

3. Relevant case studies

Introduction

This module has a practical approach. We are going to look at real situations that have had a response from managers, operators, and facility owners.

To a large extent, this industry feeds on the experiences of projects carried out with innovative contributions that help to develop the market through trends.

We are going to present cases of real stadium situations (in practical case format and in market sample format), which represent some of the most outstanding situations in the market. We will include details and specific characteristics of the design, management, or business model proposal.

It is important to point out that each case will show us different perspectives applied to the solutions and decisions made, even when the situations may seem analogous in origin.

The lesson that the empirical contribution of real cases teaches us will allow us to develop fundamental skills in this industry, which we highlight throughout the content. The objective is for students, as stadium and arena managers and professional operators, to firmly grasp these lessons. These skills are:

- An analytical and critical eye. Not to accept and approve of everything that is in the market, simply because it has been carried out by a relevant entity that has apparently developed a strategic plan beforehand. It's not always the case, and it can lead to mistakes. We must be analytical and use a critical eye, not let ourselves be dazzled by the visual impact or glamor that is very common in this market, which prevents us from clearly seeing the reality of the situation. This will help us identify whether the proposal is the right one or if it implies an opportunity cost.
- Global vision of the market. Staying on top of new trends, their evolution, and their result in each case will allow us to be at the forefront of the industry, and apply the best existing solutions in our facility.
- Customization of each project. Avoid repeating business models or commercial proposals from other facilities or markets just because they have gone well, without first analyzing whether it is the ideal model for our stadium. Each proposal must be customized; tailored

to the characteristics of each market, competitive environment, each club, and its fan/customer profiles.

Once these skills are developed, we must apply them, bearing in mind that when we face decision making in a project, there is not a single correct answer or solution for each stadium, but all those resulting from the application of these three skills. The final step will be to decide which of them should be carried out.

3.1 Allianz Stadium (Juventus of Turin). Case study.

Table 1: Allianz Stadium case data (Juventus of Turin)

Stadium Name:		Allianz Stadium
Year of inauguration:		2011
City		Turín (Italy)
Property of:		Juventus of Turín
Capacity:		41.500 (4.000 premium)
Cost:		120 millon €
<i>Naming Rights:</i>		Allianz (10-12 million € per year until 2023)
Former Stadium:		Allianz Stadium
Año de Inauguración:		1990
City		Turín (Italy)
Property of:		Municipal (public)
Capacity:		69.000
Estimated cost:		190 millon €

Source: Prepared by the authors.

Why this case?

On one hand, this case represents one of the most difficult sports management decisions made in the history of European and international soccer, the result of which has been enormously successful.

On the other hand, it shows us an example of an excellent business model design for the European stadium market, customized according to the club and the characteristics of its competitive environment.

It is a success case to learn from, having started from a difficult and risky situation.

In this case, we find several main concepts contrasted with a real situation, which will give us a very clear vision of what can be achieved with the application of this knowledge.

Initial situation

Juventus played at the Estadio Comunale from 1933 to 1990, a field they shared with Torino FC since 1963.

In 1990, both teams moved to the Delle Alpi Stadium, built for the World Cup in Italy.

Delle Alpi was a publicly owned stadium, shared by two of the city's teams, as is the case in a large part of Italy's most populous cities.

Unlike the Estadio Comunale, which is close to the urban center of Turin, Delle Alpi was built right at the entrance of the city, in an accessible area which, although peripheral, can still be considered urban.

Its proximity to the Alps is also worth noting, which in fact is where its name came from, due to its northern location in the city. This, as we will now see, is something that impacts the fan experience, as it was not taken into account during the design.

The Delle Alpi stadium, with a high capacity of 69,000 seats, had a very open, oval-shaped stadium design with an athletics track surrounding the field, which created a big distance between the spectators and the playing field. This distance, aside from other features introduced into the model, negatively impacted the fan experience in the following manner:

- Poor visibility for the vast majority of fans
- Very open stadium, making it difficult to create atmosphere
- An almost unused lower ring; even though it's the closest to the players, the blind angles of vision generated by the distance made it even more difficult to put pressure on the players.
- Lower temperatures due to the open design of the bowl, making climate control difficult

In addition to this, the design included the following characteristics:

- Open façade with no enclosure
- Small roof
- Open ends

Logically, in a cold climate such as the north of Italy, and its proximity to the Alps, as mentioned above, adding these three characteristics to the

design of a stadium that is already struggling to create a welcoming and intimate atmosphere, made the project even more difficult.

And in the same way that certain well-planned and implemented actions end up generating better results, in this case, the coldness of the stadium caused by its design worsened the negative impact it had on the already low spectator attendance, which resulted in empty stands that multiplied the feeling of cold and lack of atmosphere in the facility.

