



wellsaid

**BUILD IT AND
THEY WILL COME**

A sporting commercial model
for the **digital age**

JUNE 2016



**Any Company designed for
success in the 20th century is
doomed to failure in the 21st**



David S. Rose

Angel Investing: The Gust Guide to Making Money and Having Fun Investing in Startups

WELCOME

Well Said Consulting is two years old and to celebrate we have published this white paper.

Let's get straight down to brass tacks: we think most sports organisations are undervalued. That is because in our opinion most sports organisations have not yet fully understood what "digital" is and what it could mean for their commercial models.

All around us businesses that have harnessed the power of new technologies and marketing methodologies have built dynamic, exponential high-margin revenue models.

Of course, many of these businesses were established only in the digital age and so it is unfair to make a direct comparison. However, we believe that there is much that can be applied to reshape our rigid, analogue model, driving better long-term customer relationships that translate into improved revenue models, a more attractive sponsorship proposition and ultimately the pathway to broadcasting our own content.

We hope you enjoy the ideas in this paper.

SOMETHING INTERESTING IS HAPPENING

Multiple sectors have been disrupted by technology and changing consumer behaviour.

Why should sport be any different?

Uber

The world's largest taxi company, owns no vehicles.

Facebook

The world's most popular media owner, creates no content.

Airbnb

The world's largest accommodation provider, owns no real estate.

Alibaba

The most valuable retailer, has no inventory.

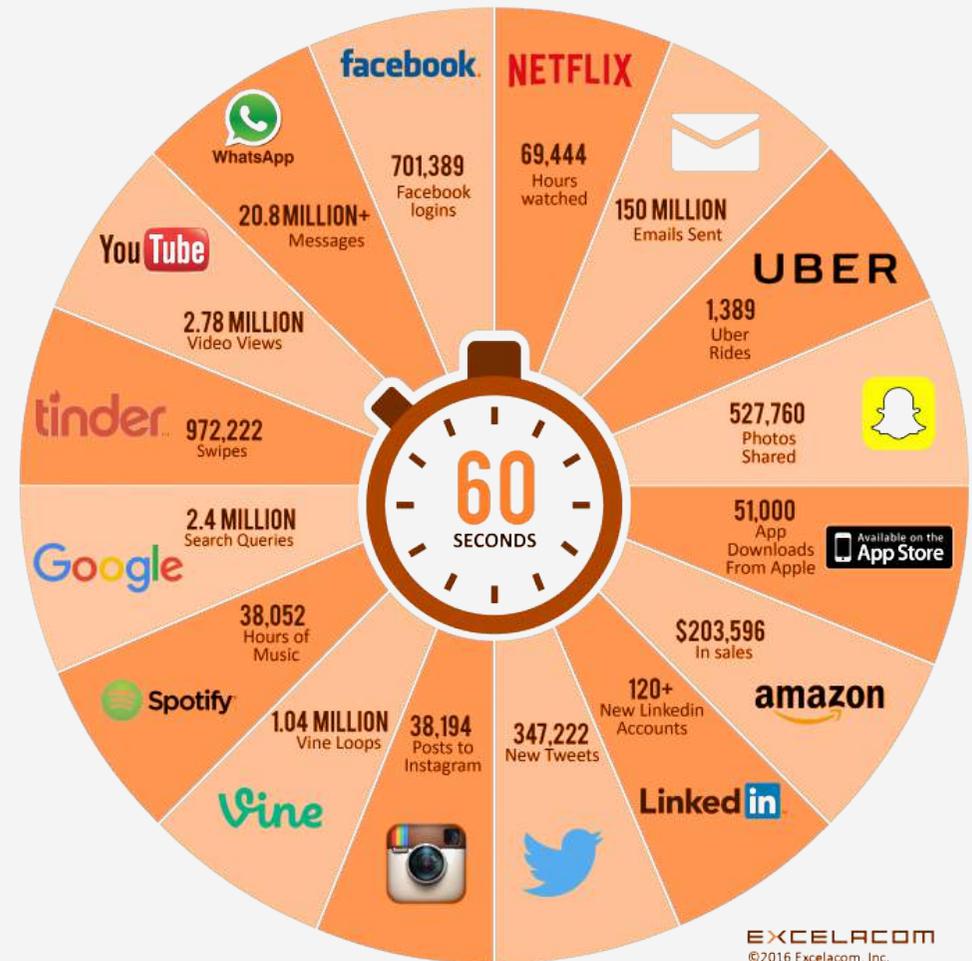
YOU DON'T NEED A DIGITAL STRATEGY

“Digital” is not a standalone vertical, it permeates everything and opens up exponential possibilities.

