

Module 2

Unit 1: Sources of Digital Revenue

1.0 Introduction

Sources of Digital Revenue

When you think of sports organizations, sports clubs, league and federations, there are five traditional revenue streams that come to mind: ticketing, broadcasting rights, match day hospitality, merchandising and sponsorship. Apart from being performance on the field of play, these are the commercial pillars on which sports organizations are built.

The growth of technology in sport, coupled with the advancement in data and social media, has meant that these pillars can be broken down into sub-sections, which in turn can drive digital revenues for the sports organization.

Football clubs/federations are very similar to any modern business; they are constantly looking at how they maximise their online and digital revenues. Let us now look at the various sources of digital revenue that are available to a sports organization.

2.0 Getting into the Detail

2.1 Online Ticketing & VIP Ticketing

Season ticket sales are perhaps one of the most important functions within a club. Selling as many tickets as possible helps drive revenue and prepare for games. Traditional clubs, especially smaller ones, have a ticket office where fans can travel to the stadium during standard hours to buy their season tickets. Likewise, on match-days, there would also be a booth or section where fans could either buy their ticket before going in or just pay to enter.

Both methods have their place; however, with technology currently offering some many digital advantages, there is a real opportunity to move beyond the bricks and mortar offering and enhance the customer experience.

As the title suggests, online ticketing is the ability to buy tickets online, via your website or a verified partner.

There are many advantages for fans:

- They can buy tickets at their convenience
- They can do so from their mobile or laptop/desktop
- Tickets are available 24/7/365

Apart from the revenue generated, there are other benefits for a sports organization:

- Online bookings mean you will be generating income while you are sleeping!
- You collect valuable information about your fans
- You can reach a wider catchment area to sell tickets
- You can reduce the time spent on the phone answering queries
- You can increase revenue with upselling opportunities
- Data records can be kept and you can make sure they are organized

Moving a step on from ticketing and season ticketing is VIP ticketing. As the name suggests it, VIP ticketing is about something more: it is about enhancing the match day event by turning it into a unique experience.

VIP tickets offer fans the following:

- Best seats in the stadium
- Food and beverage options
- Pre and post-match entertainment
- Access to the stadium well before kick-off
- Potential to meet former players (as well as maybe current)
- Free match-day programmes
- Potential pitch side access

Clubs will have numerous VIP rooms around the stadium, from private boxes to special dedicated areas and zones. These tickets can be purchased online in the same way that on-season tickets and match-day tickets. Federations and national teams can also offer VIP and Premium level packages to their fan bases and will often replicate the offering of football clubs and teams.

2.2 Data

Data has become a very important tool for sports organizations looking to generate additional revenue. Clubs have multiple data points (name/address/dob/email/mobile) that, if used correctly, can be a very valuable asset. Understanding the data you have is key – sports organizations have multiple sources of data, from season ticket sales to casual sales, from online retail sales to in-store retail sales, and that is just the tip of the iceberg.



Sports organizations can generate and collect data from social media followers and from surveys and polls outside the ground and online. While this data is important to the club, if understood, it can also be an important weapon in the digital armoury.

One of the key aspects of having data is understanding, and to understand data you need to link it all together. Link the retail with the season ticket sales with the food and beverage with the social. This is called a “single customer view” (SCV). Having full sight of your fan base is crucial.

Ways to generate income from your data:

- Segmenting database(breaking it into relevant groups) to send emails to better targeted groups for partners and sponsors with offers (e.g. young families with offers from car partner for MPV)
- Targeting regions (e.g. USA based fans) with offers
- Understanding fan behaviour around ticket renewals
- Converting casual fans to season ticket holders
- Upselling merchandise to season ticket holders
- Rewarding online retailers' discounts for future purchases
- Targeting online purchasers with related items to their purchases

2.3 Crowdfunding

Crowdfunding, or crowdsourcing, has emerged in recent times as an alternative way to raise funds for your sports team. It involves a team funding a project by raising money (starting with small amounts) from large numbers of people. These campaigns are typically done via the internet.

Crowdfunding could help a sports organization raise money to build a stand, purchase specialist equipment, football and/or sporting supplies, and, in some instances, support staff.

Norwich City is a good example of a club that has used crowdfunding to raise money for a cause. The Canaries launched a mini bond on a platform called Tifosy in a bid to raise £3.5 million. The bond was designed to allow fans to invest in the club's future. The return for those that invested was 5 per cent gross interest annually, with an additional 3 per cent gross in club credit.

Investors benefited immediately, as the bond also featured a one-off 25 per cent bonus if the club was promoted during the lifetime of the bond, a scenario that happened less than 12 months after its launch. The minimum subscription for the mini bond was £500 and there was no upper limit.

2.4 Online Merchandising

Merchandising is an important tool for sports organizations to generate revenue. Having an official club shop and a licencing partner will allow clubs generate additional income. Clubs are not just about selling replica kits, they also sell official tracksuits, hoodies, training gear, football and other branded merchandised (think baby clothes and cultural/street wear.)

