



Fan Development In Major League Soccer

GILTEDGE
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Connecting Brands to the Soccer Consumer

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On July 19, 2008, a huge crowd of 46,754 showed up at Giants Stadium to watch the NY Red Bulls play the LA Galaxy featuring one David Beckham. It was an entertaining 2-2 draw, and despite the fact it was played in the cold and cavernous Giants Stadium, most of the people probably went home having enjoyed their MLS experience.

For years, sports marketers have talked about the challenge of turning the millions of soccer participants into fans. As a participation sport – particularly with youth – soccer holds a dominant position in the market. 18 million participants is the figure the Sporting Goods Manufacturers Association has promoted for a number of years now.

The “turning participants into fans” perspective, however, skips one very important evolutionary step – that of the spectator. The vast majority of the 46,754 people at the NY Red Bull game would be categorized as spectators. Simply put, these are people who attend an event, leave, and then forget!

MLS Teams have generally done a good job attracting spectators to the stadium to watch their teams play. This has been accomplished due to a combination of micro and macro factors ranging from aggressive ticket sales campaigns, to strategic event enhancements, such as doubleheaders, to the development of soccer specific stadiums that provide an opportunity to significantly enhance the live event experience.

When you consider the Red Bulls average attendance for its other 14 home games was 13,727, it begs the question of what happened to the 33,027 other people? Yes, some of these folks were simply there to see cultural icon David Beckham in the flesh and probably not that interested in soccer. The vast majority though were “soccer people” – individuals with an existing connection to the game either as a participant, or as a fan of the

sport in another country.

This example indicates that the challenge for MLS Teams has evolved beyond simply putting “butts in seats” to addressing the need to build real relationships with the tens of thousands of people who attend 1 or 2 games throughout the season. In other words, the challenge is how to turn spectators into fans.

So what is a fan? A fan is an individual who thinks, talks about, and is oriented towards soccer even when they are not actually observing a specific game. Fans exhibit the principles of:

- *Loyalty* - connotes sentiment and feeling of devotion
- *Allegiance* - applies to a person’s sense of obligation/duty to support their team
- *Fidelity* - implies unwavering devotion to the team

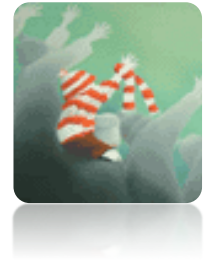
Simply put the difference between spectators and fans is engrossment and passion.

While comparisons to European football generally hold little relevance as it relates to the development of soccer in America, it is interesting to note that a few years back a survey was conducted of Celtic FC supporters. People were asked to select a statement that best described their relationship to the Club. Amazingly over 90% said Celtic FC was “a vital part of their existence.” Now that’s true fandom!

Mass fandom to this degree will never occur in the US for a whole host of reasons, but the point remains that MLS Teams need to develop deeper relationships with larger numbers of people.

After all, the ultimate end game for ownership is to drive the asset value of the franchise, and the single most important factor in determining this, is the existence of a large and passionate local fan base.

“The single most important factor in determining the asset value of a franchise is the existence of a large and passionate local fan base”



Factors Affecting Asset Value

On field success – both domestically and internationally - is very important to establishing asset value. However, the relative importance of winning will diminish once a strong brand has been established. Over time, what ultimately becomes important is the existence of a legend.

Various local market factors influence asset value such as market size, market importance and profile, wealth of population, sports history, strength/weakness of sports & entertainment competition.



The value of associated – yet stand alone- brands such as a high profile star players, coaches, owners, and famous stadiums, can help extend team appeal and drive asset value. Star power can cut across geographic boundaries and help build the brand in multiple markets.

Drive asset value with sales and marketing strategies focused on fan development, and aggressive exploitation of commercial opportunities with licensing, sponsorship, broadcast, and new media. Brand development outside the local market will extend Team's relevance creating a regional, national, or global brand.

A Focus on Sales and Fan Development

There are four fundamental factors that influence the asset value of a franchise.

While **Winning** is obviously an organizational priority, business strategies and tactics must be designed to succeed regardless of on-field performance. **Local Market Factors** also play an important role in determining asset value, but unless the discussion is about potential relocation, this is not something Club Executives can ultimately affect.

