

*Who they are, what they want,
and how to get the right products to them*



“Everyone has thousands of entertainment choices and we don’t want to create any excuses for them to go and spend their money somewhere else.”

—Mark Cuban, owner, Dallas Mavericks,
SportsNation, January 2003

Introduction

Everyone knows them. They are the old guard of the sports world—those ever-loyal fans who buy tickets in good weather or bad, domed stadium or not, and who continue to follow their favorite teams and players win or lose. These fans accept the high prices, and pay a premium for the gamut of products and services that are designed to enhance their sports experience. They go online to pay for information about their favorite team, and cheerfully shell out money for parking and dining when they do go to a game. At Fenway Park, two box seats for a full season of Boston Red Sox (U.S. baseball) games run almost US\$6,000. In essence, the fans in this group are easily defined: They are true sports consumers who feel they hold a financial stake in their teams.

Not so easily defined is an emerging new group of sports consumers. It includes people who are interested in sports—at least enough to attend some events and spend money—but have inconsistent purchasing patterns. Knowing when these fans will show up and watch, and understanding what they hope to gain from the experience, seems as unpredictable as who will win baseball's next World Series.

Despite their best efforts, sports organizations—mostly governing bodies and clubs—say there are still too many unanswered questions about sports consumers in general, and the new sports consumers in particular: Who are they? What value are these consumers looking for? What influences their purchasing decisions? What constitutes a high-quality sports experience? How do we retain our most loyal fans while catering to a new breed of sports consumers?

In seeking answers to these questions, A.T. Kearney analyzed the key definable demographic, psychographic and attitudinal segments of sports consumers (*see sidebar: Who Are Today's Fans?*). The goal was to challenge the misguided notion that people either love sports or loathe them, with few shades of gray in between. And what we found, in fact, is that the area in between is where most fans reside.

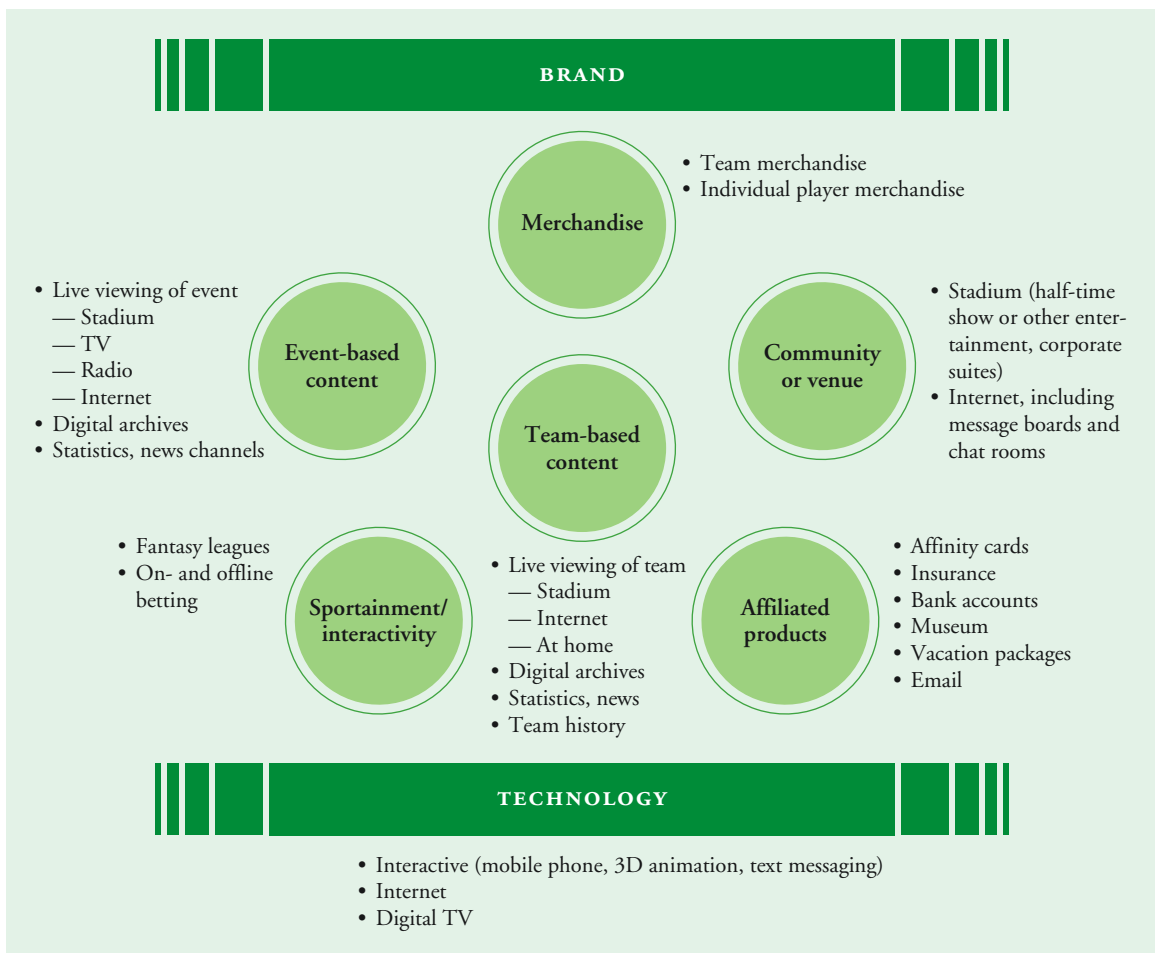
It is these emerging sports consumers that sports organizations worldwide are striving to turn into sports fanatics and team loyalists before they divert their attention—and their disposable income—to other forms of entertainment.

