



# SportBusinessReview

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## Premier League

# Coca-Cola

# Coca-Cola gets its kit on

**NEW PARTNERSHIP VINDICATES PREMIER LEAGUE'S MULTI-PARTNER APPROACH**



Winning the Super Bowl won't change the Eagles' model



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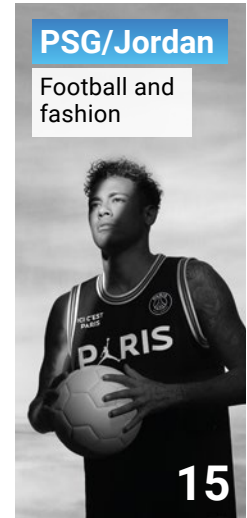
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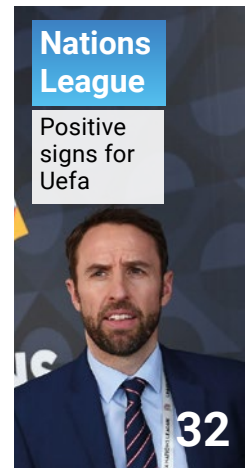
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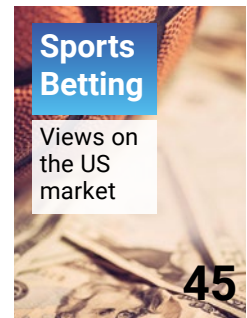
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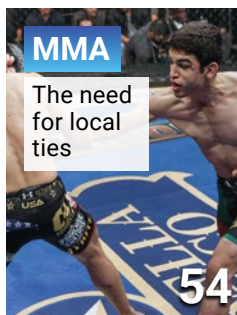
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# Coca-Cola buys global Premier League rights to push multiple brands in the UK

Three-and-a-half-year sponsorship deal starts in January 2019

IP-based deal will allow brand to promote low-sugar drink variants

Deal fills final slot in inventory but several deals expire next summer



(Coca-Cola Great Britain)

## Ben Cronin

At first glance, Coca-Cola's deal to become the seventh and final partner in the English Premier League's global sponsorship roster looked to be all about international promotion and reach. On the one hand there was the Premier League: a truly global sports property, broadcast to an estimated one billion homes in 189 countries; on the other hand, Coca-Cola: an internationally-recognised drinks brand operating in 206 territories and with the marketing resources to match.

Yet look a little closer and the

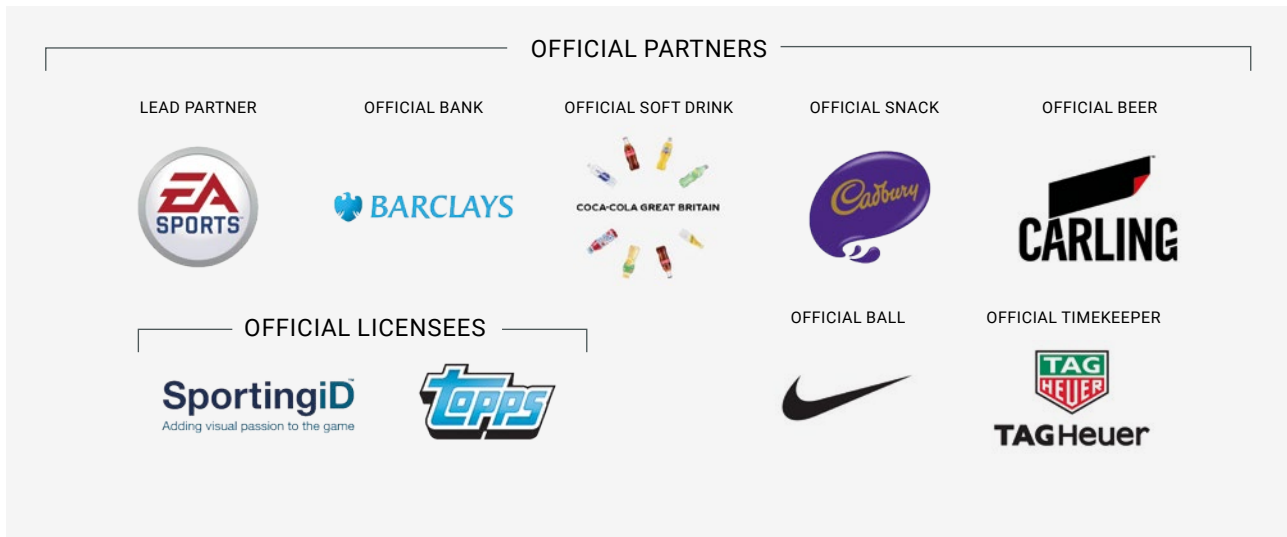
partnership reveals itself to be, at least initially, a lot more local in outlook. The three-and-a-half-year agreement, estimated to be worth £10m (€11m/\$13m) a season, has been led and contracted by Coca-Cola Great Britain rather than the company's head office in Atlanta, and although it effectively grants the UK arm of the drinks brand the international rights to the Premier League, its priority is to activate in the UK.

"The partnership is a global partnership, so we have global rights," Jon Woods, general manager of Coca-Cola Great Britain and Ireland tells *SportBusiness Review*. "I would anticipate that as they are global rights,

we will find some ways to develop that partnership around the world, but we've made the partnership happen for our business here in the UK."

The company plans to use the sponsorship deal, which commences in January 2019, to promote a range of drinks including sparkling soft drinks, water and fruit-based drinks, with low and no-sugar options – the first time Coca-Cola Great Britain has activated a sponsorship across multiple products and not focused exclusively on its Coke brand. Woods says it is the single biggest sponsorship deal the UK arm of the company has ever signed and that it will become the centrepiece of its marketing strategy.

## ENGLISH PREMIER LEAGUE SPONSORS, 2018-19



Source: The Premier League

Coca-Cola is one of the most active brands in football, with 63 deals across the 10 largest European football leagues and global sponsorship deals with Uefa for the European Championship and Fifa for the men's and women's World Cup, but Coca-Cola Great Britain has lacked a club football asset that it could activate more regularly in the UK since it ended a six-year partnership with the English Football League in 2010 to focus on its sponsorship of the London 2012 Olympics.

"I think what the partnership with the Premier League gives us is that it is always on, says Woods. "There's always something happening.

"Football is one of those very unique sports that brings people together on a social occasion, it brings them together at home, it brings them together in pubs, it's super sociable and that social interaction is at the heart of the soft drinks business."

### Multi-sponsor model

The deal is essentially built around the Premier League's IP after the league moved away from a title-sponsor-led sponsorship approach to a multi-sponsor model.

"It's access to player imagery; to match footage; to Premier League marks; and to the trophy as well," says Richard Masters, managing director

*"I think the move away from title sponsorship and the value it's brought to us as an organisation in terms of marketing and communications and also the commercial return...has been a significant net positive."*

**Richard Masters** | managing director, The Premier League

of the Premier League, of the assets that Coca-Cola will be able to activate under the agreement.

These, he says, are largely similar to those available to the other six brands in the Premier League portfolio. The use of player imagery, for instance, is determined by established principles which stipulate that four players from four different clubs have to be involved, and player appearances should be rotated to ensure a mix of clubs and players.

Woods says Coca-Cola's market research reveals that the Premier League is a strong passion point for its UK customers and it hopes to use the Premier League deal to provide them with greater levels of access to the league. The plan is for Coca-Cola and its bottler partners to use the league's

IP and imagery in point-of-sale promotions to introduce new brands or to encourage customers to consider its low-sugar options.

Although the brand has yet to plan all of the ways it will activate the partnership, Woods says it will look to enhance the fan experience through physical and digital activations, including a nationwide Premier League trophy tour – a strategy Coca-Cola previously used to activate its Fifa World Cup sponsorship rights.

The latter campaign used the trophy tours to reward football coaches, promote activity and engage with grassroots football, and the new partnership is likely to take a similar approach.

"I think the idea is we will use the partnership to give fans more access to football with behind-the-scenes coverage, tickets, merchandise and then the trophy tour, which we are very familiar with because of our relationship with Fifa," says Woods.

Tantalisingly, a joint press release said the two parties were also "working to promote sustainability and recycling and will use the partnership to work together to continue this", although further details will not be announced until 2019.

Coca-Cola has come under fire for not doing more to tackle plastic pollution, but recently joined

*“We will find some ways to develop the partnership around the world, but we’ve made the partnership happen for our business here in the UK.”*

**Jon Woods** | general manager, Coca-Cola Great Britain and Ireland

companies like Proctor & Gamble, Unilever and Nestlé in signing a pact to reduce waste and increase recycling. Any activation that uses its Premier League sponsorship for a social purpose would align itself with the league’s own efforts to boost its own CSR (corporate social responsibility) credentials, now that it has the freedom to develop its brand unhindered by a title sponsorship.

Writing a blog for Synergy Global in 2017, *SportBusiness Review* columnist Tim Crow said: “If you ask people what [the Premier League] stands for other than football, the majority will say money, truckloads of money – and not in a good way. People don’t believe that the Premier League has a purpose beyond profit – the essential ingredient for the most successful contemporary consumer brands.”

The league has sought to address this with the launch of the Primary Stars schools programme, which teaches life skills and offers PE, maths and English resources to schoolchildren. It also partnered with Sky in April to promote the Sky Ocean Rescue Campaign to reduce single-use plastics.

There is a possibility Coca-Cola could use these programmes to amplify its own CSR messages although recycling is not thought to be central to the campaign.

“I’d be very surprised if Coca-Cola didn’t do something which wasn’t what you might call grassroots-related, whether it’s getting people active or using the Premier League in some way for a social purpose. It’s pretty much ingrained into anything that it does worldwide,” says Crow, who worked with Coca-Cola Great Britain when it partnered with the EFL in 2004, and correctly predicted the latest

sponsorship deal in a column for *SportBusiness Review* in July.

The fact that Coca-Cola is hoping to incorporate a CSR element and market low-sugar brands and water through the partnership will help the league to contend with the inevitable criticisms for partnering with a manufacturer that is synonymous with sugary fizzy drinks.

Coca-Cola takes its place alongside chocolate brand Cadbury and beer brand Carling on the Premier League’s roster, hardly the healthiest messages for a league to promote. One sponsorship expert said the deal was a risk worth taking, given that the Premier League would not be the only rights-holder to take money from confectionery and soft drink partners.

**Cadbury**

If Coca-Cola is looking for an example of a successful point-of-sale Premier League promotion it need look no further than the way Cadbury activated its three-season partnership with the Premier League which started in the 2017-18 season.

The league’s official snack partner launched a national on-pack promotion called ‘Match & Win’ across the entire range of Cadbury chocolate bars,

offering consumers the chance to win Premier League tickets. The campaign was so successful, it resulted in a 49-per cent growth in sales and reversed a decline in the chocolate category.

“That’s one that stands out,” is Woods’ response when he is asked if the Cadbury deal persuaded him of the value of Premier League rights. “I heard they quoted it in their annual results at one point, [but] I think we were super-interested in the Premier League anyway, regardless of what we’ve seen other people do.”

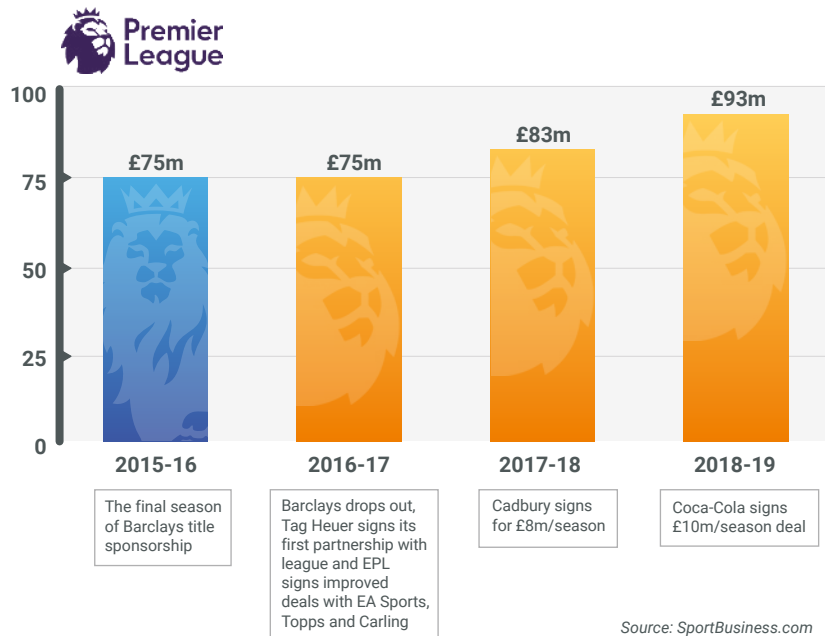
**Vindication**

Woods adds that the way in which Premier League sponsorship rights are structured “really works” for Coca-Cola and makes them “very easy to activate”.

The fact that the deal fills the seventh and final slot in the Premier League’s sponsorship inventory also appears to vindicate the decision the league took to adopt its multi-partner approach after Barclays’ title sponsorship of the league came to a close at the end of the 2015-2016 season.

“I think the move away from title sponsorship and the value it’s brought to us as an organisation in terms of marketing and communications and

COMBINED CENTRAL SPONSORSHIP REVENUES, 2015-16 TO 2018-19





(Laurence Griffiths/Getty Images)

also the commercial return – both in terms of direct revenue via our partnerships and also the added opportunities it has handed back to clubs – has been a significant net positive,” says Masters.

Premier League central sponsorship revenues have not been adversely impacted by the move. For the 2015-16 season – the last season of the Barclays’ £40m-a-season Title Partnership – combined Premier League central sponsorship revenues stood at roughly £75m per season.

In the 2016-17 season, they stayed flat at around the same figure, as the loss of the £40m a season the bank paid for the title sponsorship was offset by the £10m a season it paid to move across into the league’s Official Bank designation. This was combined with a new partnership with Tag Heuer (to become the league’s Official Timekeeping Partner) and an uplift in renewals with EA Sports, Carling and Topps.

In the 2018-19 season, central sponsorship revenues rose to £83m thanks to a three-season deal with Cadbury worth £8m a season. The £10m Coca-Cola deal will take central sponsorship revenues to roughly £93m

a season and central commercial revenues – the figure combining sponsorship, licensing, radio rights and a share of FA and EFL Cup sponsorship revenues that the Premier League publishes in its annual payments to clubs – to around £106.77m.

Dispensing with the Title Sponsor model has freed the Premier League to develop its own brand and IP and has encouraged more partners to sign – partners which might have been dissuaded by the prospect of having to put a Title Partner like Barclays into their communications.

It has also handed a share of sponsorship inventory back to clubs. Although the league still requires some of its own branding to appear on perimeter boards during matches, it has reduced this requirement now that Barclays is no longer involved, freeing clubs to sell this inventory themselves. Similarly, it has enabled the league to lift restrictions on clubs signing financial partners of their own.

Central sponsorship revenues increasingly represent just a small share of club revenues when compared with the central TV revenues the Premier League distributes among its 20 teams. Last season, TV payments

to clubs were worth between £90m for the lowest earner and £145m for the highest, while the £40m Barclays deal was worth just £2m per season per club when split 20 ways.

“As time goes on and TV revenues increase, that title sponsorship as a percentage of global revenue goes down and down until the point where you look at that and you say, well even if it’s £50m or £60m, is that really a lot of money when we divide it up amongst the clubs?” says Misha Sher, worldwide vice-president, sport and entertainment at MediaCom.

“Manchester United can sell that inventory for a lot more,” he says of the pitch-side assets the Premier League has handed back to clubs. “For example, if you have a minute or two minutes of their LED time, it’s quite a substantial amount of money.

“They will certainly be able to include that in their sponsorship proposals to either upsell or to sell to a new partner because it’s such a premium inventory that clubs have, particularly the clubs in the top half of the table.”

The other appeal of the multi-sponsor approach is that it gives the Premier League the opportunity



*“I think what the partnership with the Premier League gives us is that it is always on, there’s always something happening.”*

**Jon Woods** | general manager,  
Coca-Cola Great Britain and Ireland

to cultivate IP-based relationships with brands that aren’t interested in sponsoring individual teams.

“The problem with picking off one team is you alienate the fans of rival clubs, so really in this market Coca-Cola’s approach has always been to sponsor leagues and tournaments rather than sponsor specific clubs,” says Crow.

Woods says Coca-Cola already has pouring rights with 19 out of 20 Premier League teams (the exception is Leicester City) and the Coke brand already enjoys extremely high brand awareness across the UK, another reason why it isn’t in the market for a single-club sponsorship.

“I think this is the best way for us to be involved in football nationally,” he says. “The biggest brand in the portfolio is very well-known; it’s not about awareness for that brand, which may be a reason to get involved with individual clubs. But that’s not the right way for us to do our business; I think the Premier League is the correct way for us to do our business.”

### Renewals

The Premier League may have filled the final slot in its sponsorship roster, but this will only be the case until the end of the current season (2018-19).

The league operates in three-season sponsorship cycles and the three-and-a-half-year Coca-Cola deal has been designed to span the remainder of this cycle (2016-17 to 2018-19) and the full three seasons in the next cycle (2019-20 to 2021-22).

Next summer, the Premier League’s deals with EA Sports, Barclays, Carling and Nike will expire. Aside from Coca-Cola, watch brand Tag Heuer is the only other sponsor tied into the next cycle, having renewed in August this year. The



Coca-Cola Great Britain and Ireland general manager Jon Woods (Coca-Cola Great Britain)

Cadbury deal expires in the 2019-20 season and is out of kilter with the three-season cycle.

“There’s obviously some work that needs to be done for the next commercial term and we’re hoping to make some more announcements between now and Christmas,” says Masters.

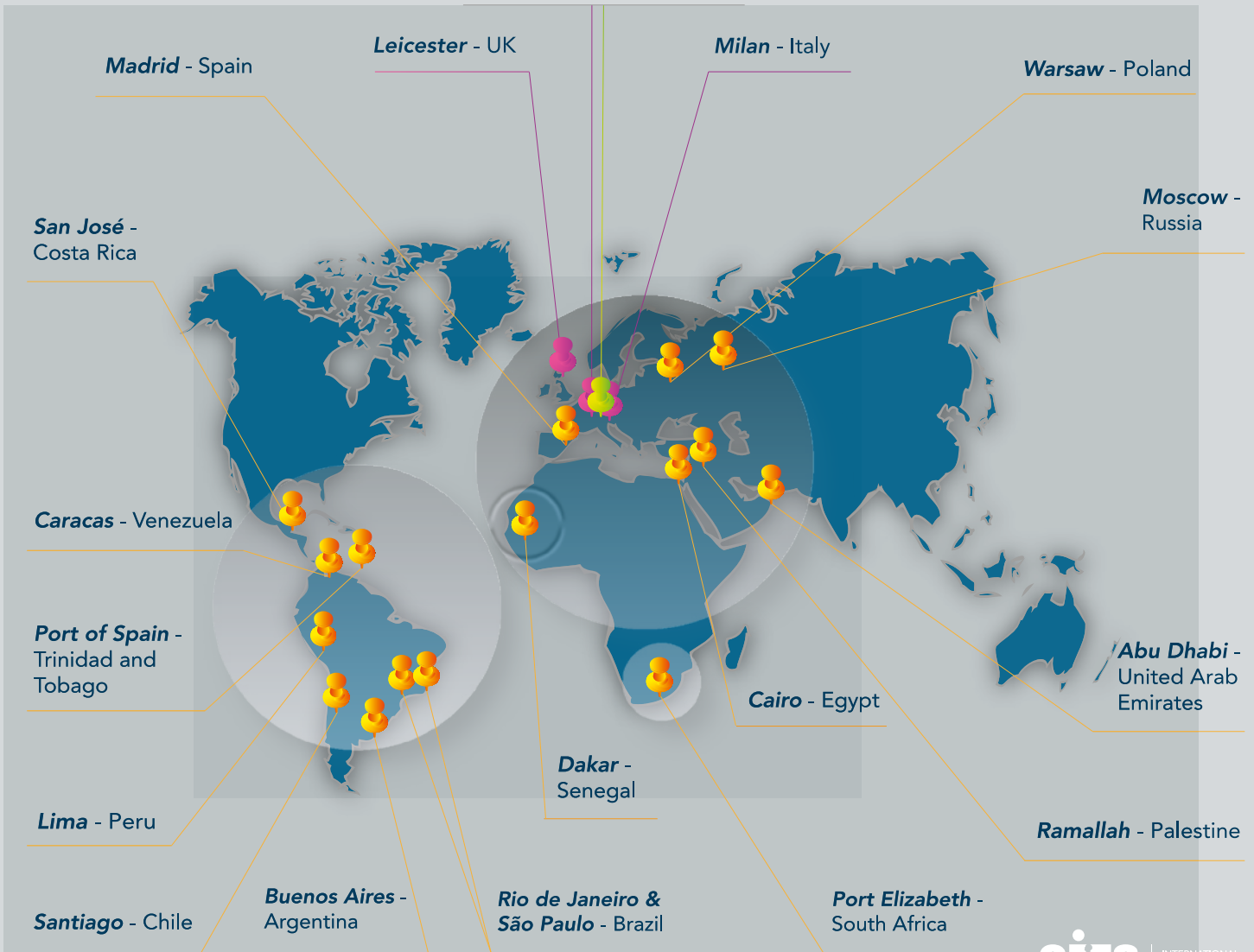
Contrary to some rumours, Woods and Masters say the timing of the announcement of the Coca-Cola deal

(September 13) had nothing to do with the start of the school year and that the January start date is simply the earliest date in the calendar the two parties can start to activate.


“I don’t think back-to-school would particularly impact what we would do,” says Woods. “I think the timing just works for us because of when we started talking. It was too late to make it happen when the season started, but we didn’t want to wait another year.” ○







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## Marcelo Cordeiro, Licensing Director, IMG and FIFA Master Alumnus

The Brazilian Marcelo Cordeiro, 42, is yet another good example of an accomplished professional who came to impact the sports industry following his graduation from the FIFA Master. The "carioca" (natural from Rio de Janeiro) graduated from the prestigious course in 2006 and is currently the Licensing Director at IMG – the giant sports and entertainment agency, part of the Endeavor network. "IMG works closely with some of the world's top brands such as Juventus, Ducati, UFC, NFL, Sergio Tacchini, UEFA Euro 2020, Wimbledon and many others. My main task is to grow the value of IMG's clients' brands and/or events", he explains.

Marcelo feels that his biggest challenge is always to find creative solutions and good partners to put into practice various ideas that help them to develop each licensing programme in its own unique way. "Brand licensing increases consumer engagement opportunities through diversified product purchases and experiences, and that greater engagement can be a valuable contributor to consumer attention, loyalty and sales", he explicates. "Fundamentally, brands facilitate consumer choices. A meaningful brand will resonate in the consumer's mind as reliably delivering desirable attributes. A good brand is like an old friend you know can be relied on to get a particular job done".

He says that successfully changing his career path to work in sports is probably one of his most meaningful accomplishments. "After years working in marketing and communications I've decided to move into the sports industry and the FIFA Master was the path to achieve this goal". He continues: "The FIFA Master really helped me to get into the sports industry and re-start my career adding great value my previous experiences & personal skills in order to become part of something that had always been my objective".

One of Marcelo's fondest memories of the master was attending the Winter Olympics that took place in Turin, while the class was studying in the second module of the course, at SDA Bocconi, in Milan. "Being able to go to the 2006 World Cup in Germany was great too", he remembers.

IMG is responsible for Juventus FC licensing. How does Cristiano Ronaldo's move to the Italian club impacts your job - strategy, goals, etc?

IMG represents Juventus in Asia and North America and our partnership started back in 2015. The club has substantially revised its licensee portfolio, consolidating its home market in Italy, and beginning an ambitious international development program that we are very proud to be part of and to help building. Today, Juventus continues its expansion globally and Cristiano Ronaldo's transfer is definitely contributing to the rapid growth of Juventus' social media and brand exposure globally which has a direct impact on the brand licensing business as well.

**Do you still remember why you did the FIFA Master? Was it worthwhile for you?**  
I have always been fascinated by the sports industry and wanted to somehow be part of it. The FIFA Master was the way to get involved by not only learning how the industry works but also through the amazing network of people that has and still is growing over the years.

**Are you still in touch with classmates or other alumni? How important is that network for you?**

Absolutely. The beauty of it is that there are alumni living literally everywhere in the globe and there are always chances to meet them. After the course most people tend to have less free time but the Alumni Association does a great job in organizing regular events that are good opportunities to always see again former graduates as well as to meet the new ones.

**Many candidates join the FIFA Master hoping to one day do what you do. Do you have any advice for the current students of the FIFA Master?**

Stay focused. The FIFA Master can really help students in getting into the sports industry but it is very important that each person has a clear idea on what are their personal goals and what is the best way to get there. The industry has many opportunities, which is great, but it is also key to define how you position yourself inside of this environment.



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# 'The Match' shows the spirit of format innovation that saved the Ryder Cup

Ex-Synergy boss **Tim Crow** argues that innovation is the lifeblood of golf and that the Woods v Mickelson showdown will succeed because, like the Ryder Cup, it offers an alternative to the sport's staid formats.

**T**raditional sports all face the same existential crisis. How can we make the next generation, distracted by always-on personal tech and infinite competition for their attention, become something like – anything like – the loyal fans that their parents and grandparents were?

The behaviours created by this technology and competition have handed traditional sport the biggest marketing challenge in its history.

And when you consider which sports face the toughest challenge, it's difficult not to put golf near the top of the list.

The average age of a PGA Tour viewer in America is 63 and this trend is replicated worldwide. Playing numbers have also been steadily dropping for years. Only one player shifts the needle, and he's back at the top of the leaderboard – but what happens when Tiger Woods is no longer there?

Legacy image problems that are tough to shake off are also a problem. As is any association with Donald Trump.

And above all, a primary product – 72-hole individual tournaments played over four days – that is taking longer and longer to play, and therefore longer and longer to watch, while other major sports are creating products that are going the other way. If they aren't already there.

New formats. Re-imagined formats. Shorter formats. Faster formats. Above all, more entertaining formats. Format innovation is key to taking on the biggest marketing challenge in sport's history, so what should golf do?

First up there's the Ryder Cup. As always it will create stories; grab headlines; court controversy; ignite social media; and above all draw in tens of millions of people who wouldn't otherwise follow golf. And it is of course a triumph of format innovation.

In 1977 the tournament was all but dead, following years of predictable

and overwhelming US victories over a hopelessly outmatched Great Britain & Ireland team. But in 1979, at the inspired suggestion of Jack Nicklaus, GB & Ireland became Europe to strengthen the team and make the matches more competitive.

In its search for new formats and new ways of marketing itself to new audiences, golf can take many lessons from the Ryder Cup, but I'd pick two in particular.

The first is that the Ryder Cup invites over 700 million Europeans and 300 million Americans to get behind their teams. Teams that rarely compete under the same flag, and never against each other in a major sport. This makes it a much bigger deal, and much easier to buy into than tournament golf.

The second is another fundamental truth about how we buy into the Ryder Cup. Yes, it's about teams and identity, and of course it's about who wins the match. But it's also about players who, ordinarily, we don't care too much about suddenly being transformed into household names.