It's not about trying to crowbar in old models; it's not a bolt-on: it's a complete paradigm shift.

This is the digital age: you need a strategy and mindset specifically designed for it.

2016 What happens in an INTERNET MINUTE?



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CONTENT + CUSTOMERS = COMMERCIAL LEVERAGE

Q: What does the future media landscape look like?

Content is no longer “push” – UGC has created a “push/pull” dynamic. You need to think about content very differently.

The younger the audience, the less likely they are to be watching you on linear TV.

The current model is going to change and those who still receive minimum guarantees may not do so forever. This doesn't mean that there is less potential revenue, just that it might not be paid up front.

What's key is ownership of your customers, great content and the means to distribute that content to your customers.

A: No-one knows for sure but you need to be preparing for all eventualities or risk just taking whatever is on the table.



ARE YOU READY FOR GENERATION C?

You need to get your head around Google's "Generation C". This demographic behaves like no other.

If you don't create experiences that appeal to them, they simply won't be interested. You risk losing an entire generation of customers.

Gen C is crying out to be properly "engaged".

Our industry should spend a lot more time future gazing and futureproofing.

Generation 'C' The YouTube Generation

65% under 35

Tech-savvy

Time-poor

Always mobile, always connected

Create/Curate rather than consume

Early adopters & highly-engaged

Influence & influenced by peer group

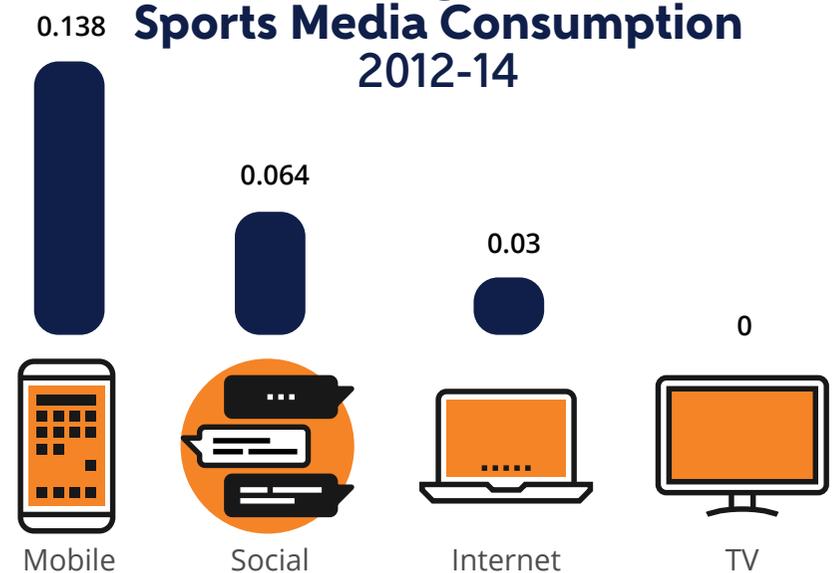
Media multitaskers

Internet & Mobile > TV

Discerning

Authenticity crucial

Changes in Sports Media Consumption 2012-14



"DIGITAL" < > "SOCIAL MEDIA"

Take control of as many of your rights and assets as possible.

Why outsource your "engagement strategy" to social media platforms who don't share their revenues with you?

If you control the customer relationship, you control the revenues.

What's preventing you from taking control?

**Estimated
Annual
Revenue
Per Customer:**

Facebook \$7.2

Twitter \$3.5

YouTube \$7.2



BRAND VALUE = COMMERCIAL VALUE

Invest the time and money to build equity in your brand

Brand equity can be the difference between a “volume” and a “margin” business.

