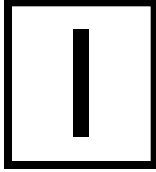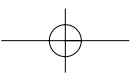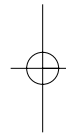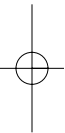**PART**

I

REACHING THE ELUSIVE FAN

Chapter

I

THE FAN CHALLENGE

It's an October Saturday in Chicago. On television are two MLB play-off games, two preseason NBA games, fourteen college football games, five golf tournaments, an AHL game, an international horse race, two NASCAR races, and eight soccer matches. The University of Illinois and Northern Illinois college football teams and the AHL's Chicago Wolves have home games. Hawthorne Race Course has a full card, and there's harness racing at Balmoral Park. There are twenty-nine high school football games and the final round of the boys and girls Illinois high school state championship golf tournaments. Youth and recreational league games are also played in every community of the Chicago area. What about the Chicago Bulls, Bears, Blackhawks and Northwestern Wildcats? The Bulls played at home last night, the Bears play at home tomorrow, the Blackhawks are away, and the Wildcats had their midseason bye. Of course, this does not include the hundreds of satellite television channels broadcasting soccer, rugby, or cricket games all over the world; the millions of sports Web

sites with fantasy games, insider information, and gamecasts; and a wide variety of sports video games that are becoming increasingly realistic.

Sports fans have never had so many options, opportunities, places, and events to spend their time and money. Add into this mix the hundreds of other cable and satellite television channels, video games, DVDs, and interactive Web sites, and the number of entertainment options at home makes it convenient for people to never leave. And if they do, there are restaurants, movie houses, galleries, theaters, reading groups, grocery stores, lectures, coffee shops, museums, shopping malls, and concerts all vying for their attention.

In a marketplace so crowded, the search for fans has become essential to the very survival of sports. In every decade competitors in the sports industry have all adapted to what they consider the pressing issues of fan attraction. A sampling of attention-getters includes:

Newspaper headlines

- "Green-Haired Woman Stalks Welterweight Champion"
- "Sox to Host Disco Demolition Night"
- "Roller Derby Star Seeks Revenge"

Targeting demographics

- Family meal deals—four tickets, four hot dogs, four sodas, and four souvenir cups
- Dog Day at the ballpark
- End zone armchair seats—buffet included

In-game promotions

- Pregame, halftime, and postgame musical extravaganzas
- Cheerleader and mascot T-shirt gun-slingers
- The kiss cam

Some strategies have been outrageous successes, while others have received modest responses or failed. They all have one goal—get fans' attention; entice them to attend, watch, and buy; and encourage them to do it again with more

intensity. In today's highly cluttered marketplace, the competitive strategies for attracting fans have become fiercer and the results often less certain as the sports industry continues to grow with no real end in sight. At all levels of the industry—from professional to high school—and with all sports products—from athletes to sporting goods—we are seeing revenues and profits reach previously unthinkable heights. The top 50 highest-paid athletes in the world earned a combined $1.1 billion in 2004, with more than $400 million coming from product endorsements.[1] Fédération Internationale de Football Association (FIFA), the governing body of soccer, projects a $144 million profit and a $1.64 billion revenue stream through at least 2006.[2] The Washington Redskins have made $287 million in a year,[3] while the New York Yankees have generated $264 million,[4] and Manchester United, $315 million.[5] Sporting events such as the International Rugby Board's Rugby World Cup earned $90 million in 2003,[6] and the X Games, a decade-old extreme sports competition, has turned a $15 million profit on $70 million revenues.[7] League and team licensed sporting goods such as jerseys and hats have sold $12.6 billion worth in the United States,[8] and the manufacturers of U.S. sporting goods have generated as much as $52.1 billion in one year.[9]

These numbers only scratch the surface of the magnitude of the sports industry. They do not include the hundreds of thousands of revenue-producing high school sports programs, college team profits and losses, and the growing number of minor league teams in all sports. Nor do they include the enormous amount of money made from television contracts and sponsorships, video-game and new media licensing, legal and illegal gambling, and the operating costs of the industry that include everything from travel to medical expenses. And most significantly, they only begin to place into perspective the global reach and power of the industry.

In an environment with such high rewards, the money spent to compete is escalating at every level. Sports facilities are being built at a feverish pace as high schools alone spent $440 million in 2004 on the construction of new facilities.[10] Many high schools are engaging in what Brian Holloway, head trainer of Choate Rosemary Hall, a school that recently spent $10 million renovating its athletic facilities, calls an "arms race" for professional-level medical care for their athletes.[11] The National Football League (NFL) spent $10 million on merely promoting its inaugural annual kickoff celebration of concerts.[12] The National Thoroughbred Racing Association (NTRA), a significantly smaller operation, is spending close to 30 percent of its $67 million revenue on marketing to grow their fan base.[13] In recent seasons the National Basketball Association's

(NBA) Cleveland Cavaliers have increased their marketing budget by 15–20 percent,[14] and the Arizona Diamondbacks of Major League Baseball (MLB) spent 60 percent more just on team advertising.[15] And none of this accounts for the vast amount of resources expended to brand sports stars, events, sporting goods, and new media sports experiences.

