



The shape of things to come

INFRONT'S BRUNO MARTY ON PRIVATE EQUITY, MEDIA RIGHTS AND THE NEED FOR CO-OPERATION



INSIDE THIS ISSUE

Bundesliga 'ghost games' provide backdrop for sponsorship reset

Legal challenges 'inevitable' after pandemic leaves mark on football calendar

5 technologies to get fans back into stadiums

Coca-Cola's Riccardo Fort on Tokyo 2020 postponement

Veronika Muehlhofer, CEO at Millionsports and FIFA Master Alumna

ADVERTISING FEATURE

The Austrian Veronika Muehlhofer is one of the leading figures in the sport of rugby today. She is the CEO of the Swiss Rugby Union, the national federation for the sports of Rugby in Switzerland, she sits in the Board of Rugby Europe, the continental federation, as well as on the Council for World Rugby, the international governing body for the sport. Additionally, she runs her own events consultancy company, Millionsports, which provides services to local organising committees of major events such as the Olympic and Paralympic Games.

Veronika, a graduate from 4th edition of the FIFA Master (2003-04), started her career in sport quite early on, still when she was at Stanford University, in California, where she worked at their sports department, organising sports events. After graduating from the FIFA Master, Veronika joined the Organising Committee of the Torino 2006 Winter Olympic Games, as the Deputy Competition Manager for Ice Hockey. After the Games, she was recruited as Event Manager by the International Ice Hockey Federation (IIHF), where she stayed for approximately five years. After that, it was time for a bigger challenge. "In 2011 I decided to start my own company: Millionsports. I left the IIHF with excellent relations and they were actually my first client. I then applied to become a sub-contractor for London 2012, and those two first project really helped me to get my consultancy business off the ground", Veronika recalls. Here is more of the talk with Veronika Muehlhofer:

How has the current pandemic affected your work?

With the pandemic, all my events I had lined up in what is normally the busiest time of the year, between March and August, were cancelled within the space of just 3 days. As I was already used to a "Work from Anywhere" type of rhythm, long before the pandemic, my working style did not change much through the lock-down. However, while I normally travelled a lot to events and to meetings and conferences, that has certainly changed, with all meetings now held on Zoom or Teams or Skype.

During the pandemic, despite all sports and all events being cancelled, my work was very busy. I was working a lot for Swiss Rugby, and international rugby, in putting in place the lock-down measures in the first instance, and then the

Return-to-Play measures and concepts in the second one. At the same time, I tried to make sure the 7 employees of the Swiss Rugby Union keep getting their salaries paid, and the organization stay alive and in business through the crisis, when it had to completely shut down all its activities. I was also invited to participate in various working groups dealing with the pandemic and its aftermath, both on the sport-technical side, as well as an organizational side and in media operations.



What will sport look like when this crisis is past? Will it go back to what it was?

I think sport as it is played at the grassroots level will go back to the way it was before. Professional sports and events, however, will not go back to being exactly as before, and in part I think that's a good thing. This type of disruption also provides an opportunity to rethink certain practices, and to improve the things which seemed to be rigidly stuck in their ways before. I think the biggest lesson is that every challenge also brings enormous opportunities, and that we need to be organizationally, culturally, mentally, and psychologically prepared to seize them.

What would you say was your biggest achievement so far?

There are a number of things I am proud of: delivering the men's and women's Olympic Ice Hockey tournaments in Torino 2006 under challenging circumstances, to the highest standard of quality and organization; being voted to the council of World Rugby; helping to found the Swiss Women's national team and coaching it to its first European Championship qualification, and to a silver medal at the European Championship are some of them.

How important was the FIFA Master for your career?

The FIFA Master has been instrumental for my career. It prepared me for a career in sports management and I would absolutely recommend it to anyone wishing to start a career in sports management.

CIES - Centre International d'Etude du Sport, avenue DuPeyrou 1, 2000 Neuchâtel, Switzerland - Phone +41 (0) 32 718 39 00 - Email fifamaster@admin@cies.ch



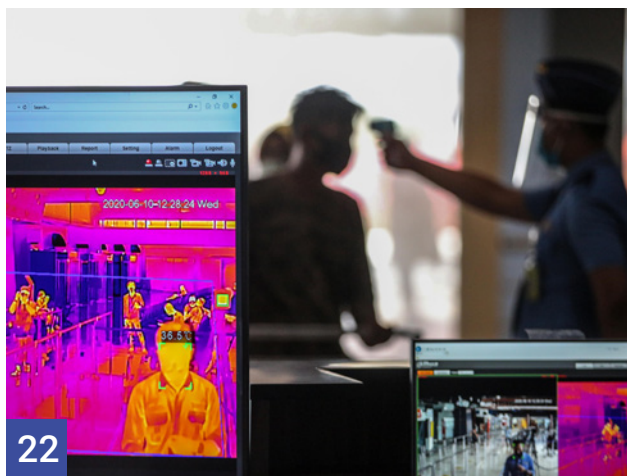
FIFA Master ranked **Europe's No.1** course a record 7 times by SportBusiness



Looking for unique business talent to join your team after the crisis? Contact us now

CIES CENTRE INTERNATIONAL D'ÉTUDE DU SPORT

www.cies.ch



Worldview

- 5** No player is bigger than the sport – really?
- 6** Labor angst to restart 2020 season leaves MLB at crossroads
- 7** Asian football's overhaul
- 8** Covid-19, Race and Gen Z

Covid-19

- 10** Organised, timely and efficient: German football shows the way out of lockdown
- 22** Technology firms and entrepreneurs prepare for the return of fans to stadiums
- 32** Bundesliga 'ghost games' provide backdrop for sponsorship re-set
- 64** How the AFL used its biggest asset to tackle Covid-19 financial woes

Agencies

- 14** Bruno Marty: Sticking to guiding principles is key to building the post-Covid-19 future

Finance and Law

- 18** Legal challenges 'inevitable' after pandemic leaves mark on football calendar
- 61** Nic Couchman | The long view – investment opportunities in the rebuilding of sport

Events

- 28** World TeamTennis poised to set significant precedent for staging events in front of fans

Sponsorship

- 36** Four years on, LaLiga's international focus is paying off in sponsorship
- 42** Coca cola's Richard Fort: Tokyo Olympics will be a great sign of the recovery
- 58** Rise of the Red Devils drives new Belgian FA partnership strategy

Fan Engagement

- 50** MLB looks for audience lift in reformatted Draft

Business Development

- 54** Andrew Messick, Ironman: "There's going to be a strong trend towards localisation."



No player is bigger than the sport – really?



A growing group of fans follow their favourites from club to club (MARCO BERTORELLO/AFP via Getty Images)

In an interview for SportBusiness Review (p58), Manu Leroy, head of marketing and communications at the Royal Belgian Football Association, was asked whether having a team of stars who all play for clubs outside their home country had an impact on their relationship with home fans.

His answer was illuminating, and highlights one of the major changes facing the sports sector right now. It makes no difference, he explained, because fans have access to TV coverage from leagues around the world and can follow their favourite players wherever they play. In fact, he went on, more and more fans are following individual players rather than teams and switching

club allegiance whenever their player is transferred.

When City Football Group chief executive Ferran Soriano was asked about the trend at Globe Soccer in Dubai a couple of years ago, he was unconvinced that the idea fans would focus their devotion on players rather than clubs was even a thing. But as the head of an operation with an ever-growing portfolio of clubs around the world, that's the response you might expect.

What's clear is that it would take a Canute-like refusal to accept reality to argue against the idea that globalisation simply has to change the nature of fandom. Supporting your local team

through thick and thin is no longer an automatic choice for a sports fan because the local team is not the only dish on the menu.

A fan of European or South American football from China will be free of the shackles of local loyalty and family tradition that influenced many of us in our choice of teams. Instead the world is their oyster. Why not declare as a Real Madrid fan? And if Cristiano Ronaldo was a major influence in becoming a Real fan in the first place, why not transfer your affections with him when he moves to Juventus?

As sport – particularly the big leagues with massive international reach – evolves, financial imperatives determine

that revenues from overseas markets are an increasingly important item on the balance sheet. And that means embracing a new type of fan, who may fleetingly cloak themselves in a club's colours but views the relationship through the affinity with players.

Leroy's Belgian perspective provides more evidence for the trend of players moving closer and closer to the top of sport's commercial ecosystem.

Ultimately sport is about talent and, in the professional era, top talent is richly rewarded. But until now there has been a system in which players are paid by their clubs or promoters in wages or prize money. Some get very rich; others just get by.

Could that status quo now be under threat? Could talent end up competing with clubs and federations for revenue and how would that impact the sports business in the long term?

Earlier this month, Mediacom Sport & Entertainment, part of the giant WPP marketing services conglomerate, announced it had signed a long-term commercial representation deal with the 19-year-old Real Madrid and Brazil star Vinicius Jr., who became the world's most expensive young player when he moved from Flamengo on his 18th birthday.

The deal represents something of a coup for the company and vice-president Misha Sher sees it as a timely and logical move. "Never before have athletes had such an incredible opportunity to transcend their sport and develop a strong, personal brand that's relevant in culture," he said in the official

announcement.

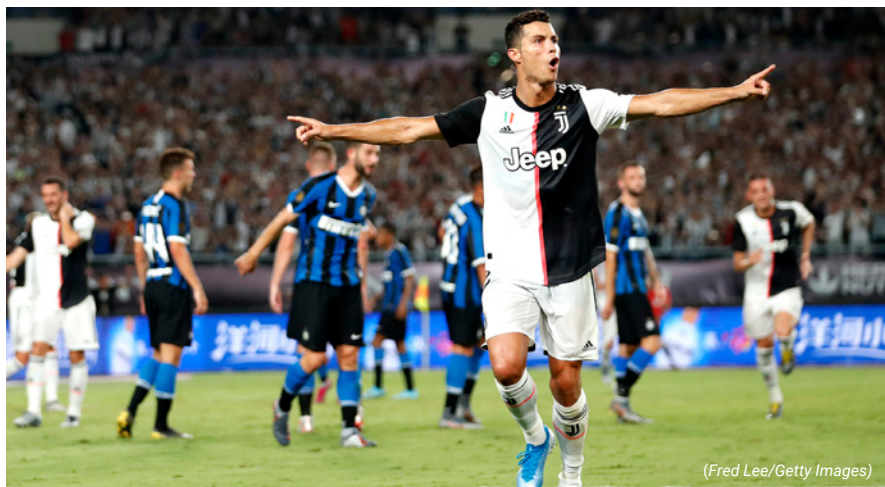
Mediacom is not replacing the player's personal management team, which will continue to handle contracts and other football-related matters. Instead it will use its experience working with some of the world's major corporations to develop the Vinicius Jr brand.

While the arrangement may not be unique – super agent Jorge Mendes has a team of commercial marketers and digital experts to look after his stars in much the same way, and there are plenty of content creators out there – it can be seen as an indication of the way the wind is blowing.

Applying high level, near industrial branding disciplines to individual players is clearly the direction of travel. And players who build a massive, club-neutral fanbase, which connects through a deep understanding of who they are and what they stand for, offers unparalleled levels of engagement for brands and are set to be the big winners in the next phase of the evolution of the sports business.

If a fan follows a player because of their environmental activism, outrageous sense of humour or guitar playing (athletic brilliance is a given here) they are likely to become career-long if not life-long adherents.

All this will seriously challenge the long-held notion that no player is bigger than the club or the sport itself. Cristiano Ronaldo has already made us question the truth of that statement and, as the industry gets to work to create the next generation of globally connected, professionally branded superstars, it will come under further pressure. ○



(Fred Lee/Getty Images)

SportBusinessReview

Editor

Ben Cronin
ben.cronin@sportbusiness.com
+ 44 (0)20 7265 4232

Deputy Editor

Adam Nelson
adam.nelson@sportbusiness.com
+ 44 (0)20 7265 4234

US Editor

Eric Fisher
eric.fisher@sportbusiness.com

Senior Reporter and Analyst, Asia

Kevin McCullagh
kevin.mccullagh@sportbusiness.com

Head of Content

Richard Welbirg
richard.welbirg@sportbusiness.com
+ 44 (0)20 7265 4233

Editorial Director

Kevin Roberts
kevin.roberts@sportbusiness.com

Sub-Editor

Suzanne Swaysland
suzanne.swaysland@sportbusiness.com

Senior Designer

Alex Smith
alex.smith@sportbusiness.com

Designer

Jacklin Kuneva
jacklin.kuneva@wedodigitalsolutions.com

Production and Distribution Manager

Craig Young
craig.young@sportbusiness.com

Commercial Director

Paul.Santos@sportbusiness.com
+ 44 (0) 2072 654183

Subscription/Information Sales

Scott Longhurst/Laurence Burton
info@sportbusiness.com

Head of Media Sales

Robin.Hume@sportbusiness.com
+ 44 (0) 2072 654182

www.sportbusiness.com

Published by:

SportBusiness, a division of SBG Companies Ltd, Park House, 116 Park Street, London, W1K 6AF

T: +44 (0) 20 7265 4100

F: +44 (0) 20 7265 4220

Printed in the UK by Pensord Press

www.pensord.co.uk

The paper used within this publication has been sourced from a Chain-of-Custody-certified manufacturer, operating within international environmental standards such as ISO14001 and EMAS. This is to ensure sustainable sourcing of the raw materials, sustainable production and to minimise our carbon footprint.

SportBusiness Review is published monthly © SBG Companies Ltd 2019. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without prior written permission, except for permitted fair dealing under the Copyright Designs and Patents Act 1988. Application for permission for use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgement of author, publisher and source must be given. ISSN 1757-5346.



Labor angst to restart 2020 season leaves MLB at crossroads

Within hours of Major League Baseball and the MLB Players Association finalizing plans to restart the 2020 season, the online baseball community was abuzz with player and team projections of all types.

What are each club's estimated win totals during the forthcoming 60-game regular season? What are the gambling odds for each team to win the World Series? What might the opening week pitching matchups look like? Could the abbreviated season allow a hitter to finish with the league's first .400 batting average in nearly 80 years?

But these questions quickly forget the deeply bruising labor negotiation process that led to the league's implementation of the season restart, an episode that notably failed to produce a negotiated agreement for numerous components of the resumption of play.

Instead, league commissioner Rob Manfred, a self-described "deal guy," was forced to use his unilateral powers for mandating the regular season's length, and the labor saga further exposed an already fractured relationship between the league and union heading into next year's scheduled round of collective bargaining negotiations.

Just as the ongoing Covid-19 pandemic is accelerating other broad, long-emerging sports industry trends in areas such as gambling and ticketing, the public health crisis has also brought forward deep divisions between the camps that threaten MLB's status as a major US team sport.

Long before the virus took hold around the world, there was trouble

brewing in baseball labor circles. Already, players and union had plenty of misgivings on numerous structural issues, including allegations of service time manipulation for some young players and rising concerns of how recent free agent markets were operating.

"The public health crisis has brought forward deep divisions that threaten MLB's status as a major US sport."

The past three months kicked those existing tensions into overdrive. There was an initial agreement struck in March that allegedly laid out provisions for how to restart play and pay players amid the pandemic. But the two sides could not even agree on what that initial document included or fully contemplated.

That soon manifested in multiple ownership proposals calling for a reduction upon prorated player salaries for 2020, something the union refused at every step.

By the end of the ugly saga, the words "bad faith" were shot across the bow in each direction, and it is expected there will be at least one, and perhaps several formal labor grievances coming out of this. Every other major US sports league was able to manage the complexities of Covid-19 and develop a restart plan without similar labor acrimony.

The ongoing situation is the last thing the sport currently needs, particularly as MLB is grappling with attendance declines in six of the last seven seasons, will be allowed limited fans at best in

2020, carries an image of its pace of play being overly slow, and is facing massive revenue losses this year it has already lost more games to the pandemic than any other US sports property.

Add in more negative energy stemming from cheating scandals involving two teams, and deep amounts of financial stress and negotiating angst within Minor League Baseball, MLB finds itself at a crossroads like none other in its more than 150-year history.

The last time baseball found itself in a similarly all-consuming crisis was 1995, when average attendance plummeted by a fifth due to another labor crisis that led to the cancellation of the prior year's World Series. Fan outrage with the game was palpable and troubling economic divides within the sport were beginning to take hold.

It would ultimately take the better part of a decade for baseball to find its fiscal footing again, a process greatly aided by several major historical and industry milestones during that period, including Cal Ripken Jr.'s consecutive games played streak, the New York Yankees' dynasty, another wave of league expansion, the advent of comprehensive revenue sharing among teams, the formation of MLB Advanced Media, and a run of new stadium development, not to mention historic home run chases (albeit ones ultimately sullied by steroid revelations).

What circumstances and events will help the sport regain momentum this time? There is plenty of historic-level talent currently playing. But amid the depths of baseball's issues now and the darkening labor clouds, there are no apparent magic bullets. ○



Crunch time for AFC overhaul

Commercial overhaul” stories in the sports business are often fascinating. The most interesting are ambitious, expensive, delivered with grand rhetoric, and put big reputations and accepted wisdom to the test.

Liberty Media’s takeover of Formula One is one example. The belief was that the previous owners had let the series stagnate, particularly by neglecting digital media. Bernie Ecclestone’s observation that teenagers don’t buy Rolexes sounded absurdly out of touch and seemed to encapsulate the sense that F1 was in need of fresh thinking. But three years, \$4.6bn, and several high-profile executive changes later, and it’s hard to say that Liberty Media’s overhaul has so far been a success.

The biggest live commercial overhaul story in the Asian sports business is entering a critical phase. Football Marketing Asia, the newly named agency with the exclusive mandate to commercialise Asian Football Confederation rights from 2021 to 2028, will in the second half of 2020 begin delivering on its \$2bn-plus contract.

The AFC’s competitions will be rebranded and consumer-facing marketing campaigns for them will begin. Commercial partners will start to be incorporated into those campaigns and a flurry of media and sponsorship rights deals is expected in the lead-up to the first matches of the new cycle in March 2021.

FMA is led by Patrick Murphy and David Tyler, once of Team Marketing, the agency that so successfully revamped Uefa’s club competitions in the 1990s. Their involvement has inevitably led to comparisons with that project.

When their deal was announced in 2018, industry experts pointed out



clear opportunities to improve the AFC product. Tournaments were considered ripe for format changes. Their branding looked dated. The quality of broadcast production across the continent had been inconsistent. Some said digital rights could be exploited more smartly.

Underpinning this were strong fundamentals that pointed to certain long-term growth - the Asian markets have massive populations, growing economies and hundreds of millions of football fans. China was the ace card, with a government eager to build a world-beating football industry and host a Fifa World Cup in the next couple of decades.

FMA’s Chinese joint-owners DDMC were the key to unlocking the market. Their sports marketing subsidiary Super Sports Media is one of the most successful in China, and its understanding of the market was expected to yield strong results.

But it was clear that FMA, then called DDMC Fortis, had a mountain to climb. It far outbid rival agencies to secure the rights and committed to a minimum guarantee that amounted to a more-than-fourfold increase in the AFC’s rights income.

Furthermore, the two closest rival bids were led by the two executives that arguably knew the AFC rights better

than anyone else - Seamus O’Brien, then at MP & Silva, and Andrew Georgiou, then at Lagardère Sports. O’Brien and Georgiou’s World Sports Group agency had sold the AFC rights for the previous 27 years.

With eight months to go until the first matches, just three deals announced, reports from the market that big asking prices are going unmet, and the global economy stunned by Covid-19, the pressure on FMA to deliver is intensifying.

Murphy recently told me that a raft of further deals are completed and waiting for announcement, that all commitments to the AFC had been fulfilled to date, and that he was confident his company could deliver an overhaul of the AFC properties that would pay off for all stakeholders, including the confederation, commercial partners, and fans.

With the possible exception of rival agencies that fancy their own chances with the AFC rights, one expects most in the Asian business will hope FMA can deliver on the great promise of the partnership.

At a time of massive uncertainty across the business, many would welcome some of the beliefs on which the deal is based - particularly Asia and China’s continued ability to deliver revenue growth - proving accurate. ○

Inside track

Tony Simpson, partner and head of the Sports & Media Practice at Savannah Group



Covid-19, Race and Gen Z

As much of the world reflects on attitudes towards race and equality, Tony Simpson puts sport under the microscope and says attitudes and practices must change for human, social and business reasons.



No sportsman has been as outspoken in favour of the Black Lives Matter movement than quarterback Colin Kaepernick (Carmen Mandato/Getty Images)

It's an undeniable fact that the boardrooms of most of the world's leading sports institutions do not reflect their participants or their fans. In England, the proportion of BAME footballers in the Premier League has more than doubled since the league's inception in 1992, yet in 2020 we have only one BAME manager and one BAME chief executive. Frequently, BAME senior positions are honorary and come without the fiscal benefits afforded white colleagues.

Change in how sport is administered and consumed is moving at an unprecedented rate, driven by technology, globalisation and the need for instant data. The new breed of sports executive needs a professional

toolkit that includes empathy and the ability to handle this new reality. Unfortunately, many are out of step, working with advisors and board members who reflect their own experience and sociocultural heritage. In 2020, that's just not good enough.

Having discussed race and diversity, in all its forms, with many of our sector's leading chief executives and chairs, one thing that always struck me was their need to not only challenge me but also their own concepts of race. Looking at the blizzard of information on social media, I suspect many business leaders are not sure how to effectively respond to a post-Covid-19 working environment, or how to extract and implement sustainable positives

from the Black Lives Matter movement.

