



Tales of two cities

HOW TWO EUROPEAN SUPER CLUBS ARE
BUILDING BRAND STRATEGIES



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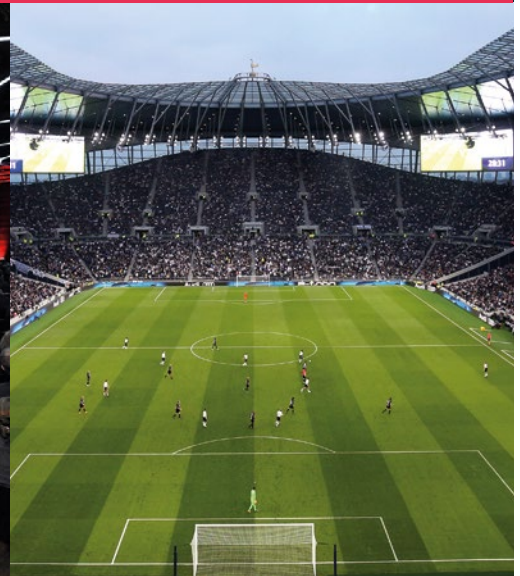
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Sport needs to address its sustainability problem

For most of his career, Roger Federer has sailed serenely clear of controversy. A lengthy list of personal endorsement deals and an estimated net worth of \$900m attest to his easy charm and a seeming inability to cause offense. So it must have come as a jolt when climate activists recently asked if he supported the destruction of the planet.

In a cleverly orchestrated stunt, student protestors played tennis at the headquarters of Credit Suisse to criticise Federer's partnership with the bank and the estimated \$57bn it is alleged to have invested in fossil fuel enterprises. Headline writers depicted the story as a clash of icons – Roger versus Greta Thunberg – even though the Swedish activist's only involvement was to like a social media post about the demonstration.

Thunberg may not have conceived of the protest, but her acolytes in the climate youth movement have struck upon a powerful new way to influence public opinion. When the World Wildlife Fund subsequently wrote a letter to the IOC questioning Tokyo 2020's sustainability credentials, sports climate shaming became a trend. The ingenuity of both campaigns was to use the global profile of Federer and the Olympics to amplify otherwise dry messages about procurement policies and investment portfolios. And if climate activists can make an example of the saintly Swiss, imagine what they might do for event organisers with bigger carbon problems to hide.

There is an inherent paradox in the fact that major sports events both contribute to climate change and suffer

from its effects. The convergence of the Credit Suisse story with the ongoing wildfires in Australia – and the disruption they caused to qualifiers for the Australian Open – only served to highlight the industry's complicated relationship with global warming. The grand slam has already had to review its extreme heat policy in recent years after mounting temperatures have caused players, ball boys and attendants to suffer from heat-related illnesses.

“There is an inherent paradox in the fact that major sports events both contribute to climate change and suffer from its effects.”

In Northern Europe events have to contend with extreme weather of a different kind. A 2018 report by the Climate Coalition said six of the seven wettest winters in recorded UK history have occurred since 2000.

It won't be lost on protestors that increasingly globalised sports events are intrinsically carbon-intensive and effectively encourage harmful behaviours. In an interview with *SportBusiness Review* last year, the grand slam's chief revenue officer Richard Heaselgrave described how “internationalisation” was key to the tournament's growth. If the event was to only target an Australian audience, he said it would need one fifth of country's population to buy tickets

year after year. But the tripling of visitors from India, the US, China and Japan that has resulted from this policy has presumably had a corresponding impact on the natural world.

So what can sport do to minimise its environmental footprint and placate its young critics? Even the more extreme activist would probably acknowledge it is unrealistic to recommend cancelling events. Russell Seymour, chief executive of the British Association for Sustainable Sport, prefers a more measured response in which sports organisations accurately appraise themselves of their carbon impact and take reasonable measures to mitigate it.

“You've got to identify ways to manage waste, you've got to look at renewable energy sources, you've got to encourage people to come by public transport where possible,” he says. And in those cases where air travel is inevitable, he points to the way itinerant events like Formula E have reorganised their schedules to minimise the distance between races.

A welcome by-product of most carbon reduction measures is they happen to save money. The success of Formula E in attracting sponsors also proves the value in promoting a green agenda.

As Federer has found out, rights-holders also need to be wary of the messages sent out by their less purpose-driven sponsors. While Seymour praises Premier League clubs like Manchester City and Arsenal for their sustainable water and waste policies he finds it somewhat ironic that both sell their shirt fronts to an airline. ○



Stern's 'pure caring concealed in vinegar' expanded opportunity

This remembrance of David Stern, the late commissioner emeritus of the National Basketball Association, begins with a moment of self-indulgence.

After many years of knowing him, my last meeting and conversation with Stern, who died January 1 at the age of 77 following a brain haemorrhage, was by accident. I was meeting last fall with John Kosner, ESPN's former digital chief and more recently Stern's business partner in Micromanagement Ventures, which provides counsel and funding to sports media and technology start-ups.

Kosner brought me in to say hello to Stern, and the former NBA boss immediately peppered me with a series of questions about my move to SportBusiness, the expansion of our American presence, the opening of our Singapore office, and our overall market strategy.

The conversation was classic Stern. He was warm, curious, all in all genuinely interested in what we are doing. But he was by no means throwing softballs, as Stern was also probing seriously to understand our ambitions and where we fit into the global sports business landscape.

I thought a lot about that last conversation I had with Stern upon attending his memorial service in New York, a massive affair at Radio City Music Hall attended by more than 4,000 people, including literally hundreds of C-suite sports industry executives such as league commissioners, team owners, and broadcast network presidents.

The service had all the elements of Stern himself: R-rated jokes, a high degree of smarts and attention



David Stern, the late commissioner emeritus of the National Basketball Association (Jeff Golden/Getty Images)

to detail, and a deep commitment to service beyond self. Jazz artist Wynton Marsalis, a longtime friend of Stern's, then relayed a similar notion of the sports industry icon as my experience and those of so many others. He described Stern as "pure caring concealed in vinegar."

"David was a reformer disguised in the battle gear of an enforcer," Marsalis continued. "You thought he was one thing, but he was something else altogether. Reform and fiber terrifyingly delivered with the intensity of an itinerant Baptist preacher. Except it was all sleight of hand and a deliberate detour towards opportunity for so many."

And those references to opportunity signal perhaps the most prevalent

theme of Stern's massive record of accomplishment. Everyone he encountered, whether an employee, colleague, business partner, or outside entity such as a journalist, was always pushed to be better, to grow, and to move beyond their comfort zone.

Or as Golden State Warriors president and former league executive Rick Welts put it more succinctly: "He enjoyed throwing us in the deep end of the pool, to see if we could swim."

Among the beneficiaries of those Stern pushes was certainly the late superstar Kobe Bryant, who died less than four weeks after the former commissioner and now also comprises part of a 2020 that has quickly started as an annus horribilis for the NBA.

Everyone he encountered was always pushed to be better, to grow, and to move beyond their comfort zone.

Sometimes those pushes grew highly combative, and there were notably four lockouts with the NBA Players Association during his long run leading the league. Many around the basketball universe were on the receiving end of vicious tirades from Stern. And industry stories are legend of NBA employees recoiling in fear at the mere sight of Stern's name showing up on their telephone caller IDs.

But again, everywhere he went Stern created greater opportunity as he turned the NBA into a multi-billion dollar colossus and helped redefine what a sports league is and should be.

Val Ackerman, the first president of the Women's National Basketball Association and now commissioner of the Big East Conference, described Stern as the single most important figure in the women's sports movement since Billie Jean King.

That's no faint praise, but deeply merited given Stern created the WNBA – creating a blueprint for the many women's sports leagues that have followed in its wake – and then steadfastly stood by the venture in the face of withering initial criticism.

Stern's ambitious global vision for basketball help bring the sport to nearly every corner of the planet, first with the 1992 US Olympic 'Dream Team', and then via a dizzying series of business ventures including league offices in China and India, broadcast, digital and social media expansions around the world, and an ever-increasing amount of international games. Millions of people that are now playing basketball and consuming basketball content and weren't before can be traced back to Stern.

Every other US sports property is still playing catchup internationally to what Stern pioneered with the NBA; work now being carried under his successor, Adam Silver, to newer corners of the world for US sports properties such as Africa.

The David Stern executive tree also has more branches and deeper roots than arguably than other figure in the US sports business, with hundreds and upon hundreds of senior leaders, in and out of basketball, owing their careers to Stern.

Stern also expanded opportunity for many of society's less fortunate through NBA Cares, a league effort he insisted move beyond the comfort zone of community relations into a far more ambitious, forward-looking notion of social responsibility.

And sometimes that mission of expanding opportunity meant literally life and death. Former Los Angeles Lakers star and Basketball Hall of Famer

Magic Johnson said Stern's move to allow Johnson to play in the 1992 NBA All-Star Game gave him the will to keep living after his HIV diagnosis. Countless others were given the same courage by Stern amid widespread public hysteria around HIV and AIDS at the time.

"In a time of need, in the darkest period of my life....my commissioner turned into my angel, and he was able to throw me a lifeline," Johnson said. "That game saved my life. It gave me the energy to carry on, and to live on."

And with that, it will be hard to imagine another sports executive who will leave a greater and more impactful legacy than Stern. ○



The Dallas Mavericks observe a moment of silence for former NBA commissioner David Stern before their game against the Brooklyn Nets at American Airlines Center on January 2 (Ronald Martinez/Getty Images)



Hard work required for China to meet lofty sporting goals of the decade ahead

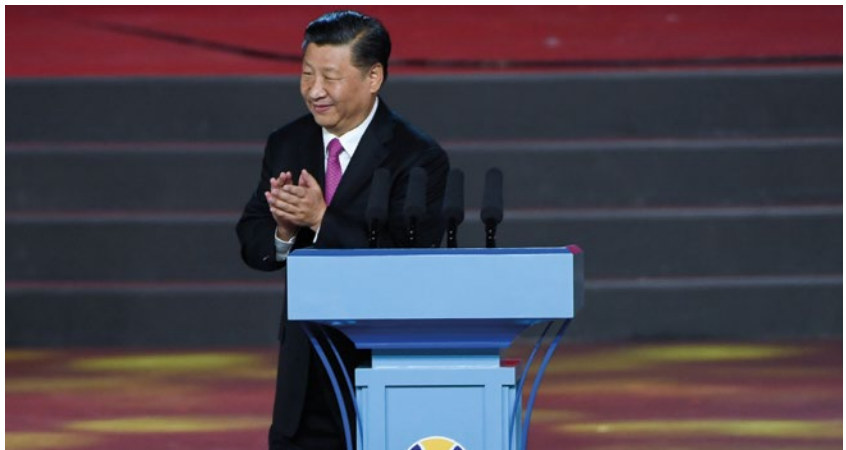
Xi Jinping has always been a strong proponent of the value of sport, and under his leadership the Chinese state has set itself bold targets in this area – to get 435 million people regularly exercising by 2020, to turn its major sports into regional powers by 2030 and world-class competitors by 2050, and to build a ¥5tn (€641m/\$699m) sports industry by 2025.

But progress has been bumpy. Digital sports broadcasting has grown but not without overheating in 2017-18. External investment in club football was everywhere, and then it was reined in. China bid successfully for the 2022 Winter Olympics and the 2021 Club World Cup, but its volleyball and soccer teams have failed to qualify for Tokyo 2020 (basketball is likely to follow).

Gou Zhongwen, the director of the General Administration of Sport, said during a meeting of sport federation chiefs in Beijing last month that raising China's performances in the "big-ball games" is a priority for the country's central and regional sports authorities. Building a talent pipeline in these sports is a huge challenge that will have to be overcome if China is to become the planned regional powerhouse by the end of this decade.

The trouble is, reforms in domestic leagues and sport federations in recent years, particularly football and basketball, have generally moved things one step forward, two steps back, due to a lack of commercial nous, as well as just old fashioned in-fighting.

When it comes to management of the Chinese Super League, the country's professional football league,



China's President Xi Jinping attends the opening ceremony of the 2019 Basketball World Cup on August 30, 2019 in Beijing, China. (Greg Baker - Pool/Getty Images)

the Chinese Football Association is in two minds over whether to tighten control or relinquish it.

In October last year, the CFA – which currently runs the league through an operating company – decided to hand over control to the clubs, in the hope of encouraging commercial development.

But government chiefs were infuriated by the national team's loss to Syria in a November World Cup qualifier, and in response to demands that better quality Chinese players come through the ranks of the CSL, the CFA exercised its power to slap a new salary cap on foreign players in the league.

The second big challenge is keeping various arms of the state working in harmony. The recent agreement between the GAS and the State Administration of Radio and Television, to jointly create a platform for events, programmes and content covering summer and winter Olympic sports, has only been launched because

of big disagreements between the two bodies going back several years.

State broadcaster CCTV's award ceremony for Chinese athletes has been on ice for two years because the GAS and the SART couldn't agree on profit distributions or which side would judge the awards.

Pre-empting division also explains why the GAS this month withdrew regulation papers limiting the commercial activities of Chinese athletes – more fall outs between national federations and their star athletes is a bad look with two Asia Olympics around the corner.

Can the CAG meet President Xi's targets of China a regional powerhouse in Asian sport by the end of the decade? Only time will tell, but it's clear that better sporting results need to come sooner than later for the "big ball games", otherwise it'll be tough going getting sponsors and rights-buyers to fuel the next stage of China's sporting ambitions. ○

Mud, sweat and tears | Where did it all go wrong for Tough Mudder?

Company subject of bankruptcy proceedings in the US

Insiders blame financial problems on 'vanity projects'

Spartan Race offers to buy business and pay off debts



Ben Cronin

There was a time Tough Mudder was one of the stars of the mass participation sector.

At the height of its powers, the obstacle racing company boasted a profile the envy of just about every event outside of the Wanda Sports Group's Ironman series, while chief executive Will Dean was seldom far from a flattering profile in the business pages.

Dean and his co-founder Guy Livingstone had conceived of a lucrative concept, tailor-made for the emerging experience economy. They identified a consumer set prepared to pay £150 (£176/\$195) to spend a weekend crawling through mud and helping others to overcome a series of elaborately sadistic obstacles – all in the

name of a shared experience.

Where other events included a timed, competitive element, Tough Mudder was all about teamwork and camaraderie. The mud-caked images that legions of participants duly shared on social media denoted a certain type of generous, broad-minded adventurism and only served to market the events more aggressively.

In an interview with *The Times* around the 2017 launch of his memoirs, *It Takes a Tribe*, Dean estimated the company, of which he held a 50-per-cent share, was worth “north of \$100m (£91m)”. But details that emerged from a 2019 lawsuit and recent bankruptcy proceedings in a Delaware court indicate the extent of his delusion.

If, as expected, rival obstacle racing company Spartan manages to acquire

the business through the bankruptcy courts, it will be for a lot less than \$100m. Even more damagingly, legal documents reveal how a series of strategic missteps and an unedifying record of greed, hubris and ego led the company to the point where creditors have not been paid and its greatest rival is circling, looking to buy the firm in a fire sale.

'Vanity projects'

Between the founding of Tough Mudder in 2010 and 2013, when it announced it had reached a million registrations, the company appeared to be on an unstoppable upward trajectory. At its zenith, in 2012, it is understood to have posted \$10m in profits. But these sorts of figures dwindled as the company lost sight of its ethos.

Insiders at the firm's US and European offices, who have not attended work or been paid since the turn of the year, identify the publication of Dean's memoirs as one of a handful of 'vanity projects' that bled the firm's core business and drove up the debts that caused the bankruptcy crisis.

They say a series of made-for TV, timed, ultra-athlete events like The World's Toughest Mudder and Tough Mudder X might have succeeded in attracting media deals with the CBS Sports Network in the US and Sky in the UK, but ultimately proved to be a drag on revenues.

Sources say the company should never have introduced this sort of competitive element to its races – more the preserve of rivals like Spartan Race and Ironman – because they alienated its core audience of casual participants. Much of the proceeds from the televised events were funnelled back into prize money to attract the world's leading obstacle racing athletes, while the distance between the new events and Tough Mudder's core offering meant it failed to realise the marketing dividends from the TV coverage.

Equally, event licensing partnerships

with IMG and Indonesian market entry specialist Seroja, designed to aid the brand's expansion outside of its US and UK heartlands, failed to deliver the expected growth. Sources argue IMG

“Insiders, unpaid since the turn of the year, identify a handful of ‘vanity projects’ that bled the firm’s core business and drove up the debts that caused the bankruptcy crisis.”

lacked the relevant relationships to make a success of the venture in most countries and didn't have the agility to operate on the tight margins associated with the obstacle racing sector. At the last count, the global agency continued to run just one Tough Mudder event in Australia while a Seroja-organised Tough Mudder in Bali was the company's first and last licensed event in South East Asia.

The launch of a chain of Tough-Mudder-branded fitness boutiques in 2017 proved to be as cash-hungry as

the company's media undertakings and similarly failed to generate a return.

To balance the budgets, Tough Mudder stripped back the experience at its core events. Where once participants had run a ten-mile course, they would now run two laps of a five-mile circuit. Higher value obstacles were replaced with more basic features.

Over-saturation

The firm's misguided expansionism and paring back of the customer experience also coincided with saturation in the obstacle racing market and public interest tailing off. A study by industry-funded research group Running USA revealed the number of people finishing an obstacle course race in 2015 declined 30 per cent from the previous year. The theory was that obstacle racing was losing its novelty and organisers were struggling to overcome a 'one-and-done' culture among participants.

Reports began to circulate that Tough Mudder was in dire financial straits toward the end of 2018, with vendors and race winners complaining they had not been paid. Confirmation all was not well came in February 2019, when co-founder Livingstone filed a lawsuit against the company and its largest lender, Active Networks.

In the lawsuit, Livingstone alleged the company had





posted a loss in every calendar year since 2013, save for a small profit in 2015. The filing also showed how Tough Mudder was increasingly dependent on lending from Active, an event registration company owned by card processing company Global Payments. The lawsuit claimed that Active had extended upwards of \$18m to Tough Mudder through an unusual ‘active exchange’ agreement whereby it pre-purchased tickets for future events.

With debts accumulating, Livingstone claimed that Active demanded Dean resign as chief executive and as a board member in December 2018 and appoint independent board members, including a restructuring specialist, as a condition for continuing to lend money to the firm. The lawsuit alleged that in doing this, Active and Tough Mudder had violated contractual obligations to Livingstone and favoured Dean in the negotiations, causing him to sustain \$4.3m in losses.

Back to basics

Following the restructure, Dean’s replacement as chief executive and president, Kyle McLaughlin, attempted to

return Tough Mudder to its core business in 2019. He dramatically reduced the company’s overheads by shutting down the media operation, ending the media partnership with CBS and divesting the company of the gym business.

In the weeks immediately prior to his appointment, the company had released a statement announcing that it would remove prize money from all Tough Mudder events that year as part of “a conscious effort...to reinvest in the core business, which is delivering world-class mass participation events”.

The company simplified its product offering, cancelling events in niche verticals like Tough Mudder X, and then invested heavily in the front-end customer experience. McLaughlin ensured that Tough Mudder executives, including himself, were visible at Tough Mudder events and personally responded to customers on social media.

The changes resulted in 35-per-cent year-on-year growth in corporate and group sales and a 27-per-cent increase in customer satisfaction from 2018 to 2019.

But the reforms could only take the company so far. Parallel to this,

McLaughlin and the new independent board began exploring options to sell the company after concluding that it was unlikely to be able to repay its debts to Active.

It was at this stage that long-time rival Spartan appeared on the scene and things began to get complicated.

Brinkmanship

Spartan is understood to have made a ‘seven-figure offer’ for Tough Mudder in November last year, that included a promise to pay off the company’s trade debt across all of its entities and pay Livingstone and Dean around \$1.5m each for their shareholdings. On 23 December it also entered into an option agreement to acquire all of the Tough Mudder UK, German and Canadian affiliates.

But Spartan alleges that Dean moved at this stage to block the transaction, by appointing himself director of the UK company. Sources accused Dean and Livingstone of playing ‘a game of brinkmanship’ with Active and of ‘ignoring the interest of creditors’ in demanding the shared sum of \$44m to sanction the sale to Spartan.

Active Networks took Dean's appointment as director of the UK entity to be a breach of contract and called in its debts. In practice, this meant it began to withhold ticketing revenues for Tough Mudder events. The company responded by switching off registrations for these events. McLaughlin and Giles Chater, managing director for Tough Mudder Europe subsequently resigned, both declaring that the dispute made their positions untenable.

The state of paralysis threatened the sale to Spartan and also attracted the attentions of the company's creditors. On 7 January this year, three vendors filed Chapter 11 bankruptcy proceedings in the US, demanding that the court appoint a trustee to prioritise their interests.

Spartan would later issue a filing in support of the creditors and argued that the infighting had rendered the company 'incapable of continuing operations' and had damaged the value of the business. Payroll was missed and staff did not turn up for work in January, traditionally the company's busiest month for registrations.

Climb down

An end to the dispute now looks in sight with the co-founders appearing to have climbed down in their demands. Sources suggest the negative publicity associated with the standoff encouraged the change of mind. On 15 January, Dean and the board of directors filed a motion to the Delaware bankruptcy court stating that they would neither stand in the way of a reorganisation of the company by its creditors nor in the way of a sale to Spartan.

The question is whether terminal damage has been done to the business during the dormant period in which event registrations have been suspended.

In its statement in support of the company's creditors, Spartan said it continued to be interested in 'certain Tough Mudder assets' and signalled its willingness 'to consummate a transaction through a bankruptcy court proceeding' despite the damaging standoff. The thought is the buyer will now look to restructure its offer with less of its investment going to equity



A Spartan Race event in Hong Kong

and more being allocated to customer retention, ticket guarantees and limiting the damage created by the infighting.

Insiders believe Spartan's continued interest in Tough Mudder indicates the fundamentals of the underlying event business remain sound. For all its travails, brand recognition remains high and the company is said to boast a 30-per-cent customer retention rate, which is unusually high for the sector.

The company also has multi-year event licensing partnerships in 16 countries that have proven more successful than those with IMG and Seroja. Events in Dubai, Doha, Cape Town and Ireland all show that the licensing model can be made to work with the right partner.

In spite of its problems, the company has also proven itself to be particularly adept at attracting big-name sponsors. Last year, confectionery brand Snickers joined a roster that already included Brew Dog, Lucozade Sport and Soap & Glory.

McLaughlin and Chater are both in favour of the takeover and have

indicated they would be willing to return to work under Spartan ownership. Spartan has indicated that it would respect the core Tough Mudder identity and continue to organise 'teamwork-based, non-competitive festival events' – and that the company would be operated by the same team under the same brand.

There is only a five-per-cent crossover between the client bases of the two companies, meaning Spartan would significantly expand its scale and reach through the deal. A takeover would also allow the two companies to coordinate event calendars and sell sponsorship deals across multiple events. Sources talk excitedly about creating a 'customer lifecycle' in which participants begin their obstacle racing journey with a Tough Mudder before graduating to a more competitive Spartan event.

With the infighting apparently at an end, there is genuine hope that the Tough Mudder brand can be saved and that new ownership can put the company on a less spectacular but infinitely more stable path. ○

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City and SAP win partnership prize in Globe Soccer Awards first

Manchester City and multi-national enterprise software company SAP are the first winners of the Best Partnership of the Year by SportBusiness Award, presented as part of the Globe Soccer Awards in Dubai on December 29.

The prize was awarded for the ‘Who’s the Blue’ campaign, which asked fans to identify star City players from their statistics.

Ferran Soriano, chief executive at Manchester City and Steve Tzikakis, president (EMEA South) for SAP, received the award from Saeed Mohammed Hareb, secretary general of Dubai Sports Council, during a ceremony attended by football luminaries including player of the year Cristiano Ronaldo, female player of the year Lucy Bronze, Didier Deschamps, coach of world champions France and Ajax chief executive Edwin van der Sar.

“Winning SportsBusiness’s ‘Best Partnership of the Year’ with Manchester City is a great milestone in our journey of enabling digital transformation at one of the world’s

leading football clubs,” said Tzikakis.

“Manchester City is showing global best practices in how a sports team can run real-time analytics on the cloud to transform operations and performance, from the boardroom to the pitch.

“We look forward to continuing our co-innovation partnership to further enhance the team’s operations and athlete performance as well as the overall fan experience.”

SAP KPI’s

For SAP, Manchester City provides a unique global platform to showcase its portfolio of best-in-class solutions, drive brand awareness in key international markets (UK, US, Japan, Australia), and bring real-time statistics and insights to life for fans.

The ‘Who’s the Blue’ campaign specifically contributed to SAP’s top 10 brand KPI’s by delivering global reach and inspiring positive sentiment among fans. The content resonated well with a global audience, the Asian market (China and India particularly) and young millennial male fans.

Tzikakis said: “Over the last five

years of our partnership, SAP and City Football Group have continuously innovated with technology to enhance operational efficiencies, improve team performance, and to create new ways for fans around the world to follow and enjoy their favorite team, both on and off the pitch.

“We are extremely proud of the groundbreaking, innovation-led work our two organisations have accomplished together. This partnership is an example of what’s possible when two innovative brands with a common vision collaborate to transform the way that technology is used across an entire organisation.”

Despite SAP’s position as a business-to-business technology provider, Tzikakis said that reaching out to fans was a key focus area for the partnership because of City’s global fan base.

“One of our goals was to engage with fans to bring them closer to the team they love in unique ways. In our quest to become a top global brand, we developed many fan-facing activations and digital/social fan engagement campaigns, including the installation of

a digital insights experience at Etihad Stadium that brought real-time analytics insights to fans attending matches.”

Other recent examples of the brand’s co-innovations with partners, he said, include the San Francisco 49ers Executive Huddle at Levi’s Stadium, the NBA GM School and SAP’s work with the WTA surrounding SAP Tennis Analytics for Coaches.