Ask why people want to buy Apple products and are happy to pay a premium (or even queue up overnight) to do so.

MARKETING IS AN INVESTMENT, NOT A COST

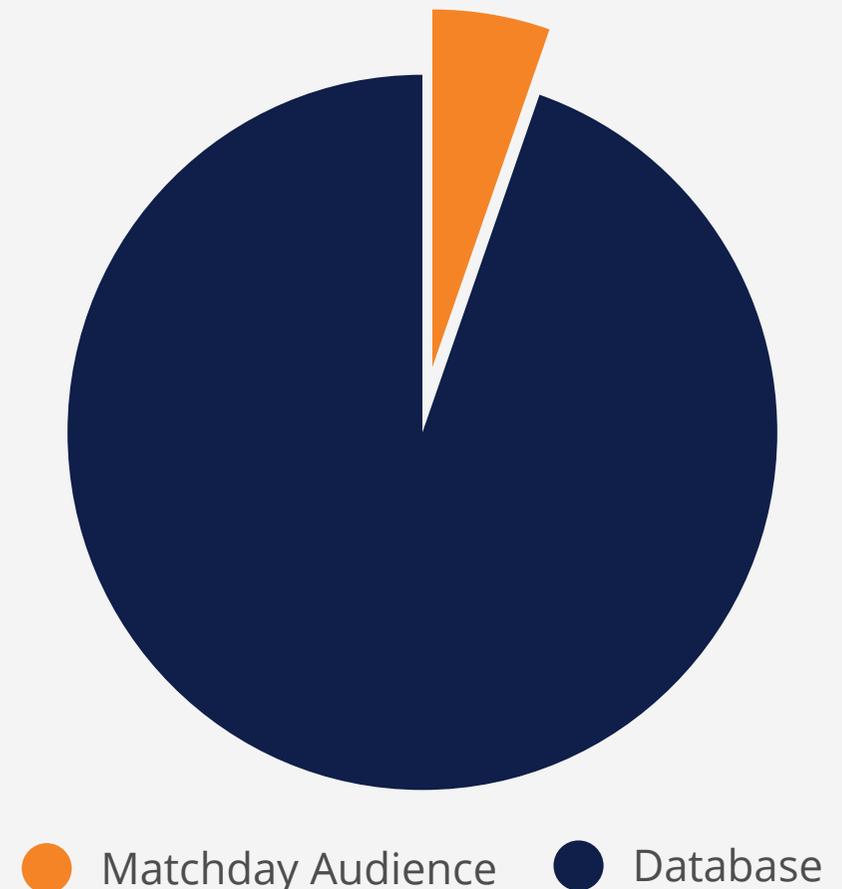
Marketing is not a cost-centre, it's your most potent commercial weapon.

The current sports model is largely inelastic - tickets, sponsorships, merchandise - and is therefore, finite.

Digital products & services allow us to build (new) exponential high-margin revenue streams.

Why just focus on those in the stadium when you have so many more potential customers?

Premier League Club X



MARKETING HORSE BEFORE SALES CART

Don't think of sponsors simply as sources of short-term revenue ... they should be accelerators of your own strategy.

Brands bring far more than just cash: content, data, technology, marketing budget, distribution, ideas...

... however you need first to be able to quantify, what each is worth to you....

... it all depends on what your strategy demands.

Is a bird in the hand always worth two in the bush?



SPONSORS MAY NOT WANT BRAND AWARENESS

Be prepared to disrupt your sponsorship proposition.

Brands don't always want media value any more: they want to connect directly with your customers and are paying Facebook, Google and others for the privilege and not cutting you in.

Offer brands what they want to buy, not what you want to sell.

Engagement is the objective, revenue is the result.