But we need to embrace this change using our positions of influence. It's the right thing to do and it's business-critical, requiring emotionally-secure leadership and compassion. Don't hire on colour, hire on merit, but remove the barriers to entry so that all can be judged equally. Using education alone as a benchmark is wrong when education itself is a privilege.

Businesses that thrive post-Covid-19 will be those that encourage a coming together of different ethnicities with different experiences. The sports teams we follow are populated by athletes of different cultures. The food we eat, the music we listen to, the holidays we seek – all are a blend of different cultures.

Yet executive power remains steadfastly white and predominantly male.

In a post-Covid-19 world, companies will need to be globally ready, and the winners will be those with diverse internationally-oriented boards. The fastest growing, most innovative, disruptive and prosperous urban centres, New York, Berlin, London and Paris, all have something in common: they are melting pots with a high concentration of immigrants. There's a direct correlation between high-skilled immigration and economic performance.

Employees with diverse backgrounds help create organisations that are resilient and effective, regularly outperforming those that don't invest in or understand the values of diversity.

According to the Deloitte Global Millennial Survey 2020, 74 per cent of working millennials believed their organisation was more innovative with a culture of diversity and inclusion.

For those who seek a return to 'normal', it's just not going to happen. In 10 years' time it's anticipated that up to 80 per cent of the global workforce will be made up of Millennials – a group that will start to occupy the majority of leadership positions. Will your leadership team be ready to do business with this new value-focused client base?

Savannah Group's The Business of Global Content Report revealed that out of 100 of the world's largest Sports, Media and Entertainment companies, '80 per cent were unable or unsure how to develop content monetisation strategies for Gen Z'. Imagine the commercial possibilities of a brilliant young and diverse team tackling this issue.

The new breed of CEOs will challenge preconceptions with flexibility, putting people and HR at the centre of their decision-making process. Such leadership traits will be necessary for small companies and large corporations alike. Corporate culture needs to be updated.

Workplace diversity is an asset for businesses and their employees. It incubates innovation, creativity and empathy in ways that homogeneous environments seldom do. It takes careful nurturing and conscious

planning, but once successful, nearly always results in an explosion of performance and productivity. As I've said many times: 'You can't be what you can't see'.

And just to be clear, make sure your BAME head count is representative throughout the business, not just over-indexing around Executive Assistants, Doormen and Catering staff.

What is happening on our TV screens and across social media may seem like a personal attack on the values and systems you have worked in and benefitted from. Here is a different perspective. Asked recently, by a woman of colour, why a particular 'White Male' was so angry with the Black Lives Matter movement, I noted the quote, 'When you're accustomed to privilege, equality feels like oppression.' My own team has seen this first-hand in letters from incredulous candidates who didn't get senior positions they felt entitled to. All lives matter, it's true. But if you truly believe that statement, you'll understand why #BlackLivesMatter is so important. You can't have one without the other, and if you disagree, you are unconsciously part of the problem.

So, let's tackle the elephant in the room. What is white privilege and what does it have to do with you? White privilege is people not being surprised that you're articulate, never being followed by store detectives in your 40s and 50s, not being pulled out

of line at airports on a regular basis, not being told that restaurants/hotels/clubs are full when they're clearly not, never having to give your children that heart-breaking talk, never having to watch your daughters search for non-Eurocentric standards of beauty.

I could go on, but you get the picture. It's because of this unconscious bias that brand and corporate authenticity need to be genuine, sustainable and culturally embedded. It is important for corporations to step up and advocate for diversity and tolerance on a public platform. This can only happen when you have diverse executives at the top table who are part of the debate and decision-making process.

Generation Z, race and a new post-COVID-19 working environment are all intrinsically linked. Merit-based diversity and inclusion are the only options if your business wishes to harness the power of a new and energised global population group. ○

Tony Simpson is a partner and head of the Sports & Media Practice at human capital solutions firm, Savannah Group. Beyond his executive search career, he has been chief executive of an AIM-listed sports marketing agency and launched a Middle Eastern based global news channel. Tony is a trustee of the Black Cultural Archives, an advisory Board member for Special Olympics GB, and a regular presenter on the benefits of a diverse workforce.



(Spencer Platt/Getty Images)

Organised, timely and efficient: German football shows the way out of lockdown



(Martin Meissner/Pool via Getty Images)

Bundesliga's return down to cohesive effort from government, league and clubs

Commitment to transparency inspired confidence from partners and the public

Dortmund v Schalke on May 16 broke international viewership records

Callum McCarthy

The return of the German Bundesliga has prompted sighs of relief across the sports industry, but making it work was far from easy.

A cohesive effort between the league, clubs and players has enabled a medical concept founded on the principles of personal and collective responsibility. The organised, proactive response by the German government has underpinned this plan, making the restart possible.

Across the three matchdays since the league's return, 52 matches have been played across the first and second tiers of German football. There have been positive tests, protocol breaches and postponements, but nothing has been able to derail the project.

Robert Klein, chief executive of the DFL's global marketing arm Bundesliga International, told *SportBusiness*: "There was a clear direction set at the beginning that we intended to finish the season if possible, but categorically

stating that the health and safety of communities, players and staff was paramount.

"It was about creating a medical concept which, from the get-go, was not going to affect the testing commitment made by the German government of 500,000 per week. Our testing was only done on top of that, it wasn't about special treatment but in fact trying to find a solution for workers – who happen to be footballers – to get back to work."

Testing and social distancing have been central to the Bundesliga's return, but Klein believes that clear communication between the league, local government, clubs and players was also a key element of the comeback.

"There have been hiccups along the way, but this is something that was anticipated, as per the medical concept, and something that was communicated by the clubs to the local authorities immediately," he said. "Three FC Köln players tested positive and it was announced, along with the measures put in place.

Augsburg head coach Heiko Herrlich illustrated that buy-in perfectly. Two days prior to his team's match against Wolfsburg, Herrlich absent-mindedly left the team hotel and bought a tube of toothpaste. Realising his error, he owned up and withdrew from coaching the team that weekend.

"I am glad and grateful that my 17 colleagues did not act so thoughtlessly," Herrlich said. "Otherwise the restart of the league would not have been possible in this form."

Domestic peril

A failure to restart the season would have been catastrophic for German football. Thirteen of the 36 clubs in the top two tiers of German football faced the possibility of insolvency if the DFL had not resumed in a timely manner. Should the season have been cancelled altogether, it is estimated the league and clubs could have lost up to €750m (\$834m) across media rights, sponsorship and matchday income.

The Bundesliga was the last of the big five European leagues to stop playing



(Tobias Hase/Pool via Getty Images)

and has been the first to return. But in the interim, the DFL had to manage its relationships with domestic broadcast partners to ensure media-rights payments reached the clubs.

When the league was postponed on March 13, Bayern Munich chairman Karl-Heinz Rummenigge voiced his concerns over domestic broadcasters withholding the last of four media-rights payments due in the 2019-20 season: “At the end of the day, it’s about finances and the big outstanding TV payments to clubs.”

He continued: “Everyone should understand what ending the season would mean for clubs. Most of the revenue comes from the TV sector. If this sector were to fail, there are fears many small and medium-sized clubs will experience liquidity problems. We hope this [the postponement] will end quickly.”

On April 23, the DFL announced it had reached agreements with its primary broadcast partner Sky Deutschland and public-service broadcasters ARD and ZDF to ensure that at the very least, part payments would be made to clubs in the top two tiers.

Sky, by far the Bundesliga’s biggest financial contributor, committed to release half its final payment a month early in return for an overall reduction of the amount due when the league restarted. It was a compromise that needed to happen and, again, helped secure buy-ins from the clubs.

The only domestic broadcast partner

not to agree a deal was Discovery, owner of commercial and pay-television broadcaster Eurosport. Discovery sublicensed its rights to streaming platform DAZN prior to the start of the 2019-20 season but is still responsible for paying the league.

After failing to reach an agreement with Discovery, its deal was cancelled and a new one struck directly with DAZN. It is understood the DFL will receive less from each of its broadcast

“There was a clear direction set at the beginning that we intended to finish the season.”

Robert Klein | chief executive,
Bundesliga International

partners than originally agreed but there was unanimous recognition that in both sporting and financial terms, something was better than nothing.

In the end, the DFL, Bundesliga International, and the clubs could not realistically have hoped for a better result.

Time to shine

Immediately after German professional football was shut down, Bundesliga International ramped up its activity. Klein and his team maintained near-constant contact with the league’s international partners to ensure they made use of the huge amounts of archive and ancillary content available as part of their deals.

“It shone a light on the DFL as a media group and enabled us to take advantage of all the innovation that’s happened over the past few years; whether that’s one of the richest archives in football, legends activities, or social media for ourselves and our partners,” Klein said.

To make sure it kept up with demand for stay-at-home live content, the Bundesliga Home Challenge – an esports competition that incorporated professional players and referees – was distributed to all of the Bundesliga’s international broadcast partners and generated two million unique viewers per weekend.

While the broadcast partners were looked after, they were also kept



Head coaches Heiko Herrlich and Steffen Baumgart bump elbows prior to the Bundesliga match between FC Augsburg and SC Paderborn 07. (Matthias Hangst/Getty Images)

informed of the timetable for a return so they could prepare to show as many live games as possible. In major markets, most broadcast partners showed all nine top-tier Bundesliga matches played each matchday – many for the first time.

In the UK, the Saturday afternoon blackout rule enforced by the English and Scottish football associations had been temporarily lifted, enabling the Bundesliga’s UK partner BT Sport to show every live game between 2:45pm and 5:15pm.

In a time when the Bundesliga faced no competition from other top-level leagues, the DFL and Bundesliga International benefited from reaching more eyeballs than ever.

For most pay-television broadcasters, live Bundesliga matches were used to get lapsed subscribers back on board, often at reduced prices. However, Klein had hopes that some matches could be made available to the wider public in major markets.

“There have been discussions with the partners to see if they would show matches free-to-air,” Klein said. “For the first two matchdays, Sky Deutschland have broadcast a 3:30pm kick-off on their free-to-air channel. Ultimately, the decision is down to the broadcasters of whether they want to do that and can do that, but we will support them if they choose to go this way.”

Ratings and success

The Bundesliga’s return to international screens on May 16 saw ratings go through the roof around the world.

In the UK, a peak of 625,000 viewers tuned in to watch the league’s four 3:30pm kick-offs (2:30pm UK time), with the weekend’s marquee match between Borussia Dortmund and Schalke 04 averaging about 500,000 viewers. The evening game between Borussia Mönchengladbach and Eintracht Frankfurt attracted a peak of 192,000 viewers, doubling the Bundesliga’s peak audience on BT prior to the league’s postponement.

In the US, pay-television broadcaster Fox Sports – which will lose Bundesliga rights to ESPN from 2020-21 – reported that viewership of Dortmund v Schalke was 725-per-cent higher than the last Bundesliga match shown before the



(Alexandre Simoes/Borussia Dortmund via Getty Images)

“They are working to provide the best football experience during this unique situation.”

Robert Klein | chief executive, Bundesliga International

league’s postponement.

The same match attracted a peak audience of 203,000 on Fox Sports in the Netherlands, double the norm. In Italy, an average of 155,000 viewers watched that match on Sky Italia, with a further 230,000 watching the live goals show.

“A number of partners were very excited to have the availability of the matches and will effectively be broadcasting all of them,” Klein said. “I can’t say that all games will be shown in all 211 territories, but there have been many conversations with broadcasters who were keen to maximise the return of live Bundesliga to their screens.”

One might think the Bundesliga can’t go far wrong when faced with a public baying for live football. But the subject of piped-in crowd noise – either in the stadiums or added to broadcasts – is a touchy one in Germany, where stadiums full of passionate fans form a key part of the spectacle.

The DFL and Bundesliga International decided against applying sound effects to the raw feeds distributed to broadcasters, instead leaving it to each partner to decide the

best course of action.

Sky Deutschland, which produces its own matches, gave its viewers the option to hear crowd noise produced via a live soundboard of pre-recorded songs, chants, crowd reactions and ambient noise relevant to the teams and the fixture being played.

International broadcasters that take the Sky feed are unable to give viewers the same option and receive matches one way or the other. Fox Sports broadcast matches with crowd noise in the US, while BT showed matches with only ambient noise in the UK.

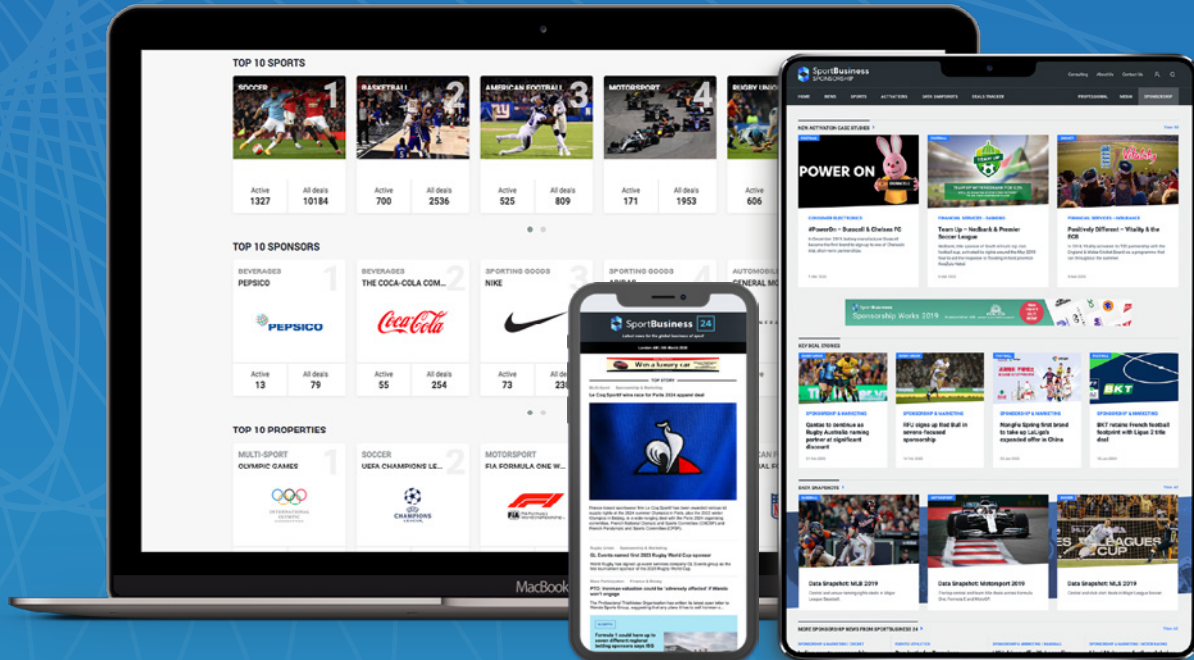
Klein says the DFL is constantly testing new techniques to improve production of games played behind closed doors but is currently focusing on how to bring viewers closer to the action via video and sound.

“In line with the medical concept, the live production outfit that belongs to the DFL [Sportscast] still uses several cameras per matchday and extremely sophisticated sound technology so yes, they’re looking at it and in the first round of matches they were testing to see what created the best atmosphere.”

He continues: “Passes are being made and received, a ball taken on the chest, a shot; all these sounds could potentially be amplified. They have been doing tests and they are working to provide the best football experience during this unique situation.” ○



SportBusiness SPONSORSHIP



Giving agencies, brands & rights-holders true added value through sponsorship deal data, activation campaign case studies and daily news

THE SPONSORSHIP PACKAGE

ACTIVATION CASE STUDIES

Each of our case studies takes an activation campaign and sets out objectives, details what was involved and reports the outcomes. We publish 24 case studies every month.

DATA SNAPSHOTS

Each month, we publish a data snapshot of a key sponsorship market. These bring you benchmark values on every single deal in the rights-holder portfolios & written insights helping you understand these markets.

KEY DEAL STORIES

We deliver deeper coverage of the most important sponsorship deals, uncovering deal values, durations, inventories, activation plans and all-important context.

DEALS DATABASE

Our deal database makes it easy to extract what you need from our historic data. Its updated daily and already has data on **26,000+ deals!**

ACTIVATIONS CASEBOOKS

Four times a year, we round up the most innovative activations examined in our case studies into definitive best practice casebooks.

DAILY NEWS

Subscribers will receive the SportBusiness 24 news service – four daily emails stuffed with sport business news from our London, New York and Singapore offices.

Request a demonstration at: sportbusiness.com/sponsorship
Email: info@sportbusiness.com or call: + 44 (0) 2072 654100

Bruno Marty: Sticking to guiding principles is key to building the post-Covid-19 future

Private Equity firms can partner rather than exclude established agencies

Co-operation not confrontation needed to address liquidity crisis

Swift return of live sport will limit financial impact on broadcasters

Kevin Roberts

The notion that what doesn't kill you makes you stronger appears to be gaining traction across the sports sector.

The Covid-19-induced shock to sport's commercial ecosystem hit at a time when the industry was already being forced to consider how it must evolve to flourish in a world changed by technology, and many senior figures believe that the ensuing hiatus has accelerated that process.

Among them is Bruno Marty, who leads the ProSports division at the Infront company where his role as senior vice-president encompasses overseeing the football, winter and summer sports operations, as well as media and marketing sales.

It is a position which puts him at the heart of deal-making and gives him a unique insider's perspective on the way the sector is shaping up to the challenges and attendant opportunities it faces.

He remains unruffled in his approach to the crisis, firm in his belief that sport will return strong, that enduring, long-term relationships between rights owners and their partners will remain the bedrock of success and that winners and losers will be determined by the ability to adapt to changing market conditions and employ technology to engage with fans.

"Sport is an incredibly important part of the economies of developed countries and I think it will be back very soon. We have seen huge growth over the last 20 years in many major sports and I expect some of this growth will come back but at a more balanced level," he said.

"In the short-term some of the sports will suffer and, depending on their ability to adjust and be innovative, some



Bruno Marty, senior vice-president, Infront

will survive better than others."

With cash flows drying up, liquidity has become an even more important issue for organisations from top to bottom of the sports food chain. It is, Marty says, more than ever a time for co-operation rather than confrontation.

"Every company and federation is carefully looking at its cash positions. At the same time people talk about partnerships and long-term cooperation and in many cases this is now becoming a reality. You talk with your rights-holders and your key partners and find individual solutions. Every sport and event has to be looked at separately as there are no one-size-fits-all solutions. I

understand there are lots of interesting talks (going on) focussing on the long-term and helping each other in the short-term.

"In general, federations are quite careful about their liquidity and try not to spend more than they have. A large amount of their spending is related to events, so if there are no events there are no event-related costs. With our clients, such as the International Ice Hockey Federation, good discussions have taken place because the intention is to work together for the next 10-20 years. You help each other now to (combat) any liquidity shortages."

That said, the realities of any business

sector are that a shortage of cash creates a buyer's market and an upturn in interest in sport from private equity firms – which was evident event before Covid-19 – is unlikely to fade away if there are good deals to be done.

With organisations such as CVC already invested in prime rugby properties and now circling Italy's Serie A it might appear that the new forms of ownership of sport could put the established agency model under pressure. But Marty feels that the model has evolved sufficiently to ensure that agencies have an enduring role.

"Maybe 10 years ago rights owners saw agencies purely as a bank for refinancing their events, but this has already changed. In many aspects we are now a service provider, still paying significant amounts to them but doing much more than sending a paycheck once a month.

"Private equity firms do things for the sake of profit which has to arrive within a limited amount of time. We also want to be profitable, but we are taking into account a longer period of say 10 years or more, because we work in partnership to help sports grow.

"It's difficult for me to know exactly what it means when PE enters relationships in sports directly, but I hope the sports entities don't only look for short-term liquidity and forget about the long-term commitments."

The sentiment is based not just on philosophy but the realities of the current situation around Italian football. While CVC's proposal – believed to involve a €2.2bn (\$2.5bn) stake in a new company to market Serie A rights – is under consideration, Infront is working on a proposal to extend its own advisory role with the league.

"While I don't know what CVC is discussing with the league I have the feeling (the two proposals) are not necessarily in conflict with each other. One is about financing and getting something in return, while we are talking about how to commercialise for the next three-to-six years.

"My feeling is that, with our specific expertise, we can cooperate with the CVCs of the world which have the capability to finance such activities."

Media companies have also been

hard hit by the lack of live sport, raising concerns over the prospects for highly leveraged OTT operations whose complete reliance on sports revenues appears to make them more vulnerable than more diverse operators. The hit taken by established sports broadcasters and a potential damping down of the sports rights market has also led to renewed speculation that this could be the moment for some of the cash-rich

tech giants, which have so far chosen to remain bit-part players in sport, to make a more determined move into the space.

"The reality is that the door is already open to them. It is clear that the younger generation is expecting to consume sport on different channels and whenever they want, taking all the social media platforms into account and I think those players are already looking at sports," Marty said.



Football, but not as we knew it. (Martin Meisner/Pool via Getty Images)



Serie A, attracting Private Equity interest. (Emilio Andreoli/Getty Images)

“Will it happen faster now? Well that depends on how long the impact of the crisis lasts. If all the sports are fully back in, say, the last quarter of this year and 2021, I think the impact on traditional broadcasters of being in financial constraint will be rather small.

“But this is happening anyway. Today you talk to additional parties to those you talked to five years ago.”

So, could any damping down of the rights market lead more rights-holders to launch their own OTT platforms and go direct-to-consumer?