THE RIGHT PRODUCTS AND SERVICES FOR THE RIGHT FANS

Attracting new sports consumers requires offering them exactly what they want, when they want it, and at a price they are willing to pay. Sports organizations that design specific products and services that initially capture the consumer's interest and eventually their long-term allegiance win the greatest rewards (*see figure 1*).

It is relatively easy to capture sports fanatics. They are always seeking content (information) about their favorite teams and want it in real time. Whether these fans watch the game from the bleachers or from a sofa 5,000 miles away, the key to sustaining their interest is to use leading-edge technology including the internet, digital archives and interactive television (pay TV) so that they can “feel the hit of the game.”

Figure 1: Products and services in the sports ecosystem



Source: A.T. Kearney

Who Are Today's Fans?

A.T. Kearney analyzed the key definable demographic, psychographic and attitudinal segments of sports consumers.

On the subject of demographics, traditional sports fans reside in the 15 to 44 age group, while emerging sports consumers are clustered within that group, usually ranging in age from 18 to 35 years. These new consumers are particularly strong targets for sports organizations. This is demonstrated by their willingness to pay for internet and interactive sports information and services.

As for the psychographic and attitudinal segments, A.T. Kearney experience and research reveal six categories of sports consumers. For those sports organizations that want to retain their established fans while attracting emerging sports consumers, the following may offer some guidance.

Sports fanatics. *These fans share a relentless interest in sports. They are predominantly young, male and either actively participate in or attend sporting events. They diligently follow news and scores and have significant knowledge of sports and team statistics. Historically, these fans stayed informed through television, newspapers and radio; more recently, sports fanatics are using new technologies such as personal computers and mobile phones to consume*

even more sports content. This group spends the most on merchandise and related products, including technology, and tends to be the most loyal to their team and its brand.

Club and team loyalists. *These fans tend to be very loyal to a particular club or team and, after sports fanatics, are the most likely group to attend sporting events. They don't generally play the sport, but enjoy obtaining information and analysis about their teams from television, newspapers, radio and the internet. This group also spends significant money on team-related products and services.*

Star-struck spectators. *These fans tend to follow a superstar rather than a team or sport, which explains the Kobe Bryant craze in U.S. basketball and Nakata in Japan football. These spectators also frequently participate in online fantasy sports because of their extreme focus on the performance of individual players. The trick is to capture the hearts of these fans and transfer it to a team or a sport before the star retires or moves on to another team.*

Social viewers. *These sports consumers tend to be social butterflies: They use sports as a tool for social interaction, meeting friends at major sports events or at each others' homes to watch games on television. Most social viewers are*

also corporate consumers who use sports events to meet with clients or business friends. They consider a sports event as a place to be seen by those who matter. While not necessarily loyal to any club or team, these fans are happy to spend significant money—for corporate suites and related services—on behalf of their company.