The average attendance in the stadium's 16-year history was around 30-35,000 spectators, 50% of the total capacity (similar in the case of Torino FC). Not even the highest-level games such as the Serie A classics or the Champions League managed to fill the stadium.

Due to the unique design characteristics, the stadium did not offer a commercial proposal to improve the experience and increase revenue, neither on match day nor on non-match day.

And because of its shared use and public ownership, changing the model was an unrealistic option.

This was the result of a project without a strategic plan or business model, which was driven by a major international tournament (World Cup in 1990). Its investment did not have a return plan since its only objective was to achieve the largest possible spectator capacity, in an architectural project devoid of a team of professionals specialized in the management and profitability of sports facilities.

The vision

For Turin's Juventus, the vision was to change the stadium model and turn it into a modern business model, following the professional soccer market trend within its competitive environment. It was also to achieve economic results by generating income from the new stadium model and from the impact on the new image of the club, allowing it to grow and return to being among the top European teams at the sporting level.

Image 1: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

The challenge

The Juventus plan encountered several challenges, some intrinsic to the nature of a stadium construction or renovation project, such as seeking funding, moving to another location or renovating the current one, or demolishing and building a new one. Other challenges were more specific to the project and made the challenge more difficult.

Of these project-specific challenges, we first come across the culture of Italian soccer and the public ownership of the stadiums and arenas. The private stadium model did not exist in the Lega and to use this model was to break the structures that had existed in the Italian market for a century.

The Club had to involve and convince many parties, since the Delle Alpi stadium, as we said before, was not only owned by the local government, but also shared.

The second project-specific challenge, in retrospect, seems almost obvious, but if we analyze the situation at the time the decision was made, without the results data that we now have *a posteriori*, we realize the difficulty and the risks that were assumed to make it.

The Club decided to demolish and build a new stadium, and made the controversial decision to significantly reduce its capacity, lowering the total number of seats more than 30% compared to Delle Alpi's capacity. This left the new stadium with a final capacity of 41,000 seats.

This decision was one of the most complicated ones, not only in the club's history, but in the history of European soccer. The decision was a management issue, based on a thorough analysis of the Club's potential in this aspect and the real needs of the project, to achieve a stadium model that would allow it to be successful.

Juventus is the club with the most fans in Italy, and one of the biggest clubs in Europe. At the time the decision was made, the competitive environment at their level included most of the big European clubs that, each season, try to win their country's championship and then try to win in Europe. These clubs have legendary stadiums (FC Barcelona, Manchester United) or have built a new one in recent years (Bayern Munich, Arsenal) with a capacity that in some cases would double the new Juventus stadium. If we look at the domestic league, we find the same thing just a few kilometers away, with stadiums of great capacity (AC Milan, Inter, AS Roma).

The Club's message to the fans had to be that its Club, of which they were so proud and which was among the European and international soccer elite, was going to build a brand-new, incredibly modern stadium... but with 30,000 fewer seats.

When the decision is made to change stadiums, the communication between a club and its fans is always a challenge. It must be planned down to the last detail to minimize the percentage of change rejection that is experienced in all cases, and convince fans of the benefits of the change.

In this case, this became one of the most important challenges in the project.

Business model

Finally, the decision was made to demolish Delle Alpi stadium and build a completely new one on the same site.

This occurred as a result of an agreement for Juventus to purchase Delle Alpi in 2004. Both Juventus and Torino FC continued to play there until 2006, when it was closed for demolition scheduled in 2009.

From 2006 until the 2010/2011 season, Juventus and Torino FC played in Estadio Comunale, which was extensively renovated to host the Winter Olympics in 2006, and would eventually become Torino FC's stadium.

In 2011, the new *Bianconeri* stadium, then called Juventus Stadium, was inaugurated and history began in the Club's new home.

The facility integrates three model profiles that are perfectly connected and complementary to each other, and maintain constant activity in the stadium 365 days a year: the intimate, the corporate, and the commercial stadium.

In addition, the architectural design is aligned with the business models established by the Club for the operation of the facility, enhancing them and enabling the sustainable maximization of income in the future. It is a

clear example of teamwork between all those who must be involved in the project design from the very beginning.

Image 2: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

Image 3: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

In fact, the decision regarding the total stadium capacity is directly related to the business model, as are the rest of the decisions made about the facility, as we will see below.

The main characteristics that define the stadium model are the following:

- **A stadium with an intimate atmosphere:** the stadium capacity is limited for two reasons: to rationalize the investment, maximizing the yield, and to ensure a grandstand with high occupancy at each game.

This provides a great atmosphere and a good image that will later be reflected in other revenue streams, such as sponsorship and television rights.

- In addition, the design of the seating bowl includes a lower ring that has three outstanding characteristics: it is very close to the playing field; it is very vertical, which gives it better visibility and gives the effect of being almost on top of the players; and more than 50% of the total capacity is seated in that first ring, which enhances the cauldron effect.