All of which brings me to golf's latest format innovation, 'The Match' aka #TigerVsPhil: the \$9m (€7.8m) pay-per-view match between Tiger Woods and Phil Mickelson scheduled for Thanksgiving weekend in Las Vegas.

Inevitably, it's already attracted a lot of criticism from traditionalists for being too commercial – the money, the trash talk, the hype. But that, of course, is the point.

This is format innovation, the model here is pay-per-view boxing title fights, and you don't make bank in the era of infinite competition by playing it safe.

Neither do you attract the attention – and the dollars – of the next generation.

Woods v Mickelson is now even more of a guaranteed payday, because all of those greying American golf fans who worshipped Tiger in his pomp will even more happily choose him over the NFL on Thanksgiving weekend, just as they did

when he won the Tour Championship in September.

There's also more than a little irony about traditionalists bemoaning 'The Match', because it's actually a throwback to the genesis of modern golf marketing, when IMG founder Mark McCormack created 'Big Three Golf' made-for-TV money matches featuring Arnold Palmer, Jack Nicklaus and Gary Player, and sold them to TV networks and sponsors in America and worldwide.

Format innovation is key. To market golf to a new generation; create new heroes for that generation; and find new ways to monetise it. If McCormack was alive today, I have no doubt he'd be repeating the trick with all kinds of new formats to re-imagine and re-package golf, and market it to a new generation. And maybe he'd start by combining what makes the Ryder Cup transcend golf with something like 'The Match'.

Maybe golf should too. [O](#)



# 'The Match' shows why marketers should leave the Ryder Cup alone

In contrast to Tim Crow, **Richard Gillis** of Cake (Havas) argues the "sheer obviousness" of Woods v Mickelson in Vegas shows how easy it would be to ruin the Ryder Cup.

It would be very easy to ruin the Ryder Cup. For a glimpse into a parallel universe, take a trip to Las Vegas in November to witness the \$9m one-off head-to-head between Tiger Woods and Phil Mickelson.

As a sporting event, there is not a single authentic thing about it. From the contrived winner-takes-all fake jeopardy through to the excruciating Twitter banter, it reads like two tipsy estate agents at a Christmas do.

Worse than all that is the sheer obviousness of it all. The great game is stripped of what makes it interesting – it's UFC for golf fans.

There also lies the assumption that the free market knows best. The Mickelson-Woods extravaganza is a proxy private-public sector battle in which the players, agents and their marketing advisors are positioned as sexy disruptors against the petty bureaucrats, the grey men in blue blazers, who hide behind consensus

and committee to impede growth and innovation.

A more balanced view is that the game's administrators have been a necessary counterweight in the system. "The single most difficult issue of the Ryder Cup is finding the balance between the authorities and the stars of the game on both sides of the Atlantic," says Keith Waters, European Tour chief operating officer.

He's not wrong. Since its inception in 1927, the Ryder Cup has emerged as a wonderful sporting anomaly, a peculiarly-shaped thing that has largely resisted the marketing industry's impulse to dumb it down.

Three days of head-to-head competition every two years between two teams of twelve of the best golfers from Europe and America. The players compete in 28 matches in all, each worth a point, with a half point awarded for drawn matches. The first team to reach 14.5 points wins.

The ownership and management of the event's commercial rights are every bit as eccentric as the format. The PGA of America owns and runs the Ryder Cup in the US, and that role is replicated by the European Tour and the PGAs of Britain and Europe.

Because of its success, the Ryder Cup has been the subject of boardroom battles and power struggles on both sides of the Atlantic. Most notable was an attempt to wrest control of the event by the PGA Tour's then commissioner Deane Beman, one of the most influential people in the game's history. Beman's tenure ran between 1984 and 2004, a period in which the organisation's total assets grew from \$400,000 to more than \$500m.

"The rest of the world was awakening to golf" he said, in his biography, *Golf's Driving Force*. "And I thought if I could get control of the Ryder Cup, I envisioned making it a three-way match with the rest of the world."

Luckily, Beman failed in this attempt, which led to the creation of The President's Cup in 1994.

Nothing about the Ryder Cup is simple. The main assets are the players who are often conflicted by their own deals with competitor brands in the same categories as those being sold centrally. What's more, the event's relative scarcity makes it challenging to sustain a brand story in the two-year vacuum between cups.

The rise in profile of the two team captains is in part a reaction to this.

Their every press conference answer is ransacked for meaning as to his wildcard choices and pairing decisions.

So, what's to be done? Having inherited such a dazzling yet imperfect jewel such as the Ryder Cup, what will the next generation of sports marketers do to take it to the oft-discussed 'next level'?

There are two answers. The first is to try and grow it further. Build the brand, stretch the format, create more stuff.

There is excess demand for tickets, so give them four days rather than three, something Colin Montgomerie once advocated. More tickets, more hospitality, more money. The next step would be to increase the frequency of the event by making it an annual competition. And finally, let's get serious by adding prize money, pots of the stuff. It would be like the FedEx Cup but with national anthems.

The other solution to managing the future trajectory of the Ryder Cup is more radical, and arguably far more difficult: leave well alone.

Know when you got lucky and do nothing. Accept that the Ryder Cup is different, strange and nuanced, and that's the very reason to preserve its unique place in the golf and sporting calendars.

But doing nothing is one of the most challenging tests of leadership. And history suggests that most people fail it. ○



(Mike Ehrmann/Getty Images)

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Full of surprises.

# Paris Saint-Germain strengthens global ambitions with Jordan Brand partnership

Players will wear Jumpman logo in Champions League games after three-year deal with Nike subsidiary

Co-branded apparel and footwear collection extends club's entry into world of fashion

PSG hopes to raise \$325m (€200m) in extra income from the partnership



(Paris Saint-Germain)

## Bob Williams

**P**aris Saint-Germain's partnership with the Jordan Brand is the latest step in a strategy designed to transform the club into a global brand as glamorous as Paris itself.

Announced in September – after being teased throughout the summer – PSG players will wear the Jumpman logo on specially-designed kits during Champions League games, while more than 90 co-branded fashion items have been created.

The three-year deal – during which no other soccer team can partner with the Jordan Brand – is part of PSG's long-standing relationship with kit supplier Nike, which owns the brand named after NBA icon Michael Jordan. The pair will share revenues and it is

believed PSG hopes to raise \$325m (€200m) in extra income from the deal.

Since being taken over by Qatari Sports Investments in 2011, PSG has embraced the world of fashion to try to differentiate itself from its storied European rivals and further its global reach. The Jordan Brand partnership is the latest and biggest step in this process.

“Merging sports and lifestyle to get a broader fanbase is a key part of our strategy,” Jérôme de Chaunac, PSG's managing director, Americas, tells *SportBusiness Review*. “The Jordan partnership is a way to strengthen our lifestyle position and it's also a way to grow our revenues. We are trying to attract people because they feel that PSG is a cool brand, that it is bringing something new.

“We know it's worked because in less

than a week fans have gone crazy about the products.”

Within three hours of the ‘Paris St-Germain x Jordan Brand’ launch on Sept 14, PSG sold out their entire online stock of 5,000 pieces from the collection, while 20,000 items were sold in stores in Paris, Doha and Tokyo on the opening day.

PSG hopes the partnership can further move club merchandise – and by extension the club itself – into the fashion mainstream in the same way Jordan Brand basketball jerseys and trainers are worn as style items across the world.

In 2017, Jordan Brand products generated \$3.1bn of Nike's total revenue of \$28.7bn. The brand was the fastest-growing line for Nike in the fiscal year, up 13 per cent from 2016. Nike has set the target of gaining



\$4.5bn in revenues from the Jordan Brand in 2020.

To strengthen its position in North America and further grow overseas, the Jordan Brand has looked to expand beyond its basketball roots. In 2014, the Jordan Brand ventured into athletics with the Jordan Flight Runner shoe and two years later the University of Michigan became the first American football team to wear the logo.

“The Jordan Brand is a truly global brand,” says de Chaunac. “It is based on, like us, performance and excellence in sports and also an excellence in fashion and lifestyle. It is a way for the Jordan Brand to put a foot in soccer and it’s a way for us as a brand and a team to have a global audience, because the Jordan Brand is huge.”

### Putting PSG in a position to ‘go global’

After QSI’s takeover of PSG in May 2011, the club’s president and chairman of QSI, Nasser Al-Khelaïfi, set out to immediately improve the club’s stature both on and off the field. “From the get-go, the ambition was to become

*“We are trying to attract people because they feel that PSG is a cool brand, that it is bringing something new.”*

**Jérôme de Chaunac** | managing director, Americas, Paris Saint-Germain

a leading sports brand. It’s not just soccer, it’s sports and it’s not just team, it’s brand,” says de Chaunac.

This twin strategy involved significant investment in the squad to make the team a force in both Ligue 1 and the Champions League, while also embracing the world of fashion to bring new audiences to the brand and, in turn, increase the fanbase.

Over \$1bn has since been spent on overhauling the squad – including the two most expensive players in the game, Neymar (\$242m) and Kylian Mbappé (\$158m) – to make the club dominant in Ligue 1 and a regular contender in the Champions League knockout stages.

Founded in 1970, PSG cannot match

the gilded history of current European peers like Barcelona, Bayern Munich and Real Madrid. But what it has is youth: the club believes this gives them, according to de Chaunac, “a nimbleness that other clubs don’t have because of the weight of their traditions”.

“We are a young club, created in 1970 when all the other big teams were already nearly 100 years old,” he adds. “This obviously gives them a lot of history and tradition but our young age gives us the chance to be the club for the future, to be more innovative, more nimble and leverage the opportunity we have to go beyond just a football club by collaborating with a lot of brands, athletes, celebrities [and] fashion designers.”

Holding up the second pillar of the club’s branding strategy is its home: “We have two huge benefits and assets,” says de Chaunac. “Firstly, Paris. It’s one of the most attractive cities in the world and it means so many different things for so many people: history, culture, fashion, elegance, gastronomy...you name them. So you really want to leverage what Paris means and why it is so attractive for so many people.

“Secondly, no other big European city has just one big club. PSG equals Paris and Paris equals PSG. If you go a little further outside of Europe, PSG equals France.”

In its entry into the world of fashion, PSG partnered with Swiss watchmaker Hublot in 2013 to create a PSG-branded King Power watch that players modelled at the Hong Kong fashion show the following summer, during the club’s tour of the Far East.

In 2014, German fashion house Hugo Boss became the club’s official tailor, supplying players and coaches with formal suits to be worn ahead of all home matches in the league and Champions League, a partnership that has been renewed twice since.

A year later, PSG teamed up with American clothing manufacturer Levi’s to create the Levi PSG Trucker jacket, which featured the team name embroidered on the back and the PSG logo on the left shoulder. In 2015, PSG also began partnering with





(Paris Saint-Germain)

Japanese streetwear label SOPHNET for a series of branded fashion items, such as leather jackets, hoodies and sweatpants.

In September 2017, PSG featured at Paris Fashion Week in a collection by French label Koché that reworked the club's jerseys into a series of different designs. A month later the club partnered with the Rolling Stones for the band's Paris leg of their 'No Filter' tour – releasing a fashion collection with PSG's red and blue colours as well as the band's famous tongue and lips logo. The collaboration was arranged by Bravado, the branding and merchandising arm of Universal Music.

Celebrities have gravitated toward the team, with the likes of Beyoncé, Kendall Jenner, Naomi Campbell and Rihanna being pictured in the stands at Parc des Princes in recent years.

"One of the biggest opportunities we have – and it is the biggest difference between us and our competitors – is the lifestyle angle, the fashion angle, the entertainment angle," says de Chaunac. "This brings new audiences to the brand, including a lot of influencing people from the pop culture, music, fashion and

entertainment worlds, and also a younger audience interested in our lifestyle mantra and not just by our results on the field.

"We want [to attract] people who might not be huge soccer fans – or even aware of what soccer is – and have them come to us through a different angle."

### Taking a big jump with the Jordan Brand

The partnership was teased earlier this year when photos surfaced online in May of a black Air Jordan 5 Retro sneaker with the Jumpman logo replacing the Eiffel Tower in the club's crest. Later in the summer, singer Justin Timberlake wore a black jacket with the 'Paris St-Germain x Jordan Brand' logo for a concert in Paris and rapper Travis Scott donned a co-branded basketball jersey at a festival in north-eastern France.

"The partnership with the Jordan Brand started with our president and Nike senior executives talking about what was next for the Nike-PSG relationship, which is almost 30 years old," says de Chaunac. "There are other big Nike clubs – Barcelona,

Manchester City – but we are different.

"When you think about PSG-Nike on one side and our position of being a lifestyle and entertainment brand and attracting a new audience because of that, the Jordan Brand deal came as a perfect match."

PSG have a number of players who have personal sponsorship deals with Nike and will be able to promote the brand, both individually and in groups. Neymar – who collaborated with the Jordan Brand in 2016 while he was at former club Barcelona – Mbappé, Edinson Cavani, Marquinhos, Thiago Silva, Marco Verratti, Dani Alves and US international Timothy Weah all have links to the company. "We can leverage the players because they are fashionistas who attract a new type of audience," de Chaunac says.

"I don't think we could have done this five years ago," de Chaunac adds. "We first needed to become stronger in France, we needed to rebuild strong foundations. We believe that our brand has become stronger. In Europe we are recognized as one of the top eight to 10 clubs – now we want to reach the top three." ○

# LaLiga's social responsibility

Spain's top football league is setting a new benchmark in international sport with its CSR initiatives.

LaLiga's international reputation extends beyond the renowned qualities of its world-beating clubs and its superstar footballers.

Corporate social responsibility (CSR) has been a huge priority for LaLiga in recent times, with a total of €67m (\$77m) having already been ploughed into the Spanish league's CSR strategy in 2017-18 alone.

The vast majority of the total has been allocated towards active participation and community development, including support for amateur football, women's football, the second tier, training programmes worldwide, the LaLiga scholarship plan and some 65 different national sports associations, among other project areas. LaLiga has anticipated future changes in the law

that could require all companies to develop a social responsibility policy, and has seized the initiative to develop its own, even though currently only companies listed on Spain's stock exchange are required to implement such a programme.

LaLiga has spent the last two years setting up its own CSR project, through the LaLiga Foundation.

**David Baixauli, chief of economic control at LaLiga, explains why and how CSR has become such an integral part of LaLiga's offering.**

## Why has CSR been implemented as part of LaLiga's general strategy?

Since the implementation of the financial control system, which came into force for clubs with the Royal Decree that centralised the sale of media rights, there have been two significant impacts.

Firstly, there has been an increase in social actions by clubs due to their improved financial health. Secondly, there has been an increase in terms of LaLiga's financial investments in a broad CSR programme due to improved income, resulting from a rise in revenue from the current process for marketing the media rights.

This increase in social actions, and the large financial investments, have required an orderly framework for action and dissemination with centralised management through an assessment system that allows us to implement methods to measure and control our social actions and thereby assess and quantify the social profitability of our programmes.

The aim is to provide lessons and encourage our clubs to increase their social actions in line with LaLiga's



social strategy. Our principles are: to standardise and create a code of conduct; to earn an official certification for our CSR activities; to verify and audit the value chain; and to report social actions.

## What is the purpose of LaLiga's CSR strategy?

LaLiga's strategic objective is to establish itself as an instrument of guidance and support for the development of social, ethical and responsible practices. In the present day, professional sport comprises an increasingly globalised industry that has an obligation to praise its positive social effects and its financial dimension

over and above certain irresponsible practices that must not damage our credibility and social image.

## What is the leadership structure behind LaLiga's CSR strategy?

The Foundation has always been the compass and executive arm of all social activities, and recently the creation of a CSR department has been accomplished in order to amplify its actions and to organise and disseminate the entirety of its social work, both internally and externally.

## Which areas are covered by LaLiga's CSR strategy?

There are five key areas of interest.



The first of these is human rights, with its scope including actions against discrimination and vulnerable social groups. In the second area, labour practices, we are focused on human development and continuing education at work, plus the quest for fair working conditions and social protection.

The third area looks at fair operating practices, and covers responsible political participation, fair competition, promotion of social responsibility in the value chain and respect for property rights.

The fourth area, active participation and development of the community, encompasses training in grassroots football; solidarity and social protection of amateur football and high-level sport; promotion of community involvement; promotion of women's football; and the development and promotion of the 65 sports associations in Spain. The final area of interest is governance, namely the integration of responsibility across the entire organisation.

#### **How is the CSR strategy integrated into the rest of the LaLiga brand?**

We want to carry out ethical and

responsible efforts, which are not limited to specific social actions disseminated in extensive strategic plans and CSR reports, but also have the objective of the LaLiga brand being perceived as more than simply 'brand-washing'.

The strategic key to integrating our CSR project with the LaLiga brand and its promotion is to unite our social objectives with the brand principles. This will allow us to increase our social contributions, viewing the social factor as an opportunity to stand out in the market.

#### **How are LaLiga's CSR activities promoted?**

At LaLiga we believe that when developing true social responsibility actions, their publication is not the priority, because the main objective is to assess whether our actions truly bring about social change in the conditions of a community or the social groups in which we operate. Even so, disseminating the values – rather than the actions – of LaLiga's CSR programme is one of the core aspects of our strategic plan.

Together with the communications and brand departments, two measures are being implemented. Firstly, the coordination of content, channels, media and methods of communication. Secondly, in the immediate future, the publication of the governance report, the CSR report and the economic/ financial report as a single and comprehensive public accountability document.

#### **How do you expect LaLiga's CSR strategy to develop over the coming years and what are your hopes?**

We aim to convert our CSR project into a differentiating element, which gives our brand a different direction, providing it with greater authenticity and strength to grow over time. We also want to achieve a comprehensive alignment of LaLiga's strategic CSR plan with the CSR programmes of each and every club, and for LaLiga to continue to expand its actions as a driving force behind them.

"In short, our main approach is to stand out from the competition thanks to the social factor, and to increase our actions in terms of corporate responsibility, as the basis for social responsibility. ○

# A foundation for change

Established in 1993, the LaLiga Foundation has spearheaded numerous influential CSR projects.

**T**wenty-five years after its launch, the pioneering LaLiga Foundation is continuing to play a leading role in the CSR programme of Spain's top football league.

The programme's work is underpinned by institutional, cultural, educational and social activities, "with the objective of transforming society through conveying the positive values inherent to football", according to the foundation's director, Olga de la Fuente.

Under the four pillars – of integrity, hard work and self-improvement, teamwork, and transparency and good governance – the foundation supports projects that focus on the most vulnerable groups in society, with a particular focus on: childhood and youth; education; sport and values; social inclusion; promoting equality; solidarity; and development.

"Our projects are designed to be sustainable over time, seeking to generate a positive impact on society and on the environment in which we carry out our activity," de la Fuente says.

Unique projects have been launched by the foundation, which has a budget of €4.25m (\$4.9m) for the 2018-19 season.

## Unique projects

The Future Fan campaign, an educational initiative for schoolchildren, encourages positive sporting values, such as sportsmanship, tolerance and respect, with a commitment towards eradicating violence from football. In the third edition of the project, which concluded in June, Future Fan reached out to 13,000 students across Spain.

The Winning Values programme, meanwhile, aims to improve social harmony in schools by revitalising sports participation and has been awarded the 'Injuve Young Talent' honour by the



Spanish Youth Institute (Injuve), which is affiliated with the Ministry of Health, Social Services and Equality.

The Social Fair Play project seeks to promote football's positive social impact, while the foundation has collaborated with other organisers to support the launch of the Spanish Volunteering Platform.

In addition, in the field of educational activity, a roster of prestigious speakers have been lined up to ensure the foundation is considered a "point of reference in terms of sports law and other related subjects", de la Fuente says.

"All of this contributes to the ongoing education of professionals at our affiliated clubs and public limited sports companies in the wide range of subjects which affect their daily work," she adds.

## International sphere

In the international sphere, the league's CSR initiatives are helping to enhance LaLiga's social brand and its global positioning.

"We take part in Erasmus+ Projects that are financed by the European Union, through which we collaborate

with other leagues and European social organisations on projects of social inclusion through football, as well as socio-educational intervention and training through agreements with leading institutions in different countries around the world," de la Fuente says.

With activities spanning several areas, the foundation's CSR initiatives are having an impact on the lives of many – with more set to benefit in the future.

"The principle mission of the LaLiga Foundation is to transform society with the positive values of sport in general, and of football in particular, as well as to get the world of football to be viewed and ultimately renowned as an agent that is seriously committed to the common good of society," de la Fuente adds.

"At the LaLiga Foundation we are actively working to become a point of reference in CSR in the coming years and, at the same time, we remain immersed in our internationalisation process, through the different projects we develop in multiple countries in collaboration with leading local partners." ○

# A genuine approach

LaLiga Genuine, a first-of-its-kind initiative by a football league, is providing valuable opportunities for people with intellectual disabilities.

**T**he LaLiga Foundation's pioneering LaLiga Genuine project has set a new benchmark in terms of social responsibility and integration.

The initiative launched last season, with 462 players with intellectual disabilities representing a total of 18 clubs in more than 200 matches. Building on the success of the inaugural campaign, the 2018-19 season will feature 30 clubs.

The format of the league is unique. Eight-a-side matches consist of four quarters of 10 minutes each, while the teams can be single or mixed-gender, with all players being over the age of 16.

The upcoming campaign will be split into four rounds across six venues. The opening round will take place in Tarragona on November 16-18, while the final round will take place at Valencia's training complex on June 14-16. In between, the clubs will be split into two groups of 15 teams, competing in rounds staged by Córdoba CF, RC Deportivo de la Coruña, Rayo Vallecano and Atlético Madrid, with the latter's games being held in Los Ángeles de San Rafael, Segovia.

"In LaLiga Genuine it is not just the results of the matches that count, but also the positive attitudes demonstrated during the games. As such, the teams receive a series of points each matchday which reward behaviour and actions representing sportsmanship and fair play by the players, coaches and fans. It is about sharing first and competing second," de la Fuente says.

## Game-changing idea

LaLiga Genuine was the brainchild of two young Club Gimnàstic de Tarragona fans, Alvaro and Ruben, who have Down's Syndrome. The youngsters

submitted their idea to create the league to LaLiga in March 2016.

"LaLiga president, Javier Tebas, did not hesitate to give it the go-ahead," de la Fuente explains, and the clubs in the league were also eager to lend their support when the project was presented to them by LaLiga in April 2017.

"It was undoubtedly a huge challenge for everyone," she adds. "However, LaLiga Genuine is an integration initiative that is here to stay and our greatest desire is for all Spanish professional football clubs to be involved in it in the future."


## Engagement

Under the LaLiga Genuine Wish Boots initiative, which coincided with the final round in Vigo last season, LaLiga created a Christmas greeting by inviting social media users to send words of support and encouragement to the LaLiga Genuine players via the #HappyGenuine hashtag.

"We received over 1,000 messages, both from anonymous well-wishers and current and former top-level players,

so we decided to take it a step further," de la Fuente explains. "Thanks to our collaboration with Nike, we obtained 500 pairs of boots for the players of the 18 participating teams and we decided to inscribe them with the messages of support that we had received. We gave them out as a big surprise in Vigo."

This season, the competition for the top-tier LaLiga title is as fierce as ever, with Barcelona, Real Madrid, Atlético Madrid and Sevilla being the four main contenders at this point in the season. However, in LaLiga Genuine, the overriding theme is unquestionably "sharing first, competing second".

De la Fuente concludes: "That is the essence of this competition, the league of sporting values: respect, friendship, camaraderie, teamwork, sportsmanship and integration. In this league it is not just the results of the matches that count, but also the positive sporting attitudes demonstrated during the 90 minutes. It is a league that demonstrates the great human quality of all its participants and provides us with a great deal of value." 



# Twenty things we learned from the inaugural SportBusiness Summit

The first SportBusiness Summit played out over 18-19 September in Miami's W South Beach hotel. After the event, our editors and reporters shared the big takeaways from the two days.

## 1 At some point, Amazon is going to join the dots

On the tech panel, Thuuz Sports executive vice-president Wayne Sieve was convinced that at some point global tech giant Amazon would link its burgeoning sports broadcasting vertical with its colossal merchandising empire. "My family does most of its grocery shopping at Whole Foods [acquired by Amazon for \$13.4bn (€11.5bn) in June 2017], we order most of our stuff through Amazon. They have so much data on us and our buying behaviour. They are not only selling subscriptions to content but selling more targeted advertising. They will have more data about me – like how many kids I have, how old they are et cetera – and they can offer more targeted sponsorships to brands. I can see a day where I will see a Gatorade ad and someone else might see a diaper ad. It will be the same moment with different sponsors, different advertising. Sport and spending money go hand in hand."

## 2 Esports and the social media 'super power'

Social media platforms such as Twitter have leapt on the popularity of esports by providing not only a means to watch esports events but also a way to see the conversation that is happening around events. This is what Laura Froelich, senior director, head of US content partnerships at Twitter refers to as "one of those big 'Aha!' moments that we had" in terms of "listening to the conversation on the platform and seeing where we had pockets of avid fandom". People were "watching esports on Twitch but coming to Twitter to talk about it". As a result, Twitter has struck partnerships with various content providers to stream popular events on the platform.



## 3 Sports teams are a strong asset class...

In his opening day keynote speech, Chuck Baker (co-chair of O'Melveny Sports Industry Group) said that sports team ownership in the US has performed better in terms of rate of return than any asset class, except classic cars. NBA team values increased at a 27.6 per cent compound annual growth rate (CAGR) between 2011 and 2016, while MLB and NFL team values increased at a CAGR of 19.8 per cent and 17.4 per cent respectively, between 2011 and 2015. Two teams – the NFL's New England Patriots and the NBA's Golden State Warriors – increased in value by far greater proportions: the Patriots by 272 per cent between 2012 and 2018, and the Warriors by 861 per cent between 2010 and 2018.

## 4 ...and investing in them is a serious business...

Although sports teams are still a trophy asset, the class is increasingly being driven by strong business fundamentals. On the private equity panel, GamePlan's Bob Caporale and Greenwich Advisory's

Rick Perna both noted that investment into sports franchises was moving away from wealthy industrialists seeking trophy assets, to experienced investors seeking capital growth and tangible ROI. To an extent, the rocketing value of the leading sports teams has taken them out of reach of those seeking purely trophy assets.

## 5 ...so US major leagues should relax investment rules

Caporale argued that the US major leagues could increase the value of their franchises even further if they simply loosened their pre-qualifying rules. He said: "Over time we are going to have to keep talking to the leagues and commissioners to get them to understand that in this new financial world they need to modify their rules to take advantage of the new financial reality for their existing owners. Not to be critical, but the people at the leagues are so busy running the leagues they don't even think about this." He put the onus on investors to keep pushing on the door that would allow funds to become controlling owners of teams.



(Alenny Orovio)



(Alenny Orovio)



(Melina Pardo)



(Melina Pardo)

## 6 Gaming operator profitability depends on new states opening

The April demise of the 1992 Professional and Amateur Sports Protection Act (PASPA) has given US states the opportunity to reintroduce legal sports betting, and ‘what happens now’ is the question on everyone’s lips. ‘It depends’ is the common answer, and generally it depends on which states follow New Jersey in deregulation, and how quickly. The betting operators – represented at the summit by Jamie Shea, the new head of digital for the DraftKings Sportsbook platform – have already spent huge amounts in sponsorship and advertising to carve out their position in what is still just a potential space. And the upshot is that their profitability in the US will depend on when the likes of Florida and California join the party.