Just like ticket sales, this can be done online and/or through a third-party website. The aim is to ensure you are generating revenue when the sports organization is closed.

Online merchandising allows you to capture vital information about what fans buy, which in turn can influence stock levels much quicker than in-store, whereby revenue is not held on-site.

Merchandising is not a static offering and can be tailored for tournaments and even be based on a player's popularity. Before we get to tournaments, we should discuss the data issue. We have spoken about it a lot on this course. Data is important, it fuels decision. If you offer personalized numbers and names on jerseys, this can tell you who the most popular players are, which in turn allows you to create personalized memorabilia around them, e.g. signed exclusive jerseys or postcards.

Tournaments also offer you a chance to benefit from a positive situation. If your club has reached a major final, capitalize on it with special commemorative memorabilia, and if they win that fine, capitalize even more on it.

2.5 Official Club Apps

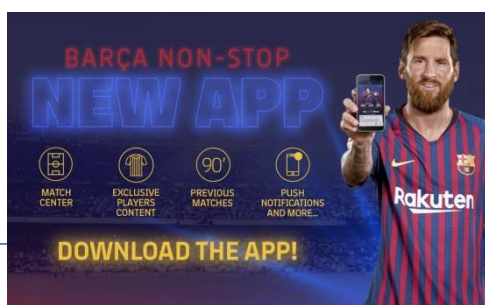
Official club apps can be an exciting way to engage your fans. Behind the scenes content, paywalled content, man/woman of the match voting, augmented reality, stats, social media walls, live in-game stats, moments in a game, voting, polls, surveys, news and much more can be very profitable. Apps allow you to create a community and they also offer sponsors a way to get involved with that community.

Exclusive video can have ad-roll running on it or be sponsored by a partner, so too can sections for polls and fan votes. An app can offer many opportunities for clubs to get involved with their fanbase and involve their sponsors.

The FCB presents its official club app as follows:

You'll always be connected to the Barça World on your mobile phone! With the brand-new app you can get everything you need on your phone or tablet. Never miss out again on the latest FC Barcelona news, get live match updates, watch exclusive videos and much more from your favourite teams and players!
(Download Apps, n.d., para. 1)

Image 1: FCB App



Advertisement of Barça app [Digital image]. (n.d.) Retrieved from <https://www.fcbarcelona.com/en/club/fans/downloads/apps#>

Valencia FC is a good example of a club which has embraced digital first. The club offers fans both the chance to view exclusive content via their app and the chance to buy their season and match day tickets. The app is fan-centric but involves their partners too with bwin and Puma very prominent in the platform.

Image 2: Match calendar



Official Valencia Football Club app [Online image]. (n.d.) Retrieved from https://valenciacf.azureedge.net/public/web-portal/pages/official_app/img_officialapp_calendar.png

Tip: If you are developing an official club app, think about the user experience. Look at the platform you want to develop and think apps you use every day: How does this app look and feel? How easy are they to use? Why do you use them? Then apply this logic to the official club app. This will enhance the experience for fans, which in turns will please sponsors.

2.6 Online Advertising

Every time someone visits your website, they become a visitor; every time they look at a page on your website, they create a page view. The more visitors you have and the more pages they look at, the higher your chances to create an additional valuable source of revenue.

Typically, advertising on a website works in two manners, CPM or CPC. CPM refers to cost per mile (thousand) and is a fixed cost, region dependant, for every 1,000 pageviews. CPC means cost per click, which effectively means you receive income once a certain action, e.g. a click on a website, is completed.

The more traffic you have on your site, the more revenue you can generate.

Tip: If you are running advertisements on your page, make sure they are visible. This is very important when calculating views and clicks. If an advertisement has a strong

visibility, e.g., the top of your website (also known as the header), then visitors to your site will see it and view/click on it.

Hint: Do not run too many advertisements on your site, since you do not want to detract from your partners, nor do you want to ruin the experience for fans visiting your site.

Apart from generating revenue through visitors to your website, you can also run advertisements through direct campaigns via email. This is the same principle as your website in that there is a cost per mille or a cost per click; however, you are targeting a certain segment of your audience (remember that data section!!)

Social channels such as Twitch (gaming/eSports content) and YouTube also offer the chance to earn revenue through views of video/streamed content through your channels. Audience size and video views are key to this. The more you have of each, the more you generate. Content quality is crucial!!

2.7 Online Broadcast and Streaming Packages

Online broadcasting, OTT or streaming, live content or original video content for clubs represent a real chance for football clubs to generate revenue.

While access to their live games generally sits with the federation or league owner, there are still numerous ways sports organizations can generate revenue around video content. A good example of this is the English Football League, which in 2018 launched iFollow. Each club has their own channel which features live video streaming of matches, audio match commentary, behind the scenes content, newsletters and match highlights.