Another element that defines the stadium is the roof or visor that covers all the seats in the stadium. The closed stadium is welcoming and intimidating at the same time.

- **Greater comfort:** the seating equipment in the entire stadium is first-class, a big improvement from the previous conditions.

Apart from a general improvement in equipment, the design of the access points and the flow of spectators were improved both outside the stands and in the bowl itself.

The temperature of the stadium is also improved with the inclusion of a large roof and the exterior façade, which although is not airtight, increases comfort.

- Premium seats, hospitality, and corporate products: the leap in quality and quantity in this area has been astounding. It has gone from being an almost non-existent revenue stream in the old stadium, to having one of the most complete premium proposals in the entire European market, which gives the facility a definitive corporate profile, both on match day and on non-match day.

Image 4: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

Image 5: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

The stadium currently has around 4,000 premium seats, including 62 private sky boxes, which makes up 9.7% of the total stadium capacity, a figure that represents the overall market trend.

The distribution includes almost 20% of seats in private VIP boxes and just over 80% in shared areas. This distribution differs somewhat from the general trend, but is within the customization margins of each project.

In addition, the stadium incorporates different premium clubs with hospitality and catering rooms, with an aesthetic product design, with high quality corporate facilities for non-match day events.

Image 6: Allianz Stadium (Juventus of Turin)



Source: Doña, 2011, own archive, unpublished.

- **Naming:** Due to its architecture, the atmosphere generated by a full grandstand, and the lights and sound show offered by the Club at each game, the stadium image is an asset that achieved a naming agreement with the company Allianz, and the reinforcement of contracts with other Club sponsors.

It is the perfect platform that projects the values of the Club. Through the stadium, it can capitalize on products such as naming.

- Museum, tour, shopping mall, and food & beverage: the stadium functions as a tourist destination 365 days a year. The offering created for non-match day, beyond the corporate product, includes a shopping mall annexed to the stadium (Area 12, whose

sale financed part of the project) that functions as a leisure and exercise area, complementing the stadium visit itself, with the tour and museum as anchor products that generate traffic and income for the Club.

The food and beverage offering on match day, outside the premium areas, is a significant improvement from that of the old stadium, but is largely based on the offering in the mall that operates during pre and postgame.

Results and conclusions

The result of the new stadium is a resounding success in all aspects.

The average attendance rose more than 20%, achieving maximum capacity several times each season, and presenting a great stadium at all games.

Premium seats have a high occupancy rate, close to 100%, and hospitality spaces host numerous corporate events during the year, becoming a fundamental revenue stream in the Club's operating account.

The naming of the stadium provides between 10 and 12 million euros annually, with a contract that will have a minimum duration of six years.

The stadium is active all year round, generating income that was previously non-existent.

Most importantly, fan satisfaction has risen and their pride and self-esteem has increased, making this result possible.

In addition to this direct impact, the stadium affects the overall economic outcome, the positive perception of the Club's image, increases television audiences (rights), and consequently, commercial agreements with sponsors.

All of this has led the Club to place in the top ten of the European soccer income ranking. In a decade, it went from having revenues of less than 300 million euros per season to more than 500 million euros.

The Club's project, with the stadium as a cornerstone, has definitely achieved the ultimate goal of raising the competitive level of the team in a sustainable way. Since the opening of the stadium, Juventus has managed to win the *escudetto* every season, and has returned to the top of the European competition, reaching the UEFA Champions League final twice.

3.2 NRG Stadium (Houston Texans). Case study.

Table 2: NRG Stadium Case Data (Houston Texans)

Stadium Name:		NRG Stadium
Year of inauguration:		2002
City		Houston, Texas (USA)
Property of:		Public
Capacity:		72,000
Cost:		\$470 million
<i>Naming Rights:</i>		NRG (\$10 million/year until 2032)
Former Stadium:		Astrodome
Año de Inauguración:		1965
City		Houston, Texas (USA)
Property of:		Public
Capacity:		60,000
Cost:		\$35 million

Source: Prepared by the authors.

Why this case?

In this case we will see a typical situation of how, in the North American market, a stadium, ballpark, or arena is valued - in this case, the NFL (National Football League) and MLB (Major League Baseball) - on a larger scale than in the rest of the markets. The special treatment and valuation of multifunctional sports facilities is unmistakably evident in two examples that are almost exclusive to U.S. professional leagues:

- The league requires franchises to have a first class stadium or arena that meets the highest market standards in all revenue streams, not only in spectator capacity, but also in technical quality and equipment, in comfort, and in business generation capacity. All this translates into a minimum investment required, which the higher it is, the more likely it is to have the backing of the competition.
- The way cities capture franchises. This is almost entirely based on the proposed stadium or arena offered by the city to the sports franchise and the team project. Another influencing factor is the percentage of the total investment that the city is willing to cover with public funds, through the application of new taxes or local government funds.

