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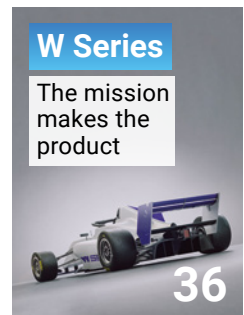
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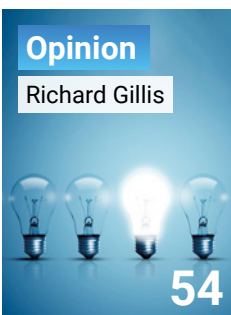
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Obstacles imply European Super League may be more blackmail than business plan

Football Leaks investigation suggests 16 clubs sharing plans for European Super League

New league would have to guarantee '\$10-15bn' over three years for club to pull trigger

Uefa/Team made counter-proposal of extending Champions League in the summer months



Ben Cronin

Uefa president Aleksander Čeferin and Andrea Agnelli, the chairman of the European Club Association, put on a united front in late November, holding a joint press conference in which they tried to downplay the threat of a 'European Super League'.

"With Uefa we already have all the tools to work happily together," said Agnelli, who is also the chairman of Serie A club Juventus. "In the medium- and long-term we have all the tools to shape football together."

The mood music, and even the choice of setting, spoke of harmony between the governing body for European football and the organisation that is

said to represent the interests of 232 European club football teams. Yet to most observers, this appeared to be completely at odds with revelations that came to light earlier in the same month from the Football Leaks investigation – particularly its contention that Agnelli's Juventus was one of 16 large European clubs recently engaged in discussions to create just such a breakaway league.

Other revelations from the 1.9 terabytes of leaked data held by the whistle blower platform serve to confuse the picture further. *Der Spiegel* chose to focus on a series of emails purportedly sent by senior European football figures between 2015 and November this year. The publication reconstructed a timeline and alleged that the continent's leading clubs had,

on different occasions throughout the period, created several "cartel-like" structures to examine the legal obstacles to various breakaway scenarios. These included backing out of European competitions or leaving their national leagues entirely.

In the most recent example, the investigation claimed that in October it had seen a "binding term sheet" for a 16-team Super League that would include 11 leading European clubs as 'founder' members that could never be relegated. If the plans went ahead, it claimed, Real Madrid, Barcelona, Manchester United, Chelsea, Arsenal, Paris Saint-Germain, Manchester City, Liverpool, AC Milan, Bayern Munich and Juventus would break away from Uefa and exit the Champions League as early as

2021. Five 'initial guests' – Atlético Madrid, Borussia Dortmund, Olympique Marseille, Inter Milan and AS Roma – would round out the competition.

Consultancy exercise

The incomplete picture provided by the leaked emails, which *SportBusiness Review* has not seen or been able to verify, makes it hard to gauge how seriously Uefa should treat the risk this time – especially because the idea has reared its head repeatedly.

It is widely thought the biggest European clubs used the breakaway threat in 2016 as a negotiating ploy to extract greater concessions from the governing body when the terms of the 2018-21 Champions League cycle were up for discussion.

Uefa subsequently agreed to reward clubs for success over the previous 10 years – which is to say, the biggest clubs – and invited them to jointly oversee the management of its competitions. It was unquestionably a victory for the larger European teams.

What is less clear is why the group of

16 clubs would resurrect the breakaway idea this year, having so recently secured a more favourable deal.

At a superficial level, a European league featuring the 16 clubs that do most to drive revenues at Uefa would have a certain logic. In a recent interview with *SportBusiness Review*, ex-Manchester City chief executive Garry Cook argued that that the formation of such a league was inevitable as a symptom of "industry rationalisation".

But another source familiar with the workings of the leading European clubs prefers to downplay the significance of the emails, seeing them instead as evidence of a sort of advanced consultancy exercise.

"I am not surprised at all if various business concepts find their way onto paper and into a business modelling exercise, because that's what good businessmen do when they run their businesses," he says.

In the same spirit of commercial curiosity, we decided to examine the commercial and legal impediments to the clubs carrying out their perennial

threat. As the most recent plans are based on removing 16 clubs from the Champions League, it is sensible to model this scenario rather than the greater and more complex impediments to clubs breaking away from their national leagues as well.

Commercial questions

As a fundamental requirement, any new league would have to provide a massive long-term guarantee to persuade the clubs they would be better off outside of the Champions League and for them to trigger the nuclear decision of leaving it.

The likely model for this would be a joint venture between the clubs and a private equity house or a sports marketing company, along the lines of breakaway Euroleague Basketball's 10-year commercial rights deal with IMG.

One media rights specialist said he thought a Super League would have to guarantee a minimum of €10-15bn for clubs to walk away from the roughly €8.16bn (€2.72bn a season) Uefa is targeting – and on course to exceed – from Champions League media and



Andrea Agnelli, the chairman of the European Club Association (left) and Uefa president Aleksander Čeferin (right) with EU commissioner for sport Tibor Navracsics (ECA)



Real Madrid players celebrate winning the 2017-18 Champions League (Denis Doyle/Getty Images)

sponsorship rights in the next three-season cycle, from 2018-19 to 2020-21.

The founders and any investors would have to believe there are vast untapped opportunities from the continent's media and sponsorship markets.

In a less harmonious mood during the last rights cycle (2015-16 to 2017-18), Juventus's Agnelli insinuated that this was the case when he drew a comparison between the efforts of Uefa – and Team Marketing, its commercial agent for club competitions – and the NFL.

“The media rights to the Champions League are worth \$1.6bn a season, compared to \$7bn for the NFL, despite there being 1.6 billion football fans in the world and only 150 million American football fans. This gives you some sense of the unrealised potential.”

The comparison is hardly analogous (and may have been issued simply to put pressure on the governing body). The value of the NFL is driven by its US home, the biggest media market in the world, whereas the Champions League has no ‘domestic’ market.

Even if one assumes that Team, which is projecting revenue growth of 28 per cent for the next cycle, had been doing

“I am not surprised...business concepts find their way into a business modelling exercise, because that’s what good businessmen do when they run their businesses.”

European club source

a terrible job, it’s hard to see where a breakaway league could find the additional revenue.

Outside Europe, Uefa and Team are hamstrung by the fact that Champions League matches must be played on Tuesdays and Wednesdays, so they have very limited ability to rejig kick-off times to reach international audiences. Nor could any European Super League, unless it took the even more destructive option of removing teams from their domestic leagues.

In Europe, Uefa and Team have already earned significant growth over the past two to three cycles by moving more of the Champions League and

second-tier Europa League on to pay-television in territories across Europe: there is little more to give, and there are indications that pay-television competition in some of the biggest markets can no longer be relied upon, as evidenced by the decline in the UK values for the English Premier League in its most recent cycle.

Moreover, the new generation of big tech companies that were supposed to underwrite the next wave of growth have so far proved reluctant to pay substantial amounts for sports rights.

And then there is the balancing act between paywalled coverage and sponsorship revenues, which Robin Clarke, SVP international at Endeavor Global Marketing, says Uefa and Team have managed impressively.

“The Champions League is inarguable as a premium proposition,” he says. “It continues to grow in its quality, in its interest outside of European borders and therefore offsets a lot of that decline in linear TV audiences by its appeal,” he says.

“For all of the agencies that make lot of noise, Team don’t, but they are probably the most impressive. They

“[Team] quietly go about increasing revenue and have a phenomenal track record in delivery of broadcaster contracts and sponsor contracts to Uefa.”

Robin Clarke | SVP, international,
Endeavour Global Marketing

quietly go about increasing revenue and have a phenomenal track record in delivery of broadcaster contracts and sponsor contracts to Uefa.”

Der Spiegel alleges that Charlie Stillitano, co-founder of Relevant Sports, the organisers of the International Champions Cup summer tournament, sent the clubs a presentation in 2016 that claimed they could achieve revenues of “€500m plus” a year from a putative breakaway league featuring 18 teams.

A 16-team league with equal revenue shares would need to generate a minimum of €8bn a year just to pay the clubs this sum. This is so far from the figures Uefa currently generates from marketing the Champions League

rights that it would appear impossible for a breakaway to arrive at this figure through a combination of operational efficiencies and a more innovative commercial strategy.

Uefa shared a total of €1.41bn between the 42 clubs that competed in last season’s Champions League – 32 of which qualified for the group stages and 10 of which were eliminated in the earlier play-off rounds. Even if this figure was shared between just 16 clubs, it would amount to just €88m per club.

The final 16 clubs in the Champions League already out-earn those eliminated at the group stage by a ratio of just under 2.5:1. When the new revenue distribution model rewarding success in the last ten years of the Champions League kicked in this season, the gap grew larger. The new distribution is estimated to be worth €30m a season more to clubs that routinely qualify for the latter stages of the competition.

Regulatory barriers

The argument goes that bigger clubs are the commercial engine of the Champions League and that they could make much more money if they were freed of their

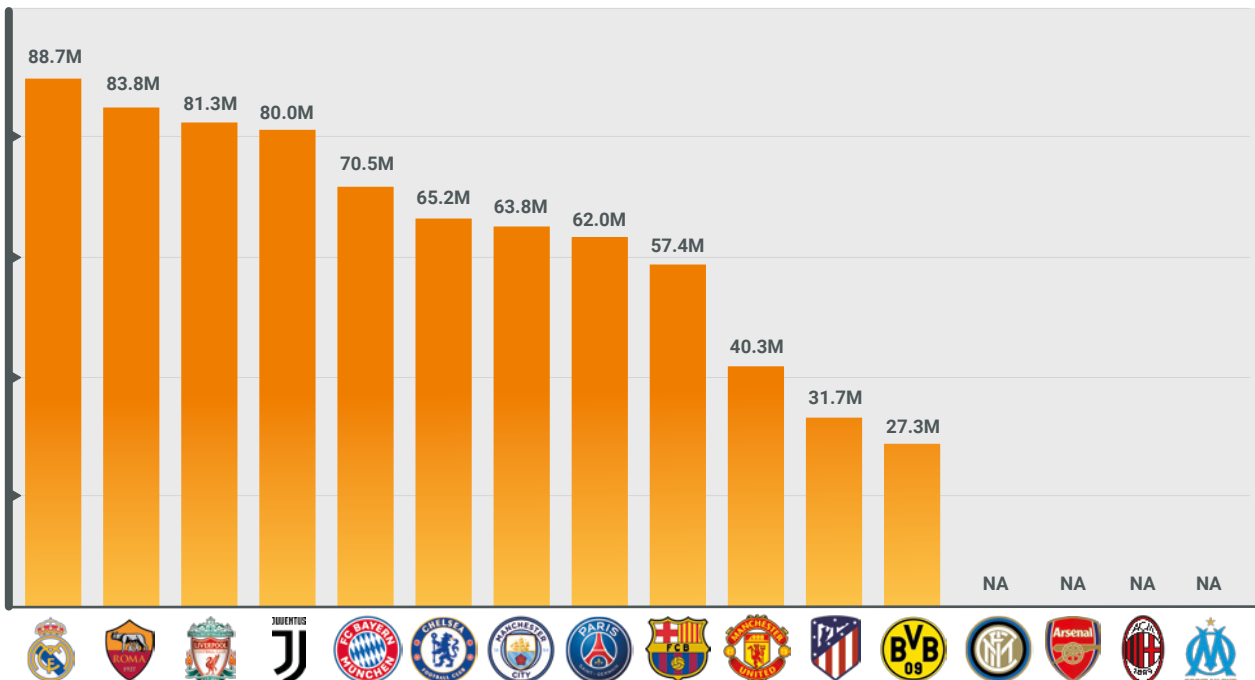
obligation to share the competition revenues with the smaller clubs. Yet this ignores the disruptive impact this would have on the European footballing ecosystem and the way that would be treated by the European Union.

In 2003, Uefa was cleared by the European Commission to collectively sell the broadcasting rights of the Champions League on behalf of the clubs and decide how to distribute revenues further down the football pyramid.

“Maintaining the balance between the clubs is accepted as objective justification for any restrictions coming out of sport that are not disproportionate,” says Katarina Pijetlovic, sports law module lead at the University of Liverpool and author of *EU Sports Law and Breakaway Leagues in Football*.

She says any breakaway league of the kind recently reported would enjoy no such exemption and that the EU might take a dim view of the undertaking because of the impact it would have on the market. This would include disruption to the competitive balance in the downstream sponsorship and media markets and the upstream market for

EARNINGS OF THE 16 MOOTED BREAKAWAY CLUBS IN LAST YEAR’S CHAMPIONS LEAGUE (€M)



Source: Uefa



Fiba's Basketball Champions League (right) and the breakaway EuroLeague (left) are still tussling for supremacy (Jamie McDonald/Getty Images)

players because of the size and power of the clubs taking part.

"The big clubs that are involved in this project ongoing, are in fact collectively 'dominant undertakings' in the terminology of competition law which means that as such it's much easier for them to break the law," she says.

Pijetlovic says clubs might be forced by Uefa to pay 'solidarity payments' to other clubs in the football pyramid to offset any disturbances they would cause as a price for the governing body to sanction the league. She says Uefa would be within its rights to ask for such a sum, provided this reflected normal market standard and was not so disproportionate as to make the prospects of any rival league commercially unattractive.

To illustrate the point, she says she has seen the finer detail of the 1998 attempt by the Milan-based Media Partners group to form a closed "SuperLeague" featuring 16 major European teams as permanent members.

To get a sense of how much the clubs might be expected to contribute, the Champions League currently pays seven per cent of its revenues in solidarity payments to national associations and to fund the development of youth football.

The EuroLeague precedent

Another impediment would be the dim view EU governments take of closed sports leagues and Fifa's commitment to the principle of promotion and relegation. The latter created an exemption for Major League Soccer in the United States and the A-League in Australia, but it would be difficult to create a league along these principles within Europe where the pyramid structure is already well established.

"I just don't see Fifa or Uefa...just simply allowing a breakaway to happen and allowing a dilution of their control over the organisation of sport."

Andrew McGregor | sports law associate, Brabners

The admittedly incomplete proposals for the latest Super League appear to try to sidestep this issue by including an option for a second league. In this, the best domestic teams at the end of each season could play a series of matches in an effort to win promotion to the Super League, but only against clubs

that are 'initial guests'. *Der Spiegel* says the semi-closed structure is explicitly based on EuroLeague Basketball's top-tier EuroLeague, which is not entirely closed in an attempt to avoid violating European competition law.

But if the football teams were planning to follow the example of the EuroLeague, they ought to be prepared for the attendant aggravation. The drawn-out dispute between EuroLeague Basketball and the International Basketball Federation (Fiba) indicates the way a legal battle between a breakaway European Super League and Uefa might play out.

In that case, 16 teams decided to break away from the existing structures in European basketball and threaten Fiba Europe's position as the sole organiser of club competitions at this level. Fiba responded by founding its own Basketball Champions League in 2016 and by calling on national federations to sanction clubs that continued to participate in the breakaway competition. This in turn provoked EuroLeague Basketball to schedule its fixtures at the same time as the qualifying window for Fiba Basketball World Cup, forcing players to choose between their clubs and their national teams.

Both organisations have now filed

complaints before the European Commission alleging anti-competitive behaviour and abuse of dominant position, and Pijetlovic argues that a similar scenario would be conceivable if the 16 football clubs decided to split.

“Clubs could complain that Uefa was anti-competitive in not letting them do their project, not sanctioning their league,” she says. “Uefa could complain that clubs were abusing their dominant position and endangering the domestic leagues and survival of football.” That the rumours of a Super League have already caused Fifa president Gianni Infantino to threaten to ban players who play in such a league from competing in the Fifa World Cup, demonstrates the potential for a breakaway in European football to develop along equally messy lines.

Honest breakers

So how serious were the clubs in their intention to leave? The popular interpretation is that the exchange of messages in October was evidence that clubs were continuing to apply a proven formula. Examine most of the previous breakaway rumours and a pattern emerges, in which the clubs threaten to leave and Uefa makes generous concessions to keep the elite happy.

There’s little doubt the 2016 rumours proved successful in holding Uefa’s feet to the fire ahead of the most recent revenue distribution deal. Go even further back to the Media Partners proposal in 1998 and the impact of the threat was even more explicit.

“Plans for an independent Super League forced us to act quickly and improve our co-operation with the clubs,” said Uefa general secretary Gerhard Aigner after clubs dropped their plans to separate and backed the governing body’s proposal to expand the Champions League to 32 teams.

Another possibility is that the clubs cannot afford not to be party to breakaway plans, in case other teams move forward without them. Borussia Dortmund chief executive Hans-Joachim Watzke said as much when he told *Der Spiegel* that the club had to “keep all its options open,” because if a super league ever became a reality, “that couldn’t happen without BVB”.

Andrew McGregor, associate in the



Barcelona v Tottenham Hotspur in the International Champions Cup summer tournament (Joe Scarnici/Getty Images)

sports law team at Brabners, says he just can’t see the clubs triggering a split. “There has to be a happy medium and I just don’t see Fifa or Uefa or any of the other stakeholders just simply allowing a breakaway to happen and allowing a dilution of their control over the organisation of sport,” he says.

This analysis doesn’t discount the possibility that the European clubs were responding to the appearance of a new suitor. Lurking at the edges as Uefa and the ECA downplayed the threat of a Super League was Gianni Infantino and his proposal to revamp Fifa’s Club World Cup.

Although uncertainty continues to cloud the Fifa president’s offer to reportedly inject \$3bn of Saudi Arabian, Japanese and Emirati money into a new quadrennial club tournament, it hints at a new battle line being drawn in the football calendar. If the chances of a European breakaway are limited by the disruption it would cause and the difficulty of squeezing any more out of midweek winter formats, then why not create a new platform for the biggest clubs in the less cluttered months of the summer?

The ECA says the clubs would weigh up Infantino’s offer just like any other commercial proposal, provided Fifa can engage stakeholders in the process.

Fifa might not be the only body working up plans for a new summer

tournament. We spoke to two senior figures in European football who believed Uefa was developing ideas of its own.

SportBusiness Review understands Uefa and Team Marketing approached Europe’s clubs ahead of the 2018-2021 cycle with an idea to expand the Champions League into the summer months, arguing that they could earn the big clubs twice as much as they get paid to play in the International Champions Cup.

The same source says the clubs rejected it on the basis that they didn’t want to put all their eggs in one basket – the pressure placed on Uefa by their continued participation in the ICC was worth more to the teams than the summer plans.

Conversely, another senior source had heard Uefa might even try to partner with the ICC to scupper Fifa’s Club World Cup proposals. He argued that the flip side of this is that Infantino might also have made an offer to work with the ICC, or that he might even have contacted the clubs to underwrite the cost of their breakaway.

At this stage, the only thing that is certain is the strong hand the clubs would play in any negotiation. With Fifa on one side and Uefa on the other, the Football Leaks data shows the clubs are acutely aware of the power they wield, and aren’t afraid to use it. ○

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From Man City to Gfinity | Garry Cook positions himself as esports emissary

Gfinity will host and film the inaugural ePremier League in its Fulham esports arena

Time at Jordan Brand provided a template for cross-promotion between sports

Cook says European Super League in football would be "a natural evolution"

Ben Cronin

The beauty of an interview with Garry Cook is that his thirty-year career has included stints at some of the most interesting properties in sport – and he's not shy of expressing an opinion about any one of them.

From an early role heading up the Jordan Brand project for Nike, a three-year spell as the chief executive of Manchester City – which included the takeover by the Abu Dhabi United Group – and a four-year stint at the Ultimate Fighting Championship (encompassing its sale to Endeavor), Cook's career has involved some of the most compelling events in the recent history of the sports business. It has also traced an arresting arc from what might artlessly be described as "traditional" sport to its more contemporary challengers.

In his current role as executive chairman of esports event organiser and content producer Gfinity, Cook appears to be positioning himself as an emissary between the old and the new, helping traditional rights-holders find their feet in professional gaming. In October, Gfinity partnered with the Premier League to become the official tournament operator of its new ePremier League (ePL), following a similar deal to deliver the inaugural Formula 1 Esports Series in 2017.

The ePL starts in January 2019 with every Premier League club represented, giving UK-based players the chance to compete for and represent their favourite teams. Gamers will play against each other in EA Sports' *Fifa 19* title for three months across three rounds: online qualification, live club playoffs and the eventual ePL Final that



Garry Cook at the Sport Industry Breakfast Club in early November (Sport Industry Breakfast Club)

will be broadcast live on Sky Sports in March 2019.

The way Cook describes it, Premier League sponsor and Fifa series publisher EA Sports and broadcaster Sky Sports approached Gfinity to run the new league because they lacked the expertise to do it themselves. The 'esports solutions' company will provide its proprietary tournament management

platform, dedicated esports arena and broadcast studio in Fulham to help to get the competition off the ground.

That esports has the potential to be more commercially complicated than regular sport is well known. Add the Premier League and its teams to a stakeholder mix that already includes game publishers, event operators like Gfinity and the players themselves,

and the complexity rises further still. Cook hints at the potential for future disputes when he is asked which party will own the sponsorship rights to the new competition.

“Right now, it would be the Premier League. Right now, that’s a fact,” he says. “But that doesn’t mean to say that’s going to [always] be the case because without the tournament operator there is no ePremier League, so maybe the tournament operator becomes the rights-holder.

“It is like the pioneers putting a stake in the ground and saying ‘I’ve got these 350 acres and they go from there’ and I think that’s what everybody’s doing, but somebody’s got to lead the way.”