Despite the enormous amount of money and resources spent to attract fans, there continues to be a struggle for market share and profit. Major League Soccer (MLS), in an effort to establish itself as a major professional sport in the United States, is racing to build its own soccer-specific stadiums to cover its operating costs, brand its facilities, and survive in the marketplace.[16] Established professional teams in leagues such as MLB and the NBA are fighting for an ever-fragmented market share in cities with competition from other professional, college, and high school teams. In college football, while the Big Ten, Big 12, and Southeastern Conference continue to operate in the black, other major conferences such as the Big East, Conference USA, Mid-American, Western Athletic, and Sun Belt haven't made a profit in 10 years.[17] Many major Division I universities are so dependent upon football program revenue that adding a twelfth game has become a built-in budget item in order to meet expenses and subsidize other sports in the athletic program. Even high school athletic departments are becoming more sophisticated at attracting fans and revenue, but they are also faced with the same competitive pressures from the rest of the industry.

In such a high-stakes marketplace with so much to gain and only so many winners, developing and implementing a winning strategy is a critical concern as the competitive environment becomes more intense and fans are harder to reach, attract, and retain. In this book, we propose a systematic approach to the fan problem based on transformation and branding—emphasizing marketplace analysis, integrating state-of-the-art communication strategies, and undergoing a change process with a central and compelling focus on fan connections.

ALL FANS ARE IN PLAY

While sports continue to occupy a great portion of fan interest across the globe, increased competition and new or reemerging sports are fragmenting the market and eroding previously hard-won gains in the sports industry. Every time a 14-year-old decides to play lacrosse instead of baseball, the economic ramifications

are significant. The family will buy equipment, spend time watching games, may travel to camps for special training, and seek schools that feature the sport. After years of exposure to lacrosse, the family may well become interested in supporting a professional league, team, or player. These fan decisions create not only waves of interest but also a specific distribution channel for building a sport.

In a market so crammed with sports and entertainment options, the decision of fans to connect, disconnect, or reconnect to a sport is often overlooked. This is a critical mistake; it's as if those in the sports industry often imagine that fans appear and disappear by magic. The temptations to adopt or convert to other activities are often nonstop. That 14-year-old who decided to play lacrosse and has managed to avoid the glamour of football and basketball still may be attracted to the rock-climbing club at the local gym, or find out that he or she didn't have much success in lacrosse and decide to join the crew team instead. Furthermore, when this 14-year-old becomes a full-fledged adult, how is he or she going to spend money on sports entertainment: Is it to continue to play and then watch professional lacrosse? Start a family and take the children to minor or major league baseball games? Move to a cold weather state and become a fan of women's hockey? Or will this adult forgo all sports, spend money on video games, go to movies, and take semi-yearly cruises in the Caribbean?

For the sports industry these decision points will determine if the stands are full on Saturday night and whether the television ratings are healthy. Getting inside the fans' decision-making process and understanding how they connect to sports is critical to success and survival in the sports industry. While there are dedicated fans who claim they will never abandon high school basketball on Friday night, the sports menu for competing activities continues to grow. It is safe to say that every fan is in play, and the only effective position for a sports decision maker is to manage the change process and build better strategies than the competition.

Most fans must confront two important issues—money and time. For most of them, there are only so many dollars to spend on any particular recreational activity. They might be die-hard fans of professional hockey who are willing to spend a large amount on that sport, or they might follow the high school basketball team and use their discretionary income for that purpose. The price of being a fan in many sports is an ongoing financial issue. For example, to attend an event of one of the four major professional U.S. sports, the average cost for a family of four is $164 for an MLB game, $247 for the NHL, $263 for the NBA, and $330 for the NFL.[18] Of course, not all sports are this expensive, but for the

average fan the price of tickets, travel, merchandise, and equipment are increasing barriers to attendance and participation.

In a school and work environment where time factors are consistently measured and pushed, sports are also competing for the weekly allotment of recreational time, which is already scarce. Americans in 2004 spent 19 hours per week compared to 26 in 1973 on what could be termed leisure activities, which include relaxing, watching television, reading, attending movies, spending time with family and friends, and sports.[19] When combining both the money and the time factor, sports, leagues, teams, and athletes are in a struggle for whatever sliver they can get.

It is not surprising that in such a competitive environment a number of ingrained strategies to attract and retain fans have arisen, including winning at all costs, price breaks, targeted demographics, group promotions, community service, and direct mailings. Many in the short-term have worked, and these strategies have been reused all over the world. But these are often only short-term fixes and need to be coordinated with a broader strategic plan. With the rise in competition, the margin of error has rapidly narrowed. This new environment demands more—more knowledge, more assessment, and more vision— for a product in the sports industry to become or remain successful. *The conventional strategies are in many cases outdated and inefficient. Money is spent in the wrong places and for the wrong reasons. And fans more easily shift their allegiances and change their preferences.*

In this new era, all fans are elusive; all fans are in play. Competitors are engaging in an all-out battle for the money, time, and attention of fans. Sports decision makers are facing a new level of competition, a race to survive in a crowded marketplace, and a struggle to define, attract, and retain the ever-elusive fan.

Even the most one-dimensional and avid fan is a potential target. A die-hard Ohio State football fan who graduated from the university and stayed in Columbus to raise a family, travels to and attends every game, buys jerseys, hats, and outfits for the children, and supports the alumni booster club still may remain elusive. After all, Ohio State plays only 12 to 13 games a season, usually including a bowl game, and spring practice and scrimmages aren't significant sports fillers for an active fan. The question then becomes: How does this fan spend time on sports during the rest of the year? Watching Cincinnati Reds games on television and attending a game once a year? Following the Ohio State wrestling team during the winter months and even attending an NCAA wrestling

final every five years or so? When the brother's family comes to town, spending the weekend at Thistledown Race Track in Cleveland betting on the horses and visiting the Rock and Roll Hall of Fame and Museum? It's not inconceivable that pressures of age, climate, winning seasons, family size, occupation, cultural trends, gender, raising children, costs of higher education, divorce, and new sports could cut into what seems to be a dedicated Ohio State football fan.