Initial situation

The city of Houston, located in Harris County, Texas, has had a professional football franchise since 1960. They were the Houston Oilers, who at that time and until 1965, played their games at Jeppesen Stadium, located at the current TDECU Stadium of the University of Houston. Subsequently, they moved to Rice Stadium, which hosted the 1974 Super Bowl. They played there for two seasons, until 1967. Then, in 1968, they started playing at the Astrodome.

Houston has also had a professional baseball league franchise since 1962, called the Colt 45s until 1964, when they were renamed the Houston Astros. In this case, the Colt 45s played in Colt Stadium, built to house them temporarily until the Astrodome was inaugurated in 1965, with the beginning of the Astros' season.

In addition to the baseball and football franchises, the stadium hosts the annual Livestock Show and Rodeo, a major event related to the area's livestock tradition, which lasts 20 days, with numerous concerts and exhibitions.

Therefore, the Astrodome was born multifunctional, with the aim of hosting different sports and all kinds of shows and events.

Image 7: Astrodome (Houston)



Source: Doña, 2004. Own, unpublished archive.

Since its inauguration, it has been known as the eighth wonder of the world. With a capacity of 62,000 spectators, it is the first stadium in the world with a fixed dome, made of steel, semi-transparent methacrylate and concrete, with a diameter of more than 200 meters and a height of 60 meters, without a single intermediate supporting column. It is an architectural icon and an engineering prodigy; a state-of-the-art stadium of its time.

The stadium is an icon, not only for its spectacular architecture and innovative engineering, but also because it includes a series of new elements that make it a historical reference in the industry. It has mobile stands that allow the stadium to change its configuration to host baseball, football, or other types of sports and events. It incorporates VIP boxes and is a pioneer in the stadium market with this product. All seats in the facility are padded, there is a large video scoreboard, and after a first year of problems with a real grass playing field, they created the artificial turf, called Astroturf.

However, the passage of time and new advances and trends generate requirements and demands that are difficult to satisfy, even after several improvements and renovations undertaken during the Astrodome's three decades of activity.

After several years of negotiation and threats of rupture, both the Astros (baseball) and the Oilers (football), finally decided to look for another alternative. The Astros reached an agreement with the local authorities to build a new ballpark in downtown Houston, Minute Maid Park (formerly Enron Field), inaugurated in 2000. But the Oilers decided to move the franchise to Nashville in 1996 (now Tennessee Titans), after failing to reach an agreement to build a new stadium for their franchise, which would cover all the deficiencies of the aging Astrodome.

Image 8: Minute Maid Park, Houston



Source: Doña, 2005, own archive, unpublished.

This left Houston without an NFL team, the Astrodome without a professional league tenant, and a facility that was too old to attract another franchise (the U.S. stadium lifespan is 25-30 years, which is much shorter than in the rest of the markets).

The vision

A group of businessmen founded the Houston NFL Holdings Group, current owner of the Texans, and with the support of the Livestock Show and Rodeo, spearheaded the movement to convince the authorities to invest in a new stadium, with a new franchise project for the professional football league.

This new project had to be decided on before the placement of the next rising NFL franchise in 1999.

The challenge

After failing to support a new stadium in the early 1990s, provoking the departure of the Oilers from the city, and the subsequent approval by Harris County of a \$250 million investment in a new ballpark in downtown Houston, the task of convincing the local county government of the benefits of investing in a new stadium was a challenge.

Undoubtedly, hosting a franchise is beneficial for a city, especially a city like Houston, which is the fourth most populous city in the United States, with a population in the late 90's of about 2 million inhabitants.