The size of the opportunity in gaming isn’t in doubt: Cook claims 480 million people played *Fifa* in the UK last year while EA Sports earned \$650m from in-game purchases across its big sports

series – *Fifa*, *Madden* and *NHL*. Less certain is whether anyone will be willing to watch people play *Fifa 19*, especially on linear TV. Historically, gamers have tended to favour streaming content that teaches them how to be a better *Fifa* player over watching competitive gaming and prefer multi-player online battle arena games like *League of Legends* and *Dota 2* for their esports fix. A seven-day snapshot on video-game live streaming site Twitch in late November, for example, revealed an average of just 26,900 viewers watched *Fifa 19* streams on the platform, representing just 2.3 per cent of its total gaming audience [see chart below].

Cook contends that the new league represents a way for the Premier League to test the waters in esports but that it will have to think laterally and defy sports media conventions to make money from the enterprise. But linear

TV, he argues, still has a place in the media mix.

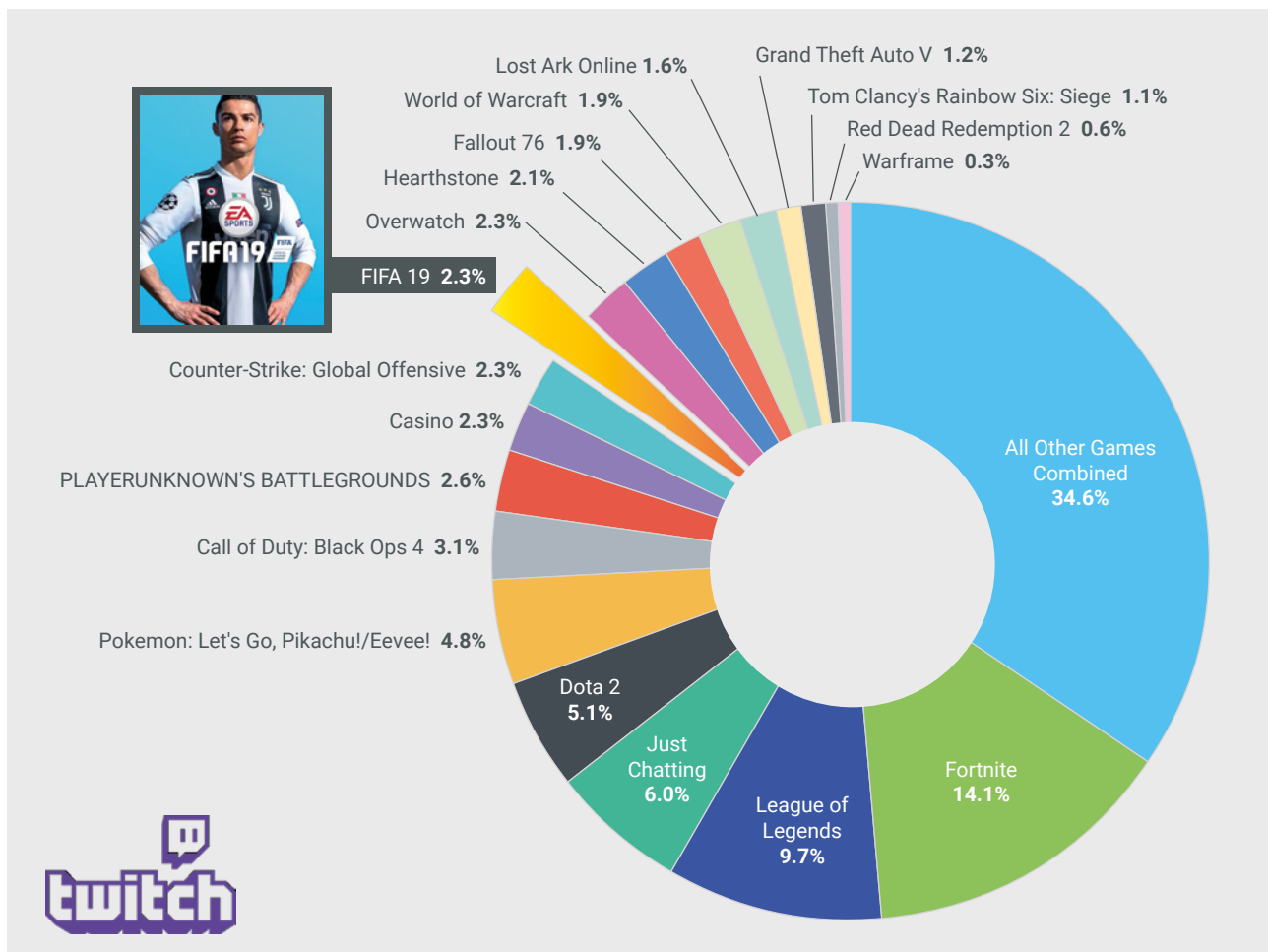
Media segmentation

“I think what we have seen is that there is certain content that is required for certain audiences at certain points in time,” he says. “Therefore you will create a segmented audience, segmented product, segmented distribution,” he says. “Don’t put five hours of *Battlefield* competition at seven o’clock on Friday night on linear TV – nobody would watch it. Give them a story.

“Do we have to watch gameplay live to make it compelling, because that’s what we grew up with? *Fifa* might be a game of highlights packages but [with] more shoulder programming to tell us why it’s important,” he says.

A press release from the Premier League announced that the ePL will be broadcast on Premier League

TOP GAMES ON TWITCH, 19-26 NOVEMBER 2018





'Drivers' at the Esports Series held in GFinity Arena in October (Christopher Lee/Getty Images)

social media channels in addition to Sky Sports but didn't specify if it will also be shown on Twitch. Cook says esports and social media are forcing sport to move from a model based on "exclusivity to inclusivity".

"We're in a different world now, because you can get anything, anywhere, any time. The gaming community has grown up in that world, not in an exclusive world."

He thinks the Premier League and Formula 1's first forays into esports point to a recognition that they can no longer hide behind a paywall.

"You've got to be everywhere," he says. "Formula 1, you couldn't touch it. No one was ever going to drive one of those vehicles. You couldn't get anywhere near the pits. If you wanted to watch it you had to buy a satellite TV subscription and it was so exclusive, but that was the model and that's what they wanted. Liberty Media have come in, under Sean Bratches, and said they have to change all of that."

The only exception to the new spirit of inclusivity in the motorsport is the Ferrari team, which has so far resisted calls to enter a team in the Formula 1 Esports Series. Cook puts this down to the fact that esports players all compete on the same equipment, which Ferrari

feels takes away its ability to differentiate itself by the quality of its machinery.

The Premier League has had more success getting all of its clubs to sign up. Cook says that the 20 teams competing in the ePL will be able to create their own qualifier tournaments for the central league and generate additional content and commercial opportunities off the back of these.

"Manchester United could have a player in India, a player in the United States, a player in Canada, a player in Argentina – all playing in a global Manchester United tournament," he says. "That doesn't have to be a Premier League tournament. They still have to play in the Premier League tournament but that's where, again, the barriers are down – they've now got the opportunity to create content that would go around the world."

Jordan Brand

Using esports to cross-promote teams and leagues and reach new audiences isn't that far removed from the work Cook did at Nike with Jordan Brand, which he describes as his "business school". He tells the story of how Michael Jordan once asked him why the firm was expending so much of their marketing efforts overseas during a 10-

city tour of Europe in the 1990s.

"I'd say: 'Michael, there's two things: one is you want to be a global sports brand, because we've gone beyond basketball, and the other thing is, we can either teach 6.2 billion people how to play basketball or you can start liking soccer.'"

It helped at the time that football stars like David Beckham, Carlos Tevez and Marco Materazzi all publicly expressed their admiration for Jordan. "If fans of theirs can see that they're fans of yours, then we've grown the audience," he adds.

Manchester City

Cook says his background in football means Premier League teams often ask him how they can cross-promote themselves in esports, and that he tends to point to the efforts of West Ham and his former club Manchester City as examples of best practice. Both clubs have signed a professional player to represent them in Fifa competitions around the world while City recently hosted a Fifa tournament in the US to build fandom in the region.

He appears to have some residual affection for his former employer, City Football Group, and still seems inclined to defend its interests.

Asked about the threat that Uefa might reopen its Financial Fair Play investigation into the team on the basis that it inflated the value of sponsorship deals to conceal its dependency on funding from the Abu Dhabi United Group, he returns to arguments he made when FFP was first introduced and he was still the club's chief executive – specifically that it puts too much power in the hands of Uefa's accountants, including judging whether deals represent fair market value.

"There isn't a blue book for the value of a player, I do know that – we bought some bad ones and we bought some good ones. And – in my opinion – there also isn't a valuation on the naming rights to a stadium."

His views on the threat of a breakaway European 'super league' are even more provocative.

"I think we're watching the natural evolution," he says. "All industry sectors rationalise over time. The supermarket industry was built out of the fact that you combined the greengrocer, the butcher, the baker.

"I think there's always going to be a demand to watch that very fine elite level in all walks of life and consume at that level, at the very top, and so

if football is going to go a path that is evolutionary, it will be because the top 16 clubs in Europe are going to join together to make something that is marketable for additional growth economically."

Player power

Cook believes similar forces threaten to undermine the collective power of another former employer, the UFC, as individual fighters are beginning to develop a more acute sense of their commercial worth.

He thinks UFC has forgotten the debt it owes to the *Ultimate Fighter* reality TV series and that it has moved too far away from the programme's successful formula of telling rags-to-riches stories about competitors from tough working-class backgrounds.

"Its basic principle was twelve people in a house and every week a fight would be worked out and whoever loses goes out of the show and the winner gets a contract to fight in the UFC. It was a \$100,000-a-year contract, that was the principle of it.

"I believe the UFC was a voice for the world in a strange way because we're all fighters. There are people in the audience who are fighting an illness

in the family, or they've fought a loss or they've fought adversity financially. Who better to speak about the virtues of fighting, which are commitment, passion, dedication?

"I don't think it should have been Conor McGregor versus [Floyd] Mayweather [Jr.] and I don't think you should pick up a trolley and throw it into a bus. I think that's brand damaging," he says.

Whether he's talking about media, marketing, fighting or football, Cook keeps returning to the importance of back stories in keeping audiences engaged, so it isn't too much of a leap to imagine Gfinity will apply the same principles to the ePremier League when it starts in January 2019.

"Until you know who the players are, and why they're playing and what the purpose is and how much money there is at stake, then there's no reason to watch," he says. "I think all of the media organizations are trying to figure out what should they be doing in esports and that's the bit that's yet to come." ○

Garry Cook spoke to SportBusiness Review at the Sport Industry Breakfast Club.



Conor McGregor throws a punch at Floyd Mayweather Jr. during their light-middleweight bout in August 2017 (Sean M. Haffey/Getty Images)

WBSC

A GLOBAL GAME, A MULTIBILLION-DOLLAR SPORT

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IN THE LAST OLYMPIC CYCLE





Rapid by name, rapid by nature

Global Rapid Rugby, a new elite tournament driven by Andrew Forrest, will take a new format of the sport to the largely untapped Asia-Pacific audience whilst adopting innovative presentations and fan experiences.



Founder Andrew Forrest addresses the fans who flocked to a Rapid Rugby trial series held in Perth this year

Global Rapid Rugby, the brainchild of Australian businessman and philanthropist Andrew Forrest, is set to explode onto the calendar with an innovative platform for the development of rugby in the Asia-Pacific region and beyond.

Eight teams are set to participate in the inaugural campaign, which will begin in February and comprise 14 rounds of fixtures.

With all of the teams fighting for a first prize of A\$1m (€646,000/\$731,000) over a 16-week period, the tournament will be rapid in name and nature.

But the heart of Rapid Rugby is a fresh approach to the game itself.

Matches will be shortened by 10 minutes to 70-minute contests, with two halves of 35 minutes each. Moreover, new and revised rules – including rolling

substitutions, reducing line-outs and a nine-point Power Try – aim to ensure ball-in-play time increases from rugby's current average of about 40 per cent to upward of 55 per cent.

The aim is to promote attacking, high-scoring rugby, and although international federations are usually reluctant to endorse significant format changes to their sports from third parties, the World Rugby Council has sanctioned the tournament.

"Like all sports, rugby needs to evolve," Forrest says. "The modern sports public is spoilt for choice and demands easily digestible, fast-paced action.

"I think Rapid Rugby is the perfect name for this competition. It speaks to what we will deliver – a dynamic sports and entertainment concept focused on the fastest growing region in the world."

Star quality

Rapid Rugby will be governed by the Hong Kong Rugby Union, which will contribute one of the teams, with others set to represent Fiji, Malaysia, Samoa, Singapore and Australia. Talks are on-going with the Japan Rugby Football Union for a leading team from the country to participate, while further discussions are taking place with a private consortium to establish another team with an exotic flavour.

Perth-based Western Force, with an established fan base following more than a decade in Super Rugby, will boost the profile of the competition, as will up to 20 marquee players who will be signed up over the first two years to add star quality across the teams.

According to the tournament's head of rugby, the former Australia national team player and Western Force captain

Matt Hodgson, Rapid Rugby is already in talks with representatives of “a number of very big names” for both the 2019 and 2020 editions, with several key targets having contracts that expire at the end of 2019.

“Our marquee players will be centrally contracted and placed with teams that need their specific talent and experience,” he says.

Rapid Rugby’s launch is timely, especially as the eyes of the rugby world turn towards Japan for the first Rugby World Cup to take place in Asia next year.

Hodgson hopes that Rapid Rugby can “provide an early taste of the incredible spectacle to come” at the Rugby World Cup “and, in turn, become an exciting option for thousands of sports and entertainment fans who have tasted the game for the first time and want more”.

HKRU chief executive Robbie McRobbie highlights the “record numbers of boys and girls” taking up the game and pinpoints the “breath-taking” potential of expanding into countries like China and India.

According to interim chief executive officer Brad Paatsch, the plan is for Rapid Rugby to have expanded into those two countries by 2023, while a second Australian team in 2020 is critical, with only “domestic rugby politics” having thwarted Western Sydney’s participation in the inaugural competition.

Long-term goals

“Global Rapid Rugby is a long-term play. This is not about making a quick return, not at all,” Paatsch says.

“The plan was always for the competition to begin with six to eight teams and grow to 12 or more within five years. China, India, the UAE, Sri Lanka, Korea and New Zealand are all on the drawing board for new teams.”

In keeping with the concept of the tournament, Rapid Rugby has devised a 90-minute broadcast package, which was presented to potential partners at Sportel Monaco in October.

Leading ticketing agent Zoonga has been appointed as Rapid Rugby’s official ticketing partner and will take advice from participating clubs about appropriate pricing strategies.

For match days, Rapid Rugby is adopting a hands-on role in developing supplementary entertainment to enhance the overall in-stadium fan experience. Site visits are currently being completed to look at finalising areas at each venue for Kid Zone and Fan Zone precinct activations.

“[The name] speaks to what we will deliver – a dynamic sports and entertainment concept focused on the fastest growing region in the world.”

Andrew Forrest | founder,
Global Rapid Rugby

“We are aiming to do for rugby what T20 has done for cricket,” Paatsch says.

In spite of the focus on innovations, organisers are determined not to lose sight of the importance of engaging established rugby fans.

“We take our responsibility to grow the game extremely seriously,” Paatsch says. “We will work with home clubs and their governing bodies to deliver curtain-raiser matches involving junior rugby clubs and assist them in growing and developing the game.”

The clubs will have a significant amount of commercial autonomy, with the ability to manage their own partnerships with “more than half of the shared commercial real estate at their disposal,” Paatsch says.

“Rapid Rugby will commercialise the remainder through key properties including principal partner, exclusive competition partners and supply partners like airline and accommodation,” he adds.

“Through the creative application of virtual technology, clever in-broadcast positioning and alignment, plus the

courage to rip up the rule book and look for new ways to communicate with the viewing audience, anything is possible. We are confident integrating sponsorship with innovative broadcast offerings like real-time player audio, tactical time-outs, in-match interviews, social media engagement and cutting-edge science will produce excellent results.”

With Rapid Rugby in start-up mode, it is able to centralise and aggregate commercial rights, providing greater scope for partners and consistency in the collection and use of data.

As an example, Paatsch says, on-field apparel and merchandise will be aggregated across the competition from 2020.

“This will provide an attractive property for an international supplier, streamline the administration process for clubs and enable us to develop a deep understanding of our fans’ wants and needs across the whole region,” he says.

Rapid Rugby is underpinned by the belief that it is providing what a modern, mobile audience demands. With a blank canvas and content control, Rapid Rugby can tailor its media and commercial offering to drive the product according to future trends rather than current norms.

Andrew Forrest says his vision to provide Asia Pacific with a new sporting experience is as much about building strong communities as anything else.

“In places where outstanding young people are often forced to move away from their homeland to reach their potential, this new competition will help them stay,” says Forrest.

“Singapore, Malaysia – even Hong Kong – along with the Pacific Islands, are laden with raw talent and ability but the best players are often bereft of opportunity to display it on their own shores.

“Those young people are the game’s future and will undoubtedly be an exciting centrepiece of Global Rapid Rugby.” ○



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Formula One enlists biometric testing to better understand its TV audience

Biometrics offers significant advantages over other types of research

Findings from a study of 60 F1 fans are being used to enhance TV production and the race itself

F1 to undertake more studies and place biometrics at the heart of its future research



(Mark Thompson/Getty Images)

Jonathan Dyson

During the British Grand Prix, held at Silverstone on July 8, Formula One broke new ground in TV audience research, with the world's first in-house biometric study of a live event.

Sixty viewers held biometric meters in their palms during the race. Changes in sweat-gland activity, reflecting the intensity of their emotional state, were used to infer their levels of engagement.

Gregory Morris, F1's senior brand research manager, told delegates at the 2018 UK Sports Analytics Conference, held in London on October 26, that the

study would help the motorsport series understand its TV audience and how it could improve its coverage – particularly important given that the series produces its own feed for broadcasters.

The test was carried out by market research group Populus, using medical grade biometric meters from Portuguese company MindProber. The study is a step up from F1's existing work with Populus on projects related to its TV coverage, and in part a response to the weaknesses of post-race surveys as a method of collecting audience information.

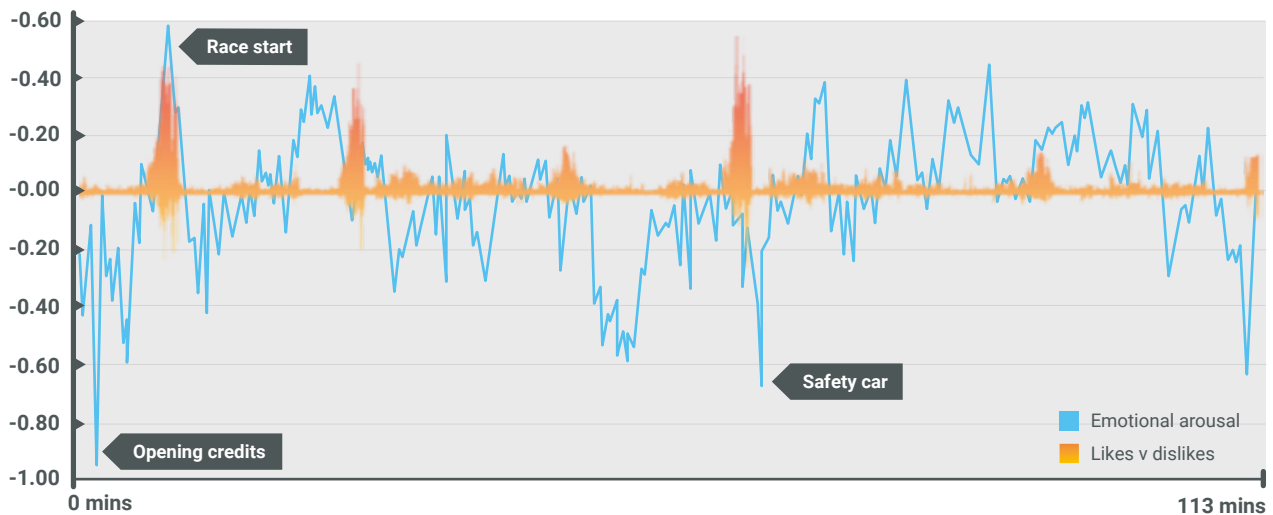
"With the post-race survey data in particular, we struggled to make

definitive concrete links between races that people enjoyed and the reasons why they enjoyed them," he said.

Some results indicated viewers attached a lot of importance to their favourite driver winning, while others implied that F1 fans are much less partisan than fans of other sports such as football.

"So the biometric solution proposed by Populus, was really, really interesting to us, because it takes that [ex-post rationalisation] element out of it and we were hoping that it was going to give us a genuine read on what people liked about the race and what they didn't like."

BIOMETRIC RESPONSE TO A 113-MINUTE F1 RACE



Source: Populus

Methodology

Biometrics are often used for measuring the impact of short clips such as adverts, and according to Populus this was the first time it had been used for long-form content and a live broadcast.

Ian Bramley, deputy managing director at Populus, said that the key way in which biometrics research differs from a standard active survey is that it is “completely passive”, so a study can be carried out in participants’ homes, capturing their natural reactions “in the moment”.

The sixty participants in the study were a representative sample of the typical F1 audience in the UK: male, and about half of them aged between 35 and 54. During the race each participant wore the wireless biometric meter in the palm of their hand. The meters are used to measure galvanic skin response – changes in sweat gland activity that reflect the intensity of someone’s emotional state.