So Club Executives in charge of business affairs must focus on the aspects of **Brand Development and Exploitation**, and the leveraging of **Associated Equity** opportunities.

It is the job of the Club President/Chief Business Officer to be the brand manager for the Club. They must establish organizational values and standards, build operating structures and processes, set expectations,

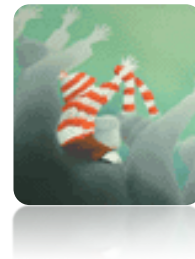
and oversee the development of strategies and tactics to cultivate the brand.

At the core of the organization must be an organizational-wide philosophy of ticket sales and fan development.

While ticket sales is the most important revenue stream, and bodies in house the primary driver of external perception, it must be remembered that game attendance is only one component (albeit an extremely important one) of accomplishing the ultimate goal of developing fans.

Clubs must develop a hand-in-glove relationship between sales and fan development strategies. They must execute aggressive campaigns to maximize ticket sales to spectators (again, people who observe a game then forget!), and at the same time implement initiatives that will strengthen an individual's level of engagement with the Club and nurture them from being spectators in to becoming true fans.

“At the core of the organization must be a philosophy of ticket sales and fan development”



The stronger the fan identification, the greater the benefits to the Club via increases in:

- Ticket sales and game attendance increases – reduced no-show rates
- Ticket renewal likelihood
- TV viewership and other media interest
- Licensed merchandise purchases
- Willingness to pay higher prices
- Likelihood of participation in affinity marketing initiatives
- Intellectual property values in the mind of corporate sponsors
- Word-of-mouth publicity

Ultimately over time high degrees of fan affinity also provide some insurance against poor team performance.

Not placing an emphasis on fan development is simply misguided. Equally, assuming that fan development will just happen organically with winning, or conversely cannot happen unless the Team wins, is also misguided.

Get The Fundamentals Rights

Ownership needs to know the right business fundamentals are in place. Fundamentals that will not only drive ticket sales, but also foster fan development. Fundamentals that ensure the Club is positioned to accomplish both short and long-term goals.

There are six basic questions every Club owner/executive should ask themselves about their organization.

#1 – Do we have a strong brand identity?

Image, as they say, is everything. The brand identity of a Club is the foundation upon which the organization is built. If the fundamental values and principles of the Club do not resonate with the soccer public, Clubs will have a difficult time creating strong fan connections.

Don't take anything for granted. Look in the mirror and ask some direct questions.

Is my brand identity fully developed and clearly communicated? What are the tangible points of difference and unique qualities? Is the image one that excites the soccer community and represents values that fans are proud to associate with? Does the front office universally understand the organizational goals and brand identity? Do they believe in it and practice its' virtues every day? Do they effectively and consistently communicate the brand to the outside world?

Gaining a true appreciation for how your brand is perceived – both internally and externally - is an absolute critical step in developing a successful franchise.

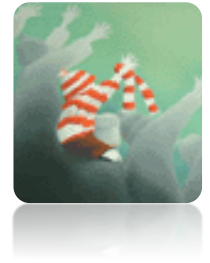
#2 –Is the office culture built on sales and fan development?

Your human resource is your most valuable resource. Hiring good people is important, but ensuring the environment in which they work – and their contribution to it – is equally important. What is the office culture that permeates throughout your Club? Is it a culture that emphasizes ticket sales, fan development, and the importance of representing the virtues of the brand?

Have you determined and articulated in writing what kind of culture you want to have? Do you have a plan on how you will go about creating the desired office culture and bring your brand standards to life every day?

Any plan you create must promote a company-wide appreciation for the principles of fan development and the impact they have on how each and every staff member approaches their daily responsibilities. Every department must be united in the quest to develop programs and assets that stimulate revenue and provide opportunities to strengthen fan engagement.

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#3 – Do we have efficient and effective data management systems in place?

Knowledge is king, and being “data-driven” is an essential characteristic of a successful Club’s front office. Securing and processing good data is the key to prospecting and sales, while mining and cultivating such data is a key to fan development. The Club’s data management and CRM system is a foundation pillar of the organization. The right systems must be in place, and a commitment to utilize such systems understood throughout the Club.