## 7 Data will impact on how people bet on sports...

Angela Ruggiero, chief executive and founder of the Sports Innovation Lab, talked about how in-play data gathered

from athletes will lead fan engagement and have an impact on sports betting: “There are all kinds of interesting data points now that are not only interesting to watch, but provide another layer of information that the fan (who wants to place a bet) could look at and analyse.” Heart rate and perspiration are just two of the data points that can be gathered to give an insight into how an athlete is performing in real-time.

## 8 ...and athletes’ revenue share should also be addressed

Since sports betting has been legalised in the States, an ‘integrity fee’ or revenue share of between 0.2 and 1 per cent is being considered for athletes. Ruggiero continued: “Those are new fees coming into the league and I think the athletes – and the unions in particular – are going to see them as an additional revenue stream and they’re going to want their cut. I think revenue distribution is going to be a hot topic because if there are new sponsors coming into the league, new integrity fees, or new ways the league is going to be profitable, then the athletes

are going to want to participate.”

## 9 LaLiga’s Javier Tebas really wants teams to play in the US...

Tebas aggressively defended his plans to stage regular-season LaLiga matches in the States on the summit’s opening day, hitting back at Fifa president Gianni Infantino, who had released a statement airing his concerns that morning. Tebas said that Fifa “had no decision to make”, adding: “The responsibility of Fifa and federations is to grow the sport, not one league or game.” Since the event a number of protestors – including the Spanish football federation and Real Madrid president Florentino Pérez – have emerged, but commentators should note Tebas’s line: “There are some hurdles I’m sure we can overcome. At 2:45pm on January 26, there is no reason we won’t have this (Girona v Barcelona) match.”

**10 ...but the Bundesliga doesn’t**  
Bundesliga International chief executive Robert Klein confirmed Germany’s

top football league wouldn't stage a regular-season match abroad – unlike its Spanish counterpart – even though the US is the league's key target market. Klein said: "It's something we have looked at. But from our perspective we will not play a regular-season Bundesliga match overseas. Take the premise of no competitive game but another game? The Super Cup has a different dynamic. We would look at it. There is definitely more flexibility there. We would never say no."

## 11 Manchester United 'undersold' their shirt front

DataPOWA chief executive Michael Flynn kicked off day two with a huge claim: that Manchester United undervalued their front of shirt rights in 2012's seven-year deal with Chevrolet. Flynn claimed – based on DataPOWA research – that the Premier League club could have asked for £66m a year rather than the £49m it got from the American car manufacturer. For good measure, Flynn said Real Madrid's sale of Ronaldo to Juventus meant the Champions League winners no longer occupied the top spot in its index and that the NBA had supplanted the team as the most powerful sports sponsorship platform in the world.

## 12 F1 is racing away from 'one-size-fits-all' fan experience

Delivering fan experience is a constantly-evolving process, as market characteristics and segmentation are both in a constant state of evolution. Under its new ownership, Formula One is catching up – according to Keith Bruce, president of QuintEvents International and Formula One Experiences – following a period of 'one-size-fits-all' complacency, where the changing needs of fans were being ignored. The emergence of the 'executive fan' – independent, but with an interest in a corporate hospitality-type experience and the willingness to pay for them – is driving the development of new ticketing categories and new fan experiences at F1 grands prix.

## 13 Sometimes there's no shortcut

The Miami Marlins' video pod gives fans



(Alenny Orovio)



(Alenny Orovio)



(Alenny Orovio)

at the stadium a place to record their feedback for the franchise's ownership. According to Chip Bowers, president of business operations, it delivers a new stream of useful feedback and a powerful way to show fans you really want to hear what they have to say. But you have to put in the hard yards to listen: the architect of the feedback pod has had to physically sit and watch over 3,000 fan video messages.

## 14 Latin American fans can mean local is international

Compared to some US sports franchises, the Marlins are focusing on local fans – but Miami's particular demographics mean this doesn't have to come at the expense of international supporters. Sixty-three per cent of the team's fans are Latino, and by targeting Venezuelan and Cuban communities it puts itself in a strong position to win the support of their families residing overseas.

## 15 Fans will become 'directors' of sports coverage

"Within a few years you will be the director of the game you are watching," according to Guy-Laurent Epstein. The marketing director at Uefa told our media panel that the market had evolved more quickly in the last 10 years than at any time in its history, and that increased personalisation was a key trend. "If the match is PSG v Liverpool, for example, the Paris fan will be able to watch the whole match build-up from a PSG perspective and watch the match from a PSG angle. The Liverpool fan will be watching the same match from the same provider but seeing everything from a Liverpool angle."

## 16 Joint rights acquisitions are on the menu

BeIN Sports is a big beast in several major media markets worldwide, but only a bit player in the US. John Duff,





(Melina Pardo)



(Melina Pardo)



(Melina Pardo)

the broadcaster's director of business development and strategy, used the Summit to let the market know that – in a reversal of unwritten company policy – he was open to co-bids with, well, anyone. “I can't eat all of the rights,” Duff said. “So I'm happy to co-bid, whether you're a cable operator, satellite, telco, OTT platform. Pure play, DAZN or Fubo – I don't care, I'll do a co-rights deal with you.”

## 17 Your friends can be your enemies (and vice versa)

“Your friends can be your enemies,” says John Gleasure from sports streaming platform DAZN, as he noted the importance of social media platforms Facebook and Twitter as two of the “most important marketing channels for us to communicate what we're doing and driving subscribers in, onto our service”. Whether the platforms themselves feel the need to be

primary rights owners or whether they would prefer to distribute services is in itself another issue: “I can't speak for them [about] where they're going to go with their various services [however] we do believe we will be working extensively with them.” Gleasure adds: “They're doing pretty well out of their distribution and as a platform for us to distribute out of.”

## 18 Pro-rel debate hasn't gone away

‘Insurgent’ candidates – which is to say those in favour of promotion and relegation in US soccer – may have been soundly defeated in the US Soccer presidential election, but their hobbyhorse has hardly been put down. Our US soccer panel saw beIN Sports presenter Kevin Egan and Joe Barone, chairman of the amateur National Premier Soccer League, state their cases in favour of pro-rel. But there

was vehement counter-argument from Kevin Payne, chief executive of US Club Soccer, who was the second speaker (after Javier Tebas) to call out Fifa president Gianni Infantino – in this case with his comments that it was time to consider pro-rel. “Gianni is from a long tradition of Fifa presidents from Switzerland who don't understand the US sports system. He should be thinking about cleaning up Fifa instead of suggesting business models for US soccer. Promotion and relegation is a relic from the days when this was not really a business.”

## 19 Cultural differences should never be underestimated

Just because a culture doesn't greet the NBA with whoops and cheers doesn't mean they're not excited to see it. That is what Joanna Todd, vice-president, global partnerships and strategic alliances at Marriott International discovered through various experiences when the hotel chain activated its global partnership with the league. “You've got to understand the cultural nuances. There's a big difference between activating in Japan versus activating in China. So do your homework there. Understand that fan and recognise that the same fan in the US looks very different overseas.” Todd specifically referred to a moment when the partnership was activating in South Africa, “a much more conservative culture”, and the reaction of South Africans to meeting NBA players was a lot more reserved than was expected.

## 20 Premier League won't follow LaLiga into regional sponsorships

Every major rights-holder wants to court Asian brands but, according to head of sales and marketing Will Brass, the Premier League won't be following its Spanish peer down the path of striking regional deals.

“Once you go down a regional offering, particularly when talking about an IP-based sell,” said Brass, “you risk encroaching on your Global Partners and you risk encroaching on sector exclusivity and disturbing the clarity of what you are selling in the first instance.” ○

# All Blacks look to international partners to turn heritage into commercial returns

New Zealand Rugby chief has overseen a turnaround from record losses to NZ\$33m profit in ten years

Team adopted a commercial strategy that aimed to grow the All Blacks brand in unexploited territories

Deal with AIG aided growth in the US, while Adidas has pushed the All Blacks as “everyone’s second team”



New Zealand Rugby chief executive Steve Tew (Tania Niwa/New Zealand Rugby)

## Adam Nelson

**N**ew Zealand Rugby’s Steve Tew has just completed ten years in his role as chief executive, over which time a loss-making organisation has come to return a healthy profit. He explains to *SportBusiness Review* the roles played by two of their key global partners.

New Zealand’s national rugby team, the All Blacks, have a well-deserved reputation for punching above their weight. Not just on the pitch – where a country of five million people has become the dominant force in international rugby, laying claim to being the most successful team in sport with an all-time win rate of 77 per cent – but off it, too. The All Blacks brand is comfortably the biggest in its sport, with a global awareness that transcends

rugby’s traditional constraints.

Until relatively recently, however, this cachet had gone commercially under-exploited. In 2009, a combination of the global financial crisis and investment into hosting the 2011 Rugby World Cup led to New Zealand Rugby (NZRU) making record losses, announcing an operational deficit of NZ\$9.5m (€5.4m/\$6.4m) for that year, alongside debts associated with the World Cup of around NZ\$6m. It was chief executive Steve Tew’s first full year in charge, and almost immediately he set about asserting a new commercial strategy for New Zealand Rugby. His goal was international growth, by diversifying away from NZRU’s traditional reliance on domestic partners.

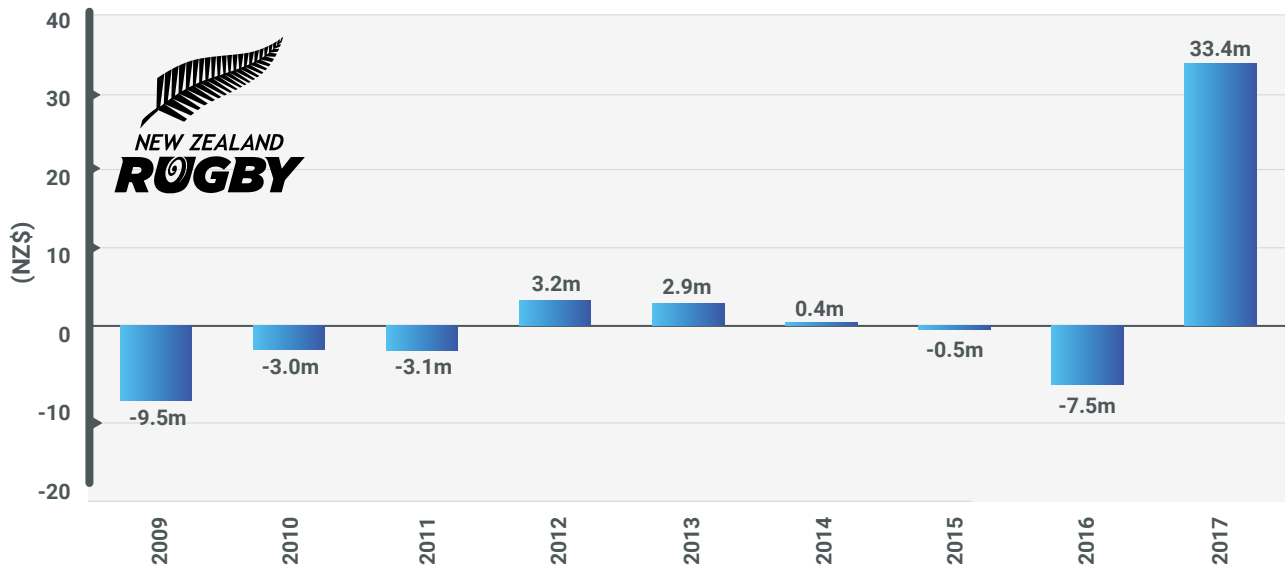
Ten years on, the body’s roster of sponsors contains a number of premium global brands supplemented by regional

partnerships with domestic firms. Tew says the growth of its global sponsorship portfolio is the greatest measurement of change in the organisation during his time in charge.

“We had – and still have – an awful lot of New Zealand-only relationships,” says Tew. Partners such as Weet-Bix, Air New Zealand, Lion and Ford are all well into a third decade of collaboration with NZRU. “Because of who we are, we have an awful lot of cut-through in this market, to the point where we believed we’d maximised the New Zealand market. That’s why we started looking for those international partnerships, and we’re fortunate enough that the All Blacks name seems to have some resonance all around the world.”

While there was a sense that brands would be attracted to the All Blacks’ standing as a global sporting

## NEW ZEALAND RUGBY PROFIT/LOSS BEFORE INCOME TAX, 2009-2017 (EXCLUDING RUGBY WORLD CUP 2011)



Source: New Zealand Rugby

institution, Tew warned his commercial team against relying too much on the resonance of the name.

“We never want to be a partner who can’t deliver on our promises,” he adds. “We’re very fortunate that we inherit a jersey that has some unique attributes, but we know we can’t rely on that.

“Commercial relationships now are pretty sophisticated, and partners are more likely to make hard-nosed commercial decisions based on the metrics they want to achieve rather than a feel-good factor or a professional relationship.”

Since Tew took over, major international partnerships have been inked with: asset management firm Investec; insurance giant AIG; Rolex-owned watch brand Tudor; and telco Vodafone – the first two deals are already into their second contracts, having both renewed their initial terms. The 2017 annual financial results – the tenth to be released since Tew became chief executive and nine years on from New Zealand Rugby’s record losses – showed a profit of NZ\$33.4m.

### Mutual benefit

The partnership with AIG, first inked in 2012, is an example of a working relationship that built on and developed the All Blacks brand.

“At that time, they were in the middle

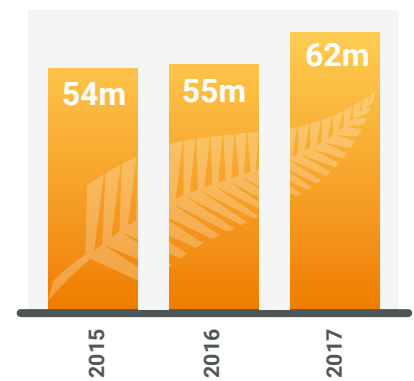
of recovering from a pretty difficult period in the financial crisis,” says Tew in reference to the alliance. Under the stewardship of AIG’s then-president and chief executive, Bob Benmosche, the company was attempting to rehabilitate itself in the eyes of the global public after being one of the principal players in the financial crash of 2008.

The deal was reportedly worth \$13m per year over an initial four years. When England’s Rugby Football Union extended its shirt sponsorship deal with telco O2 that same year, also for a four-year term – a deal whose value was increased by England’s hosting of the Rugby World Cup in 2015 – it was worth an estimated \$8m a year, \$20m less overall than the AIG/All Blacks tie-up.

Rugby barely moves the needle in the US, yet here was one of America’s biggest insurance firms attempting to leverage the image of rugby’s most visible brand to bolster its own reputation internationally.

“We put together a package that we felt was good value for what they were trying to achieve, which included them being on our shirts,” says Tew. “Benmosche was very honest about what he was trying to do, and I felt that what we were asked to deliver for them was also very achievable. There are always risks whenever you take on something like this – we hadn’t had a

## SPONSORSHIP INCOME 2015-2017 (NZ\$)



Source: New Zealand Rugby

jersey sponsor at all since 1998, for a number of reasons – but decided it was the best option for New Zealand Rugby at the time.”

In 2012, New Zealand Rugby posted its first normal business profit in half a decade, something which was largely attributed to the boost from AIG’s sponsorship. In 2016, the company extended its deal for a further six years, “an obvious sign”, says Tew, “that we were doing something right”.

It has also helped the All Blacks gain a foothold in the American market. AIG very quickly got behind NZRU’s belief that the best way to grow the brand with new fans is to get the All Blacks in front of said fans.



(New Zealand Rugby)

Tew describes the two games the team has played at Soldier Field, the home of the NFL's Chicago Bears, as "some of the highest profile things we've done in the past three or four years".

Those games raised up to \$1m a piece for NZRU, with the 2016 defeat to Ireland playing out in front of 62,000 fans, the largest crowd for a professional rugby match played on US soil. Neither of these games would have taken place without the involvement of AIG, which is also a partner of USA Rugby. AIG title-sponsored both fixtures, providing funding and facilitating the talks between the two rights-holders.

### Selling the brand

Among Tew's earliest successes as chief executive was a mammoth ten-year renewal with Adidas in 2009 which, at a value of almost \$20m per year, remains by some distance the most lucrative sponsorship in rugby history.

At the time, there was pressure on NZRU to return to domestic sportswear manufacturer Canterbury, which had supplied the All Blacks' kits from 1924 to 1999 and was considered a core part of their identity. There were also two years still remaining on the German company's existing, lower-value agreement, worth an estimated total of NZ\$50m over ten years, a quarter of the

total value of the 2009 contract.

Tew, however, had identified Adidas as a "vital" partner for the All Blacks and set about securing a long-term deal. A significant part of the reasoning on both sides, he says, was Adidas' status as a global fashion brand as well as a sportswear manufacturer, which "gave us a view to that kind of lifestyle approach, allowing us to open up new merchandise and product lines", says Tew.

"We went to them with this ambition to do more with the All Blacks brand, and they were very responsive to that. They're able to get our brand into more places around the world than probably any other company we could have worked with." That vision convinced Adidas to sign the renewed, long-term deal on improved terms.

This played into a wider strategy of "deliberately trying to pitch ourselves as the second-favourite rugby team of a supporter, no matter where you are in the world". One of the major challenges of being a national team, he says, is that other major global sporting brands they might look to as peers – he name-checks Ferrari, the Los Angeles Lakers and Real Madrid – "are able to transcend international boundaries a lot easier than a national team".

Millions of football fans across

Asia might name Real Madrid as their favourite team and buy Real Madrid merchandise. But it is considerably harder to market All Blacks products to rugby fans from other nations, whose loyalties are with their respective home nations.

The Adidas partnership and the development of a wide range of All Blacks merchandise has helped to diversify how people perceive the team, giving them a new way to engage with fans around the world.

"We're never going to be the number one team of a Japanese rugby fan," he goes on. "But we'd like their second team to be the All Blacks. And we take a similar approach in every market. What we've achieved on the pitch over a period of time, that's supplemented by the work we do with brands like Adidas to create a connection and interest with fans of other teams, even of other sports."

In practice, this has meant activations and campaigns which rely less on All Blacks players themselves and focus more on the heritage and aesthetics of the brand. As Tew puts it: "We're lucky that black is a very good colour. The colour, the fern emblem, the All Blacks name – these are all iconic features of our brand that help us engage with, and hopefully sell to new audiences." ○

# FFF hopes to capitalise on World Cup win with regional deals and product licensing

Win triggers performance bonuses with three sponsors

Federation hope to avoid French beer sponsor ban with regional deal

Supply chain problems for Nike lead to shirt sale frustrations



French president Emmanuel Macron celebrates with the national football team after they won the 2018 World Cup (Christophe Morin/Getty Images)

## Ben Cronin

**T**he Fédération Française de Football (FFF) is looking to strike a combination of regional sponsorship deals and product licensing deals to capitalise on the victory of the French men's national team in the Fifa World Cup in Russia.

The federation has not secured any new partners in its largest sponsorship categories as a result of the win, having filled all of them in advance of the tournament. As reported recently in *SportBusiness Sponsorship*, the federation overhauled its sponsorship inventory for the next cycle and

struck a large array of renewals and new partnerships in the 18 months leading up to the World Cup. The new sponsorship model is made up of four levels: Kit Supplier, five Major Partners, five Official Sponsors, three licensors and a regional sponsorship category, which is effectively an additional licensee.

The win triggered performance bonuses with three of its sponsors. *SportBusiness Review* understands the team's official Kit Supplier Nike and two other sponsors had bonus clauses written into their contracts, which when added up, amount to roughly €5m (\$5.7m), five per cent of the FFF's total annual sponsorship revenues of €102.1m.

FFF marketing director François Vasseur says the federation plans to leverage the team's global popularity after the win to secure more regional sponsors and sees the Asian market as the most fertile ground. The federation signed its first regional partnership earlier this year, a one-year deal with Chinese kitchen appliance firm Vatti.

The FFF recently opened an office in China and says it is assessing the categories of sponsors it could work with in the Asian market. Vasseur says its regional sponsorship model could allow it to sign a beer brand as a partner for the first time – French law forbids the federation from partnering



FFF marketing director François Vasseur (Valerio Pennicino/Getty Images)

with a beer brand in France – and that it has been in discussions with a number of Asian beer brands about such a deal.

### Frustration

Official Kit Supplier Nike has endured a frustrating time trying to service demand for official World Cup shirts, due to problems with its supply chain in Asia. A supply of 8,000 shirts sold out in 10 minutes the day after the victory, while a further batch was mistakenly printed with one star beneath the team crest, omitting the second star the team had just earned for its second World Cup win. Nike is paying just over €50m per season in an eight-year deal, from 2018-19 to 2025-26. This is made up of €38m for the official shirt licensing rights and €12m in equipment supply.

“Nike is in charge of the shirt production and distribution; it’s not a direct business issue for the FFF,” says Vasseur of the inability to service demand. “We have a minimum guarantee, it’s more that we want to give the fans the shirts they dream of.”

Aside from the official shirt and training products, the federation

*“We have a long-term strategy with value creation and less sponsors, so we took the decision to turn down some other offers and to stay with big sponsors...so now they can have the fruits of the work we’ve done together.”*

**François Vasseur** | marketing director, Fédération Française de Football

has taken the remainder of its merchandising rights in-house in its latest deal with Nike. Previously it sold licensed products through a joint venture with Nike called French Football Merchandising and shared the revenues with the sports brand, with the latter also responsible for securing deals with e-boutiques and stadium retailers. Under the terms of the latest deal, the federation has created an in-house team to develop and commercialise new product lines and negotiate with retailers and will retain all of the revenues for itself. Nike continues to manufacture and

approve sports apparel products and their branding under this arrangement.

The latest sponsorship deal with Nike also includes an agreement to supply the federation’s 70,000 affiliated clubs with heavily-discounted kit and training equipment, excluding boots. Vasseur says the FFF will provide the brand with grassroots data and access to local organisations to help it crack a market that has traditionally been dominated by low-cost kit suppliers and discount brands like Decathlon. Nike currently has a less than 10 per cent market share but aims to have a 50 per cent share by the time its current deal with the FFF ends in 2026.

Vasseur says the federation has received “a lot of solicitations” from businesses looking to license the men’s team brand following the World Cup win and this will provide it with a significant new revenue stream. The federation has recruited an in-house licensing team to develop the commercial opportunity.

“We will have more licences and we will generate more business with, for example, school products, balls,

textiles, different types of games, we will sell a big calendar, some books,” he says. “Everyone wants to use the image of the players, so we will launch new types of products and new collaborations.”

A good example is the licensing agreement the federation struck with toy manufacturer Playmobil to sell figurines wearing the national-team kit. Vasseur says the federation has also received an approach from one of the two largest football video game publishers about licensing the image of the French team for the jacket of a football game, although he wouldn't specify if the approach was from EA Sports or Konami. “It's the same for Panini,” says Vasseur. “This type of big license, it's better to negotiate with them now.”

### Engagement

The team's win also drove impressive levels of engagement on the federation's social media accounts. Vasseur says the FFF saw 70 million engagements on Twitter during the tournament, the most for any national team, and a figure that compares favourably with the 44 million engagements boasted by second-ranked country Brazil. Similarly, the FFF's YouTube account delivered 190 million views during the event. At the time of writing, the men's national team has six million followers on Facebook, 4.7 million on Instagram (the highest of any national team, according to the FFF), 3.93 million on Twitter (the highest of any European national team), and 950,000 subscribers on YouTube.

The FFF tried to boost engagement during the tournament through its ‘Fier d'être bleu’ (‘Proud to be blue’) marketing campaign. The campaign website provided supporters and clubs with flags, downloadable posters and video clips, in addition to Facebook and Twitter covers to show their support for the team. It then encouraged them to share their fan activities on official FFF social media accounts. The website recorded that 2,748 French clubs performed one of the supporter challenges on the site and that promotional materials had

been downloaded 8,590 times at the time of writing.

**“Everyone wants to use the image of the players, so we will launch new types of products and new collaborations.”**

**François Vasseur** | marketing director,  
Fédération Française de Football

The FFF drove deeper engagement and gathered more data about these social media followers by inviting fans to register for its mobile app across its platforms. More than 100,000 people downloaded the app, which offered an augmented reality feature, while a further 500,000 registered to play the federation's ‘matriochka’ (Russian doll) game on Facebook.

Vasseur says the FFF wants to build on this work with clubs and fan groups to improve the atmosphere in the stadium when the French team plays home games in the Uefa Nations League. One initiative will be to work with supporters to organise ‘tifos’ [giant choreographed fan murals] before games. The team's first fixture in the revamped qualification system for the Uefa European Championships was against Germany on September 6.

Although he doesn't think the new competition format will have a significant impact on the commercial outlook of the FFF, Vasseur says the federation is working to cultivate deeper relationships with the other large European national football federations to work on dual activations during fixtures. A case in point is the way the FFF collaborated with the Dutch Football Association to organise a match between the French e-football team and its Dutch equivalent at the same time as the Nations League fixture between the two teams on September 9. Long-term, the FFF would also like to schedule fixtures overseas: “I'm not sure it will be possible with the calendar, and we'll have to work with Uefa, Fifa and other federations to see what we can do,” says Vasseur.

He adds that the recent World Cup victory is a reward for those sponsors that have stuck with the team since its nadir at the 2010 World Cup in South Africa, when a player revolt and poor performances damaged the team's brand.

“We have a long-term strategy with value creation and less sponsors, so we took the decision to turn down some other offers and to stay with big sponsors,” he said. “We have created this long story together and so now they can have the fruits of the work we've done together.”



(Marc Atkins/Getty Images)

# Early Nations League matches win over (most of) the doubters

First Nations League matches deliver big ratings for European broadcasters

Uefa's rolling centralisation of national-team media rights has doubled federation revenues

Brands can now activate sponsorships across a four-year period



(Stephen McCarthy/Uefa)

## Frank Dunne

**F**ew human endeavours, in any field, have required as much explanation as the Uefa Nations League. At the time of writing, a search for 'Uefa Nations League + format' will bring up 565,000 entries on Google. YouTube houses numerous 'Nations League explained' videos. And when Uefa requires nearly 1800 words on its website (plus seven graphics) to present its latest creation to the world, you know you have to pay attention or you'll miss something.

Yet when the whistle blew to get the first matches under way on September 6, it all seemed very simple:

what had once been international friendly matches were now competitive matches.

Confusion over the format and cynicism over Uefa's motives – notably in British and German media – generally gave way to enthusiasm. There is now more at stake, including a new trophy for the winners and another route into Euro 2020. Opponents are evenly matched. Stronger teams are being selected and fewer substitutions made. It's better football. Richer entertainment for those in the stadiums or in front of their screens.

Not everybody was won over. After the October 7 Premier League match with Manchester City, Liverpool

coach Jürgen Klopp bemoaned losing his players to "the Nations Cup", a competition he described as "the most senseless in the world of football". And it remains to be seen whether Uefa's marketing slogan 'Every Game Counts' is borne out by games at the end of the group stages, when winners and losers are already decided.