“My clear belief is that in the long term it might be an option for the top rights-holders to go for an own OTT solution but in the short-term a hybrid model is more likely to be used. That is where a federation takes over the programming of its content but still distributes it to the traditional broadcasters and channels before really focussing on the OTT-only option. That will probably only be feasible for those who manage leagues, not one-off events. At the moment OTT is supplemental for markets where you might not find a broadcaster.

“I am convinced that OTT will remain

“We all have to adapt to new technologies and be innovative. That means making the right choices..”

Bruno Marty | Bruno Marty, senior vice-president, Infront

in place, either as an independent or partial solution. At the current time those companies which are highly leveraged have to look very carefully at their finances and it is about individual talks to find solutions. Those discussions may be quite challenging but both sides want them to be there in the long-term.”

Marty believes that one key impact of the crisis will be the acceleration of a polarization between sports properties. But this, he says, will be based not only on a distinction between big and small sports but on their ability to attract eyeballs and engage more deeply with audiences.

“Those who succeed will be the ones who are willing and able to adjust, to rethink their formats and come up with new and exciting ways to play the sport, adapt to new technologies ,

integrate digital technologies into their production and involve fans. That will separate those who succeed from those who don’t.

“Generally speaking, the way that we adapt to technology is the biggest difference in the last five years here at Infront. In that time we have acquired Omnigon, which develops digital platforms and technologies and fan activation and monetisation concepts for big properties, and we created the Infront Innovation Lab where we find innovative companies and try to partner with them to develop products as they often have the technology but not the product.

“We all have to adapt to new technologies and be innovative. That means making the right choices from all the new developments and all the start-ups out there.

But while technology may be driving the future of sport, Marty believes it remains a business based on the human factor.

“At the core of our business is the strong relationship we have with our rights-holders and we never forget we have to attract the right people in our company...it’s a people business.” ○

Introducing a
new report from



SportBusiness
CONSULTING

Global Media Report 2019

The must-have guide to understanding the value of sports media rights in 2019

How the value of global media rights has developed since 2015 for:

- The top 10 sports
- The top 20 properties
- The top 10 markets
- In-depth focus on the English Premier League
- In-depth market focus on the UK
- What to look out for in 2020



Why you need the report



Exclusive data on the \$51bn global sports media rights market



The most accurate set of media values available anywhere



Understand the key trends across sports, properties and markets



Expert analysis from the SportBusiness Consulting team



Learn more about the biggest markets, most expensive properties and most valuable sports



For more information and to purchase the report visit: <https://sprt.bz/GMR2019>
email: info@sportbusiness.com or call: +44 (0) 2072 654100

Legal challenges ‘inevitable’ after pandemic leaves mark on football calendar

“No scenario” in which Premier League or EFL don’t risk some kind of legal action

Leagues attempting to balance sporting integrity, safety, economic concerns, and commercial contracts

Leagues should already be ‘coronavirus proofing’ the 2020-21 season in advance



(Visionhaus via Getty Images)

Adam Nelson

For a sporting competition with as many moving parts as the Premier League, planning its restart after a lengthy enforced break due to the Covid-19 pandemic was a hugely complicated endeavour. The league’s organisers faced the unenviable challenge of balancing public, player and staff safety with the economic interests of clubs, the demands of broadcasters and the needs of sponsors.

Even now that the Premier League is playing its 2019-20 campaign to conclusion behind closed doors in a highly compressed end to the season,

squeezing 92 fixtures into six weeks, there will inevitably be some within the game who feel the final outcome is unfair, with legal challenges to any outcome almost unavoidable.

“I don’t think there’s any scenario where there’s no aggrieved party,” Satish Khandke, partner and specialist in corporate sports law at Charles Russell Speechlys, tells *SportBusiness*. “Whatever the solution is, someone is going to feel that they haven’t got what they paid for or haven’t received what they were entitled to receive.”

For the Premier League and the EFL, he says “it’s not a question of avoiding all potential legal claims, because I

would say that’s probably impossible. What they need to look at is which of the available pathways creates the least amount of damage”.

Potential legal challenges

That is easier said than done. The loudest objectors to many of the proposed solutions put forward by the Premier League were those clubs threatened by relegation, some of whom are almost certain to claim unfair treatment unless their status in the top flight is secured. Even under the present conditions, with the season looking like it will be played to completion, relegated clubs may argue that the circumstances



The Premier League is playing out the remainder of the season behind closed doors, but legal challenges from clubs are not out of the question. (Shaun Botterill/Getty Images)

compromise the sporting integrity of the competition, says Khandke.

In opposition are the Championship clubs who were anticipating ascending to the Premier League.

For a club such as Leeds United, top of the second tier going into the break, the stakes could not be higher. The club did not publicly comment on its intentions should it be denied promotion due to Covid-19, but its owner, Andrea Radrizzani, made pointed comments on Twitter about the early decision taken in France to call an end to the season.

The issue of promotion from the Championship to the Premier League is difficult because the agreements which ensure it are between multiple parties. Leeds United, for instance, is not a member of the Premier League and therefore has no direct contract with the league regarding promotion and would be unlikely to be able to act against it.

“But if promotion had been cancelled unilaterally by the Premier League, then the legal case would probably be brought against it by the EFL, because there is an expectation between the two which says the Premier League will accept three promoted teams from the Championship,” says Tom Cassels, dispute resolution partner at Linklaters legal practice.

“I don’t think there’s any scenario where there’s no aggrieved party.”

Satish Khandke | partner, Charles Russell Speechlys

On the other hand, if the Premier League reaches a conclusion while the EFL doesn’t, “then it would be harder for the EFL to justify why it hasn’t done so, and Leeds would probably have a case to bring against the EFL”.

As it stands, the EFL has cancelled the seasons for League One and League Two but the Championship is underway, something Cassels says had to happen due to the nature of its relationship with the Premier League. “I’d have thought that the EFL should try and mirror whatever the Premier League does, because they’re going to create all sorts of problems for themselves if they don’t.”

“The simplest way to think of it is that the Premier League’s and EFL’s rules are effectively contracts between them and their clubs,” Khandke explains. “If one side fails to abide by the rules, around the criteria for European qualification, promotion, relegation, they’re probably breaking a contract and will be open to legal action. The legal burden would be on the clubs to prove that the

leagues have breached contract by not upholding their end of the deal.”

Sporting integrity

Dutch clubs SC Cambuur and De Graafschap, which were set for promotion to the Eredivisie when the 2019-20 campaign was declared null and void, have confirmed they are taking legal advice with a view to suing the Dutch FA (KNVB). SC Cambuur manager Henk de Jong had urged Leeds United and West Brom to follow suit should the English Championship have been similarly curtailed.

Likewise in France, at least three clubs have outlined their intentions to take legal action after the country’s Ligue de Football Professionnel curtailed the season with the current standings counting as final. Lyon, who miss out on European qualification and potentially tens of millions of euros in revenue, and Amiens and Toulouse, whose relegation to Ligue 2 has been confirmed, all claim the outcome lacks sporting integrity.

That, says Cassels, will have been among the Premier League and EFL’s highest priorities as they negotiated the restart.

“If they change the rules mid-season, if they take any action that disadvantages one club or another, then there’s a far stronger case for



A message urging the public to stay at home during the nationwide lockdown because of the Covid-19 outbreak is seen outside Everton football club's stadium Goodison Park in Liverpool. (Paul Ellis/AFP via Getty Images)

legal action," he says. "That's what was behind the ruling out of neutral venues, which the relegation-threatened clubs claimed was an unfair disadvantage. It's also behind some of the legal challenges that have already been mooted in this country and beyond."

Phil Wallace, chairman of League Two side Stevenage – which would finish bottom of that division and be relegated to the National League should the EFL follow through with its plan to decide their season on a points-per-game basis – has already objected on these grounds.

"I don't see any integrity in arbitrarily forcing relegation on any club that has every reasonable chance of avoiding it by playing, but is denied the opportunity to do so," he wrote in a club statement on Monday. "There is absolutely no integrity whatsoever in using a mathematical formula to expel a club from the EFL. That is unjust and wholly wrong."

Unfortunately, as Cassels points out: "The difficulty they've got is I don't think there is any way to preserve sporting

integrity available. No one's really been able to come up with anything, which means that whatever you do, I think, the door is open for a claim."

"The difficulty they've got is I don't think there is any way to preserve sporting integrity."

Tom Cassels | dispute resolution partner, Linklaters

'Null and void' versus playing to conclusion

Comparing the French and Dutch approaches, Cassels suggests that the latter's – completely voiding the 2019-20 season – is more legally sound, as it does not advantage or disadvantage anyone in a sporting sense.

It relies, however, on the league being able to demonstrate that there was no feasible way of concluding the season on the pitch, either because the government decided it wasn't safe

enough to play, or because they simply ran out of time to complete.

Cassels believes that writing off the season entirely was only ever an option of absolute last resort due to the implications for the Premier League's relationships with its media-rights partners. The BBC has estimated that the Premier League clubs would collectively owe over £340m to its broadcasters if it fails to fulfil the contractual obligations for the season.

"The legal threats from within football are obviously important, but they're manageable," Cassels says. "It may litigate on for some time, but when you think about these things, it's always worth looking at what happens if there isn't an agreement: the games don't get played, and everyone is £340m down. That is a pretty strong incentive to find a way to complete the season."

One proposed solution for compromise had been to simply expand the Premier League to 23 teams for 2020-21, accepting three teams from the

Championship but relegating no one.

Even had that played out, there were likely to be dissenters from the smaller Premier League sides who are more heavily dependent on their share of the broadcast money, says Khandke. “The deal is that the media-rights fees are shared equally among 20 teams next season, and a club that’s relying on their one-twentieth share of the money will say, ‘hang on, we should still get that five per cent, not a one-twenty-third share.’”

Balancing act

That, says Khandke, is a demonstration of the point that there is no situation that does not lead to someone claiming unfair treatment.

Even with competition back underway, the Premier League and EFL must continue to work towards solutions that “take into account everyone’s positions, allow representations to be made, and are robust enough and inclusive enough to be defensible in some way”, says Khandke. “The defence [against any potential legal action] isn’t going to

be, ‘no, you haven’t been hard done to’. It will be, ‘yes, you have suffered a detriment, but not disproportionately, and it wasn’t unreasonable for us to take that decision, taking everything that we’re responsible for into account’.”

Cancelling the season could potentially have become an option if the Premier League was able to prove there was no way to have completed it. “Frustration is a legal concept that basically says you can’t perform the contract anymore,” says Cassels. “And if you can demonstrate that there’s no way you can perform the contract, then you are immune from consequences and failure to perform.”

Lyon’s legal challenge, for instance, has so far been based on the accusation that the LFP acted prematurely, that the situation as it stood, and the prevailing guidance from the French government, did not represent a frustrating event, and that the league could have waited longer and made a greater effort to conclude the season. “This government position did not seem to impose in a prohibitive way such a final stop today from Ligue 1 and

Ligue 2,” read the club’s statement.

With regard to the Premier League, Khandke says, “that means they’ll need to be able to prove they took every reasonable action available to them to finish the season, and that their response to the crisis has been reasonable.”

Even with a generally amicable solution now arrived at for this year, “the next season is even more problematic,” says Cassels, who urges the leagues to use this opportunity to draw up more robust plans for similar scenarios in the future.

“There’s no guarantee they’ll be able to start the 2020-21 season in August or September, nor any guarantee they’ll be able to finish the season if they start it. And the results of any legal challenges regarding this season are going to have long-lasting implications and set precedents for the future. So if I were them, I’d be trying to wrap up a much better codification of what you would do in the event of another Covid-19 outbreak, as part of any and every deal they do, be it with the clubs, the broadcasters, or anyone else.” ○



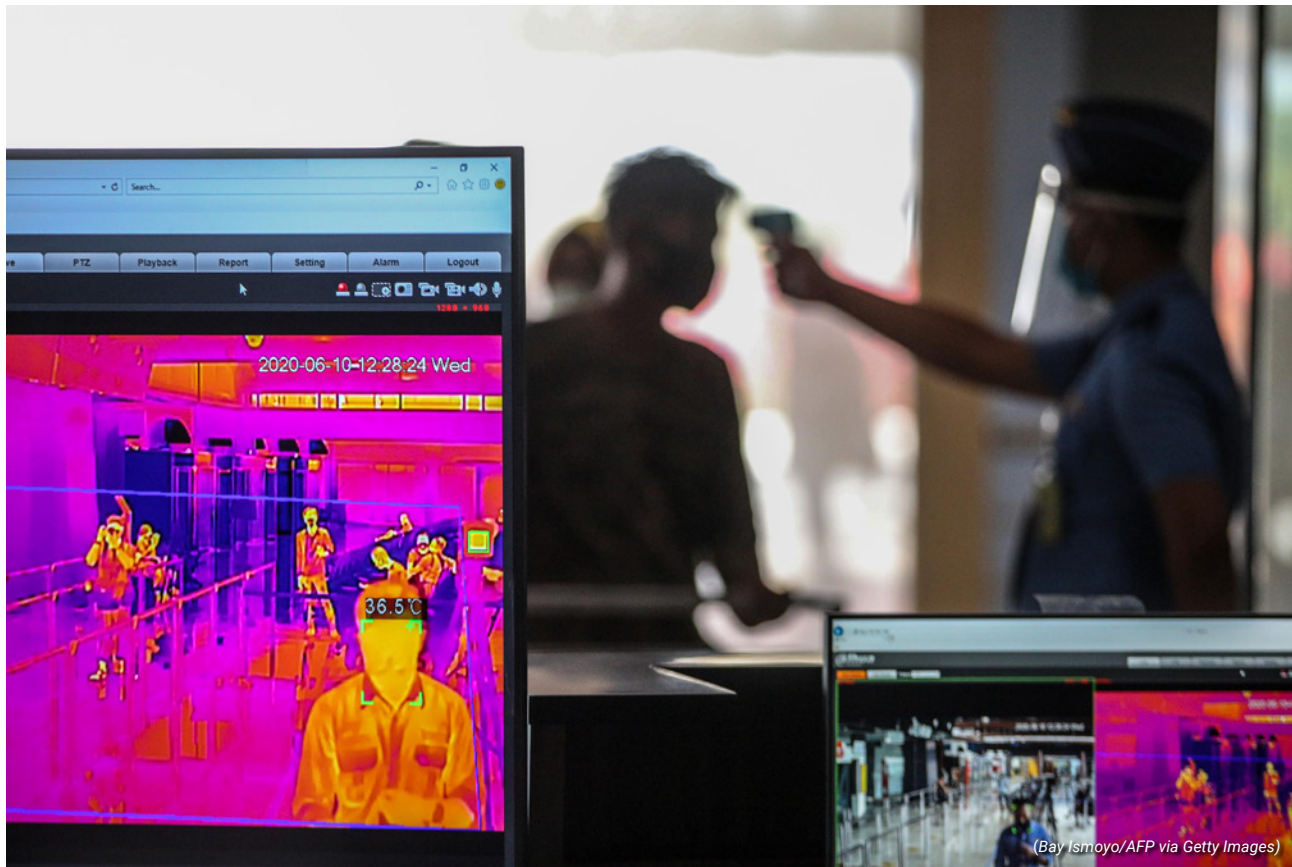
The Ligue de Football Professionnel curtailed its season with the current standings counting as final. (Aurelien Meunier – PSG/PSG via Getty Images)

Technology firms and entrepreneurs prepare for the return of fans to stadiums

TSA Group pivots from rights brokerage to health equipment supply

Ticketing companies working to develop health certificates

Automated temperature scanners expensive and not infallible



Ben Cronin

As countries across the globe begin to ease Covid-19 lockdown restrictions and slowly move through the phases toward the ‘new norm’, the time is gradually starting to arrive when spectators are allowed back into sports stadiums.

But even in regions which have registered a relatively small number of deaths during the pandemic, the early signs are that the experience of watching live sport will be a long way removed from anything that went before.

When Hungary’s top-tier football

league, the Nemzeti Bajnokság, returned in May, strict government social distancing regulations allowed for no more than one seat in four to be occupied in venues. In the example of the World TeamTennis mixed tennis tournament, scheduled for July in West Virginia, health guidelines will allow for the host arena to be filled to just 20-per cent capacity.

The job of encouraging fans back into stadiums in countries with a higher incidence of the virus may well take more than just the green light from governments. A Reuters/IPSOS opinion poll of 4,429 American adults in April found that only 17 per cent said they would consider attending a professional

sporting event once they re-open to the public. Of those to have attended a sports event in the preceding year, 42 per cent said they would return to stadiums whenever sport reopens, while 39 per cent said they would rather wait until a vaccine is found – even if that meant waiting a year.

An April survey of 2,200 American adults by Morning Consult painted a more optimistic picture, suggesting fans would be more comfortable returning to arenas if event organisers installed safety measures and implemented rigorous venue cleaning practices.

For a serial entrepreneur like Marcus Luer, founder and group chief executive of Malaysia-based TSA Group,

the need to reassure fans combined with the commercial imperatives of sport have created a rich opportunity for traditional and non-traditional technology suppliers to the sector.

Normally a sponsorship and media rights broker, Luer has switched to sourcing scanning and hygiene equipment for rights-holders to prepare them for the resumption of spectator sport. Having witnessed the start of the pandemic in Asia, and the measures implemented in public spaces in the region, he says he was able to develop relationships with Asian suppliers early enough in the crisis to meet western demand for safety products.

“Nobody will go back into sports stadiums or these types of public places if you don’t have correct screening in place,” he tells *SportBusiness*. “Let’s give people the sense that you’ve done the basics right: that you’re checking fans, your staff are well-trained, well-protected and they have all the right things in place.”

Although no technology exists to completely prevent the possibility of a fan contracting Covid-19 at an event, Luer argues there is plenty of equipment and measures that organisers can invest in now to reassure spectators that risks

are within acceptable limits.

Rights-holders will have to carry out cost-benefit analysis to determine whether the outlay for some of the more expensive equipment is justified when government guidance for the resumption of sport continues to be scarce and the chance of a Covid-19 vaccine could render some equipment obsolete.

“Nobody will go back into sports stadiums or these types of public places if you don’t have correct screening in place.”

Marcus Luer | founder and group chief executive, TSA Group

Health certificates traceable by blockchain

What if technology developed to prevent sports tickets from falling into the hands of touts could also be used to prove the health of fans visiting sports stadiums?

Several ticket providers have already announced ideas for certification tools that could combine proof of identity, an event ticket and a government-approved health certificate in a blockchain-

protected wallet.

One such provider, SecuTix, helped Uefa replace its standard distribution of printed tickets for last year’s Nations League finals in Portugal with a blockchain-protected ticketing system, to gain a greater degree of control over ticket transfers and to eliminate forgeries. Following the success of the initiative, the ticketing company was contracted to provide the same solution for Euro 2020, before the tournament was postponed to next year.

Blockchains can be configured to require each transaction to comply with a digital ‘smart contract’, which sets out the conditions that must be met for a new block to be validated and added to the chain. This could be particularly relevant to sports venues and rights-holders looking to ensure that only those people with valid health certification are granted access into stadiums. The smart contract could prohibit the transfer of a ticket to anyone else or require that secondary purchasers or recipients of tickets also provide a health certificate.

David Hornby, UK and Ireland managing director at SecuTix, says sister company TIXnGO has now adapted the technology so that it could



TIXnGo’s health certification tool Health-n-Go

distribute certificates from a doctor or health organisation at scale. But for anything like this to be implemented, the firm would need governments and the medical community to develop an accredited Covid-19 certificate.

Each time a health certificate is issued in the platform, a unique, encrypted and completely traceable identity is attached to it. Individuals could keep their health certificates in a specific wallet on their smartphone, which can be shown on request and the QR code read by a scanner.

“If a club – let’s say ‘ABC United’ – has got a 40,000-seat stadium and 30,000 season-ticket holders and wants to put a situation in place where it can track who has been issued a clear certificate, then technically, yes, we could do that,” he says.

“But where are those certificates coming from? Our system would enforce them, wouldn’t allow you to copy them – it’s quite secure in that sense – but fundamentally unless it’s issued by a *bona fide* party like the NHS, or via an accredited process, it’s not worth the money it’s printed on.”

Fan engagement platform Socios has announced plans for a health certification tool along similar lines, while UK cybersecurity firm VST Enterprises is also developing a digital ‘sports health passport’ for rights-holders. But, as with the SecuTix solution, they are dependent on the creation of a reliable and trustworthy health certification system.

Reconfigured seating algorithms to observe social distancing

Hornby says some of SecuTix’s rights-holder clients, which also include Everton FC, the R&A, Saracens Rugby and Lancashire Cricket Club, are asking his company to explore ways to safely allow smaller crowds back into stadiums and arenas while minimising the amount of contact between fans.

“From speaking to clients, it’s clear that the social distancing and new behaviour shifts we are seeing today will partially or totally persist after the crisis. The sports sector is looking at ways to sell tickets for live games whilst managing the social distancing rules to ensure the safety of fans,” he says.



David Hornby, UK and Ireland managing director, SecuTix

“New behaviour shifts we are seeing today will partially or totally persist after the crisis.”

David Hornby | UK and Ireland managing director, SecuTix

He suggests the same algorithms typically used by ticketing platforms to identify the best-available seats in a venue at a particular price point could be reconfigured to allow fans to observe mandated social distancing requirements of the kind seen in Hungary.

“We could put a situation in place where we can block out rows or individual seats around a group, so if you’re coming with your family group, or a known group, or someone within your network that you have been living with, you can identify that network and you can all sit together,” he says.

Once again, however, the challenge isn’t to get the technology to perform this function, but that there is still no official guidance in most markets – aside from Hungary – about what would represent a safe degree of stadium occupancy. Hornby says any technical solution would also have to consider the commercial realities for most clubs or rights-holders.