Our Columbus family, not unlike fans of most sports, encounters the familiar restraints of money and time. A championship season by the Cleveland Indians could seriously cut into the decision to faithfully follow the wrestling season, or the sudden interest in snowboard cross by the youngest son could turn the fall's Ohio State football season upside-down. The sports that can capitalize on these shifting factors will succeed in growing their market share in this new competitive marketplace.

DEFINING THE ELUSIVE FAN

Many forces influence the decision of sports fans to attend an event, spend an afternoon watching a game on television, buy a jersey, or engage in any activity related to a sport. The Elusive Fan is a member of a dynamic marketplace that is defined by seven major characteristics:

1. Pressurized competitive environment.

2. Higher fan expectations.

3. Paradox of commercialism.

4. New technology.

5. Individualism.

6. Changes in family structure and behavior.

7. Time pressure.

Pressurized Competitive Environment

The intensity of the competitive environment is multidimensional and can be divided into six competitive sectors.

The first is the number of older sports such as professional football, European soccer, major league baseball, professional hockey, Formula 1 racing, NCAA Division-I football and basketball, and professional basketball that continue to capture major market share despite the challenges from the marketplace. Retaining their classification as major sports, however, has been a struggle as increased competition has put pressure on traditional fan allegiances.

A second sector is the expansion and reemergence of older sports into larger and more challenging market players. Cricket, NASCAR racing, rugby, golf, professional wrestling, and soccer have made inroads into traditional markets and developed new fans in countries all over the world. For example, NASCAR now has approximately 75 million fans,[20] and professional golf has become a significant player in television. Expanding traditional sports have capitalized on the proliferation of distribution channels to grow their fan bases and inevitably collide with other traditional sports and ones that are emerging.

The third sector is comprised of high schools, club sports, youth development teams, community colleges, and Division II and III sports that have owned a committed audience for decades and find themselves in a newly structured competitive environment. For example, it was axiomatic that Friday night was high school football night all over the United States, and it was unthinkable that college or professional sports would interfere with such a powerful, school-based family and community ritual. As children reached high school age, parents, friends, and community followers were destined to not only attend the games but to provide all the support—pep rallies, community suppers, and team fundraisers. These high school sports were drilled into the community structure. When Division I college football broke the spell by featuring games on television in the prized Friday night time slot, it signaled another chapter in the competitive sports wars. The chipping away of the traditional high school sports market is evident in the rising number of complaints of high school educators and governing associations, but it has forced high schools to counter the threat by televising their own games, seeking sponsorships for their teams, and investing in new media and elaborate facilities.

The fourth sector is the collection of new sports. These have risen quickly in a fragmented and media-driven marketplace and are attracting both young and old markets. The most obvious example is extreme, or action, sports, a category that includes skateboarding and snowboarding. There are at least 75

million extreme sports participants in America,[21] a significant portion of which comes from Generation Y.[22] Other examples of newly industrialized sports include beanbag tossing, paintball, parkour, roller hockey, and slam ball.

The fifth sector consists of older, traditional sports that have declined, such as boxing, track and field, and horse racing. These sports are now aggressively trying to remarket their product. For example, boxing, which was a dominant sport from the beginning of the twentieth century through the 1950s, has recently made reinvention efforts. ESPN inaugurated a new boxing series in 2004, and other networks have launched reality shows around the sport. Horse racing, which was a popular sport dating back to the seventeenth century in America and for centuries worldwide, has eroded primarily because of the legalization of gambling, which has expanded the opportunities for betting on other sports. Occasionally, there are spikes in attendance when celebrity horses such as Funny Cide and Smarty Jones capture the imagination of fans, but the sport still struggles to regain a competitive position in the industry.

There is a sixth sector that underscores all the issues inherent in sports competition. The sporting goods industry, which consists of team merchandise, sports equipment, and athletic participation gear, has grown into a major sector of the sports marketplace. The sporting goods producers participate in all five sectors of sports competition. Whether it is Ferrari developing a special car for Formula 1, Adidas expanding its line of running shoes, or Burton modifying its snowboards to appeal to a growing female segment, the competition is ferocious, and the stakes are huge.

In the new competitive era, there is no safe market position. Lines between sectors often merge or blur, trendy sports leapfrog over others, and some sports can decline more rapidly than anyone could ever imagine. Sports such as NASCAR have become major in the last decade, and others such as bull riding are threatening to do so. In some cases, the lines between major and minor sports can quickly disintegrate. Over the last decade, the NHL has seen a marked decline in its audience share and profits.[23] Couple this declining trend with the 2004–2005 lockout, and the league finds itself trying to reestablish its position as a major sport with rule changes, pricing strategies, and a reconfigured media mix.

In the past, these changes would not be as crisis-driven and urgent. In today's competitive marketplace, there are many more opportunities for sports fans to spend their money and time, and hockey, despite its historical major

sports status, was vulnerable because of its largely regionally defined market. An example of the new competitive threats is the sport of paintball. While paintball may not be a direct threat to the NHL's fan base, it is a new and emerging sport that has the potential to attract new sports fans and challenge the traditional competitive positions of more established sports.

Will Paintball Outdraw Hockey?

For most of us, paintball is an unsupervised, immature activity pursued by young males with overactive testosterone. We drive down the suburban highways of America and we see homemade signs advertising **PAINTBALL**. The sport currently flourishes in forested, hidden, rural alcoves sometimes adjacent to **APPLE PICKING** orchards. It is often shielded from the uninformed public and as a result appears to be nonthreatening to traditional sports. We are all wrong.