Location and live broadcast games can affect the streams and there are multiple price points available for fans with game by game, monthly and season long options available. English Football League clubs have created membership packages around their iFollow offering, which, in addition to revenue, captures important data on fans. The membership packages go in tiers with a basic free offering (no live games) right up to a season long pass.

Not all leagues have technology like iFollow, but they are still using streaming technology to generate revenue. In the League of Ireland, for example, clubs sold live streams for games as one-off packages for games they had rights to, including European games.

The introduction of VAR has created an additional opportunity within stadiums. VAR, also known as video assistant referee, reviews key decisions around goals to see if they are valid or not. Depending on the stadium, these decisions are replayed on the big screen which in turn creates a very captive moment, one that could offer a major sponsorship opportunity. As this is such a new technological introduction, the potential has not yet been maximized. Nevertheless, major leagues and federations are currently exploring the sponsorship of VAR.

Selling the rights (outright or revenue share) to a docuseries, as we have seen with Manchester City and Leeds United (Amazon Prime), Sunderland and Boca Juniors (Netflix), can also create new revenue shares for a club. The key to this type of content is the access to behind-the-scenes content.

2.8 Donations

Premier League and other top tier leagues and teams around the world may not need them, but if you are a club in the lower tiers, broadcasting riches may not find their way to your treasure chests. Many clubs do not have the money of major clubs and rely on donations from their fans to help succeed.

At the upper tiers of football, many clubs run foundations in addition to the football club. These foundations are community charities helping to build better lives in their localities and accept online donations. It is important to note that these donations are meant to fund charitable work in a location and not the running of any football team.

Tip: Gofundme and Patreon are examples of crowdfunding membership platforms that can be used for online donations. If you are using these platforms to raise funds, make sure you have a clear message as to how the money will be used and how much is needed. The more detail you have, the better. Once a campaign has been funded, share the results with those that contributed.

2.9 E-Learning Courses

People want to work in sport. Whether it is football, rugby, or ice hockey, people enjoy working in a challenging sporting environment. However, to work in any sport environment, you need to understand that sport. If you are a coach of a football club, you need to have the relevant badges that allow you to coach at that level. The same applies if you are working in the business of sport.

On the administrative side of the business of sport, professional learnings that are not academically achieved in universities strengthen your understanding of the day-to-day running of the various departments of a sports team. This knowledge helps you develop as a sports marketing professional.

That is why federations and football clubs will partner with third party accredited education providers to develop specific content that educates. These courses give access to personnel as well as insights from within the industry. They are designed to move your skill set up to another level. They can also be a source of revenue for the sport organization.

Tip: You do not have to be a big club or federation to offer educational services. Clubs and federations can partner with local universities to offer football specific courses that could enhance their own teams in the future.



2.10 eSports

Competitive gaming, also known as eSports, has emerged as a key industry in recent years. eSports focuses on video games and the professional players that play these different games. We will go into these in more detail in the eSports section, but to understand it right now, eSports involves competitive players playing video games against each other for money.

So, if I run a club, how can I get involved and why would I? That is a good question. The answer has to do with demographic and brand extension. The core gaming marketing consists of males and females aged 14-30. This is a market that clubs want to reach, as these people are the future. Brands want to reach them as well. In recent times we have seen the likes of Louis Vuitton, Audi, Visa, Walt Disney, Amazon and Coca Cola all enter this space.

There are numerous new revenue and opportunities that come with eSports. New sponsorship and partnership opportunities will present with endemic brands within the Esport space, training camps for emerging gamers, prize pools from tournaments (Did you know that the 2019 Fortnite world cup had a \$30 million prize pool?), gaming centres in stadiums that are not in use, i.e., 5 days of the week and new lines of merchandise.

It is important to note that entering the world of eSports is not about converting a gamer to suddenly paying through the turnstile. This is about extending your brand. Barcelona is not just a football team, the FC Barcelona brand is spread across handball, basketball, ice hockey and is even into the gaming world with Rocket League and Pro-Evolution Soccer (PES).

Image 3: Rocket League FC Barcelona



Barcelona Rocket league team [Online image]. (n.d.) Retrieved from <https://www.fcbarcelona.com/photo-resources/2019/04/04/7890dcf9-50cc-4cce-8a64-eea6a2ee5a13/v1-min.jpg?width=1200&height=750>

2.11 Fantasy Gaming

Fantasy gaming consists of fans creating fictional teams made up of real players from different teams within a league. Players win points based on the real performance of the players on the field each week. Fantasy gaming has enjoyed fantastic growth in recent years, mainly in the US through the likes of Fanduel and Draftkings.

According to Nielsen, there are over 15 million fantasy players in the US alone, while in the UK, over 5 million players enter the Premier League fantasy competition each season.

There are two approaches to fantasy: weekly cash-based games and season free to play. Bragging rights, online conversation and cult fandom have emerged as key traits of the fantasy gaming world.