“We’re looking at solutions for distancing and spacing. But again, for some clubs that might be very relevant, for other clubs, they might decide that the cost of opening the stadium and putting all the stewards on prevents them from operating at 50 per cent capacity – or it might even be 25 per cent if you look at proper distancing rules.”

A further challenge will be to make sure fans sit in designated areas. For this, venue operators could learn from the low-tech approach adopted by a theatre in Germany, which recently re-opened, having removed 500 of 700 seats in its



Automated cameras from Pixellot have helped the International Hockey Federation to streamline production. (Pixellot).

main auditorium to allow audiences to adhere to government requirements of a 1.5m safety distance.

Staggered queues, pre-paid food and beverages, and cashless payment facilities

Even with lower levels of stadium occupancy, clubs and event organisers will need to prevent fans from coming into close contact in the constrained entrances to seating blocks and stadium concourses.

Hornby suggests staggered entry times to avoid bottle necks at entrances. He says SecuTix provides a timeslot solution whereby fans are required to select an entry time so stadiums can have strict control of the entrance flow to limit the proximity of fans.

Queuing for concessions could also prove problematic – provided government guidance allows for fans to eat food at sports venues at all once restrictions are eased. Pre-ordering drink and food apps like Preoday, Seatserve and FanFood could help to limit fan numbers, manage congestion in stadium concourses and minimise contact between catering staff and spectators.

The cashless mobile ordering provided by these apps combined with staggered collection times and non-contact pickup

and delivery could help rights-holders to argue that they should be allowed to keep important food and beverage revenue streams open.

Pre-ordering facilities and the ability to process cashless transactions will also be important in allowing club stores to re-open at a time of the year when there is usually an uplift from next season’s shirt sales.

For a retail experience totally free of any interaction with shop staff, sports teams could look to the example set by Amazon and its chain of self-checkout Amazon Go retail stores, where payment is automated thanks to the big tech firm’s proprietary Just Walk Out technology. Last year, San Francisco 49ers president Al Guido told *SportBusiness* he was looking at introducing a similar concept in the NFL team’s Levi’s Stadium in Silicon Valley.

But even in those cases where interactions are minimised, retail outlets will have to observe official guidance. UK government guidance for shops advises storing returned items for 72 hours before putting them back on sale and frequent cleaning of surfaces that are touched regularly such as self-checkouts, trolleys and shopping baskets, which will necessitate further

investment in cleaning equipment.

In *Morning Consult’s* April survey of US fans, 77 per cent of those polled said the inclusion of hand-sanitisers would make them more comfortable attending live sports events. And 74 per cent of those surveyed said they would also be more or somewhat reassured if a venue operator clearly communicated that a facility was being sanitised.

Robotic cameras and automated production

As part of Project Restart, the Premier League’s broadcast partners were asked to work out the minimum numbers of staff required at the closed-door matches to lower the number of interactions between people and reduce the risk of spreading the virus. For the resumption of Hungary’s Nemzeti Bajnokság last month, no cameras were allowed alongside the field of play for similar reasons.

One solution would be to use a combination of robotic and static cameras and automated production techniques for less staff-intensive coverage of matches.

Robotic cameras enabled a skeleton production crew to provide coverage of the Professional Bull Riders’ successful return to competition on the CBS Sports

Network and streaming service RidePass in late April. Similarly, Sportradar and Israeli company PlaySight Interactive used a combination of robotic and static cameras to provide coverage of the German Tennis Point Exhibition Series from May 1-4.

In the latter example, just two production operators worked in separate rooms and communicated via intercom to provide the coverage, while automated graphics and officiating also reduced the number of people required on-site.

Should other rights-holders take a similar approach, they will have to accept that there will be a drop-off in production quality. Automated production techniques were originally conceived to help lower-tier rights-holders to monetise long-tail content and less important secondary rights. Given the dearth of sport available, this might be a compromise that fans of some sports would be willing to accept.

Handheld and non-contact temperature scanners

Covid-19 has caused shares in companies that develop fever detection systems to soar. In late February, Bloomberg reported that Wuhan Guide Infrared Co., a firm that produces temperature screening equipment, was the best

performer on the Shenzhen stock exchange, its price having surged by 128 per cent since the beginning of the year.

The sort of equipment produced by the company first became a familiar sight in airports, shopping malls and other large public spaces in Asia during the 2003 Sars epidemic and comes in one of two forms.

The less expensive option is a handheld temperature scanner that an operator can point at a member of public to determine if they have elevated temperature levels consistent with carrying the virus.

The disadvantages are an inability to process large numbers of people at once and the fact it requires close contact between the operator and fan. “Number one, you don’t know this guy who is waving this thing in your face,” says Luer. “Number two, how many people has he waved this thing at, and what if someone has contaminated the device?” he says.

The second – more advanced and more expensive – option is mass terminal screeners that are fully automated and can detect temperature differences on moving people, removing the need for an operator and reducing staff training requirements.

But with an automated solution from Singapore-based manufacturer

Omnisense retailing at between \$20,000 (€17,900) and \$25,000, most rights-holders might struggle to source and pay for enough machines to screen large numbers of fans.

Health experts have also pointed out that some over-the-counter medications can suppress a fever during the incubation period for Covid-19 means temperature screening equipment might not detect all sufferers.

Luer says there also occasions when the equipment can give a false positive, which creates a negative customer experience.

“Here in Asia we have the problem that because it is hot, your body temperature could be naturally high and the scanner stops you,” he says.

Should western event organisers and teams decide to install similar equipment, they will have to create protocols for stopping fans and develop guidelines for dealing sensitively with people who generate a positive reading.

When the Ironman Group recently issued guidelines for the safe resumption of races, it said it would follow World Health Organization guidelines, which say individuals with a body temperature of greater than 100.4°F/38°C should not be allowed to race, volunteer or work at its events. ○

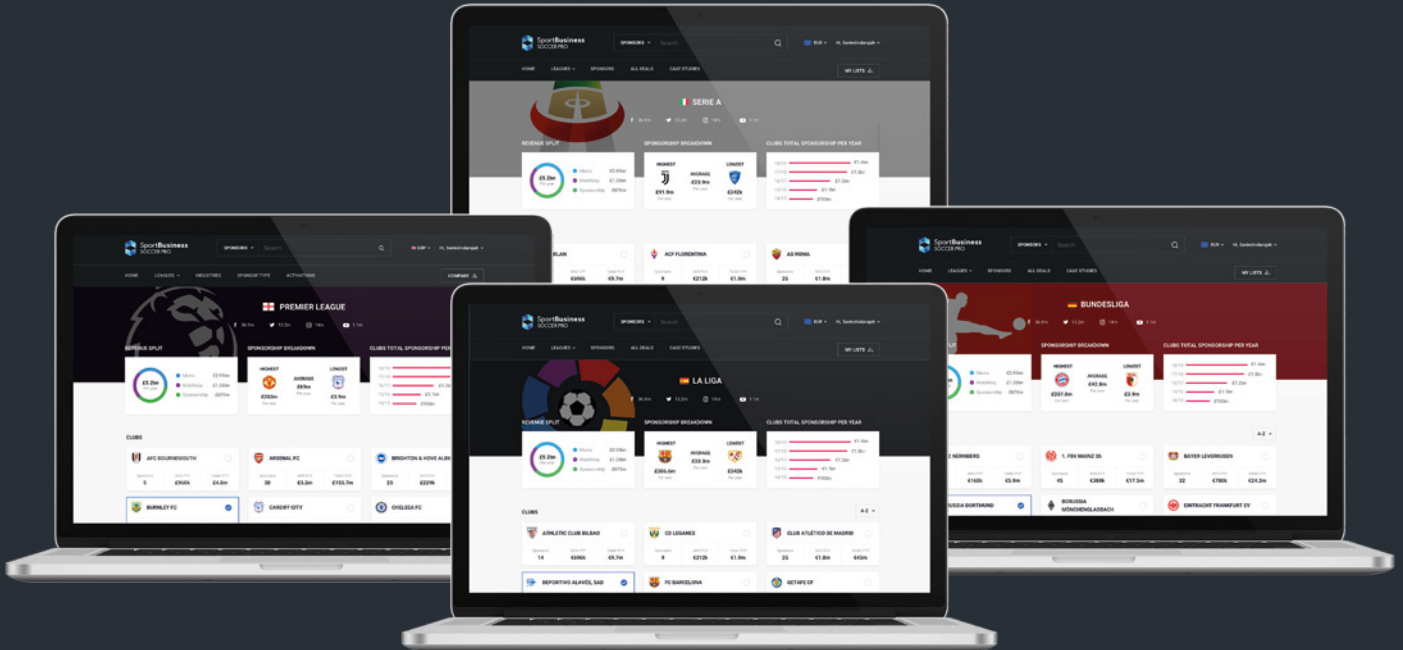


An attendee has their temperature checked by Nascar security prior to the Nascar Cup Series at Darlington Raceway in May. (Jared C. Tilton/Getty Images)



SportBusiness
SOCCER

2,500 DEALS, 78 CLUBS, 4 TOP LEAGUES, 1 DIGITAL PLATFORM



The future of football sponsorship data

Contact us now for a personalised demo and to discuss how a paid-for subscription to SportBusiness Soccer can help you gain a competitive advantage.

Web: www.sportbusiness.com/soccerpro

Email: soccerpro@sportbusiness.com

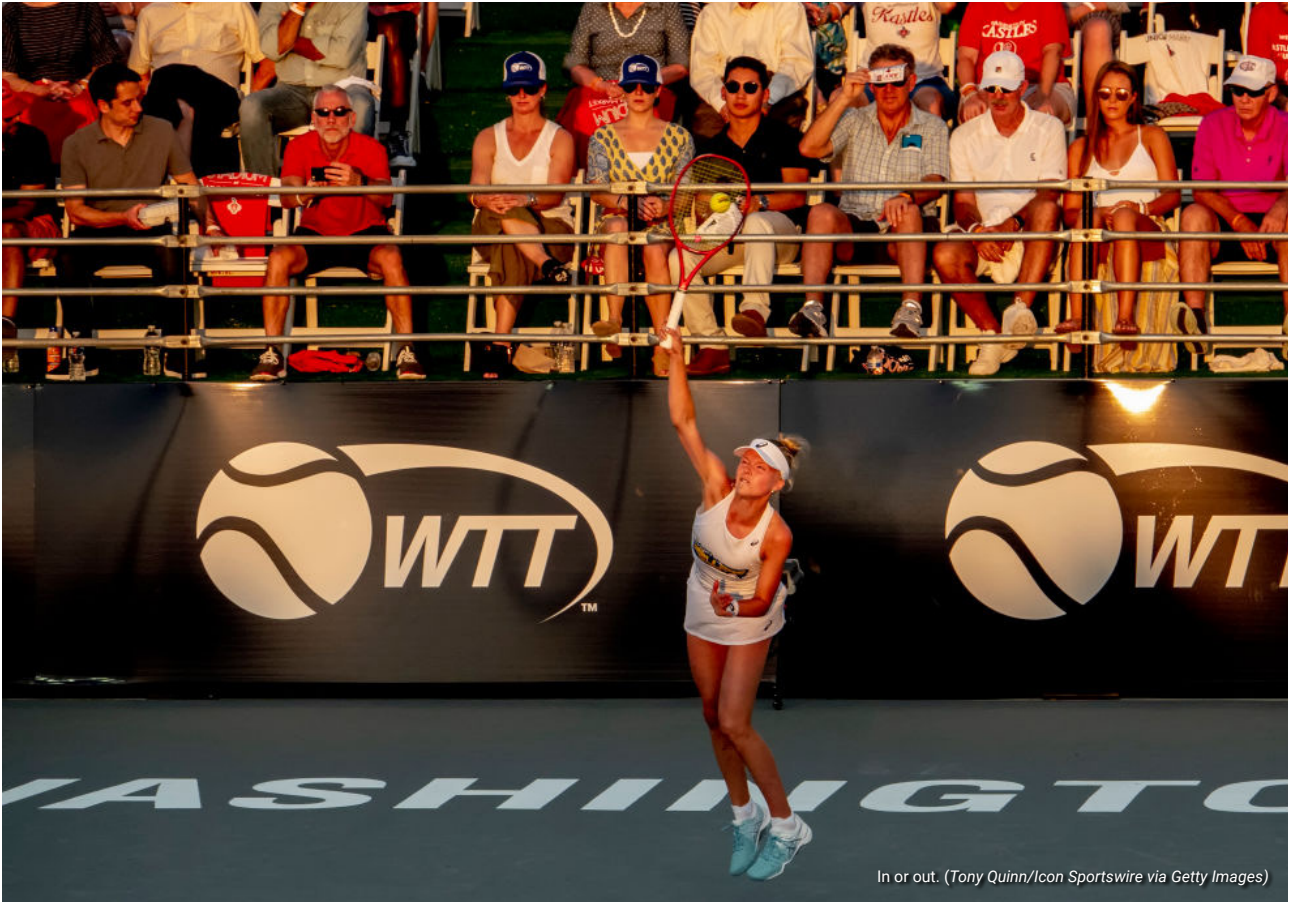
Call: +44 (0)20 7265 4100

World TeamTennis poised to set significant precedent for staging events in front of fans

Mixed-gender league to hold entire season at The Greenbrier in West Virginia this summer

Three-week tournament will be one of first in US to be held in front of limited spectators

Organization has had increased interest from players and sponsors since unveiling plans



In or out. (Tony Quinn/Icon Sportswire via Getty Images)

Bob Williams

World TeamTennis is poised to lay down a significant marker for the return of live sports competition in front of spectators in North America when the organization stages its 2020 season at a single neutral-site venue this summer.

The mixed-gender professional tennis league has announced that it will hold its 45th season as a three-week event at The Greenbrier resort in White Sulphur Springs, West Virginia. The regular season will take place from July 12-30,

with the semifinals and final to follow on August 1 and August 2, respectively.

In the regular season, there will be 63 matches over 19 days, with at least three matches per day – due to start at 10am, 2pm, and 7pm ET – at the 2,500-seat outdoor tennis stadium at The Greenbrier.

Traditionally, WTT teams play a 14-match, regular-season schedule in a home-and-away format across the United States. They are: expansion team Chicago Smash, New York Empire, Orange County Breakers, Orlando Storm, Philadelphia Freedoms, San Diego Aviators, Vegas Rollers,

Washington Kastles, and two-time reigning champions Springfield Lasers.

However, in the wake of the global Covid-19 pandemic, and the various health and safety protocols that differ from state to state, the organization has decided to stage its campaign at a single venue.

It is an initiative that is scheduled to be adopted by other team-based organizations, such as the Premier Lacrosse League and National Women's Soccer League, while the likes of the National Basketball Association and Major League Soccer are also planning to follow suit.

Most notably, WTT will become one of the first sports organizations in North America to resume competition in front of spectators amid the ongoing health crisis.

In accordance with state health guidelines, WTT will allow up to 500 fans, which represents 20 per cent of capacity, to attend outdoor matches at The Greenbrier. Spectators will be spaced out to ensure social distancing.

The Greenbrier, a luxury resort which is owned by West Virginia governor Jim Justice, has already opened to guests to a limited extent, with temperature checks for employees, social distancing for customers inside its restaurants, and employees sanitizing door handles, light switches, and other high-touch areas.

And it was specifically the allowance to play in front of spectators that led WTT to choose The Greenbrier over a number of other potential locations, including Las Vegas, Austin, Jacksonville, and Carlsbad, California.

WTT is poised to follow in the footsteps of Professional Bull Riders, which has planned an event in front of live crowds in South Dakota on July 10-12. The WTT tournament, however, involves many more participants and

will take place over a far longer time period, which will require greater testing and screening for coronavirus for its competitors, staff members, media, and spectators.

A growing number of states, such as Texas, are beginning to allow spectators at sporting events in the coming weeks and months. As such, many eyes are expected to be on The Greenbrier as sports organizations look to adopt best practices.

“It’s great to feel we’re leading the charge back for live sports”

Significantly, WTT will also essentially herald the return of professional tennis in the United States, with the Association of Tennis Professionals, Women’s Tennis Association, and International Tennis Federation having postponed their respective seasons until at least early August. A small number of exhibition events are taking place globally in the interim period.

At present, participating players

include the likes of 2020 Australian Open champion Sofia Kenin (Philadelphia Freedoms), 2017 US Open champion Sloane Stephens (Chicago Smash), and leading United States men’s doubles team Bob and Mike Bryan (Vegas Rollers).

Since WTT announced its return, there has been significant interest from the agents of numerous tennis stars who are eager to get back to competitive action. WTT is considering how best to accommodate these marquee players; it is possible that each team will gain an extra player to their five-person rosters.

As well as providing more star power, the addition of extra players is likely to help participants avoid injuries due to the expected wear and tear of playing so many matches in a condensed period.

All games at The Greenbrier will be distributed on CBS, CBS Sports Network, Tennis Channel, and ESPN+. The main CBS broadcast network will air a regular-season match on July 19 and the WTT Final on August 2, while CBS Sports Network on cable will carry 13 regular-season matches and both semi-finals on August 1.

The WTT is also increasing prize money to a record \$5m, with an



(Tony Quinn/Icon Sportswire via Getty Images)

added \$1m awarded in WTT Playoffs compensation. The team who wins the King Trophy will get a \$500,000 bonus.

SportBusiness spoke to WTT chief executive Carlos Silva about the challenges and opportunities of being a first-mover in the return to sporting competition in front of spectators amid the coronavirus crisis.

What does it mean for World TeamTennis to be the first professional tennis organization back amid the Covid-19 pandemic?

It feels great, a lot of hard work went into getting here. We've been trying to support our players all along. We sent our players a \$1,000 gift a couple of months ago just to say thank you and knowing that many of them needed to maybe pay some bills. It's great for them that they're able to come back but it's also great for all of us, the staff, to feel like we're leading that charge back for live sports.

It's really great with our partners at The Greenbrier in West Virginia that the governor has said, that with safety in mind and doing it the right way, that

we can have a limited number of fans in the stadium. All sports thrive on spectators but with our format that has music and feels a little bit more like an NBA experience, having 500 fans in the stands is going to be fabulous.

“Our format has music and feels a little more like an NBA experience. Having 500 fans in the stands will be fabulous.”

How much does it help that WTT is not affiliated with the ATP or WTA tours, as well as the ITF, and that you have a certain freedom to do what you want?

We're big supporters of the ITF, ATP and WTA...[but] in this case, we didn't need approval from those organizations to come back. I've got a great board and it's a very small group so it made it a lot easier to make decisions quickly. When you're a big organization and have a lot of constituencies, it's a lot harder to get everyone aligned.

Why was it so important for you to stage your season in front of fans – and did that ultimately determine the location of the event?

As we looked across all the different states that were possibilities for us, from Florida, Texas, West Virginia, Nevada, and California, all of them were great venues. We would have had a great season in any of these places. As of last week, which was our deadline to make these decisions, the only state that said that they'd like to help bring live sports back and bring fans was West Virginia. So ultimately that was the tipping point.

Will ticket prices be a little higher than usual as there are so few seats in the arena or are you keeping them at the same regular price?

Tickets are limited but we've thought about ticket prices being normal. We're going to create a couple of ticket prices so that we'll be able to create the proper social distancing in the stadium. There is a lower bowl and an upper bowl and right now we've thought about different prices for the two bowls and there will probably be a VIP

(Tony Quinn/Icon Sportswire via Getty Images)





(Tony Quinn/Icon Sportswire via Getty Images)

package that will include some food and beverage.

How much interest has there been from players not in WTT – and are you able to accommodate them?

We had a great roster before the pandemic hit, it was a great line-up. I would say that other than the top players – Roger Federer, Novak Djokovic, Rafael Nadal, Serena Williams... – we've had calls from nearly every agent of all the others to come to play. A few of them are from international countries so they're not exactly sure what the rules and regulations will be in terms of traveling to the US. But also many of them have stayed in the US as many came for Indian Wells [which was canceled in early March] and never left.

We're trying to figure it out. We've talked about holding an interim draft and bringing in some of those players into the teams as extra players. You could launch a 10th team but I think that's a more complicated scheduling thing with our television partners than if we added, say, one player to each team, which would be nine extra players.

More likely, we'll likely add players

to existing teams because in part none of these players, apart from a few instances, have had any competitive play. Now they are going to come in and even though our sets are a little shorter, players will be serving the ball harder and running faster than in practice so it could be beneficial to have more players as people have to get through 14 regular-season matches.

Since the announcement have you had an influx of interest from companies looking to sponsor the event?

There has been a lot of interest over the past few weeks but now that we've announced Greenbrier...and indicating that fans are going to be allowed, everyone who said 'let me know' is now calling us back saying, 'let's talk about opportunities and partnerships.'

How exactly have you been able to increase prize money at a time when money is tight?

We had always planned on doing this before money got tight so we've really stuck to our guns to do what we always said we were going to do. We didn't want to back off of that. We

announced the prize money back in November and we wanted to honor the salaries of the players who signed up as well as the prize money. We've got a great ownership group and they've all supported us in this decision.

What do you think the WTT comeback means for the wider return of tennis globally this year?

The thing about the sports industry is that we all work together but we're also all competitive. So when I saw a UFC fight happen and the Bundesliga come back and a Nascar race happen, it made me want to come back too. So I know when people have heard that we're coming back on July 12 on schedule with fans, I'm sure all the sports, including tennis, are thinking, 'Well, if World TeamTennis can do it, we can figure it out.'