Paintball has become a sport with widespread appeal. With almost 10 million people playing in the United States,[24] and another 2 million playing worldwide,[25] annual equipment sales according to SGMA International have rapidly risen to close to $417 million.[26] In essence, paintball has become another competitive sport and one that promises to take away players and spectators from such traditional sports as football, basketball, and baseball.

Why is that? It's clear that paintball is perfectly attuned to a society that is often characterized as individualistic and aggressive with a strong interest in the military. Like many new sports, it involves all the players in what can be best defined as an "adrenaline rush." **POW, OW, YES!** No mom, no school, no crying. It is an opportunity for Generation Yers to get out of the house, breathe some fresh air, and blast for seven minutes at a flurry of moving targets, which happen to be other people.

Paintball also has the advantage of operationalizing military video games that are usually played in a safe, enclosed environment like a living room. Examples are theatrical paintball events, which simulate military history such as the Battle of Stalingrad. The encounter is reenacted over a 143-acre site that includes two mini-towns, downed aircraft, tank fueling stations, ear-splitting special effects, and myriad targets for the paintballers to obliterate.[27] These types of enactments integrate paintball with media, history, warfare, and athletic involvement that expand its market. As a result, the sport continues to become professionalized under the auspices of the National Professional Paintball League (NPPL). Paintball is filling sporting goods stores with elaborate gear, developing magazines and Web sites (www.splatmagazine.com), and becoming a major force in the sports industry.

Higher Fan Expectations

At a St. Louis Cardinals ballgame 50 years ago, fans kept score with a pencil stub and scorecard, ate hot dogs and peanuts, drank beer, listened to an organist playing "Peg o' My Heart" and "Lady of Spain," and strained to hear a few factual nuggets from a terse and garbled PA announcer.[28] They didn't have a Jumbotron that replayed home runs, stadium-shaking rock and hip hop music to break up innings, diverse menu options, or an array of blinking lights, radar readouts, and executive suites. In an effort to attract fans to stadiums, venues in all sports have been forced to change their identity and adopt the latest innovations of entertainment and technology.

Sports on television have also raised the bar. Earlier sports television broadcasts placed the fan at the perimeter of the action with wide-angle camera shots, simplistic graphics, and little instant replay. Today, many fans expect MTV-like quick cuts, booming sound effects, intimate camera angles, and in-game player interviews. Television sports have upgraded their product to attract an ever more demanding sports fan, and, coupled with the new large-screen technology, the TV experience is more of a threat to attendance than ever. In this highly competitive sports marketplace, adding fan value is a daily challenge.

But it's not just sports. In all sectors, fan expectations have risen. In every industry, consumers have higher demands, and industries are racing to meet these expectations. In his book *Living It Up*, James Twitchell confirms how luxury items have become more accessible and are purchased more frequently by a larger, middle-class audience.[29] Widely sought after luxuries such as Mercedes-Benz cars, Chanel perfume, and Coach leather accessories are now fixtures in mass markets. A small economy car such as the Mazda-3 can be upgraded with heated seats and piercing xenon headlights. Even the once commodity-driven hospital industry is now appealing to a more demanding patient base with chef-designed food, rooms with garden views, and installation of Internet access and plasma televisions.[30]

This shift in market expectations profoundly affects how sports products conduct their business. It is no longer reasonable to expect fans to automatically appear because they either have nothing better to do or they are so addicted to the sport that they will put up with backless seats and rude ticket takers. If a sport doesn't respond to these marketplace demands, it runs the risk of being replaced by another sports product that is more flexible and willing to accommodate shifting needs.

The Paradox of Commercialization

As sports have become more commercialized, a conflict has developed between sports as a business and sports as a game. On the one hand, sports operate as a multibillion dollar business in which sports are products and fans are consumers. On the other, sports are games that are often associated with the innocence of youth, the spirit of competition, and the integrity of the game. The conflict between business and game is everywhere from the debates over whether games should start at 9 a.m. in the morning to accommodate television or whether advertisements should be placed on the field of play.

A major consequence of commercialization is the effect on fan-athlete relationships. The central premise for many sports fans is that the athlete truly cares, the team is totally committed, and material rewards are secondary and not primary. As sports have become more sophisticated and rewards have mounted because of more interest, larger crowds, and increased television revenues, the athlete has become sealed off from fans. Today, fans read about athletes abusing drugs, treating fans badly, spending outrageous sums of money, dogging it, and living in an air-tight bubble sealed off from the community, fans, and the rest of the world. And even during public appearances, it often seems as if athletes are coming out on call and interacting with fans as an obligation. When professional athletes refuse to play in all-star games, or when large numbers of college athletic programs are under scrutiny because of criminal acts, it sends a powerful message to fans of all ages about the type of people playing the game and the type of commitment they have to it.

Contradicting the basic competitive foundations of sport is that some of these contentious or self-indulgent behaviors fans find compelling and actually instill fan interest in the sport. As a result, it becomes the task of the sports decision maker to balance the integrity and gameness of the sport with an increasingly celebrity-based culture that rewards excessive behavior and, ironically, can increase fan avidity and attendance. The purity-commercial conflict is mirrored in other entertainments, but it is more critical in sports where legitimacy is determined by skill and effort.

New Technology

The fan has never had such a large menu of sports information and games. In this new era, there is something for just about anyone, and, if you're willing to

pay the price, there is no limit. The proliferation of media channels has presented the public with thousands of sources of information, mobile technology has changed the way people live and do business, and technological innovations have made the entertainment experience more customizable.