Opportunistic viewers. *If there is an opportunity to see a sports event, these fans will take it. They typically consume sports through traditional channels such as television, and will attend a sports event when asked by friends; they only obtain sports information when it will get them "asked" again. Their spending is limited to food and beverages during an event, although at times they may crack open their wallets to purchase a souvenir or two. For consumers in this group, sports is simply one form of entertainment, and there are many others that carry equal weight.*

Sports indifferent. *Individuals in this group are not very interested in sports teams, sporting events or sports programming and only attend or read about major events that everyone seems to be interested in—such as the Olympics. They usually get their sports information from TV and by chance, perhaps while channel surfing.*

Not only do fanatics buy the most merchandise, they are among the biggest users of new channels, such as automatic score updates on mobile phones. For example, more than 30 percent of Newcastle United (England soccer) season ticket holders also sign up for mobile email alerts when their favorite player or team scores a goal. In Europe, mobile operators have signed sponsorship agreements with major teams (O2 with the English Soccer Club, Arsenal, and the English National Rugby team) to promote their new interactive services.

Club or team loyalists closely resemble sports fanatics, and because of this, organiza-

tions can use the same products and services to lure the loyalists, with a few adjustments. For example, technology will entice these fans just as it does the fanatics but, for the loyalists, it may be necessary to combine the technology with other products and services. Some franchises offer free website access or mobile phone text messaging with the purchase of a season ticket. Others sell a ticket to the game that includes dinner at the club house.

Although technology is great for sustaining long-time fanatics and loyalists, other strategies are best for capturing the new sports consumer (*see figure 2*). One method is to simply provide

Figure 2: The right products and services to the right fans

	ESTABLISHED SPORTS CONSUMER		NEW SPORTS CONSUMER			
	Sports fanatic	Club or team loyalist	Social viewer	Opportunistic viewer	Star-struck spectator	Sports indifferent
Products and services						
• Event-based content	5	5	3	3	4	2
• Team-based content	3	5	2	1	3	1
• Merchandise	4	5	3	3	3	1
• Sportainment/interactivity	3	3	3	3	5	1
• Affiliated products	3	4	2	2	3	1
• Community/venue	5	5	4	4	3	1
Key enablers						
• Brand	3	3	4	3	3	1
• Technology	5	4	3	3	3	1
Likelihood of capturing interest and wallet share, on a scale of 1 to 5, 5=high			= Opportunities to win new consumers			

Source: A.T. Kearney

an opportunity to meet and greet those who matter most. The emerging sports consumer will be won over at the stadium with a value proposition that includes invitations to corporate suites, catered meals by renowned chefs, access to real-time information (such as scores of other games), and social gatherings with team managers and players. The winning value proposition? Meet business colleagues and friends in a professional but relaxed setting.

Special shows or celebrity appearances during game breaks is another way to lure finicky fans to the arena or to the television. Indeed, Pepsi's familiar tag line, "experience the difference," is fast becoming the mantra for people who want more for their entertainment money. For years, those who love films, rock concerts and auto shows have been demanding a unique experience from their leisure-time activities. Now, sports fans are expecting a unique experience as well. Whether they make a trip to the stadium or simply watch a game on television, today's sports consumers want to be thrilled.

Similarly, linking brands and celebrities to the club or franchise is another way of raising the entertainment quotient and attracting new consumers. Organizations should consider establishing and promoting well-known celebrities from film or music venues as fans of the team. For example, if someone is a U2 fan, and the members of U2 are fans of London's Fulham soccer club, that person may become a Fulham fan as well. Other clubs have developed similar strategies to win over women and star-struck spectators (witness Manchester United's promotion of David Beckham). The consumer value proposition: Belong to the same group that celebrities belong to.