In sports and in life, we're all a bit competitive so I hope [our comeback] does help pull us along. One of the things we wanted to do in coming back is that we want to show everyone that we can go to a place and be safe and stage our season in a modified format but it will still be complete and still be real. ○

Bundesliga ‘ghost games’ provide backdrop for sponsorship re-set

Some sponsors have been reticent to activate without live games.

Return of live sport to boost sales of ‘commoditised’ shirt and sleeve inventory

Covid-19’s economic impact means some sectors will inevitably scale back spend.



(Michael Sohn/Pool via Getty Images)

Matthew Glendinning

When the German Bundesliga presented behind-closed-doors action on Saturday, May 16, it ignited a wave of interest among football fans worldwide, and a reawakening of sponsorships that had gone largely unused since the league was suspended in mid-March.

For the Maltese betting firm Interwetten the resumption in play was doubly important in that it was an opportunity to re-engage with fans of the clubs it sponsors, but also to take bets on a market that is key to its revenue.

As Dominik Beier, speaker of the board of Interwetten told *SportBusiness*: “The resumption of match operations was an absolutely necessary and existential step for both us and the

clubs, albeit under the well-known precautions and restrictions.

“At the end of the day, it is the basis of our business. And we’d rather play in an empty stadium than not play at all.”

While much of the world’s focus was on the ‘Revierderby’ between Borussia Dortmund and Schalke, Interwetten had stakes in less well-publicised re-opening matches in the form of Hoffenheim v Hertha Berlin, and Augsburg v VfL Wolfsburg.

Interwetten is a sponsor of Hoffenheim and Wolfsburg in the ‘Premium Partner’ tier just below the main shirt sponsor and kit supplier at both clubs.

At Hoffenheim, the gambling brand’s distinctive yellow and black logo is visible on six-to-eight minutes of LED perimeter advertising coverage per home match. Hoffenheim also offers Interwetten a

large static advertising space behind the LED wall and branding rights to two cam carpets per home game.

When Wolfsburg play at home, as they did against Dortmund in the week after the resumption, Interwetten gets similar rights including a ‘power pack’ of front and back LED board rights, as well as exclusive LED coverage at penalty kicks, a bespoke offering that is worth hundreds of thousands of euros in media value per season.

Beier weighs up the value of what he calls the “ghost games” in terms of these assets, as well as other IP.

“It is obvious that the range and quality of the sponsorship is lower than normal due to the loss of visitors in the stadiums,” he said. “This ranges from the elimination of activations in the VIP area, promotions on-site to advertising on the video wall in the stadium.

“Our TV relevant advertising material will, of course, retain its value. It could even be argued that they are now even more effective as stadium visitors are now more likely to watch the matches on TV.

“Nevertheless, the overall presentation of the brand clearly suffers from an empty stadium and the situation in general. The image transfer is certainly not as positive as normal.”

Interwetten’s approach in the two months preceding the return, he said, were characterised by improvisation and creativity. “In those times, our partnerships were very valuable and important for us. The loss of a large part of the betting offer not only leads to a loss of sales, but also becomes a challenge from a communication point of view.

“This makes it much more difficult to produce content and remain present. Together with our partner clubs we came up with creative and extraordinary activations to generate attention in their community and beyond.”

These ranged from interactive social media challenges to the organisation of an international Fifa game tournament with its partner clubs, which also include Sporting de Gijon in Spain’s La

Liga 2 and Asteras Tripolis in the Greek Super League. “The strong digital reach of our partner clubs proved to be an excellent fit and was very important for us to be able to spend the sports-free time,” he said.

“The overall presentation of the brand clearly suffers from an empty stadium”

Dominik Beier | Interwetten

European football

With the Premier League, LaLiga and Serie A all running timetables towards the unveiling of sport behind closed doors in the coming weeks, agencies are gearing up to support the return of sponsors activations across Europe.

According to Dan Haddad, head of commercial strategy at the Octagon agency in the UK, the return of live sport, even in a ‘fanless’ environment, is “an essential starting point for the return of meaningful sponsorship activation as it brings a return of relevance”.

Haddad continues: “This crisis has confirmed the message that ‘live’ is 99

per cent of the value. In the absence of live sport broadcasts, even assets that seem removed, i.e. not exposure-based, significantly dilute in value for brands.”

Haddad observes that brands have been highly reticent to activate their sponsorship IP in the period without live matches and may not rush back at once. “A healthy audience, driven by live content and strong media-rights partners, is essential in delivering value to sponsors to provide the relevance they need to create and execute campaigns.

“However, we would expect there still to be some form of lag until we see sponsors committing meaningful budget and resource to sponsorship activation – firstly, a period of stability will be needed so that some level of confidence will return and allay fears that the sporting calendar could be subject to further delays and cancellations which could cause activation campaigns to be pulled and spend to be wasted.

“Secondly, it would be naïve to believe that the sponsorship campaigns and messaging will be prioritised over broader brand communications over the short-term, even with the return of live sport. “

The betting sector, however, is one



(Ronald Wittek/Pool via Getty Images)



(Kevork Djanssezian/Getty Images)

which may return with an increased energy, according to Haddad.

“The return of live sport will certainly provide a shot in the arm for the sponsorship sales marketplace, particularly for the headline brand exposure-driven opportunities such as shirt and sleeve sponsorships that have become increasingly commoditised. The fact that the betting sector will be able to resume meaningful operations will provide a fillip for many clubs.

“There is an interesting dynamic here, as an increasing number of clubs were speaking of their desire to move away from betting for their most prominent assets even if that meant a short-term rights fee reduction. The need for cash will no doubt quash such ambitions for many for the time being.”

NBA sponsors

The Bundesliga experience is being closely watched by other sports properties, not just in Europe but in the US, where *SportBusiness* understands the NBA is monitoring the situation and noting what bumps in the road, if any,

“The crisis confirms the message that live is 99 per cent of the value”

Dan Haddad | Octagon

the German league experiences along the way.

After its mid-March suspension, the NBA is preparing for late July resumption at one or more central venues later this year, with the Walt Disney World Resort in Orlando, Florida and the MGM Grand Las Vegas Hotel & Casino in Nevada being the most likely locations.

For some, this disruption to the home and away game model has potential to accelerate positive change in the sport.

Kevin McNulty, president and chief marketing officer of Momentum Worldwide, believes that spectator-less games on neutral grounds will offer a chance for the NBA to innovate, while providing exciting opportunities for brands.

“Fans are starved of their favourite sport, so when those sports return, you could argue the value of those fans – which is primarily why brands sponsor in the first place – is even greater.

“Brands we work with like Microsoft, Verizon and SAP are well-positioned to play an enabling role with the NBA as it redefines how the league delivers its viewing experience.

“For example, does it accelerate the application of AI in the viewing experience and with Microsoft Azure as the enabler of that fan-enhanced experience? What a great way for that sponsor to demystify its technology to the masses.

“Or Verizon leveraging their 5G technology to bring what you love from your local team into your home in new and entertaining ways? As a fan, I welcome brands bringing back the sports I love if they can add real value and enhance the experience.”

While brands are evaluating their own deals with the NBA given that “physical assets like stadium signage, business back, and on-site experiences are on hold”, McNulty argues this is not the time to exit a league deal.

“People are not turned off from the NBA, on the contrary, they are eager for its return. Better to ask what role can brands play in providing or creating additional content, or special access to players before games? Fans are eager for more and brands can be part of that. I’m very optimistic.”

NBA team sponsors

The same optimism may not apply to sponsors of the NBA teams themselves. As Sam Yardley, senior vice-president, consulting at Two Circles in the US explains: “The lines between a league and a team asset are more stacked in the league’s favour than a typical European property.

“In the NBA, more of the TV-visible inventory is controlled by the league. So the impact of moving more to a broadcast-led model, with little control over most TV inventory, is going to disadvantage a typical NBA team way more than a typical Premier League team.”

Yardley adds that the value distribution of sponsorships in the US

also tend to be skewed more towards event activations than sponsorships of European properties.

“The nature of play in a sport like basketball, with multiple timeouts and stoppages, creates lots of time for sponsored activations. Without fans present that value goes away, which is a significant portion of teams’ pitches to potential partners. The ticketing and premium seating rights those clients get are also worthless in a behind-closed-doors scenario.”

On-site v digital

Outside the main US team sports, many properties are equally driven by the requirement for on-site assets that work only in relation to large gatherings of people.

“A sport like golf, which will have low levels of TV-visible inventory – most golf sponsor logo exposure is driven by players, not the tournament, relies heavily on at-event assets, things like hospitality rights and event activations,” says Yardley. “For automotive partners the value of having new models in front of tens of thousands of wealthy golf fans is actually pretty high.

That said, the appetite for live sport that the shutdown has engendered means that sponsors may recoup some lost value through additional broadcast and digital consumption.

Steve Martin, global chief executive of M&C Saatchi Sport & Entertainment, points to the success of the TaylorMade-led Driving Relief charity skins event featuring Rory McIlroy, Dustin Johnson, Rickie Fowler and Matthew Wolff in May.

“Even though there were no fans present at the event, it was still a live broadcast and allowed TaylorMade to own much of the communication digitally and socially before, during and post the event. It was broadcast globally to millions, so having fans in attendance would only have added a few thousand to that number.”

Martin believes that when the likes of Formula 1 starts again, sponsors will switch their activation from on-site to digital assets. “Big sponsors such as Heineken will have a plan to activate in the build up to the race like they would normally. But this will be done digitally and socially and will be pointed at the home viewing audience instead. There will be no engagement at the event itself of course, apart from paid-media branding. So the more a brand is set up digitally for these moments the better.”

New deals?

Whether this gets the market for new deals going is more difficult to tell. Some sectors, like airlines and travel businesses, will inevitably scale back,

others may have money to spend, according to Peter Honig, senior vice-president, consulting at CSM Sport & Entertainment.

“There have been some noticeable shifts in consumer sentiment and purchase behaviour during the Covid-19 pandemic,” says Honig. “The shelter-in-place mandates have elevated certain industry sectors and these trends are an opportunity for rights-holders to capitalise on.

“Many CPG (consumer packaged goods) companies benefited from pantry loading as supply chain fears became a trending topic on many news outlets in the early days of the crisis. As social distancing and self-isolation became the norm, the demand for digital entertainment, food delivery service and at-home fitness apps increased dramatically.

“Work from home requirements gave rise to a new arms race for online meeting supremacy, featuring the usual suspects in Verizon (BlueJeans), Microsoft (Teams/Skype) and Cisco (WebEx), along with a new rival in Zoom.

“Finally, the health and security protocols that will be implemented across the industry will undoubtedly accelerate the adoption of contactless payment providers like Apple, Samsung and Google Pay, among many others.”



(Mike Ehrmann/Getty Images)

Four years on, LaLiga's international focus is paying off in sponsorship

Network of local delegates grown from scratch has helped increase the pace of regional commercial growth

League targets regional partners that reinforce its own appeal through grassroots football or exposure

As Covid-19 rages, league targets FMCG, insurance and IT as areas it expects to bounce back quickly



(Tim Clayton/Corbis via Getty Images)

Matthew Williams

Since LaLiga put internationalisation at the heart of its commercial growth plans in 2016, the Spanish league operator has increased its international presence to 84 countries, and as a result, grown its sponsor portfolio five-fold.

According to Fergus Geekie, who has overseen global sponsorship sales since joining LaLiga as head of international commercial and marketing in June 2019, the creation of 46 'delegates' – permanent employees whose role it is to bring knowledge of specific territories to all parts of LaLiga's business – has been vital to this growth.

Speaking to *SportBusiness*, he said: "They're a great asset for us because they can provide the local market knowledge we would not otherwise have in places like Vietnam, Nigeria or Colombia.

"They are also important because they allow us to demonstrate to local and global partners and prospects that we have resources on the ground that can help when activating and communicating."

Most of the delegates were developed by LaLiga as part of its 'Global Network', the talent identification strand that has underpinned its internationalisation strategy since 2016.

Aggressive internationalisation – in sponsorship as well as in media, which

is the priority for most leagues – has been at the heart of LaLiga's attempts to bridge the commercial gap to the English Premier League during the incumbency of Javier Tebas as its president.

But the way it has been done – with value placed above all on getting boots on the ground in as many locations as possible – was inspired not by rival leagues but by Premier League clubs like Manchester United and Liverpool.

Zero to thirty

LaLiga currently holds nine global partnerships and 38 regional agreements. Eight of these regional deals are focused solely on Spain, but the league has also built strong

portfolios in Asia (13 partners) and Africa (10 partners).

All these regional partners have been signed since 2016, and the rate of growth is increasing. Of the Asian deals, four were struck in the past year; of the African deals, four were also struck in the past year. LaLiga has added five deals since 2016 in China alone.

While the delegates provide local know-how for all aspects of LaLiga's business, the pure commercial team under Geekie consists of five commercial heads located where they can tackle the key regions for the league: the US, Mexico, India, Singapore and Africa. Geekie says he hopes to hire a Chinese commercial lead in the near future.

Each commercial head seeks agreements independently and runs their own P&L, but partnerships are signed off centrally and must fit LaLiga's overarching strategy: bringing the league closer to its fans.

Geekie explains: "It's about communicating a central strategy from HQ and then sharing it out among the regional markets – with them understanding what we're driving. The markets can then work to develop and localise our strategy and drive commercial opportunities from there."

He adds that the league seeks to leverage international deals to reinforce its own appeal.

There are the partnerships that encourage international fans to experience live matches – as in the agreement with travel agent H.I.S. (the league's first official partner in Japan).

And there are partnerships that aim to develop the game of football in a specific territory. LaLiga has made this a central plank of increasing its appeal worldwide: Tebas has previously stated his belief that by growing in-country football fandom, LaLiga can become the number two league everywhere.

The January 2020 deal with gambling platform Hollywood Bets in South Africa hit both bases: bettors are offered the opportunity to win match tickets while the partnership also contributes to the development of grassroots football in South Africa.

Regional idiosyncrasies within the global strategy can be seen in deals like the January 2020 tie-up that

made mineral water brand NongFu Spring the league's Official Drinking Water Partner in China until the end of 2021-22. LaLiga brought its media partner, streaming platform iQiyi, into a three-way deal in order to create a more appealing package of rights by including broadcast advertising.

Geekie's regional commercial heads are encouraged to be creative in the way that they package rights and in the industries that they target. As Ivan Codina, the league's managing director for the South East Asia region, Australia, Japan and South Korea, says: "[This] allowed us to be the first league and one of the first rights-holders to have a partnership in the cryptocurrency space with GCOX. Whether from a B2B or B2C perspective, there are many different possibilities that can happen."

Stepping up

Signing new global partners is a central part of Geekie's remit. Six have been added since the internationalisation strategy started in 2016, and two were signed since Geekie's June 2019 arrival.

Those partnerships were with Indian tyre manufacturer BKT – until the end of 2021-22 – and US brewer Budweiser, worth €6.5m per season.

"It shows the increasing strength of LaLiga," says international development director Oscar Mayo. "Six or eight years ago, it was impossible to think that a brand like Budweiser would be closing a global deal with LaLiga on

the same level as the Premier League."

Geekie is keen to see existing regional partners take the step up to the global level, and *SportBusiness* understands that conversations with a US brand were progressing well before the Covid-19 pandemic struck.

He also encourages his regional leads to expand partnerships within their regions. "In Africa," he points out, "we've had success with telco brands, we've got the likes of Orange Egypt, MTN Iran, Zain Sudan, and Safaricom in Kenya, all as local partners. It's unlikely they'll become global partners but because of LaLiga's strength in Africa, the next phase of our strategy is to look to grow them to cover additional markets in the region."

Beyond Covid-19

While Covid-19 has put a freeze on LaLiga's sponsorship partnership development – the league has paused ongoing conversations – its commercial team is planning tactics for after the pandemic recedes. Already, the league's analysis has identified FMCG, insurance and IT brands as sectors likely to bounce back quickly.

Geekie says: "We've become even more reliant on our insights department during this period as we have revised our commercial approach. Whilst some sectors are suffering, we've been looking to identify those outside the usual targets that might have better outlooks using a multitude of resources and robust data." ○



(María J. S./AFP7/Europa Press Sports via Getty Images)

Adjusting to a new reality: The FEI's experience with Covid-19

The FEI is playing the long game with its strategy to mitigate the impact of Covid-19 and position the federation for a smooth return to action.



The Fédération Equestre Internationale (FEI), like all sports organisations and governing bodies, is facing an unprecedented set of challenges due to the Covid-19 pandemic.

The cancellation of more than 700 international equestrian sports events around the world since March 2020 has translated into a drop in revenue of approximately €15m for the FEI.

In the absence of live events, organising committees across the world have seen a significant portion of their turnover – sourced from ticket sales, hospitality and trade stands – effectively dry up, while the FEI's partners have lost the opportunity

to receive exposure and build brand equity at competitions.

Easing pressures

Without the usual content to feed to FEI media rights licensees worldwide or FEI.TV, the federation's OTT platform, the sport has had to look at new ways of engaging with its established fan base and expanding its reach.

"Our first duty has been to ensure human health and wellbeing, as well as maintaining the focus on horse welfare, and we've had to react quickly to help our community survive during this economically difficult time," says FEI secretary general Sabrina Ibáñez.

"To ease some of the financial

pressure on organisers, we have waived all calendar fees for events taking place between March 15, 2020 and the end of the year, and we've reduced annual subscriptions for our 137 national federations by 50 per cent for 2020.

"From an internal perspective, we put 60 per cent of our workforce on temporary partial unemployment as of April 15 and recruitment is currently on hold, except for two director-level appointments for jumping and endurance.

"In addition to the temporary partial unemployment of our HQ staff, we are taking all possible cost-saving measures to reduce our expenditure, including postponing all non-essential projects."

Taskforces

On a sporting front, the FEI acted proactively to establish a series of discipline-specific taskforces to evaluate the overall impact on the FEI calendar, both of the Covid-19 pandemic and the resulting postponement of the Tokyo 2020 Olympic Games until 2021.

The taskforces have met virtually on a regular basis to decide key points related to the sporting calendar, as well as to create greater flexibility for date applications and modifications to help organisers to reschedule events.

With stakeholder communication a key aspect of its crisis management plan, the FEI moved swiftly to create a comprehensive Covid-19 section on its website with all of the latest news and resolutions, as well as the composition of all calendar taskforces, their scheduled meetings and their recommendations to the FEI Board. The section also includes an extensive list of frequently asked questions and answers in relation to Covid-19, which are updated regularly.

“We’ve done our best to keep the lines of communication open with all our stakeholders and we have taken every short-term measure we believe necessary, as well as looking further ahead into 2021,” Ibáñez adds.

“However, we still have no idea how long this will all last and what the impact will be in the long term. All we can be sure of right now is that this pandemic is destined to change the sporting landscape and we need to accept that we may have to permanently change the way we work and the way our sport is delivered and consumed.”

Reimagining events

While the pandemic has underscored the need for rapid decision-making and, as a prerequisite, a free flow of information, it also demands creative solutions to re-starting the live event experience.

“Some of these events have a long history and tradition and we’re exploring every avenue to engage the

community, even if the event cannot take place or needs to take place behind closed doors,” Ibáñez says.

“Our first priority is to protect the health and welfare of our entire community, from the athletes to the fans and of course our officials, and we must do everything necessary to make competitions possible and above all safe in these challenging times as this virus continues to have an impact upon all our daily lives.”

The FEI is currently working in close collaboration with national federations, stakeholders, organisers and the World Health Organisation to ensure that all precautionary measures are put in place as the sport gets back up and running.

In May, the FEI Board mandated the FEI Medical Committee to work

“Our first duty has been to ensure human health and wellbeing.”

Sabrina Ibáñez | secretary general,
Fédération Equestre Internationale

on a protocol for the safe resumption of international equestrian events. It requires the national federations and organisers to carry out a risk assessment to host safe competitions and put in place a set of recommended discipline-specific guidelines at all events, working in line with national and local restrictions.

Commercial partnerships

With live events paused and thus fewer opportunities for the FEI’s sponsors to build relationships with equestrian fans, the federation has been working closely with its commercial partners to create brand awareness.




“The sports world has never seen anything like this before, and understandably there has been a tendency to hold back on some activities that are perceived as business non-essentials,” says FEI commercial director Ralph Straus.

“But we felt there was a real opportunity to work closely with our commercial partners and come up with ideas that would keep the momentum going and offer other avenues for brand building and visibility.

FEI


You are the:
La Grande Classique de Longines


Elegant, calm and refined, you would not look out of place in the Hospitality Box. But then you're used to turning heads, aren't you?

Share now:   

Learn more about what makes you tick...
[VIEW YOUR LONGINES COLLECTION](#)

You may also like ...


Longines Masters Collection



Horse O'Clock
with
LONGINES

“We realised we needed to reinvent some of the working practices we are so accustomed to, and so we held various sessions with our commercial partners to create unique initiatives that effectively build on our partnership objectives.”

One result has been the creation of [#HorseOClock](#) with Longines, the FEI’s Top Partner. This is a consumer engagement campaign run on the FEI’s digital channels where fans are able to answer equestrian-related questions to determine the watch that matches their personality.

“In these challenging times, we want to stay in touch with our fan base, especially within the equestrian community with whom we are strongly associated all around the world,” explains Longines vice-president of marketing Matthieu Baumgartner.

“Today our commitment is stronger than ever, even without competition being held. By joining forces with the FEI in the project [#HorseOClock](#), we seize this opportunity to emphasise the close link between Longines and the equestrian world, between time and horse lovers, in other ways: by presenting our watches in a playful way!”