As they watched the race, readings from the meter were picked up via an app on their mobile phone, which then relayed the readings back to a central system. The results were then fed directly second by second into a dashboard.

Bramley explained that potential conclusions from the study could be found by analysing the dashboard results, particularly the ‘aggregated galvanic trace line’, which shows the

“We plan to do more tests of this nature in 2019, and this will help us build up a bank of findings from which we can make more concrete strategic decisions.”

Gregory Morris | senior brand research manager, Formula One

aggregated emotional arousal of the 60 participants during the 113-minute race.

Insights

Observing the trace line produced several insights.

Just six seconds into the broadcast, the trace line dropped dramatically when some general facts about Great Britain, unrelated to the race, appeared onscreen. The line continued to dip as a picture of the London Eye and some facts about Silverstone were presented.

But the decline was completely reversed as graphics showing a map of Silverstone Circuit appeared, and it then rose further when some previous race times at Silverstone were brought up. Bramley says that this highlights just how important relevant content is for viewer engagement.

The trace line dipped again when the safety car came on two thirds of the way into the race, and the same commentators that had been speaking

throughout the race could be heard. But it lifted when an extra commentator – Christian Horner, head of the Red Bull team – began to speak for the first time in the race. Bramley says that this illustrates the impact commentators’ analysis can have on engagement.

He stressed that the most effective way of analysing the data is by starting with a specific question – such as asking whether the use of sound from a team radio has an impact on engagement.

From Silverstone, he picked out three specific questions that were tested:

- 1. What was the impact of onboard cameras?** A high level of engagement when the camera showed cars battling for position, but a dip when the feed was from the car in pole position and all the viewer could see was the road ahead
- 2. How does commentary affect engagement?** It needs to be synchronised to what the viewer is seeing on screen, otherwise it causes a dip in engagement
- 3. What’s the impact of coverage on the middle of the pack?** Engagement drops when there are lengthy shots of midfield runners with no battling for position, but is higher when there is some action.

A simultaneous active test, with the participants using a tool on their mobile

phone to indicate whether they liked or disliked certain elements of the race, was used to illustrate the difference in results between passive and active testing.

Bramley explained that with the active test, the resulting line had just three peaks of likes, and was flat during the rest of the race. Peaks were largely driver-related and were generated in particular when British driver Lewis Hamilton was onscreen.

Response

Morris tells *SportBusiness Review* the biometric testing will be central to its engagement measurement in the future.

“We have initially taken a qualitative approach to analysis, and used the results to test hypotheses around things like use of different camera angles, replays, team radio et cetera. We plan to do more tests of this nature in 2019, and this will help us build up a bank of findings from which we can make more definite strategic decisions.

“We want to conduct the test at more

races before we draw too many concrete conclusions, but it will certainly add important context to things that we think we know.

“For example, viewers often tell us that they love onboard cameras and team radio, but we found some examples of them not working well in the race, so we have to be careful we use them correctly as they are great assets.

“On the other hand, some camera angles – such as aerial shots and crowd shots – were more engaging than we expected, so we’re interested in working out the best contexts to use these in so that viewers don’t feel they’re missing out on any on-track action.

“The more studies we can do, the more hypotheses we can look at and the more we can build up some general guidelines that will help the TV production team make decisions like: ‘I’ve been on that onboard camera too long’, or ‘it’s too long after an incident to be showing a replay’, those kinds of things.”

The series plans to use the biometric data in conjunction with other

information, such as minute-by-minute TV audience data, to discover the extent to which viewers are switching off at low points of engagement; or data generated by the cars to see “how gaps between the cars – where the cars are closing in on each other or getting further apart – relates to a viewer’s engagement process”, Morris explains.

Overlaying the biometric data with eye-tracking would allow it to assess the extent to which track signage or graphics are noticed, and also, for example, “help us work out whether a viewer’s disengagement is something to do with a graphic, what’s happening on-track, or if it’s what the commentator is saying”.

That in turn means F1 could answer vital questions about advertising and sponsorship. Morris adds: “If a sponsor’s logo is onscreen at a moment with a very high level of engagement with the race, is there a benefit for that sponsor? Do they get increased awareness, increased consideration off the back of that high engagement?” ○



F1 tested 60 fans watching the July 8 British Grand Prix at Silverstone, shown above (David Goddard/Getty Images)

NHL shakes up weekend schedule to grow European fanbase and revenue streams

Fifty games moved to afternoons so they can be broadcast in prime time on continent

Approximately 30 per cent of National Hockey League players come from overseas

Earlier start times give teams more opportunity to engage with younger audience



Ottawa Senators v Colorado Avalanche in the November 2017 NHL Global Series game in Stockholm (Nils Petter Nilsson/Getty Images)

Bob Williams

The National Hockey League is looking to increase its European fanbase and revenue streams by scheduling nearly 50 matches this season in primetime for the continent.

Approximately 30 per cent of NHL players come from Europe, with the majority coming from Sweden, Finland, Russia and the Czech Republic. The NHL believes that showcasing its international stars to their home audiences year-round on primetime TV will increase interest in its teams and the league overall, and ultimately lead to commercial rewards such as larger international media rights fees.

The 'NHL European Game of the Week' – as it is marketed overseas – begins at 1pm Eastern Time every Saturday, which equates to 7pm Central European Time. From early December, Sunday games starting at 12.30pm ET, or 6.30pm CET, will be added to the schedule.

Most NHL games begin at 7pm ET, which makes it extremely difficult for even the most dedicated European fans to follow due to the time difference.

NHL teams have regularly staged exhibition games in Europe since the mid-1970s to engage with fans in established ice hockey-playing nations and to try to attract more global sponsors. This initiative was expanded with the launch of NHL Premiere in

2007, when the league opened its regular season in Europe for the first time.

NHL Premiere continued until 2011 but was cancelled the following year due to uncertainty over the league's Collective Bargaining Agreement, which led to a lockout in the 2012-13 season. A six-year hiatus ended with the launch of the NHL Global Series in 2017, which featured two regular-season games in Stockholm. This year's event was expanded to three regular-season games and two exhibition matches against local teams. A European tour next year has already been confirmed.

To maintain momentum in its renewed international push, the NHL turned to its broadcasting efforts, having received positive feedback from

European networks about the popularity of games scheduled in primetime slots on the continent.

A successful pilot was held last year, when the New Jersey Devils' 2017-18 regular-season opener was moved from 7pm ET to 2pm to allow a Swiss audience to watch the team's number one draft pick Nico Hischier play in primetime. The game's Swiss TV ratings were approximately four times higher than NHL matches traditionally broadcast in early mornings in the country.

After logistical negotiations between the NHL scheduling department, the 31 teams and international broadcast partners, the 'European Game of the Week' initiative was launched on October 6, with the regular-season game between the Devils and Edmonton Oilers in Gothenburg.

"These are all attempts to strengthen our fanbase in Europe," Jaka Lednik, the NHL group vice-president of international strategy, tells *SportBusiness Review*. "We can't play games every week in Europe and one of the avenues to grow our fanbase in Europe is the broadcast angle.

"Everything we've heard [anecdotally] means we can grow our fanbase in Europe because of this and we hope that that will be good for our broadcast partners – they'll get bigger viewership and we'll get more fans and that might mean more financials down the road for both of us...broadcast rights, sponsorship deals. It's all about growing the fanbase and then other things will come out of it."

Continued growth of its popularity in Europe could ultimately lead to the NHL becoming the first US major league to set up a team, or even an entire division of teams, on the continent.

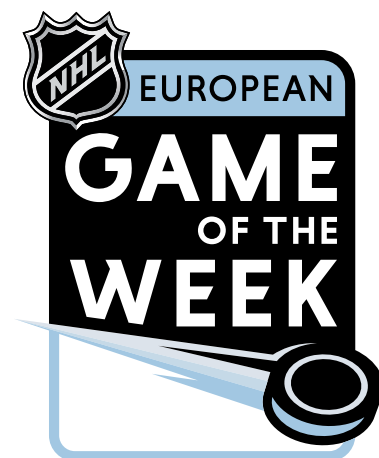
Both NHL deputy commissioner Bill Daly and NHL Players Association executive director Donald Fehr believe European expansion is "inevitable", though there are logistical obstacles to overcome, including travel concerns for players, appropriate ticket pricing, stadium availability and striking deals with professional leagues and teams in planned destination cities.

"I think it would be a real positive statement to create the first truly 'trans-



Nico Hischier after being selected first overall by the New Jersey Devils in the 2017 draft (Bruce Bennett/Getty Images)

ocean league'," Fehr said in November. "I think it would be an extraordinary achievement for everybody. Whether it will happen in my tenure remains to be seen, but hopefully sooner or later."



Creating a "destination viewing experience"

A key part of the 'European Game of the Week' initiative was establishing consistency in weekend afternoon scheduling for the first time so overseas fans would know exactly when games were going to be broadcast.

"If you look back at our schedule last year, we'd have weekends where we'd have some games one week, no games the next week – they might start at 1pm ET one week and 2pm or 3pm the next week," says Lednik. "Part of our aim

was to try to create them at a consistent time so we could educate fans in Europe that at, say, 7pm in Sweden there will be a game every Saturday."

It is hoped this move will create what Lednik describes as a "destination viewing experience" every weekend. "That is much more common in European sports. For example, with the Premier League, you know when games are going to be shown because it's a consistent schedule they have week in and week out," he says.

The NHL's European broadcasters were extremely keen to have more primetime matches. But the networks – including the pan-Nordic Viasat Hockey and Nova Sport, which covers the Czech Republic and Slovakia – requested these games be made available on both Saturdays and Sundays to give them some flexibility.

"We had to recognise that our broadcast partners have different rights on their channels, for example soccer and other US sports," says Lednik. "We couldn't just say, it's only Saturday and it's only this time because some of our broadcast partners might find that more difficult. So if a broadcast partner struggles with Saturdays, then they can choose Sundays, and vice-versa. It's been a very collaborative model with our broadcast partners. The 50 [number of games] came out of building flexibility into the schedule."

To help build up a sense of occasion

and help drive publicity, the NHL is promoting the games on its local-language websites – in Czech, Finnish, French, German, Russian, Slovak and Swedish – with geo-targeted advertising banners and video content.

To help create this content, all teams which take part in the European Game of the Week are asked around 10 days in advance to put together interviews and feature clips of players in their native languages that can be also used by European broadcast partners on linear TV or on social media.

“They are an extra way of building excitement ahead of the game...we are driving people to those broadcasters as much as we can,” says Lednik.

The NHL has not received any viewing figures yet regarding the European Game of the Week but Lednik has received evidence that it has proven an early success.

“First of all, we have the vast majority of our European broadcasters

taking part in this programme now, so the take-up has been very good,” he says. “We also just had a set of feedback calls with seven or eight of those broadcasters and we got an overwhelmingly positive response.

“I think it’s going to take us a while longer to educate fans that they can tune in a particular time every week, but over the course of the season we’ll get there. The anecdotal evidence gives me a lot of faith that we’re going in the right direction.”

Convincing NHL teams to get on board

In order to significantly change the weekend schedule, Lednik admits there was a “process” to convince the 31 NHL teams that this would be a beneficial move for them.

“Our schedule is built up of the availabilities and preferences of when they want to play games,” Lednik says. “We had to have conversations like,

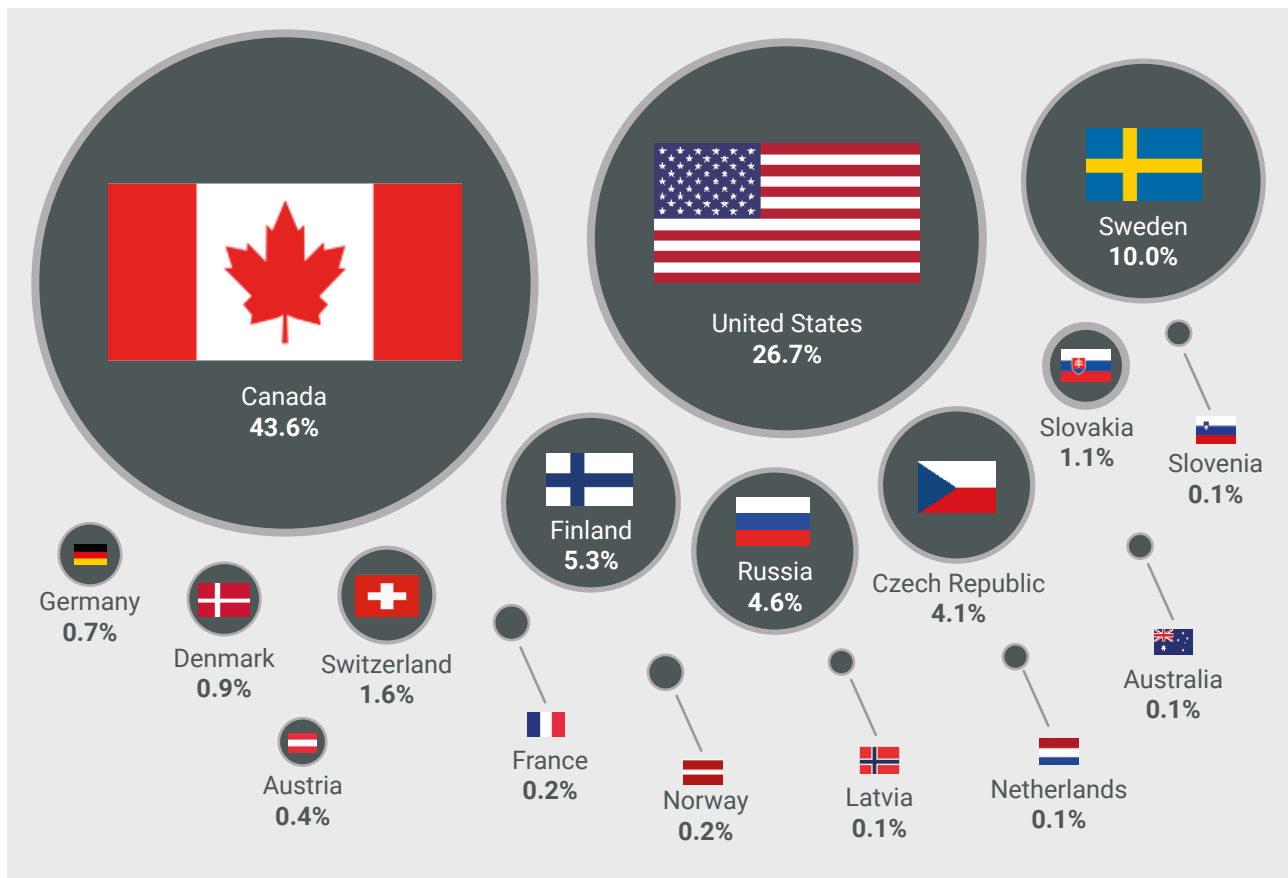
‘Are you prepared to play games on Saturday afternoons?’. We laid out the logic behind it and also presented a bit around what it would do from financial and fanbase perspectives as well. I would say the clubs have really got on board around this.”

One of the commercial aspects that helped persuade the teams to take part was the increased opportunity to appeal to younger audiences. “We looked into ticketing, concessions, merchandise, all these types of things...to make sure we were not over-burdening them with this request,” says Lednik.

“For some teams, afternoon games make a lot of sense – it’s a time when you can get a lot of families in, the next generation of fans, it is a lot easier than a 7pm game. This can be a win-win for teams to grow their presence in Europe and potentially open them up to new fanbases in North America as well.”

Teams were understandably reluctant for their matches to go head-to-head

ACTIVE NHL PLAYERS, BY COUNTRY OF ORIGIN



Source: quanthockey.com; current season NHL stats provided by XML Team Solutions; content copyright 2018, The Sports Forecaster.

with NFL Sunday afternoon games, which have averaged 17.3 million and 15.7 million viewers on Fox and CBS respectively in 2018.

A compromise was agreed that Sunday games would be added to the schedule from mid-December, towards the end of the NFL regular season. "We've just tried to apply a bit of common sense at this," says Lednik. "Saturdays throughout the season we can build a good schedule around, and Sundays in the latter half of the season works for a lot of our clubs. If we had Sundays in the first half of the season, it would be a more difficult conversation."

Due to the time difference, teams on the East Coast are always home sides for the European Game of the Week. In order to accommodate West Coast teams, which want to promote themselves overseas, the schedule was organised so they would be featured as visiting sides.

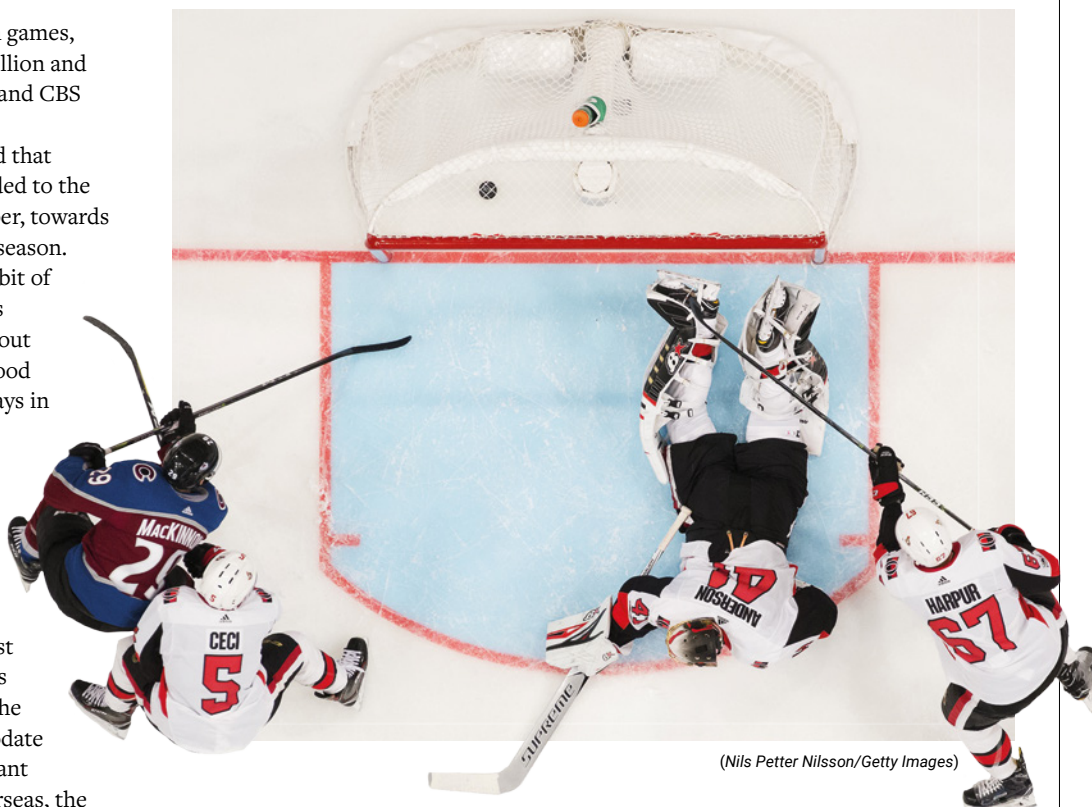
"What we've tried to do is make sure each club in the league is featured in at least one Game of the Week," Lednik says. "We haven't 100 per cent achieved that...but I think it's 29 or 30 clubs we've got to at least one slot. We're trying to bring as many teams as possible into this."

Devils embrace initiative after pilot programme success

One team that quickly embraced the 'European Game of the Week' initiative were the Devils, following the success of their rescheduled season-opener last year.

The Devils have enjoyed a boost in family and group ticket sales on the back of their increase in weekend afternoon games this season. But the front office has had to work hard to ensure fans are aware of the change in start times.

"It all goes back to awareness, making people aware of the time change," Hugh Weber, the president of Devils' ownership group Harris Blitzer Sports & Entertainment, tells us. "We have a whole team of people who think about how to promote it on social media or



(Nils Petter Nilsson/Getty Images)

"This can be a win-win for teams to grow their presence in Europe and potentially open them up to new fanbases in North America."

Jaka Lednik | group vice-president of international strategy, NHL

[local broadcaster] MSG Network, the experience being a little bit different.

"With ticket sales, we find afternoon games are more attractive to a younger audience, people bringing their kids, groups, youth groups...so it's given us an opportunity to target an audience of emerging fans that we're engaging with. We're a top-five league in group sales because we have 12 afternoon games."

The Devils have had to change their concessions strategy to accommodate a younger demographic. "Because your audience is different and because people might not be drinking as much beer at 2pm as they would at 7pm, what are the different things you can provide?" Weber adds. "So we are looking to drive more family meals and less beer. All these things you have to

methodically think through when you shift a game from 7pm to 2pm."

The Devils toured Europe early this season as part of the Global Series, taking part in an exhibition game against SC Bern in Switzerland on October 1, followed by the regular-season game against the Oilers in Sweden five days later.

Weber believes the team's promotional activities in Europe, both in person and now on primetime TV, will lead to short- and long-term commercial benefits.

"We see exposing the team abroad as an investment, and one that's not impeding commercialisation in the short term," says Weber. "The long-term piece is fan engagement, such as buying merchandise or social engagement. We've seen our social numbers in countries like Sweden and Switzerland rise massively in the past few months because of the exposure we've had there."