Estimated total global ad-spend 2015
\$579bn

WPP spend with Google 2015
\$4bn

Estimated total PL shirt sponsorship value 2016
\$325m

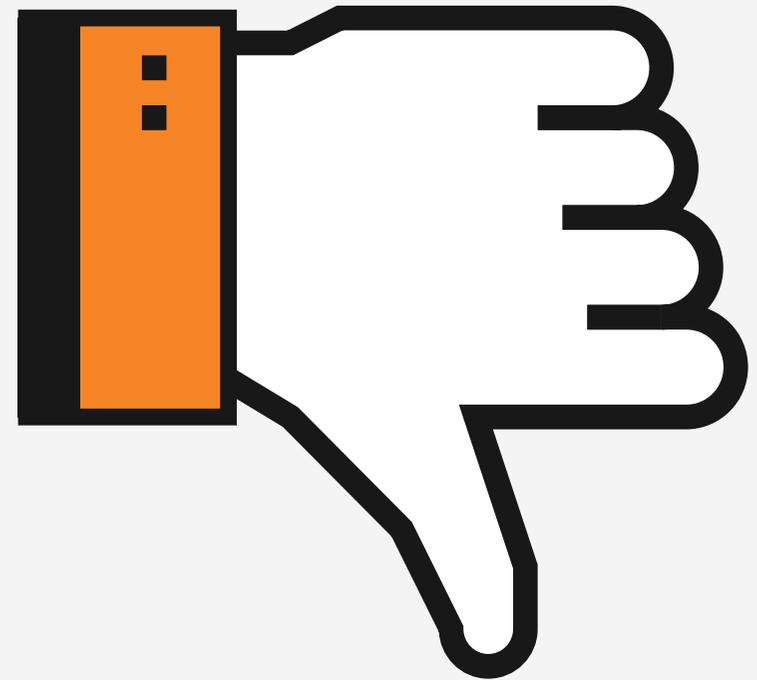
Number of top 100 global companies as main sponsor of a PL Club 2016
0

BRANDS EXPECT A MEANINGFUL RETURN

Your data capabilities should allow you to build econometric modelling to convince potential new sponsors of the likely returns *before* they sign the deal.

Most rightsholders have moved away from meaningless fan numbers and from media value but replacing them with “likes” and “followers” is just more of the same.

Brands want to see genuine (business) RoI potential. There is no reason why you can't take the leap of faith out of the equation.



WHAT'S THE ROI MODEL ON URINALS*?

If people are having a great time why not let them tell the world?

Connectivity is a basic utility and should be free at the point of access with as few barriers to usage as possible.

There is no self-contained ROI model: connectivity is an enabler that can drive other commercial imperatives.

The Internet of Things means the world is only going to become even more connected.

It's typical in most US venues for more data to be uploaded than downloaded over WiFi networks.

People aren't always consuming, they are creating content.

They're telling the world about their experience.

Work with your partners.

P2P marketing cannot be underestimated.

***There isn't one...
People just expect them
to be there.**

DATA IS NOT ABOUT SYSTEMS, IT'S ABOUT STRATEGY

A data strategy is an absolute must.

How can your marketers work out what your customers want if they don't know who they are, how they behave or what they're interested in?

Asking the right questions of your data and knowing how to interpret the outcomes will enable you to deliver against your strategic objectives.

This is not about CRM systems, it's about a business-wide mindset (that starts at the top).

Long-term customers can be worth up to 25 times the value of a short term sale

...

they're also higher margin

...

and should be your best "salespeople"

IT'S ALWAYS BETTER TO BE IN DEMAND

Your data strategy will help reduce the constant need to sell.

Building a reputation for innovation and creativity is attractive to many, many brands.

A more progressive marketing-led commercial model will quickly stand out from competitors.

Sponsors may actually start to become the sellers.

Wean yourself off the sales treadmill!



BUILD IT AND THEY WILL COME

The customer experience is paramount.

People are more aware of value-for-money than ever and at the same time have more competition for their time and money.

You can't keep putting prices up without investing in the experience.

Every other sector has suffered a squeezed middle.

Pick a horse: are you a discount or a premium brand?



"SALE" IS A FOUR LETTER WORD

Few premium brands have "a sale".

Those four red letters are the quickest way to brand devaluation.

Bundle products up or repackage them to maintain margin.

Don't accept that customer behaviour can't be changed.

Your data strategy will help.



RETAIL ISN'T JUST ABOUT SELLING

There is a BIG difference between a retail experience and a merchandising operation.

A strong brand strategy will help build a margin into products but so will a long-term approach to retail.