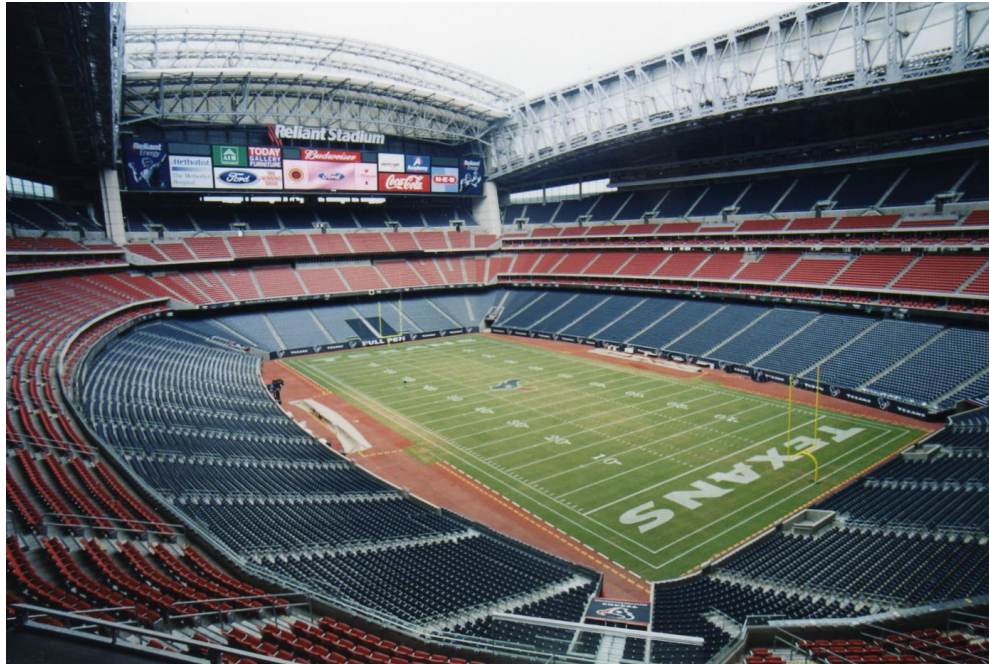
But after the investment in the ballpark, the required investment for a new stadium as the headquarters for the up and coming NFL franchise would not be low.

The recent failure to maintain the Oilers, due to the lack of economic support in the construction of a new stadium, was a handicap in the eyes of the NFL. The new stadium proposal could not simply be a good proposal. It had to be extraordinary enough to clear the city's doubts in order to gain their support for the new franchise project.

Consequently, there were two challenges: first, to convince the local authorities to build a stadium with a high investment, and second, to convince the NFL it was the ideal location for the franchise, with a state-of-the-art stadium proposal that would surpass what was already in the market.

The stadium was finally approved - an investment of \$470 million, 70% public - and the Houston Texans NFL franchise was established in Houston.

Figure 9: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

Business model

The design of the new stadium meets expectations and sets new market standards.

It has a capacity of 72,000 spectators, which is a medium-high capacity in the NFL environment.

The stadium has two distinct business model profiles, the multifunctional/multishow stadium and the corporate profile.

The seating bowl is distributed in three rings, the lower ring (playing field level) being slightly larger than the upper two rings. It is a totally closed seating bowl that does not offer a view of the outside of the stadium. This addresses the climate control problem in Texas, avoiding excessive outdoor temperatures of above 100° F. On the other hand, the stadium is located on the outskirts of the city (next to the Astrodome), so the typical American stadium design with a view of the city skyline does not make sense in this case. Indirectly, it makes the stadium more impressive inside.

It is the first football stadium to be totally covered with a retractable roof. A covered stadium was one of the initial requirements, mainly because of the multifunctional and multishow profile of the facility that requires an indoor model, and also for climate control reasons, already mentioned. In this case, for the first time in an NFL stadium, the roof includes a retractable feature, which offers the versatility of playing or hosting events, such as concerts or shows, with the roof open, weather permitting.

In spite of this closed and roofed stadium design, the stadium interior is very luminous for two reasons: the design of the glass façade, which offers views from the concourse; and the semi-transparent PTFE membrane that the retractable roof is made of. In addition to allowing natural light to enter, this type of material is ideal, due to its light weight, for the operational design of this type of roof. At NRG Stadium it only takes 7 minutes to open the roof.

Figure 10: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

The facility has a great audio-visual setup, which increases the fan experience during football games as well as during shows. It includes two large LED video screens, one at each end, a 360° LED belt around the second ring, and several LED screens on the lower ring.

All these features make NRG Stadium a perfect model to host any type of private, public, or corporate event, as we will soon discuss.

The corporate profile is also very present in the model design.

The stadium incorporates a first-class premium offering, both in quantity and quality.

In quantity, the total number of premium seats is 12,200, distributed among 197 private boxes and 8,200 shared club seats. This proposal is aligned with the average American market trend, with 17% premium seating, and varies a little from the trend with respect to the distribution between private and shared seating. The market trend is 24/76% and the stadium has a distribution of 32/68%.