But speaking exclusively to *SportBusiness Review* ahead of this week's group stage matchday three, Guy-Laurent Epstein, marketing director at Uefa Events, explains why European football's governing body is happy with the competition so far.

"Uefa has been working on this for several years. We have been selling a vision to broadcasters of how it



will be. What we saw exceeded my expectations,” he says.

“On air, it worked well as a product – the music, the branding, the atmosphere. In the big markets, the TV ratings were far closer to qualifier match ratings than for friendlies. Some of the press coverage was negative before the competition began, but the press reaction to the first matchdays was extremely positive. The feedback from fans has been good too. People get it. The stadiums, including in the lower-tier leagues, were well-attended, which is a clear statement.”

Selected TV ratings, when measured against qualifier matches for the 2018 Fifa World Cup, confirm this. Germany’s goalless draw with France was watched on public-service broadcaster ZDF by 11.1 million viewers, a 39.2-per-cent share. This was a bigger audience than for any of the qualifiers for the World Cup on German television. In France, commercial broadcaster TFI drew 7.1 million viewers, a 32.4-per-cent share, for the same match. This was 1.6 points up on the average domestic match audience of the World Cup qualifiers.

On matchday two, Italy’s public-service broadcaster Rai drew 7.6 million – a 32.6-per-cent share – on Rai 1 for the country’s 1-0 defeat to Portugal in Lisbon, on a par with the channel’s average live audience for the qualifiers. Spain’s unexpected 6-0 drubbing of World Cup finalists Croatia did even better. The 5.2 million live audience on public-service broadcaster TVE’s flagship La 1 channel was 9.3 per cent higher than its average audience for the qualifiers.

### Negotiations

The commercial model for the Nations League was the European Qualifiers, Uefa’s overhaul of European qualifier matches for the European Championship and the Fifa World Cup, which got under way in 2014. That also required the centralisation of commercial rights under Uefa’s control, and was the first step in the governing body’s attempts to improve the standing of national-team football

in relation to club football and help close the financial gap which had opened between the two.

These objectives are shared by Uefa’s 55 member federations. But that doesn’t mean that the process has been easy. For some of the smaller nations, the promise of more money from the European Qualifiers was enough to get them to sign up. But many of the bigger associations had spent years building up in-house marketing teams to handle the sale of commercial rights. Centralisation meant them giving up power and influence. It meant egos having to be put to one side. Discussions with the English and German associations were among the most fraught, especially regarding the pooling of sponsorship inventory.

But Uefa delivered on its promises, and the successful delivery of the

European Qualifiers – including the bigger payments to federations – made the conversations around the Nations League much easier.

“We created trust with our member federations through the implementation of the European qualifiers’ centralisation,” Epstein says. “Uefa brought value to European football, increasing revenues for all national associations. Some associations were reluctant to give up control at the beginning, which is natural. But we proved, by working together, that it was the right thing to do. This time around we were able to talk to them as real partners, building something together.”

Making a like-for-like comparison of the commercial value of the Nations League with that of friendly matches is complicated by the fact that some broadcasters have acquired the rights



Uefa president Aleksander Čeferin (Uefa)



(Stephen McCarthy/Uefa)

to Euro 2020, the European Qualifiers and the Nations League, and Uefa does not publish a breakdown on the fees. It is thought that in some cases, the broadcasters have not specified a breakdown.

When Uefa began talking to federations in 2010 about the centralisation of the qualifiers, it estimated that the value of the media rights sold by the individual federations was about €680m (\$780m) over a four-year cycle. For its first cycle of European Qualifiers, from 2014-15 to 2017-18, Uefa brought in about €1bn, an increase of almost 50 per cent.

In that same cycle, the individually-sold rights to friendlies were worth about €350m. So between Uefa-sold rights and individually-sold rights, the federations earned about €1.35bn over the four years. For the 2018-19 to 2021-22 cycle, Uefa is set to earn over €2bn for national-team media rights, including the European Qualifiers, the Nations League and some centrally-sold friendly matches.

### TV and sponsorship

Convincing broadcasters and sponsors to invest in the rights to the competition – as well as getting fans through the turnstiles – was obviously the key to the success of both projects. The creation of the ‘Week of Football’ meant that broadcasters could acquire

rights to top-level football from Thursday to Tuesday at a time when no domestic league games were being played. Inevitably, there has been strong competition between the major free-to-air broadcasters across Europe for the games of the domestic national team. But Uefa was also able to bring pay-television operators properly into the mix for the first time. The appetite for the Nations League among pay-television platforms is similar.

*“We have been selling a vision to broadcasters. What we saw exceeded my expectations.”*

**Guy-Laurent Epstein** | marketing director, Uefa Events

“The European Qualifiers brought pay-TV to national team football,” Epstein says. “There were 10 European Qualifiers matchdays over a two-year cycle. Now, with the inclusion of the Nations League, there are 20. This gives even more regular high-level football, which pay-TV can offer its subscribers when there is no other football on.”

The UK market provided a good example of the growing interest. For the first two editions of the Nations League, in 2018-19 and 2020-21, pay-television operator Sky agreed to pay

just under £100m (€114m/\$131m) for all rights, according to *SportBusiness Media*, the sister publication of *SportBusiness Review*. This was almost double the £50m commercial broadcaster ITV paid for rights to England friendly matches in a deal with the Football Association between 2014-15 and 2017-18.

For Nations League sponsorship rights, the approach has been slightly different to that of the European Qualifiers. For the earlier competition, federations were given three options for their perimeter board space: give it all up to Uefa, give up half of the space, or give Uefa nothing at all. For the Nations League, Uefa only sells the inventory for the four matches which make up the finals. For all others, federations sell the inventory to their home matches.

Bundling the Nations League finals with the Euros – and some of the European Qualifiers signage – enables Uefa to offer brands the chance to associate with national-team competitions – and build activation programmes – across a four-year period, which includes three ‘peaks’ around finals, two for the Nations League (2019, 2021) and one for Euro 2020.

The top packages also include the Women’s European Championship, the U21 European Championship and the Uefa Futsal Championship. These packages have substantial value. The October 2017 deal struck by online travel company Booking.com, covering all of Uefa’s national-team competitions from 2018-19 to 2021-22, for example, is thought to be worth close to €60m. Further deals are likely to be announced in the coming weeks.

Club coaches, like Klopp, represent one constituency that the Nations League will never win over. But that doesn’t really change anything. Club coaches that have been happy to send their players off to play in international friendly matches don’t spring readily to mind.

For now, Uefa will probably settle for having federations, fans, broadcasters and sponsors – and even some of the more jaundiced newspaper reporters – on board. ○

# IMG hedges its bets with OTT safety net

Agency launches direct-to-consumer distribution platforms for Italian and Spanish football rights

IMG rejects broadcast bids to launch Strive in Scandinavia but fills holes in global coverage with Serie A Pass

Move seen as a safety net for rights-holders rather than changing the distribution model for good

## David Walmsley

**T**he start of the new European football season has seen the launch of two new over-the-top (OTT) streaming services, as the IMG agency rolled out Serie A Pass and Strive to go direct-to-consumer with its rights to the top divisions of the Italian and Spanish game.

The Endeavor-owned agency is paying €350m (\$402m) a season for the international rights to Serie A from 2018-19 until 2020-21 and is also the vendor of LaLiga coverage in the Balkans, the Nordic countries, Hungary and Romania over the same period. It has made conventional broadcast sales of the Spanish property in all those markets outside Scandinavia and has also done the same with Serie A in France and the MENA region (both retained by beIN Sports).

In other territories, IMG has accepted offers from pure OTT players (DAZN in Germany/Austria, Japan and Canada) and media companies with a foot in both camps: ESPN is now broadcasting Serie A in the US across its television networks and its new DTC service ESPN+, while in Spain the competition is screened on OTT platform beIN Connect and Mediapro-owned digital terrestrial broadcaster Gol.

In approaching 30 other territories, though, IMG has retained the rights itself and set up its first OTT football services – Serie A Pass and Strive – to distribute them on a DTC basis.

### Serie A Pass and Strive: Inside the box

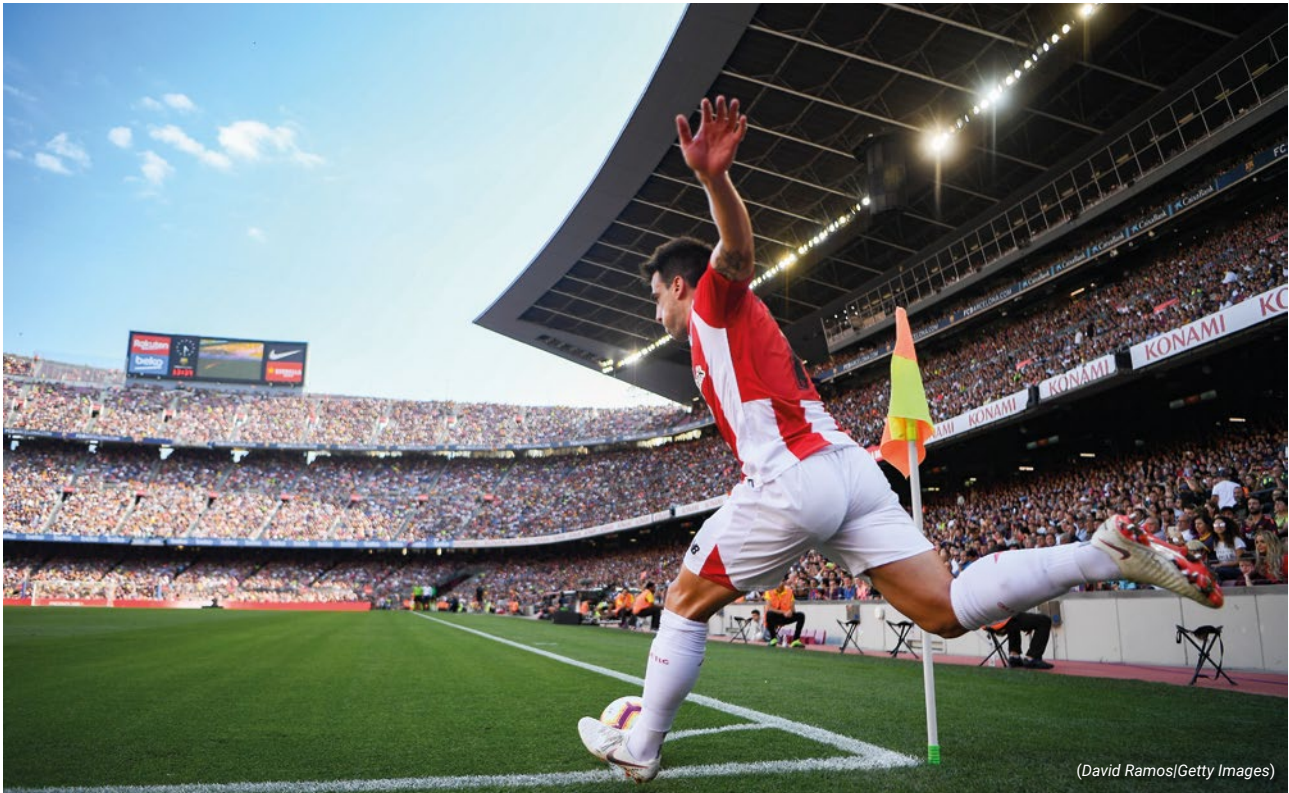
The development of the two platforms began before Endeavor's \$250m (€218m) acquisition of streaming technology provider NeuLion, and so utilised the services of IMG Gaming, which delivers OTT content to betting

shops worldwide and served 21,000 live sports events to the sector during 2017. IMG Gaming hosts both Serie A Pass and Strive and distributes their live streams and the supplementary programming produced by the agency's production headquarters in London.

Serie A Pass is available in Brazil, 21 Latin American countries, the Netherlands, the Indian sub-continent, Singapore and the Caribbean.

The service offers all 380 league games live, plus replays and additional magazine and archive content, with





(David Ramos/Getty Images)

subscriptions priced at €7.99/\$8.99 monthly or €49.99/\$59.99 per season.

Serie A Pass is described by IMG as primarily a complementary service aimed at calcio fans in markets where a non-exclusive deal sees the rights-holder broadcast only one or two live games a week. The concept was included in the tender document presented to the league in 2017 as a means of helping it reach as wide a global audience as possible and to be able to speak directly to more consumers.

In Sweden, Norway and Denmark, the agency has bundled both Serie A and LaLiga into Strive, which launched with the offer of a free seven-day trial and is selling subscriptions at NOK79 (€8.30/\$9.50) per month or NOK499 annually.

Strive differs from Serie A Pass in that it exists not to supplement the output of a broadcast partner but take on the role itself. IMG turned down offers in the Nordic region to go DTC itself, making the decision to set up Strive after considering both the value of the bids it received and the potential of the market to support an alternative OTT delivery model.

*“Being able to point to the fact you have done it somewhere else and it is working effectively gives the rights-holder a credible threat. You have effectively got another bidder to keep everyone else honest.”*

**Sean McGuire** | managing director,  
Oliver & Ohlbaum

IMG’s senior vice-president Kristian Hysén says of the thinking behind the new service: “Whilst we did have conversations and negotiations with broadcasters and received offers, we felt, at this time, that launching Strive was the best option for us, the leagues concerned and for the fans. There is no doubt that OTT is here to stay in sport as it is in other genres like entertainment, as Netflix and Amazon Prime have proved. Technology allows for streaming to be viewed alongside the more traditional delivery methods and a mix of both is here to stay.

“We are also evaluating launching

a linear channel [for Strive] and are discussing carriage deals with operators. Pubs and public viewing is another [potential] revenue stream and we are in the process of building an offer for betting companies. The final financial outcome and numbers are still to be seen but this is a highly interesting test case for us.”

There are two key drivers of the launch of Serie A Pass and Strive: one is purely financial, the other strategic.

### The financial imperative

IMG’s purchase of the international rights to Serie A came at double the price paid by predecessor MP & Silva, leaving it needing to maximise its revenue from distribution deals to make a return on its investment. This appears to be a potentially more difficult task at a time when an increasing number of broadcasters around the world are reconsidering what they are prepared to pay for secondary rights, such as smaller domestic properties and the major leagues of other countries.

In Latin America this season, IMG was left without a broadcaster for Serie A when Fox Sports declined to

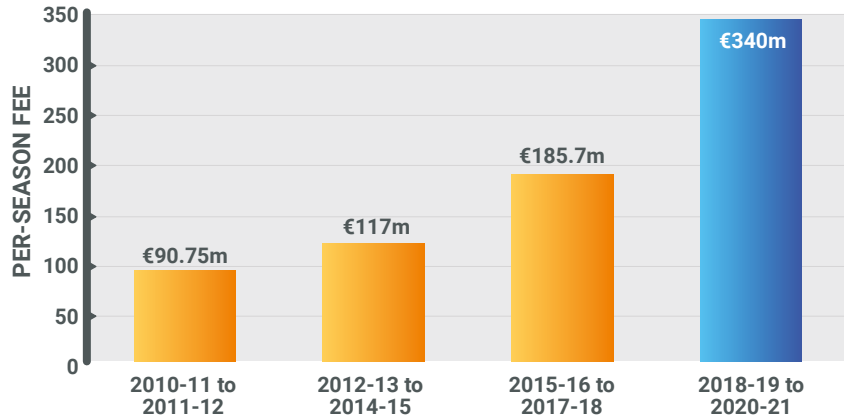
bid to keep the competition on its schedules. In the UK, Eleven Sports was able to acquire LaLiga from Sky when the incumbent was not prepared to go above the £18m (€20m/\$23m) a year it had been paying under its previous contract, while BT has not sought to renew its rights to the NBA and UFC. Marc Allera, chief executive of BT’s consumer division, told the *Financial Times*: “At the wrong price, everything is expendable.”

Sean McGuire, managing director at strategy and rights advisors Oliver & Ohlbaum, says of this changing landscape: “I’m not surprised [IMG have done this] because the platforms – Sky, BT, Canal Plus, whoever – are being a lot more selective about where they deploy their money. If you are a top-tier [property] – say the Premier League or Formula One – then you cannot quite name your price but you have competition for your rights. The problem for lower-tier sports is that they aren’t getting those increases and, if anything, are facing downward pressure. So there is an opportunity for those rights to find another route to market where there isn’t huge broadcaster demand but there might be consumer demand.”

So a service such as Serie A can add value to a broadcast deal for IMG by offering core fans extra content for an additional subscription fee, but can also fill a hole – or at least part of it – in territories where no television channel or OTT service is willing to pay (or pay enough) for rights. One experienced negotiator says of the situation: “It’s not what an agency sets out to do, so you have to draw the conclusion they are doing it because they can’t get the price they want. They have been overpaying for rights for some time now so it was only a matter of time before they needed to do something to balance the books, although this is more kicking it down the road for now.”

In particular, he characterises Serie A Pass as a new spin on an old trick, citing MP & Silva’s decision in 2013 to collaborate with beIN Sports and set up a dedicated Premier League TV channel in Southeast Asia when it couldn’t attract the rights fees it

IMG PAID A HUGE INCREASE TO TAKE SERIE A INTERNATIONAL RIGHTS FROM RIVAL IMG



MP & SILVA

IMG

Source: SportBusiness Media

was looking for there, adding: “I don’t know that rights-holders really care that much [about whether IMG do this]. IMG’s offer for Serie A was high and they were happy to get it, so they will go with whatever IMG want to do. But we live in a world of short-term thinking so what happens in the next round is open to question. There is no doubt that if a broadcaster had made a decent offer for Serie A rights, this wouldn’t have happened.”

**The strategic imperative**

Another view of IMG’s move into becoming a DTC service provider highlights the strategic benefits

of demonstrating its capability in the role, making Serie A Pass and Strive more of a piece with other experimental moves into OTT delivery being made by operators for whom consumer-facing sports broadcasting is not their primary business, as per Amazon’s forthcoming foray into English Premier League rights.

IMG does not necessarily see itself becoming a broadcaster – it maintains its rights business will remain B2B-focused as a distributor rather than a producer, regardless of how Serie A Pass and Strive perform – but being seen to be able to deliver DTC services could make it a more appealing



(Denis Doyle/Getty Images)



(Robbie Jay Barratt/Getty Images)

partner to the growing number of rights-holders interested in exploring the potential of this model.

Secondly, the agency's step up into direct delivery of two of the world's biggest football properties could offer a more significant strategic advantage than data acquisition alone by creating a new point of competition in the rights market if it can demonstrate to broadcasters that it can go it alone in the absence of bids it considers to be acceptable.

Demonstrating that a combination of subscription revenue and data acquisition can deliver equivalent or greater value to a straight rights sale is the biggest challenge facing Strive, given the costs and complexities of running OTT services and the ongoing uncertainty of the returns to be generated in what is still a comparatively young sector.

For example, pay-television sports broadcaster Eleven Sports is paying

***“There is no doubt that if a broadcaster had made a decent offer for Serie A rights, this wouldn't have happened.”***

International media rights advisor

a little over £20m a year for rights to top-tier Italian and Spanish football and needs to attract probably 700,000 UK subscribers to make a profit on it. Eleven has a range of other sports on its roster but, as a point of comparison, the most recent El Clásico [Barcelona v Real Madrid] match screened by Sky attracted only 225,000 viewers on average.

“The economics are not a complete slam dunk,” says McGuire. “Even with research, you don't really know in advance how many people you will get.” But if IMG can make it work,

he adds, “being able to point to the fact you have done it somewhere else and it is working effectively gives the rights-holder a credible threat. You have effectively got another bidder to keep everyone else honest”.

#### **Logistical strength to tackle financial weakness**

While IMG may be going OTT with Serie A and LaLiga both to address a specific financial weakness and develop a new strategic advantage, it can at least target both objectives from a position of strength logistically.

In establishing Serie A Pass and Strive, the agency has the benefit of scale and experience on its side, as well as the technological capability – through IMG Gaming now and potentially NeuLion in the future. One international rights advisor says of that position: “IMG has a different development story to other agencies. They started very early

in television production with the Premier League so they have built up a lot of knowledge and experience, not just in producing live games but also highlights, previews and magazine shows. So it's a logical step, particularly as OTT is able to offer much wider programming than traditional broadcasters."

IMG also found itself with a combination of inventory and market conditions that made Scandinavia a prime candidate for a first push into OTT subscription services, in that the agency was able to bulk up the offer with both Serie A and LaLiga rather than just one or the other, and do so in a region Hysén describes as "digitally sophisticated", with the widespread availability of high-speed broadband access creating a comparatively mature market for this type of product. In March 2018, for example, researcher Kagan reported that penetration rates for subscription video-on-demand services like Netflix had reached 86 per cent of fixed broadband homes in Denmark, 77 per cent in Norway and 76 per cent in Sweden. The equivalent figure for the UK was 56 per cent.

### A safety net for the bottom line

IMG's insistence that it is open-minded about what success for Serie A Pass and Strive would look like implies that this is an experimental move made possible by a combination of its rights portfolio and in-house capabilities, but one whose timing has been determined by a need to cover a shortfall of interest and income from the broadcasters to whom it has traditionally sold.

At the same time, the agency maintains that its default distribution model of working with those broadcasters remains unchanged and it is still open to offers on Serie A where its OTT product is already in place but there have been no takers for linear rights.

That, says one experienced advisor, is a mixed message to send. "I think it complicates the market tremendously and [broadcasters] are finding it very difficult," he says. "They don't really know how to deal with IMG these days: are they an agency they can buy from and trust? Or are they now the opposition? It does blur the line somewhat."

What the agency may in fact be building is a safety net for rights-holders – and itself – should they fail to generate the fees anticipated for their properties: IMG has explicitly described both new products as offering rights-holders more flexibility according to the level of interest their property generates in any particular market.

One consultant summarises: "If you buy a property like Serie A on a worldwide basis, you will always be surprised in some regions in a positive way by getting more for the rights than you expected, but you will be surprised in a negative way in others where you get less than you expected. Building an OTT service gives you another option if you don't get the revenue you expect, but it is not a short-term project you set up as a reaction to that.

"There is long-term planning behind this because it needs a lot of investment and organisation and commitment from shareholders. I have the impression this is a long-term plan where IMG is trying to build up some alternatives if the current big players are not willing to pay the licence fees they expect." ○

# SPFL issues Request For Proposals



The SPFL has issued a Request For Proposals ("RFP") in respect of SPFL media rights in the UK & Ireland covering the period from summer 2020.

The RFP contains details of the packages that the SPFL is making available from July 2020 onwards.

### The competitions included within the remit of the RFP are:

- The Ladbrokes Premiership
- The Ladbrokes Championship
- Ladbrokes League 1
- Ladbrokes League 2
- Ladbrokes Play-off matches
- Betfred Cup
- IRN-BRU Cup
- Radio commentary rights

The RFP is available to broadcasters, agencies and other potential purchasers of SPFL media rights in the UK & Ireland.

Interested parties should contact the SPFL at [RFP2018@spfl.co.uk](mailto:RFP2018@spfl.co.uk)

# Philadelphia Eagles trade quick gains for long-term commercial stability

Eagles' sponsorship strategy is based around minimising risk and maximising stability

Focus is on working closely with fewer sponsors, signing long-term, high-value deals

Team has found several ways to reap the benefits from its first ever Super Bowl victory



(Patrick Smith/Getty Images)

## Adam Nelson

**W**inning a first Super Bowl is a momentous occasion for any NFL franchise, and the Philadelphia Eagles' 2018 victory was no exception.

What was exceptional was the franchise's commercial response. Where most teams would be looking to immediately cash in with a series of lucrative post-Super Bowl commercial deals, Ari Roitman, the Eagles' senior vice-president of business, has enjoyed a summer not unlike any other.

Though not unique, the Eagles' commercial model – based around engaging more closely with a smaller number of sponsors, tying them down to high-value, long-term deals – is rare in the NFL. As of August 2018, the Eagles had a total of 65 corporate

partners – just over half the league-wide average of 116.

“That’s not because my guys aren’t doing their jobs,” Roitman says. “The business philosophy that we have operated under is what we call a ‘less is more’ philosophy. We do fewer deals, but we do larger deals from a remuneration perspective, as well as longer-term deals.”

The model, says Roitman, works for the Eagles “because of the market we’re in, a big city with a devoted fanbase and huge TV viewership”.

“What works for us wouldn’t necessarily work somewhere else,” he says. “What goes on in a different market makes sense in that market, and for us there’s a certain space we just choose not to play in. There’s a certain type of deal that does not work for the Philadelphia Eagles, and we’re

very respectful about that, but we try and focus on those deals that fit our model, fit our goals and objectives, and we’ve seen success from that.”

The 2017 edition of Forbes’ annual *Business of Football* survey shows that, despite the Eagles’ significantly lower-than-average number of commercial partners, their annual revenue of \$430m (€367m/£333m) was the eighth highest in the NFL. Although that figure combines matchday, broadcast and commercial revenues, it nevertheless offers an indication of an institution flourishing under its current model.

### Minimising risk

Primarily it is a strategy designed to minimise risk, explains Roitman. “For a team like the Eagles, this model offers you protection and helps you



when on-field performance is not great. If we've got a couple of years in a row where we're not a winning team, by virtue of the fact that we do these long-term deals we're not at risk of losing someone who might be on a more short-term deal and who will go, 'the Eagles aren't performing, or the TV audience isn't there, or attendance isn't there' – or whatever their metrics are – they don't have the ability to say, 'okay, see you later.'"

Roitman also admits that there is some risk of leaving money on the table with this strategy – “we win the Super Bowl, and you could argue that our rates should be going up and we should be generating way more business” – but argues that, given 2018 was the franchise's first ever Super Bowl victory, the model continues to make sense.

Indeed, the Eagles' overall valuation of \$2.65bn puts them in the top ten most valuable NFL teams in the 2017 Forbes ranking, with year-on-year growth of six per cent. That figure can be expected to jump in the 2018 report, when the fallout from their Super Bowl triumph is taken into account, but it is unlikely to do so to the same extent as previous Super Bowl winners. In the 12 months following their victory, 2016 winners the Denver Broncos' value leapt 24 per cent on the Forbes rankings, while unexpected 2017 runners-up the Atlanta Falcons' rose 16 per cent, both at least partly inspired by post-Super Bowl commercial pushes.

The Broncos, for instance, signed a two-season partnership with United Airlines in the summer of 2016. Roitman says this length of partnership is not something the Eagles are planning on, even to cash in on their Super Bowl success.

“We have deals on the low-end that are three-year deals and on the high-end are 20-year deals,” he says. “That's a very wide gap. In general, I think five years as a minimum is a sweet spot for us. We do three-year deals, but we're extremely hesitant to do anything under that number.

“Sixty-four per cent of the Eagles' partnerships have a term of four years or longer, roughly twice the NFL

average.