Judging the Awards

The award was introduced to the Globe Soccer programme by SportBusiness to recognise excellence in sponsorship and reflect the role of both parties in creating successful sponsorships.

It recognises deal-making, innovation, creativity and best practice in partnerships against key criteria including the length of partnership and its enduring appeal, creativity in activation to engage with key audiences and results against stated objectives.

Six partnerships were considered for the award with a panel of SportBusiness Sponsorship specialists and external experts finally selecting Manchester City and SAP from a shortlist that

also included Liverpool and Standard Chartered and FC Barcelona and Beko.

One of the panelists, Robin Clarke, SVP International with the 160over90 agency, said: “SAP’s Who’s The Blue campaign has been a really good demonstration of how a company built in the B2B environment can utilise its core business attributes to create compelling and engaging campaigns in the passionate, hard-to-navigate football B2C space. All this being done whilst delivering meaningful benefit to City Football Group’s operations is a high bar in the modern partnerships arena.”

Jeremy Edwards, director of content at the sponsorship activation intelligence company Activative, said there was much to respect about and to learn from this “smart, strategically sensible and distinctly contemporary, partnership – especially when it comes to tech platforms and the role of data.”

The sponsorships boasted strong results and an impressive track record of imaginative activation – and, in previous years, all had won praise and awards for effectiveness and/or creative excellence, he said. ○



SportBusiness is supporting the award as part of its enhanced commitment to supporting football clubs and brands to identify and maximise the value of sponsorship.

Last year saw the launch of SportBusiness Soccer, a revolutionary digital sponsorship data tool that delivers uniquely granular information about every one of more than €2bn worth of deals done by clubs in Europe’s biggest leagues: the English Premier League, German Bundesliga, LaLiga in Spain and Italy’s Serie A.

In a highly competitive environment, sponsorship is one of the revenue streams that clubs can control and grow. As the rate of media-rights growth slows for many major properties, it is becoming an even more important revenue stream for leading clubs. Leading the way are Barcelona and Manchester United, which will earn €304m and €288m respectively in 2019-20.



Young, gifted and Parisian: why PSG means more than football to global brands



PSG wants the same kind of brand cachet as MLB team the New York Yankees or F1's Ferrari

Club aims to appeal to international brands as its new partners, with most recent sponsor deals not from Qatar

PSG currently has 31 sponsors across 25 sector categories with at least two more yet to be unveiled

Frank Dunne

The best moments in marketing are sometimes not marketing at all. They're just extraordinary things that happen. In June 2019, at the Glastonbury music festival, English teenager Alex Mann took the stage from the crowd wearing a Paris Saint-Germain jersey to join London rapper Dave in a word-perfect rendition of the artist's hit Thiago Silva – a tribute to PSG's Brazilian captain.

The footage went viral – the YouTube clip has now been seen by nearly 11.5m people. It was unscripted, authentic and cool – a marketer's dream for a lifestyle brand. And for Ligue 1 champions PSG, completely free.

That kind of moment, however, could

only resonate with millions of young people because of the work the club has put into its brand development since it was bought in 2011 by Qatar Sports Investments, an investment arm of the sovereign wealth fund of Qatar.

The strategy of the new owners has gradually become clear: to build more than a successful football team. They want PSG to have the same kind of brand cachet as baseball's New York Yankees or Italian motor racing team Ferrari. Something that transcends sport.

How many people buy a Yankees baseball cap every year with no idea who the Yankees are, how they are performing or even what sport they play? That's where PSG wants to be. And it's getting there. Last season, one million of its Nike-branded jerseys were sold worldwide.

“That clip was pretty cool and went viral,” says Marc Armstrong, the club's chief partnerships officer, of the Glastonbury moment.

“People are commenting more and more now about the number of Paris Saint-Germain jerseys they see all across the world these days. This is borne out by the sales success our partner Nike is experiencing and is a result of the work we have done as a club for years now. That clip was a good example of this success and the global relevance of the club.”

The values the PSG logo are intended to evoke are flair, fantasy, romance, style and youthfulness. Players have been bought not just because they fit a coach's tactical philosophy but to make a statement about the club's ethos and ambition: Larger-than-life characters

like Zlatan Ibrahimović, one-man industries like David Beckham and, more recently, Brazilian Neymar and rising French star Kylian Mbappé, the two most expensive players in football history.

PSG by numbers

Some leading figures in football, like Javier Tebas, president of Spain's LaLiga, have questioned whether it is fair that state-owned clubs compete with clubs owned by entrepreneurs or members. But in terms of hard numbers, PSG can claim to be the success story of the decade in European football.

PSG has won 22 trophies in the last six seasons – more than any other club in Europe – including six league titles on the bounce. It is one of only four clubs to have reached the knockout stages of the Uefa Champions League for the last eight seasons. The others are Barcelona, Real Madrid and Bayern Munich.

The club has very quickly built a global following. Nielsen Sports research for PSG in March 2019 came up with a total “worldwide fan potential” of just under 400 million. Followers were mostly in the Asia-Pacific region (129.16 million), then Africa and the Middle East (99.76 million), Latin America (71.93 million), Europe (54.27 million) and North America (44.62 million).

Club-commissioned fan or ‘follower’

figures are often met with a roll of the eyes these days, but clubs still put great store by them when pitching to potential sponsors.

“We have to keep being creative, pushing the boundaries, finding new ways of bringing in revenue.”

Marc Armstrong | chief partnerships officer, Paris Saint-Germain

The same is true of reach and engagement numbers on social media. By June 30, 2019, PSG's Instagram followers were up 72 per cent year-on-year, Twitter up 11.6 per cent and Facebook up 8.2 per cent. Only the Premier League's Liverpool and Serie A's Juventus enjoyed faster growth on Twitter in the same period. PSG now has the ninth most-followed Facebook page among sports clubs and the joint-fifth YouTube football channel (with the Premier League's Manchester City).

This growth in actual or potential customers is reflected in a more tangible metric: the bottom line. For the 2018-19 season, PSG's sponsorship income was up nearly 60 per cent, from €94.1m (\$105.3m) to €149.6m. Total commercial income rose 25 per cent, from €268.7m

to €335.7m.

QSI paid about \$130m (€116.1m) for the club when it acquired it in 2011 from private equity firm Colony Capital. Now ranked sixth in the Deloitte ‘rich list’, it is valued at \$1.9bn.

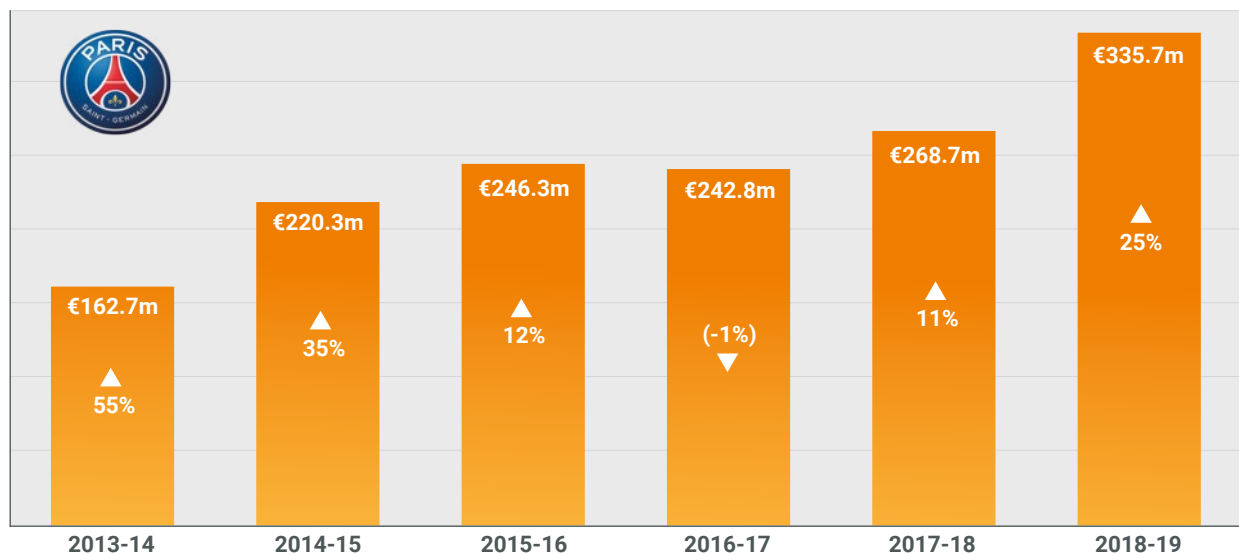
“This season we are expecting similar growth in revenues, and hopefully even more”, Armstrong says. “Can we keep that going? We hope so. We have ambitious targets. But you also have to make sure you have the inventory. After a successful couple of years, there are fewer traditional assets to sell. We have to keep being creative, pushing the boundaries, finding new ways of bringing in revenue.”

New wave

PSG currently has 31 sponsors across 25 sector categories with at least two more to be unveiled in the coming months. The nature of the brands has been changing in line with the expansion of the club's footprint. Of the 16 deals signed in the last two seasons, only two are for France only. The rest are either global or multi-market.

“We don't set a maximum or minimum number for partners,” Armstrong says. “Equally, we don't want too many. We want fewer, deeper relationships. We have let some of the older, smaller deals lapse and replaced them with bigger, better deals that are

PSG COMMERCIAL * REVENUE (€M)



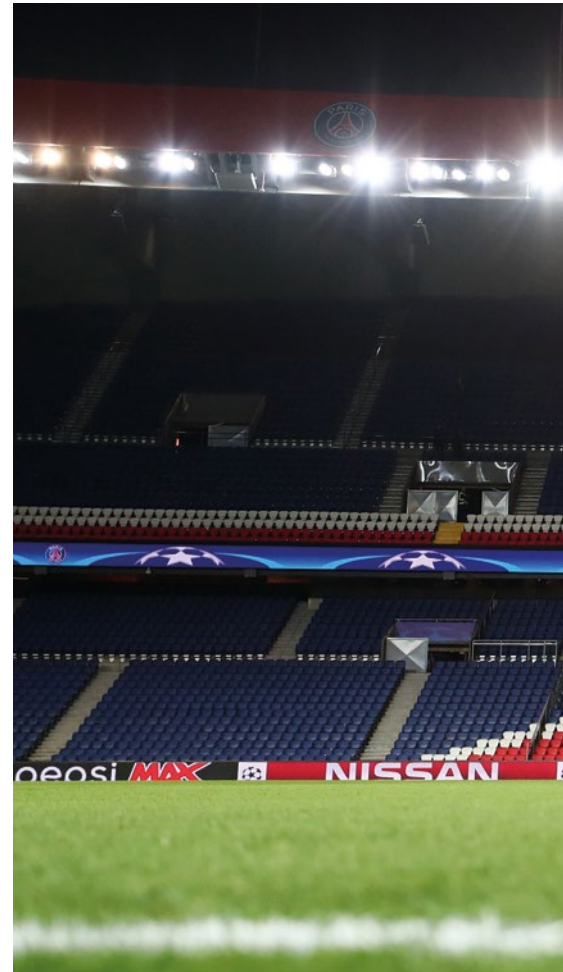
Source: PSG, SportBusiness Sponsorship *includes sponsorship, merchandising, matchday, international tours and others



Alex Mann was picked out of the Glastonbury crowd to join London rapper Dave, while wearing a PSG jersey.



Accor Live Limitless/PSG fashion show, Shenzhen, China.



mostly global or at least multi-market partnerships.”

PSG's two most valuable deals are its renegotiated kit deal with Nike, which bumped the rights fee up from €25m per season to about €60m per season, and its new main sponsor deal with hotel chain Accor Hotels, which is thought to be worth about €65m per season.

The Accor deal provides a good case study of how the club is approaching brand relationships and how brands see the club as a global platform. Accor is a French company but only 22 per cent of its business is in France. Expanding the non-French business is a priority.

As well as the licence fee, PSG benefits from a huge amount of activation the brand is doing globally around the partnership. A typical example was the fashion show Accor put on in Shenzhen, China last summer to mark the launch of the new Nike Air

“It’s really about getting under the skin of the brand and what they want to achieve.”

Marc Armstrong | chief partnerships officer, Paris Saint-Germain

Jordan-branded PSG kit.

There are also smaller deals which demonstrate what Armstrong means by ‘new ways’ of driving sponsorship revenue. The club’s deal with mobile games company Supercell is non-traditional. The name won’t be seen on LED boards or other fixed exposure assets. The company’s whole focus is on having access to players to create ‘cool’ content for its key target audience.

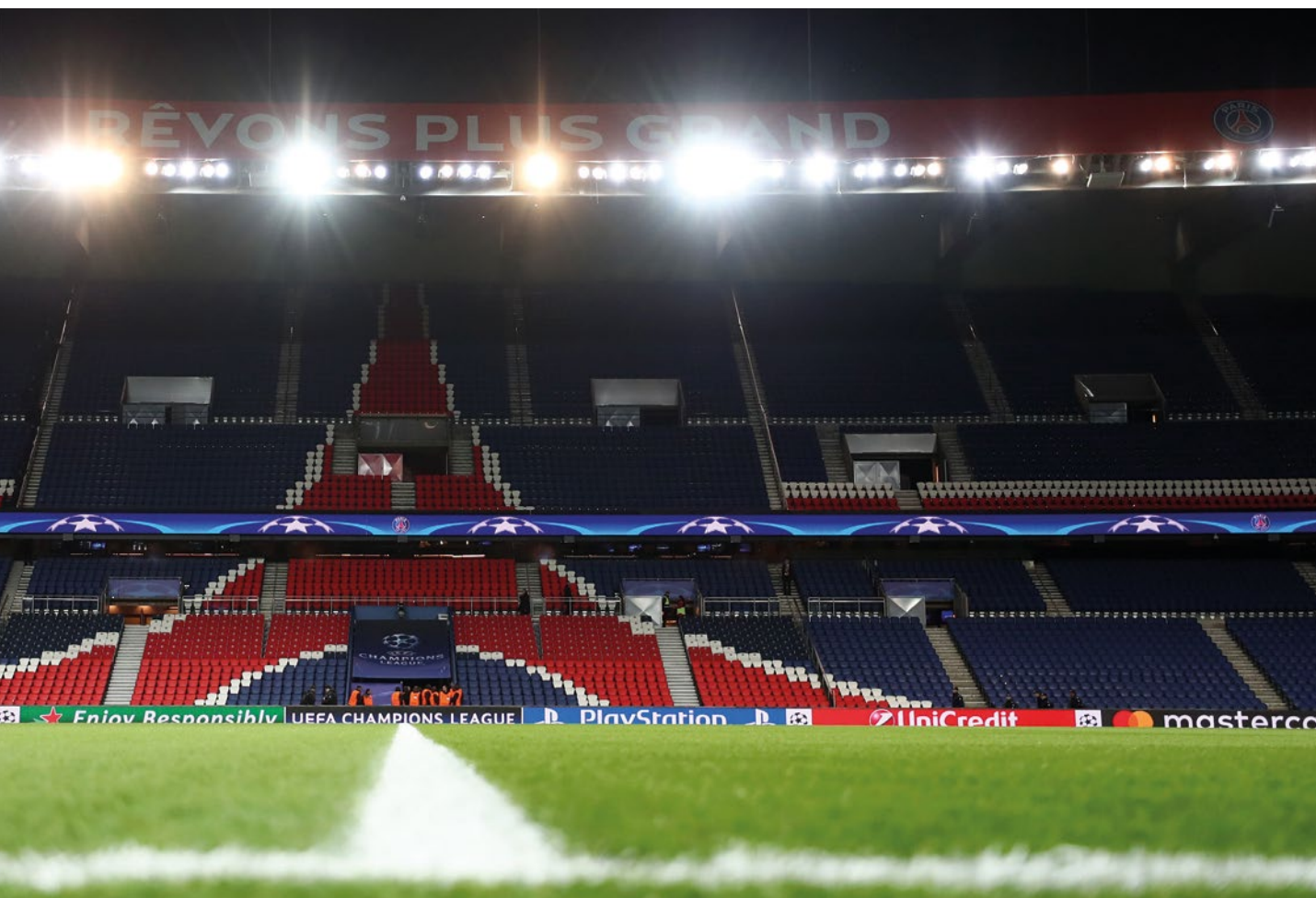
PSG has distinct tiers of partners, but there are big differences in the nature of the rights on offer and the licence fee within each tier. PSG’s marketing

division includes teams called Business Intelligence and Offer. Business Intelligence provides the market research. Offer builds the proposal and is expected to be creative in constructing a package that works best for each.

Armstrong admits that it is something of a cliché to say that sponsorships now have to be tailor-made. But this is the way the industry has been heading for many years. “It’s really about getting under the skin of the brand and what they want to achieve,” he says. “The first meeting is always more about listening to what the brand is looking for.”

FFP and diversification

The club’s issues with Uefa’s Financial Fair Play regulations are well-documented. Since 2014, its sponsorship deals, particularly those with Qatari companies, such as the Qatar Tourism Authority, have come under scrutiny as



Parc des Princes Stadium (Catherine Ivill/Getty Images)

to whether they reflect genuine market value or are artificially inflated. At one time, the QTA deal was reportedly worth over €200m per season to the club. It has since been renegotiated downwards and the current value is not available.

One of the trends noticeable in the club's partner portfolio in recent years has been a reduction in the number of Qatari brands. This is not, however, a reaction to the high-profile FFP battles with Uefa, Armstrong insists.

"It has happened quite naturally because we have done a great job of getting ourselves out there, appealing to brands all over the world. Only three of our partners are Qatari brands and we do great things with them. It's a small part of the total but very important, as two of them are on the shirt and in the upper echelons of our programme. Of the 16 new deals we have done in the last two seasons, none are Qatari. We

may have other Qatari partners in the future. We'll see."

FFP, Armstrong says, is something all clubs have to consider. "The more you make the more you can spend. We are no different to any other club in terms of keeping an eye on our revenues and what we can spend."

City of lights

In addition to success on the pitch and its positioning as a lifestyle brand, PSG also has a not-so-secret weapon in terms of appealing to global brands: Paris.

"We are selling the city as well as the club and we definitely we feel we embody many of the same values: culture, style and passion," Armstrong says.

When QSI took over, it redesigned the club crest and all related brand equity around the Eiffel Tower.

PSG's iconic Parc des Princes stadium is within the city limits, not

a remote out-of-town location. News coverage of matches often focuses on the VIP seats as much as what happens on the pitch. Any celebrities visiting Paris, from Jay Z and Beyoncé to Rihanna and the Hadid family, are likely to take in a match.

Being the only major club in such a big city is an advantage when talking to potential sponsors. "We always say to brands: 'Imagine if London had one Premier League team instead of six. And imagine they were called London United and had Big Ben in their badge'. That's what we are essentially. You can't come to Paris without touching or feeling Paris Saint-Germain in some way."

PSG has come a long way in a short time since its takeover in 2011. Founded in 1970, the club will celebrate its 50th anniversary in August. Expect something eye-catching, Parisian and cool. ○



Tankut Turnaoğlu



José Colagrossi



Nazim Aliyev

Brand & Sport Summit delivers key insights as sports and brands meet

The third edition of Sportsnet Group's Brand & Sport Summit attracted an audience of 1,500 to the VW Arena, Istanbul with more than 20 hours of content broadcast live on TV and streamed over digital platforms. Here we look at the contributions of some of the keynote speakers.

Tankut Turnaoğlu, chairman and general manager of Procter & Gamble for Turkey, Caucasus and the Middle East

Joined on stage by the Turkey women's volleyball national team manager Pelin Celik, national volleyball player Islam Özçelik and the former coach of the women's volleyball national team Reşat Yazıcıoğulları, Tankut Turnaoğlu and panelists discussed the ways that Procter & Gamble's sponsorships positively impact on individuals and communities as well as the brands themselves.

He said that the 25th anniversary of P&G's Orkid sanitary product – which coincided with the 25th anniversary of 'women's freedom in Turkey' – was successfully celebrated through the company's alliance with the women's national volleyball team and its 'Sultans of the Newts' campaign.

"The combination of agencies and brands, as well as a great creative idea built around 'the freedom of women' brought us this success. We understand the power of an idea comes from its continuity. I think the most important message we can give is to believe in the idea and support it through investment in communication," he said.

José Colagrossi, global chief operating officer, Kantar Sports

The digital revolution that has impacted on so many areas of personal life is demanding a change to the established ways of researching and evaluating sports sponsorships,

explained José Colagrossi.

He told the audience that this is the era of digital passion and understanding the data around the interaction with supporters/fans is critical.

He explained that, as in other areas of marketing, seeing fans simply as recipients of marketing messages is missing the point. The key is to understand their response and reaction in order to better understand the impact of digital sponsorship.

The most important buzzwords of the new era, he said, are: Interactive, on-demand, real-time, multi-screen, decentralised, global and virtual.

Nazim Aliyev, managing director for international sponsorships, SOCAR

SOCAR, the state oil company of Azerbaijan, is the biggest investor in Turkey and uses sponsorships to build awareness in Turkey and across Europe.

Nazim Aliyev explained his sponsorship philosophy: "A sponsorship



Phil Carling



Nihat Özdemir



Nur Serenli

expresses only a financial partnership. That is why I prefer to describe SOCAR as the business partner of the organisations that we support.”

According to Aliyev, SOCAR makes investments in business and culture wherever it operates and highlighted three key elements of a successful partnership:

- Make regional investments
- Ensure a good deal and exclusive rights to distinguish you from other sponsors
- Activate and implement your sponsorship within your target audience’s communities.

Phil Carling, managing director, football, Octagon Worldwide

With the Uefa Champions League final to be hosted in Istanbul in May, Octagon’s Phil Carling delivered a fascinating perspective on the development of the competition and its relationship with its sponsors.

And Carling, who has worked at the highest levels in the football industry for many years, reminded the audience of the importance of the game to the global sports economy, with 70 cents in every dollar spent on sports marketing going to football. It is one of the most

important figures in the international football industry.

Describing the growth and development of the Champions League, he explained how the final had been transformed from a single event to become the centerpiece of a festival of football – something Istanbul will experience firsthand later in the year.

Nihat Özdemir, president, Turkish Football Federation

Speaking just before Turkey secured a place in the finals of Uefa Euro 2020 with a home draw against Iceland, Turkish federation president Nihat Özdemir gave a frank and illuminating interview in which he called for the country to get behind the national team.

His enthusiasm and expectations for a bright future are based on the combination of experienced, established talent in Turkish football along with the emergence of a new generation of exciting players. But, he explained, there were important issues for the federation to deal with, including the balance of overseas and domestic players in the top Turkish league and issues around the implementation of Video Assistant Referees.

Nur Serenli, consumer insights leader and Özde Özdemir Doncev, sports & entertainment business development manager, Nielsen

Nur Serenli and Özde Özdemir Doncev delivered and contextualised wide-ranging Nielsen research into the relationship between sports and consumers in Turkey.

They concluded that brands that run effective communications programmes to support their investment in sponsorship are winning not only in terms of building awareness by driving preference and loyalty, but that the keys to effective communication are simplicity and clarity, focusing on joy/entertainment, emotional impact and social benefit.

In conclusion they delivered three key points for brands to consider:

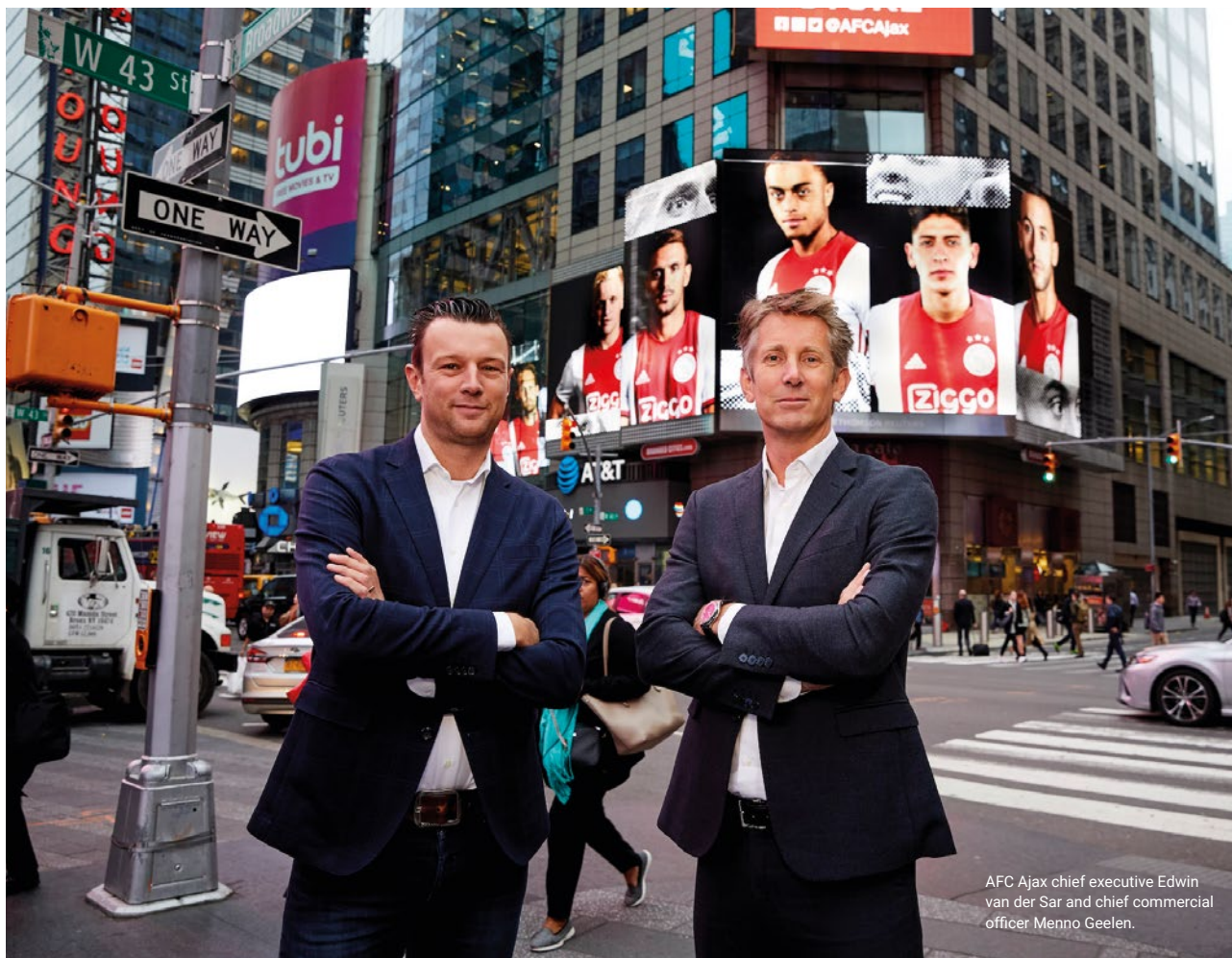
- The key principles in sponsorship communication are simplicity, entertainment, emotional impact and social benefit
- Sports bodies that can understand the marketing strategies of the brands and can meet these needs are winning
- Brands are succeeding when they evaluate public opinion when making sponsorship investments. ○

European success reinforces Ajax's status as brands' platform of choice in the Netherlands

Ajax significantly grew its social media following during run to 2018-19 Champions League semi-final

Club's historic success helps draw brands looking for platform in the Netherlands

Tailored partnerships help to secure long-term deals with Ziggo, adidas and Budweiser



AFC Ajax chief executive Edwin van der Sar and chief commercial officer Menno Geelen.