New technologies have had major consequences for sports. Nicholas Negroponte in his concept of the "daily me" argues that media personalization has the potential to narrow people's interests to their preferences and shut out the rest of the world.[31] While this may seem improbable, in this new media world, it is now perfectly possible for a Dallas Cowboys fan to tailor his or her daily input of sports to include Cowboys-only cell phone messages with injury updates, e-mails about what happened at practice on Wednesday, and insider Web site articles on the game plan for Sunday's opponent. Fans can create a world of their own in ways that were never previously imagined. The strength of the programming is total immersion in the personalized Cowboys world. But the weakness is the difficulty for other sports and media to crack through this one-dimensional sports wall.

Even more telling for the future of sports is what technological innovation brings to the sports fan experience. Sports fans can have access to a variety of sports at any time of the day and with insights from experts that were never available. Fans can sit in their living room, dry and warm, see constant replays and on-demand highlights, listen to coaches and players talk to each other, and experience almost any sporting event from anywhere in the world. With HDTV a golf fan can see the blades of grass part as Ernie Els drives off the 15th tee. With satellite television a Sacramento Kings fan in Serbia-Montenegro can watch every minute of an 82-game season. With the Internet an Annika Sorenstam fan can follow her international tournament tour, and a racing fan can play fantasy NASCAR. With Internet video games fans anywhere in the world can play as soccer power Juventus and compete against any opponent. These new technologies have broadened the scope of the sports industry to a new global level, with new rules, new audiences, and unpredictable consequences.

The unspoken fear is that fans will stay home and not go to the venues—that sporting events will become studio shows with the audience merely a staged backdrop to the important television audience. For example, the NFL has 120 million television viewers and 17 million fans that attend games annually at 90 percent capacity, which amounts to 14 percent of the television base actually going to games in a given year.[32] All sports have to be careful of the

delicate balance of maintaining the integrity of the live game experience and still meeting the expectations of an expanding media market. In this competitive marketplace, however, it's not only live venues that are struggling for fans. The major television broadcasters are also under pressure as their audience base is fragmenting and being divided by new media.

Show Me the Money

Arizona Cardinals wide receiver Rod Tidwell had strict instructions for his agent in the movie *Jerry Maguire*: show me the money or take a hike. The entire sports industry is now facing a similar ultimatum, igniting a frantic search for how to find and reach the soul and pocketbook of the Elusive Fan. *The money's out there, but where?*

In the traditional media world, network television was the jackpot with venue attendance and radio also important to annual revenues. The sponsor paid the bill, the network collected a profit, and the sport received a fee for providing the content. Now, the explosion of sports media channels and the sheer amount of innovative sports information has upset the balance that defined this once reliable and straightforward sports rights infrastructure. The major networks, all sports, all the time cable providers, satellite television and radio, cell phones, video games, literally millions of Web sites and blogs, and other forms of new media have clogged and complicated the system to baffle even the most synergistic thinkers. It wasn't long ago that network executives would smile indulgently to their staffs and proclaim, "They say convergence is coming. I don't see it." Well, it's here, and now all the players in the sports industry have to reevaluate their current position and restructure in order to navigate the bursting channels of information.

What does all this mean for sports decision makers? There are two critical issues.

First, the media market will still pay, but in a different way. The real-time advantage of sports is a hole card that is unique in a media world where recorded and downloadable entertainment can be easily shifted to the most convenient time for a viewer or listener. Sports are best experienced on the spot, and for an advertiser this is still an attractive value in a competitive marketplace. Despite the advantages of sports, as in all their searches for audiences, advertisers have now begun to disperse their resources over a much wider set of advertising vehicles.

One winner that has emerged in this crowded media marketplace as a dominant communication system is ESPN. In relying less on advertisers and more on cable subscription revenue, the sports cable media giant has imprinted its brand on nine television channels, 700-plus affiliated radio

stations, a magazine, a Web site, restaurants, an award show, cell phones, video games, and over 180 countries around the world. The company, based on its buying power, can dole out contracts to major and niche sports seemingly without restraint. However, ESPN is now in competition with not only the broadcast networks that selectively produce sports programming and newly challenging cable providers such as Comcast, but also sports properties themselves who are increasingly seeking to become the first channel of importance for the sports fan.

Moreover, in the gold rush to reach the Elusive Fan, media turf wars now exist everywhere in the sports industry and often threaten to dilute the value of sports properties in the process. For example, XM Satellite radio is now broadcasting MLB games for all 30 clubs. As a consequence, the current rights holders of MLB television and traditional radio agreements find themselves in competition with XM. Infinity Broadcasting chair and CEO Joel Hollander addresses the problem of this trend: "We love the sports business at Infinity. We just don't love it for the price we have been paying over the last ten years. The content is not as exclusive as it used to be."[33] It is often argued that the additional exposure will only expand the market and provide more viewers so that everyone will benefit—but this position defies logic. In the end, the sports media rights, except for major events such as the Super Bowl or FIFA World Cup, will eventually become devalued, and sports properties will need to search for additional sources of revenue to maintain their current standard of living.

The second critical issue is that sports properties must view themselves not only as content providers but also as their own media centers. Sports decision makers will have to take control; assume the traditional role of media; and design, package, and distribute their own product. This is a major shift in how sports have traditionally perceived themselves. The sports model was not unlike an automobile assembly line as sports provided the information to the media centers who then wrote stories, constructed advertisements, orchestrated publicity campaigns, and did all the intermediary work to communicate to the public. Sports have not had to invest in the communication and media content to any great extent but have basically subcontracted it to a huge and rapidly growing communication-based industry.