There are many facets to building a retail experience but better to think less like merchandisers and more like marketers.



GET MOBILE

Everything is migrating to mobile, especially amongst Generation C.

You should be able to communicate with and monetise customers wherever they are and at any time.

This is not about creating another channel to try to sell to them, it's about matching up smart analytics with the ability to communicate the right offer at exactly the right time.

Sponsors will love you for it.



MINIMUM GUARANTEES STIFLE GROWTH

It's easy to dismiss new ideas as the Emperor's new clothes.

The "minimum guarantee" has become the default position because often there is not the time to evaluate opportunities properly.

Many technologies don't add value, some are half-formed but others can unlock value and you should be open to ideas about how to harness them to improve long-term revenues.

Technology needs to be understood within the context of a wider business strategy.

Experiment often, risk sometimes, fail quickly, learn quicker.

A minimum guarantee might actually be a terrible deal for you.



DO YOU STILL NEED A MARKETING BUDGET?

As media has fragmented, social media has often just become a proxy reach channel, which fails to understand both the difference between digital and linear media and between different social channels.

A good data strategy will enable you to distribute tailored content rather than just pushing the same piece of content on every available platform.

To do this properly you will also need a content strategy.

Data + Content strategies will also allow your customers to create and share content both with you and their peers.

This improves your chances of your customers doing your marketing for you.

Top 5 US teenage influencers in 2015 were **YouTube "stars", not celebrities**

Personal recommendations (81%) are the **most trusted UK communication 2015 (TV ads 56%)**

THINK LIKE A LIFESTYLE BRAND

Talk up the good stuff that you do. And there is a lot of it.

People are more aligned than ever with causes and Generation C wants authenticity. They see box-ticking from a mile off.

Community programmes need to be far better integrated into marketing strategies.

This is your 24/7 content platform.

Smart brands are demonstrating how they add value to people's lives. Tell that story, appeal to more than just your core audience.



IT'S NOT ALL ABOUT MATCH DAY

Why focus on the matchday/event crowd when the majority of your potential audience is not actually there?

Of course, don't take your core customers for granted but they tend to be price-inelastic – they offer very little in incremental revenue potential.

There are many more opportunities elsewhere and during the rest of the week.

There are multiple untapped digital revenue channels waiting to be exploited.

Use matchday to promote everything else that goes on every other day of the week.

Typical Football Club

**Saturday 3-5pm =
70-90% of revenue**

**Saturday 3-5pm =
0.89% of the week**

NON-MATCHDAY IS THE NEW MATCHDAY

Flip your revenue model on its head.

Instead of a handful of days each year generating the bulk of your revenues, use those events to promote and accelerate everything else that goes on year-round.

The fastest growing companies - with the greatest growth potential - are those that own their customers, have great content and have the means to distribute that content to their customers.

This creates an always-on communication and revenue-generation platform.

Think less like a sporting organisation and more like a media company.

Driven by e-Sports, video gaming is worth more than both the music and movie industries

It has been revolutionised by the shift from packaged goods to a micro-transactional business model