"But the first wave of commercialisation in this strategy is partnerships. We did have some meetings with potential sponsors while we were in Europe. That is real, not just a [long-term] investment." ○

The POWA INDEX | A new industry standard for sponsorship decision making

The NBA is currently the most powerful sponsorship platform in sport, according to the POWA Index, which ranks sports clubs, leagues and events based on 60 unique data sets and 2.4 trillion daily data points.

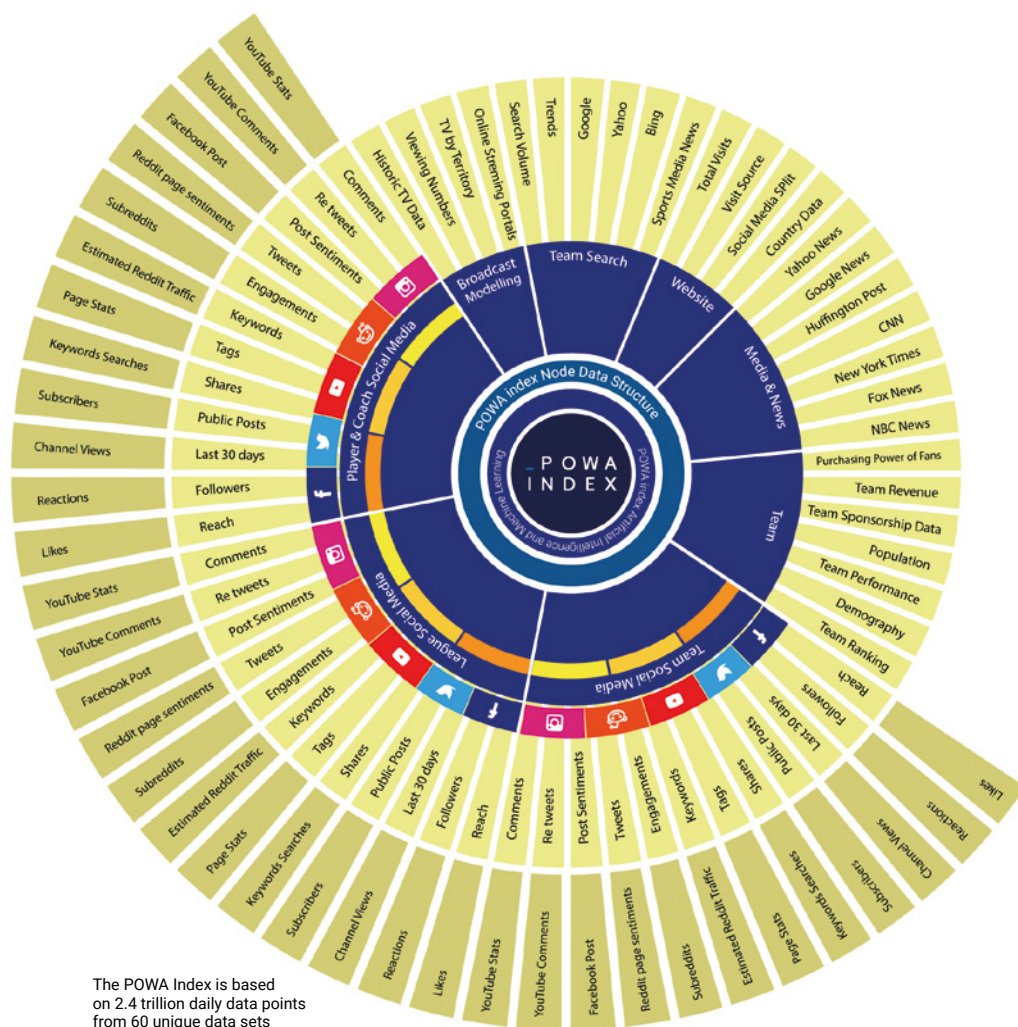
The POWA Index Top 20 shows that the NBA takes #1 ahead of Spanish soccer giants Barcelona and Real Madrid, the NFL (#4), English Premier League (#5) and Manchester United (#6) (see page right).

But while the Top 20 paints a fascinating picture of the relative impact of sports' biggest brands, it tells only a small part of the POWA Index story.

Since its launch in October, the POWA Index continues to develop scope and functionality as it enhances its growing reputation among sports industry stakeholders. As the world's first data-driven, real-time sports sponsorship valuation engine it is designed to put sports properties, sponsors, brands and consultants in the driving seat by delivering more accessible and affordable independent data. It enables rights-holders to identify how to maximise their income from sponsorship properties, allows brands to negotiate better deals and shows agencies which properties deliver the most value for their clients.

Delivered via an easily-understandable dashboard, the POWA Index's functionality has been enhanced by allowing users to download raw data nuggets that allow them to compare and contrast between properties to create their own bespoke reports and graphs.

Other developments include: the



The POWA Index is based on 2.4 trillion daily data points from 60 unique data sets

latest commercial news links by team, league and event from trusted media sources; a news sentiment graph; the Top 5 players ranked according to their contribution to a team or league's POWA Index; and a POWA Index for individual countries to provide a domestic view as required.

The process that produces the POWA Index begins by crawling trillions of data points across 60 unique data sets including Facebook, Twitter, Instagram, YouTube, sports media sites, broadcast

output and financial information (see visualisation, above).

The resulting data is cleaned, weighted and categorised before being analysed using advanced machine learning to produce output streams delivered via real-time personalised dashboards that allow users to access, interrogate and compare the information as and when they require it.

It's the breadth of information offered by the POWA Index, together with the ability to make comparisons

between different types of properties – such as clubs and leagues – that makes it such a valuable tool.

The result is a service which enables those working in sponsorship to identify the properties which are the best fit to help them reach their objectives at the right price.

It is designed to overcome any residual element of the ‘hit and hope’ approach to sponsorship still evident across the sector. And price points have been set to make it accessible to all sponsorship sector stakeholders.

Michael Flynn, chief executive of DataPOWA, which operates the POWA Index from offices in London and New York, said: “We see the POWA Index as providing the industry standard for benchmarking the value of sponsorships. As such it helps all stakeholders better understand what properties and relationships work best for them.

“It is a very different product and different package from those offered by the major media monitoring and analysis companies.

“Our customers know their own business better than we ever can, so they are the experts...we are just providing a service which puts information at their fingertips and enables them to make comparisons and ask the right questions before making a decision.”

The information delivered by the POWA Index is critical to brands looking to identify the properties which will best deliver the engagement and audiences they need to reach and to do so at the right price. It allows them to compare the sponsorship performances not only of sports teams but to look at those against events and leagues so that they have all the information they need to make a decision.

Agencies can use the POWA Index to make better recommendations to their brand clients. The index can also guide their research and strategic thinking, allowing them to provide a better service by broadening the scope of their search for suitable properties.

The POWA Index also enables properties themselves, both to compare their performance as a sponsorship platform against their immediate competitors and to highlight opportunities by showing areas in which they are over- or under-performing.

DataPOWA also offers a competitively-priced sponsorship valuation service – their data team utilises the POWA Index database and desk research to develop a virtual marketplace. This guarantees an accurate assessment of the market value of the sponsorship property.

“Using our top down POWA Index data-driven valuation, we have already made comparisons against four other valuations and within two days we found ourselves less than five per cent from the valuations created by behemoth sponsorship agencies that took over four weeks to compile and

cost eight to ten times the price of ours,” Flynn explained.

“Together with all the other reference and comparison points delivered by the POWA Index, this gives users the ability to negotiate deals more effectively.”

Flynn believes the POWA Index can change the sponsorship industry by making everybody working in it better informed. Its low price point puts timely, decision-critical information in the hands of all stakeholders in the sponsorship process, helping reduce the reliance on hunches and educated guesswork that has, to date, been an inevitable part of the process.

“This sort of information has never before been so widely available,” he said. ○

To arrange a POWA index demo, email hello@powaindex.com

POWA INDEX GLOBAL TOP 20 – NOVEMBER

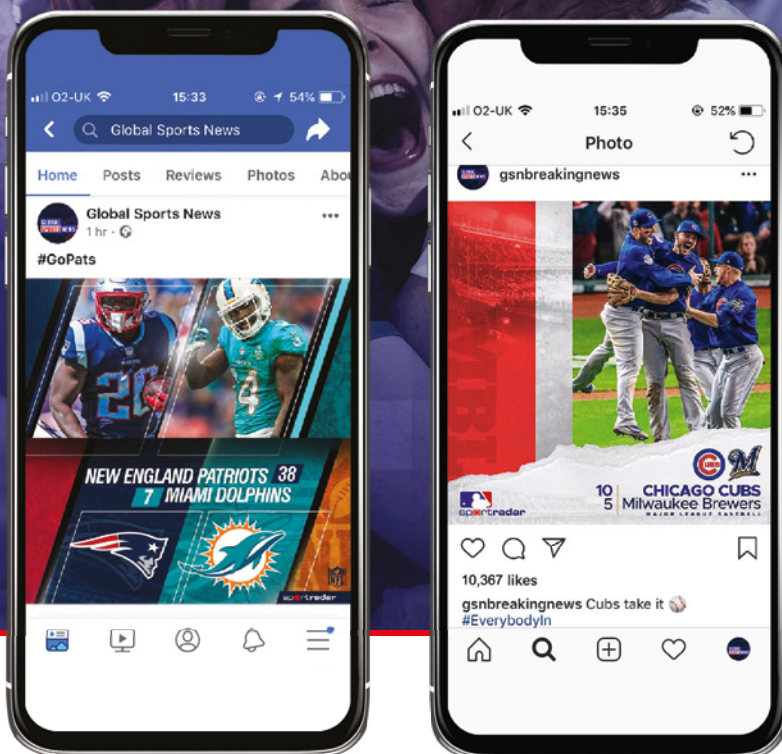
The world's first data-driven, real-time sports sponsorship valuation engine

#	POWA INDEX	POWA INDEX
#1	NBA 97,844	#11 MLB 41,704
#2	Real Madrid C.F. 91,221	#12 Chelsea F.C. 40,599
#3	FC Barcelona 90,221	#13 Paris Saint-Germain 36,837
#4	NFL 83,849	#14 FIFA World Cup 33,697
#5	Premier League 62,294	#15 Juventus F.C. 32,506
#6	Manchester United F.C. 61,121	#16 Formula 1 30,689
#7	UEFA Champions League 53,658	#17 Manchester City F.C. 30,618
#8	Liverpool F.C. 47,900	#18 FC Bayern Munich 30,393
#9	La Liga 45,031	#19 IPL Indian Premier League 29,058
#10	Arsenal F.C. 43,914	#20 New England Patriots 27,018

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Alliance of American Football goes all-in on sports betting to fill NFL off-season void

Wearable devices will enable biometric data to be used in-game and in real time for wagering

Own-brand app will allow gamblers to simultaneously watch a game and bet on it

Bonus structure enables players to earn more based on how much fans interact with them



Alliance of American Football co-founder and chief executive Charlie Ebersol (Alliance of American Football)

Bob Williams

The Alliance of American Football, which kicks off in February 2019, is embracing sports betting from the outset in an attempt to become the first professional gridiron league to successfully fill the void in the NFL off-season.

Founded by Charlie Ebersol – the TV producer son of veteran sports media executive Dick Ebersol – and former Buffalo Bills general manager Bill Polian, the start-up league is following in the footsteps of the USFL, which ran for three seasons in the early 1980s, and the XFL, which lasted just one season in

2001 and is due to return in 2020.

Despite a promising start, the USFL went bust after deciding to take on the NFL by moving to an autumn season, while Vince McMahon's XFL was considered too gimmicky and violent, and ratings quickly tumbled.

To help avoid the pitfalls of its ill-fated predecessors, the Alliance is seeking to capitalise on the new sports betting landscape in the United States after the Supreme Court repealed a federal ban in May.

Following a wide-ranging deal with MGM Resorts International – which will be the Official Sports Betting Sponsor and exclusive Gambling Partner – the Alliance has established a

series of groundbreaking sports betting initiatives to try to enhance the fan experience and provide an opportunity for gamblers to wager on the sport in the NFL off-season.

The league notably begins its inaugural campaign on February 9, a week after the next Super Bowl.

As part of the MGM deal, Alliance players will put on wearables – electronic sensory devices that track and analyse athlete biometrics – that will collect second-generation data that will be used to determine odds for in-game betting in real time.

This data will, in turn, be fed into an app created by the Alliance's in-house technology team that will enable

gamblers – in states where mobile sports betting is legal – to watch a game while betting on it on the same screen. The free-to-use app, which will be housed on MGM’s gaming licence, also includes an interactive fantasy game that provides a similar function.

Directly linked to this, Alliance players will earn bonuses based in part on how much fans interact with them via the app’s fantasy and gambling properties.

There is evidence to suggest a gap exists in the market for the Alliance to exploit. American football remains the most popular sport to bet on in the States: an all-time high \$1.7bn (£1.5bn) was wagered on the game at professional and collegiate levels in Nevada in 2017, compared to \$1.4bn on basketball and \$1.1bn on baseball.

According to Alliance research, 78-80 million Americans stop watching sport at weekends in the six months between the Super Bowl and the start of the following NFL season, while about 20 million people stop playing all forms of fantasy games in the same time frame.

“Ultimately, the ability for fans to

“The decisions we make, we’re not doing it through 30-something owners. We’re the only league where end-to-end we control the entire process.”

Charlie Ebersol | co-founder and chief executive, Alliance of American Football

interact with the game in real time is something that has been the golden goose that nobody has been able to catch. From a technological standpoint, we really feel that we’ve tapped into something,” Ebersol, the Alliance co-founder and chief executive, tells *SportBusiness Review*.

“Football is a great opportunity to engage people in new technology because they are hungry for the underlying sport and our technology provides a new way of looking at it.

“Someone at a sportsbook in Las Vegas or wherever there is legal sports betting will have access to a type

of betting that has never happened before.”

Innovative bonus system for players

The Alliance will start its inaugural season with eight teams, which are based in Atlanta, Birmingham, Memphis, Orlando, Phoenix, San Antonio, San Diego and Salt Lake City. A 10-game regular season will be followed by a four-team play-off and the championship game.

Fifty-man team rosters will be filled with players who predominantly do not make NFL and Canadian Football League squads. They will be allocated to teams based primarily on where they played at college, if there is an Alliance team nearby, or their most recent professional team in order to appeal to the local fanbase.

To help attract talent, an ‘NFL Out’ clause has been included to let Alliance players leave for the NFL at the end of a regular season regardless of the time remaining on their deals. This illustrates that the Alliance is looking to work alongside the NFL rather than compete with it, unlike its forebears.

ALLIANCE OF AMERICAN FOOTBALL TEAMS AT LAUNCH



“Players in many sports may have individual incentives that clash with team goals.”

Chris Grove | managing director of sports and emerging verticals, Eilers & Krejcik Gaming

Players will all get three-year contracts worth \$250,000 – rising from \$70,000 in the first year to \$80,000 and then \$100,000 – along with health insurance and an education stipend. Players will receive travel stipends, per diems and all meals and lodging will be covered as well.

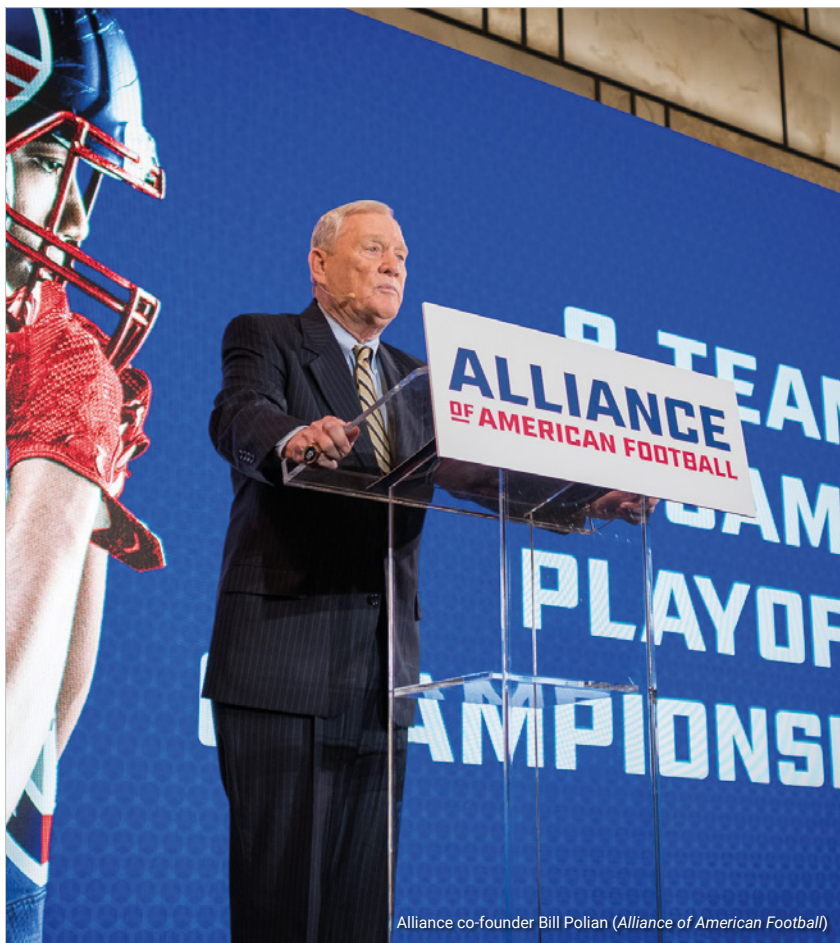
Players are also given separate bonus contracts that will reward them in a number of ways. According to *Pro Football Weekly*, this includes: winning games; social media engagement with fans; participation in league marketing; sales of the player’s merchandise; and sales of the player’s team merchandise.

As MGM will share its betting data with the Alliance, the bonus structure also includes player interaction on fantasy and betting platforms. According to Ebersol, the more someone bets on a player, the more they stand to earn. “In our system, there’s really a limitless cap on what a player can make,” he told ESPN. “Money from the amount of bets placed on them is one of the ways.”

Without going into any specifics about how it will work, Ebersol says this bonus structure has been designed so players will not put their individual financial interests before team success to create potential integrity issues. “One of the things you want to avoid is rewarding individual play in a team sport. We’ve weighted the system to reward the player not just for their individual stats but also the success of their team,” he tells us.

“It’s meant to balance it and not create a situation where a player has to choose between their own individual success and the success of their team for financial gain. By aligning the players’ interest financially with the success of the game and league itself you are disincentivising behaviour that would undercut it.”

“Integrity is an issue for all leagues, including the Alliance. But I don’t think



Alliance co-founder Bill Polian (Alliance of American Football)

that there’s a unique risk with their approach to compensation. The reality is that players in many sports may have individual incentives that clash with team goals,” Chris Grove, the managing director of sports and emerging verticals at Eilers & Krejcik Gaming, tells us. “I’m not sure the Alliance is necessarily opening a new door here. Of course, we still don’t really know what the system looks like or how it will be applied in practice.”

Taking wearables to a new level

As a mandatory part of their contracts, Alliance players must put on wearable devices, which will track their movement during games, in minute detail. The data and statistics garnered will be utilised for in-game betting purposes, such as a quarterback’s chance of making an interception based on the speed in which he is throwing the ball.

Ebersol is not sharing what form the wearable device takes or what data it

will take from the players. But he says: “The wearable affords us real-time access to the data faster than any other wearable that’s on the market. Our technical business is based on the fact that we’ve built proprietary hardware and software that affords us the ability to do something that everybody else hasn’t been able to do.”

Wearable technology partnerships are not uncommon in US major leagues but the Alliance is taking their use to a new level by using the data in-game and in real time. By contrast, NBA players, per their 2017 Collective Bargaining Agreement, are allowed to wear selected approved wearable devices in practice but not in games. MLB approved the use of Whoop wristbands – which continuously monitor heart rates and fatigue levels – during games last year, but teams cannot force players to wear them.

In 2014, the NFL partnered with Zebra Technologies to put two sensors in players’ shoulder pads, which track



(Alliance of American Football)

location, speed and distance travelled, but league restrictions on their access meant very few teams utilised the data. It was not until April 2018 that the data was disseminated league-wide and now it is on a weekly basis only. The NFL Players Association also has a deal with Whoop, but players are not allowed to wear the wristbands in games and they own the rights to the data, which restricts team and league access to the information.

The reason the Alliance has been able to expand the use of wearables is because it is organised as a single-entity structure, similar to Major League Soccer. Teams are owned by the league, rather than multiple individuals, and players sign contracts with the Alliance, which then assigns them to a team.

There is also no players' union to negotiate with, unlike in the major leagues. "The decisions we make, we're not doing it through 30-something owners. We're the only league where end-to-end we control the entire

process," Ebersol says.

The Alliance's use of wearables could set a precedent for other leagues to follow. "There's probably no way for professional sports leagues to avoid the matter for any significant amount of time. Once the data exists, it will influence betting," Grove adds. "And once player data is influencing betting, the leagues and other stakeholders ignore that interplay at their peril."

Sports betting legislation to play role in expansion

None of the initial eight teams are based in states where sports betting legislation had been approved at the time of writing. Ebersol says expansion decisions will be primarily based on the commercial and fan interest in local markets in having Alliance teams. But he adds that sports betting legislation – and more specifically mobile-wagering laws – will play a role too, in order to maximise the use of the league's app.

"Yes, we're looking at the states

where betting is on the path to being legal or is currently legal but what we're also looking at is what the market can support and what the appetite in those markets to support it is, and whether or not the state is going to adopt laws that will support our type of technology," Ebersol says. "Right now, without federal legislation every state is doing their own thing, and as they are doing their own thing it is incumbent upon us to make sure if we're going into a state where [sports betting] is legal that we're complying with whatever the laws are.