Adam Nelson

To football fans of a certain vintage, AFC Ajax remains one of those clubs, like Juventus or Real Madrid, that belongs among the elite of the European game. When an unfancied and youthful Ajax came within minutes of a Champions League final last year – having overcome Cristiano Ronaldo's Juventus and reigning champions Real Madrid en route – the surprise was how surprising the achievement is now, from the club

that produced Johan Cruyff and Marco van Basten.

The team that was ultimately cruelly beaten by Tottenham Hotspur was largely made up of young players developed by the famed Ajax academy – a point Menno Geelen, the club's chief commercial officer, says is crucial to the team's identity. "At Ajax, we have a strategy that runs through the whole club," he says. "We call it 'for the future'. Because we have never been a club that buys legends. We create them. We have to think creatively and

offensively, not only on the field, but off it."

For example, Ajax can't take for granted the retention of high-profile sponsors such as Mercedes and Hublot in a world where numerous rival teams in the top five European leagues can offer greater television exposure.

"We have big sponsors who are looking for international exposure, and that for us could be a big problem, because we cannot give that by TV, our league is not visible in many places," he says. "That's why we have to work

so hard, we have to do it ourselves by making content ourselves, making YouTube videos, Instagram posts, etc. If you're a part of the Premier League, you're already broadcast everywhere around the world. We have to do that by ourselves, just like we had to develop the players that took us to the Champions League semi-final."

Sustainable growth

While the Champions League run helped to dramatically improve Ajax's visibility, particularly to younger, international audiences across its digital channels, Geelen notes that the club's overall commercial strategy is designed to cut through the vagaries of on-pitch performance – there was no attempt to take short-term advantage of the 2019 results.

The club's turnover for the 2018-19 season reached a record-high €199.5m (\$222.1m), a near-doubling of revenues from the previous season, based largely on broadcast and prize money from the Champions League. Commercial income over the season rose just €4.4m, attributed to minor bonuses from sponsors associated with reaching the latter stages of European competition. "I don't want to say too much about the contracts," Geelen says, "but of course,

for some of our partners it is important that we show up on the international level, and when we have success there it is beneficial to the club."



The aim, of course, is for constant commercial growth, regardless of on-pitch success, and Geelen notes that "we don't have extra sponsors when we win, but we don't lose sponsors when we lose". The focus is on retaining high-profile sponsors to long-term deals.

"Of course it helps to play [in the] Champions League, which helps to sell tickets and hospitality packages, but it hopefully doesn't influence too much on partnerships," he says. "Even when we have a bad season, and we have had a few, we still see a growth

in partnership income, because we try and make our offering about more than just sport. Our strategy is focused on sustainable partnerships, which is why we have long-term partnerships with our five or six main, important partners. We look for partners who are in line with our 'for the future' thinking, who align with our sustainable approach, including sustainable growth."

Squeezing maximum value out of every partnership is a crucial part of the work of Geelen and the commercial team. Highlighting the disparity between the Dutch Eredivisie and the world's richest football division, the Premier League, Geelen points out that a team which finishes bottom of the English league will receive almost €100m in broadcast money alone, while Ajax's TV revenue comes in at just under €8m per season. "So we are forced to think creatively, but also offensively," he says. "Otherwise we are not going to reach the European top. We have to focus on what we can do, and create new domains and new revenue streams.

"If you're getting €100m in TV money, maybe you don't really care if your main sponsor is paying €4m instead of €5m. But for us, the reason we can live is because of sponsors. We



Ajax's 'for the future' slogan underpins the club's strategy on and off the pitch (Mireia Rodriguez)



Ajax's man of the match trophy has been rebranded 'King of the Match' as part of its partnership with Budweiser (Jan Kruger/Getty Images)

are probably the only club in the world who makes more from just our main sponsor than we get from TV: €8m from our TV deal, €9m from our main sponsor [telecoms brand Ziggo].”

Ajax's historic popularity has allowed the club to position itself as the representative of Dutch football on the global stage, its storied history and worldwide fanbase giving the club far greater visibility than any of its domestic rivals or, indeed, than the league itself. “On Instagram, Ajax alone is three times bigger than all the other 17 clubs in the Eredivisie combined,” says Geelen. “They have 1.3 million followers together; Ajax has four million. On Facebook, we have twice as many. There are only 17 million people in the Netherlands, and we have 4.2 million of those as fans. So for a brand, if you want to reach the Netherlands, it's better to work with Ajax than with the league or with all the other clubs together.”

A perfect example of this, Geelen says, is US-based beer brand Budweiser, which signed a partnership

“In the Netherlands, Budweiser chose Ajax, because Ajax is bigger than the league.”

Menno Geelen | chief commercial officer, Ajax

with Ajax at the end of last season – worth €12m over six years, according to *SportBusiness Sponsorship* data. Having decided to increase its sponsorship presence in European football, Budweiser “signed a deal with the Premier League for England, they signed a deal with LaLiga for Spain”, explains Geelen. “But in the Netherlands, they chose Ajax, because, for sponsors, Ajax is bigger than the league, we give better access to that audience.”

Similarly, the club's primary and front-of-shirt sponsor, Ziggo, renewed terms last year on a deal worth €9m annually until 2024, despite having no presence outside the Netherlands. Its outlay is entirely focused on engaging a domestic Dutch audience, and it

sees Ajax as the best vehicle for this. It has no partnerships with any other Eredivisie club, nor with the national football association or the league.

Custom partnerships and data leverage

The relationship with German sportswear giant adidas is one of which Geelen is especially proud, and one which he feels showcases the creativity of Ajax's commercial department. Having initially come together in 2000, Ajax is one of adidas' longest-standing football partners, and was another major brand to recommit to the club in the last 12 months, in a deal estimated by *SportBusiness Sponsorship* to be worth over €10m annually.

“I think it's a real compliment for our strategy,” says Geelen. “Of course they supply lots of clubs, but in terms of similar sponsorship deals, they only have Real Madrid, Manchester United, Bayern Munich, Juventus – really the top, top clubs of the world. But they also chose Ajax, because of what we can offer them on the media side,

the commercial side, and we are able to fight with those other clubs on a European level.”

Adidas also benefits hugely from Ajax’s strong digital and social presence – which Geelen says the club has been heavily investing into for the past decade – particularly its aforementioned dominance in the social media space in Dutch football, which allows for precisely targeted activations. “We try to treat social media like a funnel,” says Geelen. “At the top we have football fans, then we have Ajax fans, who we want to follow us on social media. But then we want to go even further and get them from just following social media to joining our own platforms, registering with our website, so we can collect data and then we can start really helping the big brands.

“For an example, we ask our followers, ‘do you also play football yourself?’ And in exchange for answering our questions we offer chances to win prizes, etc. But then when we come together with adidas, we know when the amateur football season starts, and when people are buying new football shoes. We can offer them discounts, offers to buy, to really specifically targeted, one-on-one communication.

“Instead of adidas speaking to everyone in the Netherlands, instead of speaking to 4.2 million Ajax fans, we can say for sure that we have 90,000 people who we know play football, we know that their season is starting in three weeks, we know they’re going to buy shoes this this month, so we can target them together. That really helps us to grow the commercial side because this is exactly what brands want now.”

The two announced a joint clothing line at the end of last season, emblazoned with the “the future is here” slogan.

Digital future

Internationally, the last year has offered a major boost to Ajax’s performance on social and digital platforms. Ajax has appeared in the top ten most-viewed official club channels on YouTube for each of the last 12 months and sits in the top

25 for engagement on Instagram, a position which it has leveraged to create co-branded content with its partner brands. During the run to the Champions League semi-final, Ajax worked closely with adidas to create a digital campaign that highlighted prominent elements of both parties.

“Our slogan is ‘for the future’ and their slogan is ‘dare to create’, so

“Our strategy is focused on sustainable partnerships. We don’t have extra sponsors when we win; we don’t lose sponsors when we lose.”

Menno Geelen | chief commercial officer, Ajax Digital Sports

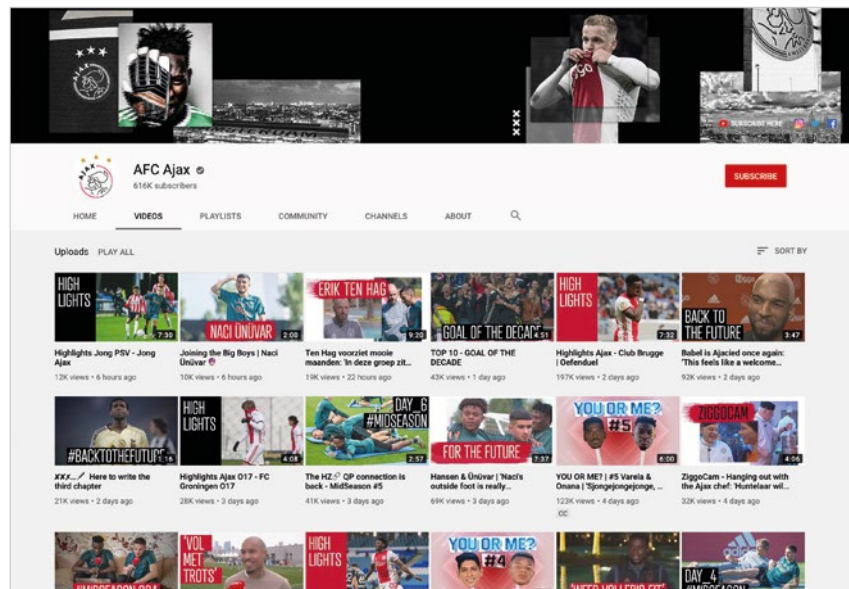
together last season we worked on a series called ‘you create the future,’ so part of adidas, part of us,” says Geelen. “It was not only on our social media channels but on their main channels, and we showed the stories of some of the players who came from Ajax youth all the way to the semi-final of the Champions League. They got millions of views.”

Geelen also notes that esports has played a crucial role in the international and digital development of Ajax over recent years. In 2016, the club launched

the Ajax eSports team, recruiting three-time FIFA world champion Koen Weijland before expanding globally. “We have a player in Brazil, a player in the US, in Japan, and players in the Netherlands,” says Geelen. “It was a really important element to us, because it started out with a problem that we had to solve, which was reaching out to younger fans.”

There is, he says, a large demographic of under-25s who “don’t watch regular television, they don’t read newspapers, they don’t read normal magazines or football magazines. But inside the commercial team, we also recognised that this is probably an even bigger problem for our partners. If we have problems reaching out to a young target audience, then so do big brands. What can we do to help not only ourselves, but our partners, make that connection? So we started investing in esports”.

Ajax eSports is now worth over €4m annually to the club, says Geelen. “It didn’t cost us nearly this much to set it up, and it is becoming a more and more important revenue stream,” he says. “€4m, to a club like Ajax, is equivalent to another commercial partnership, and this is before we have really started to build on what we can do with it, with our existing sponsors or new sponsors just for Ajax eSports.”



Ajax's YouTube channel.

'Team China' brand sets high partnership price, targets \$400m in quadrennial revenue

Five-to-seven sponsorship categories priced at ¥200m to ¥400m

New, unified brand covers Chinese national teams for various sports

Bottled water brand C'estbon signs on as first partner



Chen Guiming of Team China at Ready Steady Tokyo – Weightlifting, a Tokyo 2020 Olympic Games test event (Toru Hanai/Getty Images)

Zhang Dan

Last week, China's General Administration of Sport launched 'Team China', a collective brand for all China's Olympic and Paralympic sports teams.

Like the US Olympic and Paralympic Committee's Team USA trademark, Team China brings a broad set of commercial assets into central control. Though its primary aim is more effectively and equitably raising funds for Olympic athletes, its intention is to broaden the interest of sponsors.

"Team China is not just an alias of the Chinese Olympic delegation," says the GAS documentation. "The brand conveys

exclusiveness and unified identity. It is an integrated and independent property that is no longer strait-laced by the Olympic Games and the TOP programme (by the International Olympic Committee)."

The call-for-proposal documentation predicts that the influence of the Team China brand will exceed the "singular Olympic market" by a big margin. Before 2026 and beside the Olympics, there will be hundreds of world, continental, and national games in which Chinese national teams will participate under the Team China brand.

The GAS brief concludes that the Team China brand provides "much more salient marketing values" than the Olympics.

Partnership offering

Sponsorship opportunities under Team China cover only elite sport. Partners will have the right to use the title and names of Team China and its Chinese translation, *Zhongguo Guojia Dui*, plus 73 national teams, including women's volleyball, table tennis, swimming, football and basketball.

The sponsors can use official images and marks on product packaging and promotional materials. Via additional fees and individual consent, they may invite Team China athletes to be present at promotional activities and productions.

According to *SportBusiness Review* sources, exclusive partnerships will be awarded in between five and seven

categories of up to 15 candidate categories, which include dairy and related food, internet services, telecoms, airlines, travel, real estate, hotels and catering, automobile, drinking water and beverages, insurance, electric appliances, domestic chemicals and cosmetics, and nutrition and health products.

Partnerships will be priced in the range of ¥200m (€26m/\$29m) to ¥400m for each of two four-year terms, 2019-2022 and 2023-2026, with contracts covering both terms as standard.

Team China projects marketing revenues of up to ¥2.8bn in cash and value-in-kind over each four-year term.

The high entry price and prolonged commitment limits the number of suitable sponsors, and Team China has issued targeted invitations. “Team China is only interested in talking to companies with annual business turnover of 20bn yuan to 30bn yuan,” the source says. “Usually only large-scale state-owned enterprises can tick this box.”

The first signatory is one such enterprise: state-owned conglomerate China Resources Group, which owns a variety of businesses in Hong Kong and mainland China. Its subsidiary, China Resources Beverage, has signed on to promote its key product, C'estbon bottled water.

C'estbon ranks second in the Chinese drinking water market, with 22 per cent of the market and total sales of ¥14bn in 2018. It will provide funding, drinking water, sports drinks and other non-alcoholic beverages to Team China athletes. The company, based in Shenzhen, announced it would develop new products for Chinese national team athletes, including upgrading its sports drinks brand Magic, next year.

Ending anarchy

The Team China programme implements the GAS's mandate to centralise and systematise commercial rights around Chinese national sport, which have been a tangled mess for decades.

This was best illustrated by the chaos at the 2018 Asian Games, when swimmer Sun Yang refused to be seen wearing awarding ceremony tracksuits made by Anta, the official sponsor of the Chinese delegation, in order to protect his own

deals with 361°.

“Conflicts of interests are inevitable if associations, teams, and athletes continue to control their commercials,” says professor Li Shengxin of Beijing Sport University. “The Team China programme means to end the status of anarchy.”

The GAS will in principle let existing deals continue until expiration. In its 2018 drafting stage, the GAS proposed to buy out those which ran too long to be tolerable, but this detail was not contained in the official launch brief.

There will be much to unpick. The day after the C'estbon-Team China partnership was announced, Haier Air Conditioner, a business unit of electric appliance giant Haier Group, announced a direct deal with the Chinese women's volleyball team.

Among China's most popular teams, it has 13 existing partners – one of whom, Ganten Water, is a direct competitor against C'estbon.

According to the 2018 initial plan, 80 per cent of Team China revenues will finance the training and preparation of various national teams, for the Olympic competitions, and compensate the costs of contractual severance with sponsors which clash with the programme's exclusivity terms. Team China will spend the remaining 20 per cent on brand building, sponsor services, and media-rights development.

All teams which qualify for the Olympics will receive a share of the sponsorship money proportional to their Olympic weights. This will benefit

some Olympic Winter Game events when China strives to participate in all events in Beijing 2022 and some of the less-followed summer events, such as women's hockey.

“This is an egalitarian plan for the most popular teams not to take all and for the commercially-marginalised events to benefit from being under the Team China umbrella,” says professor Li. “You can basically call it a poverty-relief marketing programme.”

Individual rights

The programme does not govern the individual commercial activities of athletes, except for prohibiting them using the Team China identity and titles. By law, athletes own their own image rights.

The source says the Team China programme may leave room for athletes to be individually sponsored for apparel, including shoes, caps, head and wrist bands. But no details have been officially announced.

And it does not seem to be a matter of urgency. “We acknowledge that the IOC just re-wrote Rule 40,” the source says. “But in China no one is telling athletes about it, nor have any athletes asked about it.”

For most Chinese athletes, the point at which they can monetise their individual value is in winning an Olympic medal. In practice, other than Sun Yang – whose own brand has been tarnished by a doping controversy – few individual Chinese athletes are in any position to claim any Rule 40 rights. ○



Team China basketball (Tracey Nearmy/Getty Images)

Chinese athletes to benefit as government heads off potential for endorsement disputes

General Administration of Sport withdrew two papers affecting athletes' sponsorship and marketing

These regulations have affected the ability of Chinese athletes to profit from their sporting success

GAS is keen to avoid public disagreements over income distribution with its athletes



Rule changes seem designed to head off federation-athlete spats, like those between swimmer Ning Zetao's and the Swimming Management Centre (Lintao Zhang/Getty Images)

Chen Yaolin

Earlier this month, China's General Administration of Sport issued a document announcing the abolition of 13 regulation papers governing the sports industry in the country.

Most of the changes were standard trimmings of red tape, from regulating square dance fitness activities to standardisation of the work by certain departments within the GAS. But the repeal of two papers have piqued interest in the Chinese sport industry; the first being one that documents regulations related to commercial activities of national athletes, enacted September 6, 2006; and secondly, a

paper documenting interim measures for the administration of bonuses for national athletes, promulgated January 5, 2007.

These two regulation papers have governed the marketing of sports and athletes for many years, particularly the first paper, which has been considered the industry guide on what is permitted and what is banned in the marketing of star athletes.

It contained clear rules, for example that "national team and national athletes are not allowed to directly or indirectly participate in business activities without organisational permission" and "the intangible assets of active athletes belong to the State and need to be developed by the State".

As such, commercial activities for China's sporting stars have fallen under the responsibility of their sport associations, with proceeds from individual sponsorships generally divided up along the following percentages: 50 per cent for the individual athlete/players in the team; 15 per cent for coaching and backroom staff; 15 per cent to the linked sports association; and 20 per cent to intermediaries and agencies.

In terms of prize monies from events such as the Olympics, the guidelines stipulate that for individual sports, 60 per cent goes to the athlete, and 40 per cent goes to the linked sports association; for team sports, 70 per cent goes to players, coaches and backroom staff, and 30 per cent to the association.

Heading off trouble

So why the change now? With the Tokyo 2020 Olympics coming up, and the 2022 Beijing Winter Olympics on the horizon, it appears the GAS is determined to ensure that potential conflicts of interest are stamped out. Previous controversies have been regarded as a serious loss of prestige for the government.

Well-known examples include former Houston Rockets star and current Chinese Basketball Association chairman Yao Ming suing Coca-Cola for a single yuan in 2003. The global drinks giant had used his name and image in its marketing with the Chinese national basketball team, while he was a brand ambassador for Pepsi.

In 2016, basketball star Yi Jianlian was fined \$7,000 (€6,350) and given a one-game ban after violating a CBA rule mandating domestic players wear exclusively Li Ning apparel. Yi, a Nike endorser, had in protest taken off his Li Ning shoe, left it under the basket and walked off the court, complaining that the shoes were hurting his feet.

The GAS is particularly keen to avoid another Ning Zetao scenario. The first Asian to win the 100m freestyle at the World Aquatics Championships, in 2015, Ning had several controversial

disagreements with the Swimming Management Centre of the GAS, which booted him from the national team in 2017, citing several violations Ning made in signing sponsorship contracts without the team's consent. The most jarring was a deal he inked with adidas, which was publicly awkward as the Chinese national team was sponsored by a Chinese competitor, 361.

More freedom

A source told *SportBusiness Review* that new regulations would be put in place soon, with new documents being drafted by the GAS's legal team. It is understood they will have an increased focus on the rights and interests of athletes and, with regards to endorsement deals, will encourage more 'collective deals' – possibly under the "TEAM CHINA" umbrella set up late last year.

'TEAM CHINA' is a marketing initiative similar to the United States Olympic and Paralympic Committee's "TEAM USA" trademark, which allows the USOPC broad rights to control commercial uses of the brand and sponsorship deals for national funding of athletes and athlete programs.

This new image and unified title will include the Chinese national teams for various sports as well as when they

attend global events as a collective or delegation.

An official from the Sports Equipment and Equipment Centre of the GAS, who declined to be named, tells *SportBusiness Review*: "Previously, whether an athlete could sign an agent to garner commercial and image rights deals was a grey area. This will be clarified with the new regulations. Essentially, the business activities for national athletes will be standardised, with more autonomy given.

"2020 is a big year for athletes and their associations, with the Tokyo Olympics coming up. With more commercial deals and opportunities, the introduction of these new rules will help stimulate morale amongst athletes, and inspire them to better results, and also obtain more reasonable commercial returns for themselves."

But Adam Zhang, chief executive officer for Chinese sports consultancy Key Solutions, notes: "At the end of the day, it's a balance of rights and responsibilities. Traditionally, because China uses a national system and state funding to train athletes, most of them are considered civil servants, so their income must be allocated by the state. They won't be allowed to simply use the system and fully enjoy the dividends of the free market economy." ○



China's Olympic team at the Opening Ceremony of the London 2012 Olympic Games (Michael Regan/Getty Images)



The Ocean Race makes waves with award-winning initiatives

The Ocean Race scooped two awards at the BT Sport Industry Awards 2019 for its Sustainability Programme and its technologically innovative efforts to engage fans.

The Ocean Race is leading the charge with a groundbreaking Sustainability Programme and innovative storytelling that is helping to drive change in the engagement and impact of sailing worldwide.

At the BT Sport Industry Awards 2019, The Ocean Race (formerly the Volvo Ocean Race) scooped the Social and Sustainable Development Award for the Power of Sport campaign that highlighted the UN's #CleanSeas campaign to #TurnTheTideOnPlastic, and also the Cutting Edge Sport Award for the Southern Ocean RAW & Live initiative.

The sustainability campaign from the 2017-18 edition of The Ocean Race, which focused on reducing the amount of plastic entering the oceans, was described as a "shining example" by the judges.

Sustainability

To activate the programme, high-level partnerships were established with institutions like the United Nations Environment Programme and the #CleanSeas campaign, as well as with private foundations and brands.

In collaboration with founding

principal sustainability partner 11th Hour Racing, principal partner Mirpuri Foundation and the main sustainability partners – Volvo, AkzoNobel, Bluewater, Stena Recycling and Ocean Family Foundation – the programme's goals were to educate and showcase innovative solutions to address ocean plastic pollution.

"We wanted to create a platform on which we were able to speak to millions of race fans about this urgent issue and how we all have a role to play in helping to restore ocean health," says Robin Clegg, who has been heading global sustainability communications for the race. He adds that the race's partners, sponsors, host cities, teams, sailors, workforce and volunteers helped to drive the momentum.

"By devising a specific Sustainability Programme, we were able to maximise our global impact and act as a catalyst for real change, offering impactful solutions to governments, businesses and individuals. Leading by example, we also took considerable steps to responsibly reduce our own footprint, and we produced a template for how sport and sustainability could be combined as a force for positive action, especially when teams and athletes buy in."

Science Programme

The Turn the Tide on Plastic team carried the UN Environment's #CleanSeas message around the world, while the campaign also engaged fans in the Race Villages. At the stopovers and via online promotions, people were encouraged to make their own plastic pledge for the campaign and in total more than 20,000 people signed up to the initiative.

Complementing the initiative, a Science Programme was also supported by institutions, governments, corporate partners and philanthropists, contributing towards the publication of nearly 25,000 articles about the race's work across media channels.

During the 2017-18 edition, the seven teams collected oceanographic data on microplastic concentrations, water temperature, CO₂ and salinity content from some of the most remote parts of the world's oceans. This information was made available open-source to international scientists.

In addition to the Science Programme, the organisers used each stopover to promote the subject of ocean protection. Through an Education Programme, they were able to reach an online audience of more than 200,000 schoolchildren in

over 40 countries and many more race village visitors during stopovers.

During these stopovers, more than 400,000 visitors experienced interactive information on the subject. With the events not featuring single-use plastics, there was a reduction of nearly 400,000 bottles over the nine-month race period.