An early benefactor of technology and the corresponding decentralization of sports media are niche sports, which have historically received little exposure on television and radio and had the most to gain. New technologies and reduced costs have combined to provide these sports with opportunities unimaginable even five years ago. The situation is more complicated for the traditional high-money sports whose contracts run into the billions and conduct bidding wars on how their media pie will be cut up. These sports

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properties are now forced to plan for the day when the media market no longer meets their revenue goals and are often starting their own networks; running Web sites with video highlights, gamecasts, and fantasy sports; and venturing into other media such as cell phones and video games.

In the often admired and related industry of film, finding fans has now become an expensive endeavor and illustrates the problems for sports. In 2004, movie studios spent $34 million alone on marketing domestic films, a price roughly half the cost of production. These out-of-proportion budgets have forced the industry to reconsider where it should spend its money to reach filmgoers and actually turn a profit. Dawn Taubin, the president of Warner Brothers Pictures domestic theatrical marketing, complained, "Marketing costs are just skyrocketing. If we don't address this, we're going to go out of business."[34] A similar threat exists in sports. As the price of reaching fans continues to escalate and the uncertainty of how to make money mounts, moving quickly and strategically to capture fans in their new and often seemingly logic-defying media use is now a life or death issue. The answer for most sports appears to be the same: squeeze every ounce out of current media rights agreements and increasingly become both a content provider and media distributor. This dual solution will only work over the short term as the traditional rights agreements will rapidly erode, and the race to become the defining content provider escalates.

Individualism

On Thursday nights at the civic center, traditional community activities have experienced competition from reruns of *The Apprentice*, Internet chats about Chinese foreign policy, NBA on TNT, a seven-mile trip to the movies, long-distance phone calls to cross-country friends, or simply a relaxing evening at home with family preparing for another long day at work. People have become less group-focused in the process and have developed more specialized interests. In his book *Bowling Alone*, Robert Putnam demonstrates that since the end of World War II Americans have engaged in considerably less community interaction, choosing to spend more time in smaller, more secure groups like families and close friends.[35] Coffee klatches, borrowing milk from neighbors, and babysitting rotations have steadily decreased and with some exceptions seem all but lost.

The implications of individualism for the sports industry are most evident in the erosion of the importance and popularity of team sports. In his research,

Putnam found that participation in team sports has decreased simultaneously with the decline of community interaction.[36] It is no surprise that from 1990 to 2000, the largest growing participation sports were the individual sports of in-line skating, snowboarding, and skateboarding.[37] If you add marathon running, triathlete competitions, and swimming, the trend away from team sports and toward individualism is growing. The rise of individualism continues to fragment the traditional team sports audiences, and this powerful cultural trend is going to continue to affect major sports sectors.

Changes in Family Structure and Behavior

The family structure has undergone major changes, which have significantly affected participation in and attendance at sports. Over half of American families are described as "blended," meaning divorced, single parent, multigenerational, or diverse groups of unrelated people. As a result, the traditional father-mother decision-making structure of the family can no longer be assumed.

Decision making for sports participation and consumption is complicated. What authority decides who will play baseball, at what level, and if and when they should take up cross country? It is clear from research studies that spontaneous and unregulated play, which was often the traditional entry into a sport, has declined dramatically. While it persists in low-income areas, it is less present in middle- and high-income areas. In the last two decades, according to Dr. Alvin Rosenfeld, author of *The Over-Programmed Child*, programmed sports time has increased twofold, while children's sports free time has been cut in half.[38]

There are a number of factors that have influenced this decline. First, a growing number of children are often heavily scheduled from a very early age. This includes play dates, ballet class, soccer, after-school care, and specialty camps. The child who simply comes home after school, puts on a pair of jeans, and goes out to play playground sports is becoming rapidly extinct. Mavis Hetherington, a psychologist at the University of Virginia, identifies the parent as the decision maker by stating, "Parents essentially regulate all their children's activities."[39] Second, when children do have their own leisure time, they often spend it playing video games, surfing the Internet, or watching television. It becomes a task just to get the kid out the door. Third, if the activity doesn't have an instructional aspect to it, the parent feels it's a waste of time.[40] The

cry, "Let kids be kids" is now quaint and in many communities replaced by, "Will the sport get him or her into college?"

The effect of these trends on sports participation and consumption is striking. It is estimated that 50 percent of children will quit organized sports when they reach the age of 12 and that 75 percent stop playing by the second year of high school.[41] Even more troubling is that the National Parent Teacher Association found that 75 percent of children report that they've quit a sport because parents and coaches focus too much on winning.[42] Many are being forced to play in a sport they're not interested in or want to quit. We are raising a generation of young people who may be participating in sports that are not their choice and, when they can make their own decisions as adults, could choose otherwise. Reaching young people is essential for any sport's survival, and the ever-evolving family structure is a challenge that complicates that goal.

1X to 3X through 45

The Mustang tackle football team of 1947 was made up of 26 fifth graders who attended Frances Willard grade school and lived in the same neighborhood. Every player brought his own uniform to the game, which consisted of red plastic shoulder pads, various colored helmets, corduroy or baggy sweat-pants, and an assortment of tennis shoes, dress shoes, and high-top football shoes. Every player bought an oversized gray sweatshirt and in crayon wrote "**MUSTANGS**" on the front and their name on the back. The team practiced three or four times a week at North Commons, a park with an undulating green grass field of unspecified dimensions. Occasionally, a high school student would show up to make suggestions about practice drills and play selection. By and large, however, the team was self-coached and in some version of democracy made decisions as to lineups, play calling, and arranging for games with opposition from surrounding neighborhoods.

