

Carolina Panthers: Changing Gas Station Strategies in Charlotte

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Football is not just a game. It is a lucrative component of the multi-billion dollar entertainment sports industry. The National Football League or NFL is comprised of 32 teams divided into two conferences. Of these 32 teams the Carolina Panthers are the 29th franchise established in the NFL and only the second team owned by a previous NFL player, Jerry Richardson (Pro Football Hall of Fame, 2006).

Charlotte, North Carolina was unanimously chosen as the site for the new expansion franchise and it is not hard to understand why. Charlotte is a rapidly growing city with world class cultural institutions, dining, shopping and sporting events. So, it was only natural that the football pride of the Carolina's made its home in the diverse city of Charlotte (About Charlotte, 2006). Jerry Richardson expressed the general enthusiasm and sentiment of the people of the Carolina's when he was quoted by the NFL as saying, "This is a dream come true for me and my partners and for the 10 million people in the Carolinas". For the most part, football fans, sports enthusiasts, business owners and the city of Charlotte really embraced the idea of the construction of the Bank of America Stadium and the arrival of the NFL expansion team, not only because of Carolina's love

of football but because of the potential substantial economic development impact the team would have on the surrounding area.

Carolina's fans are among the most loyal in the league. This means that the privately funded 73,298 seat Bank of America Stadium sells out nearly every home game. (NFL Team History, 2006). The Bank of America Stadium is unique in the sense that it was privately funded through the sale of permanent seat licenses or (PSL's). Of the total 160 million dollars it cost to build the stadium, over 100 million dollars of it was funded through PSL's. (Conway, 2006)

The arrival of the Bank of America Stadium and the Carolina Panthers has caused many changes within the city. The increase in out-of-state game attendees has created a greater need for hotels and overnight accommodations on game days. Parking has become a lucrative business for some in downtown Charlotte for Bank of America Stadium events and many local business owners are strategizing accordingly for the 73,000 people in uptown Charlotte on game days. Many of these 73,000 people come from outside of Mecklenburg County. This means additional money is circulated through the economy of Charlotte.

The coming of the Carolina Panthers and the Bank of America Stadium has caused many businesses to flourish as well. For example, there are approximately thirty three gas stations located within a three mile radius of the Bank of America Stadium (Mapquest, 2006). Larry Welsh, manager of Ray's AMOCO which has three locations within a one mile radius of the stadium, is directly impacted by the stadium and the fan base that the

Carolina Panthers bring to the city. He and an employee at Ray's AMOCO Svc on 325 W Summit Ave. collectively agreed that the arrival of the Panthers has caused them to change their business strategies in order to receive the utmost benefit for their proximity to the Bank of America Stadium. Through the interviews of employees at Ray's AMOCO it will become apparent that each gas station owner has had to consider different opportunity costs with the arrival of the Panthers and the Bank of America Stadium as well as various strategies to optimize their business and give them a competitive edge.

After talking to Larry Welsh, from Ray's AMOCO, it was evident that he has had to readjust to downtown Charlotte's exponential population boost during Panthers home games. Ray's AMOCO gas station is conveniently located 0.74 miles from the Bank of America Stadium and as a consequence, his gas station is extremely busy on game days. Welsh then went on to describe the activity in his store on a typical game day. He said that the store is really busy for a couple of hours before the game. They sell a lot of gas, because people from out of town are filling their tanks after arriving in Charlotte. He mentioned that you will also see things like drinks and snack foods sell more rapidly than usual. Then, when the game starts the crowds will die down. The store will literally go from full capacity to empty within a matter of minutes. When the game is finished, the crowd will increase once again. When asked whether or not his business is affected by the Panthers' wins or losses Mr. Welsh gave an unexpected response. He admitted that when the Panthers win, less people come to the gas station afterwards. Fans are more likely to go out and celebrate by dining in a restaurant with friends, or going to local bars.

To do these things you have to drive farther away from the Bank of America Stadium and this draws clientele farther away from the business's located close to the Stadium. Welsh also noticed that fans just want to get out of the congested traffic after the game and their gas stations are located right in the middle of it. However, when the Panthers lose the crowd is disappointed and they are less likely to go out after the game. Then, Ray's AMOCO receives more consumers in the store after a Monday night game because fans just want to gas up the car, grab a few snacks and drinks for the road and head home. So although Welsh admitted he loves to see the Panthers win, it is often a welcome sight to see them lose as well.