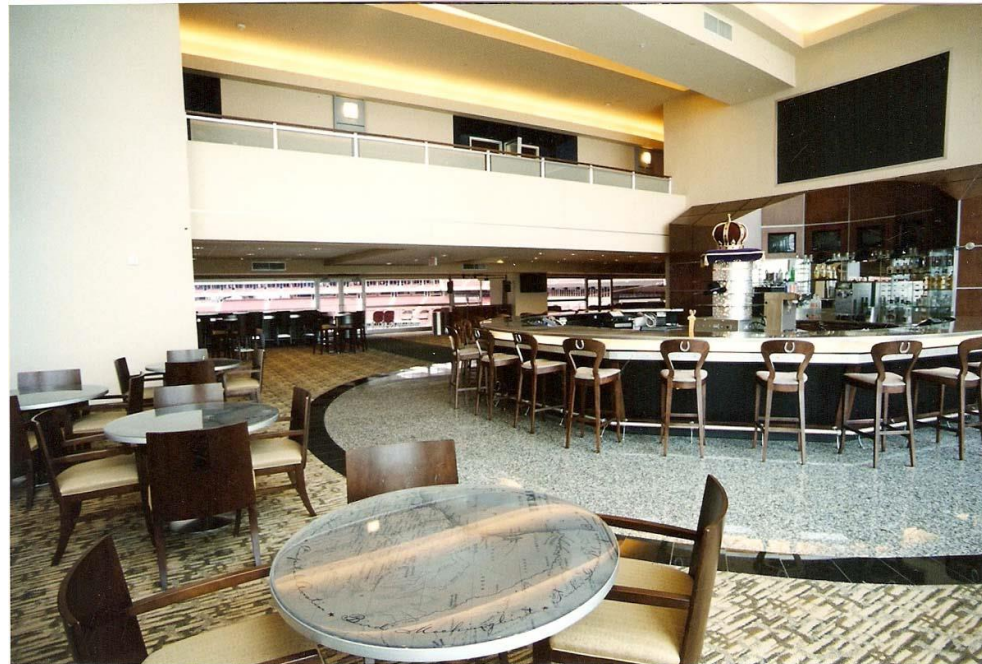
The quality of the proposal is excellent, with about 8 multifunctional rooms that can accommodate different configurations for private events, in addition to serving as hospitality areas during games and events.

Figure 11: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

Figure 12: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

The location within NRG Park enhances this profile for corporate events.

NRG Park is a complex of facilities that has grown alongside the Astrodome. It includes the following facilities:

- Astrodome (now NRG Astrodome)
- NRG Stadium
- NRG Arena (an arena with a capacity of 8,000 spectators and annexed spaces for exhibitions)
- NRG Center (an exhibition hall)

It is a comprehensive offering for business events, including hosting portions of larger events, such as the Livestock Show and Rodeo.

In addition to the strong model profiles, the NRG Stadium incorporates the most current revenue streams, developed and strengthened as much as possible, thanks to the modern design of the facility. This includes a restaurant that covers both the hospitality area and the general grandstand concourses, a food & beverage offering including the most recognized brands in the area, sponsorship of different areas, and the naming rights of the stadium itself, which provides 10 million dollars annually.

Image 13: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

Figure 14: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

It is important to highlight that, in the first few years, the name of the stadium was Reliant Stadium. Later on, one company purchased the rights for the entire complex of facilities, and chose to give the name NRG to all the facilities, as well as the complex itself, NRG Park.

Figure 15: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005, own archive, unpublished.

Figure 16: NRG Stadium (formerly Reliant Stadium), Houston



Source: Doña, 2005. Own, unpublished archive.

Results and conclusions

The whole project was an enormous challenge, but the results are a resounding success.

The average attendance at Texans games has been approximately 95% since the stadium's inauguration.

The calendar of events, sports, and private shows exceeds 200 annually. Besides the NFL games, some of the events are real national and international "musts", like the Livestock Show and Rodeo, which occupies NRG Park for 20 days, with practically the whole complex participating in some activity.

In addition to this, it has hosted two Super Bowls (2004 and 2017), the Copa América (soccer) in 2016, and will host the Soccer World Cup in 2026.

Houston's stadium is perhaps not as iconic as the Astrodome, but it is a reference in all aspects as a sports and events venue, and has become a source of pride for Houston residents.

In summary, the economic result is positive and certainly profitable for both private and public investors.

The most outstanding conclusion of this case is the overarching value that a stadium has in every project in the US market. In this case, it's especially true because the decision had to be made, knowing that a

beloved and iconic stadium like the Astrodome had to be replaced in order to meet market demands.

It's more significant than it seems. It is proved by the enormous debate created during these years to look for a use for the Astrodome and to avoid its demolition and to preserve it.

It has definitely been declared a "State Antiquities Landmark," which gives it the legal protection that ensures it will remain standing indefinitely. But, in addition, it will benefit from an investment of \$105 million, without imposing a tax increase for Harris County residents, and which will turn it into an events venue with parking. A happy ending for all.

3.3 Fenway Park (Boston Red Sox) and Anfield (Liverpool FC). Market example

Table 3: Fenway Park (Boston Red Sox) and Anfield (Liverpool FC) case data. Market example

Stadium Name:		Fenway Park
Year of inauguration:		2002
City		Boston
Property of:		Boston Red Sox
Capacity:		37,755
Cost:		\$650,000 (\$285 million renovation)
<i>Naming Rights:</i>		No
Former Stadium:		Anfield
Año de Inauguración:		1884 (Liverpool field since 1892)
City		Liverpool
Property of:		Liverpool FC
Capacity:		54,074
Cost:		New renovation £115 million
Naming Rights:		No

Source: Prepared by the authors.