Summits

A series of seven Ocean Race Summits at strategic locations promoted innovative solutions to the ocean plastic crisis and offered a platform for governments and businesses to make announcements about addressing the pressing matter. Some nations, including Spain, Wales and New Zealand, used the summits to sign up to the #CleanSeas campaign.

“Building upon the legacy of the last edition of the race, our innovative Sustainability Programme aims to act as a catalyst to help restore ocean health,” Clegg says. “With a commitment to embed sustainability at its heart, The Ocean Race is determined to inspire action and create tangible outcomes that have a positive impact on the marine environment.”

As part of the initiative, an interactive, multi-lingual, curriculum-based, schools Learning Programme gives children the opportunity to learn about the race, understand sustainability issues and how people can be part of the solution.

“We are expanding our ambitious Science Programme and are encouraging innovation of renewable energy systems on board the IMOCA 60 and VO65 classes,” Clegg adds. “The



race continues its commitment to be the best role model in terms of sustainable event production, in partnership with our race teams and partners.”

Technology

Alongside the Sustainability Programme, the race’s Southern Ocean RAW & Live technology initiative also made a major impact, with the “advanced use of technology to enhance the media coverage of sailing making it a more immersive and accessible sport”, according to the BT Sport Industry Awards judges.

“It’s a challenge to deliver a social-first, always-on event 24-seven for nine months – but in the 2017-18 edition, we got closer than ever before to delivering a stadium experience, even as boats raced through some of the most remote places on the planet,” Clegg adds.

“Onboard Reporters on every boat are dedicated storytellers with one task – to give us the unfolding story of the toughest test of a team in sport. This is something unique to the Ocean Race

and, combined with global technological infrastructure, allows us to send incredible footage from anywhere on Earth, back to HQ in Alicante.

“Our raw storytelling philosophy isn’t just a style, but also dictates where and how we distribute our content. We created the RAW wall, a spot on our website where footage would automatically upload as it arrived back at HQ, and we curated our social feeds with tailored content, targeted to markets, themes and audience, reaching more fans than ever before.”

Compelling coverage

With more than 200 million social media video views and almost two billion impressions, the race’s global community reached new levels, while the race’s use of drones in the 2017-18 edition produced compelling aerial footage.

“Smart partnerships with the likes of Red Bull and Sky allowed us to reach more fans than ever before, and a focus on education, smartening up our audience rather than dumbing down our content, meant that we converted more viewers into fans,” Clegg says.

The new style of storytelling generated a swing in core website demographic from the 45-54 to 25-34 age group.

“My guess is that we’re heading towards data-driven storytelling,” Clegg adds. “Sailing can be a very complex sport to understand – but we’re now in a place where it’s feasible to gather a whole new level of data and this could add a new focus to our storytelling, to help peel back the layers and help our millions of fans around the world understand just what it takes to compete in sailing’s ultimate challenge.” ○



Wizards deploy multi-pronged strategy to develop Japanese fandom

NBA team has created multi-faceted Japanese-language content platforms to feed into interest

Commercial partnership with NEC Corporation likely to be followed by another with Japanese company

Two Japanese heritage nights planned while team is eager to play a pre-season game in Tokyo



Washington Wizards rookie sensation Rui Hachimura (Ethan Miller/Getty Images)

Bob Williams

Before to the 2019 NBA Draft in June, the Washington Wizards had a limited presence in Japan. This situation changed literally overnight when the National Basketball Association team selected 6ft 8in forward Rui Hachimura, of Gonzaga University, with the ninth pick of the Draft.

Hachimura, who was born to a Beninese father and Japanese mother in Toyama Prefecture, made history by becoming the first Japanese-born player

selected in the NBA Draft's first round. Interest in Hachimura's career progress was already high in his home country, but his top-10 Draft selection made him an instant sporting superstar in Japan.

That evening, the Wizards' Twitter account posted a message welcoming Hachimura in Japanese. Within hours, it had generated the most interaction of any tweet in the team's social media history. The following day almost 100 Japanese media members attended Hachimura's introductory press conference at Capital One Arena in Washington DC, many of whom had

flown over from Tokyo to the United States to attend the Draft. At present, between 30 and 50 Japanese media members attend Wizards games on a nightly basis.

Meanwhile, according to online sports retailer Fanatics, in the month following the 2019 NBA Draft, more Hachimura jerseys were sold on NBA Store Japan than any other player has ever sold on the site. Hachimura remains the top-selling NBA player in Japan, having sold approximately twice the amount of products than the next best-selling player.

Executives at parent company Monumental Sports & Entertainment – which also owns the National Hockey League’s Washington Capitals – quickly realised the Wizards had been given a potentially transformational commercial opportunity, and one which they needed to capitalise on.

In October, Monumental announced a reported seven-figure deal with Japanese technology company NEC Corporation, marking the first international partnership for the Wizards since the NBA allowed teams to sell global marketing rights to two international partners beginning with the 2019-20 season.

It was the first such deal for an NBA franchise in Japan. A second partnership with a Japanese company is now likely after Monumental executives travelled twice to Japan in recent weeks to meet with potential commercial partners, as well as other executives.

In just a short amount of time – and with the Tokyo Olympics approaching next summer, in which Hachimura will likely star for the host nation – the Wizards have put themselves in prime position to become the NBA’s most popular team in Japan.

The country is still a relatively untapped market for the league despite the league’s aggressive global business strategy that has taken it significantly into China, India, and much of Europe and Africa, among other locations.

“From Rui’s welcome press conference, we realised that [his arrival] was going to be transformational for us as an organisation,” Jim Van Stone, Monumental’s president of business operations and chief commercial officer, tells *SportBusiness Review*.

“It’s going to be important that we invest in it. We need to continue to do that. Making the trips to Japan is really important, as we’re hearing directly from media members, consumers and brands about how they look at this opportunity to potentially grow and evolve for us.

“I think the early successes make me feel very positive about it and hopefully we become the [NBA] team of Japan. Creating that relationship and investing in it is critical and foundational,” he adds.

Authentic and aggressive content strategy

A key part of the Wizards’ plans to engage and expand the team’s ever-growing Japanese fanbase has been an innovative and, according to Van Stone, “very aggressive” content strategy.

In September, the team announced a multitude of new Japanese-language content platforms. This included the hiring of the bilingual Zac Ikuma as the team’s Japanese digital correspondent, the first role of its kind in the NBA, as well as a Japanese-language website, Twitter account, and a weekly podcast.

“The ability to create [local] content is so important.”

Jim Van Stone | president of business operations and chief commercial officer, Monumental

The results speak for themselves. In just two months, the Japanese-language Twitter account had gained over 30,000 followers, 45 million-plus impressions and seven million-plus video views. According to Monumental figures, the account has gained more interactions in the past two months than the main Twitter accounts of 13 other NBA teams.

“The numbers we are seeing are tremendous, really compelling. I think we are onto a really good thing,” says Van Stone. “In my recent visits of Japan, I’ve met with a lot of brands over there and they are telling us that the content that we are producing is really connecting with people and it’s been really authentic.”

While many NBA teams have actively looked to leverage their international superstars to their home countries for many years, Van Stone believes the Wizards are producing content that is deeper and richer than any team has produced in the past.

“We realised very quickly that we wanted to create an opportunity to develop a really organic and authentic connection to the Japanese community, celebrating Rui’s participation and being a member of our team. We wanted to create a connection that had probably never been done before with than NBA team,” he says. “One of the things we want to show with the content we are producing is not only what is happening on the court but also what is happening behind the scenes in Rui’s journey in the NBA.”

Such has been the success of the initiative, Monumental is considering expanding it to other international



Washington Wizards announce their international partnership with NEC Corporation (Washington Wizards)



Monumental Sports executive Jim Van Stone (second left) during a recent business trip to Japan (Washington Wizards)

players in the ownership group's varied portfolio.

"Many of these places are so far away so the ability to create content is so important. We have almost 50 people in our production team who produce our content. Having the resources to create content that speaks directly to an audience abroad I think is really important," Van Stone says. "I think it can happen with other players that we have. Our rosters are really heavily influenced by international players and some of them are superstars and that gives us an opportunity."

Pre-season game planned in Tokyo

The Wizards have made plans to put on two Japanese-themed evenings in the coming months: a Japanese Heritage Night in early January, and a Cherry Blossom Festival Night in March, which will be in partnership with the local Japanese Embassy.

The team is also working with different travel and hospitality companies to cater to the influx of Japanese fans at their games. A recent Wizards home game was attended by 100 employees from the nearby World Bank along with 70 Japanese students attending local universities.

"At our home opener, from our estimates, we had almost 3,000 Japanese-Americans who came in

for the game or were tourists coming from Japan," Van Stone says. "We also realised early that a lot of people coming to games are looking for a probably once-in-a-lifetime experience. So we're doing a lot of activations, where we're inviting people in early to watch pre-game warm-ups, and have a variety of experiential activities. We're working with some travel companies in terms of coordinating that stuff."

Talks are ongoing with the NBA, meanwhile, about potentially staging a

"A lot of people coming to games are looking for a probably once-in-a-lifetime experience."

Jim Van Stone | president of business operations and chief commercial officer, Monumental

pre-season game in Tokyo as early as 2021.

"The international games are basically coordinated by the league. We're hopeful the league invites us to play in Tokyo as we move forward. I don't think there will be a game in 2020 because of the Olympics, but we're hoping the year after. If we were extended an invitation we would certainly jump at the opportunity and do it," Van Stone says.

The 2020 Summer Games themselves will provide the Wizards with another golden opportunity to make the most of Hachimura's presence from a content standpoint as well as another chance to travel to Tokyo for further business meetings.

"We're in the early stages of figuring out the strategy from that standpoint but it's a perfect chance for us to continue this process as we get into the off-season. Looking at those moments of opportunity, the Olympics certainly provide that and we would love to be part of it in any way we can," Van Stone says. ○



Japanese fans show their support for Rui Hachimura at a Washington Wizards game (Washington Wizards)

MLB's new NYC headquarters reflects Manfred's 'One Baseball' vision

New league HQ occupies five floors at 1271 Avenue of the Americas

Opening follows a three-year design and renovation effort

The move unites the previously separated MLB and MLBAM offices



The exterior of 1271 Avenue of the Americas in New York, formerly known as the Time-Life Building, home of Major League Baseball's new headquarters (MLB)

Eric Fisher

Since Rob Manfred became commissioner of Major League Baseball in early 2015, he has wanted to unite the league's disparate operations. He began to achieve his ambition functionally later that same year, through his overarching 'One Baseball' strategy that blended the previously separate functions of the central MLB offices and what was MLB Advanced Media.

Now he has also achieved that goal in a physical sense.

MLB on January 6 had its first official day at its new central headquarters at

1271 Avenue of the Americas in New York. More than three years in the making, the league will occupy five floors and roughly 330,000 square feet in the 48-story midtown Manhattan office building that was previously known as the Time-Life Building, first built in 1959 for Henry Luce's publishing empire and home for Time Inc. until its 2015 departure.

The league will also have a street-level, 17,000-square-foot store opening later this year that marks its first permanent retail location in the US. The moves are part of a broader, \$600m (€536m) renovation of the building by its owner, Rockefeller Group.

But beyond the additional space and forthcoming store, MLB will finally end nearly two decades of divided New York operations between 245 Park Avenue, and the former MLBAM headquarters and Replay Operations Center southwest of there in Chelsea Market, and house up to 1,400 employees in a single location.

"This move really reflects the collaborative vision of 'One Baseball,'" says Tony Petitti, MLB deputy commissioner, business and media. "Just considering the enhanced ability for that collaboration and the internal communication this new space affords us, being together like this, it puts us

light years ahead.”

In addition to the strictly internal functions, MLB’s new space will also include a street-level courtyard where it can stage marketing activations for key events such as Opening Day and the All-Star Game, as well as a conference centre where it will be able to hold owners’ meetings, press conferences, and other gatherings.

“Through all of these various facets, it’s really about having more face-to-face time with each other,” Petitti says. “There’s just no substitute for that.”

Merging Two Cultures

MLB first signed the lease with Rockefeller Group in 2016, and began the multi-year planning and development effort in which the league’s floors were gutted window to window and entirely reimaged from scratch.

Rockefeller Group’s new vision for the building, featuring a new exterior façade, a 60-per-cent increase in the amount of window space, and modernised systems and controls

throughout, is a far cry from the original Time Inc. use of the space, or its fictional depiction as the home of Sterling Cooper & Partners in the TV show *Mad Men*.

“Through all of these various facets, it’s really about having more face-to-face time with each other.”

Tony Petitti | deputy commissioner, business and media, MLB

But in undertaking the large-scale move, MLB also faced the hefty challenge of merging not only two separate offices between Park Avenue and Chelsea Market, but also two very different organisational cultures.

The Park Avenue offices, with plenty of wood accents that echo the look and feel of a baseball bat, were in many ways traditional mid-town Manhattan corporate offices. The MLBAM offices

in Chelsea Market, conversely, featured lots of exposed brick in what was a former Nabisco factory. Featuring a large swath of younger workers, the MLBAM office played a key role in establishing the entire Chelsea neighborhood as a technology hotbed within New York.

The new space at 1271 Avenue of the Americas seeks to blend those elements, at once balancing between recognising the sport’s extensive history while maintaining a clean, modern feel that emphasises natural light and allows for expansive views along Sixth Avenue all the way from Central Park to One World Trade Center downtown.

The five floors, directly overlooking New York locales such as Radio City Music Hall, are organised largely by functional duties. The lowest of the quintet of floors, number five, is dedicated to many of the technology functions previously housed in Chelsea, including the Replay Operations Center. The building’s sixth floor houses the



An entry way into Major League Baseball’s new headquarters in New York that honors the late Hall of Famer Roberto Clemente (MLB)



Major League Baseball's new headquarters features a large-scale mosaic image of Negro Leagues legend Satchel Paige, comprising images of other players (MLB)

main reception for the space, as well as baseball's marketing, social media, and design services departments.

The seventh floor is the executive space, and where Manfred, Petitti, and other senior leaders will primarily work. The eighth floor is the conference center featuring a wide variety of formal meeting spaces. And the ninth floor houses MLB's legal and financial operations.

MLB planned to occupy an additional floor, to make six in all, when it first signed its lease deal with Rockefeller Group in 2016. But after the two-stage sale of the BAMTech digital media subsidiary to The Walt Disney Company in 2016-17, MLB slightly reduced its overall footprint in the new space.

Within each of MLB's five floors, a heavy premium is placed on open meeting rooms and other communal work spaces. And hundreds of video screens have been placed throughout the entire space, and will be regularly showing baseball content from the MLB Network, MLB.com, and the league's regional and national broadcast partners.

On that broadcast front, MLB will also maintain the MLB Network studios in nearby Secaucus, New Jersey. But the sixth floor of the new headquarters features a remote studio that features a direct link to the MLB Network, and will allow Manfred and others to make live appearances on the cable channel without needing to cross the Hudson River.

The meeting rooms themselves, meanwhile, have also been substantially reorganised. In the prior Park Avenue office, MLB primarily used a nine-room suite of conference spaces that were each named for Manfred's commissioner predecessors including Kenesaw Mountain Landis, the first to hold the post, and Bud Selig, the most recent.

The league's new space instead names a significantly expanded set of more than 50 conference rooms of varying sizes named after all-time great players from both vintage and modern eras, organising those spaces on each floor around core baseball skill sets such as batting, pitching, fielding and baserunning.

"Each floor is a little different, but the spaces reflect the character of who is on each floor, what goes on there, and where we want to take our business, Petitti says. "And throughout all of that, we want to respect the history of the game but maintain connections with our current players."

The league worked extensively with global firm Studios Architecture on many of the design elements of the new space, as well New York-based experience design shop ESI Design for graphic components. MLB declined to detail the costs of the leasing and design of the new space. But large-scale corporate relocations such as this typically involve multi-million dollar costs. The league says the newly-combined space will be far more efficient than maintaining the two prior, separate locations.

Speaking about the move, Petitti says: "We've already been seeing our people use the space in a lot of different, and some unexpected, ways. That's something I'm really looking forward to seeing more of as we get settled into the new home." ○

XFL confident its second act will prove a success and avoid same fate as AAF

Spring season league making a return after failure of inaugural iteration in 2001

WWE chairman Vince McMahon is putting \$500m of his own money into project

Lessons learned from Alliance of American Football's demise, says commissioner



Bob Williams

This is the XFL 2.0. Almost 20 years after the first iteration of the XFL folded after just one season, World Wrestling Entertainment chairman Vince McMahon is taking a calculated \$500m (€450.7m) gamble that the spring season American football league will work a second time around.

Having been announced in January 2018, the rebooted XFL officially kicks off on February 8-9, the weekend after Super Bowl LIV at Miami's Hard Rock Stadium.

Initially, eight teams will compete over a 10-week regular season followed by play-off semi-finals on April 18-19 and a championship game on April 26. The inaugural teams have been split between

East and West Divisions. The East is comprised of the DC Defenders, New York Guardians, St. Louis BattleHawks and Tampa Bay Vipers, while the West includes the Dallas Renegades, Houston Roughnecks, Los Angeles Wildcats and Seattle Dragons.

They will play at a number of noteworthy sports venues: MetLife Stadium, Globe Life Park in Arlington, TDECU Stadium, Dignity Health Sports Park, Dome at America's Center, CenturyLink Field, Raymond James Stadium and Audi Field.

Teams will have 52-player rosters, with 46 activated on gameday. Players were selected via a draft, for which there were approximately 1,100 invitees, followed by a mini-camp. There is also a "Team 9", which consists of 40 players of varying positions who will stay in

shape via practice and provide teams with injury replacements.

The single-entity XFL is run by Alpha Entertainment, a private entity McMahon established in 2017 to explore investments in the sports and entertainment area, based in Stamford, Connecticut. McMahon has pledged to spend \$500m in the league's first three seasons and he has sold approximately \$400m worth of WWE stock in the past two years to help fund the effort.

Will it prove a success? It is, of course, too early to say but the failure of the XFL in 2001 – a joint venture between the then World Wrestling Federation (now WWE) and NBC – and the spectacular crash of the rival Alliance of American Football (AAF) after just eight weeks in 2019 has led to understandable skepticism.

But there is significant evidence to suggest a gap exists in the market for the XFL to exploit.

According to a report from consulting firm McKinsey & Company, which prompted McMahon into action, there are 85 million football fans across the United States, of whom 40 million consider themselves to be ‘diehards’.

And it is hoped the current immense popularity of the National Football League will carry over into its off-season.

The 2019 NFL regular season gained an average US television audience of 16.5 million, up five per cent from the year before and the second straight annual increase.

And among the most-watched US TV shows in 2019, regardless of genre, NFL games accounted for all of the top 10, and 47 out of the top 50.

“I think we are seeing peak football right now,” XFL commissioner Oliver Luck tells *SportBusiness Review*.

“The game is so much better than it was [in the 1980s and 1990s]. It’s incredibly popular, it’s packaged so well, not just by the NFL but also by colleges and others. It’s become our national obsession, these stadiums seem to be our secular cathedrals.

“It’s been a lot of work up until this



XFL Commissioner Oliver Luck addresses the Renegades during practice (XFL)

point, there is still a bunch of stuff we have to do, but I think we all feel pretty optimistic in terms of the opportunity that we all have collectively.

“With the support and resources that Vince has given us, we have a full tank of gas in our truck. This is a great opportunity, and if we stay disciplined and build our brands, we have a pretty good shot even if the odds are probably stacked against us.”

‘Powerful’ network TV coverage in US

The XFL is run by a distinguished and experienced front office, led by Luck, a former senior executive at the National Collegiate Athletic Association, who previously served as president of NFL Europe and also held senior roles at West Virginia University and Major League Soccer’s Houston Dynamo. Jeffrey Pollack, the former chief marketing and strategy officer with the



The XFL teams at launch (XFL)

NFL's Los Angeles Chargers, is the XFL president and chief operating officer.

Luck admits that he had some doubts over the viability of the league when it was announced but was won over by McMahon's vision for the project. "I was contacted by Vince's people in April 2018. I sat with Vince, talked to him and realised how serious he was about this effort and that he learned lessons from the failed version, if you will, in 2001," he says.

"I came in with a certain level of skepticism. I wanted to understand why he was doing this and what his expectations were for doing this. I love the game, I respect the game, and I didn't want to be involved with a league that had gimmicks and was a little bit cheesy, because the game matters to far too many people in this country to diminish it any form or fashion.

"We talked and the only way he could convince me was through his words. And all the expectations I had in terms of building this league and hiring the coaches I wanted, training camps, all those sorts of things, he's been incredibly supportive of all these efforts."

Luck says it was also a challenge to convince potential coaches that the rebooted XFL would not be like the first iteration, which was heavily

criticised for being too gimmicky, racy and violent. But, Luck adds, once former Oklahoma coach Bob Stoops was appointed head coach and general manager of the Dallas Renegades in February 2019, it helped give the fledgling league credibility, which led to a domino effect of more appointments.

"With the support and resources that Vince has given us, we have a full tank of gas in our truck."

Oliver Luck | commissioner, XFL

According to Luck, McMahon is mainly involved in the business side of the operations, rather than the sporting side, but most major initiatives and decisions are run past him, such as the choices for team head coaches.

Ensuring significant reach, the league has secured multi-year broadcast agreements with ESPN/Disney and Fox. All the games will air on national television, with doubleheaders on Saturdays and Sundays. Twenty-five games will air on ABC or Fox, while the remainder will air on ESPN, ESPN2, FS1 and FS2. ABC will broadcast the

first game, between the DC Defenders and Seattle Dragons, at Audi Field on Saturday, February 8, at 2pm ET.

According to *The Washington Post*, the XFL is neither receiving a fee for its broadcast rights nor paying any network to broadcast its games. The XFL is also gaining an international audience after ESPN announced that its ESPN Player platform will stream the start-up league's games to subscribers in Europe, the Middle East and Africa.

"Having those folks with us in this journey is very powerful. No start-up league has had this kind of visibility [before]," Luck says.

The league has also gained wider structural support with the hiring of Elevate Sports Ventures – a joint venture of the San Francisco 49ers, Harris Blitzer Sports and Entertainment, Ticketmaster, Live Nation and the Oakview Group – to help guide and support ticket sales, as well as 160over90, the recently-rebranded marketing services arm of sports and entertainment group Endeavor, to a communications role, and Infront's iX.co to develop and launch new league and team websites.

Meanwhile, the XFL has signed a multi-year partnership with sports data



(XFL)

and technology company Genius Sports to protect the start-up league against the threats of improper and illegal sports betting.

The league is banking on affordable ticket prices to attract fans. Prices range from \$20-to-\$100 per-seat per-game for all eight teams. There are additional benefits for founding season-ticket holders, including a VIP field pass for one home game, 25-per-cent discount on merchandise at XFL.com, and VIP experiences throughout the year.

In regards to attendance, the St. Louis BattleHawks have already sold 6,000 season tickets, the most in the league. The enduring anger at Stan Kroenke for taking the NFL Rams to Los Angeles is believed to have sparked sales locally. The team hopes to sell out the Dome at America's Center, which will hold 27,500 for XFL games.

Learning from the AAF's demise

For an extended period, it appeared that the XFL would be competing for fans and media attention with the AAF. But the AAF, which was founded by Charlie Ebersol – the TV producer son of veteran sports media executive Dick Ebersol – spectacularly crashed midway through its inaugural season last year due to a lack of funding. This is an issue the XFL will not face, at least in the short-term, due to McMahon's financial largesse.

Luck says the XFL has taken some key lessons from the AAF's demise, namely that they should pay a premium for quarterbacks, who will largely dictate the quality of play on the field.

All AAF players were paid the same, on three-year contracts worth \$250,000, rising incrementally from \$70,000 in the first year, to \$80,000 and then \$100,000. Average XFL salaries for a full season (December-May) are reportedly \$55,000, which includes a base salary, a bonus for being active on game days and a bonus for being on the winning team.

However, franchise quarterbacks – such as former Pittsburgh Steelers back-up Landry Jones – will earn significantly more than their teammates. According to Yahoo Sports, they will earn more than the NFL rookie minimum, which is \$495,000 this season.

“Quarterback play is critical and



the lesson was let's really identify quarterbacks, let's be specific and let's offer them more money," Luck says. "The AAF didn't, we did."

The AAF began its inaugural season less than a year after being announced, which caused significant problems. With two years to prepare for its launch, Luck says the XFL has benefited immensely from its extended build-up time.

“One of the things I learned with previous experiences at NFL Europe, and you saw this with the AAF as well, you need time to put a team together,” Luck says. “You have to hire coaches, and then give them time to hire assistants. You then need to scout players and have training camps, practices. We want to come out week one, playing good, crisp football and that takes time.”

Innovative rules and regulations

In order to speed up play and add excitement for fans, the XFL has unveiled a series of innovative rules, including nine-point touchdowns and a shootout-style overtime.

Following a six-point touchdown, teams will have options for extra points worth one, two or three points. This includes a one-point scrimmage play from the two-yard line, a two-point play from the five-yard line or a three-point play from the 10-yard line. There is no option to kick an extra point.

If the defense is able to cause a turnover and return the ball to the opponent's end zone, the resulting score is equal to the number of points the offence was attempting to score.

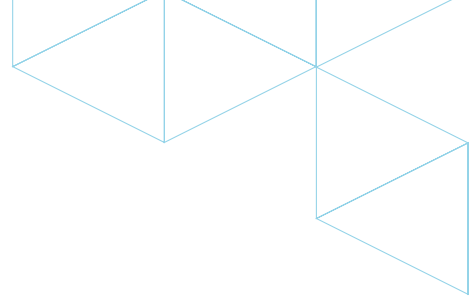
Other rule tweaks include: the right to throw two forward passes on one play, providing the first throw doesn't go past the line of scrimmage; a 25-second play clock that begins after the ball is spotted for the next play; a requirement for only one foot to be in bounds for possession; two one-minute timeouts per half; a dedicated Ball Spotting Official who will solely be responsible for quickly spotting the ball and getting a new ball after each play; and a running game clock that won't stop after incomplete passes or when players go out of bounds, except the last two minutes of each half.