The team's signature play was 1X to 3X through 45. 1X (the quarterback) took the ball from center, handed the ball off to 3X (the fullback), who ran between 4 (the right guard) and 5 (the right tackle). The right guard and tackle were the biggest kids on the team. Most 10-year-olds in the neighborhood played on the team, and their positions were determined by performance and consensus. It was not always a pretty process:

"I want to play end and not center because I want to score touchdowns."

"You're not tall enough, and Joel has better hands."

"All right, I'll play center this week, but if Joel messes up, I'm in."

The team played five seasons until the players reached high school, where they became the dominant force on the football team. Over a half-century later, on special occasions they come from all over the country to reconnect and recall how they grew up around sports.

Contrast the Mustangs with the current youth sports environment. The idea of kids organizing themselves, playing unsupervised a rough game for five years, and making their own decisions is virtually unheard of. Moreover, the Mustangs played basketball when the weather turned cold and baseball when the ground melted. Today, kids have many more activity choices, are supervised closely in most athletic contests and, as a result, are usually better trained and skilled. The trade-off is that many of the decisions about participation or behavior in sports have been taken out of kids' hands and are usually made by coaches, parents, and schools. Even more telling is that sports no longer follow the seasons, but overlap encourages specialization and often early burnout. For the sports industry, it was easy to predict what sports those Mustangs would play and pursue as they grew older. *In today's crowded marketplace, there is far more uncertainty as to what sports children will choose as they grow older and become adults because their experiences are more varied and controlled.* That uncertainty is a primary driver in the quest for reaching the Elusive Fan.

Time Pressure

A broad look at the weekday schedule of an average full-time American employee consists of 9.2 hours of work, 7.5 hours of sleep, 0.9 hours of household activities, 3 hours of leisure or sports, and 3.4 hours for the rest of the day, which includes eating, drinking, and going to school or the mall.[43] With such a limited window for entertainment, fans have to be selective as to how they spend their time. Whether fans are going to a professional game, attending a hot-stove league winter baseball convention, or driving 50 miles to see their son play tennis, time becomes a critical factor in the fans' decision-making process.

It's not just the activity that puts pressure on fans. It's also the time that it takes to engage in the activity that causes problems. Let's look at a typical fan who has bought a ticket to an evening Los Angeles Dodgers baseball game. The game starts at 7:30 p.m., and the fan leaves work at 5:30 p.m. with a friend and proceeds to the ballpark. Suppose the fan is working in Burbank, which is 12 miles from Chavez Ravine, the home of the Dodgers. Making that trip in 1958, a fan might have made it in 30 minutes, but in today's traffic an hour

and a half might be understating how long it will take. The fan, if lucky, will be in the ballpark by 7:15 p.m., 15 minutes before game time. The game lasts 3 hours; it takes 30 minutes to get out of the parking lot; it takes 45 minutes to get home; and the fan pulls into the driveway at 11:45 p.m. Not including time spent on the phone buying the tickets, conferring with friends as to arrangements of pick-up time, and explaining to other members of the family why they can't go, the fan spent over six hours on the baseball game. In one evening, the fan spent approximately one-third of all available weekly leisure time on one activity. It is no wonder that at Chavez Ravine some fans arrive by the second inning and leave by the middle of the seventh to beat traffic.

Today, competition, higher fan expectations, the paradox of commercialism, new technology, individualism, family decision-making, and time pressure have conspired to make fan connection more challenging for the sports industry. In this book, we examine how sports products of all types—athletes, teams, leagues, federations, events, sporting goods—can compete in this Elusive Fan marketplace. Our goal is to provide a systematic approach to attract and retain fans and ultimately move them to higher levels of commitment and intensity.

DESIGNING COMPELLING SPORTS BRANDS

The sports industry faces a marketing challenge unlike any other entertainment. In the sports world, the athletic performance of the sports product has historically been the primary determinant of fan attention and connection. An athlete chasing a performance record, a team making a playoff run, and a league or event with the highest quality of competition has often guaranteed fan attention; while a slumping star, below .500 team, and lower-quality leagues and events have often received little in the way of fan interest. In dealing with a performance-based product, the best sports marketing position has almost always been winning and a high-quality competitive performance. But in a sports world where winning and losing is inevitable and sports decision makers have little control over the sports performance, this thinking must change.

The ideal sports fan connection is long term and uninterrupted by the predictable performance lapses of sports products. To achieve these sustainable fan connections in the Elusive Fan marketplace, we propose that the sports

industry view its products as agile and market-responsive brands. A strong brand is a form of promise to the consumer and triggers a number of mental associations that markets can readily identify about the "product," such as reliability, level of play, personality, comfort, and access. Strong sports brands are built through *transformation*—the systematic change process that redefines and reinvents the sports product as a fan-centered brand. The movement toward branding in sports responds to how competitive the marketplace has become and the need for all sports products to constantly react to changes in the expectations and demands of the fan. Transforming into a brand not only improves the potential for fan connection, but also differentiates the sports product from its competitors and extends the longevity of the product's life.

A critical factor in brand transformation is ensuring that there is star power in the end product. Throughout the history of sports, stars have always been principal attractions for maintaining and attracting fan attention. Names like strongman boxer John L. Sullivan, the "Iceman" football star Red Grange, Olympic and all-around athlete Mildred "Babe" Didrikson Zaharias, and the skyscraper center Wilt "the Stilt" Chamberlain are immediately recognizable to fans. In fact, such stars as baseball homerun hitter Babe Ruth and tennis star Bill Tilden are credited with literally transforming their sports into important forms of sports entertainment. A major dilemma for sports properties is ensuring that a steady and predictable stream of stars is part of the brand mix.