Other online fan activities include the [Longines FEI Jumping Nations](#)

[Cup™ series Quiz](#) to replace the Fantasy Game, which could not be conducted due to the absence of live events this year. On every Monday until September, fans are given 10 multiple-choice questions to answer against the clock, with the fastest times earning points to climb up the leaderboard.

While these digital activations are a creative way of staying top-of-mind when on-site brand building activities are not possible, the FEI has also offered additional opportunities for visibility through its digital channels to each of its commercial partners.

“We felt it was important to give our sponsors the platform to highlight projects that reflect their wider company mission and values,” Straus explains.

“Our official apparel partner, Horse Pilot, for example, is currently producing washable masks made out of the textiles used to produce their clothing lines. It’s a non-sport-related project that conveys the company’s focus on social responsibility and means that they have been able to connect with our fan base in a meaningful way.”

Deeper fan content

Ironically, even though the sport has been on hold, the pandemic has

precipitated the creation of different digital offerings as the FEI experiments with new forms of content.

“The equestrian world is not just a sport, but a lifestyle, and it is the horse which brings together our diverse fan base,” adds Straus. “This opens up a multitude of digital opportunities to keep entertaining our audience and engaging with them while there are no live events and people have been confined to their homes.

“The FEI had a great year of digital exposure in 2019 with over 220 million video views on the federation’s channels alone – a significant growth from the figure of four million in 2015. But we have witnessed a noteworthy increase in our digital numbers across all our channels over the last few months.”

Instagram takeovers, like the one hosted recently by Australian eventer Andrew Hoy, gave fans an insight into the day-to-day life of a triple Olympic gold medal-winner, resulting in more than 2.6 million impressions.

The FEI has also created unique campaigns like [#ForTheLoveOfEquestrian](#), with the support of digital agency Redtorch, to encourage fans to take part in the content creation process. American actress and avid equestrian Kaley





Cuoco is the voice of the FEI's latest digital campaign.

"The #ForTheLoveOfEquestrian campaign is a celebration of our fans' love of all things horse-related and the passion that underpins the equestrian sport lifestyle," Straus explains.

"It invites everyone from elite to amateur and leisure riders to share their incredible stories. It brings our community together under a clear and positive campaign that does not focus on the medals, prize money and victories, but on the unique bond we have with the horse and our dedication to the sport.

"The video, which was also featured on Kaley Cuoco's own channels, garnered close to a million views over the first weekend after the launch. It just goes to show that a strong and meaningful campaign can make a big impact on our work, even during a difficult time like this."

Media initiatives

In 2017, the federation created the 'FEI Media Stables' – a central production

"It is time for all of us in the industry to look for the silver linings, capitalise on them and push ourselves to innovate."

Ralph Straus | commercial director,
Fédération Equestre Internationale

house overseeing the planning and creation of all content, its channel management and performance measurement.

Working in close coordination with FEI broadcast partners such as IMG and the European Broadcasting Union, the FEI was able to create new forms of content, including features focusing exclusively on the horse and the stories around these wonderful creatures.

The current situation has given the FEI and its broadcast partners the space to broaden their relationships.

"While we've made FEI.TV free to subscribers and non-subscribers since mid-April, we have also been committed to supporting our broadcast

partners by making our archives available to them, free of charge," Straus says. "Opening our library of moving images to our partners, has resulted in new content features including a new original series called Icons."

Icons is a six-part series that looks back at the careers of some of the most successful and influential equestrian athletes of recent years. Each 26-minute episode focuses on a specific athlete and the moments that defined their career and cemented their names in the history books. The series is intended to immerse the equestrian audience in some of the most exciting moments of equestrian action from past FEI championships and series.

"If we want to survive and return to thrive as a federation and as a sport, it is clear that we need to embrace the changing reality created by Covid-19," says Straus. "Now, more than ever, it is time for all of us in the industry to look for the silver linings, capitalise on them and push ourselves to innovate more." ○

Coca Cola's Richard Fort: Tokyo Olympics will be a great sign of the recovery

With The Tokyo Olympic Games postponed, Coca Cola continues preparing for Qatar World Cup and Beijing 2022

Vast majority of the benefits of Coca Cola sponsorships happen away from stadiums

Having long term contracts allows taking a long-term view.



Ricardo Fort, Coca-Cola's vice-president of global sports partnerships

Eric Fisher

Ricardo Fort, Coca-Cola's vice-president of global sports partnerships, oversees one of the largest sports and entertainment sponsorship portfolios in the entire industry, a massive collection of worldwide assets for one of the world's most venerable consumer brands that includes large-scale alignments with the International Olympic Committee, Fifa, Major League Baseball and the NCAA, among others.

But the Covid-19 pandemic has cut short many of the brand's 2020 sports activation plans, with key events such as March Madness, the start of the MLB regular season and the Tokyo Olympics all either cancelled or postponed.

A veteran global sports marketer with prior stops at Visa, Groupe Danone, Kellogg, and Unilever on three

different continents, Fort is now seeking to nimbly guide the brand into the industry's tentative recovery.

Among his more recent moves is an extension of the company's presenting rights for Nascar's officially sanctioned esports property, as well as a separate deal with emerging live-streaming platform #BeApp that calls for Coca-Cola to serve as the title sponsor of 100 concerts from artists' homes between now and July, and includes a charitable component for the International Red Cross.

Fort spoke with *SportBusiness* US editor Eric Fisher on how the Atlanta, Georgia-based company is navigating the public health crisis and eyeing the future prospect of better days.

How has your management of the brand's sports marketing portfolio changed amid the ongoing pandemic?

It's about understanding where sponsorships and marketing sit in the overall big picture, particularly as it relates to taking care of people and making sure the operation continues to run, which are our priorities. On the back end, as it relates to marketing and sponsorships, we've been quite busy in many different areas. One thing that is interesting is that the timing we work from for projects is usually very, very long.

Today, for example, we are busy working with Beijing for the 2022 Winter Olympics, working with Qatar for the Fifa World Cup. Those projects haven't been impacted whatsoever. We continue to work with our teams in China, in the Middle East and so on. For the events happening now, ones that were postponed or cancelled, we've been spending time working with the partners and rights-holders to figure out how we can help them in

re-planning. We're working with our local teams in Japan [about the 2020 Summer Olympics postponed to next year], in Europe for the Euros that were also postponed. We're working with our teams to redesign the plans and figure out how we'll use the communication we developed in the future.

How does that change your overall sponsorship strategy and the kinds of opportunities you prioritize?

There are some changes, but they're not as dramatic as they might be for other companies. Because we are a sponsor of all these events, and have been for a long time and have contracts that will last ideally well beyond the crisis, we always take a very long-term view on everything we do. So, yes, the [Tokyo] Olympics were postponed. We know they will happen next year. We have a contract with [the IOC] until 2032. There are a few things in the short term that we had to adjust. But most of the work we have done, and I'll use the Olympics as an example, is timeless. So we can still use most of our work for Tokyo next year. Of course, we'll have to look at how consumer sentiment is going to evolve to make sure the messages we're going to communicate

next year are still totally relevant. But I would say most of it will be perfectly fine to use next year. So we've put a lot of things on hold, but we know that when we are back that we'll be able to use most of it again.

There are some things in the short term related to operations that you have to pause and restart next year, things like the Olympic Torch Relay or the work that we do with the Tokyo Organizing Committee in concessions. For those types of things, the plans are ready, we know what we need to do, we've put everything on hold, and when the time is right, we'll be back in implementation mode.

The situation we are living in is pushing rights holders to accelerate a lot of their development and that's great.

What kind of change do you foresee with regard to evaluation of marketing efficacy and measuring return-on-investment?

We measure the return on investments in our sponsorships in a couple

of different ways. There are a few measures related to the business performance, so we are capable of forecasting and tracking the sales volume, increases in revenues, business growth, profitability, and we do this by country, by brand, and have a pretty detailed model of how to predict and to track the actual results of activations.

And then there is the other side of the ROI model which is about the impact of the events, the relationships we have, and the way that people see the brand. Do they like us more? Do they feel better being seen drinking our products, and all of that? We have a list of indicators that reflect the sentiment of people towards the brands so we also measure that. These are things that we measure for every event, and we are going to measure again next year. So the approach to ROI hasn't changed. It's just a move in the timing of how it's happening.

What is your level of optimism that the Tokyo Olympic Games will indeed come off and be what you originally intended them to be this year?

I'm very optimistic that when it happens, it's going to be a great sign of the recovery of the world, and it'll be



Denny Hamlin, driver of the #11 FedEx Delivering Strength Toyota, celebrates after winning the eNASCAR iRacing Pro Invitational Series North Wilkesboro 160 at virtual North Wilkesboro Speedway (Chris Graythen/Getty Images)



(BEHROUZ MEHRI/AFP via Getty Images)

a good way to celebrate the end of the crisis. We are very optimistic with that.

The postponement means a much shorter gap between the Tokyo Games and the 2022 Winter Olympics in Beijing. How will that impact your brands?

From an operations standpoint, it is a little bit too close because some of the people that we have in Japan we were hoping would also work in China, and that may be a bit of a stretch for them. But other than that, the marketing campaigns are very similar, the approach to communications, the strategy, everything else is all very close. So the proximity of the two events, to some extent, benefits the use of the same campaign, and that's a positive side.

To add something on the people side, what we are doing in Japan will be slower over the next few months, so some of those people in Japan are now helping, consulting China to assist them in getting the work in China set up. So it's about managing staff and managing activity.

Our work is international and I spend 70-80 per cent of my time on video conferences – That hasn't changed.

With respect to the North American team sports, in the short term we're looking at some very different norms with attendance either at zero or severely curtailed, and many broadcast ratings conversely set to go way up. To what extent do those changes alter how you think about activations?

The presence or absence of fans in venue, of course, impacts the mood of the event. If you watch any event without fans, there is a piece of the action that is missing. But having said that, the vast majority of the benefits of sponsoring any of things that we do are happening remotely. We don't sponsor the Olympics because of the people that are going to Japan or Major League Baseball because of the people that are going to watch baseball [in venue]. We

do all of that because we know that by associating with them we can reach a lot of people through media, through different activities that we do. As long as the interest is there, people are watching and consuming remotely, it will still be possible to do the work that we need to do.

There is a little bit of an impact on on-site consumption, of course, because there are fewer people attending. But we have other ways to compensate for that.

During the pandemic, you've been active on the music front. What learnings have you taken from there that can be applied to sports?

It's still early to comment on the results on the specific program that we're doing with #BeApp, the streaming of the concerts. We've been doing this for two weeks. But the initial results are very positive. We see a lot of people engaging and what we are doing with this program is a combination of things. First, we are offering entertainment. We are combining this with support to communities with a partnership with the Red Cross. We

And we are also testing a model in which people are rewarded for their engagement with our content. The more you interact, the more benefits you get, and that can come in the form of merchandising, or access, or a shout-out from one of the artists. And this is a model that can be replicated in other areas of sports and entertainment. We are learning with that and hopefully will serve a model for us to do more digital-driven content in the future in other areas of our partnerships.

We've also seen emergence of various sports properties not necessarily among the top tier of the traditional stick-and-ball entities. I'm certainly referencing esports, but there certainly have been others. To what extent, do you see opportunities in these areas for your brands?

The outreach of potential partners happens on an ongoing basis. We are constantly talking to people in the market. All the things that are a

growing faster now are things that we either have evaluated and have talked to people before, so we were kind of aware. To give you an example, the partnership with #BeApp, we've been talking to them long before the coronavirus started. So when we launched into the crisis, we adapted the plans but we had identified them as a potential partner. The same is happening in other areas.

The overall situation we are living in is pushing teams and leagues, rights-holders in general, to accelerate a lot of their development, and that's great and adds a lot of value to partnerships. It's all new tools in our toolbox.

For you personally, your work relied a lot on being present at events and building relationships face-to-face. How has that been impacted by having to work remotely?

We, of course, were so accustomed to being physically present at events. And I think we convinced ourselves that that was the only way to do it.

But over these now 11 weeks working from home, things are moving pretty well, and I think everybody's adapting. The relationship piece can never be fully replaced by any virtual form of conversation. But I think it's a good proxy for these weeks that we're living in. Eventually, we will be back. But a lot of what we were doing before can be done virtually and is being done virtually.

The nature of the work that we do at Coca-Cola, because we are so international, is virtual by default. In a normal week in the office, my team and I probably spend 70, 80 per cent of our time in video conferences, conference calls with people abroad. So that hasn't changed a lot, and I think we can navigate through these few months without much damage. And then eventually we'll be back going to events and have to be on site anyway. But for now, we are not suffering as much as I thought we were going to a few months ago. ○



Laliga is back to win

After spending lockdown supporting communities and health services, LaLiga's re-start was heralded by a global promotional campaign and delivered using the latest in virtual TV graphics.



El Gran Derbi, the clash of Seville's LaLiga clubs FC Sevilla and Real Betis is always a fixture that stirs the blood in a soccer-mad city.

But Sevilla's 2-0 victory against their neighbours on June 11 had a significance which extended beyond the city to an expectant and excited world.

The match, played out in front of empty tribunes at Sevilla's 42,000 capacity Ramon Sanchez-Pizjuan stadium, was the first LaLiga fixture to be played since the competition was postponed on March 12 because of the coronavirus pandemic which went on to kill more than 27,000 people across Spain, where death rates peaked at nearly 1,000 per day.

Spain was one of the first European countries to be brutally affected by

the pandemic and the government-ordered lockdown was among the most comprehensive and restrictive. In the midst of the biggest medical and economic crisis in living memory, sport may not have been a top priority for national or local politicians, but despite the lack of on-field action, LaLiga and its clubs stepped up to use their profile and influence within their communities to make a real difference during the crisis, and support medical initiatives while investigating all options for the eventual return.

Supporting communities and medical efforts

With football accounting for 1.37 per cent of Spain's gross domestic product (GDP) and some 185,000 jobs, plotting a course for a return was vital not only

for the competition itself but to the national economy.

But while planning for a return continued amid the ever-changing backdrop of the pandemic, LaLiga and the clubs got to work using digital media and social channels to maintain their links to fans, and driving projects to help their communities at their time of greatest need.

Under the campaign banner #LaLigaSeJuegaEnCasa (LaLiga is played at home) a range of initiatives were rolled out. Players and coaches used club channels and social media to share their health and fitness regimes during lockdown, clubs played a series of virtual fixtures on FIFA 20 and LaLiga itself embarked on a range of ambitious, engagement-driven digital projects in conjunction with partners.

Spanish esports commentator and influencer Ibai Llanos inspired one of the most remarkable initiatives. Within three days of him Tweeting an idea for an e-sports football competition contested by first team players from LaLiga clubs, 18 had signed up and his idea had become a reality. Drawing on their extensive experience of the e-sports world, LaLiga's digital team worked to deliver a competition which entertained millions on Twitch, through LaLigaTV and social media channels, and via international broadcast partners. The event raised more than €900,000 to help fund UNICEF's effort to combat Covid-19.

Elsewhere, a further €1m was raised as a result of LaLigaSantander Fest, a virtual global charity festival held to entertain a locked-down population and support the medical effort.

50 million people watched an event designed to bring music and football together, and the festival featured artists including Alejandro Sanz, David Bisbal, Luis Fonsi and Lang Lang – performing from their homes – as well as appearances by LaLiga stars. The event was organised by LaLiga and made possible thanks to the collaboration of Banco Santander, Universal Music, management firm GTS, LaLiga players and clubs, and a host of the competition's sponsors.

LaLiga clubs and their players also devised and implemented a plethora of innovative schemes to help their communities during the epidemic. FC Barcelona put its Camp Nou stadium and surrounding complex at the disposal of the local health authorities and instigated a programme to support the elderly through the crisis. Likewise, Real Madrid made the Santiago Bernabeu Stadium available for the distribution of medical supplies as well as making a significant financial donation to UNICEF.

Second-tier club RC Deportivo joined forces with RC Celta to actively promote a vital blood donation campaign while many other clubs directed

their resources towards funding vital medical and protective equipment and contributing to community food banks.

Key steps to return

While clubs, players and the league continued to support their communities, LaLiga worked closely with the Spanish and regional governments and health authorities to plan for a restart. Having said that cancellation of the season was not an option, President Javier Tebas was determined to share insight and learn

from the experiences of other major leagues as intricate protocols were developed to safely bring players back to training and for areas such as travel and security to be managed ahead of the restart.

The return of LaLiga was orchestrated to build excitement and create a splash around the world. Under the banner #BackToWin, the league put together a series of 160 national and international initiatives including digital and in-person events, media campaigns, prize draws, competitions and influencer



campaigns. Activities also included exhibitions of LaLiga club kits hanging above Spanish cities, projecting fan photos onto iconic buildings using video mapping and urban art exhibitions in 12 cities across the world.

“These initiatives covered five continents which strengthens LaLiga’s global image. They help us tell our fans that we’re #BackToWin and we’re counting on them. The return of LaLiga is a moment that so many have waited a long time for and we’re going to celebrate it in style,” said Óscar Mayo, LaLiga’s director of business, marketing and international development.

Among the initiatives was an urban art project in 12 cities across five continents, including Mexico City, São Paulo, Lagos, Hong Kong, London and Paris. These artworks, displaying the colours and values of the competition, are designed to unite different countries and cultures through football and LaLiga.

Major companies and partners of

LaLiga also supported the return, such as Banco Santander, Puma, EA Sports, Budweiser, Rexona, BKT, LiveScore, El Corte Ingles, Samsung, Panini, Deliveroo, Allianz, STIHL, Mazda, Danone, Marques del Atrio, VITALDENT, Mail Boxes and RENFE.

Enhancing the TV experience

With no fans allowed in stadia, LaLiga faced the prospect of some of the world’s greatest players performing in empty echoing bowls, which for TV viewers promised an experience entirely at odds with the colourful, intense and noisy atmosphere which has become one of the hallmarks of top-level Spanish football.

Eager to provide as close to a normal experience as possible, LaLiga worked with Norwegian company VIZRT to develop virtual stands which feed graphics into the broadcast feed to deliver a representation of fans in home team colours.

Virtual stands and fans are

complemented by an Atmospheric Audio feed. Produced from LaLiga’s audio library in collaboration with EA Sports’ FIFA, LaLiga’s official sponsor, the sound reflects the real-life reaction of the crowd to events on the pitch from a goal to a near-miss or foul.

Supporting Spain and its tourist industry

The return of LaLiga also provided an opportunity to use LaLiga’s global reach and influence to boost Spain’s massively important tourism industry and associated business sectors. Working with the government and Confederation of Employers and Industries of Spain (CEOE), LaLiga launched a campaign to promote Spain as a destination for safe sport and tourism powered by the #SpainAwaitsYou hashtag, which featured on-screen on match coverage broadcasts worldwide.

As an entertainment platform which reaches a cumulative audience of more than 2.7 billion globally, LaLiga, which



is an element of 'Brand Spain', gives worldwide visibility and delivers a clear message that just as football is back in business, Spain's door is open to visitors.

Immediate Impact

Figures from international consultants Nielsen Sports show that LaLiga's meticulous planning and creative approach to re-launching its season had paid-off with international viewing figures up by more than 48% on the first matchday (Matchday 28) after the

competition resumed.

Some regions of the world saw extremely sharp increases in viewing figures on the first matchday after the restart. For example, in Africa there was a rise of over 73%, while in specific countries such as South Africa the increase amounted to more than 210%.

In Asian countries such as India, where LaLiga is broadcast on Facebook, an increase of over 72% was detected.

In Europe, the upturn was over 56%, with countries such as Belgium (over

130%) and Denmark (over 46%) of particular note.

Mayo said: "We're very pleased with the exponential growth in the figures for LaLiga's international audience. We knew that fans around the world were keen to enjoy the excitement and entertainment we offer. Achieving a rise of almost 50% in our international audience is a reflection of the hard work put in by our international broadcasters, the clubs and the competition itself over these last few months." [O](#)

Q&A WITH LALIGA PRESIDENT JAVIER TEBAS



How important has it been to restart LaLiga, for the clubs and the wider economy?

Restarting is an important step towards the "new normal". We are not there yet. The next step will be finishing the season safely, but this journey does not finish until the stadiums are full with fans once again. We have a responsibility to clubs, the Spanish economy and our fans to create the strongest league possible and to protect the 185,000 jobs that depend on Spanish football.

More broadly, how important has it been to the Spanish people who have endured such hardship in lockdown?

Football brings hope to millions of people and it's a part of everyday life in Spain. Bringing the competition back is important for us but it transmits a wider message that we can overcome the challenges this virus has presented. We

know the important role football plays in society and have created initiatives to provide support to bars, hospitals, and care homes, among others.

We also know that football is a key part of the international brand of Spain, so our success locally impacts how the country is seen around the world. Football is seen around the world like a postcard from Spain. It is our duty to help promote Spain as a destination for tourism and business, which includes working with the government on the #SpainAwaitsYou initiative.

What have been the major challenges in restarting LaLiga?

We encountered some opposition and pessimism early on in the process when we made our intentions clear to resume the competition. Some people asked why we would even consider doing so. It was at a time when the virus was naturally the only topic being discussed, but we had to try to look past that and develop a plan for safely returning to action. It has been key to work together with the government, the Spanish FA, clubs, players – all stakeholders.

As a global brand, how have you engaged with fans and partners overseas during this critical period?