There will also be a soccer-style shootout in overtime, in which each team will get five single-play possessions from the five-yard line. If the game is still tied at that point, rotating possessions will continue until there is a winner.

The start-up spring season league initially had over 100 ideas for new rules, which were cut to 50 and then tested with players since last December. Among the rules rejected were eliminating punts and field goals.

Luck says: “We took what is already a great game and tried to make it a little bit better. We think the rationale behind the dozen or so changes is all solid and will lead to a fast-tempo, high-scoring game. We're not infallible, we may have made a mistake with some of the rules, and if we made a mistake we'll be happy to change it.

“We're pretty confident that these changes will be good for our game, others may not adopt them and that's fine.” ○



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OL Group buys Reign FC with ambition to 'have the two best teams in the world'

Olympique Lyonnais executive Vincent Berthillot appointed COO of NWSL team

Reign FC poised to incorporate OL name and logo to help synergize two brands

French club will look to help NWSL gain further exposure with TV deals in Europe



OL Groupe announces the takeover of Reign FC (OL Groupe)

Bob Williams

The National Women's Soccer League is entering a new era in 2020, following the takeover of Reign FC by OL Groupe, the parent company of French women's soccer team Olympique Lyonnais Féminin, in a \$3.51m (€3.15m) deal.

OL Groupe will take an 89.5-per cent stake in Reign FC, which is based in Tacoma, Washington. Bill Predmore, Reign FC's former investor-operator, will hold 7.5 per cent of the share capital, while former National Basketball Association star Tony Parker will hold a three-per cent stake. As such, OL Groupe has become the first international majority owner of an NWSL team.

Olympique Lyonnais is a minority owner of French basketball club LDLC ASVEL, which is owned by Parker, with LDLC also featuring as a sponsor of its men's and women's team shirts. Parker

is also an OL international ambassador.

Jean-Michel Aulas, the OL Groupe owner and president, will serve as Reign FC's chairman of the board of directors, where Parker will also have a seat. Predmore will become the club's chief executive while OL executive Vincent Berthillot has been appointed the chief operating officer.

Reign Academy, which is owned and operated by Reign FC, will also become a part of the OL family. Teresa Predmore will remain as president of the Reign Academy youth programs.

Olympique Lyonnais Féminin – which also has a men's team in Ligue 1 – is the most successful women's soccer team in the world, with 13 consecutive domestic league titles and six Uefa Women's Champions League titles, including the last four in a row. Megan Rapinoe, the Reign FC and United States Women's National Team superstar, played for Olympique Lyonnais Féminin in the 2013-14 season.

SportBusiness Review spoke to Berthillot about why the OL Groupe took over Reign FC and what its plans are for the NWSL team and to develop its brand in the US market.

When will you start working at Reign FC and what will your role be?

Vincent Berthillot: I should join Reign FC in March, it all depends on the timing to get a work visa to enter the US. As soon as I get the visa, I will be in Seattle to work with the Reign FC team.

I will join Reign FC as the chief operating officer and I will work with Bill Predmore, who will remain the chief executive of the club, on all business aspects. My role will be to push the business as much as we can with revenues, in terms of ticketing, sponsorship and merchandising.

The second part of my role will be to establish the synergies that can be set up between Reign FC and OL Groupe in all the business areas, but also

marketing and social media. I will be a link between Reign FC in Seattle and OL Groupe in Lyon.

Under the new regime, what decisions about Reign FC will be taken in Tacoma and what decisions will be referred to HQ in Lyon?

VB: In terms of governance, a board of directors will be put in place. [OL Groupe owner] Jean-Michel Aulas will have a seat on the board, together with three other people named by OL, and the remaining seat will be for Tony Parker, who is a shareholder in the company.

The role of this board will be to define the strategy of the club and to take the main decisions. But on a day-to-day basis the management of the club will be taken locally by Bill Predmore and myself. Our role will be to implement the decisions taken by the board.

Going back a few steps, why exactly did OL Groupe take over Reign FC?

VB: One of our strategies in the business model of OL Groupe is to work on the internationalisation of our brand and we decided to use the expertise we have in women's soccer to enter the US market by acquiring a team.

Did OL look at acquiring other NWSL teams or other women's teams internationally, or just Reign FC?

VB: We didn't look at other countries as our target and focus was to enter the US market. Our priority was to have a team in the NWSL. When we started to think about this, we considered acquiring other teams and also the expansion option.

But we decided to go with the Reign FC acquisition for two main reasons. Firstly, the discussions with Bill Predmore went very fast. Secondly, the team was on a good level and it was very important for us to be competitive from the 2020 season.

When we were looking at other teams or the expansion option, it would have been more difficult to be competitive from the first season [if we had taken this route].

“Megan said that she wants to get involved in Reign FC after her [playing] career.”

Will Reign FC adopt or incorporate the OL name, colors or logo at some point the future?

VB: Yes, we are working on this. We want to adapt the OL name in some way and we want to adapt the logo of the club. The NWSL has to validate new names and new logos so we are working closely with them on this. We hope to

announce the new logo and new name in the coming days.

Do you anticipate some OL players will play for Reign FC and vice versa? Will coaches also look to work at both teams?

VB: OL has a strong history with American players. Megan Rapinoe and Alex Morgan have both played for us, and we will continue to consider having US international players joining our team. We will also consider opportunities for OL players to play in NWSL and for Reign FC. This is something we could do in the future and perhaps for next year.

Our ambition is to have the two best teams in the world. I don't know if we will be able to do that but we will look to have the best team in Europe with OL and the best team in the US in Reign FC. In terms of coaching, the professional teams will work on their own sides but for sure there will be some interaction with the academies.

Are friendly matches planned between Reign FC and Olympique Lyonnais Féminin?

VB: The complexity is that the sports seasons are not aligned. But for sure we will study all the opportunities for the teams to meet and play friendly games either in France or the US. We will try to organise the first one this year if we can.

In what ways will Reign FC help OL's commercial partners expand their brand in the US and likewise for Reign FC in France?

VB: On the OL side, we have already been dealing with US partners for a long time and we strongly believe the partnership with Reign FC will create a bridge between both teams and that will enable our major sponsors to communicate on the two major continents of [women's] soccer, the US and Europe.

That is something we want to push and we think this will interest new commercial partners for US companies looking to enter the French market and vice versa for French companies looking to enter the US market. We are convinced that it will be an advantage for us to have a presence on both continents.



Reign FC chief operating officer Vincent Berthillot (right) (OL Groupe)

Will OL merchandise be sold in Tacoma and Reign FC merchandise in Lyon?

VB: At the moment, we hope to keep each brand in its own territory. Before we consider selling Reign FC products in France and OL products in the US, we want to first develop common content between the clubs on social media to develop the brands in each region. This is the first step before selling merchandise.

What financial investments will OL Groupe make to develop Reign FC?

VB: Our intention is to invest in Reign FC to achieve our ambition, which is to win some titles in the US. We are in the process of getting more knowledge on the NWSL and how the club works and we need this knowledge to put in place a new and precise business plan.

On the players and coaching side, we will for sure invest in the team in the first year but we have to respect the NWSL rules regarding a salary cap. We will have the capacity to invest but we won't have the capacity to invest in more than is authorised by the league.

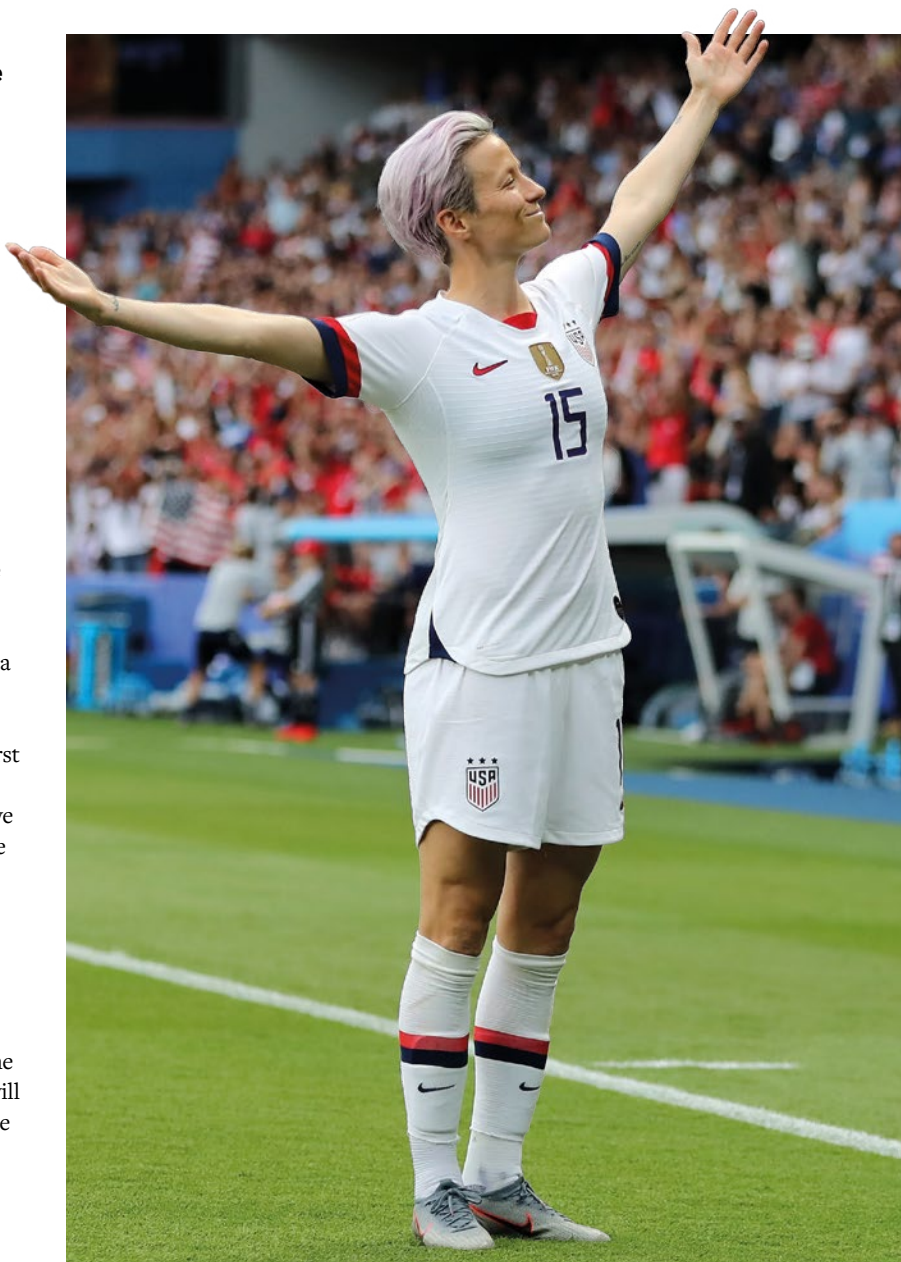
We will look to improve the training facilities in Tacoma – this is one of my first missions – and regarding a stadium, we are not part of plans to build a new facility in the area...but if the stakeholders ask us to participate, we will of course consider the opportunity to be part of this project.

Why is [former NBA player] Tony Parker involved?

VB: Tony is really famous in France, the United States, and especially in Lyon. He also has a very good knowledge of the US sports market so he will be a counsel of all the sports measures of the club. We are very happy to have him on board, it is a tremendous asset to have him involved in this project.

How important is Megan Rapinoe in your business plan due to her amazing reach and platform?

VB: This is firstly a team project but Megan said that she wants to get involved in Reign FC after her [playing] career so it will be important to have her involved. To have Megan and Tony Parker involved is really amazing for us.



Reign FC and USWNT superstar Megan Rapinoe previously played for Olympique Lyonnais Féminin (Getty Images)

How do you think your presence will help the NWSL going forward?

VB: We want to bring our vision and soccer culture into the league, as we think we have some expertise in women's soccer which could bring some value to the NWSL. But also we know that we will have to learn from the NWSL as it is quite different from what we know in Europe. We believe we can bring some value to the league and one of our goals is to propose greater media exposure for women's US soccer in Europe.

For the moment, the exposure of the league outside the US is quite low, and we hope that our investment will give

some further exposure for the league in France and in Europe. It will also be an opportunity for other foreign investors to look at this league to try to acquire other teams or become expansion teams to give the league worldwide exposure.

How can this move help the presence of the OL men's team in the US?

VB: For the moment, we are focusing on women's soccer as a first step. We believe women's soccer is the best way to develop our brand in the US. In our internationalisation plan we have a different strategy with men's soccer. ○

Teams in prime US travel destinations mine tourists for ticket sales boosts

Pro teams in key US markets working more closely with tourism groups

Out-of-town visitors represent critical source of group, individual sales

Even successful clubs see tourists as key wave of future attendance growth



Major League Baseball's Washington Nationals are among the pro teams in the American capital, a prime tourist destination, that mine visitors who may have toured the US Capitol (background) for additional ticket sales (Stefani Reynolds/Getty Images)

Rick Snider

Washington D.C. is often overrun with tourists. Nearly 30 million people hit the famed monuments and museums of the US capital each year. Eight million climb the Lincoln Memorial steps each year while nine Smithsonian museums each gain more than one million entrants.

But then night falls and Washington becomes a city rather than a destination. Museums close. Monuments darken. And suddenly many visiting school groups, business travelers, and conventioners seek entertainment rather than education, and become a fertile source of new ticket sales for the

city's six major pro sports teams.

"Our sales pitch for years has been that D.C. is an unbelievably great town, but there's not a lot to do at night," says Darren Montgomery, senior vice-president of Washington Capitals sales and arena events at Monumental Sports and Entertainment. MSE is the parent company of the National Hockey League's Capitals, National Basketball Association's Washington Wizards, and Women's National Basketball Association's Washington Mystics.

"[Our games are] a great way to keep kids together. Overall, a great opportunity to get in front of those tour operators," Montgomery says.

But Washington is hardly alone among US sports markets seeking to

cash in on their local travel and tourism crowds, above and beyond the local die-hards that represent their core fanbases, and work much more closely with travel industry operators.

The New York Yankees enter the 2020 season with a new promotional agreement with ticket provider Broadway Inbound to boost ticket sales among the city's 13.5 million international and 51.6 million domestic annual travelers, many of whom attend nearby theatre shows.

Even the Yankees, with 21 straight years of at least three million in home attendance, want to tap typical non-sports visitors for further growth. After all, the Yankees drew 178,000 fewer people in 2019 than the previous year,

despite another 100-win season, a trip to the American League Championship Series, and status as the top draw in the American League.

But unlike the Washington teams that are targeting the travel and tourism market for growth in nighttime games, the Yankees have 25 afternoon games in 2020 that serve as a counterbalance to Broadway's typical evening offerings.

Ticketing distribution

Broadway Inbound, which has relationships with travel industry distribution partners around the world, will be making Yankees home game tickets available to its clientele, and buying seats from the club's live ticket manifest, but at pre-arranged prices.

"Attending a game at Yankee Stadium is a quintessential New York City experience," said Marty Greenspun, the Yankees' senior vice-president of strategic ventures, in a release. "Our partnership with Broadway Inbound allows us to reach travelers as they plan their trip, providing them with improved access to desired Yankees game dates, seating

locations and amenities."

Added Greenspun: "We think there's a big untapped market for us in the travel space. We're just at the beginning of this, but it has a lot of potential."

Las Vegas, another prime US travel destination, this year is adding the National Football League's Raiders to its unending entertainment options following the franchise's move from Oakland. The National Hockey League's Vegas Golden Knights arrived in 2017, and thanks to a first-year run to the Stanley Cup Finals quickly became a popular draw for both locals and tourists taking a break from the endless arrays of casinos and theatre shows.

"We think there's a big untapped market for us in the travel space."

Marty Greenspun | senior vice-president, strategic ventures, New York Yankees

Las Vegas draws 43 million visitors annually, with US sports leagues flocking to it following a 2018 US

Supreme Court decision legalising sports gaming. After years of rejecting Las Vegas for its long-time national monopoly on gambling, leagues are embracing sponsorship deals that encourage fan attendance.

Indeed, with a city population of only 641,000, Las Vegas knows it needs tourists to fill sporting events and continue to grow its sporting profile. Even the city's local minor league clubs have done well catering to visitors.

And to underscore the importance of sports as a marketing vehicle to tourists, the Las Vegas Convention and Visitors Authority has a \$80m (€73m) naming rights deal with the local minor league baseball team, the Las Vegas Aviators.

"Las Vegas is turning from the entertainment capital of the world to the sports and entertainment capital of the world," said Brett Lashbrook, owner of the United Soccer League Championship's Las Vegas Lights, last year.

The lure of Las Vegas to tourists, and their ability to help support both primary and secondary ticket markets, was likely an important factor in the



Alex Ovechkin of the Washington Capitals, D.C.'s 'greatest living sportsman' (Patrick Smith/Getty Images)

Raiders selling out the personal seat licenses and nearly doubling initial revenue projections from those licenses, hitting \$478m. Team officials said out-of-town buyers purchased roughly 40 per cent of those licenses.

Back in Washington, ‘Take Me Out to the Ballgame’ replaces the US national anthem as welcome relief for tourists overloaded with American history and heritage. The city’s six professional teams – the Wizards, Capitals, Mystics, MLB’s Nationals, NFL’s Redskins and MLS’s DC United – have varied ways of reaching out to tourists.

Tourists crucial to revenue

Tourists make up a relatively small, generally single-digit percentage, but are still critical sources of revenue in both group and individual ticket sales. The visitors are often one-and-done buyers, as expected, representing a stark contrast to typical team marketing initiatives meant to create lifelong fans.

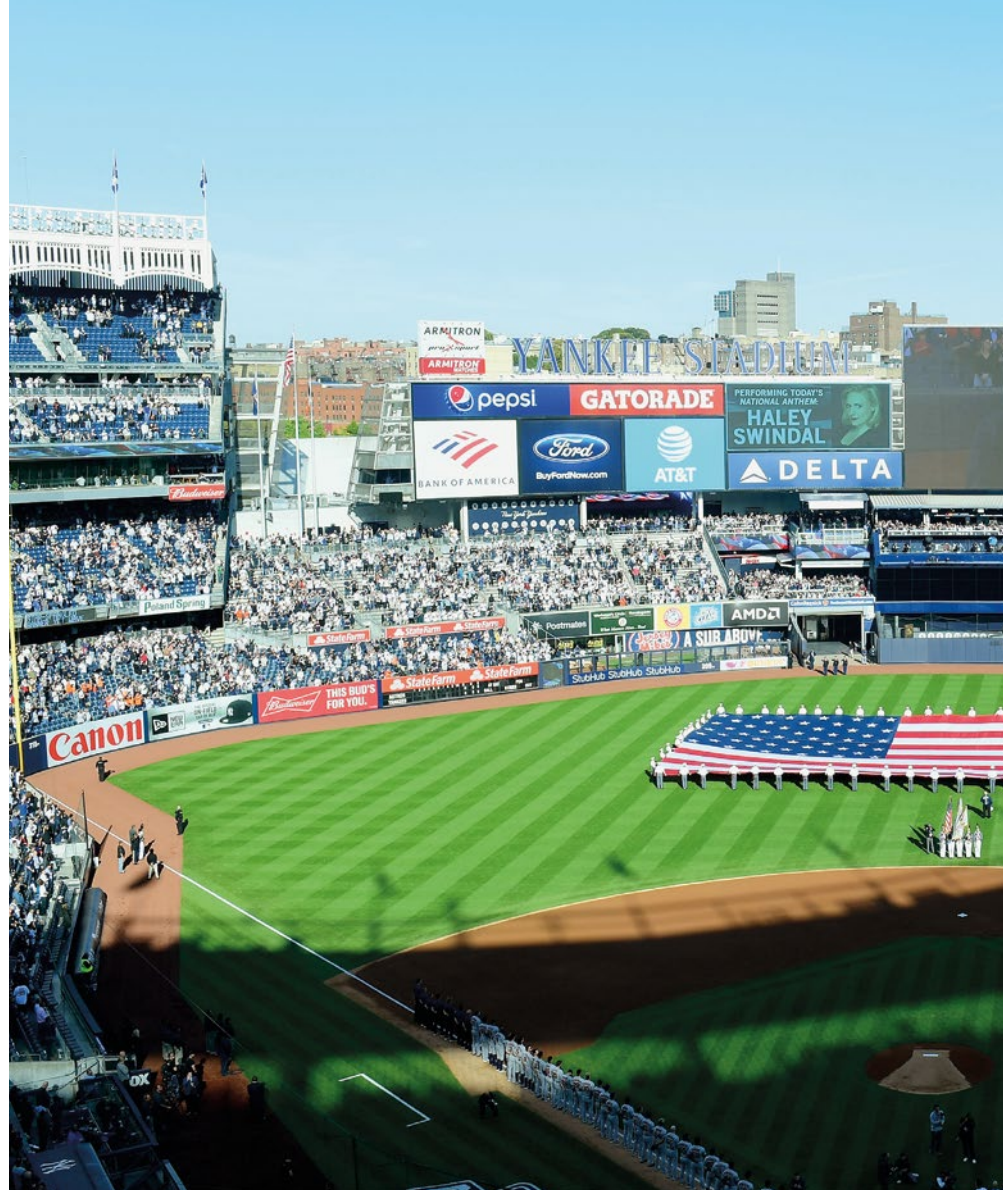
But those out-of-town buyers also represent easy money and a way to fill seats that otherwise would likely go empty. Who doesn’t want one or more of the city’s yearly 200,000 tour buses filled with 50 fans each pulling to the curb?

“Group business is a small piece, but very important,” says Bill Hanni, Wizards senior vice-president of ticket sales and service. “I’d love to see where we’d drive more traffic from.”

One of the bigger buyers of Washington sports tickets is WorldStrides, a national leader in student tourism. WorldStrides bought 3,000 tickets to Nationals games last year. It also purchased 2,000 tickets for to MLB team the Baltimore Orioles when the Nationals were on the road.

“We see a sporting event as a great way for the group to do something relaxing and fun after a busy day of learning,” says Beth Campbell, WorldStrides vice-president of content and communications. “It’s a fun bonding experience and a great way for students to get a little free time in a safe and fun environment.

“Our groups come from all over the US and the world, and many of the teachers who lead our trips view the experience of visiting a major league ballpark as another way to let students



experience [something] they might not see or do at home. And, of course, many program leaders are sports fans who know their students are, too.”

The Nationals, thanks to their spring-to-fall schedule, which matches up with the summertime peak of Washington’s tourist traffic and baseball’s heavy slate of 81 home games, are the biggest beneficiary of tourist sales.

The Wizards and Capitals, conversely, only catch the early spring tourist surge and late fall groups. The hardest ticket for travel operators to obtain is for Capitals games, which have been largely sold out for much of the past decade, almost entirely through season-ticket purchases.

“We’re at the stage now that we have limited group sales inventory, so traditional groups like Boy Scouts

and churches aren’t looking to spend the kind of money a Caps ticket gets on the primary market,” Montgomery explains. “We don’t have blocks of 10-to-20 tickets together. We do a lot of online [sales] as a group opportunity, but are very up front that you’re not going to [have large groups seated together].”

The Wizards play in the same venue, Capital One Arena, where season tickets comparatively comprise only 80 per cent of sales.

“We have lots more inventory [than the Capitals] to sell on group sales,” Hanni said. “Groups are still a relatively small part of the picture. It’s interesting that the market is shifting. The traditional season ticket is less of a popular option, [but] it still drives our business.”



Yankee Stadium, shown here, will be marketed this year to New York theatre-goers and other tourists to the city as part of a new relationship between the MLB club and ticket provider Broadway Inbound. (Emilee Chinn/Getty Images)

Invaluable partnerships

Washington conventions – the ‘season’ largely runs from late February to October – are often steered to local sporting events by Destination DC, which markets to tourists on behalf of more than 1,000 Washington businesses. Tourists spent \$7.8bn in the city in 2018, which translated into \$851m in city taxes. Several team officials cited Destination DC as invaluable to long-term sales forecasts.

“We work closely with Destination DC,” Hanni says. “We’re able to get a lot of offers out to tour groups and convention business. It gives us a good understanding of what’s coming.”

Teams in the market also expect sizable sales to visiting rival fans, generally coming as individuals and small groups as opposed to large,

organised gatherings. The Nationals, for example, know large groups of New York Mets and Philadelphia Phillies fans will always come, partly because Washington has always been a transient city filled with those relocating along the East Coast. A 2014 US Census report showed five per cent of Washingtonians are former New Yorkers.

“We’re always going to see a lot of people from New York, Philadelphia, Los Angeles,” Hanni says. “The NBA is such a star-driven league, so individual driven. But large markets that are close to D.C. are going to bring large groups.”

While many tourists are a one-time sale for teams, Emily Dunham, Nationals vice-president of corporate strategy, notes that the experience may still spark a lifetime of fandom.

“It’s definitely a different audience

– the students, business travelers, convention travelers,” she says. “Any of those people are often a one-and-done buyer. They may come to a game once in a decade. But if they don’t have a major team in their town they may become fans for life. It helps expose people to the national game, and what better place to do so than the nation’s capital?”

Washington is also an international city with 20 per cent of city residents born in another country. Coupled with 177 embassies, the highest number of any city worldwide, teams often market international players to visitors, too.

The arrival of Japanese-born Rui Hachimura to the Wizards last fall sparked group nights from embassies and local universities. Hachimura will also be part of the cherry blossom festival night on March 25, when the 3,000 flowering trees that were a gift from Japan in 1912 typically draw more than one million visitors to town.

The Wizards have 10 cultural nights this season, including French heritage night, Chinese New Year, Latvian and Slovenian heritage night against Dallas featuring the Mavericks’ Latvian forward Kristaps Porziņģis and Slovenian guard Luca Dončić plus the Wiz’s Latvian forward Davis Bertans and Greek night against Milwaukee with the Bucks’ Giannis Antetokounmpo.