Why this case?

In the stadium market, there are various situations and scenarios that we must handle, analyze, decide on, and manage. Many of these situations are analogous or have similar characteristics that make it seem like we are facing the same case or problem.

On other occasions, the scenario and its determining factors are totally different from other stadiums or facilities, and the differences are clear as to which concepts must be applied.

As we emphasized at the beginning of the module, each project has a different answer and solution that must be customized.

In the previous case, we had a stadium, the Astrodome, that was iconic and legendary, with a major emotional component and beloved by fans. The years since its inauguration had made it irreplaceable in the hearts of the residents of Houston, and at the same time, obsolete to continue meeting their demands, implementing the ideal business model.

In the two stadiums that we find in this market sample, we are going to face a scenario that, at first glance, might make it seem like the solution applied to the Astrodome - to build a new stadium - is the only possible one, especially in light of its success.

However, both in Boston and in Liverpool, we will see that it was not the case. The right answer for each stadium can only come from analysis and a customized and tailor-made solution.

Development

Fenway Park is known as the Baseball Cathedral in the United States. The stadium's pseudonym or slogan is America's Most Beloved Ballpark.

The stadium has maintained its original structure since its inauguration in 1912. It's already been around for more than a hundred years. Several generations of Red Sox Nation families have enjoyed, cheered, suffered, lost, won, lived, and have seen their dreams come true in the stands of the old and legendary Fenway.

With this history, who dares propose to remove a single one of its century-old red bricks?

Image 17: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Image 18: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Anfield has a similar history. Inaugurated in 1884, it was the field where Everton FC usually played. In 1892, after breaking ties with Everton, the stadium owner decided to found Liverpool FC and play their home games at Anfield.

Although the stadium has undergone various renovations and adaptations during its long history, it has always maintained its location and the configuration of the playing field. More than 120 years of generations of "Kopites" have experienced the same emotions that we have described in Fenway, season after season.

Image 19: Anfield (Liverpool FC)



Source: Doña, 2016. Own, unpublished archive.

Image 20: Anfield (Liverpool FC)



Source: Doña, 2016, own archive, unpublished.

In both stadiums, you can hear the beating of thousands of hearts that have been in the stands cheering on their team.

This is not just a nostalgic phrase that has no influence on the decisions that were made in both projects.

When we face a stadium project, whether it's to build a new one or renovate the current one, we must place an enormous amount of value in the implication that the decision has on the emotions of the fans.

In these two cases, this assessment, added to the inherent risks of a change related to logistics, customs, and fan preferences, weighed heavily on the decision to stay in the same stadium.

But it would be of little use to remain in the stadium and respect the feelings of so many generations of fans, if the future viability of the club was not supported by that decision. We would end up with an empty stadium, that would eventually be demolished, or at the very least with a team struggling to survive and incapable of competing, losing its status in favor of its rivals.

It is necessary to analyze and verify that a new business model can be designed and implemented, with the possible extensions and renovations of the facility, which allow for the future viability of both the facility and the club.

In both cases, these steps were carried out by the owners, and the decision was made to stay.

Both clubs are owned by the Fenway Sports Group (FSG). In 2002, it bought the Red Sox, owner of Fenway Park, and in 2010, it took over Liverpool FC, owner of Anfield.

In both cases, the previous owners attempted to carry out a plan to build a new stadium at another location, prior to the arrival of FSG. They failed in their attempts and sold their shares.

The new owners had a totally different vision, which was to grow from the current stadiums, renewing them, modernizing them, and implementing a new business model, but respecting the spirit, values, and identity of both.

Image 21: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

You don't only get tangible results from this decision, but also many intangibles that, paradoxically, have great market value.

Both stadiums represent part of the brand of the two clubs, and transmit their values to the brand itself. Succeeding in modernizing them and maintaining them as the home of the team, strengthens their brand image.

In the same way it lends credibility to management, eliminating any kind of mistrust about their real intentions, and gives credibility to their club project.

Fenway Park currently has a business model that is based on an intense fan experience, not only because of what the facility transmits, but also

because of the varied offering it has in regular seating, hospitality services, and premium seating.

Image 22: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

The product is developed with the participation of team sponsors, who are involved in the creation of the ballpark experience.

The total capacity has been raised to the maximum number allowed by the structure, reaching 37,755 seats. It has a food and beverage offering distributed throughout the stadium, and adapted to the different experiences offered by the sponsored areas.