"As we think about expansion in the next year, it will be driven by our appetite for the success in the local market as well as gambling. But it's more about the market because ultimately the football has to succeed on local interest, in terms of selling tickets."

The Alliance is, notably, holding its first two championship games in Las Vegas, at the Sam Boyd Stadium, to ensure there will be in-game betting in

the arena. “Our championship game will be the first time a major sport will have in-stadium legal betting during the game and that was by design,” says Ebersol.

“Ultimately we believe gambling will get there nationally, but right now Las Vegas is the only place where you can bet in an arena and that’s where we’ve started.”

Technology investment could hold key to financial success

The Alliance’s business model remains largely private. Ebersol has secured financial backing for parent company Legendary Field Exhibitions LLC – which runs the Alliance and its technology arm, nominally known as Alliance Digital – but he not disclosing how much he has raised.

Initial investors include Peter Thiel’s Founders Fund, Slow Ventures, Peter Chernin’s Chernin Group, Adrian Fenty and Charles King’s M Ventures, Keith Rabois, and former NFL all-pro Jared Allen.

According to Crunchbase, a platform for finding business information about private and public companies, the Alliance raised \$17m from M Ventures over two funding rounds this year.

“Getting a lot of money was obviously important, but getting the right money was even more important,” Ebersol said in March. “All of these previous attempts have been based on the idea of a one- or two-year business model. I went out and said, ‘Look, I need money for seven-to-10 years.’ They were the type of people that jumped on board.”

A broadcast deal has been secured with CBS, which will air the league’s inaugural game and championship match on its main network and one regular-season game a week on CBS Sports Network. In March, Ebersol declined to say whether the league would receive a media-rights fee from CBS.

In multi-year partnerships, Starter will be the Official Supplier of on-field apparel and game-day uniform for all eight Alliance teams, while New Era Cap has signed on to become the Official Sideline Headwear Partner.

As well as being the Alliance’s Official Gaming Partner, in a three-year multi-

million dollar deal, MGM has invested “significant” funds into Alliance Digital. “They invested in the technology side of the business and so they are really focused on what we are building and its applicability in our business and beyond,” Ebersol tells us. “MGM certainly love our football and there is something exciting there. But the ability to break meaningful new ground with the technology was something worth its weight to them for a deal.”

Ebersol is hoping the Alliance technology will be utilised by other sports leagues and bookmakers for their own in-game betting apps. “The future of our technology is built so that

it can go many, many places, and as we think about the applicability of it that’s something that we’re certainly focused on,” he says.

“It’s why we didn’t just sponsor it, we invested in it,” Scott Butera, MGM’s president of interactive gaming, told ESPN.

The biggest unknown is how the Alliance will be able to co-exist with the rebooted XFL. McMahon recently sold \$100m worth of WWE shares to fund the XFL and is reportedly expected to invest \$500m in its first three seasons. Ebersol believes his calculated gamble on sports betting integration will pay off. ○



(Alliance of American Football)

'Mission-driven' W Series targets purpose-beyond-profit sponsorship

Series has struck a deal to host races on the 'undercard' of the DTM Touring Car Series

No expectation of earning media-rights fees in first two years; intention is for free-to-access coverage

Sponsorship categories have been created initially to target endemic brands



(W Series)

Ben Cronin

The W Series launched its concept for an all-female motor racing competition to widespread and largely positive coverage in the motorsport and mainstream press in early October. According to the communications team for the new event, the print and online media reach amounted to over 101 million people – something which Catherine Bond Muir, its chief executive, ascribes to the series' "mission-driven" approach.

"I think people understand what

we want to do, which is identify and nurture females in sport, ultimately to produce an F1 grid of ladies and possibly even a champion, so we have a very worthwhile mission and I think that's what hit the sweet spot in the media," she says.

The 'mission' word appears frequently in conversation with Bond Muir. A former investment banker and solicitor who has previously worked on corporate financing deals in sport, she clearly appreciates the need for the W Series to stand for something if it is to attract further investment and sponsorship.

Principally, the new single-seater competition says it will provide a platform for female drivers to develop their racing skills, with the ultimate objective of breaking through the glass ceiling that has so far prohibited them from competing in the upper echelons of motorsport. It will offer a prize fund of \$1.5m (€1.3m) and – in a first for a motorsport series – underwrite all costs of the 18-20 competitors, who will be selected on merit following a programme of tests and appraisals.

"In Formula One there are paid drivers, so there is an argument that you're not necessarily getting the best

“Because the cars are identical, we’ve got a great opportunity to really turn the drivers into stars and personalities and characters, and really attract a different audience – not quite so petrolhead and much more human interest.”

Catherine Bond Muir | chief executive, W Series

drivers,” says Bond Muir. “We are a meritocracy. We’ve received about a hundred applications and through a process that will start now and finish in March, we intend on putting the 18 best drivers on the grid.”

‘Segregation’

There are some dissenting voices who have questioned whether the new event really is as feminist and egalitarian as the marketing suggests. Female IndyCar driver Pippa Mann has been the most prominent among them, accusing the W Series of ‘segregation’ and arguing that the seed money for the new series would be better spent sponsoring individual women drivers to succeed in Formula One.

“It’s not about segregation. It’s about segregating to integrate,” says Bon Muir in response. She notes the numbers of women competing in sailing events at the Olympics only went up when the sport created a female-only category in 1988 – a move which would allow it to introduce equal numbers of men’s and women’s events and then compulsory mixed gender events in subsequent years.

She adds that the current development process for drivers clearly isn’t working for women. “In the last eight years above Formula Four, fewer women are competing in single-seater series, so the trend is not static, it’s actually going down.”

Self-sustaining

To the point that the investment money might be better spent funding talented individual drivers to get into F1, Bond



W Series chief executive Catherine Bond Muir (W Series)

Muir says the W Series represents a potentially self-sustaining alternative. She says the new event has raised enough capital to operate for a limited period; now it needs to attract media, merchandising, and above all else, sponsorship revenues, to continue as a viable business.

The main investor in the series is Sean Wadsworth, who co-founded Frank Recruitment and then sold the firm to private equity investors. Bond Muir says the issue of female representation in motorsport is important to Wadsworth, who has two daughters, one of whom competes in karting.

He was also a school-friend of 13-time

Grand Prix winner David Coulthard, who has added his backing to the series, alongside other F1 luminaries including Red Bull design engineer Adrian Newey and former McLaren manager Dave Ryan. All three will act as judges assessing the skills of the different drivers before selecting the final 18-20 competitors.

Coulthard and Newey are shareholders in the business and sit on its advisory board, while Ryan will act as the hands-on technical director and will be responsible for all areas of racing, including cars, drivers, logistics and maintenance.

The new promotion has also

secured the services of ex-McLaren communications executive Penny Harrison to head up its digital and social media output, while Matthew Bishop, McClaren's former head of communications, will lead this division within the new motorsport.

The W Series now also enjoys the support of former Ferrari F1 driver and current chairman of the DTM (Deutsche Tourenwagen Masters) touring car series, Gerhard Berger, having signed a deal to host its races on the undercard of his European touring car event. Bond Muir argues this will be mutually beneficial, potentially attracting new audiences for DTM, which has been losing sponsors to Formula E and is looking to turn its races into weekend-long festivals of motorsport. Circuits on the, so far, exclusively European DTM calendar include Brands Hatch in the UK, the Hockenheimring in Germany and the Misano World Circuit Marco Simoncelli in Italy.

Made for reality TV

However, Bond Muir says the plan is for the W Series' media rights to "stand on their own two feet". She says she would prefer for the event not to be behind a paywall to begin with and that the W Series' business plan doesn't anticipate making any money from media rights for at least two years.

The driver selection process sounds tailor-made for the elimination-format of a reality documentary TV series, and Bond Muir punctuates her conversation with references to programmes like *Masterchef* and *the X-Factor*, so it's no surprise when she confirms that the new event is discussing such a proposal with free-to-air broadcasters.

"We're talking to everyone as you may guess," she says. "We're talking to people about a documentary series on that selection process as well as live rights."

There is a precedent for such a show in the shape of *Formula Woman*, a reality series that aired on British free-to-air broadcaster ITV in 2004, charting the progress of drivers battling to be selected and compete in a female-only racing series which took place over seven rounds on four British racing circuits.

Tim Holmes, the former executive director, communications and public affairs for Ford Britain, who is helping the communications effort for the new series, says the new event is a world away from the former show which he thinks bordered on sexist. "It was barely on the edge of acceptability even by the standards of the 1990s," he says.

Formula Woman cast female drivers with little racing experience, whereas W Series hopes to attract higher calibre female contestants who are already competing at a high level in motorsport. Bond Muir says the series has extended an invitation to every woman driver that it knows of competing in global motorsport.

Applicants include a Chinese driver from Beijing who, Bond Muir reveals, arrived unannounced at the W Series' new offices in central London to express her interest in taking part.

The interest shown by the driver highlights a potential conflict between the meritocratic mission of the W Series and the obvious commercial benefit of

selecting a driver who would appeal to audiences and sponsors in China. Bond Muir maintains that the competition's mission would take precedence and it is not a foregone conclusion that the driver will qualify. "We have a technical director who is very grounded, and he said until we know how good she is, let's not get too excited."

That said, it doesn't appear the selection process will be based purely on the raw speed of the drivers. Bond Muir says they will also be given physical training, psychological training and media training, and weighting will be given to other attributes such as character and work ethic in the selection process.

"The selection process will of course recognise driving talent, but it will also identify potential for fast and continuous development – it will identify the ability of each driver to go far beyond her current level," she says. "This is not the same as being fastest around a circuit on a particular day. In this respect the selection will be a



meritocracy – and we can assure you it won't be 'gamed' to resonate with sponsors."

The drivers will all compete in identical Formula Three cars, as this is the level at which most female drivers fail to progress from, she says. "In the future, we plan to have cars with greater power in order to increase the skill set of female drivers and this car will be closer to a Formula Two car."

Sponsorship

All car and driver sponsorship inventory will belong to the W Series, unlike F1 or most other motorsport series, in which teams, drivers and even promoters are all separately chasing sponsorship deals.

"Because the cars are identical, we've got a great opportunity to really turn the drivers into stars and personalities and characters, and really attract a different audience – not quite so petrolhead and much more human interest," says Bond Muir.

Holmes says it is missing the point to imagine that the identical

"In the future, we plan to have cars with greater power in order to increase the skill set of female drivers."

Catherine Bond Muir | chief executive, W Series

cars will limit the opportunities for car manufacturers to showcase new technologies in the sport, referencing the way his former employer Ford was much more interested in making car purchasing decisions more emotional and less technical. The fact that the series will potentially have a larger female following than other motorsports will also play well with sponsors, he says, pointing to studies by Ford that suggest 80 per cent of family car purchasing decisions are influenced by women.

"The effort which the automotive industry is going through to appeal to

consumers in a non-technical way, and to 'emotionalise' rather than 'technify' their brands, is quite intense right now," he says. "This is really about creating an emotional relationship and there's an awful lot of investment, certainly from my old employers, to make those sorts of connections.

"And I think there is a big boardroom move to support more female sports. And that's not only externally but also internally so that the management can connect with their own staff – so the women who are working in those organisations can see their organisations are supporting their sex."

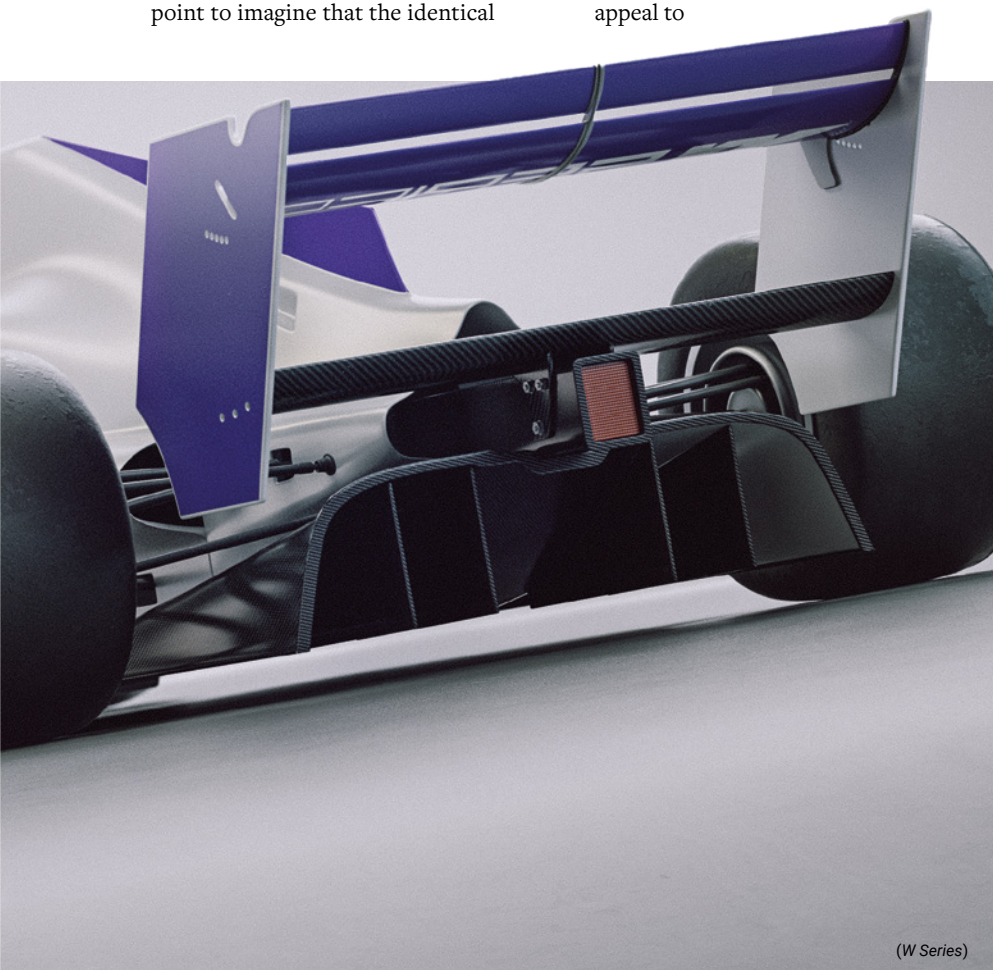
Bond Muir says the event has learnt from other all-female sports properties and looked at Formula E as a case study in how to start a motorsport series from scratch. She would like the W Series to benefit from the same level of support from car manufacturers but also appeal to a wider sponsorship base.

Former Synergy chief executive Tim Crow, who is now working as the new event's commercial director, says the W Series has created an initial series of categories to target endemic brands including traditional motorsport staples such as fuel, tyres, timing, apparel, automotive, insurance and logistics. Beyond this, he says a focus on the drivers' stories will help to attract non-endemic brands as well.

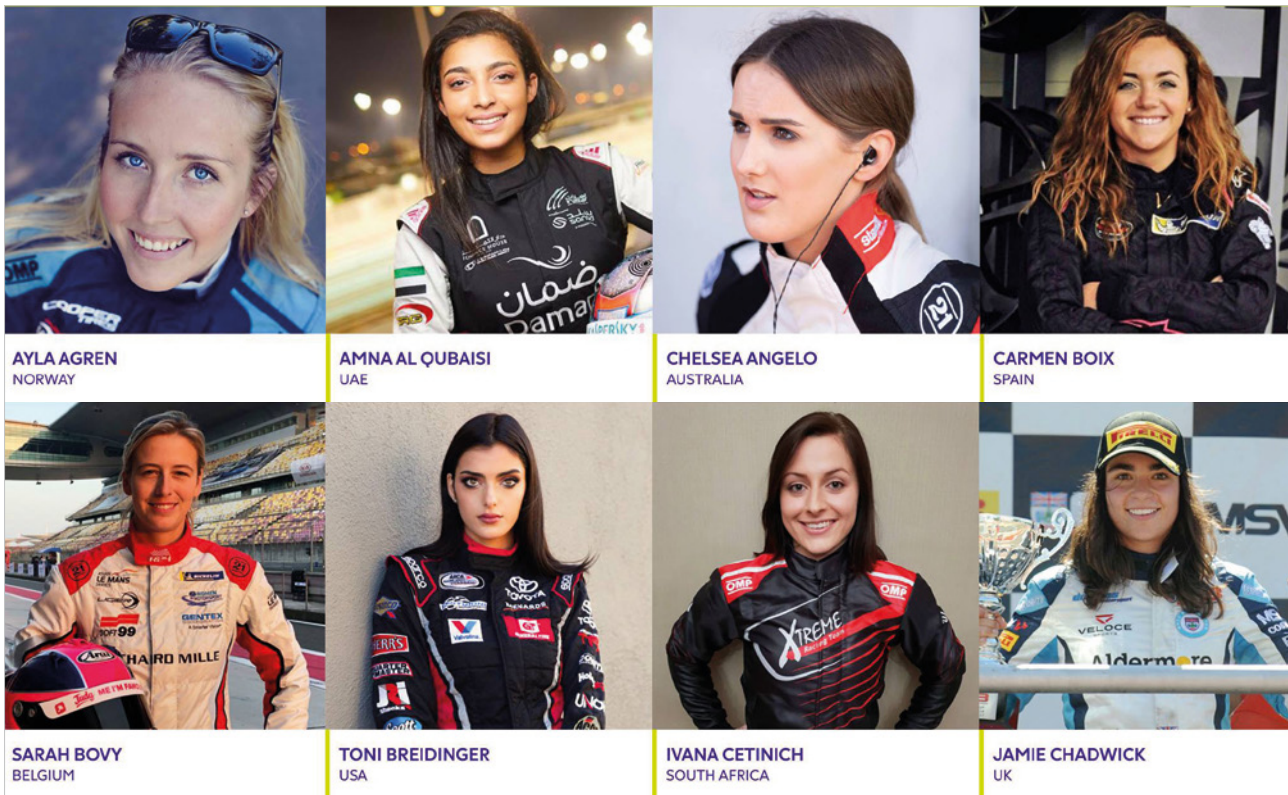
"What is very clear about successful sponsorship generally, and in particular women's sport, is that this is not about logos and impressions, this is about telling stories, making things happen and inspiring people, which a logo's never been able to do," he says. "What is going to be absolutely natural to this is the drivers are going to be the stars."

Scott Branch, who heads up the motorsports division at CSM Sport & Entertainment, thinks the series' chance of attracting sponsorships depends on how convincingly it can communicate its mission.

"The opportunity is there for this to be something special," he says. "If you go back to things like purpose-led marketing and put it into that category, then that is something that brands are trying to align themselves with at the moment."



(W Series)



Eight of the 55 qualifiers selected by the W Series. Their number will eventually be whittled down to 18 racers.

But he thinks the fact that there will be just five races on the calendar, and only European ones at that, might deter sponsors. "It is not a lot for a brand to get behind, but again there are aspirations to take this to North America and Asia, so is there a chance for a brand to get in from the beginning and grow into those markets?"

Bond Muir says the DTM series is weighing up proposals to rebrand and expand its calendar to become more international in outlook and confirms that the W Series has created a 'Founding Partner' designation to encourage initial sponsorship deals. These early partners will continue to be able to use the designation until they cease sponsoring the motorsport.

Branch expects the series to do value-in-kind sponsorship deals with endemic brands to begin with, in order to cover the not insubstantial costs of transporting all of the equipment, mechanics and drivers around the world. He estimates that the overheads for the W Series could amount to £20m a season but thinks the fact that all of the drivers will compete using the same

chassis will help to keep engineering and staffing costs down.

For sponsors to come on board in the short window between now and when the series starts next spring, he thinks it will have to do more to communicate the potential audience for the sport. "I think if I were a brand at the moment, there's lots of questions around it. I haven't seen an awful lot of communication into what the brands will be buying into. Who and what will be the fanbase, where will the series be broadcast?"

Crow predicts the W Series will appeal to four audience 'buckets'. The first will be motorsport fans. The second, he argues, will be sports fans attracted to the unpredictability of a racing series in which all of the competitors start with the same equipment. Thirdly, he says, Millennials will be attracted to the yet-to-be-announced format innovations, and finally women will be interested in the overarching mission of the series.

"There will be a lot of publicity about it because it is new and different, so I think we'll get lots of sports fans. We will certainly get women interested," he

says. "I'm not saying that women who weren't previously motorsport fans will start watching the races, but there will be a huge amount."

Bond Muir says the series will offer discounted tickets to female fans and promote pathways into STEM [science, technology, engineering and maths] subjects in schools to also encourage more women to think about engineering jobs in the W Series and motorsport more generally. She thinks success will be when the female representation in F1 extends beyond hospitality and PR. Perhaps surprisingly, she doesn't even discount the idea of having pit girls – even though F1 recently dispensed with them on the grounds that they were anachronistic. True equality, she argues, will be to allow women to do whatever job they want in the new promotion.

"Actually, in a way, it would be great to have grid girls provided we could have lots of mechanics and engineers," she says. "Maybe that would be a really great point to reintroduce them, when the whole universe of the W Series is predominantly women." ○

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Globe Soccer draws football's elite to Dubai



Dubai will become the centre of world football on January 2 and 3 as some of the leading players, coaches, agents and business brains in the sport come to town for the 10th Globe Soccer Awards and its attendant Dubai International Sports Conference.