The Nationals, similarly, market star outfielder Juan Soto of the Dominican Republic, whose Washington embassy placed a large “Juan Soto’s House” banner by its entrance during the 2019 World Series.

The Capitals, meanwhile, have Russian superstar Alexander Ovechkin, perhaps the most beloved D.C. sports star. Last year, *Washingtonian* magazine named Ovechkin the city’s greatest living athlete. Given often-tense US-Russia relations, Montgomery said the Caps reach out to local Russian community and heritage groups rather than the Russian embassy.

“Let’s celebrate Ovi, but we don’t want to jump into politics. It’s a fine line,” Montgomery adds. “The two [biggest international groups] for us are Russian and Canadian.”

Wherever they’re coming from, it’s always a win for teams when it comes to enticing tourists. ○

2019 a winning year for Ticketmaster Sport's Tournament Division



With more than four million tickets delivered for some of the world's biggest sports events, 2019 was a remarkable year for Ticketmaster Sport's Tournaments division.

The successful projects – including Rugby World Cup, Cricket World Cup, World Athletics Championships and the Pan-American Games – were delivered on different continents in host nations and cities with radically different sports cultures and consumer habits. This makes the success even more satisfying for Richard Evans (right), who heads the specialist unit at the global ticketing company.

In fact, the success of the 2019 operations underscores the rationale for setting up a division with specific responsibility for working with governing bodies and local organising committees on their high profile and

inevitably complex major events.

Ticketmaster has been providing ticketing services for event organisers for more than three decades and lists the London 2012 Olympic and Paralympic Games, and the Uefa European Championships among its high-profile projects. It was the knowledge and experience gained in servicing these and many other major events that led to the formation of the dedicated Tournaments division.

“We learned that because no two tournaments are alike, a one-size-fits all approach to ticketing simply won't work,” said Evans.

“As events became bigger and more complex, there was a need for a separate structure to support tournaments because they have such a big profile, demand significant resource and require a specific focus,” he added.

As the demands and expectations

of rights-holders have changed, the Ticketmaster Sport Tournaments division has itself evolved to meet changing needs.

“It became increasingly clear that there was a need to develop specific technology – in parallel to our regular sports retail business – and to create dedicated resources in terms of management and development teams to develop a specific product and service solely for tournaments,” explained Evans.

“Tournaments run in cycles of two or four years and a lot can happen within that time in terms of ticketing and technology. Back when we ticketed Uefa Euro 96, zero tickets were sold online. We managed everything manually through paper applications, ran lotteries and produced tickets. Now we see that 99.9 per cent of tickets are sold online for most major events.”

At the heart of Ticketmaster Sport's

service to major events is a scalable, cloud-based ticketing solution tailored to each and every event. It is delivered as a white-label service, designed and presented as the event's own ticketing platform, powered by Ticketmaster.

The company then draws on its massive global database to carry out digital sales and marketing campaigns that complement each client's specific objectives and own marketing activities.

Ticketmaster provides not only the platform and supporting expertise, but the experienced staff required to operate and maintain the system and ensure each ticketing operation delivers on its promise to the organisers and, critically, the fans.

In some cases that may be a single dedicated project manager to manage the system while others – like London 2012 – require the deployment of hundreds of Ticketmaster staff in roles ranging from IT support through to box office and access control.

The significant differences in ticketing requirements between events are driven by factors including the nature of the sport, the venues/location and local consumer purchasing habits.

"It has become far more sophisticated. Today it's not just about opening up and selling tickets across a stadium," Evans said.

"For example, for a rugby match the best view is likely to be from the side of the pitch in a central position, whereas in athletics people may be particularly interested in a specific discipline such as long jump and want to sit near where it is taking place in the stadium."

While some major tournaments are planned and managed directly by international federations with their own ticketing experience and capabilities, others are handled by new local organising committees that exist only for the lifecycle of the event. Naturally, they are less likely to have a built-in ticketing capability.

These different models of event management produce different requirements for Ticketmaster's

services and support and, says Evans, the capability and flexibility to scale-up or down to meet specific requirements is one of the keys to the organisation's success.

"We have handled the biggest events and those which are far smaller," he said.

"Ideally we will get involved in every project at the earliest possible stage and play a role in helping develop the ticketing strategy. This is particularly appropriate and important where we have particular experience of a tournament or a local presence which enables us to understand the market better."

Among the key challenges is understanding and being able to operate effectively in new markets.

"Understanding the market is essential to success. Because we are a global company, we have a local established presence in and understanding of many markets. But when we operate in new locations, we always start by researching and learning about the local market so that we fully understand local consumer behaviours and habits. This enables us to decide whether we need to identify and work with a local partner – as we did at Rugby World Cup in Japan – to achieve the best results," he said.

"That understanding of the market is a starting point for every project and provides the base for the development of each ticketing operation. Our technology is then customised and scaled to meet the objectives of the event organiser.

"Every rights owner has different ambitions for their major events and one of their key concerns is establishing the right balance between generating revenue and ensuring that events are accessible, and that venues are as full as possible. Using our Ticketmaster database, proprietary marketing tools and reach, we can bring

new fans to their events."

"At last year's Cricket World Cup, the England and Wales Cricket Board wanted to ensure the event opened the doors of cricket to new fans, and that objective was reflected in the ticketing strategy and pricing. Our marketing support was vital to help them hit their objective of raising the profile of cricket in the UK. Working with their marketing team and agencies, we helped widen the reach for the client. Increasingly, that is an important element of the legacy of events and one we are proud to play a part in."

Looking to the future, Evans says that data and digital technology will continue to be the driving forces.

"Most organisations are trying to move to 100 per cent digital ticketing, something we're seeing reflected across the broad spectrum of live entertainment. Fans now expect to be able to buy and use their tickets right from their phones – something we're leading the industry in with many of our clients now using our digital ticketing technology exclusively." ○



Richard Evans
director, Tournaments
Ticketmaster Sport



Automated production and user-generated content will help FIH monetise new OTT service

Revenue-sharing partnership with Mycujoo delivered new OTT platform for free

329,000 live video views were generated from 60 countries in the first year

India's participation in second year of FIH Pro League expected to boost audiences

Ben Cronin

In all of the excitement generated in sport by the advent of over-the-top (OTT) streaming, perhaps the greatest level of animation exists among lower-tier rights-holders. The cost efficiencies of direct-to-consumer delivery, allied to automated production processes, are providing smaller sports with new opportunities to stream their long-tail content, aggregate dispersed viewers into meaningful audiences and monetise rights for which there is no traditional broadcast buyer.

The Fédération Internationale de Hockey (FIH) has proven itself to be something of a pathfinder in this respect, launching its own OTT platform FIH.live in January 2019. This was all the more remarkable for the fact that it effectively did so at no additional cost to itself. Under an innovative four-year deal, Portuguese technology company Mycujoo, better known for

streaming lower-tier football, agreed to deliver the FIH-branded product for free in return for a share of future advertising revenues.

The platform has been providing live coverage of the leading FIH competitions in every market for which there is no broadcast partner since January. A longer-term objective is to create additional depth to the coverage with user-generated content of lower level games uploaded by players and fans.

One year on from the deal and FIH chief executive Thierry Weil – who joined FIH after a ten-year spell as Fifa's director of marketing – thinks it is still too early to gauge if the partnership will be a commercial success. In their haste to establish the platform, he admits both parties were prepared to take an evolving product to market.

“We did not anticipate that the monetisation of the platform would work from the first year,” he says. “We need another three-to-four months,

even in 2020, to have it up and running as we wish. And then potentially towards the second half of the year and the end of the year maybe we can start potentially monetising.”

Automation

At the time of speaking to *SportBusiness Review*, Weil says FIH.live had generated a total of 329,000 video views from users in 60 different countries. But he thinks the addition of the user-generated content and plans to work with an automated production supplier will help it to deliver a critical mass of hockey coverage that attracts a larger audience in the future. Presently, the FIH covers its own production costs, which limits the number of matches it can show.

“The next part will be automated filming because we have a lot of games, even from continental confederation competitions, which are either just streams or not even captured,” he

says. “If you can install two or three fixed cameras at each game, that will dramatically reduce the cost and will dramatically increase the number of games you can put on the platform. And by doing so, you have naturally other fans coming to see their teams, their friends, their family members playing those games.”

He adds that more work needs to be done to create an intuitive taxonomy for the platform, with sections for international, continental and national matches, which explains why the FIH has so far stopped short of allowing fans to upload their own content.

“The amateur footage which was planned to be on the site is also a development which needs to happen,” says Weil. “We had an option to just put it randomly on the OTT, but then it would be hard for people to find among all the other games.”

For now, the platform exists to attract advertising revenues rather than paid subscriptions. To provide a clearer picture to advertisers, the FIH will add a login function and attach a CRM system to evaluate the types of audiences that are watching. Weil says he would also like to create a mechanism for registering hockey players because in most cases national associations don’t know exactly how many people are playing the game. The terms of the deal with Mycujoo are such that the FIH will have access to all of the site data.

Weil speculates that there might be as many as two billion field hockey fans globally, although he would be reluctant



FIH chief executive Thierry Weil (Lea Weil)

to quote this figure to sponsors, admitting that it is nothing more scientific than the number generated by a Google search. In creating a one-stop community for hockey enthusiasts at FIH.live he hopes to get a clearer idea of the actual figure.

FIH Pro League

The federation can certainly count on a strong following in India which contributes the largest number of FIH.live viewers. This explains why the FIH was so keen to include the country in the inaugural edition of its new top-tier international competition: the FIH Pro League.

The concept, which launched at the

same time as FIH.live last January, and provides a large share of the content on the site, was to build a regular home-and-away competition around the nine men’s and women’s international sides with the most commercial potential. The FIH ignored the world rankings and handpicked the participating teams based on factors that included their ability to market and host bold and engaging events as well as develop commercial strategies for the sport in their countries. Rather than staging competitions in single destinations, there will be 144 ‘home’ matches, which will allow fans in various countries more opportunities to watch games. Previous FIH chief executive Jason McCracken said the federation wanted to leverage ‘the power of home’ to create more partisan atmospheres and stoke rivalries between teams.

After initially being selected, India withdrew its men’s and women’s teams with some reports blaming a possible scheduling clash with the domestic Hockey India League. Weil believes concerns that the event would harm the development of the lower-ranked Indian women’s team were a bigger factor.

He says an agreement was eventually reached to include the country’s men’s team in the Pro League in 2021, but this was brought forward to 2020 when Pakistan was removed from the competition for being unable to fulfil



Weil believes automated production will allow the FIH to post more content on FIH.live (Pixellot)

its first three matches due to lack of funds. The team has since made its debut in the competition on January 18 in a fixture against fellow hockey powerhouse the Netherlands.

“For me, it’s crucial that India is part of it,” says Weil. “You can imagine how many eyeballs you will get because India is already number one on all our platforms and on social media, even when it is not participating [in the Pro League].”

Of the other countries selected to participate in the first edition of the league, Weil says Great Britain has proven to be one of the most innovative, using a portable hockey pitch to bring a game to 12,000-capacity rugby ground the Twickenham Stoop.

“It opens completely new possibilities,” he says. “For example, Belgium is one of the best teams in men’s and women’s hockey but the infrastructure in the country is a lot of hockey fields and no stadiums, so for every single game they had to do temporary seating, temporary VIP tribunes, temporary toilets, and that’s quite costly.”

The Pro League will be a closed competition until 2023 at which stage the FIH will introduce a second division, the Intercontinental Cup (the initial working title was Pro League 2) with promotion and relegation between

the two. Weil believes this will create a greater sense of jeopardy and help to avoid meaningless ‘dead rubber’ matches for teams in the lower reaches of the league. He makes no apology for having a closed league for the initial four years, explaining that it was necessary to select teams with the financial resources to send teams to away fixtures around the world.

“You can imagine how many eyeballs you will get because India is already number one on all our platforms and on social media.”

Thierry Weil | chief executive, FIH

Beyond the Pro League, the former Fifa executive says he wants to simplify the FIH schedule – a complicated mix of events with no clear narrative and no fixed position in the calendar. Too often, he says the federation has changed the timing of events at the behest of event organisers, while qualification for the FIH World Cup and Olympics is determined by a bewildering mix of different events with different weightings.

“When it comes to qualifiers, we need to use the continental

competitions instead of organising our own qualifier series which are completely competing with the continental competitions,” he says. “That doesn’t make sense. We are one family and we should give more importance to the continental competitions.”

Media deals

Weil believes the fact the FIH has media deals in most of the countries with a team participating in the Pro League proves the strength of the concept. All of these are agreed directly by the federation, which has sold its media rights in-house since 2017. It had previously sold the global rights, excluding Argentina, to pay-television broadcaster Star India for eight years, from 2015 to 2022, for a deal worth an estimated \$25m (€23m). But it cancelled this in 2017, with Star retaining rights in the Indian sub-continent.

The termination of the agreement pre-dated Weil’s tenure at the FIH but his support for taking the rights in-house is perhaps understandable given his Fifa background. “It’s always better if you manage this yourself,” he says. He can see why Star might be better-equipped to sell the FIH’s rights in the sub-continent, but he would prefer to draw on each of the different national associations’ relationships with local



Weil believes India’s participation in the 2020 FIH Pro League will boost audiences.



broadcasters to help the in-house sales effort outside of this region.

Sponsorship

Weil’s Fifa’s experiences have also been brought to bear in restructuring the FIH’s sponsorship categories. At his instigation, the federation has done away with trying to find a title sponsor for all of its competitions, choosing instead to create five main sponsor categories and three suppliers below this. “I found it complicated that somebody else would buy a product which is named with another company name,” he says.

However he says National Associations will be permitted to work with a presenting partner at the local level, as was the case with the 2018 Vitality Women’s World Cup in England. Below this they will have the same structure of five main sponsors and three suppliers that the FIH has at a global level. He says the FIH wants to provide every opportunity for the associations to strike local deals to pay for the cost of putting on memorable events and to foot the cost of their team’s travel and accommodation expenses for

“Potentially towards the second half of the year and the end of the year maybe we can start potentially monetising [the platform].”

Thierry Weil | chief executive, FIH

participating in the Pro League.

Further evidence of the popularity of the sport in the Indian sub-continent can be found in the fact that Indian motorcycle and scooter company Hero MotoCorp is the federation’s only global sponsor at this stage, with rights to all of its events. The FIH has filled out all of the slots in its supplier categories, a list that includes fantasy game supplier Dream 11. Weil says the game is played by millions in India and the company will soon make the game available globally, which will also help the federation’s fan engagement efforts.

It’s a far cry from managing the sponsorship rights of the world’s most popular sport, but Weil says he enjoys fighting it out in the more competitive substrata.

“You have most probably another 20 international federations which are all trying to convince everybody of the same thing. They all come with the same PowerPoint presentations, they all claim to have so many fans and so many players,” he says.

“At Fifa it was mainly that you got the right number for the product and that reduced the number of potential candidates which could afford a sponsorship. In our field it’s the other way around. There are so many federations which are trying to sell the same thing.”

He believes the opportunity created by the Mycujoo partnership to know more about its audiences and become more of a direct-to-consumer business will provide the point of differentiation the federation needs.

“I decided to not go to the market in a strong way before we have those elements because usually you only get one chance,” he says. “And if you come and you want to sell something, but you don’t know what you have to sell, then the discussion starts quickly to be a nice and friendly discussion, but not a commercial discussion.”

Uefa gets off to winning Champions League start but caution prevails

Value of Champions League media rights rises in US and France, holds steady in UK

Strong start to cycle belies pessimism about soft market but tough tests lie ahead

Mediapro complaint in France puts spotlight on sales methodology



(Matthias Hangst/Getty Images)

Frank Dunne

There are two truisms in the sale of sports media rights that at first glance appear difficult to reconcile. One is that every market has a unique set of characteristics and the value earned is contingent upon those characteristics at the moment the rights are sold. The other is that the early deals in a market-by-market sales cycle create a psychological benchmark that affects how sales in the following markets play out.

The more sophisticated rights sellers do their homework on every market

where they pitch their tent. But they still put great faith in benchmarks. And perhaps none more so than Team Marketing, the sales agency for the commercial rights to Uefa's club competitions.

The order in which global markets are approached for the sale of the media rights to the Champions League, Europa League and, as of this cycle, the Europa Conference League is determined with scientific rigour, with those markets likely to deliver the best results coming first.

Team's decision to launch early in the US for the 2021-22 to 2023-24 cycle did

not come as a big surprise. Soccer in the US is still in a growth phase and will remain so until the North American-hosted 2026 Fifa World Cup and a cycle or two beyond. But going early in the UK and France raised eyebrows. Each, for its own reasons, looked like a potential banana skin.

The deals done in November in the US and France look like a strong vindication of Team's choices, with the caveat that the process in France has become mired in controversy. The deal in the UK invites further scrutiny.

In the US, Uefa secured a 67-per-cent increase in the value of its English-

language rights and 43 per cent for its Spanish-language rights. CBS acquired the English-language rights for about \$100m (€90m) per season and Univision the Spanish-language rights for a fee thought to be close to \$50m per season. Long-form agreements are still being finalised for both.

In France, the rights were won by pay-television operators beIN Media Group and Canal Plus, with commercial broadcaster TF1 picking up the rights to the final. The total fee of €375m per season is almost 20 per cent more than telco Altice pays for the Champions League in the current three-year cycle.

The UK delivered another massive deal, albeit it with a modest 1.5-per-cent bump. Telco BT renewed for a further three years, paying €466m per season.

In football parlance, Uefa is three up after 15 minutes. And reports of the death of the sports-rights market appear to have been greatly exaggerated.

But European football's governing body knows the remaining 75 minutes could still see an heroic comeback by that amalgam of giant-killers: piracy, cord-cutting, mature pay-television markets, collusion and the changing consumption habits of younger fans. The champagne will stay on ice in Uefa's Nyon headquarters and Team's Lucerne offices until the final whistle blows.

And many experts see this early sequence of deals not as a repudiation of the market's Cassandra figures but as confirmation of a trend that has been under way for years: the polarisation of value between a small number of must-have properties and everything else.

Consultant Pierre Maes, who was responsible for buying sports rights for pay-television group Canal Plus in the Benelux countries, the Nordics and Poland from 1996 to 2002, argues the results to date are not surprising.

He tells *SportBusiness Review*: "In every single European country you get two strong properties. The strongest is the local league, usually football. Then it's the Uefa Champions League. And the gap between these two and the rest is getting bigger and bigger."

Maes, author of the 2019 book *Le Business des Droits TV du Foot*, which examines what he calls the "explosive bubble" around football rights, adds:



Paris Saint-Germain forward Kylian Mbappé (Dean Mouhtaropoulos/Getty Images)

"You can't extrapolate a general rule for football rights from three very different markets, but Uefa and Team will be happy with the numbers so far. They've done a fantastic job, particularly in France."

Flat is the new up

Going early in the UK is perhaps the most intriguing choice Team made for this cycle. The market fundamentals are strong but there has been little competitive dynamism since pay-television platforms Sky and BT opted for collaboration over confrontation. It was always likely to be the biggest single deal, as it is in the current cycle, but did not look like a market that would deliver a large percentage increase. And it is percentage increases, rather than absolute value, that sellers look to as benchmarks.

One executive with a lot of experience selling rights into the UK provides the following reading: "Launching now meant two things. They knew they weren't going to get a bloody nose and they felt that if they waited, market conditions were more likely to get worse than better."

Team would have known exactly what it was doing, he argues, from its pre-sale talks – sometimes referred to as

"warming up" the market.

"The product has been performing well and Team knows exactly what numbers BT has been doing. Team has sophisticated calculations about how BT can capitalise on the rights, directly and indirectly. On the basis of their models, they know BT's business case. In talks with BT they would have got a sense of whether that was realistic as an expectation this time. So, they would have put the choice to BT: we can launch now, you can secure the rights through to 2024 and don't have to think about it – but you have to do the right thing. Or we can wait, which means insecurity."

While flat looks curious as a marker for the rest of the industry, it makes sense in the UK, the expert believes. "The percentage increase in the first two markets has always been crucial to Team in terms of the following markets. But the fear of doing worse in a year's time was strong. The competitive dynamics are not good and are slowing down. The UK is a big worry market for Uefa. To do badly in the UK is the worst possible signal. Securing a very important deal – and that sheer amount of revenue – was an imperative for Uefa, even if it was a minimal increase percentage-wise."

Playing safe in France?

Mediapro’s threat to take legal action against Uefa for the way in which the rights auction was handled – claiming it was the legitimate winner – has taken some of the sheen off Team’s success in France. It is unusual for a losing bidder to go public with such threats but not unprecedented in France. When Altice picked up the rights last time, beIN and Canal Plus complained to Uefa that they should have won.

There are two implications contained in Mediapro’s complaint that will make uncomfortable reading in Nyon. The first is that there was some form of impropriety, and Uefa prides itself on its transparency. The second is that by not prolonging the process to allow Mediapro back in for a further bid, Uefa has left money on the table. Those clubs who believe they could do a better job than Uefa of running an elite European club competition will have made a quiet note.

As Maes points out: “The real question in all these deals is whether the clubs are happy. The pressure of the clubs on Uefa between now and 2024 will be huge. One thing is certain: if tomorrow there was a European Super League it would not suffer any market correction because it would be the absolute number one property in the world.”

There are also those who ask whether Mediapro has scored an own goal. By claiming publicly that it outbid beIN and Canal Plus and still didn’t get the rights, the Spanish production house is inviting the market to ask why. Maes believes that many observers – rightly or wrongly – will draw the same conclusion: financial security.

For rights-holders, he says, security is not just about bank guarantees. “The guarantee from beIN and Canal Plus is their client base. They have millions of clients who are paying, today. Mediapro has nothing. It is the clients who are underwriting the deal. They are the best guarantee you can have. That number of clients gives a rights-holder both financial security and wide exposure.”

In June 2018, Mediapro acquired live rights to France’s top domestic league, Ligue 1, for €780m per season. The deal takes effect from the 2020-21 season, when Mediapro plans to

launch subscription channels. Adding Champions League rights would have put the company in a very strong negotiating position with third-party carriers. For now, the company has no platform in France.

“The real question in all these deals is whether the clubs are happy.”

Pierre Maes | media-rights consultant

Maes suggests that Team has been “very clever” in using Mediapro’s aggressive arrival on the French market “to get a good price from the others” for the Champions League.

If Mediapro is right in its claim to have outbid beIN and Canal Plus in each of the two rounds of bidding, the eventual outcome arguably points to the degree of flexibility which Team and Uefa allow themselves in the auction process.

Unlike, say, the Premier League, Team and Uefa have never had a fixed threshold – a percentage difference between the two highest bids – for choosing a winner. Broadcasters have asked for this over the years and Uefa and Team have discussed it many times but always concluded that it should be left to Team’s discretion.

An executive who has been involved in several Champions League auctions

argues that there is too much discretion in the tender process and adds that “allegations of phone calls after the deadline are a bad look” for Uefa.

Another rights expert counters that this kind of flexibility is necessary, especially in markets where there is collusion between bidders. “Having a target – say, a 10-per-cent difference – which generates an automatic winner is risky. You could have a market with three players, and they are all lowballing because they have spoken to each other. One might be offering a lot more than the others, but you still know they’re taking the piss, trying to engineer an outcome. You need flexibility to consider all options at that point, whether to go to a second and third round or abort the process completely.”

Team is currently considering its options in multiple other markets, including Germany, another litmus test territory. When Germany, Italy, Spain and the Middle East and North Africa are done, a clearer picture will start to emerge.

Uefa is used to cycle-on-cycle increases of over 30 per cent for its club competitions, but, according to one executive familiar with the sales process, would probably settle for 10- to-15 per cent this time. That total will become the most important benchmark of all – the one clubs will be guided by when shaping European club football from 2024 onward. ○



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Unsuccessful initial tender raises questions over K League's domestic media strategy

Earlier this year, Korea's K League and the Korean Football Association pooled their media rights

But an initial tender, with a reserve price equivalent to \$21m per year, attracted no firm bids

The deadline was extended into 2020, and the terms changed to allow consortia to bid



John Duerden

The K League looked on in envy in 2016, as Japan's top tier J.League sold domestic broadcast rights to DAZN for \$2bn (€1.8bn) over ten years.

It did the same in March this year as – closer to home – the Korean Baseball Organisation sold a package of digital rights for \$97m over five years, a record in Korean sports.

In 2019, the K League received just KRW5.9bn (\$5.1m/€4.6m) in media-rights revenue. So in November, the league and the Korea Football Association – which earns about \$8.5m per season selling national team rights – pooled their media rights in the hope

of becoming more than the sum of their parts.

Broadcasters were invited to bid for domestic and national team games, with the price being at least \$21m per year over four years. There were reports of 20 interested parties, but no firm bids were made by the December 6 deadline.

“The KFA and K League misunderstood not only the current market situation but also the real value of their products,” says Baik Jung-hyun, head of strategic programming and planning at Korea Broadcasting Systems (KBS), the national public broadcaster.

KBS thought the reserve price was too high: “So we didn’t bid.”

A bumpy decade for the K League

There was hope that the thrilling title race and relegation battle in the 2019 K League would help. “Compared to the previous season, attendance and television ratings increased significantly, with the K League first and second divisions increasing 50 per cent and 75 per cent respectively,” Sa Doo-jin, the K League’s broadcasting rights manager, tells *SportBusiness Review*.

But while encouraging, the rise in average attendance to 8,013 in the past season is just a slight return after a decade of decline for Asia’s oldest professional league.

After the massive match-fixing scandal of 2011, attendances fell from 11,638 in 2011 to 5,381 by 2018,

and also because clubs were told not to include free tickets in their figures.