There are three ways a club can potentially generate revenue via fantasy gaming. Smaller clubs can run their fantasy tournaments on a season long basis; this can be a free-to-enter tournament (data capture) or a cash entry tournament (check local gambling laws!). Clubs can also leverage off their fan base and the tightknit community around fantasy by doing branded games, based on their own players.

Finally, another way clubs can generate revenue is by partnering with larger fantasy platforms. This would be done in three ways: the club could offer platforms access to their database (region specific and over 18), they could offer them LED or parameter hoarding sponsorship at their stadium (Draftkings and Liverpool), or they could offer them merchandise assets, e.g. front of shirt or sleeve sponsorship.

The key for the club, if they plan to offer assets and LED/hoarding, is to understand their database and use the various data tools discussed to understand the potential return on investment they can bring for a partner.

2.12 Online Betting

Betting has emerged as a large part of football. Across Europe's top leagues we have seen big teams sign lucrative front of shirt deals with major betting companies. As of the 19/20 season, 10 of the 20 Premier League clubs and 17 of the 24 English Football League clubs have a betting company on their shirt. In fact, research by SportCal reports that 58% of the global deals for betting sponsorship in sport were in partnership with football clubs and leagues (Serie A clubs told betting sponsorships can run until July but no later, 2019).

Online betting is an extension of that relationship. While the front of shirt and naming rights deals are about brand awareness, the transaction on an online betting account is the result of that awareness.

Front of shirt is not the only way clubs can generate partnership and sponsorship money from betting companies. Clubs can use their data (data, again) to segment and target regions.

For example, if you have a large USA database fans, those that have purchased merchandise and tickets online (with opt in for marketing), you could partner with an

online betting company in their region and generate revenue. It could be in the form of a straight cash deal or a CPC (cost per click.)

Licensing agreements can also come into play with online gambling arrangements with clubs allowing third party regulated gambling providers use of their IP (e.g. name and logos) create branded opportunities. Marathon Bet did just that in 2016 when they developed and launched a branded online casino in partnership with English Premier League football club Manchester United. The service allowed supporters to play Manchester United themed casino games such as roulette and blackjack with the chance to win official club prizes.

At a smaller and more local level, clubs can also use online tools such as lotto's to generate revenue. These involve clubs playing a lotto game through a regulated third party embedded on their website. The club will generate revenue through a percentage of the total take.

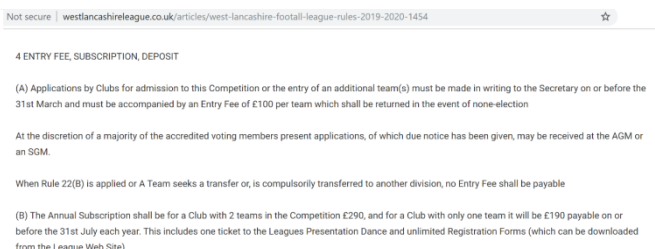
2.13 Revenue through Player and Team Registrations Online

While the dream for most players is being scouted and signing for a big club, that is not always the case. Only a small percentage make it to the top leagues of Europe. Underneath that, a large percentage of players play football in the lower leagues. And outside, that we move into the amateur leagues.

Amateur leagues are run by volunteers, they are part-time with little money. In some instances, you must pay to play for these clubs by way of a registration fee. This fee helps the club exist and is used to run the day operations. Likewise, teams in regional leagues must pay a registration fee to a league or county board. (See below an example from West Lancashire League.)

Like merchandising and ticketing, offering this should be done online. Even the most basic of websites can offer online payment solutions, so it is worth checking with your providers to see or look for an alternative partner that can do it.

Image 4: West Lancashire Football League Rules 2019-2020



West Lancashire Football League Rules 2019-2020. (n.d.) West Lancashire Football League. <http://www.westlancashireleague.co.uk/articles/west-lancashire-footall-league-rules-2019-2020-1454>. Screenshot by author.

See below a checklist of potential revenue or income sources for a sports organization to introduce:

Table 1: Potential revenue or income sources for a sports organization to introduce

Revenue sources	Tick if you are currently generating revenue from a specific area
<ul style="list-style-type: none"> - Membership/supporters club potentially linked to OTT - special offers - Online merchandising (tournament related, MA related products and signed memorabilia) - Online ticketing and VIP Tickets - Data exploitation – media, betting, 5G networks. An example could be partnering with Genius Sport or Sportradar to exclusively distribute official data for sportsbooks, connecting on-field officials with the centralized replay review - Sponsor of content, app other – highlights, goal of the game, MotM/WotM, save of the game, etc. - Advertising on site, app, YouTube, ads in email - Online broadcast sales of the tournament – telecom companies, OTT, etc. This includes live streaming, VAR, highlights, footage, etc. - Online e-learning courses – coaches, referees, federations, clubs - Crowdfunding - Online donation to a cause, e.g., disability football - Fantasy gaming - eSports - Revenue through player and team registrations online - Centralized website platform for all your NAs – you control the online advertising - Online betting- either via a partner or your own betting licence 	
<p>Outline three actions that you will take in terms of potentially adopting a new revenue stream:</p>	



- 1.
- 2.
- 3.