“So where that would be different is if we were a team that was much more transactional, much more short-term,” Roitman adds. “You'd see a much more significant bump in revenue for a club that does a lot of one or two-year deals after a Super Bowl win than you will with us. But I do believe that in the long-term

*“The business philosophy that we have operated under is what we call a ‘less is more’ philosophy. We do fewer deals, but we do larger deals from a remuneration perspective.”*

**Ari Roitman** | senior vice-president of business, Philadelphia Eagles

we're better off. We've won one Super Bowl in the history of the franchise. If you're making an argument over the business model that we operate under, we've benefited way more from the stability than we have lost in terms of potentially giving up business.”

### Wider benefits

“I don't want to give the impression that we're not going to benefit from the Super Bowl win; I don't think that's the case at all,” says Roitman. “I also don't want it to appear that we're not going to benefit as much as we should – we're having a wonderful new business year, and we're seeing the benefits of the performance last year.”

There are several “direct, immediate benefits,” he says, of which the biggest was the revenue brought in from the victory parade, which exceeded \$1m. A significant proportion of that income came through 13 of the club's existing



(Rich Schultz/Getty Images)



Fans crowd the streets to watch the Eagles' Super Bowl victory parade (Jessica Kourkounis/Getty Images)

sponsors purchasing logo placements on the buses which drove through the streets of Philadelphia. Further revenue was raised from the sale of the TV rights for the parade, with NBC Sports' Philadelphia+ showing the event live, and then on a loop for 24 hours afterwards, such was the excitement in the city. An estimated two million fans joined the celebration somewhere along its 4.8-mile route.

Merchandise has also accounted a significant proportion of those direct benefits. The club created a jewellery line, allowing fans to buy limited edition replica Super Bowl rings and other items celebrating the win, alongside a wide range of other commemorative merchandise.

Taken collectively, the 2018 Eagles saw the second-highest "hot market" merchandise sales in history, behind only the 2016 World Series-winning Chicago Cubs, according to figures from sportswear retailer Fanatics. The company defines 'hot market' sales as those which take place in the 30 days immediately following a championship

***"We've won one Super Bowl in the history of the franchise. If you're making an argument over the business model that we operate under, we've benefited way more from the stability than we have lost in terms of potentially giving up business."***

**Ari Roitman** | senior vice-president of business, Philadelphia Eagles

victory, of items directly related to the win.

Although the total sales figures were not revealed, Fanatics said that Eagles fans spent 60 per cent more on merchandise after their team's Super Bowl win than New England Patriots fans in the preceding year. The NFL Player's Association confirmed the Eagles' quarterback Nick Foles sold more merchandise than any other NFL player in the period between March

and May 2018, while six other Eagles players joined him in the top 50. Much of this is a result of a first Super Bowl victory, but Roitman believes that the product lines created by the club helped to exploit fans' fervour. "The jewellery line, the clothing lines, they're specific to the Super Bowl win," he says. "To have such incredible hot-market sales is very significant, and that's because we created items fans would want to buy. Hats, t-shirts, you name it – fans were buying up everything they possibly could."

The club has also seen indirect benefits. In July, the Eagles signed a six-year partnership with Philadelphia-based health insurance firm Independence Blue Cross (IBX), which will serve as the team's official health insurance partner and the presenting partner of the Eagles' training camp. IBX have previously partnered with the club informally on several occasions in the past, and Roitman says that a formalized, long-term deal has been something that has been spoken about for six years.

"Every year we had good dialogue, and every year we got to the finish line and didn't close the deal," he says. "I have no doubt that winning the Super Bowl has helped us close the deal this year. There are direct, immediate benefits and then there are indirect benefits, things like a brand going 'ok, it's time, we probably should have said 'yes' last year'."

### **Maximising relations**

While the benefits to the strategy are numerous, the one that has the biggest day-to-day effect is the club's ability to work more closely with each of its sponsors, ensuring that every brand gets what it wants out of their partnership. "The first step of any relationship should be listening," Roitman says. "That's true in any business, but the fact that we work with fewer brands, over a longer term, means we can really listen, and really get into building that relationship."

The listening process starts right from the initiation of the partnership. "We pride ourselves on not thinking we have any answers before we sit down with a brand and try to



understand what they're trying to accomplish," he adds. Using the example of the Eagles' 'Founding Partner' Coca-Cola, Roitman explains: "It might be intuitive that they want to sell more products, but until they tell us that that's their goal, I always tell my staff that we really don't know. Listening first is paramount before we take any action."

Again, he stresses that because the number of partners they work with is lower, members of his team are able to spend more time with each one, building a granular picture of what the club's partners want to achieve and, just as importantly, how they want to achieve it.

"Once we have that information, what we will hope to do is to create an asset mix that will accomplish those goals," Roitman says. "What is it that they're trying to do? And how can we afford them the benefits and assets that over time will make for a very successful, mutually-successful partnership? Whether it's hospitality, whether it's signage, whether it's custom digital content – whatever it is that's going to make the partnership successful and feed the client's goals,

that's how we go about creating what we hope to be the asset mix for the partnership and we go from there."

Roitman adds that this process is part of what contributes to the Eagles' "very strong" retention rates. "Certainly management and retention is one of the huge upsides for us," he says. "We can devote more time, we can devote more resources to these partnerships, and so as a result we tend not to lose partners, which is very important. I wouldn't like to put a number on it, but I'd say a significant proportion of our sponsors renew their deals with us for a second term."

Furthermore, Roitman believes the "lack of clutter" in the Eagles' sponsorship roster has helped to engender a premium feel to each of their deals. Every brand that works with the team "gets more elbow room to leverage our intellectual property", because the vast majority of the larger deals they sign are exclusive. "We really believe in ownership," says Roitman. "Obviously we have some deals that are non-exclusive, but the larger deals – and, given our model, we have more of those – leverage to a

good degree the notion of exclusivity, owning spaces and owning areas of relationships with the Philadelphia Eagles."

IBX, for instance, will be the Eagles' only Health Insurance Partner, allowing them to activate using the Eagles' branding across the entire sector. Other teams – both within the NFL and from other leagues – will often sign deals with multiple partners from the same sector, with brands able to activate the partnership only in specific territories.

In spite of the Super Bowl win, Roitman will not change the Eagles' commercial strategy, which he says is ultimately focused on "long-term success and stability".

"It's not about this year, necessarily, it's not about the here and the now, it's about building a successful, stable business not just for the current year but for the future," he concludes. "My colleague Howie Roseman [the Eagles' general manager] has to build a team not just for 2018, but for 2019 and beyond. We have the same things in mind. We're trying to build a business that is going to thrive for many years to come." ○

# HOSTCITY 2018

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# Opportunity knocks | Sports betting in the USA

*SportBusiness Review* spoke to four key players to understand how the opportunities of legalised sports betting are viewed across the market

Betting firms “will reinvest 50 per cent of their revenues in marketing”

Athlete data will inform the sports bettor to an astonishing extent

DraftKings’ mobile sportsbook exceeds expectations in New Jersey

# Matteo Monteverdi, president, Sportradar US

Sportradar has advised gaming operators, regulators and leagues about the repeal of PASPA. *SportBusiness Review* spoke to **Matteo Monteverdi** about the opportunities for rights-holders.

## **The legalisation of sports betting is happening on a state-by-state basis in the USA, threatening to create a fragmented market. Can you picture a scenario in which betting will be regulated on a federal level?**

Obviously, our position is neutral, we are neither in favor of a federal bill, nor a state-by-state bill, but realistically speaking, based on what we see in the gaming industry, we believe sports betting is something that will evolve on a state-by-state basis. In each state where there are operators, there is a gaming commission that is looking after the licensing process, the certification of the products, the number of licenses, the number of machines you can have on the floor. That is done in agreement with some Native American tribes that have strong local interests and sovereign lands. This adds some regulatory complexity at a state level.

## **Do you think all of the US Major Leagues would prefer a federal bill rather than state-by-state legislation?**

The underlying paradigm here is that finally the leagues are behind the sports betting business. There are several models but it's becoming pretty evident that all the leagues: the NBA, NFL, MLB, NHL are behind sports betting and they see the benefit of doing that because this could be not only a tremendous revenue-generating business, but it can also increase the levels of engagement and the followers of each league dramatically. Some might think a federal model would be easier to implement – obviously it removes the level of complexity dramatically and would allow for a blanket regulatory framework – but realistically I don't

think that is going to happen in the short-term.

## **How big are the opportunities for sports rights-holders?**

If you look at the US market, clearly the potential of the addressable market is very significant. Some have estimated the illegal market is worth \$10bn, others that it is worth \$25bn, but one way or another the market is going to be very big.

What makes this market very big is the way Americans consume sport content more than any other nations on the planet. I always find it intriguing that you can step into a Michelin-starred restaurant and see that while you are ordering a \$100 dish there is a baseball game being shown behind the bar, something you'd never see in Europe.

## **What sort of sponsorship revenues can teams and leagues expect from gaming operators?**

Leagues and teams will be able to extract value, not only from the sports betting operations but also from marketing activities. It's estimated that more than 50 per cent of the gross gaming revenue that will be generated by sports betting operators – especially at the beginning of the regulations – will be reinvested in marketing. That marketing will be in the form of above-the-line communications and sponsorship. Teams and leagues can extract a ton of value out of that. They will 'double dip', first getting a share of the business of the sports betting operations and then they will get money from the marketing initiatives.

## **How will betting in the USA differ from betting in Europe?**

The tempo of American sport will really enable next-play betting, so you will be able to place a bet between two different actions. You can place a bet if the next action is going to be a pass or if it's going

to be a run. This is something you can do today in tennis – for example who is going to win the next point – but [tennis] is not as popular [in the States] as the NFL or MLB. And if you think about baseball, where you have, I believe, 45 seconds, almost a minute between one action and the next, you have [an increased opportunity] to place bets.

Live betting on the next play will, in my opinion, generate unprecedented levels of engagement.

## **Does the fantasy sports sector in the USA offer any precedents?**


If you take a look at what DraftKings and FanDuel did a few years ago, they invested 120 per cent of their revenues in marketing. I believe DraftKings invested something like \$250m in marketing activities, and FanDuel invested \$200m, so these combined operators invested almost half a billion dollars in marketing initiatives, which is huge. I believe that they spent more than Procter & Gamble at one point, which is very telling. I don't think that the gaming operators will achieve the same level of expenditure, but they will definitely need to make people aware of their offer in the market.

## **Do you think there is any chance that legislators will enforce a ban on gaming operators sponsoring teams or leagues, as has been the case in Italy recently?**

I think that gaming in Italy and in Europe has reached a level of penetration that is not comparable to the US and to a certain extent it is starting to be almost a social problem. I don't see the US facing the same issue. It might happen, but I don't see that coming in the short-term.

## **Are there any concerns at a rights-holder level about the impact of introducing sports betting?**

At this point in time, the areas where

A portrait of a middle-aged man with short, graying hair, wearing glasses, a dark pinstriped suit jacket, a white shirt, and a dark tie. He is looking directly at the camera with a slight smile. The background is a plain, light-colored wall.

*“Some might think a federal model would be easier to implement – obviously it removes the level of complexity dramatically and would allow for a blanket regulatory framework – but realistically I don’t think that is going to happen in the short-term.”*



I see some concerns by the leagues – which is legitimate to a certain extent – is around [betting on] minor leagues and college sports. Obviously, they tend to be a little bit more cautious in their specific segments due to the nature of their sports. The vast majority of these guys are not professional players that are paid millions of dollars. But I don't see why leagues would put the brakes on any potential co-marketing initiatives.

As a matter of fact, if you look at what the NBA has done with MGM – where they have signed a co-marketing partnership – that is a sign to me that they are embracing these opportunities more and more.

**Would it be fair to say the industry needs mobile betting to be legalised in US states to really make the most of the opportunity?**

Yes, if you look at any mature jurisdiction, mobile betting represents the vast majority of sports betting activity. What is fueling the adoption of mobile betting is also the live betting opportunity – you're watching the game and you're capable of placing a bet on what is going to happen in the next 10 minutes. People want to do that with their phones but potentially tomorrow you will also be able to do it through your TV or with your voice-controlled Alexa.

Clearly if you need to go to a casino to place a bet for an event that will happen tomorrow, the market will be severely reduced in terms of opportunity. So mobile and interactive betting are clearly both growth-drivers.

**Are there plans on the part of US broadcasters to integrate betting into their sports coverage and gamify the viewing experience?**

One of the largest sportsbooks in the UK is Sky Vegas. It was recently acquired by PokerStars, but Sky Vegas used to be part of the Sky TV group. I understand in the past they tried to bundle their sports betting offering with their content offering and it didn't work out that well.

I see over-the-top operators as being better positioned to take advantage of this offering than traditional broadcasters. Bear in mind one of the businesses Sportradar is in is providing audio and visual streaming content to sportsbooks to place bets on live events throughout international markets. We do have content which will be distributed through gaming sites and you can go to a gaming site and watch a game over-the-top while placing a bet at the same time.

**What impact has the PASPA [Professional and Amateur Sports Protection Act] repeal had on Sportradar?**

As a business we have been very much focused on the media segment until today. We are providing live data or sports data to a lot of media companies in North America and we've been building quite a big, solid business around that and our presence in the market here in the US has been vertically-focused on this business line.

To provide an example, when a sports commentator discusses a basketball game, we are able to provide insights

on what happened that they can then share as an editorial note. In addition, we provide static content to media operators.

Clearly now [sports betting] will add an important incremental business line to our portfolio. We believe that we can further extract synergies by the combination of these two initiatives.

We are crisscrossing the country to talk to gaming operators, regulators and leagues, specifically around this topic, bearing in mind that this market at the beginning is going to be slow and is going to take some time to mature. That being said, we're investing a significant amount of money in this business. We work with major sportsbook operators in the US – both European operators expanding in the US, or American casinos promoting sports betting – and we provide priority to those jurisdictions where betting is regulated or is in the process of being regulated.

**What are the synergies between the media vertical and the sports betting vertical?**

In the end the data is the same if you think about it. The way that data is displayed through the different channels changes, so there are production synergies that we can generate. But there are also revenue synergies we can generate. Betting data can be content as well. And we can be published not only by betting operators but potentially by ESPN or by another media company that is interested in combining our data visualisations with sports betting data. ○



# Jamie Shea, head of Sportsbook digital, DraftKings

DraftKings was the first company to operate a mobile sportsbook in New Jersey after the state legalised betting. Jamie Shea spoke about the company's experiences at September's SportBusiness Summit.

**You had the first mobile sportsbook in New Jersey. Tell us what has happened in that market and your experiences there.**

We were first to market, which was our goal. We were in there about three weeks earlier than everyone else. There has been a lot of hard work over the last year building our own platform, getting it out there, really finding out what the consumer wanted and using the best of the European market and the US market to build that platform. So far, we have beaten expectations by over 300 per cent. We've taken our two millionth bet, so it's been going very well.

**Mark Cuban said the value of his NBA franchise (the Dallas Mavericks) doubled overnight as a result of the legalisation of sports betting. New Jersey was one of the first states to open up. What has the impact been there in terms of engagement with the teams and the state?**

The revenue take in New Jersey is \$4m which is the figure that the state has taken. I see what Mark Cuban is talking about in the sense that viewership goes up. Let's say you have a team that's going to wipe out the other team and you have a 42-point spread, that makes it an even game. In New Jersey you're seeing some home team [betting], you're getting lots of action on the Giants, you're getting tonnes of action on the Yankees. We always say if the Yankees win, it's probably not a great day. We're just really impressed with how the market has done and how it's exceeded expectations because we put some high numbers in there and the bar has definitely gone up. We were alone in the market for about three weeks and now you've got competitors coming in and that's good for all of us to improve our game and up the offers.



**At the moment there are eight mobile sportsbooks in New Jersey and there could be over 30 in total by the time digital skins are in operation [an online book in partnership with a casino or racetrack]. Only New Jersey and Nevada are fully mobile across the state whereas for Mississippi it's mobile-only on premises. From a technology perspective, what issues does that present?**

I think with geofencing and geolocation, a lot of that is taken care of for us. I think we have great technology now to make sure we follow what the legislation dictates. As far as Mississippi is concerned, I

can see that opening up at some point, once they see we can geofence certain counties.

**How important has mobile betting been to your success in New Jersey?**

We've found through different focus groups and research that you have a demographic out there that wants to learn on their own and that's where mobile devices come in. There's an intimidation factor when you walk up to a window and you go to make a wager and you get a little intimidated by the guy behind the counter. You don't have any of that with a mobile device, so I think that's going to allow us to scale quickly. ○

# Angela Ruggiero, chief executive and co-founder, Sports Innovation Lab

At the SportBusiness Summit in September, the Olympic gold medallist spoke about the impact of sports betting on athletes and the technology sector.

## Your company tracks where sports and technology meet. What sort of companies will thrive now that betting has been legalised?

Obviously, everyone is talking about blockchain, but it is the future. I think there are a lot of fan engagement companies emerging and blockchain is an enabler for the fan – and especially for making fans feel that their bets are secure. One area that is ahead of betting – ahead in terms of the size of the market – is the data coming off the athletes. For the first time we're seeing athlete heart rates transmitted in real-time and there are literally hundreds of companies emerging in what's called the quantified-athlete sector. These [companies] are creating new ways of engaging with fans, and betting is another natural direction for this part of the market to take.

## How will the data that is collected from athletes affect the way customers place bets?

At the Sports Innovation Lab, we've tracked over 700 companies in the quantified-athlete sector – companies that are monitoring, measuring and predicting performance; preventing injury – really emitting data. That data is very interesting from a performance standpoint, but relative to sports betting it's of enormous value now from a fan engagement perspective.

We really believe that the data coming from the athlete from these hundreds of devices – [devices that measure] heart rate; perspiration; EKG – there are all kinds of interesting data points now that are not only interesting to watch, but provide another layer of information that the fan (who wants to place a bet) could look at and analyse.

This whole ecosystem, we believe, will come together in the future, where the fan at home not only watches the sport



but also sees the data of the athlete and then has the ability in real-time to bet on performance or particular plays through prop (proposition) bets.

## So could fans be allowed to see if someone is calm or high-energy during a match and use that to inform their in-play bets?

Absolutely. That's what everyone wants. It's another data stream that's engaging, and even if you're not betting, it's interesting, you're more likely to watch. I definitely think these markets will merge.

## How much should players share the revenues from the deals that leagues and teams strike with betting operators?

The rumoured fees of 1 per cent, 0.2 per cent, whatever they end up being – they're called integrity fees but they're really a revenue share. Those are new fees coming into the league and I think the athletes – and the unions in particular – are going to see them as an additional revenue stream and they're going to want their cut. I think the revenue distribution is going to be a hot topic because if there are new sponsors coming into the league, new integrity

fees, or new ways the league is going to be profitable, then the athletes are going to want to participate.

## Should players be allowed to bet on their sport?

Assuming you can get past that hurdle where athletes are happy with what that new business model looks like, I personally don't think they should be allowed to bet on their own sport. When you're in the locker room, you get inside information, not just on your team but all the other teams in the league, so I think they should not be allowed to bet on their own sport. The question is whether they should be allowed to bet on all the other sports, because you still move in the same circles as a lot of these athletes from other sports and you still have inside information.

I sit on the Athlete's Commission for the IOC and we've seen athletes that bet on their own sport, including US athletes, and they're oblivious – they don't even know that it's illegal – so there's going to be a tremendous amount of educating to do to ensure athletes don't do things that are illegal. But I think that's the easiest part of the discussion – it's the revenue share I'm most worried about. ○

# Scott Butera, president of interactive gaming, MGM Resorts International

When MGM struck an August deal to become the Official Gaming Partner of the NBA and the WNBA, it was the first such partnership for a major league in the new legal sports betting environment.

## What impact has the sports betting repeal had on you?

It's had a major impact in the sense that it's really spearheaded a lot of our efforts with regard to our entire interactive platform.

With the repeal of sports betting, we're integrating all of our online activities with our casino gaming, with our social games, with our digital media [and] we're talking to broadcasters...it's really changing the way we think customers are going to consume sports content.

We've developed a platform to take advantage of that and recently formed a joint venture with GVC Holdings, which is the largest online sports betting company in the world, to capture their technology.

In terms of creating an opportunity for sports betting and the related verticals, it really opened the door for that.

## How do you see the post-sports betting legalisation playing out? What comes next?

I think there will be a state-by-state rollout. Right now we have a number of states that we can operate in – we're in three of them [Nevada, New Jersey and Mississippi]. We hope over the next four to five years to be in 25-30 [states]. I think each state will be a little different in terms of the number of licenses they will approve, who will be eligible to receive them and what the costs and taxes associated with that will be.

## How big are the opportunities for sports rights-holders?

It's significant. There are research reports out there that say it could be a \$5bn to \$6bn market and if you incorporate all the other elements it could be bigger.



## How big are the opportunities for betting operators?

The opportunities are all the things that we are doing and would want to participate in.

## How will sports betting in the US differ from in Europe?

I actually think it will be more than just betting, it will be a whole customer experience. I think that there will be a great deal of

technology in terms of how games are viewed and the statistics that are put up alongside it.

I think that the types of product offerings, the way in which you bet and the number of sports that you bet on will be broader than they currently are in Europe. So there will be some similarities but in terms of customer service, product, and the user interface through technology, it will be next-generation. ○

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# Mariachi, masks and mixed martial arts: Why local pride is crucial in combat sports

UFC has become a byword for MMA around the world, but has failed to crack Latin America and Asia

Uniformity has brought UFC success, but lack of flexibility has prevented it from catering to certain audiences

Smaller promotions are filling the void, despite lower quality of competition



(Christian Petersen/Getty Images)

## Callum McCarthy

**M**ixed martial arts and boxing have become two of the most important investment vehicles for the biggest brands and broadcasters in sport, all of whom are chasing the same thing: a young, passionate audience willing to part with their money.

As a result, combat sports are near-ubiquitous in 2018. A glut of different sports, promotions and fighters are jostling for their place in the public consciousness, with barely enough room for a fraction of them.

With so much combat content available on the market, a promoter's ability to make fights and fighters resonate with audiences from specific nations, regions and cultures can be the difference between rags and riches.

As demonstrated by YouTube stars KSI and Logan Paul's blockbuster pay-per-view event in August, the quality of competitor is only part of what makes combat interesting and entertaining to an audience. This means there are cost-effective alternatives to top-tier combat with which broadcasters, streaming platforms and sponsors can reach coveted demographics.

In MMA, there is no promotion offering quality of competition close to the Ultimate Fighting Championship. Since convincing Lorenzo and Frank Fertitta to acquire the UFC in 2001, UFC president Dana White has been at the forefront of a movement that turned "UFC" into a byword for the sport of mixed martial arts in the Western Hemisphere.

The UFC now puts on over 40 events per year around the world,

with its fighters competing in near-identical Reebok-branded 'fight kits'. Its production and presentation is clean, consistent and uniform across every event and broadcast. The UFC brand is so recognisable and strong in its core markets that some events sell out even before any fights are announced.

But despite the UFC's mainstream appeal in multiple markets where English is a second language, its brand has failed to crack two large, lucrative regions: Latin America and Asia.

These regions are home to some of the most storied combat sports cultures in the world – cultures that seem incompatible with the UFC's homogenous, brand-focused presentation and professional wrestling-esque promotion techniques.

"I don't care what colour you are, what language you speak, or what

country you live in, we're all human beings," White famously said back in 2010. "Fighting is in our DNA. We like it. We get it."

White was right, fighting is in our DNA. But when it comes to making money from combat sports, the language you speak and the culture you represent matter more than in any other sport. Getting the details right can give small promotions a huge advantage when pitching to specific audiences – a fact not lost on a few savvy regional promoters beating the UFC to the punch.

### Hispanic market

The UFC has had relatively little success pitching to the Hispanic market over the past decade, though not for lack of effort. It's had multiple Hispanic stars, including Mexican-American former heavyweight champion Cain Velasquez.

On the back of Velasquez's success, the promotion made a huge effort to push its product into the mainstream in Mexico and Latin America by creating a joint venture with Mexican broadcasting giant Televisa. The joint venture saw the creation of a localised UFC channel available across Latin America, aiming to turn the region into one of the UFC's biggest markets.

Despite everything seeming perfect on paper, the venture was a failure. Subscription uptake and distribution fell well below expectations and the deal was cancelled years earlier than planned. The UFC was so keen to get out that it allowed Televisa to keep all subscription revenue in Mexico from July 2017 to the end of 2018 as a cancellation payment.

"Nothing against the people at the UFC, but you can perhaps name a handful of UFC fighters that would be relevant to our audience," says Eric Conrad, executive vice-president of sports programming at Spanish-language US broadcaster Univision. "Having a one-off fight that resonates with a Hispanic audience and then having to wait a year for another one didn't work for us."

Over the past couple of years, Univision had been interested in acquiring rights to an MMA property, but did not feel the UFC represented value for money given its limited appeal



to a Hispanic audience. Univision wanted MMA on its channels in order to appeal to a young, male audience, and decided to acquire rights to a Hispanic-focused promotion, Combate Americas, at a much cheaper price.

"Having Latino fighters as the stars of the show was key for us," Conrad says. "Taking content that was created for an English-speaking audience wasn't going to benefit our viewers. Combate Americas enables us to create content and stories around Mexicans, Venezuelans, Colombians, and Americans with Hispanic roots. That's key for delivering an audience on our terrestrial and sports network."

### Instant hit

Combate Americas was created by UFC co-founder Campbell McLaren in 2014 and was an instant hit on US Spanish-language network Telemundo. It brands itself as a uniquely Hispanic product, targeting and tailoring its product to young Hispanic males.

Combate Americas' live broadcasts and online content is produced in Spanish and its fighters are almost all Hispanic, with national pride and cultural heritage forming the central pillar of how events and fighters are promoted.

Jacqueline Hernández was Telemundo's chief marketing officer when Combate made its debut on the channel, and after seeing the promotion resonate with Hispanics in the 18-34

demographic first-hand, she accepted McLaren's offer to become president of the promotion earlier this year.

"When I left NBC Universal [Telemundo's parent company] I started working with Combate and Campbell as a consultant so I could understand and lean into what they were doing, and immediately saw this was a gem," Hernández says. "25 per cent of MMA fans in the US are Hispanic and although they're represented, I wouldn't say they're superserved. Combate is designed to superserve the Hispanic consumer and fight fan."

Both Hernández and Conrad believe the style of combat is hugely important to Combate Americas' appeal. Combate Americas' fighters prefer to use striking techniques taken from boxing and Muay Thai – a freestyle form of kickboxing that originated in Thailand – as opposed to the wrestling techniques more common in the UFC and second-best MMA promotion Bellator.

"We like to say 'Mucha Más Acción' – much more action," Hernández says. "Many fighters from Latin America came from boxing, kickboxing and Muay Thai backgrounds. The fights have a lot more action going on, they're fast-paced and aggressive."

"It works so much better for us," Conrad says. "I'm not an MMA expert, but when you watch the fights it's very compelling, and definitely for fans of boxing-style fights rather than the on-

the-ground, wrestling style.”

**Accessible**

The more accessible style of fighting has meant Combate has been able to quickly and consistently appeal to both casual and hardcore combat sports fans in Latin America – many of whom will have been fans of boxing and no other combat sport.

The promotion’s Combate Estrellas I event in May attracted an average of almost 600,000 viewers across Univision’s free-to-air and pay-television sports channels, and a total of four million viewers on Mexican free-to-air channel Azteca. This is despite Combate Americas lacking a single top-20-ranked fighter in any of its weight classes.