Juventus superstar Cristiano Ronaldo and Didier Deschamps, who coached France to glory at this year's FIFA World Cup, will head an all-star line-up of nominees for the Globe soccer awards at the Madinat Jumeirah on January 3 while FIFA president Gianni Infantino, Bayern Munich president Karl-Heinz Rummenigge and Ferran Soriano, chief executive of City Football Group, are among the football administration and business A-listers who will light up the conference.

The day-long conference aims to go

beneath the surface of the economics of the world's favourite sport and will focus on rights and the digital economy, the economic impact of the sport, future developments and opportunities for football in Asia.

Guy-Laurent Epstein of UEFA, Liverpool chief executive Peter Moore and Facebook's Peter Hutton will bring their world-leading expertise to bear on issues around the game's digital economy during a must-see opening session while Soriano will be joined by European Club Association general secretary Michele Centenaro and Miguel Ángel Gil Marín of Atlético Madrid to discuss the business and development strategies of European football clubs.

At a time when the relationship between the sport's governing bodies and leading clubs is once again in the spotlight, one of the undoubted

highlights of the programme is a 90-minute discussion with President Infantino and Rummenigge, the legendary former Germany striker.

Opportunities for the economic development of football in Asia will be discussed by representatives of the Asian Football Confederation, the Saudi Professional League and the UAE Pro League Committee, which works under the umbrella of the UAE Football Association and organises and is commercial rights-holder for the Arabian Gulf League, Arabian Gulf Cup, Arabian Gulf Super Cup and U21 Arabian Gulf League.

France coach Deschamps, Brazilian legends Ronaldo and superstar-turned-businessman Ronaldinho will reflect on the issues and opportunities facing the game worldwide, a discussion which will bring the conference programme to a close.

Q&A WITH GLOBE SOCCER CHIEF EXECUTIVE TOMMASO BENDONI

How has Globe Soccer evolved over the years?

Since we first initiated the awards, the event has grown hand-in-hand with the associated Dubai International Sports Conference, which has been organised by the Dubai Sports Council for the past 12 years. The conference was created to bring together the great and the good of world football with club chairmen, directors and shareholders, players and former players, referees, agents and coaches gathering to discuss global football issues and share their collective knowledge.

As an intelligence-sharing forum, the conference is second to none and our aim was to give the event an awards evening worthy of the occasion.

The Globe Soccer Awards have evolved to become part of what we like to call the 'Grand Slam' of awards alongside the Ballon d'Or and The Best FIFA Football Awards. This is reflected in the quality of the award winners and nominees with star names such as Cristiano Ronaldo, Lionel Messi, Franck Ribéry, Frank Lampard, Fabio Capello,

Pep Guardiola and Jose Mourinho all having attended over the years and we fully expect to develop that progression in the years to come.

What's new to look forward to at Globe Soccer 2019?

For the tenth anniversary, we are delighted to welcome a new star signing to the Globe Soccer team, namely our title sponsor Dubai Holding and Meraas. Having the support of a partner like Dubai Holding is a massive endorsement for the Globe Soccer Awards project and reflects the steps we have taken. Having the support of the Dubai community and the Dubai Sports Council is very important to us as we focus on building on our previous successes and work towards gaining a broader engagement with the football world.

Who will be there?

Only one man has won all three of the major football awards in the same year, and we look forward to welcoming CR7 himself, Cristiano Ronaldo – a record four-time winner and eight-time nominee – who will also be hoping to win the Globe Soccer Best Player Award for the third year in a row, while we are

delighted that Didier Deschamps will join us just a few months after coaching his magnificent French national team to victory at the 2018 FIFA World Cup. Of course, we will have other big names from both on and off the pitch and these will be revealed as we count down to the big night.

What makes Dubai such a good host for the event?

Dubai is without doubt an iconic city known around the globe for its five-star infrastructure, world-class sporting occasions and unrivalled hospitality. It has been firmly established as the home of the Globe Soccer Awards for ten years now thanks to the support of the Dubai Sports Council, which plays a role in every major sports event staged in the city. In addition, the UAE is taking an increasing role in the staging of major footballing occasions with the Globe Soccer Awards being staged shortly after the Emirates hosts the 2018 FIFA Club World Cup and just before the country hosts the AFC Asian Cup. When you bring together the biggest names in football, you want them to be showcased in a setting that reflects their standing in the sporting world. Dubai is that setting.





Ahead of his appearance at the Dubai International Sports Conference and Globe Soccer Awards, SportBusiness caught up with Liverpool chief executive **Peter Moore**.

It's around 18 months since your appointment, so is being Liverpool chief executive still a dream job and how do you assess your progress to date?

I think being the chief executive of your boyhood football club is always a dream job. Having left Liverpool 55 years ago and in more recent times to return is a dream and always will be. I think it's too early to assess the progress over my time here but we're making incredible strides in areas like the digital transformation of the club. The fan engagement that the club desperately needs given its massive global fanbase, while also focusing on how we can make the football going experience even better for the fans who visit Anfield, is really important. I think what we've done well here in the last 18 months is to structure a club that is pulling as a man and woman all in the

same direction. We know our vision, we know our mission, we live to our values and we get up every morning and work hard as per our manifesto. I think that the success on the pitch which is obvious to everybody is now being reflected by the success off the pitch, which may not be as obvious to everybody out there.

What are the key ways in which digital is used to build the Liverpool brand?

Well, we have a phrase here 'local heart, global pulse' and what we mean by that is an incredibly proud city that football means to so much to, whether people are red or blue. Also, when you look at this football club and its success in the 70s and 80s, it has spawned this massive global fanbase. Our ability to interact with this fanbase is still a little limited, we don't

have the technology. Speaking from experience and from my background in interactive entertainment, we had a similar issue at EA where we had hundreds of millions of customers who were more connected to us because we could connect with them via the actual product. But we still didn't know who they were, where they lived and how we could serve them better. So we invested massively in back-end infrastructure, databases, customer relationship tools and as a result, both the company and the gamers benefited enormously. It's the same thing here at Liverpool: we have hundreds of millions of fans, we think we know where they are, we don't know much about them and we want to make their support of Liverpool, whether it's in Bangkok or Barcelona, that much better. Technology is the tool that will do that.

Is there a different strategy for fans close to home and those in the US or South-East Asia?

I don't differentiate between a football fan that lives on the doorstep of Anfield and one that lives 10,000 miles away. I lived 5,500 miles away and my passion for the club, as is often the case with people who live that far away, is as deep if not deeper. Having said that, the needs of the match-going fan are different from somebody who will, as I did, wake up at 4am and eagerly await the game on television. We take great pride in our match going experience. We're the Visit Football winners three years in a row, which I think demonstrates our focus on making the match going experience the best in the Premier League. Back to the digital transformation point, we're trying to use technology, whether it's virtual reality, artificial intelligence, blockchain, things that we're seeing that can bring you closer to Anfield, even if you're thousands of miles away. From my perspective, a Liverpool fan is a Liverpool fan and that fandom is deep, it's passionate, it's emotional and we need to serve them in any way we can.

How does digital connectivity help in the identification and acquisition of sponsors?

Well I've been in the business of sponsorship in sport for a long time and the requirements of the sponsors have changed. No longer do they just want to put their name on your shirt or your sleeve or on the boards around the pitch, they want to engage. For you to truly engage, you need technology. If you're Standard Chartered or Western Union or New Balance, you need to know as much as you possibly can about the people who are consuming your brand. We're very proud of the partnership group we now have and our job when working with our partners is to provide them with as much information as we possibly can to give them as much benefit as possible out of their sponsorship. Modern technology

needs to be the backbone of providing this data and the ability to engage.

How has digital affected Liverpool's retail and merchandising operations?


With such a global fanbase, it's a small portion of our sales that come physically. Like a lot of retailers, much of our business has moved online. Again, I'm exhibit A: I would sit in San Francisco and order the latest hoodie or shirt and it was always a pretty good experience. I remember I'd place an order on a Monday and it would arrive in San Francisco on the Thursday. More and more we need to streamline that experience. We're in the process of upgrading websites, apps, our commerce platform, managing inventory levels and truly acting like a global retailer, because that's what we are.

How do you envisage your digital strategy developing in the years ahead?

I think the shrinking of the globe through technology continues at pace, and you would like to think that going forward, your ability to interact with your football club should not be impacted by geography. We all buy online, we all engage online, we all consume content online and one of the things we're really focused

on is bringing what's going on at Liverpool to life 24/7. As a fan who lived distantly, I had a thirst for that information and we need to be able to satiate that demand for knowledge, for entertainment, for latest updates and really bridge the miles through technology. We will continue to invest in that technology and I'd like to think that two or three years from now we'd be one of the leaders of digital infrastructure to continue to grow our fanbase and enhance the experience for the fans we already have.

How are you looking forward to being in Dubai to take part in Globe Soccer?

I'm looking forward to visiting Dubai for the first time. I've flown through like a lot of people, but I've never ventured outside of the airport. I'm well aware of the event and the quality of the attendees and speakers, which is world class. I'm very honoured to be part of that elite group and I also like to think I have a little bit to offer. I'm a little different, I come from a digital background, a Silicon Valley residence; I'm a Silicon Valley executive that brings perhaps a slightly different look to football and hopefully I can impart a few pearls of wisdom while I'm there. So, yes, I'm really looking forward to it. 



What's in a name? The potential and pitfalls of choosing a title sponsor

Title sponsorships are among the most powerful weapons in the sports sponsorship armoury

Rights-holders can earn big money but must be careful to protect their own brands

When activating, brands must make sure that fans understand the 'fit' of the partnership.



Through title sponsorship, HSBC became synonymous with several golf tournaments, including the WGC-HSBC Champions in China (Ross Kinnaid/Getty Images)

Kevin McCullagh

Title sponsorship is first and foremost a way of making consumers aware of a brand name, putting the brand into the mouths of fans as they talk about a team, competition or other property.

Great title sponsorships can result in a sponsor's name becoming part of the landscape of a particular sport, says Giles Morgan, former global head of sponsorship and events for HSBC, and now executive director at the Institute of Sports Humanities. The golf tournaments HSBC sponsored during his time there often became referred to within the sport simply as "the HSBC".

"It can, if done well, become a way of passing your own brand into the vernacular," he says. "That's very powerful...if they've got the association right and there is an empathy and warmth in the partnership of the rights-holder and brand, then the brand gets the opportunity to become part and parcel of the landscape."

Carsten Thode, chief strategy officer of sponsorship agency Synergy, points to UK health insurer Bupa's sponsorship of mass-participation event The Great North Run as an example: "They owned the title sponsorship for so long that people started to think Bupa owned that event. And of course that's exactly what Bupa wanted them to think."

This can be particularly powerful for new brands, says Thode. He recalls deciding early on in a brief some years ago by new UK credit card brand Capital One that a title sponsorship was the way to go: "One of the first things we decided was that a title sponsorship was going to be relatively critical...they were relaunching the brand in the UK and they just needed that brand awareness and that brand familiarity."

Working with Synergy, Capital One title sponsored the English Football League Cup from 2012-13 to 2015-16.

When measured against the media that would have to be bought to achieve comparable awareness, title sponsorships can be very cost-effective,

Thode adds: “It’s often comparatively cheaper than recreating that exposure through a media buy...it’s a very efficient media buy.” Title sponsors benefit from a large amount of media value “baked-in” to the initial rights fee, before a penny has been spent on activation or media.

Brands entering into them will often have very specific marketing or business goals beyond brand awareness. Jose-Luis Rosa-Medina, senior director of corporate partnerships and licensing at Euroleague Basketball, notes how the focus of the Euroleague’s long-term title sponsor Turkish Airlines has changed over the eight-year course of their partnership.

“It was about brand positioning and awareness in first phase of our partnership,” he says. “That more and more shifted into sales conversion and communicating very specific messages: new destinations, their vast network, or even their quality...so basically we shifted more toward very specific goals and messages that helped position the brand and led to direct sales conversion.”

Turkish Airlines has been title sponsor of EB’s top-tier EuroLeague competition since 2010. Its deal runs out in 2020 and the two sides have already begun talks about a renewal.

What’s in it for rights-holders?

For many rights-holders, a title sponsorship will be their single biggest source of sponsorship income. But there are other benefits too. A title partnership with a blue chip, global brand with large marketing resources can promote a property on a level that might otherwise have been beyond it.

Vincent Gaillard, chief executive of European Professional Club Rugby (EPCR), says this was a big part of the attraction of Heineken as a sponsor of his organisation’s flagship competition, the European Rugby Champions Cup: “The most valuable thing to me is to have an international, reputable brand that is committed to take your property further, into new places, into new channels [such as] pubs or any retail space...a brand like this that is going to activate your matches all around the UK or Ireland...or activate in

supermarkets shortly before your finals, as an example, is massive in terms of exposure.”

Euroleague Basketball’s decision in 2010 to go with Turkish Airlines as the first title sponsor of its top-tier

“Some properties are better off trying to aggregate value into one title sponsorship rather than trying to slice their salami too thin.”

Carsten Thode | chief strategy officer, Synergy

competition was driven primarily by the goal of growing revenue, Rosa-Medina says, but would never have happened if the brand was not offering a more comprehensive partnership. This includes Euroleague Basketball having a say in which markets Turkish Airlines activation budget is spent in.

“We were a growing brand so [wanted to partner] with a brand that had similar

goals: exposure and awareness in certain markets,” he says. For both sides, Western Europe and Northern Europe were big target markets. “Germany and France are of very strong strategic importance for us, so many of the activation dollars and euros that are in the partnership we would prioritise to those markets.”

Rosa-Medina says the title sponsorship has contributed to nudging up interest levels in its target markets.

What are the challenges for brands?

When considering investing in a title sponsorship, brands must pay particularly close attention to ‘fit’, Morgan says: “What you want to avoid is jarring. If it doesn’t feel like a natural association, it becomes forced.

An international finance company sponsoring an international golf tournament feels like a very natural fit: an old-fashioned sport full of values and heritage, and old banks. Likewise anything with Red Bull that is involving adrenaline sports feels like a natural fit.”

For fans and the public to get that sense of fit, they must understand



(Sonia Canada/Getty Images)

what the brand stands for, he adds: “The sponsor brand and its own values, mission and purpose needs to be well articulated and well understood so that the partnership with the rights-holder can be understood.”

For this reason, he says that long-established brands that are well known to consumers often make good title sponsors. Newer brands must work harder in terms of activating the partnership to get the same level of understanding.

Activation must artfully manage to “speak the language of the fan”, Morgan says, in order to be memorable. “The whole point of sponsorship I think is the opportunity to humanise brands and engage people and speak the language of that targeted fan. I think a lot of sponsors understand all the demographics, but if they then fail to speak like the fan, for the fan, to the fan, they don’t get particularly well remembered...”

“You are buying effectively a metaphor for your business, a set of clothing to reach out to targeted audiences. If you don’t engage with the fan...if you haven’t done your research and you don’t know their language, then you become a badge and you don’t become part of the lexicon of the particular sport.”

Thode explains how Capital One did this with the English Football League Cup: “Our entire strategy for Capital One was giving stuff back to supporters. Putting coaches on to take fans to games; we erected new stands in a stadium where Chelsea went to play a tiny club...We would constantly do things that made it feel like we were on the side of supporters, that we were helping them.”

A challenge specific to title sponsorships is replacing a previous title sponsor. “You have to erase your predecessor pretty quickly,” Thode

says. “You have to work relatively hard to change the name in people’s minds... the trick is to do things differently enough and to improve upon what the old sponsor did in a sufficient way that people are like ‘Oh, this is cool. This is better’.”

Additionally, he says, there must be “really, really, massively vigorous policing” of media usage of the property’s name: “The PR guys being constantly on journalists. If ever a journalist got it wrong, pointing it out, making sure they had all the right assets, taking them out to lunch, making sure they’re calling the right way, spotting any time it’s not called the right way and just being on top of it.”

What are the challenges for rights-holders?

Rights-holders must decide if taking a title sponsorship is the right thing for their own brand, which could face dilution or confusion with the sponsor brand. New properties may want to steer clear of title sponsorship until their own brand has become firmly planted in fans’ minds.

Some properties are strong enough brands that having a title sponsor might even diminish their value – elite European football clubs or major league US sports teams, for instance. This can be a tricky decision. To adopt a model like, for example, the Uefa Champions League, which doesn’t have a title sponsor and instead has a group of eight top-tier sponsors that share equal weight, the property must be big enough to deliver value for all these sponsors.

Thode says: “One of the fundamental things that they have to wrestle with is...whether they offer enough value without a title sponsorship. Very, very big properties, something like the Olympics or the Champions League or the Premier League, they can deliver enough value by splitting up their inventory into eight slots or six slots or however much that is. Not everyone can get away with that.”

Some properties are “better off trying to aggregate all that value into one title sponsorship rather than trying to slice your salami too thin”.

Rights-holders that take the title



(Alex Pantling/Getty Images)



The distinctive green brand of the Heineken Cup, 1995-2014 (Tom Shaw/Getty Images)



The Heineken Champions Cup, from 2018-19, will remain blue and gold (Heineken)

sponsorship route must be selective about the brands they consider. EPCR's Gaillard says: "I would not have wanted to associate the Champions Cup – which we want to be perceived as a premium brand – with a non-premium brand. To take an extreme example, I wouldn't have wanted a sausage brand or a cheese brand next to the Champions Cup." Heineken is title-sponsoring the competition from 2018-19, marking a return after title-sponsoring its predecessor, the Heineken Cup, from 1995 to 2014.

EPCR ended the previous title sponsorship as part of a bigger rebrand of the competition. In the intervening seasons it has tried a Champions League-style model with several partners occupying the same top sponsorship tier, but found the market tough.

It is sticking to a multi-partner model from 2018-19 onwards, with watchmaker Tissot and rugby equipment supplier Gilbert also on board, but Heineken sits at the top of the pyramid as title sponsor.

Smart rights-holders take measures to protect their own brand during title sponsorships. There is a tension here – as Thode pointed out in relation to Bupa and the Great North Run, many brands, although they may not admit it, would

"It can, if done well, become a way of passing your own brand into the vernacular"

Giles Morgan | executive director,
Institute of Sports Humanities

be delighted if in the public's mind they 'owned' a property.

Ahead of EPCR's new deal with Heineken, Gaillard says, "the most important thing by far for me was to ensure that we would keep the Champions Cup brand. If you look at history, that wasn't the case. When we lost Heineken, we lost our brand – all we had left was 'cup!'"

During the Heineken Cup partnership, the competition logo took the sponsor's green, red and white colour scheme. This is not the case under the new deal as EPCR seeks to build the Champions Cup brand. "We are trying to make our brand, the Champions Cup brand, attractive also to other partners," Gaillard says. "Had it been too green, too 'Heineken', that might put off other brands.

"We've been trying to truly integrate Heineken – if you look at our logo, the star and our ball, it's clearly a Heineken star, it's really embedded. But we have

kept the core visual identity, which was blue and gold."

True partners

A title sponsorship's prominence requires that more thought and care go into these deals than many other classes of sponsorship. PR around sponsorships often strives to underline the understanding and partnership between brands and rights-holders. When it comes to title sponsorship, experts say, this better not just be a PR line.

Good title sponsorship, Morgan says, "is a proper business investment for big businesses to align with geography and targeted customer and for rights-holders to receive money...but also to co-market with people that will align to their fanbase.

"If it's viewed in that prism, as a real partnership and a real business investment, with a real sense of working together, there's every chance a sponsorship will work well, rather than just being a cheque written, logos exchanged and everyone sits back and hope it works.

"I do think title sponsorship is an enormously valuable part of the marketing war chest for brands... it works when there is proper partnership." ○

Coutts' SailGP aims to change the business of sailing

Nation-versus-nation sailing competition launched by Sir Russell Coutts and Larry Ellison

Consistency of league format aimed at avoiding the commercial flaws of America's Cup

Data and graphics will be used in an attempt to improve sailing as a broadcast product



Sir Russell Coutts (Beau Outteridge/SailGP)

Kevin Roberts

Public interest in sailing tends to peak around America's Cup where, traditionally, super-rich team-owners invest heavily to build hi-tech boats and attract crews assembled from around the world.

At its conclusion, the whole circus is put away until next time, with the winners able to decide the location, format, and type of boat to be used in the contest. The result is a lack of cohesion and continuity, which makes it a difficult sell to sponsors – outside a relatively small group of B2B and luxury brands – and a tough job to re-engage the public every time.

It's why Sir Russell Coutts – the New Zealander who skippered Team Oracle to victory in the 2010 and 2013 America's Cup competitions – and his old Oracle team principal Larry Ellison have teamed

up to launch SailGP, an ambitious nation-versus-nation 'sailing league'.

Coutts believes the league addresses some of the fundamental flaws in the America's Cup business model, and in doing so can attract a new breed of fan and, consequently, open the field to draw sponsors from many more consumer brand categories.

"What has been missing from the sport, from a business perspective, is that although there have been some great (team) brands over the years, they were there and then gone.

"In sailing the teams don't have longevity. Australia II won America's Cup but then was gone. Same with Dennis Conner's Stars and Stripes after they had put all that investment into creating a brand.

"We wanted to create a platform where the team builds brand equity and run at a profit that gives them longevity.

The owner can sell or trade the team but the brand lives on. That's one of the reasons the national affinity is so important and why there will be no title sponsors for the teams."

The concept

SailGP will initially be contested by teams representing Australia, China, France, Great Britain and the USA, sailing identically specified and constructed F50 catamarans that can fly over the water on hydrofoils at speeds close to 100km per hour.

