs as the tams continue to increase the prices. “As teams continue to build more expensive stadiums, Carl said PSLs have become essential sources of funding”. (Forbes 2012) Are NFL teams and the New York Giants becoming too concerned with funding and updating their stadium and ignoring the significance of the fans that will be sitting in the stadium to support the team during, what matters most, – the games?

In order to fix this issue with PSLs, the New York Giants along with other NFL teams need to realize what is most important to the game of football – the stadium you’re playing in or the crowd that is supporting your every move. Clearly, any football team would be nothing without their fans, since revenues are driven from ticket sales, merchandise sales, etc. An updated stadium with huge flat screens to display the game is always a plus, however not the most important asset to a team. The New York Giants, have already updated their stadium, which cannot be undone, however they need to stop raising their ticket prices just for funding purposes. Most fans make average salaries, and since the stadium update, those fans can no longer afford these tickets, therefore they are opting out of watching the game live and are choosing to watch the games from their living rooms! 43-year-old Russell Ash, who has had Giants season tickets since 1961, has chosen not to repurchase his PSLs this season. “I’m not going to lie, I make a very average salary; you’re talking about a third of my salary going to a Giants season ticket…It’s like a cold slap in the face.” (Ahlgren 2012) If loyal fans that have been attending your games for years are now opting out of buying these season tickets this should be a huge signal that something is wrong.

Since average NFL fans can no longer purchase these tickets, where are the tickets going? To high-income companies and CEOs or they are just being donated to companies for advertisement in hopes that those companies will invest their money into those PSLs. However, this is not the way the Giants or any other NFL team should be marketing their PSLs, tickets or team. The NFL has always made it clear that anyone could be a football fan, so why make tickets unavailable to those true fans? NFL teams, including the New York Giants have to slowly, but surely start to lower the prices of PSLs in order to regain those fans’ loyalty, respect and support for their regular season games. If the New York Giants advertise their season tickets differently, with a lower and more reasonable price, then they are very likely on gaining all of those fans back and accumulating all of that lost profit back as well.

The NFL as an industry, and all of its teams as organizations, also have to work on pricing their PSLs that match the economy’s state appropriately. If the economy is down, and people are making less money, they are less likely to spend their money on NFL tickets, rather than buying things they truly need to live. Therefore, if the economy is down, lower the prices, making it a lot more doable for fans to purchase these tickets. The NFL and New York Giants need to remember that more fans means more profit, and with that profit you can expand your merchandise collection, or even eventually update your stadium through your revenues, without depending strictly on funding.

The New York Giants have done an excellent job over the years with building loyalty and keeping their loyal fans involved with the team directly. The New York Giants have not only seen success on the field with a total of four Super Bowl wins, but have also seen success in their revenues and profits over the years. Being such a successful team gives them a lot of control on their team based decisions that have to do with pricing and selling their products, whether tickets or merchandise. The PSL dilemma can be easily fixed, especially when dealing with such a prosperous team as the Giants. Lowering the prices of their PSLs will not only benefit the fans, but it will benefit the team as well. Lowering the prices of PSLs will allow their average Joe fans to repurchase their season tickets each year, guaranteeing them a steady profit off of those sales, it will also guarantee true fans in the stands of their stadium, ensuring the best support they can get during their high intensity games. However, most importantly, allowing these fans to buy their tickets and PSLs give everyone the opportunity to experience the greatest experience of all, being a New York Giants fan.

Annotated Bibliography

1. Ahlgren, Amelia, (2012). Why Personal Seat Licenses Are Killing Football for the Average NFL Fan. *Bleacher Report*, pp.3

*Shows how the significant increase in PSL prices have affected the average NFL fans, also shows the percentages in increase and the amount of money people would have to spend to rebuy their season tickets. Also shows how the demographics of people buying these PSLs are changing, and questions the fact of if these people are truly fans or not.*

1. Alexander, Dan (2012). *NFL PSLs Have Become Very Risky Investments*. [ONLINE] Available at: http://www.forbes.com/sites/danalexander/2012/09/05/nfl-psls-have-become-very-risky-investments/2/. [Last Accessed November 29th, 2012].

*Gives the reader a clear idea on how PSL prices have been hanging and why. Explains how teams that are looking to update or have updated and rebuilt their stadiums, are relying on the sales of their PSLs to fund these updates. Shows that teams are more focused on updating their stadiums and fields rather than making their tickets available to their loyal fans.*

1. New York Giants (2012). *Official PSL Marketplace of the New York Giants*. [ONLINE] Available at: http://nygiants.strmarketplace.com/FAQs.aspx. [Last Accessed November 29th, 2012].

*Gives facts on PSLs, explains what they are and what their purpose is. Gives benefits and advantages of having and owning a PSL have and how you can sell and transfer your PSLs if you own them but want to sell them over the NFL PSL marketplace.*

1. *Sports Industry Overview*. Plunkett Research (2012). Retrieved October 17, 2012 at: http://www.plunkettresearch.com/sports-recreation-leisure-market-research/industry-statistics.

*A chart listing the overviews of different sports industries including NHL, MLB, NBA and NFL. Includes information such as revenues, income, the number of teams in the organization and the team value. Gives a lot of useful information on the NFL, what they take in as profit, the size of the NFL, etc. in chart form.*