Unit 2: Specific Focus on Ticketing, Merchandising and OTT

1.0 Introduction

The areas outlined in unit 2 provide a general overview of the various sources of revenue from digital platforms. It is fair to say that three of the most important revenue streams are OTT, ticketing and merchandising. We will go into these areas in greater detail to help provide the necessary knowledge for your sports organization to start generating revenue.

2.0 Getting into the Detail

2.1 OTT and Live Streaming

OTT means “over the top media”. In recent years we have seen the emergence of streaming platforms offering live sport. Platforms such as Facebook Live, Twitter, YouTube, DAZN, MyCujoo, and Amazon Prime have all started to offer live streaming options for fans.

2.1.1 Why?

Traditionally, live sport has been broadcast on paid for subscription channels such as BT Sports, Sky Sports and, in the USA specifically, channels such as Fox Sports or NBC Sports. These broadcasters pay for the right to show these live events with program sponsorship, advertising and subscription fees helping them recoup the costs.

However, the emergence of social media over the last 15 years has changed the way we consume content. While watching live sports and events remains key to the sports fan, the emergence of mobile phones and smart TVs has led to a shift in power.

2.1.2 Free Streaming

Facebook, YouTube and Twitter are free to use social media platforms with large audiences. Their core revenue is built around advertising. The more users they have online, the more they generate in eyeballs through advertising. For them, having a major team streaming their content on their channel is a way to keep people on their platform. There are typically two ways a club can work with Facebook to stream their games:

1. Rights holder with value

A major rights holder, e.g. the NFL, can sell a portion of their rights to a social media channel, allowing them to access to certain games and at certain times. The social



media channel pays for this right and then promotes it, in the same way a traditional broadcaster would. Their aim is to have as many people watching and engaging with the content as possible to drive advertising revenue.

2. Facebook account holders with audience

By now, most sports teams worldwide will have a Facebook account. This account will have an audience, whether it be of 1,000 followers or 1,000,000. This audience is not owned by the club but sits on their page within the Facebook infrastructure. Clubs will engage with this audience by providing free content. The aim is four-fold:

- Build brand awareness
 - o Make fans more aware of your offering
 - Live stream a development squad or U23 game
- Build a relationship with the fan
 - o By offering free content the relationship with the fan is strengthened
- Activate partner
 - o Live streaming a game can bring new audience to sponsorship and partners
- Use freemium tools to convert the fan to pay for a service/product
 - o Using the content and comment sections within the stream or offering discounts on merchandise can drive people to buy tickets to the next game

Live streaming generally works well where you offer a lower value right to complement your core offering and you have a large following you want to engage with.

A major negative consequence of live streaming for free on channels is that the value of that right has diminished and it is hard to convert those people into a paid for environment.

2.1.3 How can I Stream for My Club?

- The club needs to have a full camera set up to capture the action
- Software is then needed to capture the game and put it into a feed on Facebook

Facebook has worked closely with several clubs and federations around live streaming on their channels and offer insights into the recommended software to use and into the effective ways to manage it.

Partnering with a larger site is a way to leverage off their audience and generate even more eyeballs and potential fans for your brand. The relationship is very simple: publishers have audience and want content; rights holders have content that needs eyeballs.

2.1.4 Case Study: Table Tennis England and The SportBible

In 2016, Table Tennis England partnered with a large publisher called The SportBible. The Facebook page had 8.5M followers at the time. Table Tennis England live streamed their European Championships home qualifying tie against Greece, offering a full broadcast service that included four cameras, full commentary and player interviews. The match was not available on any other channel, resulting in 2.1m views. This marked a first both for sports governing bodies in England and the digital publisher.

Speaking at the time about the event, Mark Taffler, Head of Commercial at Table Tennis England, said the following:

We proved last night that there is a market for this kind of broadcast – and that it's a big market. By broadcasting through The SPORTbible we've bypassed the traditional sports rights market and gone to where the audience is. As a strategy, it's proved incredibly effective. On Tuesday night, the same night as Man City were playing Barcelona in the Champions League, there were 2.1m people watching table tennis. There is an appetite from people to watch our sport and, through a platform like The SPORTbible, we are finding them. (Marriott, n.d., para. 6-7)

Pro-tip: If you are streaming live content on your channel, engage with Facebook to see how you can

2.1.5 What Type of Games & Events Could I Stream?

- Youth games
- Development squad games
- Behind-the-scenes documentaries
- Player-generated content, e.g., players taking on fans in a game of FIFA

Tip: Whatever game or event you are streaming, make sure you have a proper plan in place. This should focus on what you are planning to achieve and how you will achieve it. Making a list is important:

- Who is involved, i.e., what staff do I need?
- Where will the event take place?
- What equipment do I need?
- Do I have permission to stream the event?
- Do I have the correct access to stream the event (online platform permission)
- Where am I planning to broadcast to, i.e., where do I want fans to watch and interact with my live stream?