The biggest growth is not from console gaming but from mobile

Virtual Reality offers even more possibilities to grow the market

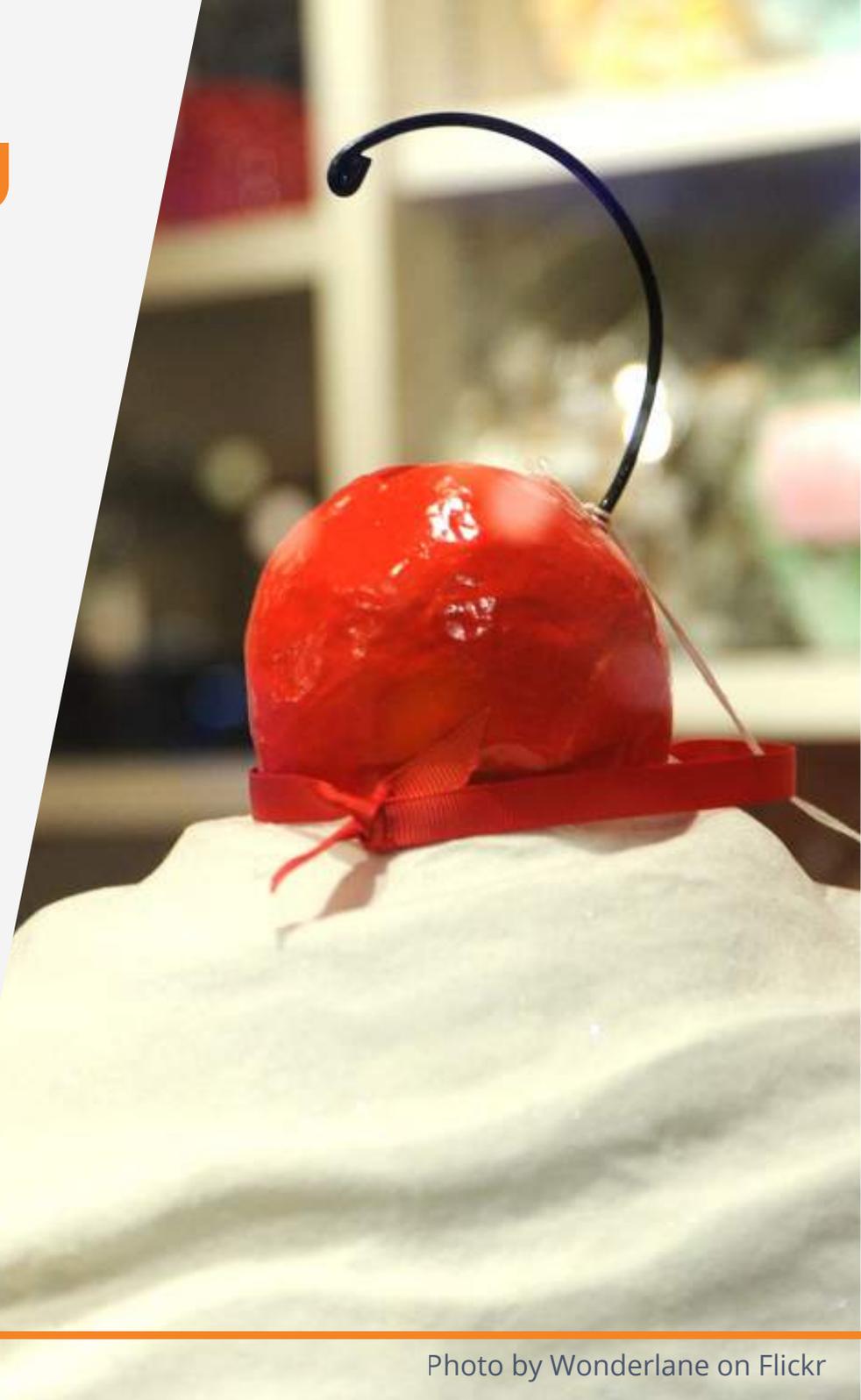
CONTROL WHAT YOU CAN CONTROL

Why is commercial performance so dependent on sporting success?

This dynamic is capricious and doesn't aid business planning. Underperforming teams shouldn't automatically be underperforming businesses.

Build great experiences and products that stand on their own merit.

What happens on the pitch/court/course should be the cherry on the cake.



GIVE YOUR BUSINESS SOME BREATHING SPACE

Hire one or two people whose jobs are detached from the matchday cycle.

These people will be strategists: futureproofing your business, applying best practice from other sectors, trying new things.

They shouldn't care whether you still have 500 seats left to sell this weekend.

They're ensuring that selling out happens automatically... Because people want to be there.

Dare to "disrupt" yourself!



STAFF ARE YOUR GREATEST ASSET

Engage with and empower your staff.

There is no point in having a great strategy if your employees aren't aware of, don't understand or don't buy into it.

In the fluid digital age, there should be no such thing as a "vertical".