For comparison, a Bellator event held on the same night averaged just over 400,000 viewers on basic-tier cable channel Paramount. The two events did not clash – Bellator began at 9pm on

the east coast of the US, while Combate Americas’ event began at midnight.

The UFC’s Fight Night events on pay-television broadcaster Fox Sports 1 has drawn an average of just over 800,000 viewers per event in 2018. Fox is understood to be paying a rights fee of \$168m (€146m) this year.

Aside from the style of combat, the promotion particularly targets Mexican and Mexican-American fans via its presentation and pageantry, which has borrowed heavily from existing Mexican combat culture.

Much like Mexican boxing events, Combate’s events have special segments for music from Hispanic artists and Mariachi bands, and fighters can be creative with their attire while walking to the cage – something essential to marketing individual fighters but prohibited in the UFC due to its exclusive ‘fight-week attire’ deal with Reebok.

“It’s about presentation and

understanding,” says Mike Afromowitz, senior vice-president, communications and operations at Combate Americas. “It’s hard for a Hispanic or Mexican fan to understand the UFC, the way it’s positioned and presented. The presentation alone may alienate that audience.”

Afromowitz cites the case of Combate Americas’ lightweight fighter Erik Perez, whom the UFC prevented from wearing a luchador mask – a piece of attire considered sacred in the world of Mexican wrestling – during his entrances on multiple occasions.

While Perez was permanently banned from wearing the mask after the UFC signed its deal with Reebok, he was twice denied permission to wear it prior to the deal, when fighters had control over their own in-cage attire and sponsorship opportunities.

Shortly before Perez’s third fight in the UFC in 2012, his representatives personally lobbied White to grant Perez permission to wear the mask.

Speaking to journalists, White said: “You guys know how I feel about guys acting like idiots walking out to the octagon; I can’t stand it. You’re going in there to fight. This isn’t pro wrestling.”

White relented after meeting Perez’s management, allowing him to wear the mask during his walk-in: “He’s got a reason for why he does it, and they sat down, they explained it to me, and I’m cool with it. All the other goofy shit that happens? I can’t stand it.”

“The UFC do a great job,” Afromowitz says. “It’s a market leader worldwide, but the Hispanic audience haven’t taken to it. We’ve succeeded in engaging them, and we’ve succeeded because we’re saying to our audience: ‘we get you.’”

**Uniformity**

“I do think the uniformity, whether it’s UFC events or other combat sports, is both a strength and a weakness,” says Stephen Espinoza, president of Showtime Sports and a key player in the US boxing industry.

“The weakness is that it is more difficult to adjust for the demographics of a particular fight in the marketing and presentation, and adapt to outside markets.”

THE TALE OF THE TAPE



**515%** ▲ increase  
in media rights fee earned by UFC from 2019,  
in new deal with Fox Sports Latin America

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**25%** of MMA fans in the  
United States are Hispanic

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**24**  
out of  
**590**

active fighters on UFC  
roster are Latin American



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**Seven Latin American fighters** are ranked  
in the **top 15** in their weight class...  
but only **two** in the **top 10**

**Yoel Romero**  
(Cuba)

**Santiago Ponzinibbio**  
(Argentina)



Combate Americas event  
on April 13, 2018, averaged

**583,000**  
viewers  
across Univision and  
Univision Deportes



Bellator event on  
April 13, 2018, averaged

**403,000**  
viewers  
across Paramount Network  
and Country Music Television



He continued: “If everything is coming from a central office with a uniform feel and look, there’s very strong brand recognition when you see promotional material, and while you’re at an event, you know exactly what you’ll get. But what you sacrifice is flexibility in promoting individual events. When you have events in different regions and territories, and fighters from different demographics, ethnicities and nationalities, flexibility can be a great strength to embrace the individuality of those fighters.”

The UFC is thought to earn \$15m per year from its Reebok deal, which expires at the end of July 2021. Insiders say the deal has represented excellent value for Reebok, which sought to expose its products to UFC fans that actively train in martial arts in key global markets – the US, UK, Brazil and Scandinavia.

The deal has also helped legitimise the UFC as a top-tier sports property and phase out unwanted individual fighter sponsors that the promotion felt limited its appeal to mainstream sponsors. Fighters can no longer wear shorts adorned with the brand logos of CondomDepot.com or Dude Wipes, and all UFC fighters now wear Reebok-branded shorts or trunks during fights.

Moves like these were directly aimed at improving the UFC’s profile in the US ahead of its sale to IMG in 2016, and the completion of a new US broadcast deal with ESPN from 2019. While these moves may have alienated certain demographics, some believe the UFC is now poised to make another charge at global MMA domination.

James Elliott, former vice-president and general manager of the EMEA region for the UFC, says the promotion can refocus on its international commitments now that crucial US business has been completed.

“The US TV deal feeds the rest of the business. Now that’s done and they’re pleased with the result, their focus will move elsewhere and I fully expect them to come back to where they were before internationally,” says Elliott.

“The UFC need to provide local audiences and local media landscapes with what they need to fully engage and understand the sport, without patronising



(Combate Americas)

*“Our presentation is about celebrating the culture and doing it with a twist...but always in a Combate way.”*

**Jacqueline Hernández** | president,  
Combate Americas

or irritating those who did know what they were looking at.”

When asked whether the promotion should fundamentally change its product to appeal to certain audiences, Elliott says: “That’s where the UFC runs into challenges that other organisations don’t face. Local and regional promotions can focus on one demographic and can tailor everything to them, while the UFC is trying to do something for the world.”

#### Potential solutions

The UFC and its owner, Endeavor, is aware of the challenges it faces when marketing to specific audiences and is continuing to experiment with solutions to the problem.

In Russia, national promotions such as Fight Nights Global and Absolute Championship Berkut quickly gained popularity by offering fast-paced, combat-focused events filled with local fighters. Much like in Latin America, Russian fight fans respond to promotions which offer content and

production in Russian, with a focus on Russian fighters.

With FNG and ACB both experiencing financial difficulties and their grip on the market weakening, the UFC is partnering with Russia’s longest-running MMA promotion, M-1 Global, to present a new joint promotion: UFC Russia.

UFC Russia will be directly aimed at Russian fans, promoting events featuring Russian fighters competing for UFC contracts. This co-promotion strategy will enable the UFC to gain M-1’s expertise in tailoring its offering specifically for Russian fans, but without altering its primary brand identity.

Should this model prove successful, the UFC is expected to explore similar options in other markets. If not, it will have to be more flexible and perhaps adopt ideas and themes from existing cultural traditions – much like Combate Americas has done.

“Our presentation is about celebrating the culture and doing it with a twist,” Hernández says. “When we see something that has appeal with Hispanics, such as events or fights that emphasise country versus country rivalries, Mariachi bands or having musical segments, we’ll lean in and bring it in. But always in a Combate way.”

“We’re looking to be original, and bring a celebration of culture to a Hispanic consumer that wants to have that kind of celebration in their content.” ○

# Ringling the changes

Euroleague Basketball is being rapidly transformed under its joint venture with IMG. With fundamental changes made in the first two seasons of the partnership, it is now moving into an innovation-driven second phase.

**W**hat is happening today cannot be compared with what happened 20 years ago,” says Euroleague Basketball president and chief executive officer Jordi Bertomeu of the furious pace of change in today’s sports industry. “Everything can happen in a very short period of time.”

Bertomeu is speaking about change in the industry in general, driven by digital media technology. But he could have been talking about his own organisation specifically. Hand-in-hand with global entertainment and marketing specialist IMG, EB is undergoing a remarkable, high-speed transformation.

The two organizations entered into a 10-year partnership beginning in the 2016-17 season to develop EB competitions and participating clubs in order to achieve their full potential. The first couple of seasons saw important foundations being laid, with new competition formats and investments in TV production. Having got the basic product up to scratch, the joint venture is now propelling its way into the twenty-first century with a raft of innovations. Developments on the slate for the next couple of seasons include:

- Adding two new semi-permanent teams to the top-tier Turkish Airlines EuroLeague
- Creating a new system to centralize fan data from the leagues and clubs
- Modernizing the league’s digital content output.

It’s an ambitious schedule. But EB can’t afford to stand still. As a second-tier property, in a second-tier sport in Europe, it has to work hard for every



Euroleague Basketball president Jordi Bertomeu and WME | IMG co-president Ioris Francini (*Euroleague Basketball*)

fan and every euro of revenue. The footprint of both the league and the sport is greatest in smaller, less-wealthy markets in the south and east of the continent.

The good news for EB and IMG is that their joint work already seems to be paying off, just two years into the partnership.

## Early gains

The two crucial pieces of work in the first two seasons were: changing competition formats at both the EuroLeague and the 7DAYS EuroCup; and improving the standard and consistency of TV production.

Format changes to the EuroLeague ensured more games overall and more games between the biggest teams. New standards and specifications were introduced for TV broadcasters producing EuroLeague games, and IMG took on production in markets where there weren’t any local broadcasters willing or able to meet the standards.

“Our expectations have been exceeded by the results,” says Bertomeu. “On the media side, we have significantly increased our income. On the sponsorship side, we have also been very successful. Also from our events – especially the Final Four, which was held this year in Belgrade – there was significant growth.”

Between 2015-16 and 2017-18, EB revenues increased by 96 per cent, with media revenue increasing by 103 per cent and sponsorship revenue going up 50 per cent.

“I think most importantly, our fans – our customers – have realized we have had an impact on them,” Bertomeu adds. “The way the product has been designed and presented is significantly different from before we started the cooperation with IMG.”

These changes did not come without challenges, including EB clubs getting used to a competition that required them to play many more games.

“I always said our players, coaches



(Euroleague Basketball)

Creators Project, which employed social media influencers and personalities from more than 10 markets around the world to create EuroLeague-themed content. The Creators attended this year's Final Four as part of the project. They included one of Turkey's biggest YouTubers, Enes Batur, who has 7.2 million YouTube subscribers, and Germany's Simon Desue, who has 6.6 million followers on Facebook. "We want them to be a viral extension to partnerships with sponsors," Francini says.

EB has positioned itself as a tech-savvy property and is also exploring new content technology. In last season's EuroLeague playoffs and the Final Four event, fans got novel content from HEED, a service that uses sensors on players to generate statistical content and deliver it to mobiles in-game. HEED is a joint venture between Endeavor and technology firm AGT International.

and clubs needed one year to understand what is needed to face this situation," says Bertomeu. "Many things in the culture of the clubs have been changed, from practices to the physical preparation for trips – everything has been affected by this new competition format."

Bertomeu says that for the first two seasons the main focus was "to start the competition in October with everything ready, with more cameras, with a different [TV] production plan, with all the broadcasters aligned with the broadcast standards. There were so many things to do around the launch of this new concept".

Now there is a feeling that with the essentials in place the joint venture is moving to a more future-focused set of developments that will grow the league's business and modernise its operations: "Now with more or less the main things settled, we can spend more time on future strategies."

### Digital upgrade

Many of the forthcoming developments are digital. Investments are being made in new types of content for the league's digital platforms, in the platforms

themselves and in a system to fully exploit the data generated as fans interact with the content and the platforms. These moves are considered critical in building the league's value to fans, sponsors and other partners.

"It's about trying to align our sponsorship, media and digital strategy under the same concept," Bertomeu says.

EB channels are publishing new content aimed at capturing younger audiences in particular. WME-IMG co-president Ioris Francini says: "We've created a social channels team which delivers bespoke content – lots of guerrilla-style productions, behind-the-scenes stuff that engages with a different kind of audience."

This work includes the EuroLeague





(Euroleague Basketball)

### Data gathering

The biggest upcoming investment is in the Euroleague Data and Intelligence Engine, which will centralise fan data that is currently split across databases in the league. EB expects a much greater understanding of its fans to emerge from the system, which is to be used in many aspects of the business, including crafting effective content for fans and pitching to potential sponsors.

“The idea is to create a central database that can help all of us to expand our businesses,” Bertomeu says. “First of all, we will get to know our fans and clients better through an intelligence engine that analyzes and organizes data gathered from numerous digital touch points. Then we will adapt our services, strategies and content based on the data, ensuring we deliver something that is relevant to fans at all levels. This is the biggest project we are working on.”

The aim is to have data from all clubs integrated into the system by the 2019-20 season.

### Sponsorship evolution

Much of the work on digital content and data is aimed at supporting a revamp of

EB’s sponsorship business.

“What you’re seeing today in sponsorship is the tail end of the traditional EB business model of sponsorship,” Francini says. “We have global, regional and local partners, and have heavy participation from certain regions. It’s a transactional, opportunistic business model. We are going to completely redesign the sponsorship programme, which doesn’t mean a revolution but will be about creating a structure that’s fit for purpose going forward. Our plan for the next phase of EB sponsorship will be presented at the end of this year to the board, and we’ll start rolling it out next year.

“Digital, social, activation and measurement become really important factors in this sponsorship focus. With all these assets we are slowly building toward the medium- to long-term goal of having clear, visible, measurable outlets that will help partners in the new programme understand how we’ll activate the partnership.”

### Expansion teams

One of the most visible developments in the next couple of seasons will be the addition of two new semi-

permanent teams to the top-tier EuroLeague. Currently, 11 teams have their participation guaranteed each season by virtue of 10-year licences – these are also the teams that own EB. In 2019-20, two teams will get three-year licences envisaged as a stepping stone to longer-term licences. Crucially, these teams will be the league’s first from the powerhouse economies of Germany and France: FC Bayern Munich and ASVEL Lyon-Villeurbanne, respectively. ASVEL’s licence is yet to be signed off – the club has to complete preparatory work to satisfy the league that it will be able to compete, but both sides are confident that it will.

“Both are major markets with an existing basketball culture,” says Bertomeu. “Germany, thanks to the growth of basketball in the last 10 years, is probably now more mature than France. What makes sense for us is to be associated with big brands. To be partnered with one of the most prestigious sports brands worldwide in FC Bayern Munich is a great way for the league to increase and improve our footprint in Germany.

“When we talk about France, we have a team with a long basketball tradition in

Villeurbanne, Lyon – a significant market, probably the second after Paris. And it has a very popular and committed owner, Tony Parker. He has very big ambitions for the future of the club and we are working together to be sure that they will join us in 2019-20.”

Parker is one of France’s greatest ever players, still playing in the NBA with the Charlotte Hornets and previously a four-time NBA champion with the San Antonio Spurs. He first acquired a stake in ASVEL in 2009 and is now the majority shareholder in the club. His plans for its development include a new 10,500-seat arena that is currently under construction.

### Regional final

The EuroLeague’s end-of-season showpiece had a record-breaking year in Belgrade in 2018, with new highs in attendance and revenue.

“From a commercial standpoint it was brilliant,” Francini says. “The Štark Arena was sold out and it was the biggest arena we’d ever had for the Final Four, so that was a real success. Belgrade is mad for basketball and you could feel the passion there. From a purely financial standpoint, figures were up 20-25 per cent compared to Istanbul in 2017.”

But the organizers aren’t resting on their laurels and are planning a broader range of entertainment options for visitors to next year’s event, in Vitoria-Gasteiz, the capital of the Basque region in Spain. Vitoria-Gasteiz – a Spanish basketball hub and home to one of the country’s most successful teams, Baskonia – will be the main focus and host all matches, but there are plans to host related events in a nearby city, with Bilbao or San Sebastian under consideration.

“We plan to hold the Final Four event across the Basque region as opposed to just Vitoria itself,” says Francini. “We’ll be broadening the programme to reach the larger cities near Vitoria, and the idea is to marry the Final Four to other

events typical to the region. There’s a huge culinary tradition there and a lot of events are taking place. IMG own a culinary platform called Taste which we can integrate into the event, and we believe there will be many more examples where this can be applied.”

### Busy schedule

Alongside the big-ticket developments above, EB and IMG are working on numerous other programs to grow the league’s brand and the sport of basketball, including a grassroots scheme with 12,000 children in Spanish schools; the One Team corporate social responsibility project; and the EB Tech Challenge startup competition, to name a few.

Bertomeu says the change of pace in the organization and the industry at large is challenging but is also what makes his job interesting: “It’s always a new adventure, always a challenge, and this gives you a lot of energy. There is permanent invention. We are very lucky and I am personally very lucky to be part of this creation process. It is a unique experience and very few people can say that.”

The hard work appears to be paying off. So far, the results of the changes under the joint venture are highly encouraging and make Euroleague Basketball an essential property to watch for the sports industry in Europe and beyond. ○



(Euroleague Basketball)

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# How super clubs can monetise superstar sportspeople

Clubs will look to quickly increase the value and scope of their sponsorship inventory

Globally-popular athletes are crucial to improve outreach in strategic target markets

Engaging and meaningful content vital to retain fans once their favourite stars move on



(Alessandro Sabattini/Getty Images)

## Bob Williams

**B**oth aged 33 and the biggest stars of their respective sports, LeBron James and Cristiano Ronaldo each made big-money moves this summer to organizations – the LA Lakers and Juventus respectively – looking to leverage the athletes’ global popularity to increase their commercial fortunes.

As well as their incredible sporting prowess, LeBron and Ronaldo share strong and extremely valuable personal brands. Put simply, they can move the needle like few other athletes on the planet.

“Stars like Cristiano Ronaldo and LeBron James are bigger than the club they play for and they become

the driver,” says Misha Sher, vice-president of sport and entertainment for MediaCom Worldwide. “If you signed athletes before, you were buying someone who would make a difference on the pitch. But because of social media, these superstars bring with them an existing fanbase. You are now buying a global audience.”

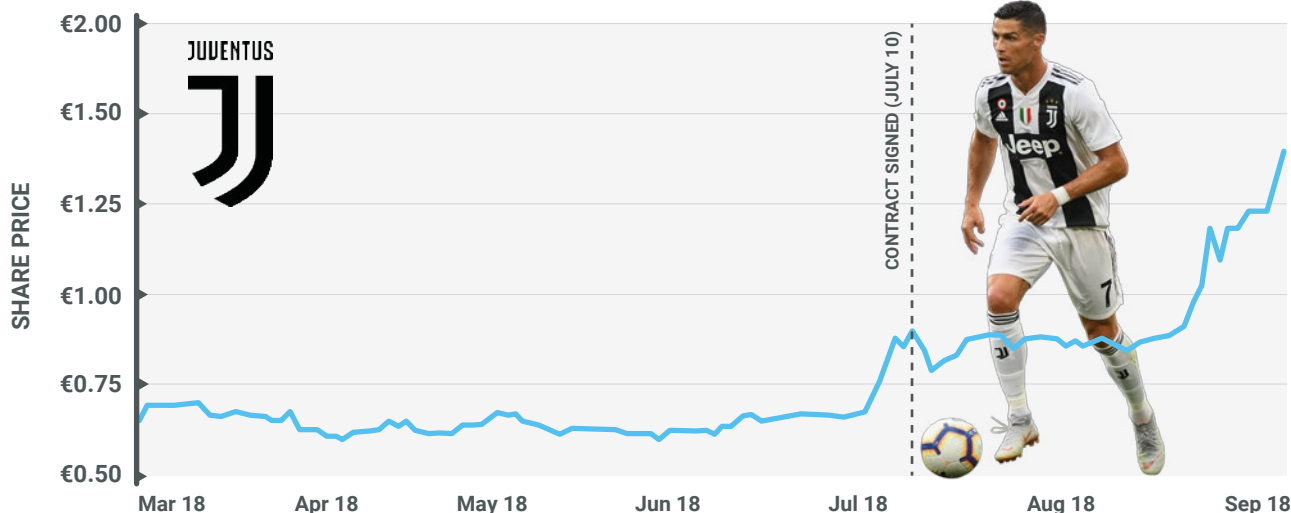
Juventus’ share price jumped 11.19 per cent on rumours that Ronaldo was about to sign for the club and rose 25 per cent from the start of June to July 10, the day his signature was made official. It’s an outsized impact that outstrips even the next level of football superstars – Manchester United’s share price barely moved when Paul Pogba signed for a then world-record \$116m in August 2016.

“The shift in United’s stock price could have gone up completely independent of Pogba, it was such a small change,” says sports lawyer Jake Cohen. “Investors getting excited by Pogba was negligible compared to Ronaldo’s effect on the Juventus stock price, which is really as high as it’s been.

“There are not many entities in the world that have the kind of power that Cristiano Ronaldo has – he transcends linguistic, national, geographic, ethnic, cultural and religious borders. He is arguably the most popular player in the most popular activity in the world. This is an extremely attractive proposition for sponsors.”

The on-field impact of a superstar is clear, but how can clubs best utilise their commercial value?

## SHARE VALUE BEFORE/AFTER RONALDO SIGNED FOR JUVENTUS



### Drive a hard bargain with existing partners

Commercial teams assign minimum values to every piece of sponsorship inventory at the club for financial and budgetary purposes. When there is a substantial event that affects the value of available assets – such as the arrival of a superstar athlete – this minimum asking price is raised substantially.

Paris St-Germain's commercial dealings following the 2017 arrival of Brazilian forward Neymar – for €222m (\$262m) – are highly instructive of the negotiation process between clubs and their existing partners following a top-level signing.

Late last year PSG reportedly renegotiated their kit-supplier deal with Nike, securing an increase from €25m a year until 2022 to €60m a year until 2027, including a €10m payment bonus if they were to win the Champions League.

They also attempted to secure an increase on their shirt-sponsorship deal with Emirates, albeit without success. The deal, signed in 2006, is worth €25-30m a year and ends in 2019. During negotiations, according to *L'Équipe*, PSG president Nasser Al-Khelaifi demanded €80m per year, an amount Emirates balked at and refused to pay. PSG are in the process of looking for a replacement.

“There are all sorts of considerations from the sponsor's side,” says Sher. “Although PSG have a big-name player

and the value of being associated with them is increasing, the partner will look how that fits in with the rest of its portfolio.”

Clubs' ability to extract more from existing partners is naturally subject to the quality of those relationships and the duration and terms of their contracts.

It is an issue Juventus face with their kit-supplier deal with Adidas, which is worth about €23m per season until 2020-21, just a season before Ronaldo's contract with the club ends.

Following the huge spike in merchandise sales after Ronaldo's arrival at the club – 520,000 jerseys sold within 24 hours – it is a deal that now

appears undervalued for Juventus and very favourable for Adidas.

Juventus are likely to try to agree better terms with Adidas long before 2022.

If the partner is unwilling to renegotiate, one option for a club is to try and buy their way out of the deal.

“If there is an early-termination deal, maybe Juventus would want to end it and seek a more lucrative deal with Nike now they are guaranteed more shirt sales,” says Cohen.

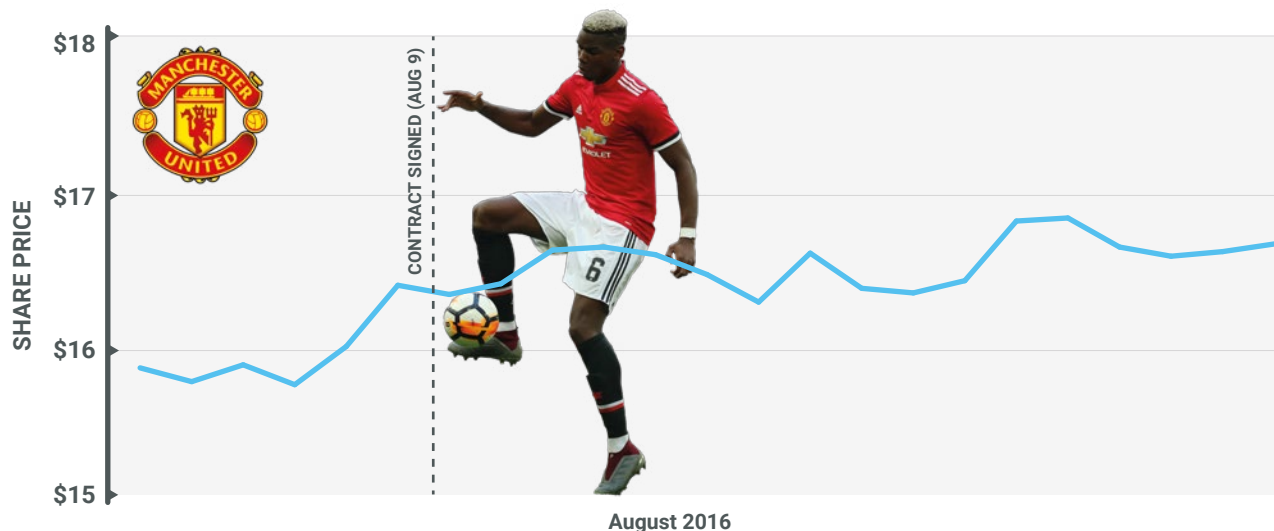
It's a move Chelsea executed twice in recent years to great success. In 2005, they paid kit manufacturer Umbro £24.5m to end their deal – worth £50m over 10 years – five years early, and then



(Shaun Botterill/Getty Images)



## SHARE VALUE BEFORE/AFTER POGBA SIGNED FOR MANCHESTER UNITED



secured a contract with Adidas worth £100m over 10 years.

Then in 2016, having already renegotiated a new 10-year, £300m deal with Adidas, Chelsea paid £40m to cancel it, and signed an even more lucrative deal with Nike, worth £900m over 15 years.

Clubs will also look to expand their inventory as much as possible, though this can be dependent on the rules of the leagues in which they play and the fine print of contracts with other partners.

When shirt-sleeve sponsors were introduced to the Premier League in 2017, Arsenal were not allowed to capitalize on this asset due to the terms of its shirt-sponsorship deal with Fly Emirates, which had exclusivity over the whole shirt.

### Utilise athletes' reach to attract global fans – and partners

Tapping into strategic target markets such as the United States and China becomes easier – and more lucrative – for clubs that have superstar athletes with global followings. It is often why they are signed in the first place.

When David Beckham was unveiled as a Real Madrid player in 2003, his press conference was held at 11am in order to fit in with Asian evening news broadcasts. Having returned for his medical from a personal promotional trip in Asia, Beckham quickly returned

to the Far East – where he was hugely popular – for Real Madrid's 18-day tour of the continent. It included exhibition matches in Beijing, Tokyo, Hong Kong and Bangkok, which netted early \$10m in appearance fees alone.

Between the 2010-11 and 2013-14 seasons, PSG made solid strides to become a more global brand after

***“Because of social media these superstars bring with them an existing fan base. You are now buying a global audience.”***

**Misha Sher** | vice-president of sport and entertainment, MediaCom Worldwide

signing Zlatan Ibrahimović and an ageing Beckham, increasing their sponsorship revenue from \$11m to more than \$100m, and their matchday revenues rose from \$24m to \$100m.

In order to take the next step and try to financially compete with the likes of Manchester United and Real Madrid, PSG's owners decided to fund the 2017 purchase of Neymar, an athlete who, while not at the same level of stardom as Ronaldo and Lionel Messi, has global commercial value with 150 million social-media followers and – unlike the aforementioned players – plenty of time

left in his career to increase it.

“The dimension of Neymar off the field is much bigger than any other player we could have signed,” Maxwell, the PSG player-turned-assistant sporting director, told ESPN in October 2017. “With his image, he can make the club so much stronger in the US and everywhere else.”