2.1.6 Live Streaming Cheat Sheet



What equipment is required	Tick (if you have this in place)
Laptop	
HD camera	
Microphone	
Audio Mixer*	
Software	
Strong Internet Access	
Streaming channel	

*This will allow you to use multiple microphones and other audio sources in your stream.

2.1.7 Generating Revenue From Streaming:

The easiest way to generate revenue from streaming is to sell the rights to a partner such as Facebook, DAZN or Eleven sport but in most cases that is not always possible. However, there are three general ways you can use streaming to generate revenue:

1. **SVOD:** These are subscription-based services. SVOD stands for Subscription video on demand. The best-known examples are Netflix, Now TV, Amazon Prime, Hulu, and HBO On Demand. However, there are country-specific offerings available. The typical business model revolves around a monthly subscription fee through which you get unlimited access to series and films. There are multiple price points available but a typical starting point is €9,95 per month.

A club has two options here. It could create their own SVOD channel, like Liverpool has with LCFCTV Go, or it could do a documentary style series such as the one Sunderland did for Netflix (Sunder 'Til I Die) or Leeds United did with Amazon Prime (Take us Home).

The LCFCTV Go model is subscription-based and it is only a valid option when you have a significant audience and want to convert them to a monetized model by offering exclusive content.

The Sunderland and Leeds models are about partnering with a large distribution channel and providing exclusive content, which is then done on a revenue basis.

2. **TVOD:** Transactional video on demand is a different offering. This method allows customers to pay for each piece of video on demand content they consume. NowTV is a good example of a channel allowing users to pay for individual pieces of content. They offer subscribers the opportunity to buy a sky sports pass for one day at a cost of £6.99. For the outlay the consumer gets 24 hours of complete access, which then expires.

iTunes and Google are more mainstream examples of platforms allowing users to pay for individual pieces of content, also known as pay-per-view. In the Netherlands, cable providers, such as KPN and Ziggo, offer the playback of TV-series and films from their set-top box.

A club could use this to generate revenue around their youth and developments games, while, at a league level, it can be used as another rights offering. A good example of a league organization using TVOD to generate revenue is the NBA. The NBA offer micro-transactions around game passes to generate revenue and acquire fans.

3. **Free / AVOD:** The third model, Advertising Video on Demand, is a standard one and it is typically where you are using your social channel in an owned capacity. This model involves providing the content for free and generating revenue by running advertisements during the content or branding the content in a sponsored capacity. Chattanooga FC, an American professional soccer playing in the National Independent Soccer Association League, streamed their NPSL semi-final game against Nashville FC live on their YouTube channel. Likewise, early this summer, Kilmarnock FC had their Europe League qualifier vs Connah's Quay Nomads streamed on the Facebook page for S4C.

3.0 Ticketing

A core revenue generator for clubs and federations is ticket sales. Ticketing is a major element in the day-to-day running of a sports organization. Clubs and federations are constantly working to build a loyal fanbase and increase attendance. There are two main areas for ticket sales:

3.1 Season ticket

These are pre-selling tickets before the season starts. The tickets are discounted and purchased in bulk. This enables the club to generate significant revenue prior to games commencing.

Positives:

- You can cash in early
- You can know the potential capacity of games prior to the season beginning
- It helps you plan logistics for services (food & beverage)
- It captures fans data such as name/address/age
- Fans make new friends with those around them in same seats
- You can offer dynamic prices based on seat location

Negatives



- Unless they are effectively tracked, fans can swap tickets or give away
- Fans may not turn up to the game, thus creating empty seats in stadium
- Fans may not like the seat they were assigned (and seats are hard to change)
- Fixture changes may impact fans appearance

3.1.1 Things to Consider Making the Season Ticket Sales

Process Appeal to Fans

Clubs and teams need fans in the stadium, so you have to be smart in your approach to season ticket sales and renewal. Some tips to drive season ticket sales include the following:

- Improve the stadium experience for their season tickets holders
- Offer season ticket holders rewards
- Increase their access to the players and venue

3.1.2 Data

The data collected from season ticket sales is very important. It allows you to understand your fans, to re-sell merchandise and tickets to other games and events and to communicate with your fans.

Sports organizations collecting data from their fans need to understand the data they are collecting before they communicate with those fans. A family of four attending a game is very different to four males aged 24 going along to watch a game. Both groups are fans but both want different experiences. The ability to understand your data and segment information for targeting each fans group within your database is an important tool for clubs.

The first thing to do if you want to understand data collecting is making sure the information you collect is relevant. Asking a fan their address, so that you can post out a season ticket, is relevant information; on the other hand, asking them if they own a dog, may not be.