Coutts says close racing is the key to success: "In the past one team has had a technological advantage and the racing can get dull if you more or less know who's going to win. By sailing the same boats each team has the same tools to work with...so it comes down to skill, tactics and athleticism," he explains.

The decision to race national boats

is designed to build a support base and provide a reason to really care about the outcome and, perhaps uniquely outside the Olympics, the boats will not simply be flying flags of convenience.

The crew of each boat will have to qualify as nationals in the same way as they would for an Olympic team, a concept that provides both a pathway for sailors and competition for places on the boat.

Then there's the racing itself. In-shore racing in full view of ticket-buying crowds will create a genuine live event experience. Each race is designed to deliver around 16 minutes of high-intensity action which will appeal to broadcasters – who will also benefit from much-improved production.

“The transformational moment was when we were able to put graphics over the live television pictures,” says Coutts. “It meant we could frame and brand the racecourse and show clearly who was ahead and behind, as well as presenting the technical data coming out of it.

“That changed sailing from a sport that a few avid sailors would follow to something that racing fans could follow. Now it is a racing product not just sailing. People can understand and engage [with SailGP] even if they've never sailed before.”

Unlike America's Cup, in which secrecy is key to owners' quests for technical advantage, data from the boats will be centralised in SailGP. This means that not only can it be evaluated and used by rival crews, but it can also be made available to the public to enrich media output.

“We have such great possibilities with OTT and short-form content,” says Coutts. “In the past Team A and Team B have been very secretive about what technology they had. That meant that as broadcasters you couldn't get access to the data coming off the boat. We will have all the data and be able to share it with the viewer. You'll be able to know why A is Beating B. We'll tell the story in a much more effective way.

“We will also be delving into the athletes' personalities and backgrounds so that people get to know them better. It's not enough to show cool tech and high-speed boats on screen. It has to be

“We wanted to create a platform where the team builds equity and run at a profit that gives them longevity.”

Sir Russell Coutts | co-founder, SailGP

in-depth content and analysis. We want people to follow SailGP as they follow football. To do that they have to get to know the people and, believe me, they are athletes not passengers.”

With identical boats, technical costs can be centralised and the cost of running a team brought down to about \$5m (€4.4m), excluding the capital cost

of the boat. With each team working on a business plan to generate \$7m, Coutts says profitability is more than a pipe dream.

SailGP is being built on what most sports marketers would agree are solid and well-tested foundations: giving people something to identify with and a reason to care about the outcome and make it an exciting show.

But, says Coutts, the most important ingredient is consistency. “It's about going back to the same venues with the same format,” he said. “Consistency is absolutely fundamental. That's not new in sport, it's just new to sailing.”

The launch season gets underway in Sydney on February 15 and 16, and will be followed by events in San Francisco, New York, Cowes (UK) and Marseilles. [O](#)



(SailGP)



M-is focusing on convergence of the experience economy

International agency M-is has been at the forefront of high-profile major event bids and sports brand activations in recent years. Increasingly the agency is focusing on opportunities in the evolving world of fan experience.



The convergence of the physical and virtual worlds is providing new opportunities for proactive brands and rights-holders that are looking to engage with future sports fans, according to leading London-based agency M-is.

M has a track record over 30 years of pioneering innovative communications strategies and technologies to provide advice and support to organisations, companies, cities and regions attempting to cut through the clutter in an intensely competitive industry.

Staying ahead of the curve and reacting quickly to the behaviours and demands of younger generations is becoming increasingly important.

In the UK, football, rugby union and cricket have experienced growth in attendances among millennials since 2012. The BBC recently reported that

the proportion of ticket-buyers aged between 16 and 24 had increased from 15 per cent in 2012 to 23 per cent in 2018, while the number of millennials attending sporting events had also rocketed from 16 to 21 per cent.

Why? Because their focus is the live event environment. They live in and for the moment and then share it with their own social media tribe.

Digital opportunities

With tech-savvy youngsters displaying an increasing interest in sport, opportunities on digital platforms are becoming plentiful.

The experience of attending live sporting events can be shared across social media platforms, merging the physical and virtual worlds. This provides a unique perspective for the spectator and their social media community.

Rights-holders are increasingly realising that the live experience can be taken one step further, with the use of dedicated mobile applications within stadium and arena environments.

“The ‘experience economy’ is evolving and offering virtual, immersive and physical experiences at the same time to these young audiences,” says M’s strategy and communications director, Leanne Arnold. “It offers a plethora of activation opportunities for the sports themselves and the top sponsors.”

Traditional media platforms are facing a battle for eyeballs from online-streaming platforms such as Amazon, Facebook, Netflix and Twitter, and younger viewers are demanding sports coverage on their terms.

Moreover, there are subtle differences in the consumption habits of different generations, adds Arnold. “Both

millennials and Generation Xers watch live sport frequently, but where they differ is that millennials stream live events more frequently and use social media to check for scores,” she explains.

According to management consultancy McKinsey, 60 per cent of millennials check social media for scores and updates on their favourite sports and teams, in comparison with 40 per cent of Generation Xers.

“For Generation Xers they are starting to opt for immersive experiences within the live environment,” Arnold says.

Examples include The Tunnel Club at English Premier League football club Manchester City, where spectators can enjoy a five-star meal whilst watching the players at close quarters, or the Samsung Slider at rugby matches, which provides a unique pitch-side experience, shifting spectators at up to 20 miles per hour on an 80-metre long, custom-built track.

These examples demonstrate just how important live, immersive and virtual realities are to sports fans – and therefore how important they should be to sports, sponsors and venue activations. For M, the immersive fan experience has become a critical part of the sports industry’s innovative marketing activation landscape.

Convergence

“With convergence, there’s a transformation occurring in the industry, and due to that there is a great opportunity for sponsors and brands to offer unique experiences,” Arnold says.

“As an agency, we understand how audiences engage, but also how brands operate and activate for millennials. Younger generations might like watching Formula One, for example, but ahead of going to a race, they will check various media channels to understand what is going to be happening. That is a common approach for millennials.

“With Generation Zers, they are very much driven by social media platforms such as Instagram and Snapchat, which give them a perspective of people’s lives

and personalities and, in sport, a much greater opportunity to find out about an event and its participants.”

M has kept abreast of the latest innovations via a variety of methods. When the agency was adviser on vision, strategy, communications and international relations for Budapest’s bid to host the 2024 Olympic and Paralympic Games, M teamed up with SportBusiness to provide a timely report on second-screen usage.

Future directions depend on unpredictable technological development, but M is ready to pivot to any fresh opportunities to connect with up-and-coming generations.

“There’s a transformation occurring, and due to that there is a great opportunity for sponsors and brands to offer unique experiences.”

Leanne Arnold | strategy and communications director, M

Fan experiences

Experiences have been central to many of the activations M has spearheaded over recent years, such as its appointment to create and deliver the 2015 Rugby World Cup trophy relay and fan zone experience for Mastercard. The agency has also supported other torch relays at major events, including the Asian Games and Olympic Games.

“A torch or trophy relay today will be very different to how it was five years ago. Organisers and sponsors will continue to integrate digital technologies into the overall fan experience,” Arnold adds.

To stay ahead of the curve on fan experience and technology, M carries out its own research programmes while working with futurologists and other influential figures.

Such relationships and research feed into M’s 360-degree approach led by a 130-strong team at its global

headquarters in London. The agency has considerable experience of working with governments, cities, individuals and brands worldwide to create and shape strategies that drive growth, jobs and investment in the long term.

This ensures that M is able to adopt a broader approach when it is invited to support a bid for a major sporting event – as was the case with Budapest’s bid for the Olympic and Paralympic Games.


“Cities can benefit from bidding for a major event if they adopt the right strategy, and that was certainly the case with Budapest, which benefited from the strength of its bid by going on to stage the 2017 World Aquatics Championships and becoming a major player in event-hosting,” Arnold says.

Track record

In recent years, M’s major event projects have included creating, designing and delivering integrated events and communications solutions, such as at horse racing’s Dubai World Cup and supporting the National Olympic Committee of Peru’s successful bid to host the 130th International Olympic Committee Session 2017.

“Working with cities can involve nation-building strategies,” Arnold says. “It is also about B2B and consumer brands and how they access different audiences before, throughout and after the games.

“Part of our advisory role is to talk cities through a holistic approach, and you need to develop links and relationships with numerous individuals, organisations and city leaders to maximise the opportunities in terms of culture, tourism and sports.”

For Arnold, the loyalty of M’s clients illustrates the agency’s winning formula: “We have worked from Beijing to Doha and London to Lima, so we have a global reach. Some of our clients have been with us for 15 years, and I think that says it all. Having remained independent, it means we can be agile and flexible – and that is going to be increasingly important in the years to come.” 

When was the last time you heard someone say, 'I don't know'?

Richard Gillis of Cake (Havas) reflects on what could be done differently in the world of sports marketing and that we should be realistic about our level of certainty when it comes to making predictions.

I can't remember the last time I heard someone respond to a question with those three little words: I don't know.

At conferences I sometimes sit with my eyes closed and just listen to people on stage talking at each other with absolute certainty, which I accept, can seem aloof if I'm moderating.

Doubt is my default mode. I'm incapable of holding a consistent opinion on virtually any topic: politics, religion, the real customer benefit of OTT delivery mechanisms, these are all subjects around which I flip-flop, depending on who happens to be talking to me in that moment.

My reluctance to commit to an opinion is supported by evidence: I have plenty of form when it comes to being wrong.

In the mid 2000s, I was commissioned to co-write a report entitled *The Future of Sports Marketing*, which sold surprisingly well and can still be found gathering dust on the bookshelves of people in charge at many of the industry's most prominent acronyms.

The problem is that much of the report has since been proven wrong, particularly in its predictions about the relationship between sport and tech, which at that time was one thing on the horizon and has since moved to being pretty much the only thing.

Flicking through *The Future of Sports Marketing* now is like reading a teenage diary – by turns embarrassing and oddly touching in its naivety – and as a practical guide to today's sports business, about as useful.

More than anything, the report is a 100-page reminder of the perils of prediction.

Here's what I'd bear in mind if I wrote it again.

Beware allusions to science

In the natural sciences, controlled experiments can be conducted, past results can be replicated with confidence and cause-and-effect relationships can be depended on to hold.

Analysis of any business fails this test. The past is not a reliable guide to the future and I never believe anyone who attempts to elevate theories and hunches to immutable laws. The data evangelists are particularly guilty of this error.

The Solutions Trap

Marketing agencies, tech vendors and consultants of all stripes have something in common: they exist to provide answers. It's why they are created and tends to shape the world-view of the people who work there. But the rush to answers is a trap. Being 'solutions focused' makes us complacent and leads to a narrowing of perspective, a closing off to new ideas and alternative ways of doing things. This process is the opposite of curiosity, which is at the heart of real progress in any field.



The power of good questions

Moving questions to the heart of company culture is arguably the hardest job of all. From school onwards we tend to reward the people with the answers, while those who ask questions are often seen as getting in the way of progress, slowing things down or worse still, revealing weaknesses in the way things are done and norms of behaviour within an organisation.

The go-to writer in this area is Warren Berger, whose book *A More Beautiful Question* is well worth your time.

“Good questions allow you to arrange our thinking around what we don’t know,” he said recently. “Awareness of what you don’t know is a measure of intelligence – stupid people don’t care what they don’t know.”

This wonderful phrase can be applied at the corporate and personal level. How often are the questions we ask merely framing devices, attempts to lead the conversation toward a pre-arranged

destination – a creds deck, or a tried-and-trusted product offer?

The map is not the territory

We’re all selling a version of the world, the map not the territory. When selling research or analytics, it’s very tempting to harden the language to suggest otherwise.

As the great statistician George Box said: “All models are false. Some are useful.”

The liberating effect of realistic expectations

The best book on the business of sport doesn’t mention sport or marketing or disruption to the media landscape, but it should be required reading for anyone seeking to buy or sell anything.

The Most Important Thing, which was written by investment guru Howard S. Marks, is particularly brilliant on the nature of decision-making.

“The most dangerous investment

conditions generally stem from psychology that’s too positive,” writes Marks.

Any significant project is undermined if burdened by unrealistic expectations from the start.

We’re blinded by the potential of what might be achieved and often mistake that for normal performance. Overly-ambitious targets, narrowly defined, are embedded in the sales process, but are often the source of later disappointment.

‘Being too far ahead of your time is indistinguishable from being wrong.’

Another zinger from Marks, which comes to mind when I’m pitched versions of the future: the Netflix of sport or a data tool that will redefine the fan journey, et cetera.

At these moments, I often like the idea in principle but wonder about timeframes. Are they too early? How much will they need to spend on development to keep up with market expectations of the future, which are becoming almost limitless? Can they stay in the game long enough to make it big?

I’m a huge fan of entrepreneurs, because the good ones are very aware of these questions and the fact they’re still doing it means they are braver and/or smarter than me.

Shit happens

The excitement right across today’s sports market is tangible, and fortunes will be won and lost. Marks has been through a good few bull markets and has a word of warning:

“Many investors – amateurs and professionals alike – assume the world runs on orderly processes that can be mastered and predicted. They ignore the randomness of things and the probability distribution.”

All of this just reaffirms the only real truth, which is that everything in life can be explained via William Goldman’s script for *The Princess Bride*:

“Life is pain, Highness. Anyone who says differently is selling something.” ○

Richard Gillis is a journalist, author and strategy consultant at Cake. Find him on Twitter @RichardGillis1



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AT THE HEART OF SPORT

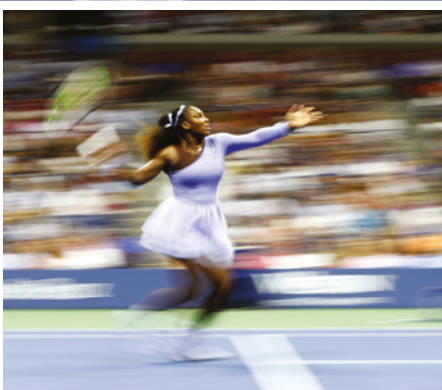
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'V-commerce' in Japan | Q&A with Masanori Kawana, managing director, Fanatics Japan

Japanese NBA player Yuta Watanabe outsells LeBron James in NBA Japan stores

Acquisition of Majestic has helped develop relationships with Japanese baseball teams

10-year deal with Softbank Hawks will help to promote capabilities in the region

Ben Cronin

Masanori Kawana, managing director, Fanatics Japan, came to prominence in October when he signed the company's first vertical merchandising deal in Asia, with Nippon Professional Baseball side the Fukuoka SoftBank Hawks.

Fanatics is aiming to take the 'v-commerce' (virtual-commerce) retail model – characterised by an agile on-demand supply chain – that has proved successful in the US and replicate it overseas. Kawana is responsible for the firm's capabilities in East Asia, the fastest growing e-commerce business outside of North America for the global licensed sports merchandise company, and oversees its e-commerce, apparel manufacturing and in-venue and stadium business in the region.

The company runs online and bricks-and-mortar retail operations for MLB, MLS, NBA, NFL and NHL in East Asia, in addition to working with individual teams like Manchester United and Real Madrid.

Under Kawana's leadership, Fanatics has opened a new fulfilment centre and new warehouses in the region, and established offices in Japan and Hong Kong. Sales of officially-licensed MLB merchandise have grown by 39 per cent year on year in Asia across Fanatics' platforms and by more than 40 per cent for the NBA during his tenure.

Here he speaks to *SportBusiness Review* about the challenges and opportunities in the region.

Are there any areas where the Asian market is as commercially-sophisticated as the US?

Japan is probably the exception in Asia where domestic team sports or



Fanatics Japan managing director Masanori Kawana (Fanatics Japan)

professional sports sides are of a decent standard. The audience is around two-to-three million for the big teams, then there are 72 to 144 games a year, so seventy-two home games per side. These are really comparable to the numbers for Major League Baseball in the United States. There is quite a decent-sized merchandising business and healthy ticketing and sponsorship

businesses for baseball, followed by sizeable markets for football and basketball as well.

Where are the opportunities in the merchandising business in Japan?

If teams are doing e-commerce by themselves, which most of the baseball teams are, they offer five-to-10-day delivery from the time of your order.

But it's definitely not what you usually expect from Amazon or Rakuten, where you get your order the next day. With our new fulfilment centre we can definitely provide those regular e-commerce service levels, and next-day delivery.

How well is NBA merchandise performing in Japan?

MLB merchandise is the most popular merchandise in Japan, but the NBA is also relatively popular compared to the NFL and NHL – especially with one Japanese player who just made it onto the roster for the Memphis Grizzlies, Yuta Watanabe [who has made two appearances for the Grizzlies, amounting to approximately 12 minutes on court. He is the second Japanese player to play in the NBA]. We have sold more Watanabe jerseys in our NBA store in Japan over the last 3 months [since they became available] than we have sold LeBron jerseys over the last year – our top seller before Watanabe.

While LeBron James is being traded to the LA Lakers – which is a massive thing for NBA fans – this guy is still more popular after appearing for five minutes, which tells you how important local players are [to sales in Asia].

What has the success of Japanese player Shohei Ohtani at the LA Angels done for the MLB's merchandise sales in Japan?

We sold 2000 per cent more merchandise in Japan for Ohtani across the course of a season than any other Japanese MLB player in the history of the league. He's been worth a couple of million pounds in sales. It's been an exceptional case. You could probably look at generating around \$200,000 worth of sales for any other local baseball or basketball player, or even football player. In the 24 hours after he became Rookie of the Year, we were able to create bespoke Rookie of the Year products and we sold about four times more merchandise in Japan than all of the other MLB players combined in the previous month.

You have taken charge of Majestic Japan following Fanatics' purchase of the company in 2017. What did

that acquisition do for you as a company?

Majestic Japan has been in the market for almost a decade serving customers with MLB products, and we [Fanatics] also share MLB as a licensee. Majestic also serves five of the 12 baseball teams as a technical partner for their kits, so we already had a good presence in baseball and we wanted to turn this into a pure, wholly-capable, vertically-capable Fanatics entity. This January, Majestic Japan turned into Fanatics Japan and now I'm building my e-commerce team and we set up our own fulfilment centre. We also set up what we call a made-to-order facility

that can produce products in a rapid way. On top of that we're building physical retail stores and we actually ran the merchandise for the MLB All-Star Game that happened in Tokyo recently.

You recently signed a 10-year deal with Nippon Professional Baseball side the Fukuoka Softbank Hawks – your first vertical merchandising deal in Asia. How helpful was the fact that the side's owner Softbank is also an investor in Fanatics?

It definitely helped as a strategic relationship, but it's not like they would just work with us because we're Softbank, too. The Hawks had their



Sold out Shohei Ohtani merchandise (Fanatics Japan)



Harry Hawk, the Fukuoka Softbank Hawks' mascot (Masashi Hara/Getty Images)

own merchandising setup already and we, as Majestic, had been a supplier for them, so we already had a kind of a partnership before the Softbank investment even happened. That really helped, having a past track record of us being a good supplier, but we needed to convince them that we could deliver an e-commerce operation and physical stores for them. I feel the fact that we could sign a 10-year deal with the Softbank Hawks is going to be a really good showcase for us, if we execute it right. So that's what I'm really working on right now, to make sure this model is going to work in Asia.

Can you give more details about the commercial model for the Hawks deal? Is it based on revenue share?

It's basically a revenue-share model where we are responsible for the whole merchandising operation, but especially with the Hawks deal we are going to be the exclusive product licensee for a range of soft goods, and apparel-type products. We're going to be responsible for designing and producing apparel ourselves and then

"We have sold more Watanabe jerseys in our NBA store in Japan over the last 3 months than we have sold LeBron jerseys over the last year."

retailing it by ourselves as well. We are going to be providing the team with a royalty, a revenue share based on our performance.

So presumably you have to provide a guarantee and outperform their existing merchandising operation by quite some way for it to become profitable?

Our commitment is to grow their bottom line. We take the risks as well. The idea is to guarantee what they're currently making, taking into account what the head count is and the risks that are associated to run this business. We're guaranteeing the money for them and then we're incentivised to increase that further because of the revenue-share model.

Do you have the final say on the Hawks' merchandise designs once you get those rights or do the Hawks still have the sign-off?

There's a brand management piece and it's definitely important for them to own that, and we're happy to work with them together. The Hawks especially have been really good at creating hard goods themselves, so we will continue to work with their sourcing team or merchandising teams to source the products that they create and retail them. So it's not like we're just completely taking over their merchandising business; it's going to be a joint effort with them to come up with products that are going to sell and then we are going to be the retailer offline and online.

What are the challenges for Fanatics of working in Asia?

We need to show our partners that we can operate our business in a correct, bottom-up way. We need to show them we have a long supply chain team, a local digital marketing team, a local person that can run retail in each

region. Convincing rights-holders that we can run their merchandising in a very localised way is something that is thought to be a challenge but having the [Softbank Hawks] deal done and then getting additional rights for the MLB All-Star Game will make that less of a challenge.

The NBA has made a success of licensing its brand to fashion brands in South Korea. Is that a side of the business that Fanatics is also interested in?

I look after Korea as well and Korean fashion-oriented wear is something really unique in our industry. Korean MLB and NBA licensees are definitely doing a really good job of presenting those brands as fashion-oriented ones. We want to learn from and replicate that to a certain extent because Korean fashion trends are also influential in countries like China or Taiwan.