In times of uncertainty it is important to provide as much clarity as possible and we made sure our stakeholders were always kept up to speed with our plans. We created several global events through

digital channels including eSports tournaments and online concerts, which entertained fans, and also raised money for health services. More recently we launched campaigns including the Applause to Infinity initiative and the United Streets of LaLiga, which saw urban artists create LaLiga murals in 12 cities around the world. Through all of this, we provided content and offered collaboration with our partners. Their support has been important in bringing us to where we are today.

What are the key learnings from the restart experience?

I think the experience has proven that football is far more than a game. Despite not showing live matches there has been huge interest in football campaigns and content around the world, not just from LaLiga. We have also seen players making a huge difference by creating new fundraising initiatives or entertaining their fans from home, while clubs have mobilised communities and given relief to some of the most vulnerable members of society. Everyone has used their platform for good.

Above all else, we have seen that sports competitions and governing bodies need to be organised. With so many stakeholders in our industry, clear leadership is needed to set the direction and get consensus, while representing everyone's needs fairly. Without this, the industry is at risk.

MLB achieves audience lift in reformatted Draft

Annual event cut from typical 40 rounds to five amid pandemic

Team personnel stayed in their respective markets

Remote-based TV production resembled NFL, WNBA Drafts



Major League Baseball Commissioner Robert D. Manfred Jr. makes an opening statement during the 2020 Major League Baseball Draft (Alex Trautwig/Getty Images)

Eric Fisher

Major League Baseball initially had some very big plans for the 2020 First-Year Player Draft.

After a decade of staging the Draft on-site at MLB Network studios in Secaucus, New Jersey, the league was set to move it this year to Omaha, Nebraska, site of the NCAA's College World Series, and give the event that historically existed deep in the shadows of comparable Drafts for the National Football League and National Basketball Association a far greater spotlight.

Then the Covid-19 pandemic hit.

Because of the resulting economic and societal impacts from the public health crisis, the 2020 Draft, held June 10-11, was slashed from its customary 40 rounds to a mere five. The event also shifted to a remote format where only MLB commissioner Rob Manfred and key operations personnel were in Secaucus, while team executives all made their picks from their respective markets.

Despite those changes, MLB still aimed for an entirely new level of prominence for the Draft that drove the original Omaha-based plan. Both the NFL and Women's National Basketball Association saw significant surges

in viewership for their virtual Drafts amid the ongoing dearth in live sports competition.

And given the MLB Draft represented the first public-facing happening of any type for the league since the beginning of the pandemic-imposed hiatus in March, the event even after the recent changes to realign and truncate the format registered similar audience growth.

The event, shown on both MLB Network and ESPN, generated an average viewership of 615,000 viewers for its night, a total 102 per cent higher than the comparable figure from 2019.

MLB Network again led television

coverage of the Draft, as it has since its 2009 debut. But league media partner ESPN was also involved for the first time since 2008, and produced its own coverage for the first round and competitive balance round on June 10 for the main ESPN network, and then showed rounds 2-5 the following day on ESPN2, with companion Spanish-language coverage.

“We appreciate that MLB Network, ESPN, and ESPN Deportes are bringing this year’s Draft to a wider audience,” said Manfred as he opened the event. “We look forward to members of this class one day joining the great players in the major leagues.”

Ownership Trade-offs

The MLB Draft since its 1965 formation has faced a decidedly uphill challenge compared its NFL and NBA counterparts. High school and college baseball players that make up the pool of MLB Draftees don’t enjoy the massive national media exposure given to college basketball and football players before they join the NBA and NFL. And when the baseball players are selected, they each then typically require several years of toiling in the minor leagues before reaching the majors, and more time before achieving any sort of stardom. Conversely, football and basketball are replete with stories of rookie stars making sizable impacts upon their teams just months after being drafted.

Those factors help explain why the start of the 2019 MLB Draft averaged 304,000 viewers on the MLB Network, a mere fraction of the average US audience of 6.1m viewers the NFL Draft generated last year, and the average viewership of 3.09m for the NBA Draft in 2019.

MLB’s Omaha-based plan, formally announced last December, was designed in part to close that gap. But when the pandemic hit the US in force in March, the league and MLB Players Association struck a deal to cover numerous related issues that contained several trade-offs.

As part of that agreement, the league gained the ability to cut the size of the Draft, which it exercised. The cutback eliminated nearly \$30m (€27m) in total signing bonus money that would have

been paid to lower-round draft picks. And the bonuses for the remaining Draft selections will also be significantly deferred over the next two years. Teams can sign unlimited numbers of undrafted players for a maximum signing bonus of \$20,000 each.

“We sought to make some trade-offs between still getting the very best amateur players into the system as soon as possible while limiting some of the club’s [financial] exposure,” says Morgan Sword, MLB executive vice president of baseball economics and operations.

The cutbacks drew widespread criticism from player agents, many of whom represent emerging baseball talent, who argued the move could damage the development and growth of baseball at large. And though lower-round Draft selections statistically have not made as much of an aggregate impact upon MLB, Baseball Hall of Famers John Smoltz, Ryne Sandberg, and Mike Piazza were each selected in or after the 20th round, and many former All-Stars and Most Valuable Players were also found within the lower rounds of the Draft.

“Particularly given the negligible economic impact to what’s already a cheap acquisition cost [for talent], that approach is grossly shortsighted,” said Jeff Berry, co-head of CAA Baseball, last month to the Associated Press regarding the shortened format. “To

drastically reduce opportunity and talent and talent pools, it stunts growth and diversity at all levels and is really a self-inflicted sabotage of the long-term health and popularity of the game.”

Sword, however, said this year’s Draft format is just for 2020, and that he believes top athletes will still gravitate to baseball. But MLB can cap next year’s Draft at 20 rounds, still half the level of prior levels. And the league is still pressing forward on related efforts to dramatically overhaul the affiliated minor leagues.

“We are confident that baseball will continue to be an attractive career option for top talent,” he says. “We will have some players, though, that elect this year to go to college or otherwise defer their entrance into [professional baseball].”

Reimagined Broadcast

Manfred didn’t announce the first-round selections from his home, like his NFL counterpart Roger Goodell did in April in his basement, and Manfred certainly wasn’t as casually dressed as the sweater- and then T-shirt-clad Goodell was. But in many other respects, the production of MLB Draft looked a lot like those for both the NFL and WNBA during the earlier stages of the pandemic.

MLB Network had video access to more than two dozen Draft hopefuls, and much like the NFL did before, has sent remote camera equipment to



(Alex Trautwig/Getty Images)

each of those future prospects with instructions on how to set it up and link up with the event production. The channel also had access to each of the 30 clubs, with many of the individual team executives set to appear from their homes. And much like the NFL and WNBA productions, those elements provided an enhanced level of intimacy for viewers.

MLB Network and ESPN sportscaster Matt Vasgersian announced the day two Draft selections covering rounds 2-5.

Perhaps the key difference for the MLB Draft was a heightened focus within the event itself on racial justice issues, as Manfred also opened the event broadcast with a statement supporting Black Lives Matter, and all representatives from all 30 clubs participating remotely all held up signs reading “Black Lives Matter/ United for Change.”

“For many reasons, these are unprecedented times in our country, and also painful times,” Manfred said. “We share in the sadness and outrage

that has resulted from the national tragedies that include the deaths of George Floyd, Ahmaud Arbery, Breonna Taylor, and others. Tonight, I join our 30 club baseball operations officials as they recognize, on behalf of our entire industry, that systemic racism and inequality are devastating problems, that we each do more to help. That baseball can do more as an institution. That black lives matter and that we are united for change.

“This moment is a call to action, to acknowledge the ills that exist, to show solidarity with the black community in its efforts to end racism and injustice. We want to utilize the platform afforded by our game to be not only allies, but active participants in social change,” Manfred said.

Executives from the MLB Network were in close contact with their NFL counterparts over the past two months, and praised their helpfulness as the MLB Draft has approached.

“The NFL and the whole sports

community has been very transparent about best practices and lessons learned,” said Susan Stone, MLB Network senior vice-president of operations and engineering. “We certainly talked to them, and ESPN also had the experience of working on the NFL Draft, but we ended up coming up with a solution internally with our [information technology] and infrastructure teams to aggregate all of these streams and bringing them in house.”

Stone also says the entire breadth of the pandemic and its social distancing requirements have already refocused much of what the MLB Network had been doing from a production standpoint.

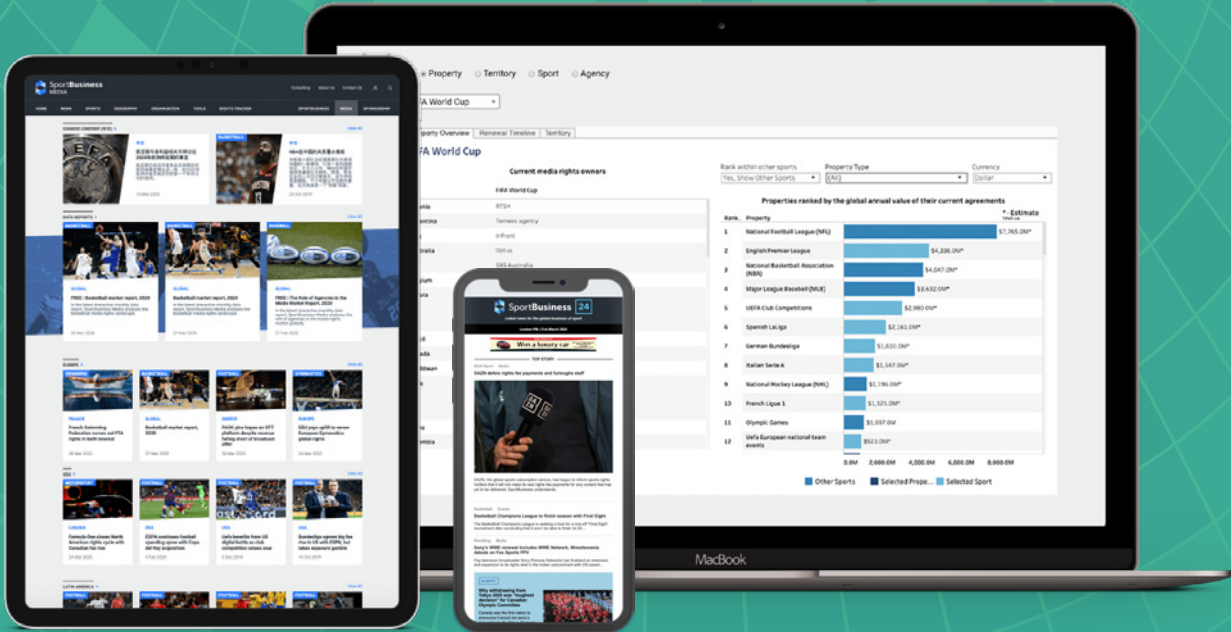
“The past 12 weeks doing our shows virtually and having a lot of our announcers and talent at home has really teed us up and made us rethink a lot of different workflows,” she says. “That put us in a good place to do something like this for the Draft.” ○

(Alex Trautwig/Getty Images)





SportBusiness MEDIA



The most accurate data on media-rights deals you'll find anywhere plus peerless insight and analysis around every deal

THE MEDIA PACKAGE

RIGHTS TRACKER

The database that holds the entire SportBusiness Media archive of over 12,000 of the latest deal values and durations. You can interrogate the data, focusing on sports, properties and geographies as you need to.

DEAL STORIES

Our team of SportBusiness Media reporters are always hard at work going beyond the announcement of a new deal to find you the details and the context. These long-form stories are published regularly online.

TV SPORTS MARKETS

Every fortnight, the deal analyses published by our team of reporters are issued to subscribers in PDF form as the TV Sports Markets newsletter.

DAILY NEWS

Our daily news email arrives in your inbox at 15.30 (UK) every working day, keeping you up to date with everything in the world of sports media rights.

DATA SNAPSHOTS

Issued monthly, data snapshots take a detailed look at interesting domains within the sports media rights industry, like specific geographies or sports.

THE GLOBAL MEDIA REPORT

With analyses of the most valuable sports, properties and markets, our Global Media Rights Report is your go-to annual assessment of the media rights landscape.

Request a demonstration at: sportbusiness.com/media

Email: info@sportbusiness.com or call: + 44 (0) 2072 654100

“There’s going to be a strong trend towards localisation” | Andrew Messick, Ironman

Over 140 Ironman events postponed or cancelled because of Covid-19

Staff have tried to match competitors to rescheduled races based on travel restrictions

Mass participation events now allowed in New Zealand



Ironman chief executive Andrew Messick (Alex Grimm/Getty Images for Ironman)

Ben Cronin

Though few sports are immune to the impact of Covid-19, it’s hard to think of an industry segment more acutely vulnerable than the mass participation business.

While top-tier football and the US major leagues can schedule closed-door action to shore up television revenues and mitigate losses, there is no such recourse for a sector that depends to such a large extent on race fees and bringing large congregations of people together.

Andrew Messick, chief executive of

the Ironman Group, the world’s largest mass participation business, concedes that his company has “largely been out of business” since the middle of March, having had to either cancel or postpone over 140 events globally. Throw in Wanda Sports Group’s, not entirely unrelated, sale of the company to Advanced Publications and Orkila Capital just a few weeks into the pandemic, and you could say he has faced a fair amount of upheaval recently.

Messick speaks to *SportBusiness Review* in what he describes as the ‘waxing and waning’ period between the signing and closing of the deal, as Wanda dials down its involvement

and Advanced begins to acquaint itself with the business. Subject to regulatory approval, the \$730m (€642m) sale is expected to conclude in July.

The transition will be helped by the fact that Messick already knows Orkila Capital founder Jesse Du Bey from the time he led Providence Equity Partners’ investment in Ironman, prior to Wanda’s involvement. Du Bey personally recruited Messick for the role and the pair followed similar routes into the business, competing in Ironman events before taking up executive positions.

“My relationship with Jesse is a decade old. He’s someone we have a

great relationship with and have an enormous amount of respect for, and he understands our business,” says Messick. “The Advanced team are scrambling up the learning curve, and we’re helping them. So far we have found them to be very insightful and thoughtful partners – particularly as we find ourselves coping with the impact of a global pandemic.”

Travel restrictions

Like many businesses that operate globalised models, and which depend heavily on international travel, one imagines the new owners will be helping Messick to wrestle with some fundamental questions.

“I think it is fair to say that in the immediate term at least, there’s going to be a strong trend toward localisation and we’re going to see fewer athletes have an appetite to get on airplanes to go to events,” he says. “We’re looking at our portfolio of events and how we market that to our athletes and how we marry supply and demand on a global basis. How do we rebalance that, somewhat?”

Ironman’s response has followed three distinct phases. In the first, the company’s 600-plus employees in 26 offices around the world have worked with host cities to push events back to September, October or November. They have then taken advantage of the company’s global scale to match supply with demand, as Messick suggests, by encouraging competitors to move from one event to another, according to the prevailing travel restrictions.

“There’s going to be a strong trend toward localisation and we’re going to see fewer athletes have an appetite to get on airplanes to go to events.”

“We’re encouraging athletes, and athletes are reaching out to us saying: ‘I still want to race but maybe I don’t want to get on an airplane and fly from Denmark to Brazil. What I’d like to do is drive from Copenhagen to Hamburg and race there’.

“We’re being as accommodating as

we can to help athletes who still want to race, who still want to participate in events, but who may want to take on a different profile in terms of travel.”

Five principles

The next phase has been to conceive of a plan for how races might safely resume before a vaccine is found for the virus.

In late May, Ironman released a set of five guidelines for the resumption of events based on World Health Organisation standards. The measures include plans to increase spacing between competitors, enhance hygiene at events and encourage athletes to carry their own hydration and nutrition to minimize interactions with staff and volunteers.

The group estimates that the principles could help eliminate up to 90 per cent of interactions during a typical race. But Messick stresses that events will continue to be led by health guidance in different race jurisdictions and the company’s own principles will not override any government regulations.



Andrew Messick crosses the finish line in a 2018 Ironman event in Lake Placid, New York (Ezra Shaw/Getty Images for Ironman)



Professional triathlete Sarah Piampiano wears a face mask on a training ride (Ezra Shaw/Getty Images)

“We think that’s the only real way that organisers can move forward because every set of circumstances in every country – and within the United States, every state – is approaching the trade-off between public health and economic openness differently,” he says.

“We do not have a point of view on whether one approach is better than the others. We’re trusting our partners, and our partners are the communities, and we want to give confidence to our athletes that we’re working closely with those public health authorities to craft race experiences that make sense.”

This means there will be a lesser requirement for screening and staff training in New Zealand, for example, which at the time of writing, had delivered on its ambition to be completely free of Covid-19. Consequently, the country has just lifted its restrictions on mass participation events while the Ironman office there is the only one in the world where staff are no longer required to

“We want to give our athletes confidence that we’re working closely with public health authorities to craft race experiences that make sense.”

work remotely. Some of the events in the company’s portfolio in the region also lend themselves more readily to a localized model and will allow the company to take advantage of the country’s clean bill of health.

“If you look at the Auckland Marathon, which was the first big marathon that we bought, it’s overwhelmingly Kiwi, and it’s overwhelmingly North Island Kiwi,” says Messick. “The other side of the spectrum is the Ironman World Championships, where very few athletes come from the Big Island of Hawaii [host of the event since 1978].”

The Ironman Group’s safety guidelines have proven more helpful

in reassuring public authorities in Lubbock, Texas, that an Ironman 70.3 race scheduled for the area in late June can go ahead. Local leaders have indicated that measures to increase spacing between competitors have reassured them that the risks to the public can be kept within acceptable tolerances.

Virtual racing

The third and final plank of the company’s strategy, while it waits for other events around the world to follow suit, has been to launch a virtual racing series. Messick says the events, which allow athletes to compete against one another online using wearable technology and fitness tracker apps, have provided a physical outlet for housebound athletes and additional exposure for sponsors to compensate them for the lack of live races.

The venture won’t have gone unnoticed by the company’s new owners, who want to use the latest

generation of connected fitness applications like Zwift, Strava and Rouvy to deepen engagement with Ironman participants and integrate the Ironman brand even more into their daily lives.

“We have more than 100,000 people on the Ironman platform and we have north of 50,000 people on the Rock ‘n’ Roll [marathon] platform if you are racing with us virtually every weekend,” says Messick.

“The creation of virtual racing, the administration of virtual racing, the integration with our partners, the creation of live content with our professional athletes, all of that we have largely created from scratch in in the last few months.”

To date, the company has taken the decision not to charge competitors to take part in the virtual events, although Messick says they have helped to generate increased merchandise sales. The company has developed a range of finisher medals and virtual reality headsets branded with Ironman and Rock ‘n’ Roll marathon logos to coincide with the new venture. Virtual racing equipment suppliers Technogym and Rouvy have also signed as sponsors of the new series, although the firm

wouldn’t divulge if these are paid or value-in-kind deals.

“I think that more broadly, we have a bigger, broader digital vision for the business,” says Messick. “And that is really becoming more engaged in the journey of our athletes and in using a lot of the tools and techniques that we’ve pioneered here within virtual racing to be able to support athletes as they train and prepare for ‘real’ Ironman events – outdoor racing – again.”

Messick believes the take-up of the virtual product proves how passionate and engaged the Ironman community is. The crisis also appears to provide further proof that triathlon is becoming one of the preferred sports of c-suite executives and is taking on some of golf’s reputation for being the sport of business networking. He says some well-placed triathletes have helped the company in its attempts to source temperature screening technology and other devices to prevent the spread of the disease at races.

“There are lots of passionate Ironman athletes in in all parts of the economy. And many of them have reached out to us to help secure various things in this situation that will enable us to return to racing perhaps a little bit quicker.”

Centralised model

Messick has previously joked about his obsessive attention to detail and his desire to control every aspect of events – even including the types of buoys used in the swimming legs – and there is no sign of this abating under the new owners.

The last time he worked with Du Bey during Providence’s stewardship of the business, they sought to own and control more Ironman events centrally, moving the company away from a business model of licensing its intellectual property to local organisers. When asked if he regrets not being able to devolve some of his current problems to licensees, Messick says the crisis has only given him more confidence in the centralised approach.

“Fundamentally, we don’t think anything has changed in the way we manage the Ironman brand. And our belief in being able to control the experience is one that, if anything, is more important now.

“We’ve always had a true north around athlete experience and safety and for these next months and potentially years, that’s going to be even more important.” ○



Rise of the Red Devils drives new Belgian FA partnership strategy

Once as low as #66 in Fifa's ranking, Belgium are now top of the world

But legacy of old-school partnership strategy left money on the table

A new approach with digital at its heart is being rolled out



The Belgium XI ahead of the Uefa Euro 2020 Qualifier against Cyprus (Charlotte Wilson/Offside/Offside via Getty Images)

Kevin Roberts

Under normal circumstances, millions of football fans across Europe and around the world would currently be immersed in Euro 2020.

But nobody needs reminding that these are far from normal times. The competition's rescheduling for next summer is a particular blow for the Royal Belgian Football Association, whose star-studded team has topped the Fifa rankings for the past two years and were among the favourites to be crowned Champions of Europe.

That status represents a remarkable turnaround for 'The Red Devils' who

failed to qualify for the finals of the Euros in 2004, 2008 and 2012 or the Fifa World Cups of 2006 or 2010.

According to Manu Leroy, director of marketing at the Royal Belgian Football Association, those were dark days for the sport and the country. At one stage the team slumped to 66th in the Fifa rankings but, even as it withered, a new generation of talent was maturing and has since flowered. Those players ply their trade at some of the world's biggest clubs in the biggest leagues and many have become global stars in their own right.