The following are good examples of ticket information to be captured during the season ticket sale process:

- Name (it enables first name communication and personalization)
- Address (Inc. Postcode) (it allows for direct mail marketing and segmenting audiences by address)
- Phone number (it allows for SMS marketing)
- Email address (it allows for direct email marketing)
- Age (or Age Bracket) (it can be relevant when buying junior tickets for example)
- Favourite player (consisting of a simple question but one that helps shape marketing efforts)

- Date of purchase (it is back end information but allows you to understand purchasing behaviour over time)
- Type of purchase (online / offline – cash / card) (it helps understand purchasing behaviour over time)

3.2 On the Day Ticket Sales

These are tickets sold on the day of the game. They are bought either at the ground before kick off or from other fans who cannot make it to the game and have decided to sell their ticket. They offer a team a number of challenges, especially if they are building fan loyalty. While a new fan buying a ticket on the day helps with the overall revenue and attendance on that day, it also creates challenges for clubs.

Pros:

- There is an additional revenue over the estimated total from season ticket sales
- The fan could enjoy the experience and return
- They upsell by buying merchandise or food/beverages
- You can capture fan data such as name/address/age
- Fans make new friends with those around them in same seats
- You can offer dynamic prices based on seat location

Cons:

- No fan data is captured on the fan (therefore, there is no ability to reach out)
- Fans may not enjoy the experience and return
- The relationship is passive as the club does not know the customer
- Match day logistics are potentially affected by numbers
- The ticket can be bought on the black market from a tout

Things to consider when selling match ticket on the day

- Is there a process in place to capture fan data prior to the issue of tickets?
- Is the process for purchasing tickets on the day an easy experience?
- Can you offer incentives to buy future tickets with discount codes?
- Can you encourage the fan to upsell in the stadium?
 - o Better seat
 - o Merchandise
 - o Food and beverage

Ticket pricing can be a difficult challenge for clubs and organizations. You can ensure you have the right price point to generate enough revenue but that also encourages fans to attend.

3.4 Four Tips When Looking at Ticket Values:

1. Quality



Who are the opponents you are playing with? The higher the quality of the opposition is, the higher the potential value of the ticket price will be.

2. Time

When is the game taking place? Is it an evening game, a weekend game? The time of the game will impact on the ability to sell it out.

3. Location

Where in the stadium will the fan be seating or standing?

4. Age

How old is the fan and what is their potential ability to play?

5. What else is on

At the time of the game, what other social activities are taking place that could potentially detract your audience and what are the costs of those events?

Season ticket checklist

Ticket check list	Tick (if you have this in place)
Have you an online ticket store?	
Are you advertising ticket sales on social and other channels?	
Are you collecting sufficient data on customers to effectively re-target them?	
Have you sufficient payments methods online and offline?	
Does your club have a software?	
Does your club have a strong internet access?	
Does your club have a streaming channel?	

Match day ticket sales check list

Ticket check list	Tick (if you have this in place)
Do I know how many additional tickets are being sold online?	
Do I have the available staff for increased capacity?	
Do I have the available resources for increased capacity?	
Do I have a process in place to capture casual fan information?	

4.0 Merchandising

Sports organizations use merchandising as a core product extension to drive revenue on and outside match days. The list of merchandise options available to a team are endless;



from replica jerseys right through to branded footballs, scarves, pencils, pens, posters and even pyjamas. You can have merchandise specifically made for adults and kids. Merchandise can be sold on game days, ensuring match day revenue is increased, and it can also be sold online in a virtual store, or in partnership with a distributor, ensuring revenue 24/7/365.

Merchandising is a very flexible promotional tool that clubs can use to generate revenue, awareness and brand loyalty. They help build a loyal fanbase, while licencing agreements lend themselves to attractive revenues for clubs.

4.1 Key Areas to Consider

- Understand your audience to ensure you have the right merchandise options (remember that ticket database?)
- Make sure you have a printing partner that can manage demand

4.2 Interesting Case Study: Liverpool FC and Ve.com

Link: <https://www.ve.com/resources/case-studies/liverpool-fc>

With an industry wide abandonment rate of 81%, Liverpool FC was looking to boost its online merchandise sales, and targeted abandoned carts to achieve this. The aim of the partnership with Ve.com was to encourage consumers to stay on the site, increase sales and re-engage with the consumer post abandonment.

A three-pronged approach was adopted, with the focus being on display re-targeting, email remarketing and a digital assistant. Display re-targeting and email remarketing are industry standard approaches to abandoned carts.

Have you noticed that when you are in a holiday website and then leave that page to go check the latest football news you typically see an ad of that previous holiday website? That is display targeting. It is based on the cookies stored by the site on your computer.

Email remarketing is about using information on your customers in order to achieve better marketing and sales results through personalized email marketing campaigns. Digital remarketing is about keeping your brand and/or product in the eyes of the consumer after they have left your site.

By adding digital assistants to the mix, Liverpool FC was able to add a third option for customers in the form of messaging as they attempted to leave the online shop. Liverpool FC engaged customers before they left through by asking them questions, offering them potential discounts and encouraging them to purchase, and was able to increase revenue online by 27%.