But in the immediate short- to medium-term, we want to service the MLB fans or NBA fans in South Korea who cannot get the more traditional kit that they want. If you go to MLB and

NBA stores in Korea, physical stores in cities or department stores, all you see is pure fashion items. You don't even see a jersey, you can't even get a kit. I understand that fashion is a big thing, and they did a really good job, but there are unsatisfied fans who can't even get a [Tottenham Hotspur footballer] Son Heung-min kit or can't get an NBA player's jersey.

What influence does the Asian office have over the merchandising deals Fanatics signs with western clubs?

The development of partnerships with European clubs is primarily done from the UK. I do let them know when I think it would be great to sign a certain brand, especially when a team has signed a Japanese or Asian player – we're desperate to have those rights.

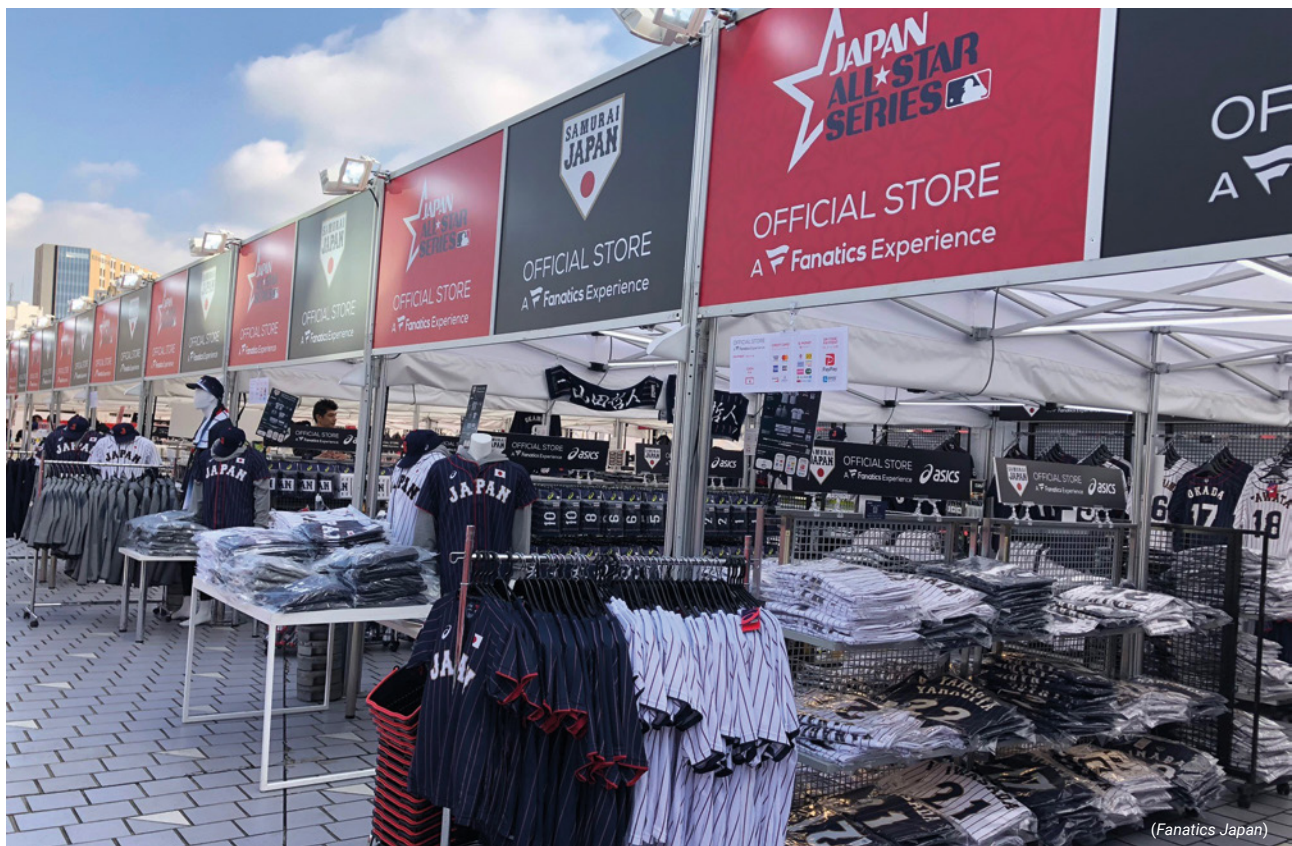
Just one player, two players can really make a difference. It's not just about big clubs, it could be smaller clubs. I wished I had the Leicester City rights, when [Japanese player] Shinji Okazaki signed for them. These are things that we want and are really desperate about.

Fanatics has always held up Leicester City as an example of a missed opportunity, because they won the league and you say they didn't have the ability to service the increased demand for replica shirts. Are there any figures that you could put on how much you think they would have made if they'd had a nimbler supply chain at that time?

The thing about Leicester is that they would likely have had to put their order in with their kit supplier sixteen to eighteen months before they won the Premier League.

At that time, they would still have been wondering if they would be in the league the following season.

When they put that order in, they would have probably based it on previous years' sales, which is of course reasonable business practice. But the model that we run suggests that you just don't have to do that – you put that order in, but instead of selling out you are able to put another one in two months, three months before you're about to win the league, or as demand goes up. ○



(Fanatics Japan)

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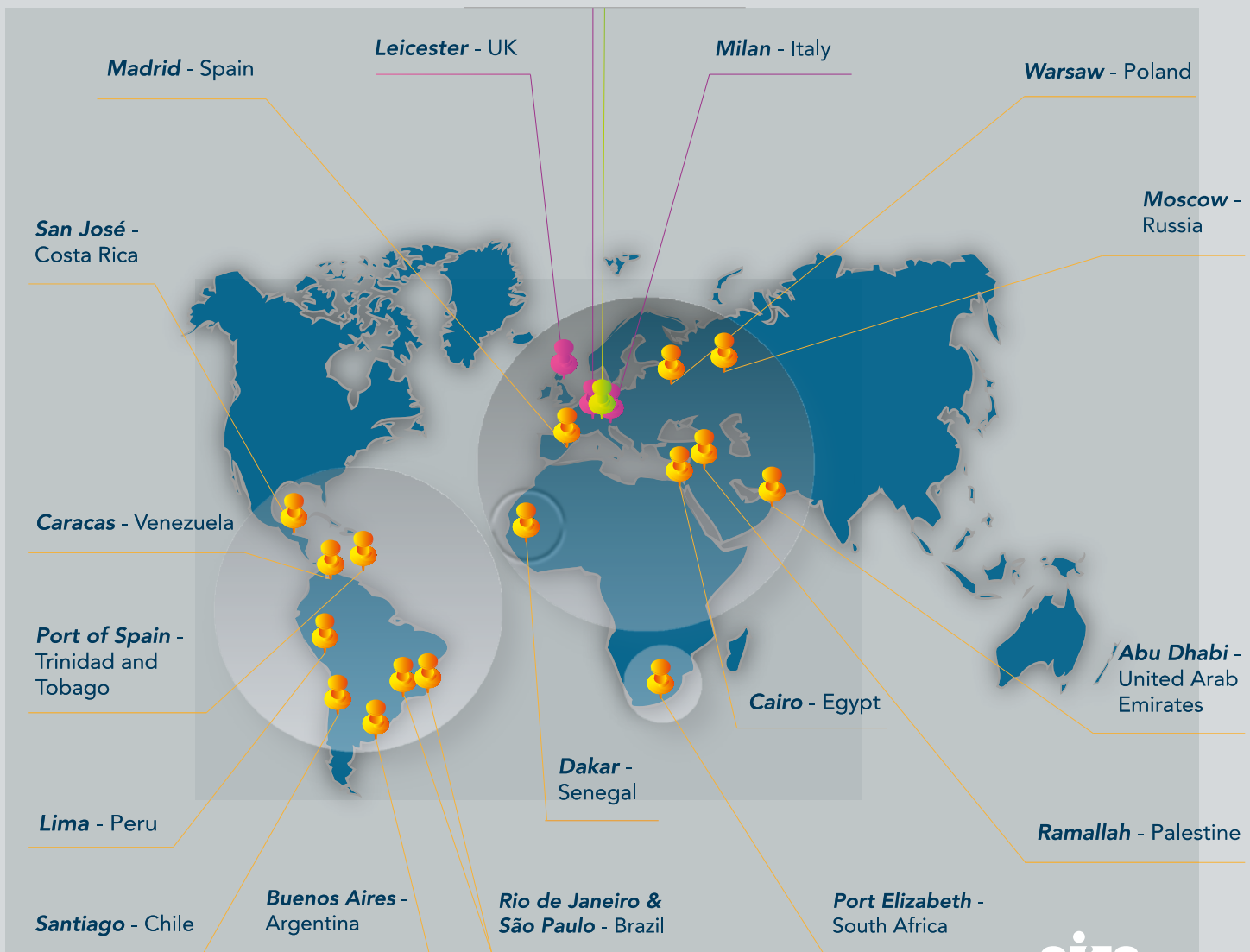
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Launched in 2017

David Fowler, Director of Marketing at mycujoo and FIFA Master Alumnus

ADVERTISING FEATURE

David Fowler (42), who hails from Scotland, is an experienced marketer with a notable career in the sports industry. An alumnus of the fifth edition of the FIFA Master in Management, Law and Humanities of Sport, he recently became the Marketing Director of the fast-growing streaming platform, mycujoo, after spending more than 12 years at FIFA. "Right after the FIFA Master I secured my dream role in the marketing team at FIFA and was fortunate to contribute to, and in some cases lead, various departments including the sponsorship, marketing communication, brand and sales & strategy teams", he recalls.

In mid-2018, David left football's world governing body to join the Amsterdam-based mycujoo, a young and dynamic digital company, co-founded by Pedro Presa, another FIFA Master alumnus. "We have a very empowering culture at mycujoo where new ideas are encouraged. I see my role as generally trying to help the organisation to grow our brand and our revenues sustainably. As the first marketing hire at mycujoo, much of my focus in the first year has been helping to build our marketing capabilities and our marketing team", David explains.

For many, a move from a senior position at a major global sports organisation to a relatively unknown start-up may be hard to understand, but David is certain that was the right decision for him. He says: "In my latter years at FIFA, I started a sports business blog and found myself increasingly writing about and studying the new data and tech-driven business models that were disrupting the business of sport. Around a similar time, I was fortunate to get to know the company's co-founders, Pedro and Joao Presa. I was very quickly convinced about the vision for the future of football that they were building. Only three years after launching the platform, mycujoo has grown to a company of 70+ employees with staff based in the USA, Brazil, Switzerland, Singapore, Portugal and The Netherlands, our operational HQ".

What is the thing that you love about your job?

In a nutshell, mycujoo is a live streaming platform dedicated to football and, broadly speaking, we give football content owners free access to tools

that enable them to produce, distribute and monetise their content. This in itself is exciting but what is most refreshing for me in my current role is that we are driven and bound by a strong sense of purpose. This purpose is to empower football rights owners at all levels of the game, including players, to build and connect with their fan communities. It is this opportunity to contribute to changing the face of football that gets me up in the morning.

How important was the FIFA Master for your career?

The FIFA Master shaped my career in the sports business and I consider myself very fortunate to be part of the alumni. The alumni network is the most important asset of the programme. There are so many people that I can count on for advice and support.

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

On a personal level, I have formed so many close friendships with people from all over the world and with whom I stay in touch with regularly. I know that more or less wherever in the world I travel, I will be able to drop in on someone from the network for a beer or a coffee.

On a professional level, I have always tried to be as open and supportive to new graduates as those who welcomed me into the network were. Much of the credit for the strength of our network must go to the trailblazers of the first few editions who fostered an open, collaborative and supportive culture.

What are your fondest memories of the FIFA Master?

Generally, I enjoyed the camaraderie. You spend a year in the pockets of another 30 or so people from all over the world. It is a very unique situation. I enjoyed sharing stories and experiences (and the occasional night out) with people from countries I had never set foot in before.



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Huge opportunity for Paralympic sports from IOC deal, says Parsons

IOC will have ability to bundle IPC rights in sponsorship deals from 2021 onward

Agreement aims to make combined IOC/IPC sponsorship deals “the new norm”

Could have huge impact on IPC finances, says president Andrew Parsons



International Paralympic Committee president Andrew Parsons with his International Olympic Committee counterpart Thomas Bach (IOC)

Matthew Glendinning

The joint-selling agreement for Olympic and Paralympic sponsorship rights will provide the Paralympic movement with “long-term institutional, financial and commercial stability,” according to Andrew Parsons, president of the International Paralympic Committee.

Part of a wider memorandum of understanding signed by the two parties in June, the deal will see the IOC sell global IPC sponsorship rights and associated host country Paralympic Games rights from 2021 onward.

The IOC will also encourage existing partners to expand renewed deals to incorporate IPC rights.

Speaking exclusively to *SportBusiness Review* at the Sports Industry Breakfast

Club, Parsons said of the opportunity: “It’s huge, not only from a financial point of view, but from a sponsorship activation point of view and for the doors that will open to our National Paralympic Committees.”

The deal is almost certain to deliver greater sponsorship revenues to the IPC: selling collectively will be more efficient; the rights may be worth more than the sum of their parts; and – in the words of IPC broadcasting & commercial director Alexis Schaefer – Olympic worldwide partners taking up the equivalent IPC designation will become “the new norm”.

In 2016, the IPC earned €4.2m (\$4.8m) from sponsorship and fundraising, a figure dwarfed by the IOC’s \$409m in the same year.

The IOC has 13 sponsors, or TOPs

[The Olympic Partners]; the IPC has nine. They currently have seven of the brands in common.

The collaboration will affect the IOC’s sponsorship revenue to a lesser extent than it does the IPC’s. But it reinforces a key recommendation of Olympic Agenda 2020, the strategic roadmap for the future of the Olympic Movement: that the IOC “strengthen relationships with organisations managing sport for people with different abilities, with a view to exploiting synergies in all possible areas”.

What’s changed?

Until now, the IOC and IPC have sold their global sponsorship rights independently, albeit to several of the same brands. Domestic Paralympic Games rights were sold by the relevant organising committee.

The IOC's TOPs get global rights to Olympic IP, including rights and category exclusivity in host countries and with National Olympic Committees.

IPC World Paralympic Partners – a designation primarily created to allow TOPs with host nation Olympic and Paralympic rights to extend these globally – get worldwide rights to Paralympic IP excluding host countries. IPC International Partners get rights to Paralympic IP in agreed territories excluding host countries.

Under an existing agreement, TOPs – even those who are not also IPC World Partners – have category protection (though no rights) in Paralympic host countries.

Partners of Olympic local organising committees get rights to activate in that host country, as do partners of Paralympic organising committees, though the latter has additional inventory to offer – advertising board rights that are proscribed at the Olympic Games.

“It was not an integrated approach to the TOPs, so we were not going together with the IOC, or complementing each

other in negotiations,” said Parsons.

“We have two organisations that share the same platform, but on the commercial side we acted separately, with different strategies and different approaches.

“I think it brings more clarity and means more efficiency to the sales process. And for us, of course, it brings more revenues and new relationships that we didn't have.”

Andrew Parsons | president,
International Paralympic Committee

“It was confusing, not only for us and the outside world, but also for sponsors. So when do the IOC rights start and end? When is it the IPC [selling rights]? When is it the host city or the organising committee?”

Selling the rights collectively via the IOC is seen as more efficient for several reasons: the IOC has greater resources

and stronger relationships with the TOPs, while the existing arrangement already limits the categories the IPC can sell against.

In selling IPC worldwide partnerships, the IOC will be able to bundle in host country rights and exclusivity – replicating the way rights are sold to TOP partners rather than the complete separation that currently exists between IPC rights and in-country rights around the Paralympic Games themselves.

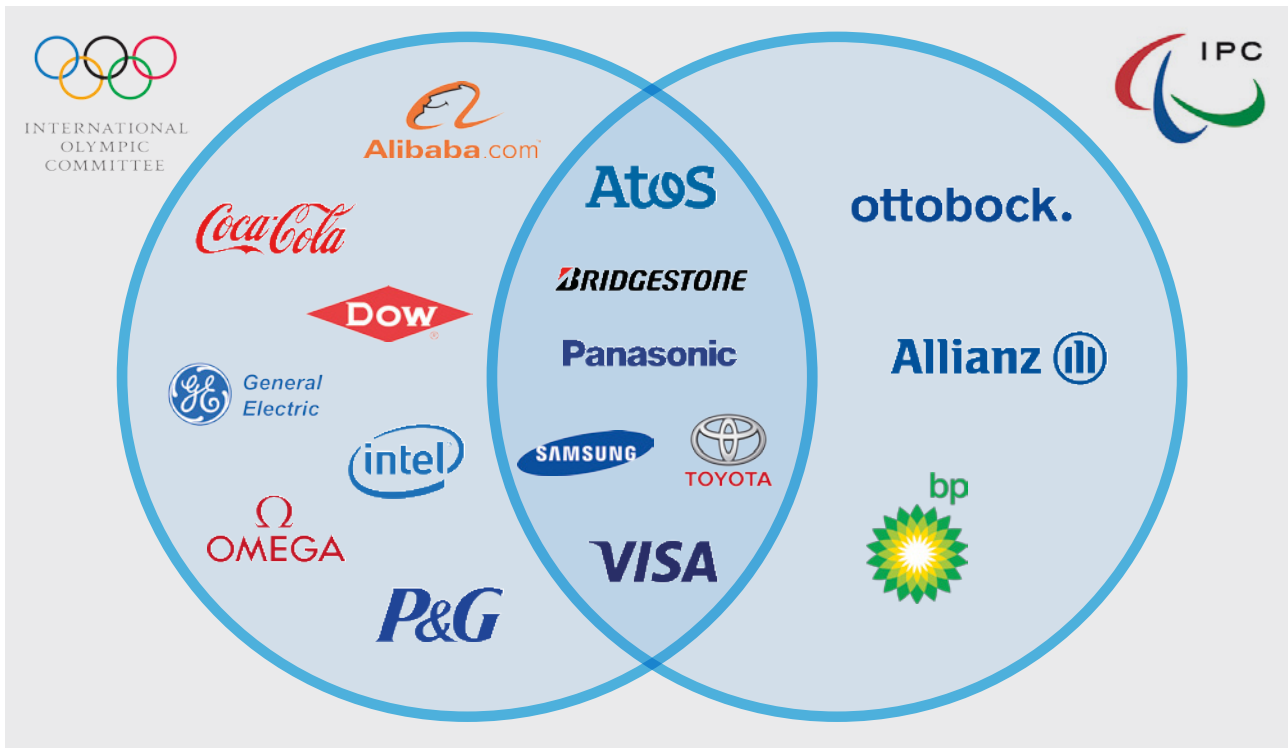
Parsons adds: “I think it brings more clarity and means more efficiency to the sales process. And for us, of course, it brings more revenues and new relationships that we didn't have.”

There are seven TOP sponsors that do not also sponsor the IPC, all of which will be encouraged to acquire the bundled rights upon renewal.

“TOP partners will have the opportunity to buy Paralympic rights, but it's not automatic,” says Schaefer.

“It's not in anybody's best interest to give rights to someone who doesn't want them, but what I would expect is that people will see the opportunity in the

CURRENT IOC AND IPC SPONSORS



Source: IOC, IPC

Paralympic Games and, therefore, what is an option will become the new norm.”

Immediate impact

In August, Visa extended its partnership as an IOC TOP for 12 years from 2021 to 2032 and, in the spirit of the upcoming agreement, synchronised its IPC sponsorship.

“That was the first deal after the agreement being signed that affected us positively,” Parsons said. Visa – an IPC partner since 2002 – has typically extended its deal in four-year cycles; its current deal runs from 2017 to 2020.

That deal was followed by other IOC/IPC partners synchronising their deals: IPC sponsor Allianz, from 2021 to 2028 and TOP Bridgestone, from 2018 to 2024.

NPC benefits

The direct contribution to central IPC finances is not the only benefit of the agreement – if more TOPs sign on as IPC partners, it also creates more opportunities for National Paralympic Committees, which can strike up relationships with local affiliates of the global brands.

Parsons points out that, as a result of the IPC’s Worldwide Partner deal with Toyota, “we have many, many NPCs who now have a relationship with Toyota’s national affiliate in their country and at different development levels”.

“It’s huge, not only from a financial point of view, but from a sponsorship activation point of view and for the doors that will open to our National Paralympic Committees.”

Andrew Parsons | president,
International Paralympic Committee

The Spanish Paralympic Committee, for example, gets Toyota cars branded with the Spanish Paralympic Committee logos thanks to its relationship with Toyota national affiliates in Spain. In Malawi, a group of Toyota dealers sponsor the development of sitting volleyball with the Malawi Paralympic Committee.


Olympic Channel

Unlike the sponsorship inventory, the Paralympic Games broadcast rights will not be sold with the Olympics under the new agreement, but Parsons believes that there will be benefits from collaboration with the IOC’s Olympic Channel.

“With the agreement we will have a different relationship with the Olympic Channel...which will play a big role in the broadcasting of the Paralympic Games.

“For example, for Pyeongchang, the Olympic Channel was more about news and stories, but in the markets where we don’t have a broadcaster, the Olympic channel will be fundamental to the Games-time broadcast.

“Now with this new agreement, we have a stronger relationship with the Olympic Channel in the sense that it’s a fundamental part of our broadcast strategy.”

The Olympic Channel could also be an important branding platform for Paralympic sponsors, although talks about the commercialisation of Paralympic coverage are yet to take place. 



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