But while the team was reaching new heights on the field, the commercial infrastructure behind it had failed to

keep up and opportunities to build on established revenue streams and develop new ones were missed.

Now, under the new RBFA management, that is changing. A new commercial strategy has been developed with the aim of making Belgium one of the leading National Associations. An extensive Benchmarking exercise, conducted with the help of Uefa's 'Grow' programme, has provided vital guidance and focus and a commercial revolution is now under way to mirror that on the pitch.

"It's about transforming the Belgian FA from what was a sort of sports ministry into a modern commercial company," says Leroy.

“We are in the best possible place sporting-wise, so we want to be on the same level in every other respect, including the commercial side.

“Working with Uefa, we benchmarked against Spain in terms of performance, Portugal in terms of being a similar size of market, and Holland and the Nordics in relation to a population with similar spending power. We wanted to see where we sat in terms of different categories of sponsorship. What we learned – and what I already had a gut feel about – is that we were not making the most of the opportunity we now have.

“When the team was not qualifying for the finals of competitions it was like a commercial desert. Now we are turning around a strategy which was a bit old-school to make it far more modern and more measurable. In doing so it is our ambition to become less dependent on team results by establishing new parameters and building a database so that we can always give value to partners even if we fall down the rankings.”

Many of the current roster of 12

partners have been with the Belgian FA over the long haul and Leroy admits that their loyalty during the bad times made it difficult to increase fees to reflect the new reality.

“But now they understand that we are #1 in the world and that prices have gone up. But they are not just paying for the same level of service. We are building new layers on top of the visibility and ticketing part.

“Our goal is to have a clearer structure that will protect our most valuable asset, player IP.”

Manu Leroy | director of marketing,
Royal Belgian Football Association

“For instance, producing branded content is really important because we have a gigantic reach. We are the biggest influencer in Belgium, so we want to leverage that for our partners and use the data we have.

“Luckily the predecessors here invested in building a solid database. We’re actually in a process of cleaning

that up so that we are able to extract data, segment it and give other types of return to the to our partners.”

Data and content are central to the new proposition. Work on a brand-new digital platform is due to start shortly for completion by early 2021.

“That’s when the magic will start to happen and when we will be able to deliver on our digital promise,” explains Leroy, who expects to see usage ramp up ahead of the rescheduled Euros next June.

His vision is of a virtuous circle that sees fans signing up to download an app, which delivers a feast of unique content, and the personal data they agree to provide in return becomes valuable currency for the Belgian FA when pitching to brands and pricing partnerships.

“Branded content has an important role. It is produced by us as a sort of media house and has our tone of voice. The key thing is that it has to be relevant and make people want to watch it. That means using players and coaches and going behind the scenes to produce things you just won’t see on



Manu Leroy, director of marketing, Royal Belgian Football Association



Belgium's Eden Hazard during the Euro Qualifier v San Marino (Soccrates/Getty Images)

classical media," he says.

The hunger to associate with a team of stars scattered across Europe is evident whenever Belgium plays in a major tournament. The flags, shirts and painted faces represent the united face of a county which, says Leroy, is complicated by its regionalism and language divisions.

But arising from that is a group of players who come from different cities and regions and different ethnicities. They say that ultimately talent trumps all and it is a group of players whose fortunes are followed by Belgian fans wherever they play.

"It doesn't matter that they don't play in the Belgian league because most people have pay-TV and can watch them play wherever they are. The interesting thing we have noted is Belgian fans become fans of the clubs they play for and then move with them. So, a fan might follow Eden Hazard at Chelsea and then become a Real Madrid fan when he moves there," Leroy says.

And it is in access to those players that much of the value of the Belgian FA's sponsorship proposition lies.

"Right now, we have quite a flat structure in which most of the 12 main partners get pretty much the same inventory and opportunities, but they don't all pay the exact same fee. That

sometimes causes frustration among our partners.

"We are moving toward a pyramid in which a smaller number of sponsors get more and receive more. Our goal is to have a clearer structure that will protect our most valuable asset, the player IP.

"In the past all partners got shooting time with the players for commercials but we need to be able to control that and ensure that you have to pay a certain entry level fee to get that access...it's worth a lot.

"Right now we have some legacy deals so what we are doing is creating clarity and additional value propositions for the cycle after the 2022 World Cup when existing deals are finished and we have a clean sheet as the new pyramid kicks-in."

Leroy says that fans have become a little blasé about success, making it more difficult to sell tickets for qualifying games at the 50,000 capacity King Baudouin Stadium in Brussels.

"Now that we are always in Pot One (for the top seeds) we always have games against less interesting teams and these can be a challenge," he said.

"To address this, we've reactivated our fan club, which rewards loyal fans who have their own section within the stadium, and we have introduced entertainment like post-game concerts

and half-time DJ sets to make each game more of an event." A 42,000 crowd for an inevitably one-sided Euro 2020 qualifier against Cyprus in November suggests that the strategy is beginning to work.

It's not only the men's senior team which is subject to the new commercial strategy. The upwardly mobile Red Flames women's team is, for the first time, treated as a separate entity and opportunity.

"In the past if you sponsored the men the women's team was thrown in as part of the same deal. That's no longer the case, there are no more free rides," Leroy explains.

"The women's team offers different opportunities to different brands so companies can now partner with just the women's team. We're delighted to have sold our first women's team-only partnership to Connections, a travel agency, and other brands are beginning to look seriously at the opportunity. We have also sold media rights to the women's team to public television for the first time."

Leroy's strategy aims to maximise the value of the Belgian national team while it is on top of the world and maintain that value should form and position dip. Head coach Roberto Martínez has put in place a talent identification and development system and there is confidence that the pipeline is in good shape and that the country can look forward to another decade or so of success, defined as remaining in Fifa's top 10.

Like the current crop of superstars, the youngsters are drawn from all backgrounds and sections of society, reflecting a diversity Leroy says must be celebrated across football and which is in line with the mood and aspirations of sponsors.

"I think the big message for all of football is that we need to mirror society otherwise we'll never be able to really connect with those people from different backgrounds. It's a big ambition within our federation in the coming years to create diversity in gender and all other areas. Our amazing team is incredibly diverse and that's a good message for sponsors who think it's an important area for them to leverage on." ○

Nic Couchman | The long view – investment opportunities in the rebuilding of sport

Nic Couchman, head of sport at Charles Russell Speechlys, considers the role that private equity might play in the building of 'Sport 2.0'.

Nic Couchman

As the impact, operationally and economically, of Covid-19 continues to rampage through the sports industry, restructuring and new investment is becoming essential to achieving a sustainable and profitable future.

Sports bodies, events and leagues own unique assets of considerable attraction to investors, from control of sporting calendars, regulations and commercial rights, to valuable data sets and heritage brands. For well-funded private equity investors with the right 'partnerial' approach and long-term vision, opportunities exist to benefit significantly from a new sport industry environment.

Sport in crisis

Right now it's hard to imagine the reset and rebuild that will inevitably take place. Sport has been sideswiped in the most brutal way and yet the continuing appetite to play it and watch it is such that even virtual horse racing and charity golf matches are generating record audiences, and immense efforts have been made to get top level football matches played behind closed doors and back on our screens.

Our industry has seen decades of more or less continuous growth and is now experiencing its worst economic disaster perhaps in living memory. The long growth story, however, obscured some financial truths now increasingly apparent.

For all its many successes in creating revenue streams from commercial rights exploitation, the sports industry is in most areas undercapitalized. Most of the income that comes into the sports goes out into event operations, player wages, prize money, agency commissions, infrastructure investment



and grassroots development. Reserves in most sports are minimal, with many highly reliant on Olympic distributions or public subsidies.

The sports industry essentially has mass social gatherings at the very heart of its business model and so Covid-19 is about the worst unforeseen event imaginable. For sports with an international dimension, the problem is exacerbated.

Different and changing pandemic situations and regulations in different countries mean border closures and major travel disruption will likely continue for an indefinite period to come, making international fixtures, series and tournaments very difficult to organize profitably.

The global recession that is highly likely to follow presents a double whammy as corporates and brands will look to control or reduce their level

of investment in sports marketing in favour of focusing on business survival.

Added to this, the ongoing risk of second and third waves of viral escalation, the rigid and much restricted regulatory environment in which sports will now have to operate even as lock down measures ease, and the understandable fear factor that will no doubt continue to permeate the sports fan community, and the return to anything resembling normal conditions for sport looks a very long way off.

Public funding of sports will also no doubt be under enormous pressure, whether for vulnerable mega events or grassroots sports, as other calls upon the public purse take precedence in depressed economies. And there will be a limit to the extent that the larger sports bodies, such as the IOC, can provide financial support to their membership.

It's too early to tell how much

damage has been inflicted on this \$700bn industry, but it will clearly run into multiple billions. In this very challenging environment, sport is having to look at the new realities – cancelled events, massively reduced income, cash flow shortages and staff lay-offs, et cetera – and examine strategies both to meet the immediate challenges, and to reset and rebuild.

A new, entrepreneurial mindset, with a spirit of innovation at its core, will be needed to get the industry back on track.

Investing in 'Sport 2.0'

A new, potentially radically different chapter, for sport is beginning to emerge. Tougher market and regulatory conditions, reduced budgets, tighter cost control and fewer events will all feature together with the acceleration of phenomena that were already impacting on the sector, in particular digital and technological transformation, and private equity investment.

US sport, football clubs and motor racing have long embraced private investment and ownership, especially at a team level. Specialist suppliers to sport, such as agencies and tech providers, have also long had private investment or have raised funds on the capital markets. Outside of these categories, however, there has been reticence from some areas of sport to engage seriously with private capital providers, and for private equity to see a compelling investment case to invest in sport itself.

There has been a cultural clash in many instances between sports stakeholders and private equity, not least because many sports are not run as businesses with profit as a primary driving motive, and private equity has not been able to perceive of sport, for all its ubiquity and growth trends, as something it could reliably quantify, sufficiently control and generate investment returns from.

All that is set to change, for a number of reasons:

- Sport is in distress; under-capitalized and concerned for its future, it needs security and cash resources to stabilise and underwrite its short to medium-

term position, and to rebuild

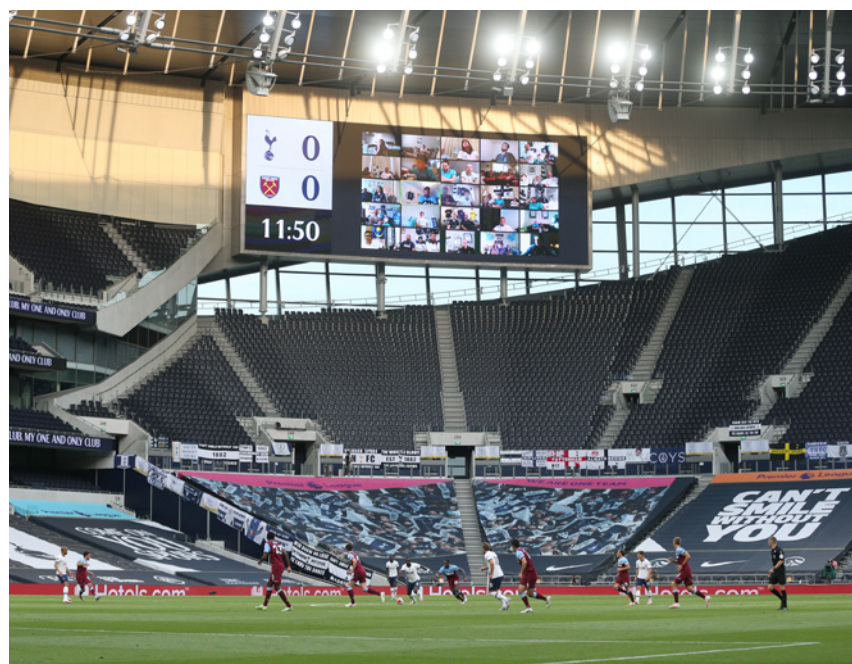
- Moreover, for the reasons set out above, resistance to change amongst leaders in sport will be much lower. Change is being forced upon sport, and it will need to adapt speedily to stay afloat
- As global digital transformation is accelerated by the impact of the pandemic, the value of content and strong, monetisable fan bases in the longer term becomes more pronounced. Customer, athlete and live data become increasingly exploitable and sports asset valuations potentially carry a long term digital premium as a result
- Rarity. Sport comprises a limited number of available assets, some of which have decades of heritage and very deep roots, and some internationally known brands with substantial legacy value, which have endured previous economic traumas and survived. Sports assets are not easily substitutable or replicable. Latent brand value and exclusivity are undoubtedly attractive features for investors. Investors may need to act now, or miss a 'once in a lifetime' opportunity.

New investment models

There have been several impediments to private equity investment in sports, some less apparent than others. Sports have not typically been structured as businesses and don't have the governance arrangements that financiers would expect to see.

They wish to retain autonomy over sporting and regulatory affairs, irrespective of the commercial implications. The integrity breaches in sport, from doping to corruption, have been a deterrent to investment. Governance frameworks in sport have not kept pace with the growth and globalization of sport. Good governance is, however, a pre-requisite for good investment. The Covid-19 crisis will accelerate changes to sports governance, eliminating some of the 'old ways', and making sport more investable.

Equally, the complex nature of sports structures and revenue streams can be a deterrent for outside investors. They naturally want to understand what they are investing in, who owns which IP, where the value lies and who controls it. The commercial frameworks, and collectively bargained arrangements between sports bodies, events, leagues, clubs and athletes, may well need to be remodeled and rationalized to optimize the conditions to attract private investors.



On the flip side, one of the fundamental problems for private equity investment in sport has been its own business model, typically requiring a buy out, followed by a three to five year drive to enhanced profitability and an exit for their investors, and to earn the coveted ‘carried interest’ for fund managers. Sport does not lend itself at all easily to this investment model – it essentially doesn’t want to be bought, built up and sold on. Nor does it want to part with, or be perceived as having sold, the ‘family silver’. In many cases, sports bodies will look at themselves as custodians, rather than owners of the sports they manage.

In a sports context, successful private investment has to be attuned to this philosophy. There are signs that it is becoming so. Initially reported as seeking a majority stake in Premier Rugby, for example, private equity giant CVC finally settled on a 27-per-cent stake in the league, and more recently a 28-per-cent stake in Pro 14 rugby. CVC is now reported to be exploring a minority investment in Italy’s Serie A.

A ‘partnerial’ approach

A more partnerial approach, helping sports reset and develop their commercial platforms, providing the

financial security from which to build value over the long-term but without undue interference in sporting or regulatory affairs, is the formula likely to find most acceptance with sports stakeholders and owners.

Investment funds are increasingly looking at a more blended approach, for example with minority equity stakes combined with debt finance structures, allowing some protection against the downside, whilst maintaining a sizeable interest in the upside. These are rare and complicated transactions. Our own experience advising the International Tennis Federation on its investment arrangements for the Davis Cup, for example, involved a challenging process of balancing and reconciling the interests of sports custodians and investors.

The sports market has now, finally, reached the stage where intelligently crafted, bespoke investment partnership arrangements are achievable to enable sport to continue to grow and to meet its many objectives, from elite competition to grassroots development.

To some extent, private equity can replace the role customarily played by the larger agencies as long term business partners to sport, bringing both capital and commercial acumen to the board table, and allowing sports

to structure more flexible and discrete arrangements with commercial agencies and partners. Investors can seek to achieve a measure of protection from going ‘all in’ in these hazardous times by linking some of their funding to performance metrics, e.g. the unfettered return to live sport.

Investors naturally like to reduce risk, and so issues such as cost controls, salary caps, and relegation/promotion rules also play a material role in investor decisions, and it is of course likely that increased investor involvement will lead to changes in traditional formats and approaches to these matters.

Future opportunities

Private equity has large reserves of deployable capital, and looking at long term growth trends for sport as we start to emerge from the depths of the current crisis, will see unique opportunities to enter the sports market at a time of great need and lower prices.

From once being perceived as controversial imposters or ill-suited partners with sport, smart private equity money could yet become the cavalry that an increasingly embattled sports sector needs, assisting in the re-emergence of a viable and profitable industry. ○



(JAVIER SORIANO/AFP via Getty Images)

How the AFL used its biggest asset to tackle Covid-19 financial woes

The Australian Football League has secured a loan of more than A\$500m against its Marvel Stadium

The AFL is one of few Australian sports properties to actually own a venue

The loan put the league in a stronger position than other Australian rights-holders during Covid-19



The Marvel Stadium in Melbourne, Australia

Tom King

In enabling it to secure financing, the Australian Football League's ownership of Marvel Stadium in Melbourne put the rights-holder in a uniquely strong position among Australian sports facing the Covid-19 business downturn.

As in other markets, Covid-19 has delivered a savage blow to sport in Australia. The country managed to contain the spread of the virus quickly by closing its borders and enforcing strict social distancing measures. But the action severed the pipelines of revenue to the country's major sports.

The National Rugby League, Cricket

Australia, Rugby Australia and football's A-League are all facing financial difficulties. RA, for example, recently cut 47 of its 142 full-time staff.

Some of the organisations have sought loans from banks to help them through. Unlike the AFL, most have few or no assets to offer as security.

Last month, the NRL went to banks and financial institutions in the UK for a A\$250m (\$172.7m/€154m) loan after it had been turned down by Australian lenders. The loan amount was secured against future broadcast and sponsorship rights income as opposed to a particular asset.

Thanks to the 54,000-capacity Marvel Stadium, the AFL has secured strong

financial support from two of Australia's major banking groups, ANZ and National Australia Bank, in a deal worth more than A\$500m.

Prescient move

Few leagues and teams in Australia own or have substantial control over the venues they play at. With the exceptions of some smaller suburban rugby league grounds, the vast majority of major teams in Australia play at publicly-owned and operated venues.

Under the agreement that governed the construction and operation of Marvel Stadium, the AFL was entitled to take ownership of it in 2025 for a nominal A\$30 fee.



Melbourne Demons v St Kilda Saints at Marvel Stadium (Graham Denholm/Getty Images)

But in October 2016, the league agreed to pay A\$200m to take control of the management rights and freehold ownership from the super fund and institutional owners, nine years early.

The AFL's acquisition of Marvel Stadium four years ago was something of a gamble, but it has paid off in unexpected fashion, giving the AFL owned a billion-dollar asset against which to borrow.

The deal was also a positive development for its tenant AFL clubs North Melbourne, the Western Bulldogs and St Kilda. The AFL is leasing the stadium to them under more favourable terms than the previous owner.

The Victoria government is committed to funding upgrades of the stadium and development of the surrounding area under an agreement in April 2018 that includes a guarantee by the AFL that its annual showpiece Grand Final would be played in Melbourne every year until 2057.

Revenue generator

The Marvel Stadium is a multi-purpose entertainment and sports venue and also the headquarters of the AFL. As well

as AFL matches, it hosts home fixtures for A-League football side Melbourne Victory, Twenty20 cricket matches, and one-off rugby union and rugby league matches. It is also firmly established as Melbourne's major concert venue, and has hosted artists such as U2, Taylor Swift and Ed Sheeran – all earning extra revenue for the AFL.

In 2018, in a deal said to be worth more than A\$70m, the Walt Disney company in Australia secured the naming rights to the stadium for eight years, rebranding it the Marvel Stadium to promote its superhero film and content studio. A substantial Marvel-themed retail store is now housed within the facility.

"The rights change in 2018 to Marvel as a partner provided a good refresh and scope for new innovations in delivery alongside the Marvel brands," says Adam Karg, associate professor and director, Sport Innovation Research Group at Swinburne University of Technology in Melbourne.

Negotiating position

The AFL's stadium-backed finance deal looks to have put it in a stronger

position than the NRL vis-à-vis upcoming talks with their domestic broadcast partners.

As in other markets around the world, Australian broadcasters are seeking compensation for the interruption to the flow of live matches this year. The AFL and NRL are Australia's two most valuable media rights properties.

The NRL was essentially forced to renegotiate its domestic media-rights deals with free-to-air broadcaster Nine and pay-television broadcaster Foxtel this month.

The league was running out of money fast and was pushing hard to get its season restarted. The broadcasters took the opportunity to negotiate down their rights fee commitments over the coming years. The talks were not all negative for the league, as it also secured a five-year extension to its deal with Foxtel.

The AFL's broadcasters are also seeking talks about their deals. But the league's relatively healthy finances are considered to put it in a stronger negotiating position than the NRL.

"Nine and Foxtel with rugby league and Foxtel with the FFA (Football Federation Australia) are among those who are negotiating, or have already negotiated, amended terms with lower valuations," Karg says.

"It is expected that the AFL and others will inevitably be subject to the same. As such, the level of security provided for the league from the stadium deal creates a major point of difference."

Caution ahead

The Marvel Stadium may have provided the AFL with a substantial financial buffer, but the AFL will not be resting easy for the next few years – the full extent of the business downturn caused by Covid-19 will take months or years to play out. Australia is set to enter its first technical recession for 30 years this quarter.

"While this financial safety net means the AFL may be better placed to counter the Covid-19 fallout, there is still a significant financial impact on the AFL and clubs that will be felt for a while, particularly the longer it stays without crowds," says Karg. ○



AT THE HEART OF SPORT

Stunning coverage from 50,000 events every year including the world's major tournaments and competitions. An unrivalled archive of 25 million sports images including partner content from the world's most prestigious clubs and rights holders.

Partner with us for editorial or commercial use

gettyimages.com/sport

[@gettysport](https://twitter.com/gettysport)

gettyimages®