Viewing figures are also not high. KBS, SBS and MBC, Korea's three big free-to-air broadcasters, signed a four-year deal for K League rights in 2016 but rarely broadcast games live on their free-to-air channels. Less than ten games were shown on terrestrial television per season and with little publicity or promotion, ratings were low.

"The average rating of a K League game is below one per cent on free-to-air media and below 0.3 per cent on cable networks," says Baik. "In baseball, a normal game gets around two per cent but in the post-season championship series it is six per cent. Baseball has more spectators, more games, more commercials and more ratings."

"It has been a struggle for the K League to get enough exposure because it has same time schedule as the Korean Baseball league," says Sa.

A failed attempt?

Tying the K league in with the national team seemed like a winning move. Earlier this decade, national team games – even outside World Cups and Olympics – could still pull in 10 million viewers.

The belief was that – if Tottenham Hotspur star Son Heung-min (the 2019 Asian Player of the Year) could tempt broadcasters to the national team matches – the league could leverage this to ensure more prime-time live coverage, and thus greater promotion and a better pitch to sponsors.

But even Son's appeal may not be enough. "Son is an exceptional player, but his value and popularity has not converted into commercial output for broadcasters," Baik explains. "Definitely without Son, it would be a disaster but with Son, the ratings of national team matches are lower than the Park Ji-sung period [around 2005 to 2011] by about 30 per cent.

"Since the early 2010s, the Korean national team is mostly composed of players who are playing in foreign leagues. The connection between the K League and the national team has grown weaker and that weakens the main connection between KBS and

the K League too."

What now?

On December 9, the league and association extended their deadline for bidding to January 13, 2020. "The rebidding process is likely to be livelier," says Lee Jung-seop of the KFA. "Consortiums will be allowed this time and we are going to push hard to get the best deal."

It was a consortium including giant internet portal Naver, popular messaging service Kakao and telcos LG and SK that paid \$97m for Korean baseball's online rights.

But Baik is not convinced that the K League can achieve something similar. "It is not a matter of deadline but a matter of market value. And in the current Korean media industry, all the traditional broadcasters are now experiencing tough times, so we need to be very careful when investing in sports."

In the longer-term, the league needs to focus on improving the fan experience and building interest in the wider region.

K League teams are slowly leaving

the mammoth 2002 World Cup arenas that saw clubs like Incheon United and Daegu FC play to four-figure crowds in stadiums with over 50,000 seats. They have constructed much smaller boutique stadiums and Daejeon Citizen FC is thinking of following suit.

More can be done. The J.League has been aggressive in promoting itself across Southeast Asia and recruiting top players from Thailand, Vietnam, Indonesia and Cambodia.

Only Malaysian OTT platform Sportsfix currently shows K League games elsewhere in the region, and the K League will be hoping for fruitful returns from its recently-signed international rights deal with sports data specialist Sportradar.

"We still believe that the K League has its place in the sports industry, but it is not sufficient for major broadcasters to pay substantial money," says Baik.

"If the K League had popularity in other countries then at KBS we could change our strategy," he adds. "At the moment however, there is not much possibility of that." ○



Lee Keun-Ho (L) of Ulsan Hyundai and Km Dae-Ho of Pohang Steelers compete for the ball during a K-League match between Pohang Steelers and Ulsan Hyundai. (Chung Sung-Jun/Getty Images)

Building bridges and breaking ground – what 2020 holds for World Athletics

Friction between World Athletics and its athletes is something the governing body needs to iron out

World Athletics is keen to expand the breadth of its Diamond League events to Asian shores

Sporting KPIs for Asian nations have moved beyond medals and towards curbing health costs



World Athletics chief executive Jon Ridgeon (Philippe Fitte)

Kelvin Tan

When the International Association of Athletics Federation renamed itself World Athletics last September, there was more internal opposition than expected, with some delegates complaining the new name didn't translate well and others saying it would mean a loss of identity.

It took Sebastian Coe, freshly re-elected as the body's president, to put his foot down and tell the congress the change was needed: "As long as I can remember, and certainly since becoming an IAAF Council member in

2003, whenever anyone has asked me what organisation I am involved with, it then takes three or four minutes to explain what it means.

"The work we have done around the brand (World Athletics) is detailed. Even without it currently existing, it had a higher recognition brand rate than the IAAF and the International Olympic Committee...and we do genuinely believe this will help us engage with more young people."

This focus on young people goes far beyond the name change, explains Jon Ridgeon, World Athletics' chief executive. Speaking to *SportBusiness Review* at the Mass Participation

World Conference, which took place in Singapore last month, he revealed that using younger tech-savvy athletes to engage fans digitally would be a crucial part of the World Athletics playbook in this new decade.

"In the past, we haven't been working closely enough with our athletes, and they've been really doing their own thing on social and digital platforms, but moving forward we're now working closely with them, given athletes are the most powerful mouthpieces for the sport. These men and women have daily contact with millions of fans – our strategy is to work closer with them in promoting

the bigger messages on what World Athletics is about.”

Friction between World Athletics and its athletes is something the governing body needs to iron out, especially after the World Championships in Doha last year raised much criticism from stars furious about poor attendances and welfare concerns in the heat. Other changes by World Athletics, axing events like the steeplechase and long-distance races from the Diamond League, have also been slammed by its athletes.

The chief executive said fences would be mended: “It does not fill us with pleasure when some of our leading athletes are not happy with what we’re doing, but it was necessary, with the markets responding positively to some changes. In fact, some of these changes are what led to the Diamond League successfully acquiring Wanda as a title sponsor.”

Chinese conglomerate Wanda Group agreed a deal to become the new title sponsor of the Diamond League, from 2020 in September 2019. Electronics giant Samsung was the Diamond League’s title sponsor from 2010 to 2012 and World Athletics launched a renewed search for a new title sponsor two years ago.

Ridgeon reveals: “We’ve also started to have very constructive, but difficult

conversations with the athletes themselves, and they’ve started to come around [to see] that innovation is necessary for the future of the sport, but want to be in the room when big decisions are made. Seb Coe has personally called several of them to make sure they feel engaged and explain how and why these changes have to be made.”

“In the past, we haven’t been working closely enough with our athletes.”

Jon Ridgeon | chief executive, World Athletics

Engaging Asia

In the near future, World Athletics is keen to expand the breadth of its Diamond League events to Asian shores.

Ridgeon says: “The starting point has to be the major cities. If you look at WA at the moment, yes there are quite a number of mass participation events like the Standard Chartered Marathon in Singapore, and that’s great, but if you look at track and field events, which are a big part of the athletics ecosystem, while there are some big events in China, and the upcoming Diamond League meeting, there aren’t many big meets across Asia.

“I’d love to see a handful of Diamond League meetings in the big cities this decade. We’ve still got quite a long way to go, but we’re motivated to achieve that given the growth and market in Asia, and athletics needs to be a part of that, or we’ll get left behind.”

He revealed how potential host cities and countries are asking more and more about how these events will help in their public health agendas – a change Ridgeon says is way overdue.

“Local governments used to regard events as a platform of taxation to raise revenue, but the fact is they should be investing in athletics and running events because of the downstream value of their population’s health. There is a trickle-down effect on participants, and how these events affect their family and friends in terms of inspiring them to begin a fitness regime as well.

“Usually our marketing goes towards the converted masses – those active in running and athletics – but that’s where our new aims converge together with governments which are looking at greater health aims. We’ve found that in China, with their initiatives towards getting more of their population healthier, and reaching out to their “unexercised”, so to speak, the commitment the government is making is huge.”



World Athletics Continental Tour meeting organisers at the Monaco WA council meeting (Philippe Fite)



Runners compete at the 2018 Wuhan Marathon in China (Wang He/Getty Images)

Most Asian countries have an urgent need to curb health costs. Japan, South Korea, China, Singapore and other Southeast Asian countries are anticipating their aging populations to fundamentally change their societies, business strategies and government policies, with their working-age populations plunging and healthcare and social security costs surging.

Sporting KPIs for these nations have started to move beyond medal accumulation and national pride, to how to successfully promote a more physically active lifestyle among their largely sedentary populations.

But one key challenge Ridgeon and World Athletics face is the lack of quantifiable data to back up their assertions that their events can help.

“What I’m not able to do with enough detail is to be able to tell how our events can help increase host cities and nations’ population

“As the sporting governing body, we’re supposed to be providing the answers.”

Jon Ridgeon | chief executive, World Athletics

life expectancy; how much health spending it can save in the medium- and long-run; and the mental health benefits.

“We all instinctively feel these things must ensue, but from a local or national government perspective they’re going to come to the table with a certain cynicism. As the sporting governing body, we’re supposed to be providing the answers, and make the case to governments for their investment.”

But these disparate data sets are held by companies in industries such as insurance and healthcare, and

collaboration, ultimately, needs a prime mover, adds Ridgeon. “Perhaps that’s also where governments need to come in to provide cross-industry platforms to congregate and discuss these data synergies.”

For now, World Athletics will look to future-proof its events by working closely with host countries. “When we pitch the world championships and our events to host countries, we are insisting in the future that there be a long-term active legacy to the event, either in terms of increasing the grassroots running community, or infrastructure that will help maintain the athletic interest we have kick-started with our events,” says Ridgeon.

“Hopefully, this will help cities start to see our events as part of their contribution and duty to citizens that will improve their health and lifestyles, if we can get better data to back the case.” ○



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Malaysian FA pushes for club privatisation but teams still rely on state support

Malaysia's 24 top football clubs have agreed with the FAM to become private entities by September 8, 2020

Only two clubs are currently privately owned; some clubs have been run by state governments for over 100 years

Clubs will need to grow broadcast and sponsorship revenues if they are to come off state support anytime soon



Johor Darul Ta'zim is one of only two professional football clubs in Malaysia (Stanley Chou/Getty Images)

John Duerden

After decades of being operated by state governments, Malaysian football clubs will soon be privatised, albeit more in theory than in practice. Total separation from public funds will take rather longer, with broadcasting and sponsorship revenues not enough to sustain most teams.

Of the 24 teams in the top two tiers of the Malaysian league hierarchy, only two are fully private entities: Johor Darul Ta'zim (JDT) and Petaling Jaya City (PJ City). The majority are directly run and funded by various state governments up and down the country.

Turning 100-year-old teams like Perak FA and Selangor FA into Perak

FC and Selangor FC will be a big challenge. It has been talked about for years but Stuart Ramalingam, general secretary of the Football Association of Malaysia (FAM), is determined to make it happen. Instead of dealing with politicians or civil servants when he communicates with clubs, he wants to talk to business and football people.

"We can see what happens around the world in successful leagues," Ramalingam, a former consultant with sporting agencies IMG and Dentsu, tells *SportBusiness Review*. "Privatisation is the way forward. The way the states work is short-term, with people placed in charge for just two or four years."

Short-term thinking and a lack of accountability is a reason why Malaysian clubs pay the highest salaries

in Southeast Asia, yet often hit the headlines for late or non-payment of wages. Ramalingam says the Malaysian league had 262 cases of unpaid salaries in 2019, the highest in Asia, and in August the total figure in arrears was MYR 6.4m (€1.4m/\$1.6m).

"Privatisation will provide a more stable environment for football," he adds. "We want to turn these FAs into FCs but this does not mean the end of FAs. They will be free of the burden of running clubs and be able to focus on the development of football in their states."

"The state governments should no longer be cash cows for the state teams," says Hareesh Deol, a Kuala Lumpur-based sports consultant and editor of news website TwentyTwo13.com. "When clubs are fully privatised, they can then

invest in proper infrastructure instead of relying on government facilities. For the sport and industry to grow, it needs to think and act like a business and not a government entity.”

The deadline

September 8, 2020 is the deadline recently agreed by Ramalingam and the respective general secretaries. On that day, the organisations running the teams will become private entities, at least officially.

“We believe that this will happen from a documentation standpoint,” says Ramalingam. “We want to ensure that the split in management actually happens. Once we get there, we will see where we are.”

The FAM hopes that seeing private clubs run professionally will encourage Malaysian businesses or tycoons, such as Cardiff City owner Vincent Tan, to invest in local football. There is a recognition, however, that the state financial involvement is not going to end in the near future. “We see the split hopefully incorporating a lot of government and state support as it will be needed in the initial years,” says Ramalingam.

Selangor FA, traditionally one of Malaysia’s biggest teams, exemplify the early stages of the change.

In January, Selangor FA secretary-general Johan Kamal Hamidon outlined the ownership structure of the new

football club, comprising four stakes. One stake – of 30 per cent – will be held by the Selangor State Development Corporation, one by the FA itself and a third by the crown prince of Selangor – leaving room for other investors to come in.

The challenges

For clubs to achieve self-sufficiency, broadcasting and sponsorship revenues will have to increase. There are difficulties in both aspects.

Just in December, the Malaysian Football League announced that a scheduled payment of MYR 3m, due to all clubs in the top two tiers, would not be paid. The league was hit hard by the March 2019 collapse of its media and marketing rights deal with Telekom Malaysia, which had been worth MYR 60m per season. Media revenues from ongoing deals with OTT platform iFlix and public-service broadcaster RTM are worth significantly less than the TM deal.

“It is unfortunate for us in Malaysia that the broadcasting industry lacks competition,” explains Ramalingam. “There are not many players and not everyone in Malaysia can afford to pay for sport.”

With clubs traditionally reliant on state funding, marketing and sponsorship efforts have been patchy. Some clubs have just two or three partners. Even for those with more, revenues are not large.

“It is a fact that many teams do not have sustainable revenue channels, they fail to transform into commercially viable entities and continue to rely heavily on state funding,” says Sri Vijay Eswaran, the owner of PJ City. “Many clubs have failed to secure lucrative advertising contracts or commercial deals with the private sector or sponsors.” The Executive Chairman of QI Group, a Hong Kong-based multi-level marketing company, wants to see more businesses, sports marketing agencies, merchandising agencies, sports lawyers and insurance companies enter the Malaysian football industry.

The future

Johor Darul Ta’zim FC is the model to follow on and off the pitch. Since turning private in 2013, the club has invested heavily in players, facilities, and training staff as well as in other fields such as social media marketing, resulting in 2.3 million followers on Facebook. Champions every year since 2014, JDT are the only Malaysian team to participate in the AFC Champions League and its new 40,000 capacity stadium is due to open on January 28.

“With strategic planning, JDT went from being a simple club to a powerhouse,” says the FAM’s marketing manager Rehvan Arumugam. “They show the flexibility private clubs will have in building revenue streams: sponsorship, broadcast, gate receipts, merchandise & events.”

Other clubs can follow in building such emotional connections, he insists. “Great teams like Kedah, Selangor and Perak have big fan bases and if there is a planned marketing and communication strategy, more sponsors will want to work with them.

“If I am a team owner then I would focus on the Gen Z of this next market share, which will have the most disposable income in time and get to know what attracts them emotionally.

“The traditional media doesn’t work effectively with this group. We have to sell fans a deep emotional connection. The more awareness and stories being shared about the teams in the digital media landscape raises the level of audience eventually progressing towards revenue.” ○



Teams of the Malaysian Super League

Reliability the watchword as Los Angeles takes long run at the Olympics



Fireworks over the Memorial Coliseum before a game between the Chicago Bears and LA Rams (Meg Oliphant/Getty Images)

LA's perceived reliability was crucial in securing IOC's support

Local organisers determined to stick to a strategy of financial caution

\$1.464bn has been set aside for venue infrastructure

Bradley Rial

When Boston rather than Los Angeles was selected in January 2015 to enter the race to host the 2024 Olympics, there was a feeling amongst some US Olympic Committee (USOC) officials that the Californian city's

efforts would be hampered by a sense of "been there, done that".

That fear of familiarity was forgotten six months later as Boston's bid unravelled and the USOC turned to LA's fiscally prudent proposal, which tallied with the International Olympic Committee's (IOC) desire to rein in escalating hosting costs, as outlined in

the Agenda 2020 reforms just months earlier.

Ultimately, LA's perceived reliability was crucial in securing the IOC's support at a time when the body was switching its focus back to "tried-and-tested" hosts, according to Jon Tibbs, whose JTA agency supported the bid's international PR and communications.



Reliable partner

With reliability as the watchword, local organisers appeared to be determined to stick to a strategy of relative financial caution ahead of the 2028 Games.

Even when the hosting budget projections were revised upwards in April, the \$700m rise to \$6.9bn (€6.2bn) was largely put down to unavoidable inflation, extra staffing costs and an enlarged \$616m contingency fund, given that the Games will take place four years later than originally expected. Tokyo is

reportedly splashing out \$12.6bn on the 2020 Olympics, while a report by the French government last year said that the cost of hosting the Paris 2024 Games could reach €7.3bn, €500m more than anticipated, unless plans are revised.

However, LA is determined not to fall into the trap of many previous Olympic host cities by increasing the Games' central budget to swallow up broader infrastructure developments. City Council members have been in talks with local organisers about projects that could improve the Games experience, and are expected to present an updated plan in autumn 2020. But there are already separately-funded major initiatives in the pipeline that will boost LA's hosting capabilities.

According to Mayor Eric Garcetti, who has said that "instead of trying to fit the city into the Olympics, we ask the Olympics to fit into the city", increasing travel "options" will help to ease chronic traffic congestion by 2028, with LA drivers currently spending more hours in rush-hour jams than any other city in the world.

When the Games arrive, a new rail line connecting the city with the airport will have been built, as will a subway connection slashing the journey time between western LA and downtown to 20 minutes. LAX airport itself will undergo a \$14bn upgrade, while other technological innovations are currently being explored, including people-carrying drones and "new underground modes of transport".

However, at a time of significant public investment in infrastructure, as LA 2028 chairman Casey Wasserman has stressed, "no complex and costly construction projects or Games-related public infrastructure" will be required, with the bulk of events held at venues that already exist as part of a "realistic and fiscally conservative" budget.

So far, Tibbs thinks the organisers have succeeded in keeping Los Angeles citizens onside about the value of hosting the event.

"Opinion polls [for the Olympic and Paralympic Games in LA] have been consistently strong," says Tibbs. "Minimising taxpayer involvement and being clear in explaining the benefits of the Games consistently will be very

important in the coming years.

"LA's approach of minimising Olympic infrastructure developments makes it infinitely easier to 'sell' the benefits of the Games to the public, especially as there are a number of vital transport improvements taking place across the city and southern California in parallel with the build up to 2028. However, I'm sure we will see the narrative build up surrounding the LA Games' social benefits from Paris 2024 onwards."

Olympic venues

Of the latest Olympic budget projections, \$1.464bn has been set aside for venue infrastructure, with University of California, Los Angeles serving as the Olympic and Paralympic Village and the University of South California lined up as the main press centre and media village. Other existing venues that have been earmarked for the Games include LA Memorial Coliseum, which hosted the 1932 and 1984 Olympics, as well as Staples Center, The Forum, and Dignity Health Sports Park.

LA 2028 has consistently described the Games as "privately funded", with income set to be generated by domestic sponsors, ticket sales, hospitality, licensing, merchandising and a "significant contribution [of \$1.8bn] from the IOC".

Such pledges are especially important in the context of heightened public scrutiny, with LA facing a spiralling homelessness crisis, partly due to a lack of affordable housing.

In June, the scale of the problem was revealed. Following a 16-per-cent year-on-year increase, those living in tents, makeshift shelters, cars or on the streets, as well as a minority in official shelters, had reached 36,000; nearly one in every 100 people in a city that has just under four million inhabitants.

In November, the *Los Angeles Times* newspaper called on city leaders to tackle homelessness with the "same urgency and humanity that we will treat the visiting rowers and gymnasts" in 2028.

Social impact

With the financial outcome of the Games set to be scrutinised closely it is vital that in parallel with a cost-

conscious approach to hosting the event there is also a thriving commercial portfolio to ensure taxpayer dollars are not required to cover any shortfall.

However, even in the heart of a state that would have the world's fifth-largest economy if it were a sovereign nation, generating sufficient levels of commercial interest is not guaranteed.

Earlier this year, California lost the hosting rights to two inaugural multi-sport events in the space of three months.

In March, when the Global Association of International Sports Federations announced that the 2019 World Urban Games would be relocated

from LA to Budapest, a squabble between the rights-holder and local organisers over the events on the sports programme was cited as a key reason. It was not disclosed whether local entrepreneur Dr Patrick Soon-Shiong, who had pledged to underwrite the event in LA, had convinced additional sponsors to help cover the costs, as initially proposed.

However, funding was unquestionably the issue when the Association of National Olympic Committees switched the 2019 World Beach Games from San Diego to Doha after the local organisers in the US city, located just a couple of hours south of LA, failed to generate the

required private-sector financial backing.

The Olympics, of course, is on a different level, and sports marketing expert Tim Crow is not alone in believing LA will “smash” its “conservative” forecast of \$2.5bn for domestic sponsorship revenue, with \$4bn seen as an achievable target.

Local benefits

Perhaps the most noticeable levels of investment in the coming years in relation to the Games will be through so-called ‘pre-legacy’ initiatives for communities.

“One of the advantages of being able to prepare for the Games so far in advance is that there can be ‘legacy’ benefits delivered ahead of 2028,” Tibbs says. “In that regard, Mayor Garcetti and the municipal authorities will have a well-thought-out plan, including investing more in youth sports across all parts of society.”

Against this backdrop, the work of the Los Angeles Sports and Entertainment Commission (LASEC) in collaboration with LA 2028 and the LA Sports Council, which acts as an association for the city's sports teams and other organisations, will be crucial.

LASEC, which works in tandem with philanthropic organisations such as the youth-focused LA84 Foundation, focuses on events that “generate major economic and community impact, socially and culturally”, according to president and chief executive Kathryn S. Schloessman.

Famously, the 1984 Olympics generated an unprecedented surplus, totalling at least \$225m. The LA84 Foundation alone benefited from a \$93m injection, allowing it to provide equipment, coaching and facility upgrades to more than three million children.

As part of the deal that handed Paris the first of the two Olympics, the IOC agreed to contribute between \$1.8bn and \$2bn towards LA's hosting costs, depending on commercial deals struck surrounding the event. As a result, LA 2028 has pledged to invest \$160m annually into youth sports in the years up to the Games, with the IOC having provided a \$180m advance on the \$1.5bn in international revenues that are expected to be shared with the city.



LA's Staples Center hosted the NBA All-Star Game in 2018 (Jayne Kamin-Oncea/Getty Images)



LA last hosted the Olympics in 1984.

LASEC, which is officially designated by Los Angeles Tourism to attract, secure and support high-profile events, is focusing on more than the bottom line, though.

“We actively bid for events that will garner significant media attention and impressions, thus raising the global profile of the destination,” Schloessman says.

On this point, an independent study of the 2018 NBA All-Star Game held at Staples Center, highlighted economic benefits of at least \$116m for LA County, of which \$90m was related to tourism.

Opportunities

The conservative approach underpinning LA 2028 does not mean the city is automatically opposed to expanding its plentiful portfolio of venues that host 11 professional major league sports teams.

The \$350m, 22,000-capacity Banc of California Stadium opened last year as the new home of Major League Soccer’s Los Angeles FC, while the NBA’s LA Clippers franchise is hoping to move to a new 18,000-seat arena in Inglewood, just east of LAX, by 2024.

Renowned local architect Jon

Jerde was also recently hired to brainstorm renovation options at the 92,000-capacity Rose Bowl in neighbouring Pasadena, northeast of LA. The stadium hosts the annual college American football Rose Bowl Game and staged the finals of the 1994 and 1999 men’s and women’s Fifa World Cups respectively.

Like the Rose Bowl, the under-construction SoFi Stadium is in the running to host matches during the 2026 Fifa World Cup, which will be co-hosted by the US, Canada and Mexico. The new stadium, due to open next summer, represents the most significant development within LA’s sports venue landscape for a generation.

The prospect of playing at SoFi Stadium lured the Rams and Chargers franchises to LA, ending more than two decades without an NFL presence in the city. Additionally, the 70,000-capacity venue will host the Super Bowl in 2022 and the College Football National Championship in 2023. Worth more than \$30m annually over 20 years, the deal with digital personal finance provider SoFi has reportedly set a new worldwide benchmark for a stadium naming-rights agreement.

The opening of SoFi Stadium will be “an absolute game-changer”, according to Schloessman, who adds: “The new stadium has allowed us to go after events we were previously unable to bid on due to stadium requirements not being met by our existing venues.”

LA, with its Mediterranean-style climate, is an enticing destination for sports. In golf, the Los Angeles Country Club will host the men’s US Open for the first time in 2023 and the Ladies Professional Golf Association last year returned to LA for the first time since 2005. Meanwhile the public’s appetite for events was illustrated when the 2015 Special Olympics World Games attracted 10,000 volunteers and more than 500,000 spectators.

Given the legacy of the financially transformative 1984 Olympics in Los Angeles, there is already an acknowledgement of the role the Games can play in driving positive change within and beyond the city’s boundaries. However, establishing an events portfolio that helps rather than hinders the Games, as well as communities, is a challenge that requires a measured approach if the opportunity is to be fully-grasped. ○

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2020 Youth Olympics give Lausanne chance to take lead in driving 'new Games' era

'Olympic Capital' is the global hub of sports administration

Local sites have used YOG as an opportunity to invest and develop

Previous failed event bids underline importance of Lausanne 2020

Bradley Rial

Even though there is no other city on Earth as closely aligned with the modern Olympic movement as Lausanne, the impact of the 2020 Winter Youth Olympic Games on the Swiss city promises to be pivotal.

Home to around 60 international sports federations and organisations, Lausanne is the hub of global sports administration. Pierre de Coubertin set up the International Olympic Committee's headquarters here in 1915, and in 1994 the IOC granted the city its status as 'Olympic Capital' – a moniker that has helped to attract and retain sport's decision-makers, as well as more than 50 other companies that work within the sports industry. Of a population of 140,000, at least 1,500 are thought to work in the sports industry.

Even before the arrival of the IOC, the picturesque city in the canton of Vaud had a proud sporting heritage, with Lausanne Football and Cricket Club established as continental Europe's first such sports club way back in 1860. But Lausanne is largely viewed as a place where sport meets, rather than plays.