How is data being captured on-line and off-line? Do you have creative tactics and disciplined execution? Who needs to know what and when? If the right information doesn’t get into the hands of the right employee at the right time, then opportunities are being missed. Are current procedures efficient and effective? Are realistic measurements and tracking mechanisms in place to evaluate performance of sales and CRM initiatives?

#4 – Do we have a well thought out “Customer Engagement” plan?

Fan development is about creating a relationship with the individual that extends well beyond the monetary transaction for a ticket or a jersey. It is about providing individuals with reasons and opportunities to invest increasing amounts of time in the social community that is the Club. The more connection points they have to the Club the more they engage, the more they value their association, and the deeper their loyalty becomes.

Developing a strategic Customer Engagement plan is the best way for a Club to protect the lifetime value of each individual and develop fans. Your plan should promote and encourage fan engagement while also establishing exit barriers to protect against

attrition and non-renewals – a major challenge for many sports teams.

The plan must stress that every member of the organization plays a role in Customer Engagement, not just certain departments. Roles, responsibilities and expectations should be clearly defined and communicated as part of the office culture.

Your customer service team should be focused on providing more than just excellent reactive customer service. This is a minimum requirement. They should also take advantage of the opportunity to create strong impressions with customers through memorable pro-active services. Develop a mindset that is geared to identify issues and needs in advance, establish unsolicited communication campaigns, deliver random acts of kindness and appreciation, and orchestrate structured management-to-fan communication platforms.

Challenge your marketing team to be creative and reinvigorate their marketing efforts. Provide customers access to unique experiences and customized content-driven programs both on-line and off-line. Find new ways to create more dynamic connections to important audience segments such as youth, family, adult, Hispanic, and opinion-leaders. Showcase the passion of your fans as a means to generate Team relevance.

Make sure your plan considers all the opportunities presented by new technologies, and you take full advantage of CRM knowledge, new media and digital assets. These technologies have changed customer expectations and created a whole new world of opportunity for you.

Your Customer Engagement plan should be comprehensive, with the overall goal being to stimulate increased customer interaction with your Brand on as many different levels as possible.

“Fan Development is about providing individuals with reasons and opportunities to invest increasing amounts of time in the social community that is the Club”



#5- Are our game day experiences truly memorable?

The live game day experience is the primary exposure to the Club for all individuals. It creates the lasting memories and perceptions that drive fan interest – for good or for bad.

With the development of soccer-specific stadiums, Clubs now have the opportunity to control the packaging and presentation of the product. You have the opportunity to create an intimate “soccer experience” that showcases the game in the most advantageous perspective. Realistically, it is impossible to do this when you are playing in Giants Stadium for example.

One of the challenges for Club Executives is that the more games you attend, the more difficult it becomes to remember what it is like to be a customer, and the harder it is to appreciate how individuals are effected by the experience. Try to step away, or hire an independent consultant to evaluate every tangible and intangible aspect of the fan experience and brand exposure at your games.

#6- Are we focused?

Focus should be the single most important word in the Club Executive’s dictionary.

In the hectic world of MLS new challenges and new opportunities are constantly arising. As you tackle each new issue and chase each short-term revenue opportunity, make sure your organizational focus remains squarely on the principles outlined above, and executing your strategic plan and brand promise.

It’s ok to tweak tactics along the way as you gain new experience, but ensure you stay true to your core philosophies.

Avoid listening to those “expert marketers” who will tell you to expand your sales and marketing efforts into the general populous.

Stay true to the belief that people who are already pre-disposed to the game are more likely to be interested in watching professional soccer - and potentially becoming fans - than people who have no connection to the game. Sure, there will always be the example of the individual who has no prior exposure to the sport becoming engaged with the team, but the likelihood of this happening is small.

So fish where the fish are. Stay focused on developing relationships and connections with “soccer people” – people who are already pre-disposed to the sport. Stay focused on trying to connect with those 46,754 spectators that showed up to see the NY Red Bulls play the LA Galaxy in July.

“If the ladder is not leaning against the right wall, every step we take just gets us to the wrong place faster”

Stephen R Covey

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