PSG have looked to capitalise on Neymar's popularity in the Americas and the Far East. There have been early dividends.

In April 2018, PSG expanded their partnership with personal care brand Nivea Men to cover Brazil, Neymar's home country. The two parties first teamed up in 2013 in a deal which only covered France. To help the club's outreach in North and South America, PSG also opened a regional office in New York the following month.

In the Far East, where Neymar is hugely popular, the Brazilian's arrival gave PSG the impetus to open a club office in Singapore in April 2018. Sébastien Wasels, the club's Asia-Pacific director, said at the time: “With the growth the club has enjoyed in recent years, along with the arrival of our two superstars Neymar and [Kylian] Mbappé, we thought that now was a good time to do it, it was the right moment.”

The club also announced a “major multi-million euro” partnership with Asian sports marketing agency Desports, which will have exclusive management

of PSG's sponsorship rights in China and Hong Kong.

### Capitalising with captivating content

In order to capitalise on the global reach of their superstar signings, clubs' social media and content platforms are essential. What matters, though, is not only the number of new followers but their geographical distribution and demographic make-up.

"Every single major football club, or sports team for that matter, understands that the majority of their core audience live outside of the city where their team play and doesn't get to see the team live. Most Manchester United fans do not live in Manchester, most Juventus fans don't live in Turin," says Sher.

"Juventus are probably going to sell out all their games but how do you get someone in Beijing or India to get them involved more in the football club? You engage with them on digital platforms."

PSG, for example, wore jerseys with players' names in Mandarin characters for Chinese New Year in February 2018 and then promoted it on local social media platforms WeChat, Weibo and Maopai.

A number of clubs go much further though, by creating regional-specific content offerings, such as US-dedicated social and digital channels (Bayern Munich) or US content producers (Manchester City), which can connect more directly with the market.

This regional content creates more meaningful engagement and relationships with fans that, in turn, drive the club and brand's value in the market to prospective sponsors.

"Whenever you have a fanbase, you create a demand – a demand for merchandising products, for companies that want to be aligned with the sport," Rudolf Vidal, Bayern Munich's president of the Americas, told *SportBusiness Review* in March 2018.

Clubs have also begun producing their own behind-the-scenes docuseries in partnership with streaming services, such as *All or Nothing: Manchester City* on Amazon and *First Team: Juventus* on Netflix.

Manchester City's deal with Amazon is believed to be worth £10m but its real value is in its global reach – fans from more than 200 countries and territories

will be able to watch the series.

"There are going to be a lot more OTT deals," says Sher. "Ten years ago this was not part of your growth strategy, now having a series on Netflix that offers content that people can engage with in real time is the future.

"For PSG, going to Netflix before Neymar is not the same proposition as with Neymar – now there is a lot more interest, now they can charge a lot more money, now that content can go out to a lot more places.

"Brazil may not be interested in PSG but they are interested in Neymar and they will watch just because of him. They will tune in and they will buy his shirt, not because they support PSG but because they are fans of his."

### Athletes' time and commercial restraints

Shortly after Juventus signed Ronaldo this summer, the club went on a tour of the United States, which included three matches in the International Champions Cup and the MLS All-Star Game. It would have been the perfect opportunity to leverage Ronaldo's arrival at the club in North America.

The Portuguese forward went to China instead, however, for his 2018 CR7 tour with Nike, which had been organized months earlier. "When you work with athletes, events they do are planned months, even years in advance. With someone like Ronaldo, it's not just to the day but to the hour to get into the diary," says Sher.

Clubs who participate in the International Champions Cup are given reduced appearance fees if certain star players do not take part. "If those players don't feature then the club doesn't benefit commercially. It's in everyone's interest that they're all on the same page," Sher adds.

In club promotional work, athletes must appear in groups so as not to give the impression they are giving personal endorsements to particular brands. Different countries have different rules on how many players can be used in advertising. In England it's three and Italy five.

More specifically, commercial partners cannot insist on using certain players in activations. Players are put

into different categories based on their place in the squad and, based on the value of the partnership, the club will make available a mix of certain players.

"There'll be category A, B and C in terms of commercial and Ronaldo will be in category A with [the] top stars," Matt O'Donohoe, Ronaldo's commercial agent at Creative Artists Agency Sports, tells us.

"They have to be careful how much they use any one player. Ronaldo will certainly be in demand by all club sponsors but there'll be a limit to how much the club can roll him out, you can't overuse one player," O'Donohoe adds.

"It's the same with the other top footballers at other clubs, you won't see them on every poster – there has to be balance across the squad."

To get around such commercial restraints, club partners will try to strike individual deals with athletes. International forex broker Exness, for example, was able to do this when it signed commercial deals with both Ronaldo and Real Madrid in August 2017. "Wherever those natural synergies exist between both sides I am sure they will be explored," says Sher.

When clubs and athletes have conflicting sponsors, such as Ronaldo (Nike) and both Real Madrid and Juventus (Adidas), both parties usually work together to find a common ground.

"This challenges every one of our athletes at their different clubs," O'Donohoe says. "We always find a middle ground where it never has any negative impact on club partners and equally the club's use of the player will be respectful of us as personal partners."

### Maintaining momentum when superstars move on

While superstars create commercial value for clubs, there is a danger they can create a sense of dependency. Even Real Madrid lost one million followers on Twitter when Ronaldo moved to Juventus. It is vital, therefore, that clubs make sure they put building blocks in place to push on when the star moves on or retires.

With a stadium capacity of just 30,000 – catered to a local population of just 120,000 – Bayer Leverkusen has aggressively courted foreign fans to improve its commercial reach.

## BAYER LEVERKUSEN PLANT 'LITTLE PEA' TO GROW SOCIAL FOLLOWING



Bayer Leverkusen had 200,000 followers on German Twitter account when Javier Hernández signed in August 2015



The club has gone from 200,000 to **581,900**

Twitter followers pre- and post-Hernández signing

 German account now has **410,000 followers**

 New English account has **78,300 followers**

 New Spanish account has **93,600 followers**

Source: Bayer Leverkusen

The club kickstarted its overseas marketing push with the signing of South Korean forward Son Heung-min in 2013. It began with a successful tour of South Korea in 2014 but the club failed to leverage his spell at the club and convert Son supporters into fans of the club. Following the player's move to Tottenham Hotspur in 2015, Bayer Leverkusen had no registered, official fan groups in South Korea.

The club vowed not to make the same mistake when they purchased Mexico star Javier Hernández, also in 2015. The official news of Hernández's transfer on Bayer Leverkusen's Twitter feed was retweeted more than 15,000 times and got 50,000 likes on the Facebook page – both club records.

The team used Hernandez's popularity in the United States and Mexico to launch both Spanish and English Twitter accounts, plus a Spanish-language version of the official website. The club also utilised trips to Florida for winter training to develop relations with US

broadcaster Fox Sports.

"When I started my job as managing director...I clearly defined our objectives for the years to come," Bayer 04 Leverkusen chief executive Michael Schade told the *Orlando Sentinel* in January 2017. "One central goal was the internationalisation of the club with a special focus on North America.

"Using the massive Chicharito-effect and launching our social media platforms in English and Spanish over the past year were big steps for us as a traditionally German-focused club."

During Hernández's first year at the club, over 1.5 million new fans joined the club's social media platforms, making them the third fastest-growing football club in Europe. On Instagram alone, they saw a growth figure of around 390 per cent whilst Twitter grew by 188 per cent and Facebook by 81 per cent.

While 80,000 fans quit Leverkusen's social media when Hernández left in 2017, the majority stayed.

"We know Chicharito won't always be there," Jochen Rotthaus, Leverkusen's director of marketing and communications told *Vice* in 2016. "Everyone leaves. Therefore we must make sure our club brand is so established that the people say 'Chicharito plays for Bayer 04, but when Chicharito isn't there anymore, I still love Chicharito, but my new love is Bayer 04'."

"It's difficult to keep these fans but it's easier today to really engage with fans in such a way that really builds loyalty and affinity over time," says Sher.

"Going forward, the clubs' ability to understand data will help build fan loyalty surrounding merchandise, membership and content – all those things that make people feel connected not just to a club but a community.

"If you make people feel part of something that's bigger than just one player, that they experience things with the club that they can't experience elsewhere – that's the key." ○



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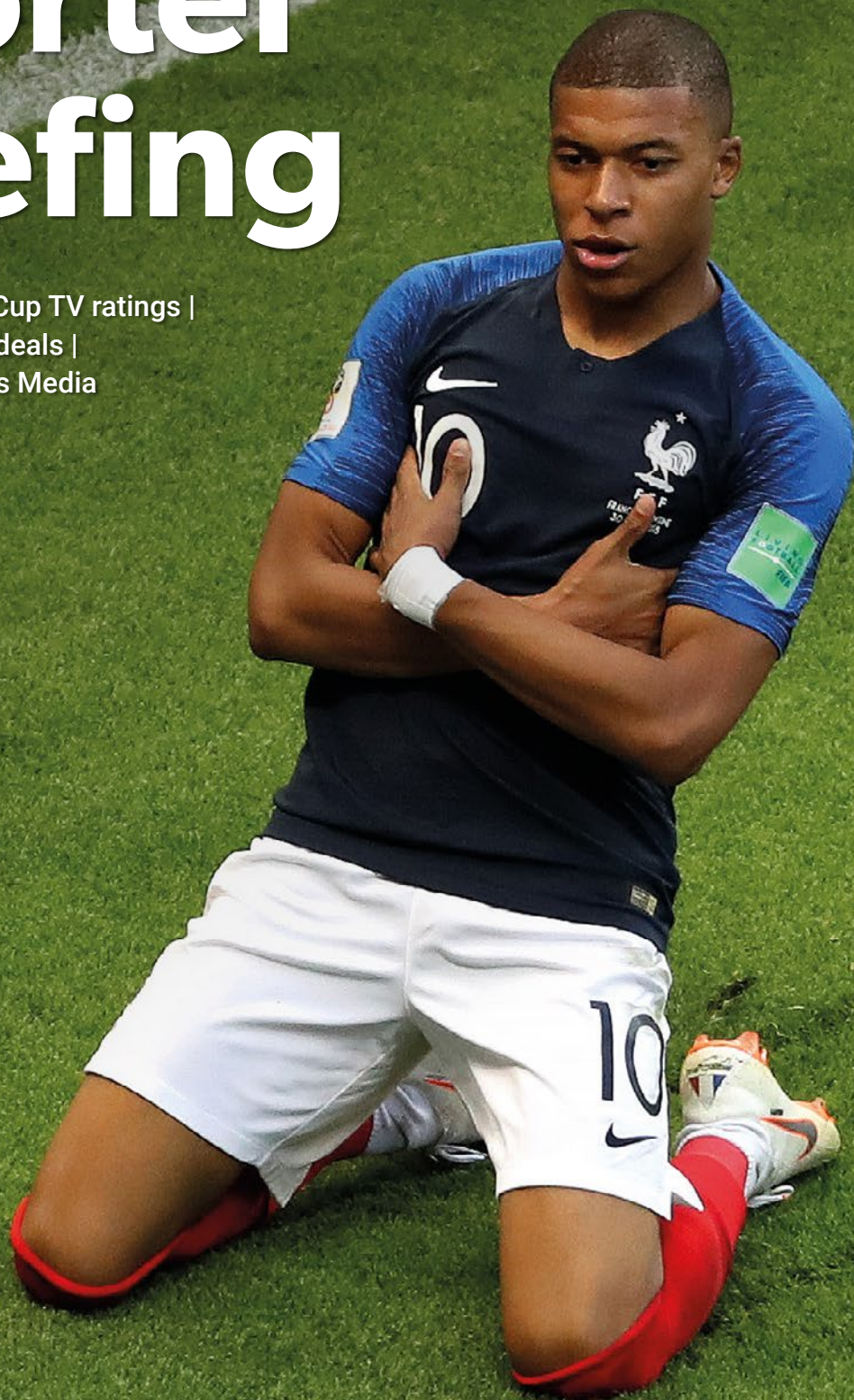
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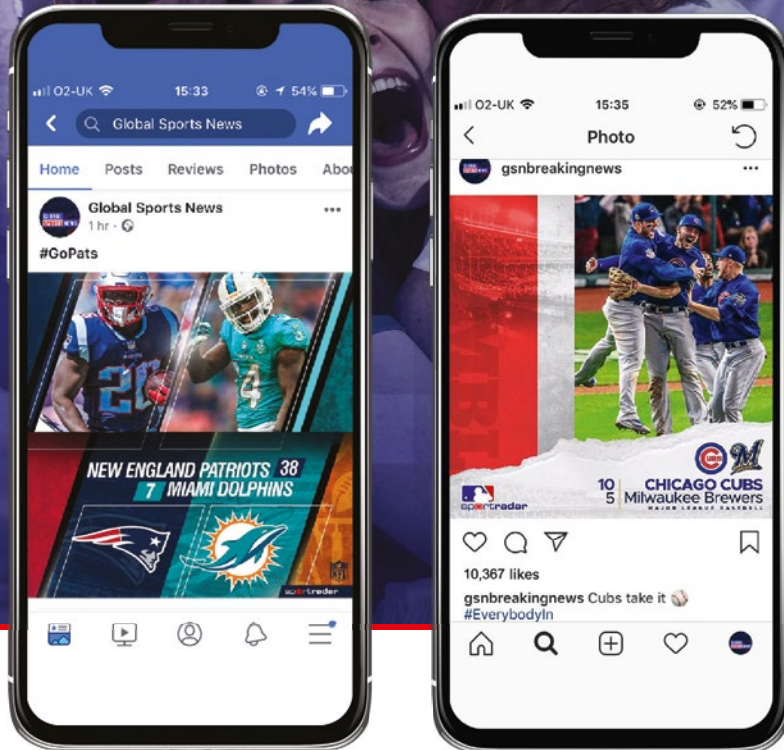
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**Dear Sporttel delegate,**

Welcome to the *SportBusiness Media* Sporttel Briefing for Sporttel Monaco 2018.

On pages 72-73 we pick out the 10 most valuable TV rights deals struck since Sporttel Singapore in March. Half of the top 10 deals are for football properties: four of these are domestic agreements for rights to top European football leagues.

We delve into European football rights in more detail on pages 74-75. With data from our Rights Tracker tool, we have picked out the most valuable territories for international rights to Serie A, LaLiga and Ligue 1. As part of the analysis, we have illustrated the fluctuation of Premier League rights values across three cycles in six markets.

An abridged version of a *SportBusiness Media* analysis article is available on page 78. The feature is a deep dive into the sales process for Asian Football Confederation global rights – a contract that was picked up by the DDMC Fortis entity. On page 82 we have a shortened interview with Didier Quillot, chief executive of the Ligue de Football Professionnel, following the league's blockbuster domestic rights sales process.

This summer's Fifa World Cup was one of the highlights of the sporting year, providing huge audiences for broadcasters in Western Europe. On page 80 we provide detailed statistics on audiences for the 2018 World Cup in the 'big five' European markets and compare the figures to the 2014 tournament.

I will be at Sporttel along with Frank Dunne, Callum McCarthy and David Svenson from the editorial team. Feel free to get in touch with us using the contact details below.

We hope you have a productive and enjoyable Sporttel and look forward to seeing you in Monte Carlo.

**Robin Jellis**

Editor, *SportBusiness Media*

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# Top 10 deals



## 1 Mediapro/French Ligue 1 in France \$3.675bn, 2020-21 to 2023-24

Mediapro announced its arrival into the French sports-rights market, acquiring the bulk of live Ligue 1 rights.



## 2 Telefónica/Spanish LaLiga in Spain \$3.438bn, 2019-20 to 2021-22

Telefónica picked up two packages of rights in the latest domestic LaLiga tender, securing all matches for the residential pay-television market.



## 3 Sky Italia/Italian Serie A rights in Italy \$2.761bn, 2019-20 to 2021-22

After Lega Serie A cancelled its deal with Mediapro, Sky swooped for rights to seven of the 10 live matches each match-week.



## 4 DDMC Fortis/Asian Football Confederation rights (global) \$2.38bn, 2021 to 2028

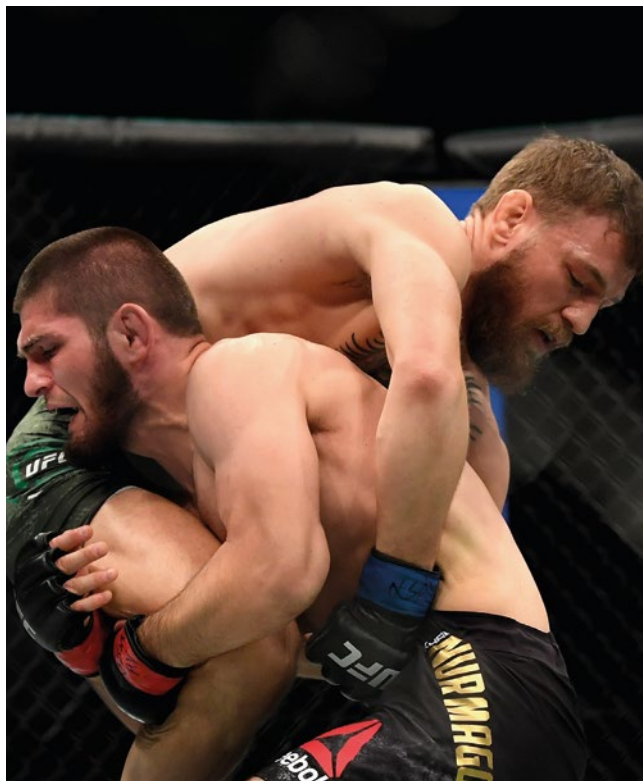
DDMC Fortis were aggressive in picking up this year's most sought-after property for agencies.



## 5 Discovery/US PGA Tour rights (international) \$2bn, 2019 to 2030

The 12-year agreement will future-proof the PGA Tour's international business and could lead to the beginning of a strong golf portfolio for Discovery.

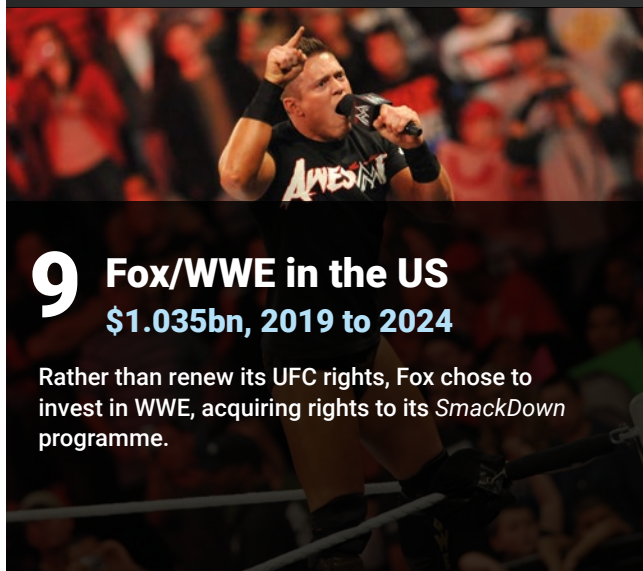




## 6 ESPN/UFC in the US

\$1.5bn, 2019 to 2023

With incumbent Fox lacklustre in its attempt to renew rights, ESPN will become the new home of the UFC in the US from 2019.



## 9 Fox/WWE in the US

\$1.035bn, 2019 to 2024

Rather than renew its UFC rights, Fox chose to invest in WWE, acquiring rights to its *SmackDown* programme.



## 7 BeIN Sports/French Ligue 1 in France

\$1.489bn, 2020-21 to 2023-24

BeIN Sports will increase its rights fee by more than 70 per cent but will go from holding rights to seven matches per match-week to two matches per match-week.



## 8 NBCUniversal/WWE in the US

\$1.325bn, 2019 to 2024

NBCUniversal will share rights to WWE with Fox, but has held onto rights to the flagship *Raw* programme, which it has aired since 2005.



## 10 Star India/BCCI rights (global)

\$945m, 2018-19 to 2022-23

Victory for Star India in the Board of Control for Cricket in India e-auction maintained its hold on one of the most important properties in India, overcoming fierce competition from Sony.

# Rights Tracker analysis: International value of top European club football

## New cycle for top European leagues

Three of the 'top five' European football leagues have this season entered into a new international rights cycle: Italy's Serie A, Spain's LaLiga, and France's Ligue 1.

Serie A international rights are distributed by the IMG agency in the current three-season cycle, from 2018-19 to 2020-21.

IMG's most valuable deal is with beIN

Sports for rights in the Middle East and North Africa, from 2018-19 to 2020-21.

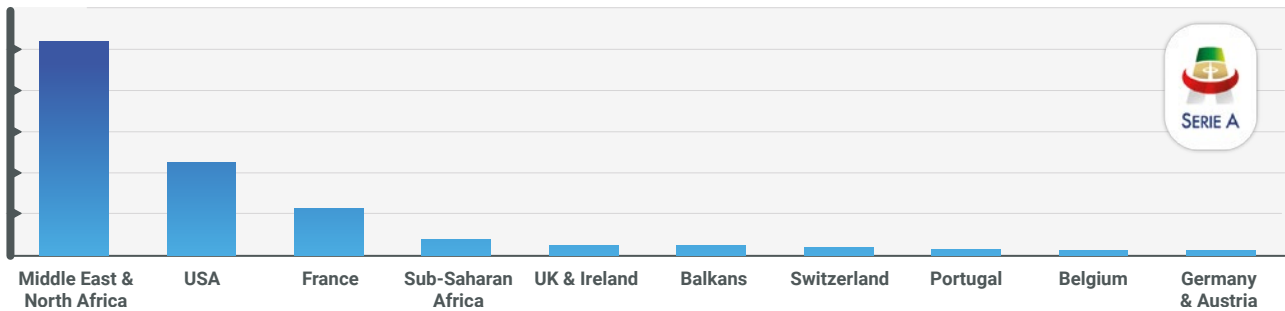
LaLiga international rights are sold by the Mediapro agency in partnership with the league. China is currently the most valuable international market for LaLiga, with rights sold to Chinese sports and entertainment company Wuhan DDMC Culture Co. in a four-season deal, from 2018-19 to 2021-21.

Ligue 1 international rights are sold by beIN Media Group, from 2018-19 to 2023-24.

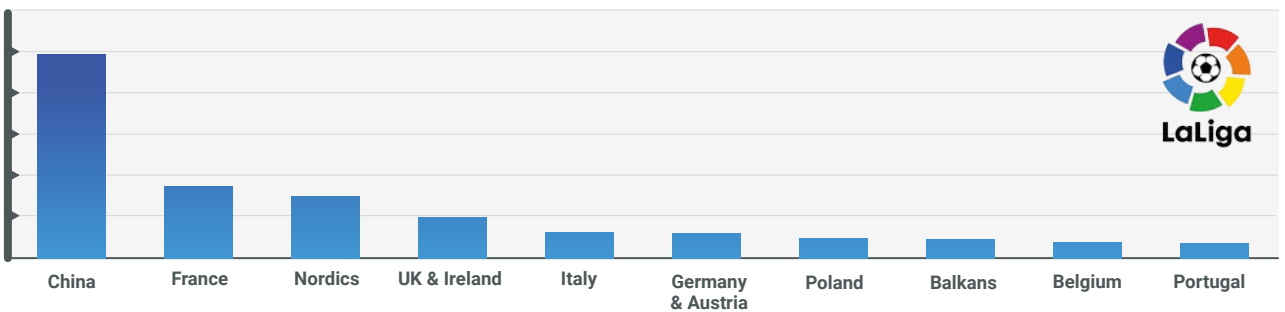
The most valuable international market for Ligue 1 rights is sub-Saharan Africa, where there are two deals: with pay-television broadcasters Canal Plus Afrique (French-language) and StarTimes (English- and Portuguese-language).

### SELECTED SERIE A, LALIGA AND LIGUE 1 RIGHTS DEALS

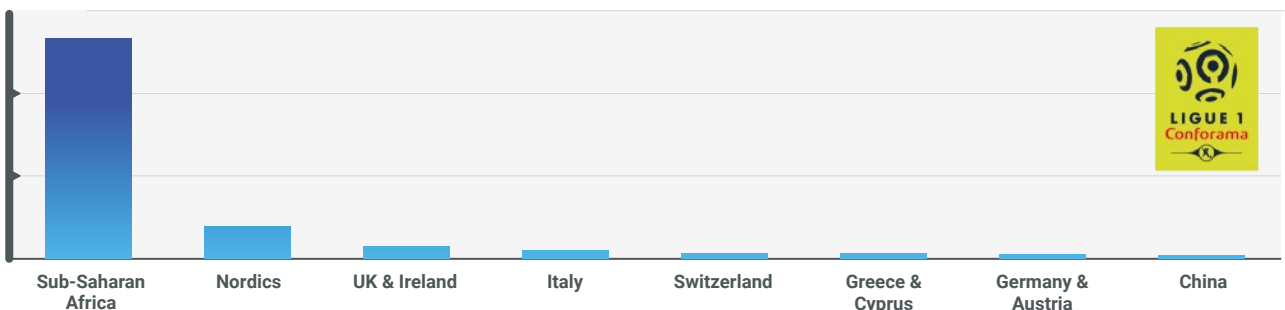
#### SERIE A



#### LALIGA



#### LIGUE 1



**Premier League international sales**

The English Premier League is currently in the process of selling its international rights market by market.

The league experienced a decline in the value of its UK rights, and will therefore hope that its international sales will compensate for the domestic loss, leading to an overall increase in value.

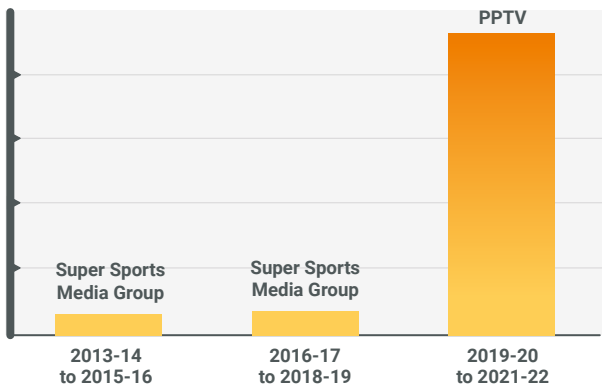
This goal was given a boost in November 2016, when Premier League rights, from 2019-20 to 2021-22, were sold in China to streaming company PPTV, increasing the value by about 1195 per cent compared to the value of the previous deal.