Challenging realities

The reason for that is partly geographical: Lausanne is flanked by larger cities, with Geneva to the south and Bern and Zurich to the north.

And though it's well suited to outdoor pursuits – Lausanne hosted the International Triathlon Union World Championships in 1998 and 2006 and the Sprint World Championships in 2011, while the Marathon of Lausanne and 20km of Lausanne running events bring thousands onto the city's streets, and thousands more pack the roadside to

watch the Tour de Romandie cycling race when it passes through each year – the city's modest size imposes a natural cap on Lausanne's major-event hosting potential.

But the Olympic Capital is unaccustomed to allowing diminutiveness to stifle its ambitions, whether sporting or otherwise.

Like in 2008, when Lausanne became the smallest city in the world to launch a full metro system. Or the four failed bids for the Summer Olympics during the 20th Century.

The city has also failed four times in the last 50 years to land the Winter Olympics, most recently as a joint proposal by the cantons of Vaud and Valais under the Sion bid banner. Such joint efforts are rarely uncomplicated, and the bid was scuppered by an unfavourable referendum in neighbouring Valais.

These challenges underline the

importance of the 2020 Winter Youth Olympics, which took place from January 9-22, to Lausanne, to Vaud and to Switzerland.

New norms

The Winter Youth Olympics was the first IOC event to be staged under the IOC's "new norm" reforms – the 118 points introduced in 2018 to encourage cities to adopt more sustainable and cost-effective hosting strategies.

The most obvious impact is the collaboration between Lausanne 2020 and Paris 2024, which sees France host the Winter Youth Olympics' ski jumping, biathlon and Nordic combined skiing events.

"We have developed a Games that fully adapts to its region, not the other way around," Lausanne 2020 Organising Committee president Virginie Faivre said ahead of the start of the Games.

"Our goal is to put together an innovative and smart Youth Olympic Games. We focus on that. If what we do creates a positive foundation for a new Olympic ambition, then it would mean we would have done a good job."

Accelerating ambitions

Among recurrent events, Lausanne hosts the famous Athletissima meet at

the 16,000-capacity Stade Olympique de la Pontaise – a key date on the International Association of Athletics Federations' Diamond League calendar – and has lured the WTA Tour's Swiss Open women's tennis tournament, whose inaugural edition in July 2019 took place just over a month before the city hosted the ITU Grand Final.

In May 2020, Lausanne will co-host the International Ice Hockey Federation World Championship with Zurich. Games will be staged at Lausanne's new 9,600-seat Vaudoise Aréna, which opened in September last year at a cost of CHF220m (€202m/\$222m) to provide a timely boost to the city's sports infrastructure.

Against this backdrop, Faivre says that the Winter Youth Olympic Games has helped to accelerate several infrastructure developments, while "local host sites have used the Games as an opportunity to invest in new solutions for tourism and sports development".

"We have developed a Games that fully adapts to its region, not the other way around."

Virginie Faivre | president, Lausanne 2020 Organising Committee

She adds: "We also innovate in other ways; for example, by being the first Games to have athletes, coaches and fans solely using public transport to go to venues. We go to France for some events because it makes more sense for us and we use a frozen lake in St. Moritz for speed skating, making the most of local expertise."

New Games

Lausanne 2020's marketing campaign has sought to leverage a unique opportunity to set the agenda in line with the city's aspirations by focusing on the three pillars of a 'new Games', 'new talents' and a 'new Switzerland'.

The 'new Games' concept centres on the Youth Olympics serving as an incubator for new Olympic movement ideas, while the 'new talents' focus involves not only the athletes, but also the significant number of youngsters who have engaged with the event.

More than 70,000 schoolchildren were enrolled to attend competitions during Lausanne 2020 and several venues will also be used as training hubs for young people as a post-Games legacy.

"We've worked with a dozen local schools to develop our mascot, our pictograms, our podiums and our official song," Faivre says. "Our



Gina Zehnder of Switzerland prepares to light the flame at the Opening Ceremony of the Lausanne 2020 Winter Youth Olympic Games (Matthias Hangst/Getty Images)

volunteer, hospitality, athlete education programmes...everything is made by the youth, for the youth.

“We’ve also created a lot of synergies between the various institutions as well as strong sporting legacies in terms of skills and the renovation of infrastructure in the Vaud Alps and the French Jura.”

A part of this is a cross-border agreement between the French department of Jura and Switzerland’s Nordic teams, who for the next 20 years will be able to use the refurbished facilities in Prémaman, including the Stade des Tuffes, a world-class ski jumping, cross-country skiing and biathlon venue.

In terms of a ‘new Switzerland’, Faivre added: “People will come here for what they know about us: mountains, snow, and maybe chocolate and cheese. That’s fine, but when they are here, we want to show them that Switzerland is also a country of youth, of education, of innovation – and of sports.”

Power cluster

Lausanne is keenly aware that its USP is the benefits of agglomeration between the countless international federations and the IOC – which in 2015 agreed a lease to remain in Lausanne for another century – and the various companies, organisations and institutions on the fringes of the Olympic movement that have established roots in the city, such as the Court of Arbitration for Sport and the International Testing Agency.

ThinkSport, founded by the city of Lausanne, the canton of Vaud and the IOC, is keen to maximise networking opportunities by bringing together different organisations in the sports sector, with a focus on businesses, start-ups, investors and academia.

According to ThinkSport director Anna Hellman, who served as executive director of SportAccord from 2004 to 2012, the high concentration of sport-focused federations, organisations and enterprises tallies with the region’s 12 universities and two hospitality schools, with a multitude of their courses overlapping with sport.

“There are also a large number of commercial organisations in the region working within sport – mostly small- and



Team GB curling at the 2020 Youth Games (Linnea Rheborg/Getty Images)



Several events at the 2020 Youth Games were held in France to make the Games more cost effective (Matthias Hangst/Getty Images)

medium-sized enterprises,” she adds. “With this rich sports ecosystem, there are more and more start-ups emerging in and around Lausanne, many of which are spin-offs from the Swiss Federal Institute of Technology in Lausanne and the University of Lausanne.”

In July 2018, European Professional Club Rugby, the organising body of the Champions Cup and Challenge Cup rugby union competitions, relocated to Lausanne from the Swiss city of Neuchâtel.

According to EPCR chief executive Vincent Gaillard, the main reason for the move was logistical, while knowledge-

sharing opportunities with other sports organisations added to the pulling power of the Olympic Capital.

“The chance to exchange experiences and to grow the team and contribute to the sporting community in which we are based is a major plus,” says Gaillard, the former director general of GAISE, which itself moved from Monte Carlo to Lausanne in 2009.

“Being situated in Vaud has given our team the chance to share experiences with other sporting federations; EPCR representatives have attended their events and they have attended ours as we both seek to develop best practice.” ○

SportAccord puts diversity and inclusivity at the heart of events in Beijing

Back in Beijing for the first time in 12 years, SportAccord will bring with it the third United Through Sports festival, which will focus on encouraging people of all ages and abilities to enjoy the benefits of sport

Diversity and inclusivity will be at the heart of the wide-ranging sport festival which is set to be one of the highlights of SportAccord in Beijing.

United through Diversity is the third festival under United Through Sports, which has become umbilically linked to the SportAccord Sport and Business Summit. Now in its third year, following a hugely memorable debut in Bangkok in 2018 and last year's focus on youth in Gold Coast, Australia, the festival was designed to "put the sport into the accord," according to UTS chief executive Julia Govinden.

Actively supported by the International Olympic Committee, the Global Association of International Sports Federations and a host of other sports and NGOs, the festival concept was inspired by Stefan Fox, vice-president of GAISF and president of the Alliance of Independent Recognised

Members of Sport, which has been granted patronage and highly praised by the IOC for its vision and mission in driving the project.

"From the outset, the idea was to integrate physical sport into SportAccord utilising the powerful platform to promote social responsibility and sport's role in creating opportunity to change lives. To date, the two festivals have been great successes and proven the value they bring not only to SportAccord but to the community and to the public. Now we are all looking forward to bringing not only sports, but potentially novel sports to Beijing ensuring the region gets active," said Govinden.

"Discussions over bringing a new layer to SportAccord began back in 2017 and were shaped by Stefan Fox's vision. The inaugural festival event, alongside SportAccord in Bangkok the following year, tested the festival concept and

provided a platform for over 50 sports. What was really impressive was the commitment of the international and national federations towards the project. This close communication and collaboration ensured that the event facilitated the evolution of sport in general to the region," she explained.

Fox summed up the ethos ahead of the Bangkok event: "Sport is central to every culture and society; it is core to an individual's health and happiness. I truly believe that, through sport, we have the power to change lives."

And United Through Sports has a mission that goes far beyond creating sporting showcases. Working in collaboration with the International Federation Muay Thai Associations and the renowned Right to Play organisation, the focus in Bangkok was on refugee and migrant issues, something which Thailand and its people remain all too familiar with



following the exodus of Rohingya Muslims from neighbouring Myanmar.

A group of refugee youth leaders played a major role in the event's opening ceremony and several globally recognised athletes gave up their time to run workshops with these youths, providing and sharing tools for life to take back to their own communities.

In addition, partners Tissot assisted fundraising through a series of raffles, money which was invested in a sports facility in Bangkok and sport equipment for refugees in the Tak Province.

And, says Govinden, the impact didn't end when SportAccord left the region. "Our aim is to leave a legacy, to start a fire that continues to burn bright," she explained. "Last year, a year after SportAccord, we saw the Bangkok Urban Youth Tournament come to life featuring six different sports, all being played by youths from differing socio-economic backgrounds to promote friendship, fun and games. That's an example of what can be achieved when we join resources."

When Gold Coast hosted SportAccord 2019, the theme for the sports festival was United Through Youth, integrating the indigenous population in all elements of the festival activities.

In addition to live sports and

entertainment events, the festival included Opening and Closing Conferences, with discussions and presentations drilling down into key issues facing young people in society and the important role sport can play to realistically address them.

"With many of the collaborators from Bangkok still on board, we added an entire layer of new educationally-focussed workshops with Australian Olympic athletes and renowned sports family figures, including IOC member HRH Prince Feisal taking the time to get up close and personal with the youth," said Govinden.

Now she is firmly focussed on United Through Diversity in Beijing, which promises to build on the tremendous momentum which has been created.

"United Through Diversity is focused on enabling and encouraging people of all ages and abilities to enjoy the benefits of sport," she said.

The festival will include some 70 sports across 10 different sports 'zones'. It will focus on sports for people of different mental or physical abilities, as well as sport for older generations.

Another highlight of the programme will include a charity football tournament that will see some of the world's sports leaders take to field.

Teams will raise money through participation and funds raised will be donated to support a local project.

"There will be a whole range of sports activations in the festival many of which will demonstrate easy-to-approach activities. These will include activities for the mind as well as the physical."

With IOC president Thomas Bach due to address the Opening Ceremony, to be held outside the iconic Birds Nest Olympic Stadium, the status of the event appears to have been cemented. "I have been delighted with the support we have received, it has been quite overwhelming," said Govinden.

Bach eloquently summed up the ambition for United through Sports in a written introduction to the Bangkok event and his words remain as relevant today as they were then.

"It is an opportunity to remind ourselves of the power of sport to make a difference. In sport everyone is equal, no matter who you are or what your background is. The festival, with its focus on promoting physical activity for people from all walks of life, send the powerful message that sport can overcome all barriers. It is a tangible example of how our vision of making the world a better place through sport can become a reality." ○





Looking ahead to LawAccord

This year's LawAccord session includes panels on Chinese sports policy, esports, changes to the Wada Code and – for the first time – a mock CAS hearing, in response to feedback from stakeholders.

Over the years LawAccord, the specialist legal summit, has developed to become a cornerstone of the Sportaccord Sport and Business Summit.

New technologies that are changing the dynamics of the business of sport, the emergence of critical doping and safeguarding issues and the geographical spread of major events to new territories and jurisdictions are among the factors which have conspired to create a more complex legal environment for federations and their legal advisors to navigate.

This year's LawAccord will continue to help those at the heart of global sport to operate effectively by delivering insight into and understanding of a range of key issues they may face today and in the future.

SportBusiness Review asked Michael Lenard OLY, who has played a key role in the evolution of LawAccord, about some of the topics to be discussed in Beijing. Michael is vice-president of the International Council of Arbitration for Sport, the body which oversees the Court of Arbitration for Sport, and president of the CAS Ad Hoc Division for the Tokyo 2020 Olympic Games.

How did you select the topics for this year's program?

Following the successful 2019 edition of LawAccord in Gold Coast, Australia, we canvassed the SportAccord stakeholders and various expert practitioners in sports law for their ideas about what should be the topics for this year's LawAccord. The fruits of this effort resulted in this year's session topics.

The power of SportAccord springs primarily from bringing together the leaders and decision makers in the international sport federations,



Michael Lenard OLY, vice-president of the International Council of Arbitration for Sport

and we always strive to match that with presenters and panellists who are leaders, decision makers and practitioners in the world of sports law.

Why is it important to have a thorough understanding of the legal framework for sport in the country in order to succeed?

Given the strength of the Chinese economy, that almost half of the 20 largest cities in the world are located in China, and China's passion for sport, it is no surprise that China has been a prolific host of world class sport events. It also has been an increasingly large consumer of sport programming and goods. China simply cannot be ignored by international sport - and it is not: international sport's interest in China and China's interest in international sport continues to grow. Therefore, in order to succeed in China, it is

both topical and fundamental for international sport federations and others involved in the business of international sport to understand the Chinese regulatory environment and the legal aspects of how they can "do business" in and with China.

Are athletes an underused resource in governance?

Simply answered, yes. I was a leader of the US Olympic Committee's athletes commission in the 1980s, a pioneering stage in elite athletes' push to become integrally involved in all decisions made by the US Olympic Committee. These athletes were successful in their efforts and demonstrated to the US Olympic Committee and its stakeholders that they could and did bring value in their new role, including in some ways and areas that surprised the sport administrators.

Unfortunately, this role faded with the

US Olympic Committee's adoption of a "corporate" governance model. Whether in response to this model or due to the evolution of the European Model of Sport and the North American Model of Sport, which are starting to overlap, finding the appropriate role for athletes has become even more important and perhaps more challenging.

Athletes are restive, and we are seeing increased public discussion and an impassioned call to provide athletes with meaningful substantive involvement in their sports and the decisions which affect them. Our panellists are going to discuss different models of athlete involvement and the roles athletes do, can and should play in the decision-making processes of sport bodies.

How can and do international sport federations use eSports?

Esports have presented a challenge to the established sports ecosystem and to traditional notions of sport. The global esports market has shown a more than 20 per cent compound annual growth in its key metrics and is forecast to surpass \$1.8bn (€1.6bn), with more than 200 million players of various games and frequent and occasional viewers of the competitions surpassing 600 million.

This generationally driven phenomena can't be ignored, and international sport federations have been watching with some trepidation. Although many sports have esports versions, some international sport federations have taken it a step further by creating esports competitions in their sports.

Prior editions of LawAccord have had sessions discussing esports, but this session intends to take a different tack and focus on this relatively new development.

How do the concerns and priorities of an increasingly 'woke' modern society impact sports federations and their responsibilities?

The public demand and scrutiny for gender equity, diversity and inclusion

in business, government and society continues to grow. For younger generations these expectations have become requirements. If sport does not embrace and deliver gender equity, diversity and inclusion, then it fails to do so at its own peril and courts some form of public action, divisiveness and even crisis. The well-intentioned embrace of these ideals is not enough, and this Session intends to provide practical advice and examples on how to deliver on them.

What can we expect from the CAS Sessions?

My colleague, Matthieu Reeb, the secretary general of CAS, will present an update on the potential impact on international sport federations of any recent CAS cases and discuss any new or upcoming CAS developments.

This is a popular staple of LawAccord because the leaders and decision makers in international sport federations can and want to directly hear from and interact with the leaders and decision makers of CAS.

But this year, emanating from our canvassing of the LawAccord stakeholders, we also have something unique: we will hold a "mock CAS hearing". This session - essentially a scripted play - will present an abbreviated CAS hearing.

We have cast it with an experienced CAS arbitrator and two lawyers experienced in representing parties in front of CAS. We previously presented a mock CAS hearing in a lawyers-only legal seminar, and it was very well received. I hope we get the same reviews for this LawAccord version. [O](#)

LawAccord 2020 Topics

PANEL SESSION AND Q&A: YOUR SPORT AND THE CHINESE SPORT POLICY ECOSYSTEM:

Moderated by:
David Eades, Conference Host and BBC presenter

PANEL SESSION AND Q&A: ATHLETE PARTICIPATION IN GOVERNANCE

Moderated by:
Michael Lenard, Vice President, International Council of Arbitration for Sport

PANEL SESSION: SOCIAL RESPONSIBILITY IN SPORT

Scene Setter provided and moderated by:
Catherine Ordway, Assistant Professor and Course Convenor in Sports Management, University of Canberra

PANEL SESSION: ESPORTS OPPORTUNITIES FOR INTERNATIONAL SPORT FEDERATIONS:

Moderated by:
David Eades, Conference Host and BBC presenter

ANNUAL CAS UPDATE: HOT TOPICS, RECENT CASE IMPACTS, AND ANTI-DOPING DIVISION

Presented by:
Matthieu Reeb, Secretary General, Court of Arbitration for Sport

THE REVISED 2021 WADA CODE: EVERYTHING YOU NEED TO KNOW

The essential to ensure lawyers and sports administrators are aware of Wada Code changes coming out of the 2019 World Conference on Doping

MOCK CAS HEARING: AN INSIDE, INTERACTIVE, AND PRACTICAL LOOK AT AN ARBITRATION HEARING

Presented by:
Michael Lenard, Vice-President, International Council of Arbitration for Sport

Arbitrator:
Jeff Benz, Arbitrator and Mediator, JAMS Inc.

Football and Rocket League's young relationship is already on the rocks

Barcelona, Paris Saint-Germain and AS Monaco have all invested in Rocket League esports, but the business case for doing so is shaky at best. Callum McCarthy examines an esports with huge, unfulfilled potential.



Callum McCarthy

Esports can be confusing for European football executives, or indeed anyone over the age of 35. Most have learned to parrot the lines that 'esports' is a 'growth industry' and represents 'the future of entertainment', but few can tell you exactly why that is.

This becomes a problem when football clubs get involved in esports outside their comfort zone of *FIFA* and *Pro Evolution Soccer*. Esports is not a blanket term. Some are growing faster than others. Others aren't growing at all.

Several European clubs have expanded their repertoire by entering professional teams into *Rocket League*, a vehicular soccer game where cars can fly upside down in low-gravity arenas.

The cost of entry is low compared to major esports like *League of Legends* and the content is instantly accessible. Each game lasts five minutes, and there is just

one aim: put the ball in the goal.

Rocket League is thus seen as a perfect halfway house for football clubs looking to get into 'real' esports. It gives them the opportunity to access a slightly different group of affluent males from Europe and North America between the ages of 14 and 30 without straying into violent or controversial territory.

Eight European clubs have fielded professional Rocket League teams over the past two years as the sport's popularity and prize money have increased. Since its launch four years ago, Rocket League tournament winners have received over \$6.5m (£5.9m) in tournament prize money.

The game's developer, Psyonix, was recently acquired by *Fortnite* publisher Epic Games, itself owned by Chinese gaming giant Tencent. Psyonix is also responsible for operating the top two tiers of Rocket League esports: The top-tier Rocket League Championship Series

(RLCS) and the second-tier Rocket League Rival Series.

Player salaries in the top-tier Rocket League Championship Series range from \$3,000 to over \$10,000 per month for top players. Along with added earnings from personal sponsorships, donations and advertising revenue from YouTube and Twitch, the first *Rocket League* millionaire isn't far away.

There are signs that the game's esports scene is about to get much bigger with Epic and Tencent's backing, but despite the obvious synergy between the game and football, clubs are yet to find a way to make it work commercially.

Shredding money

Paris Saint-Germain's esports department, which is under pressure from club bosses to find profitable markets, withdrew from professional RCLS in 2019, after four seasons of participation.

Rocket League is incredibly popular in France and this drove PSG to take part. But the lack of centralised revenue, sponsor interest and access to Asian and Chinese audiences led the club to release its entire roster in August.

PSG said this would not be the end of its *Rocket League* participation, but the club's esports department had become exasperated at the lack of commercial upside and did not return for this season.

Spanish clubs Getafe and Villarreal also shut down their teams this year, having failed to qualify for the second-tier Rival Series due to a lack of investment in quality players.

Of the five clubs that remain involved in professional *Rocket League*, AS Monaco and Espanyol have just completed their first full seasons in the second tier with Monaco winning promotion to the RLCS.

Swiss clubs Servette and Lausanne have decided to scale their investment back to competing in amateur local leagues and tournaments. Servette gained promotion to the RLCS in 2018 but could not agree financial terms with its players, eventually losing its roster to esports organisation Mousesports.

In the current Season 8 of *Rocket League* esports, Barcelona is the only football club with a team in the top tier. Since the team's inception in April, Barcelona has earned just under \$100,000 in prize money. It is understood between 85 and 90 per cent of this went to the players, on top of their monthly salaries of approximately \$6,000-\$7,000 per month.

Barcelona's *Rocket League* jerseys are not for sale and bear no sponsors. The team earns no centralised or self-derived revenue from sponsorship, media rights or matchday. All regular-season matches are played over the internet with no physical venue provided by either Psyonix or any of the teams.

With the season-ending World Championships to be held in Madrid this weekend, the club would have had the perfect opportunity to showcase its esports involvement to potential endemic sponsors – such as gaming equipment manufacturers and tech companies – as well as to its existing fans in Spain. However, Barcelona failed



The Rocket League Championship Series Trophy (*Rocket League Esports* twitter @RLEsports)

to qualify for the event, finishing 6th out of eight teams during the regular season and crashing out of the playoffs in the first round.

With little-to-no benefits in terms of revenue or in 2019, the club must now consider whether the six-figure annual investment can be justified in 2020.

An alien model

As an independent game developer, Psyonix has done well to grow the game's esports scene as much as it has. The first *Rocket League* Championship Series was held in February 2016 after Psyonix saw how popular its game had become on live-streaming site Twitch. The initial tournament had a prize pool of \$55,000, almost 20 times smaller than today's.

Now that the prize pool stands at over a million dollars, major esports organisations have become a fixture of *Rocket League's* esports scene. Cloud9,

which received \$50m in Series B funding in October, has been a long-time participant, alongside other esports stalwarts such as NRG, G2 and Dignitas.

Centralised revenue-sharing models are a new phenomenon in esports, restricted to regional and global franchise leagues such as the League of Legends Championship Series and the Call of Duty World League. In *Rocket League*, there simply isn't enough revenue to share among the 32 teams that take part in its top-tier competition each season.

Esports organisations are used to this. Almost every single multi-esport organisation is reliant on venture capital and sponsorship in order to fund their operations, often using investment from one sector to entice more from the other.

Team Vitality, another long-time *Rocket League* participant, partnered with French car manufacturer Renault

for all its activities in anything related to motorsport esports. Renault has been title sponsor of Team Vitality thanks to a two-year deal, covering 2018 and 2019, and the manufacturer's commitment gave Vitality a platform to secure €36.5m across three rounds of funding since the deal was completed.

In the short- to mid-term, most investors and their teams are comfortable with the kind of arrangements seen in less mature esports such as *Rocket League*, in which tournament organisers are responsible for courting participation with large prize pools, while teams are responsible for generating their own revenue.

However, this model simply doesn't work for elite European football clubs. Firstly, top-level professional football is already a mature market and its competitive nature pushes clubs to spend money rather than grow their margins.

Secondly, elite clubs have almost every major sponsorship category sewn up on the football side of their operations, limiting their options on the esports side of the business.

In addition, there are multiple problems clubs face when courting esports-specific sponsorships. Firstly, the prestige these clubs enjoy in the football world does not automatically

carry over to esports, making them less appealing to endemic esports brands. Secondly, clubs risk angering football sponsors by agreeing esports deals at much lower price points.

Change must come

That clubs such as Barcelona, PSG and Monaco have competed in professional *Rocket League* is a huge marketing boost for Psyonix, which has benefitted massively from the clubs' participation. It has lent their game and esports scene a sense of mainstream legitimacy.

Without the prospect of earning something back from their investments – or at least a greater effort from Psyonix to make them feel welcome – football clubs will seek out other esports opportunities. Thus far, the only revenue-sharing initiative attempted by Psyonix was an esports shop in which players could buy special in-game items used by the professional teams in RLCS. PSG and Barcelona were not part of this initiative.

Last season's RLCS had no sponsors, major or minor, after previous seasons were sponsored by chocolate bar brand Snickers and motor oil brand Mobil 1. This is despite the previous four RLCS Finals peaking at around 200,000 viewers on Twitch alone.

Industry sources say the lack of

sponsors is purely down to the size and culture of Psyonix as a company – it is estimated to have around 200 employees, almost all of which work on the game itself or the smooth running of its esports tournaments.

Now the company has been acquired by Epic and *Rocket League* has officially been released in China, participating teams are hoping Psyonix will develop its esports activity. The competition's top teams – as well as PSG, Barcelona and Monaco – are said to hope that Psyonix moves RLCS to a franchise-based model with revenue sharing.

However, in October, Psyonix's vice-president of publishing Jeremy Dunham said that a decision on whether it makes RLCS a franchise league is a "question for another time", explaining that there is no conclusive proof that such a model is the best way for *Rocket League*'s esports scene to move forward.

"Football clubs need to have a clear split of revenue from the games publisher," says one football marketing executive, who wished not to be named. "We can't just be a means of exposure for them, because who is paying the salary at the end of the month? The club. Some of the publishers are starting to understand that." ○



FC Barcelona took on Paris Saint-Germain in RLCS Season 7 – Europe (*RocketLeague Esports VODs YouTube*)

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