WHAT CONSTITUTES A GOOD "EXPERIENCE"?

If the first step is for the sports organization to provide clear product or service offerings that match the value proposition for each consumer segment, the next step is to provide the consumer with an overall unique experience. But what constitutes a unique consumer experience? What causes goose bumps or the lump in the throat at the sound of a national anthem?

Stephen Jones, a leading sports correspondent for the *Sunday Times*, describes the passion that surrounds a mega-event, and in particular the Rugby World Cup, as the "feel-good factor." "The feel-good factor," he explains, "is a friendly buzz which revitalizes the palates of any rugby-lover, enhances the game's reputation and shows the sport in a light so wondrous that even aficionados are surprised.... [It] also creates an ambience which drags thousands and millions more people into its orbit." Although the feel-good factor is an intensely personal emotion, and therefore impossible to quantify, the bottom line for Jones is that, "No World Cup [or any mega-event] can be a success without [it]."

Almost everyone agrees that the 2000 Summer Olympic games in Sydney met all of the requirements for a unique experience and generated plenty of the feel-good factor. Spectators around the world and across all sports consumer segments talked of being thrilled by the games. The athletes called the Olympics "the games of smiles" due to Australian fans who cheered for *all* teams and competitors, regardless of nationality. Such enthusiasm led to the generally held belief that Aussies are ecumenical fans. But what, in concrete terms, was the experience? How can

sports governing bodies and event organizers emulate this Australian success story?

The answer is that any event can be an experience if specific components of the event are used to build long-term loyalty with fans. For example, sports fanatics and loyalists place significant value on content. They expect a high standard of play and lots of competition. Social and opportunistic viewers are more interested in the venue and stadium experience. They care about the products and services that drive the “sportainment” experience. As a result, they are also more interested in watching the game on their own schedules and in their preferred locales—whether on television at the local pub, via the internet from the home PC, or on the postage-stamp-size screens on their mobile phones from their office cubicles.

These last two channels—the internet and mobile phone—are the latest in interactive platforms being used to enhance fans’ experience. In fact, interactivity is perhaps the most significant component sports organizations are adopting to attract new consumers. Technology allows fans to participate in the “actual game.” For example, the prize for two winners of an ABC online contest was to call a game plan during the 2002 Pro Bowl in Hawaii. Fantasy sports, specifically online fantasy sports, which is slated to bring in US\$5 billion this year, boasts almost 30 million “players” and is partly responsible for the emergence of the new segment of sports consumers—star-struck spectators—who follow a single star such as Yao Ming or Barry Bonds rather than a team or a sport.

BUILDING A STRONG BRAND

Because sports consumers have more entertainment options (and more ways to spend their

entertainment dollars), sports marketing must revolve around first capturing eyeballs and then monetizing those efforts by capturing wallet share. The strategy of choice for most organizations is brand marketing.

Branding strategies are already used extensively both by governing bodies and club franchises. In fact, roughly 90 percent of professional sports organizations employ outside brand experts to help develop their branding strategies. The importance of branding in attracting new viewers is epitomized by how governing bodies, teams and even individual players continuously focus on developing and leveraging their brands. The NBA’s “We Love This Game” slogan in 2002 and this year’s “Love it Live” motto is a textbook case of how to build a successful brand.

Because brands serve to differentiate products, the central elements of the brand must be easily identifiable to each strategically important consumer segment. For example, the names of major sports clubs and associations—the Los Angeles Lakers, Real Madrid, World Cup, Olympic Games—fulfill two prerequisites for successful brands: They are well-known and have positive associations with their fan base. To capture the emerging sports consumer, the brand must be similarly positioned. Brand positioning is a three-step process (*see figure 3*).

The first step involves building the core product. It is assumed that sports entities have already built their brand on a local, regional or international level with their respective fan bases. But as leagues expand geographically they must become more aggressive in their brand-building efforts. When the National Hockey League (NHL) expanded geographically, introducing the Phoenix Coyotes and the Nashville Predators into its league, a critical

first step was to establish the “functional” knowledge—that these teams are NHL franchises—among its traditional hockey fans (sports fanatics and club and team loyalists). Because competitors share many of the same characteristics, the first step does not differentiate the club or association from its competitors.