Along with completing a new deal in China for the 2019-20 to 2021-22

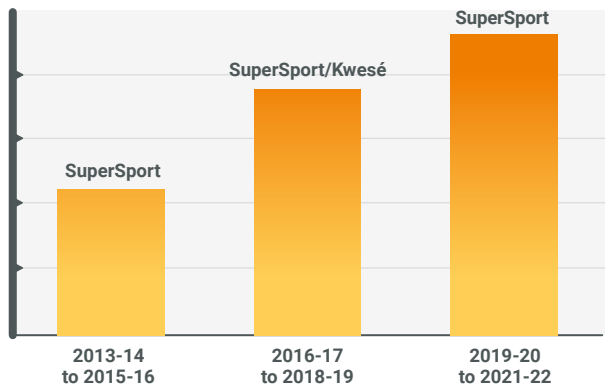
cycle, the Premier League has already completed deals in: Australia; Austria; Brazil; China; Denmark; Finland; Germany; Ireland; Liechtenstein; Luxembourg; Malaysia; the Middle East and North Africa; New Zealand; Norway; Portugal; sub-Saharan Africa; Sweden; Switzerland; Taiwan; Thailand (Cambodia and Laos); and Vietnam. ○

**SELECTED PREMIER LEAGUE INTERNATIONAL RIGHTS VALUES BY CYCLE**

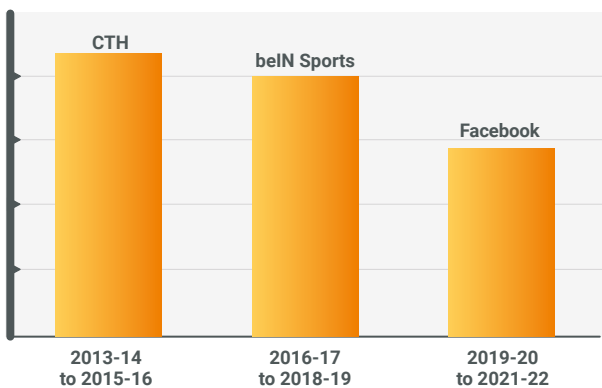
**CHINA**



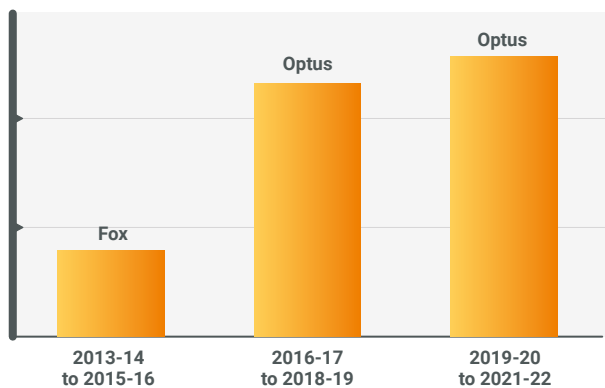
**SUB-SAHARAN AFRICA**



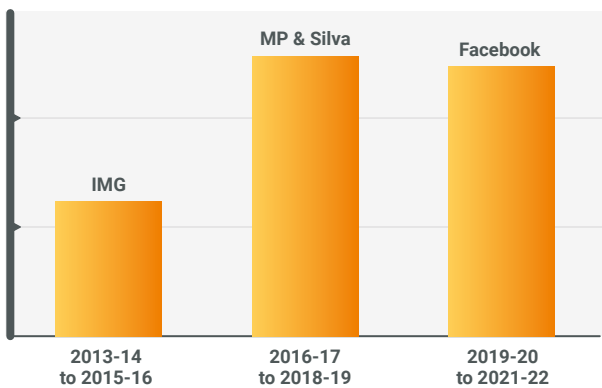
**THAILAND, CAMBODIA AND LAOS**



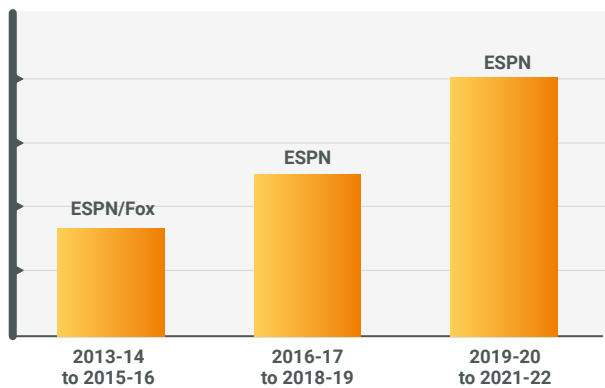
**AUSTRALIA**



**VIETNAM**



**BRAZIL**



# SPORTEL: A window into the future of sport

**A**s we embark on the twenty-ninth edition of SPORTEL Monaco, it is a great opportunity for the SPORTEL community to take a step back from our three days of back-to-back meetings, networking and top nights out across the principality to look at the bigger picture.

Throughout the years, SPORTELMonaco and its trade floor have provided a strong snapshot of the current state of play and a solid indication of where we are going. The speed of change within the international sports media and technology industry has been fierce, with only the strong and savvy continuing to thrive.

Looking back, SPORTEL is humbled and honoured by the support provided by individuals and companies that have made the journey with us – some from the very beginning in 1990. Some of the companies that were with SPORTEL from day one include ESPN, Eurosport, Fox Sports, MLB, Sunset+Vine and many more.

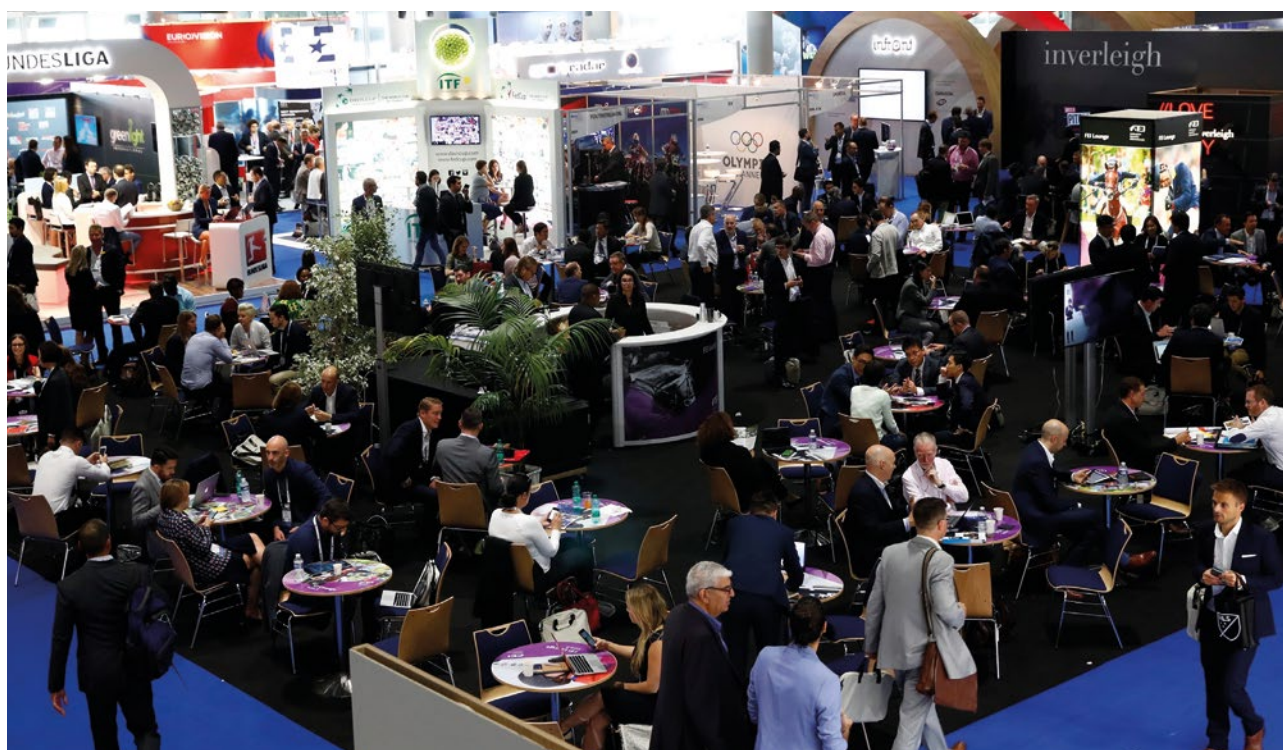
Whether it's your first year or your twenty-ninth, SPORTEL thanks you all. SPORTEL would not be where it is today without you and we will continue to do our best to support the growth of your business and the industry for many years to come.

Moving forward, we are very excited by the developments of the industry, and the facts are:

- Customisation is key and the consumer is ever-changing
- Social media platforms are no longer considering investments in live sports content, they are broadcasting it
- OTT and DTC models are not just an experiment by some, but part of the global media strategy by many
- Big data and big decisions go hand in hand
- The linear broadcaster is not dead, it's adapting and it's here to stay.

To most of our members these themes are nothing new but now they are facts of life, not just the potential opportunities and outcomes as they were a few years ago. It is more important than ever before that the global decision-makers from the world of sports media and technology come together at SPORTEL Events, to steer us into the future.

Looking forward to March 2019, SPORTEL is excited by the opportunities that SPORTELAsia 2019 in Macau will bring to our community. The decision was made by our members to return to the Far East because there is no doubt about the growth potential that Asia and its diverse range of cultures and consumers hold. With many of the world's highly-anticipated global sporting events taking place in Asia over the next few years, and Asia being the home of so many dynamic economies that are driven by innovative technology – as well as over 60 per cent of the world's population – investing in Asia is not just an opportunity for some but a necessity for most. [O](#)





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# DDMC Fortis faces daunting task with AFC but potential is massive

The June deal – to distribute almost all Asian Football Confederation rights – was one of the biggest since Sportel Asia. Only SportBusiness Media had all the details. This story was published on June 22.



The AFC Champions League trophy is presented by AFC president Sheikh Salman bin Ibrahim Al-Khalifa (Kaz Photography/Getty Images)

## Frank Dunne

**T**he Asian Football Confederation has awarded its commercial rights to a joint venture of two relative newcomers: Chinese media company Wuhan DDMC Culture and Synergy Sports, the agency set up by former Team Marketing executives Patrick Murphy and David Tyler.

The joint venture, known as DDMC Fortis, has offered a minimum guarantee of about \$2.38bn (€2.05bn) – an average of \$297.5m per year – for global media and sponsorship rights to all AFC competitions over eight years, from 2021 to 2028. The agreement

excludes media rights in the Middle East and North Africa, which will be sold separately.

The deal is not a buyout. The AFC will remain the owner of the intellectual property and signatory to contracts. DDMC Fortis will earn a commission on sales up to the level of the minimum guarantee and share revenues above that.

In its successful presentation to the AFC earlier this month, the agency is understood to have made sales projections of \$2.7bn to \$2.8bn.

DDMC Fortis is gambling by offering a guarantee almost eight times greater than in the current deal, and nearly \$400m higher than the second-highest bid. The agency was appointed on

June 11, after two rounds of bidding. First-round bids were submitted on March 29. Second-round bids were submitted on April 26.

The rewards for both sides will be great if the deal is a success. The governing body will receive a superior broadcast product and a far stronger set of competition brands. The agency's earnings from commission could be substantial, even though the costs associated with delivering the matches are considerable.

But its targets are aggressive. Most observers believe the key to hitting them will be selling media and sponsorship rights in China, a market which has become increasingly difficult to gauge



(Mark Kolbe/Getty Images)

because of the shifting political situation.

Bidders were asked to break their bids down into three elements: a minimum guarantee; a sales projection; and the level of upfront payment. The AFC's invitation to tender required a minimum upfront payment of eight per cent of a bidder's gross fee. The confederation is thought to have favoured bidders who were prepared to pay more upfront.

DDMC Fortis was up against five other agencies: IMG; MP & Silva; Mediapro; Infront; and a joint bid by Lagardère Sports – the incumbent rights-holder – Dentsu and Perform. It is understood there was clear daylight between the DDMC Fortis bid and the others. The nearest minimum guarantee offer is thought to have been about \$2bn, from MP & Silva. The Infront and Lagardère/Dentsu/Perform offers ranged from \$1.6bn to just under \$2bn.

DDMC Fortis has valued the property at least \$400m higher than the two industry executives who intimately know the value of AFC content: Seamus O'Brien and Andrew Georgiou.

O'Brien, currently president and group chief executive of MP & Silva, founded the World Sport Group agency which has sold AFC rights since 1993. Georgiou is the chief executive of Lagardère Sports

and former chief executive of WSG, where he was right-hand man to O'Brien on the AFC contract.

In the current deal from 2013 to 2020, WSG, a Lagardère subsidiary, pays \$75m per year for all rights. The deal includes media rights in Mena, which are worth about half of the total, implying DDMC Fortis will pay \$297.5m per year for rights currently worth \$37.5m per year.

However, the rights in the new deal are richer. DDMC Fortis will have the ability to exploit rights which either didn't exist or weren't sold last time. These include: betting rights; archive; official film; closed circuit; interactive games; esports; VR and AR; fixed media; performance analysis and scouting; and data. The match inventory is also greater due to the increase in qualifying matches for the expanded 2026 FIFA World Cup.

Even allowing for these differences, the agency's winning bid is seen as a very aggressive one which will not be easy to refinance.

### China key to refinancing

In China, where DDMC is expected to take the lead in the sales process, the AFC earns \$110m over four years, from 2017 to 2020 – an average of \$27.5m per

year – from retail group Suning.

The agency will hope for a substantially higher fee from 2021, but for some observers the fee is already inflated. Suning stepped in to take over the rights from struggling streaming company LeSports and agreed to match the existing fee – already an eightfold increase on the \$14m total paid by Great Sports Media in the 2013 to 2016 cycle: an average of \$3.5m per year.

Some insiders believe the AFC will, as far as its own rules allow, seek to host more competitions in China.

The next major opportunity is the Asian Cup national-team competition in 2023, for which China is bidding against South Korea and India. The AFC will decide the host in October. If it is awarded to China it would make a huge difference to the potential earnings from media rights in the market.

The DDMC Fortis deal covers the following competitions:

- AFC Asian Cup, 2023 and 2027
- Final round of FIFA World Cup Asian qualifiers for the 2022 and 2026 competitions
- AFC Champions League, 2021 to 2028
- AFC Cup, 2021 to 2028
- AFC Women's Cup, 2022 and 2026
- Men's and women's youth championships, 2021 to 2028
- Futsal Championships, 2021 to 2028.

Sponsorship is expected to deliver massive uplift in China as the advertising market is growing rapidly and brands are investing heavily in sport. China accounted for six sponsors or partners of this summer's FIFA World Cup.

China is currently under-represented in AFC competitions with only one sponsor – Tsingtao Beer – to Japan's eight and five from the Middle East. Japanese brands' prevalence reflects the strength of the relationship between Dentsu and WSG. Dentsu holds a 20-per cent stake in WSG and has a strong grip on Japan's advertising market. ○

# World Cup audience figures depend – as ever – on national team performances

David Svenson looks at Fifa World Cup television audiences for the 2014 and the 2018 tournaments across five major European markets: France, Germany, Italy, Spain and the UK.



Average television audiences in Italy, Germany and Spain for the 2018 World Cup all decreased from the average audiences for the 2014 tournament – by 31 per cent, 18 per cent and 29 per cent respectively. This trend tracks the relatively poor performances of those countries' national teams. The Italian national team did not even qualify for the 2018 World Cup.

There is little difference between the average audiences for the 2014 and 2018 World Cups in the UK and France. Both the French national team (winners) and the English national team (semi-finalists) achieved a much better result in 2018 than in 2014.

However, audience figures for the most-watched match in each market clearly shows the effect that national-team performances can have on viewing figures.

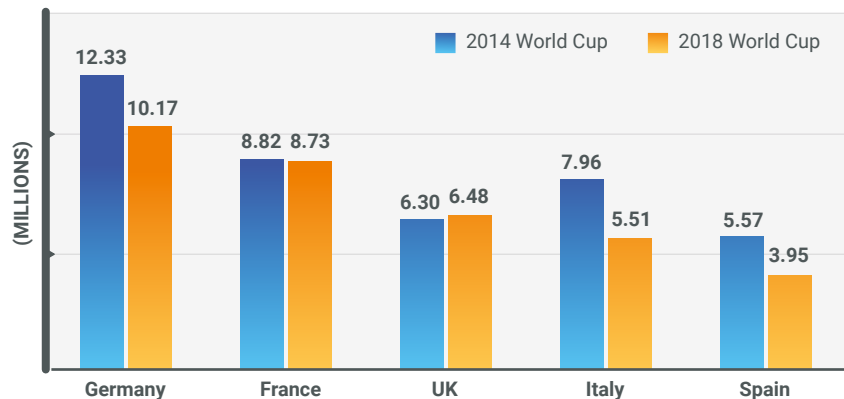
In France, Germany, Spain and the UK, the most-watched match from the 2018 World Cup involved their respective national teams, as they also did in 2014.

In France, the most-watched match was the final, with 19.4 million viewers (an 81.9-per-cent share) tuning in to watch the French national team beat Croatia to lift the trophy. This was an increase of 14.8 per cent from the most-watched match of the 2014 World Cup – France v Germany in the quarter-finals – watched by an audience of 16.9 million (a 71.8-per-cent share).

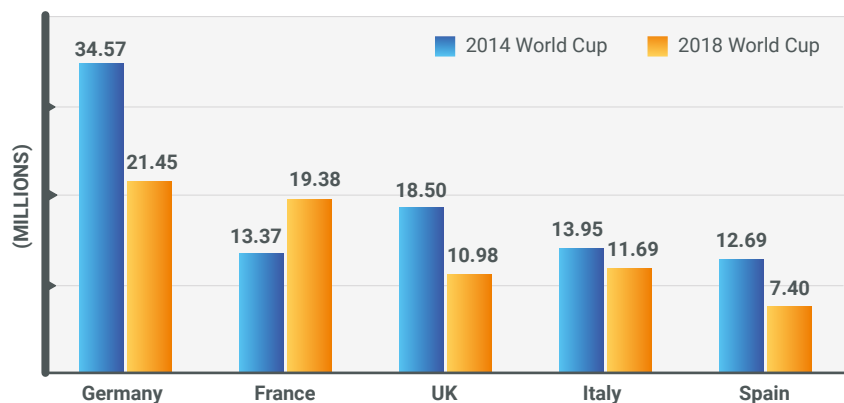
In the UK, the 2018 World Cup semi-final between England and Croatia was watched by an audience 20.7 million (a 70.5-per-cent share). This was an increase of 15 per cent on the most-watched match in 2014 – England v Uruguay in the group stages – watched by an audience of 18 million (a 66.1-per-cent share).

In Italy, with the national team not

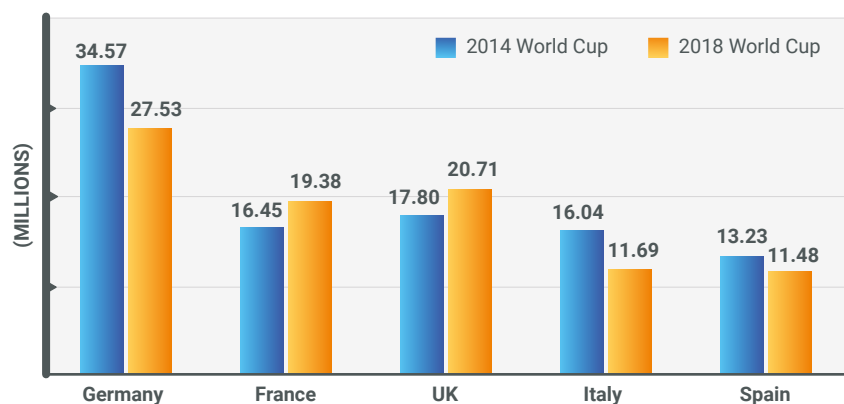
### AVERAGE AUDIENCE OF 2014 WORLD CUP V 2018 WORLD CUP IN TOP EUROPEAN MARKETS



### TOTAL AUDIENCE OF 2014 & 2018 WORLD CUP FINALS IN TOP EUROPEAN MARKETS



### TOTAL AUDIENCE OF MOST-WATCHED MATCHES FROM THE 2014 & 2018 WORLD CUPS





*The 2018 World Cup final had a cumulative audience of 70.8 million across the five markets.*

qualifying for the tournament, the final was the most-watched match at the 2018 World Cup, with an audience of 11.7 million (a 66.2-per-cent share). In the 2014 World Cup, the most-watched match in Italy involved the national team against Uruguay, with an audience of 16 million (a 67.8-per-cent share).

The Spanish national team performed better in the 2018 tournament (reaching the last 16) than in 2014, where they didn't make it past the group stages. However, the team faced pre-tournament chaos, as the Spanish federation sacked head coach Julen Lopetegui one day before the tournament began.

This could explain the comparative decrease in audience numbers. The most-watched match in Spain in 2018 was Spain v Russia in the quarter-finals with an audience of 11.5 million (a



(Xavier Laine/Getty Images)

72.7-per-cent share), whereas in 2014 it was Spain v Chile (group-stages), with an audience of 13.2 million (a 67.6-per-cent share).

The 2018 World Cup final had a cumulative audience of 70.8 million across the five markets. The largest single audience was in Germany, with

21.4 million (a 76-per-cent share). This was a decrease of 38.2 per cent from the total audience of 34.6 million (an 86.2-per-cent share) who watched the final in 2014 – which involved the German national team. The 2014 World Cup final was also the most-watched match in Germany. ○

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# The Big Interview: Didier Quillot, chief executive, Ligue de Football Professionnel

In the wake of the Ligue de Football Professionnel's domestic media-rights deals for Ligue 1 from 2020-21 to 2023-24, which were struck in June, *SportBusiness Media* caught up with chief executive Didier Quillot.

**T**he last time the LFP sold its rights it secured only a modest increase. How have you managed to increase the media-rights fees so significantly in the new cycle?

Firstly, the value of Ligue 1 is increasing. During the last season match attendances increased by seven per cent. We also had many goals – 2.8 goals per match: number two in Europe after Germany.

We also have big stars at PSG like Neymar, Cavani and Verratti. There is Falcao at Monaco, Gustavo at Marseille, Balotelli at Nice. The stadiums we have are excellent.

We also have a number of investors coming in – not just the Qataris at PSG or the Russians at Monaco – Chinese investment at Lyon and Nice and American investment in Marseille. It is a virtuous cycle. The product itself is increasing in value.

Thirdly, the tender itself was very sophisticated. It was a process of sequential offers. You would buy a slot then you would buy the choice of match. It was a sophisticated and mechanical tender which created an extra inflation.

**It appears that Mediapro will launch a channel in France rather than selling on the rights to local broadcasters. What have Mediapro told you about their plans?**

What they have told us is that they want to be an editor of a channel which is 100 per cent football, with Ligue 1, but not only Ligue 1. They bid for three packages. They will have eight matches and one simulcast per match-week.

That's a good starting point to build a channel. Their intention is to become a broadcaster, they have not come here to be a broker. They have said they appreciate the increase in the value of Ligue 1.



(Mike Stobe/Getty Images)

Jaume Roures [chief executive of Mediapro] held a press conference in Paris last week. He said they will charge a subscription fee of about €25 per month. With such a pricing policy they will need to recruit between three million and five million subscribers.

**Many observers we have spoken to think there will be consolidation in the French market as there will now be four pay-television players in Canal Plus, beIN Sports, RMC Sport and now Mediapro. What do you think?**

My first objective is to be sure that the French viewers will be able to get what they like of Ligue 1. The most important thing is not the number of channels there are in the market, but

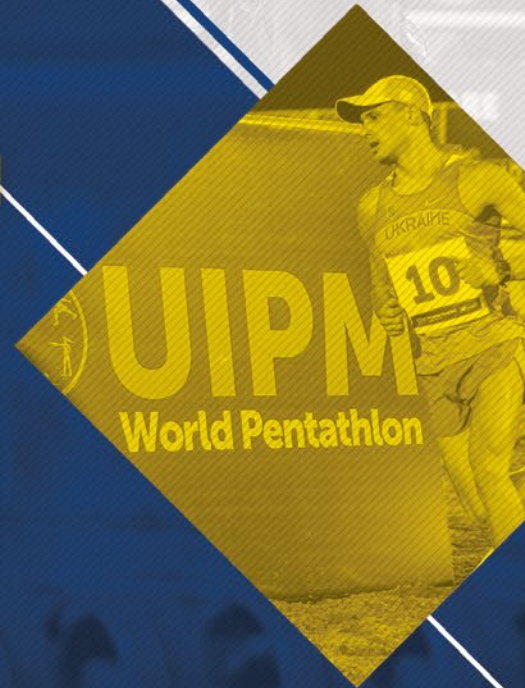
the distribution that they get. The key players in France are the internet service providers and the telcos – the companies that will have distribution agreements with the broadcasters.

Will there be consolidation in the French market? I don't know. But if you think rationally, consolidation could appear. Four major pay-television players for a market like France is a big number.

**It looks like Canal Plus is in the worst position of the pay-television broadcasters in France following its loss of Ligue 1 rights. What do you make of their future?**

I don't want to comment about their strategy. They may have to come up with an alternative model without football. ○

# DYNAMIC NEW VISUAL IDENTITY FOR UIPM



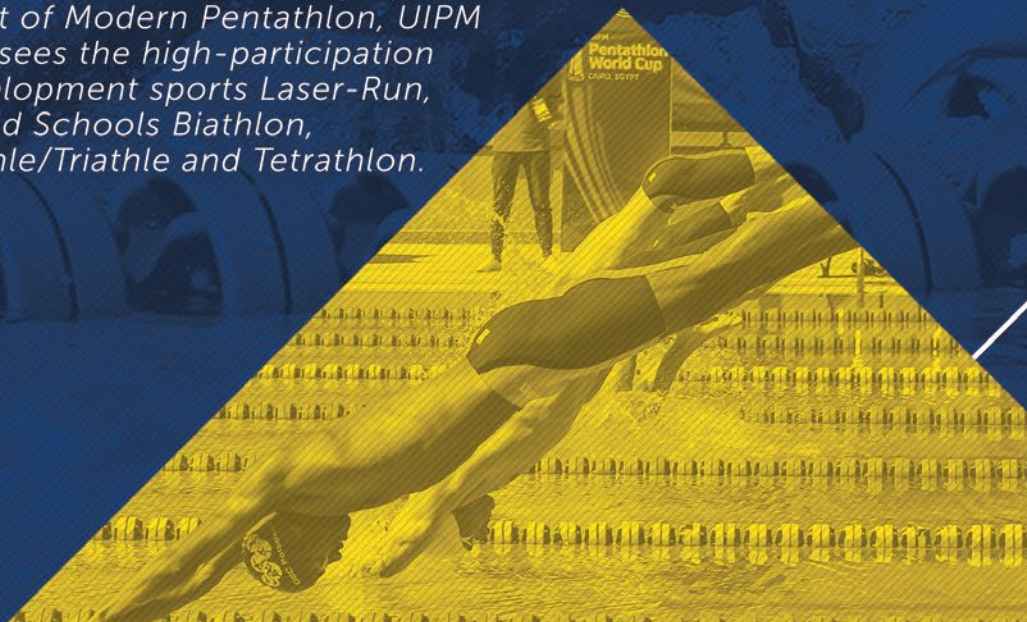
*With a new visual identity, the 2018 season began with a bang for World Pentathlon (UIPM) at Pentathlon World Cup Cairo.*

*The five-discipline sport is the ultimate test of mind and body in the Olympic Games and UIPM's new creative suite reflects the dynamic nature of UIPM competitions, all of which will be promoted through the new visual identity.*

*As well as the the core Olympic sport of Modern Pentathlon, UIPM oversees the high-participation development sports Laser-Run, World Schools Biathlon, Biathle/Triathle and Tetrathlon.*



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