



### From ticket sales to starting lineups

The Orlando Magic have come a long way since their inaugural season in 1989. There weren't many wins in those early years, but the franchise has weathered the ups and downs to compete at the highest levels of the NBA.

Professional sports teams in smaller markets often struggle to build a big enough revenue base to compete against their larger market rivals. By using SAS® Analytics and SAS® Data Management, the Orlando Magic are among the top revenue earners in the NBA, despite being in the 20th-largest market.

The Magic accomplish this feat by studying the resale ticket market to price tickets better, to predict season ticket holders at risk of defection (and lure them back), and to analyze concession and product merchandise sales to make sure the organization has what the fans want every time they enter the arena. The club has even used SAS to help coaches put together the best lineup.

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"Our biggest challenge is to customize the fan experience, and SAS helps us manage all that in a robust way," says Alex Martins, CEO of the Orlando Magic. Having been with the Magic since the beginning (working his way up from PR Director to President to CEO), Martins has seen it all

and knows the value that analytics adds. Under Martins' leadership, the season-ticket base has grown as large as 14,200, and the corporate sales department has seen tremendous growth.<sup>1</sup>

## The challenge: Filling every seat

But like all professional sports teams, the Magic are constantly looking for new strategies that will keep the seats filled at each of the 41 yearly home games. "Generating new revenue streams in this day of escalating player salaries and escalating expenses is important," says Anthony Perez, Vice President of Business Strategy. But with the advent of a robust online secondary market for tickets, reaching the industry benchmark of 90 percent renewal of season tickets has become more difficult.



"In the first year, we saw ticket revenue increase around 50 percent. Over the last three years – for that period, we've seen it grow maybe 75 percent. It's had a huge impact."

Anthony Perez, Vice President of Business Strategy, Orlando Magic

Perez's group takes a holistic approach by combining data from all revenue streams (concession, merchandise and ticket sales) with outside data (secondary ticket market) to develop models that benefit the whole enterprise. "We're like an in-house consulting group," explains Perez.

In the case of season ticket-holders, the team uses historical purchasing data and renewal patterns to build decision tree models that place subscribers into three categories: most likely to renew, least likely to renew, and fence sitters. The fence sitters then get the customer service department's attention come renewal time.

"SAS has helped us grow our business. It is probably one of the greatest investments that we've made as an organization over the last half-dozen years because we can point to top-line revenue growth that SAS has helped us create through the specific messaging that we're able to direct to each one of our client groups."

## Ease of use helps spread analytics message

Perez likes how easy it is to use SAS – it was a factor in opting to do the work in-house rather than outsourcing it. Perez's team has set up recurring processes and automated them. Data manipulation is minimal, "allowing us more time to interpret rather than just manually crunching the numbers." Business users throughout the organization, including executives, have instant access to information through SAS® Visual Analytics. "It's not just that we're using the tools daily; we are using them throughout the day to make decisions," Perez says.

## Being data driven

"We adopted an analytics approach years ago, and we're seeing it transform our entire organization," says Martins. "Analytics helps us understand customers better, helps in business

planning (ticket pricing, etc.), and provides game-to-game and year-to-year data on demand by game and even by seat.

"And analytics has helped transform the game. GMs and analytics teams look at every aspect of the game, including movements of players on the court, to transform data to predict defense against certain teams. We can now ask ourselves, 'What are the most efficient lineups in a game? Which team can produce more points vs. another lineup? Which team is better defensively than another?'"

"We used to produce a series of reports manually, but now we can do it with five clicks of a mouse (instead of five hours overnight in anticipation of tomorrow's game). We can have dozens of reports available to staff in minutes. Analytics has made us smarter," says Martins.

### What's next?

"Getting real-time data is the next step for us in our analytical growth process," says Martins. "On a game day, getting real-time data to track what tickets are available and how to maximize yield of those tickets is critical. Additionally, you're going to see major technological changes and acceptance of the technology on the bench to see how the games are played moving forward. Maybe as soon as next season you'll see our assistant coaches with iPad® tablets getting real-time data, learning what the opponent is doing and what plays are working. It'll be necessary in the future.

"We're setting ourselves up to be successful moving forward. And in the very near future, we'll be in a position again to compete for a conference championship and an NBA championship," says Martins. "All of the moves made this year and the ones to come in the future will be done in order to build success on [and off] the court."<sup>2</sup>

1,2 <http://www.nba.com/magic/news/denton-25-years-magic-history>