

Premium Seating: It's More Than What Meets The Eye

How a strategic premium seating plan can help advance your venue renovation goals

By Ryan Conway and Bryan Slater

THERE ARE ANY NUMBER OF goals a university may have for its athletics and assembly facilities at the outset of a renovation project. Whether the objective is to improve a venue's financial outcomes, enhance visibility and attractiveness, or enrich the spectator experience, there is often a way to kill two, or even three or more, birds with one stone. Through our experience with venue planning and renovations, that stone is often introducing, expanding, or reconfiguring premium seating areas that are tailored to an institution's needs.

Premium seating options are continually evolving in reaction to market demand and changes in technology. One of the recent trends and perhaps least known of the premium seating options are loge boxes. Introduced in the last decade, this type of seating is configured as a small box area with four to six seats, a drink rail, and a mini-refrigerator. Loge boxes offer a group seating experience at price points normally much less than those for a suite. Suites, considered the most invasive type of premium seating from an architectural standpoint, are normally leased on a five- to ten-year basis and normally require significant upfront and annual contributions. In contrast to suites and loge boxes, club seats are the least physically invasive option. Due to affordability and commitment term, club seats often appeal to individual donors and athletic supporters.

Despite the multitude of conventional and hybrid premium seating options, many venue managers and administrators point to the need for new suites as the primary component in a premium seating program. Although



"The Pit" at the University of New Mexico. Photos courtesy of Sink Combs Dethlefs Sports Architecture.

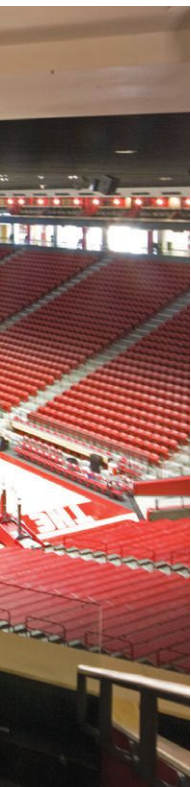
suites are appropriate in many cases, the best way to develop a premium seating plan is not a "one size fits all" approach. Considering factors such as market size, wealth, donor base, and athletic program quality can provide a more accurate roadmap for developing the right quantity and mix of premium seats. If the program is developed with careful consideration, some or all of the following benefits can be satisfied through one, highly financially viable tool.

Improve Bottom Line Financial Performance

One of the most common motives for a venue renovation is to improve financial

performance. A market-responsive premium seating program can create new or expanded revenue streams through seat licenses, loge box and suite rentals, and hospitality income. Although the addition or re-configuration of premium seating will introduce capital costs and new operational expenses, an effective way to offset these costs is to capitalize seating leases or net new revenues prior to the renovation. A university should ensure that the level of renovation investment is somewhat commensurate with the expected increase in revenues. In a recent engagement, upfront lease payments were capitalized to help offset construction costs; as a result, the university has a palatable

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out-of-pocket contribution while still realizing an annual financial gain.

Enhance Venue Marketability and Attractiveness

Not only do premium spaces make a direct contribution to a venue's bottom line, they are an effective tool for maintaining and improving upon a building's profile. Due to both a small and mid-size arena building boom and an increase in event costs attributed to talent fees and promoter "cuts," the event venue marketplace is more saturated and cutthroat than ever. To remain competitive with these newer and oftentimes more rigorously planned venues, it is crucial your venue offer as many revenue streams

as possible to protect the existing event calendar and maintain the venue's positioning as an economically viable market offering – especially if your venue is well positioned to host high-profile acts and performances.

Enrich the Overall Spectator Experience

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desire a place to socialize with their peers and, with any luck, share in the athletic program's success. This trend is in line with the industry belief that suites, which offer a high degree of exclusivity, may be losing some of their appeal at university venues in favor of more engaging, interactive options such as club and loge box seating which offer lounge access. Although suites are great fits in some, often larger, markets, the key to enriching the spectator experience is creating a premium seating program that works for your unique circumstances.

We had to look no further than the University of New Mexico's nostalgic venue, "The Pit," for an example of where these goals were achieved through

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introduction of premium spaces. While we were watching rounds two and three of this year's NCAA men's basketball tournament at The Pit, we saw that its recent renovation, primarily consisting of introducing new premium seating areas, has helped keep the facility financially viable by adding new revenue streams, maintained the building's attractiveness and visibility by hosting high profile events, and – judging by the looks on spectator faces and the sounds of their cheers – enriched the spectator experience. Now, that's what we call killing three birds with one stone. **fm**

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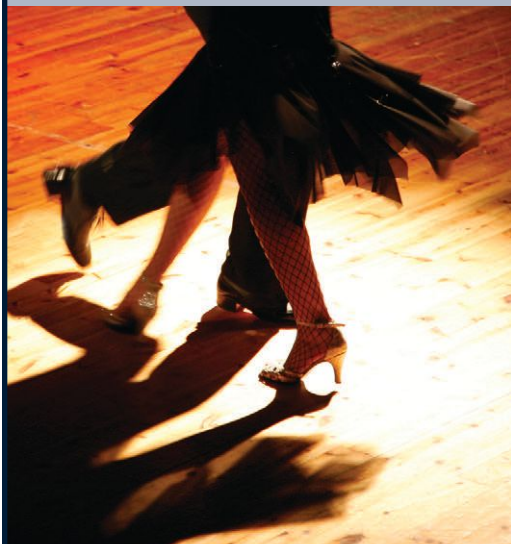


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