A solution to this problem is to challenge conventional thinking on star power as limited to individual athletes. The most successful sports brands not only need star athletes but must also broaden their star power mix to include facilities, food, teams, places, events, and individuals, such as owners, who have not been a part of the storyline. Star power needs to be redefined to connect with more fans, maximize all the attributes that a sports product has to offer, and ensure a steady and predictable flow of sports branding material to convert into star status.

Branding in sports is not new. There are examples of strong brands that have established fan relationships based on a clearly delineated brand identity and its differentiation from competitors. David Beckham, Anna Kournikova, Tiger Woods, the Washington Redskins, Wrigley Field, the FIFA World Cup, Dodger Dogs, Nike, and Adidas all come to mind. English soccer club Manchester United, in particular, is an example of how a sports team can be transformed from a local club team into a global brand not unlike GE and Sony.

Manchester Unites Sports and Business

England's Manchester United was once known as just a successful soccer team. In the last 15 years, however, the team has been transformed into a highly profitable company and an identifiable global brand. As of 2005, Manchester United was worth $1.251 billion[44] and had 75 million fans across the globe.[45] To put this in perspective, the second most valuable franchise was Real Madrid at $920 million, followed by AC Milan at $893 million.[46]

How did this transformation happen? First, the organization began assembling and developing in its youth academies the best young international talent. Beginning in 1986, Sir Alex Ferguson, manager of Manchester United, honed the skills of David Beckham and many other current star players. Second, after strengthening the product, Manchester United executives altered their business strategy. CEO David Gill reflected a new type of sports executive who speaks "the language of the balance sheet and the share price, [and] see[s] clubs as brands, players as assets, fans as customers and faraway places as markets."[47] Third, the Manchester United brand was distributed through a variety of channels: team-themed restaurants, merchandise megastores, its own cable television network, a newly renovated stadium, and museums. With these marketing strategies, Manchester United's brand as the best and most star-studded team in the world resonated with a wide range of audiences.

The future success of Manchester United, however, is not guaranteed. Competing soccer teams such as AC Milan, Juventus, Chelsea, and Real Madrid and other sports such as basketball and baseball are emulating their formula. This situation has forced Manchester United to continue to improve and expand its brand. In doing so, a key component of its branding strategy has been to capitalize on new media and distribute its brand in other markets. For example, video clips, news information, and mobile video games are now delivered to fans on their cell phones through a team-branded wireless service called MU Mobile,[48] and a new Manchester United fantasy football game has been released.[49] Fueling the use of new media is the expansion into new markets such as Asia and the United States. The team has embarked several times on playing tours in both areas. In the United States, the team has also signed a marketing partnership with the New York Yankees,[50] and, in Asia, it continues to develop restaurants, stores, and soccer schools in China, Japan, and Korea.[51]

The past success of Manchester United is undeniable. Still, the new sports environment of the twenty-first century has proven that no brand is invincible. The purchase of the previously publicly traded Manchester United by American entrepreneur Malcolm Glazer set up a furor from traditional

Manchester United fans who were offended by not only the foreign intrusion but their perceived threat of future degradation of the Manchester United brand. Simultaneously, soccer teams such as the Chelsea Football Club and other global-seeking teams are moving into the territory on which Manchester United once had a monopoly. If Manchester United is to remain a successful brand, it must manage to integrate both the playing and business sides of the franchise to satisfy its primary markets and continue to develop globally in order to withstand the increasingly competitive marketplace. In doing so it must retain the intensity and commitment of its core fans.

Sports branding is not limited to the highest levels of competition or the most visible sports products. With the escalating competition at every level of sports—from high schools to club sports, and colleges to the minor leagues—all sports products can benefit from branding. Transformation is a fundamental process that differentiates the sports product and connects with fans in any marketplace. Consider the example of St. John's University.

St. John's football is a dominant brand located in a small Division III Catholic university in Collegeville, Minnesota, a remote town in the northern part of the state. A perennial powerhouse, the program is easily identifiable because of the attributes that are clearly associated with its identity. St. John's has its brand icon in John Gagliardi, a high-profile coach with a very specific and attractive philosophy. Gagliardi doesn't believe in tackling and practice scrimmages, carries a squad of over 100 players, and revels in the bad weather of the region.[52] As a result, players who want a Catholic intellectual experience, a winning program, and to play on a highly successful countercultural football team pass up scholarships to larger schools to play for Gagliardi.

The response to this example of St. John's may well be, "That's great for a small college in northern Minnesota, but what does it have to do with my traveling club rugby team?" In this crowded marketplace, it is no longer acceptable to be just a run-of-the-mill small college football program or a personality-less rugby team. The sports brand with star power will inevitably emerge in any marketplace.

CONCLUSION

The sports fan is a highly prized commodity. There is only a limited amount of money and time that people have to watch and participate in any given sport. There are fans who collect every professional basketball team's jersey, but it is more likely that he or she will have one or two and the choices will be made from a large number of sports. In the end, fans have to make a choice of how they will spend their money and time. And the resurgence of old sports, the large number of new ones, and the power of media to determine all of the sports' financial success ignite a highly competitive and volatile environment. Those sports decision makers who recognize the problem, are agile in adapting to the shifting forces, and understand how the culture and new technologies affect fan choice will be the ones more likely to succeed.

This book is organized into three sections. In the first section, we identify the problems of the current sports industry and analyze how fans make decisions on sports products. In the second section of the book, we develop the transformation process, which includes four principal stages—brand concept generation, brand testing, brand refinement, and brand actualization—and propose brand communication strategies. And finally, in the third section, we address how sports brands can avoid decline, sustain, and prosper in this ever-changing Elusive Fan marketplace.