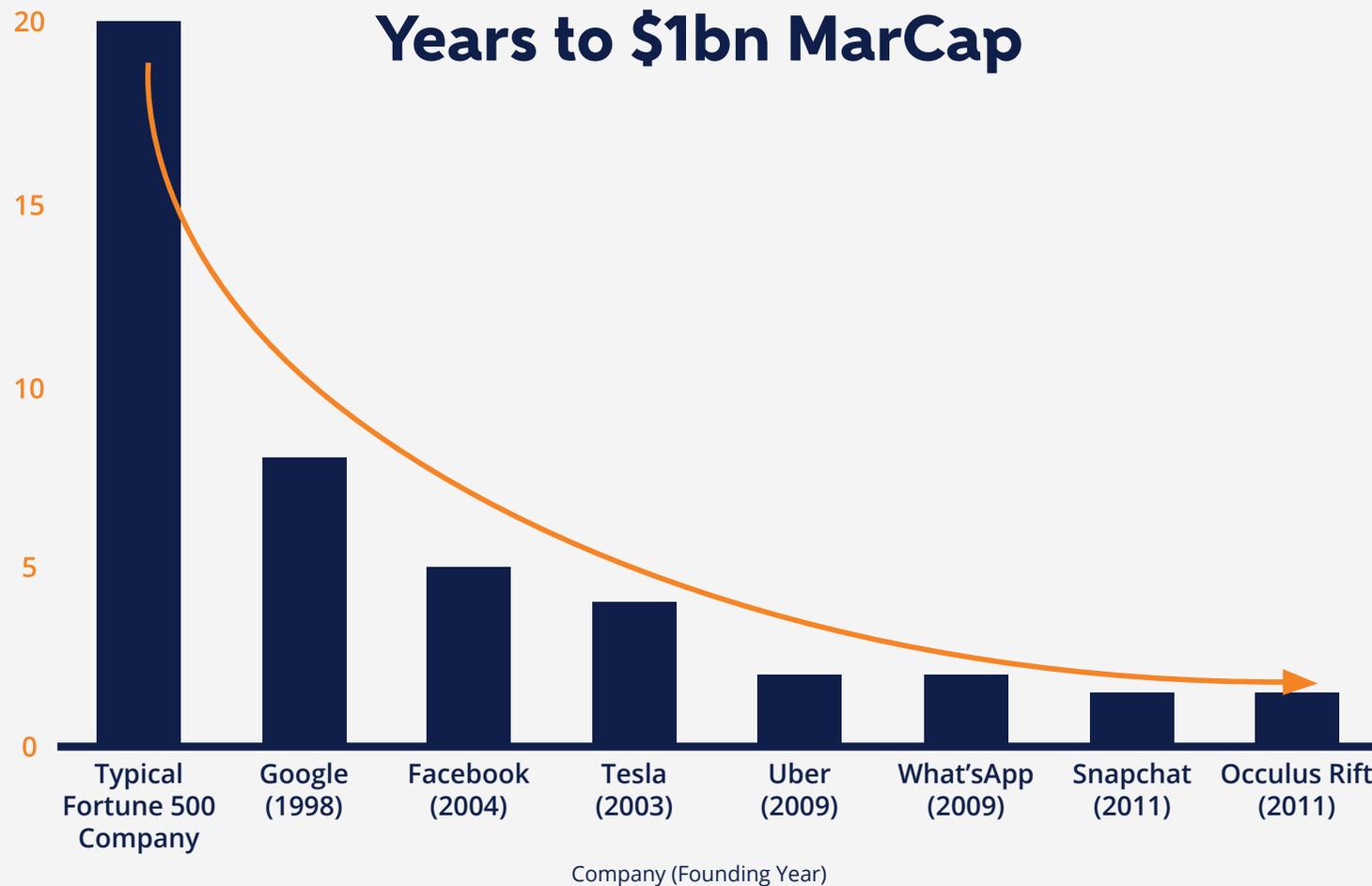
Break down silos – everyone should be driving everything.

If they don't deliver the experience you've promised, the whole strategy falls down.

Hi, I'm Jack Kennedy.
What are you doing?

**I'm helping to put a
man on the moon...**

SOMETHING INTERESTING IS HAPPENING



CAN WE HELP?

We like to think big but all the best strategies are built bottom-up. If you think we can help your business we'd love to hear from you:

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Well Said consults both to sports rights holders on marketing and commercial strategy and also runs a specialist sports technology incubator/accelerator.