This goes to prove that a person does not need to attend a game or tune in to a broadcast to gain consumer benefits from a local sports team (Noll, Zimbalist, 1997).

Consequently, a major league sports event generates an archetypal "externality", or in others words, a benefit enjoyed by people who are neither buyers nor sellers of the production of the game. As authors Noll and Zimbalist mention in their book: *Sports, Jobs, and Taxes: the Economics Impact of Sports Teams and Stadiums*, the existence of this externality is often forgotten and this causes the direct demand for games that is experienced by sports teams to understate the total value of sports to local consumers. Therefore, consumers who never attend a game buy products associated with the local team, or show the least bit of interest in athletic events may have a substantial motivation to pay to keep the team from relocating to another community. The practical significance of the preceding arguments is, as Noll and Zimbalist mention, of course, extremely difficult to quantify

Another employee at Ray's AMOCO mentioned that some businesses have altered their entire business strategy when the Carolina Panthers NFL team moved into the Bank of America Stadium, giving them convenient proximity. The employee mentioned that many local businesses tried as hard as they could to get NFL merchandise because when people come into a store before going to the game and see Panther gear on display they are more likely to purchase it. Since they're already in the store purchasing gas, or snacks or whatever it may be they go ahead and get their Carolina gear as an added bonus. When they get it from a store before going in to the Stadium they do not have to wait in those huge lines at the Stadium. Although many stores do not have official Carolina Panther merchandise it is still Panther gear and it is significantly cheaper. This accessible and affordable gear appeals to consumers and allows store owners to generate a profit they would otherwise be unable to make, if it were not for the Carolina Panthers.

The employee of Ray's AMOCO said his store does not solely depend on the crowds brought into Charlotte by the Panthers and the Bank of America Stadium, but he says it sure is a big help. He recounted that on game days they are nearly twice as profitable as they would be on a regular day and he believed that all gas station owners in the area would agree that on game days it's madness until the game starts. Then it is busy again only until after the game.

The store manager of Ray's AMOCO figured that many local business owners altered their business plans with the arrival of the NFL franchise. Store owners know that they

have to order or have on hand extra snack foods, drinks, and Carolina Panthers gear on game days and on Bank of America event days. But when the fans are not in town, there is no need to carry as many perishable food items, because the clientele to buy these products is just not there. Store employees do not have to stock the shelves up with as much selection either because it simply will not sell until the crowd comes in. Although none of the store owners talked percentages or money they alluded to the fact that they are making a good return on the people the Carolina Panthers are attracting to the city of Charlotte.

Selling Carolina Panther gear, and hosting 73, 000 people on game days are not the only ways in which local business owners are benefiting from the Panthers. Ray's AMOCO Svc was first established in 1953. With the construction of the Bank of America Stadium the gas station found itself a mere 0.58 miles away from the Stadium. The owner of Ray's AMOCO Svc, which is traditionally closed on Sunday's, came up with an financially lucrative way to make money on Sunday's, when Carolina Panthers games are usually held, without opening his gas station. He clears the lots around the store and sells the parking spaces to the Carolina Panthers fans attending the game. This really helps the gas station business because the owner is able to make a day's worth of profits, but can still remain closed at the same time. The owner reported that on Monday nights the store is usually open but for those home games that do fall on Monday nights he'll close down the store because it is more profitable to sell parking spaces then to pay employees to work. During football games, gas stations are lucky to get a sufficient amount of

customers, so the sale of parking spaces allows them to maximize their profits and provides them with a worthwhile option.

Therefore, it can be concluded that teams and stadiums spur economic development and thus should be considered investments. [If significant numbers of consumers are drawn from outside the city, a net increase in spending is possible for a narrowly defined area. Hence, net job creation resulting from professional sports could hinge on the fan base that resides in the central city versus the suburbs or beyond or may even occasionally cross a state boundary, as in the case of the Carolina Panthers', which attract fans from both North and South Carolina and beyond] (Noll, Zimbalist, 1997). The Carolina Panthers are a great attribute to the Carolina's. The team feeds the passion and pride of the people as well as the cities economic growth. It is with utmost hope that the people of the Carolina's will continue to enjoy the benefits of playing host to one of the NFL's best football teams: the Carolina Panthers.

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Larry Welsh, manager of Ray's AMOCO and two employees at Ray's AMOCO Svc and Two Way AMOCO, personal interview conducted on November 20th, 2006