The premium offering reaches 60 private VIP boxes and has around 5,000 premium seats, with shared hospitality areas, with a varied configuration (up to 16 different premium experiences) that allows products to be adapted to any type of customer, thus expanding the commercial potential of these seats.

Image 23: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Image 24: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Image 25: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Anfield, following the expansion and renovation of its Main Stand, has increased its capacity by about 8,000 seats to 54,074, of which 3,500 are premium.

Image 26: Anfield (Liverpool FC)



Source: Doña, 2016, own archive, unpublished.

These premium seats are distributed among six clubs, with large hospitality areas that provide service not only on match day, but as a corporate product the rest of the year.

Like Fenway, sponsors are involved in the stadium experience, although not to the same extent, since this product is much more established in the American market, and especially in baseball.

The renovation project has not yet been completed. The Club plans to expand the Centenary Stand to reach 60,000 seats, which would make it comparable to the stadium capacity of its main competitors in the Premier League.

Image 27: Anfield (Liverpool FC)



Source: Doña, 2016, own archive, unpublished.

Two characteristics they share:

- Neither of them has naming rights, in both cases they have kept the traditional name of the stadium. The strong identity and roots of the stadiums discourage the application of this formula. However, companies can sponsor the different stands, which avoids fan rejection while still activating a new revenue stream.
- The two renovations were carried out without interrupting competition, which requires greater complexity, but in turn allows the stadium to continue generating the same level of income and affects fans to a lesser extent.

Image 28: Anfield (Liverpool FC)



Source: Doña, 2016, own archive, unpublished.

Image 29: Anfield (Liverpool FC)



Source: Doña, 2016, own archive, unpublished.

Results and conclusions

The result in both stadiums is indisputable.

Fenway Park has near-full occupancy, well above MLB (Major League Baseball) average attendance, both in regular and premium seating. And the Red Sox have climbed to the top of the ranking in match-day revenue generation.

Image 30: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

Anfield, in its first year after the renovation, has increased its match-day revenue by over £12 million (to £74 million), excluding corporate non-match day revenue.

With the next phase, which will increase capacity to 60,000 spectators, it will reach the same income level as its direct competitors that lead the ranking, such as Arsenal (Emirates Stadium) and Manchester United (Old Trafford).

Image 31: Anfield (Liverpool FC)



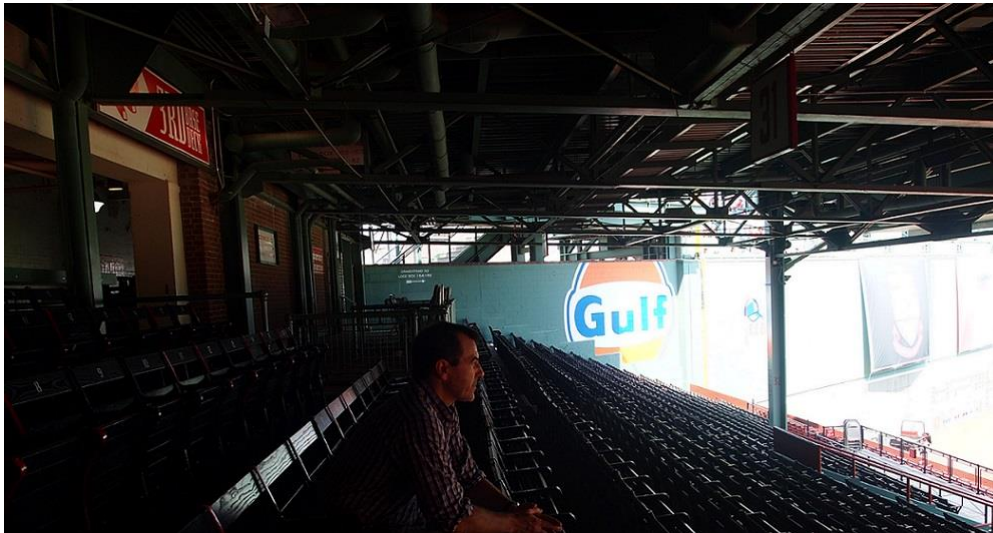
Source: Doña, 2016, own archive, unpublished.

The conclusion is that it is no coincidence that a customized business model was applied to each project, since both stadiums are owned and managed by the same company (Fenway Sport Group), and the renovation, expansion, and application of the business model in each stadium were executed back-to-back (2002-2011 Fenway Park; 2015-2016 Anfield).

This market example also teaches us another lesson. Within the decision to remain in the same stadium, made in both cases, different decisions are made with respect to each of them, since the facility structures and their competitive environments show clear differences and affect both the design and the business model.

Therefore, the model is repeated, but it is not replicated. Things are taken from the experience gained in other cases, and the overall application is customized in the new scenario.

Image 32: Fenway Park (Boston Red Sox)



Source: Doña, 2012, own archive, unpublished.

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