4.3 Models for Merchandising

There are three types of merchandising models you can consider within your sports organization.

1. Licencing

The most licencing agreement for a club, particularly a larger club, is to partner with a retail expert to manage their sales. The club works with an established retail partner to manage their club store. Adidas and Nike are good examples of outsourced partners that have worked with clubs. These relationships typically work on a royalty basis with a fee paid for every sale. There is also a potential upfront fee for the right to licence.

Pros:

- The risk is reduced.
- The club can focus on what its core skills are.

Cons:

- Profits are less than if you did it yourself.
- You lose control over the product licence.
- Licences could be transferred in the event of bankruptcy.

2. Do it yourself (DIY)

In this scenario clubs buy and sell the products themselves from their supplier. Barcelona FC is a good example of a team that has adopted the buy and do it yourself model. The club formed a new company, Barça Licencing and Merchandising (BLM), to manage their retail, licencing and merchandising rights. Taking this in-house means they can maximize their profits.

Pros:

- Clubs can maximize their profits.
- Clubs can make sure they have control over supply and demand.

Cons:

- Clubs need to ensure they have the staff available to manage the store.
- Clubs need to manage the physical location of the stores.
- The management and salaries of employees can result affected.
- Clubs have to acquire the experience needed.

3. Hybrid model

Working with a mix of the licenced and the in-house model can be very beneficial for football clubs. A good example of this is Real Madrid FC. They took control of their retail store from Adidas and partnered with Fanatics to oversee it. The club has 14 retail outlets worldwide. This model allows Real Madrid not only to manage and oversea the licencing partnerships they own but also to leverage off the skill and experience of

Fanatics in this area. This model can work for clubs of all sizes but is very dependent on the relationship. You can also have a scenario where you licence the product sales for certain regions to a partner and keep others for yourself.

Pros:

- Like the DIY model, clubs can maximize their profits and ensure they have control over supply and demand.
- The physical stores are managed by an experienced third party with the relevant skill set.
- The partner manages the retail staff and store layouts.
- You can focus on the areas you know.

Cons:

- The cost of the third-party partner could impact on profit.
- Once contracts expire the relationship with mechanics could change.
- Contracts are short term in nature, and so there is a lack of long-term view.

4.4 Tips

- Be ready to take advantage of a player's popularity (at a game level) with content that encourages fans to buy their personalized jersey.
- Have a strategy around digital targeting, email marketing and potential digital assistants.
- Use the data you have from existing season ticket holders to upsell them merchandise.
- Understand your database and develop merchandise lines that are relevant.
- Use social media to drive interest in merchandise offers.
- Use direct email marketing to push offers; make sure it is a targeted and personalized email.
- Look at your Google Analytics to see what people are searching to land on your online shop.
- Make sure your online shop has a strong user experience associated with it.

4.5 Things to Consider

There are several things to consider when managing the retail aspect of a sports organization from an online viewpoint. The core elements are the following:

- Staffing. Fulfilling online orders, managing customer issues/returns
- Multi-location vs. single-location online. Are you selling just on your website or also via a partner, such as Amazon?



- Distribution. How is it handling and managing the online orders?
- Online reporting
- Online campaign. Driving visitor to your online shop

Most sports organizations want to make money when they are asleep, so having an online store is a good way to achieve this. An online store is an extension of your website and allows you to see your products with shipment and fulfillment managed by your licenced partner or online shop management.

How do you make fans aware of your online store?

Solutions: Remember the ticketing data we spoke of? This is a good way to make people aware of your online store. Understanding and using that data for direct marketing (email and SMS) and online (Facebook, Google and Twitter ads) can help you generate revenues. Offering only online offers to these groups will help. Building your database is a key element.

Understanding the skills set in the sports organization

It is important to gain an understanding of the skills set in the sports organization to deliver a merchandising programme in terms of their project management skills, negotiation skills and experience in working within the merchandising field. An audit should be conducted on each project team member in terms of their knowledge, experience and skills set to identify potential areas of weakness within the team.

Pullout box

Questions to ask

- Do team members have previous experience in implementing an online merchandising programme? If they do, how many years and what experience were gained?
- Does the federation/club need to employ an experienced individual to manage the online business?
- What skills are missing from the project team to allow for a successful project?
- What partners are needed to make the online merchandising programme a success? In other words, who is the fulfilment partner and what is their experience in this area? Do they have the necessary policies and procedures in place to deal with customer issues? Is there an agreement to deliver the goods within a certain number of days? Is there stock ordering software in place? Is their warehouse a secure facility? Who is the web developer and what is their level of expertise? Has the team discussed secure electronic payment integration? What reporting functionality is in place? Have they considered offering online vouchers/discount codes for marketing campaigns? Will the eShop be able to register customers and push other related products during future visits from fans? Does the club/federation have a membership scheme and is it linked to the eShop?

Is the eShop linked to the club/federations financial systems? Do the federation/club brand guidelines translate to the eShop?



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