In the second step, governing bodies and clubs have their first opportunity to differentiate their product from competing teams, franchises and in certain cases, other sports. The key at this point is to establish strong brand attributes that create emotional ties with sports consumers.

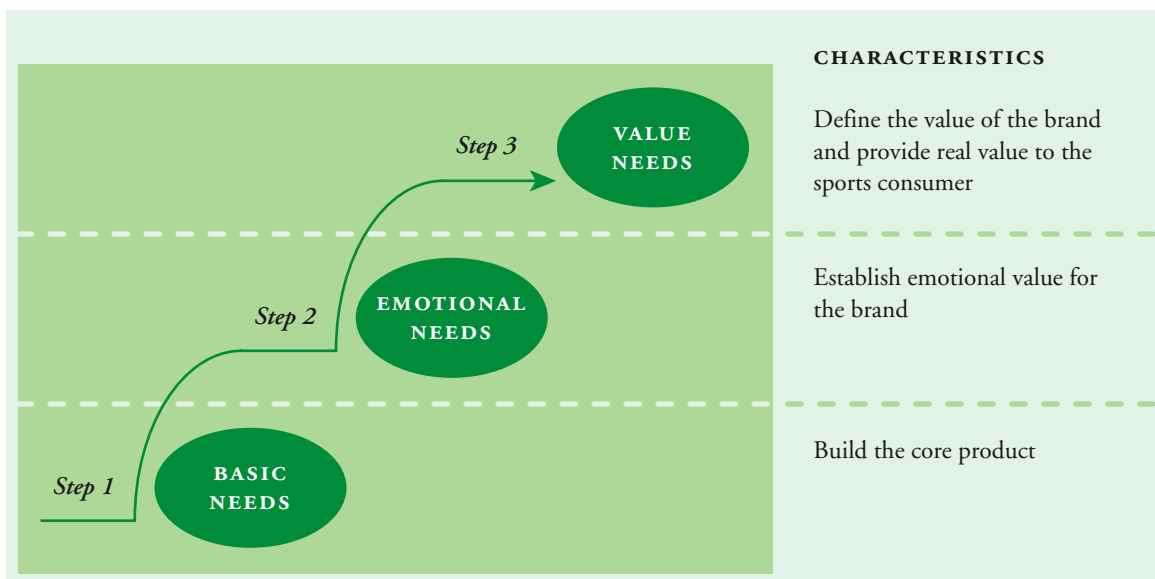
North American sports franchises are perhaps the best at developing emotional brand attributes. Many franchises use positive “associations” to brand their sports. The city of Chicago, for example, has a franchise for every season: the Bears for football, the Bulls for basketball,

the Blackhawks for hockey, and the Cubs and White Sox for baseball. Each franchise has built up its own emotional fan “equity,” which has helped differentiate the various franchises across different sports within the same city.

Those organizations that cater to the passion of sports fans, providing more than a game—but an entertaining and exciting event—further drive the competitive nature that is inherent in most traditional sports fans. By developing strong emotional brand attributes, organizations are better able to attract and retain new consumer segments and can begin building the foundation to drive the much-coveted consumer loyalty.

The highest step on the sports brand staircase is the point at which a strong brand provides real value to consumers, meaning the product’s appeal is positioned well beyond the sports

Figure 3: The sports brand staircase



Source: A.T. Kearney

content. At this level, the “personality” of the brand takes on a life of its own. The Olympics is a good example because it signifies a host of attributes, from multiculturalism, friendship and participation to fair competition and a celebration of amateur sports. And this appeal spreads to sports fans and non-sports fans alike.

Sports franchises can also reach this level of branding. And when they do, they have gone beyond appealing to traditional sports fans to enticing emerging sports consumers. Manchester United Football Club is perhaps the best example of a sports franchise that has developed a highly relevant sports brand that appeals to both traditional and emerging sports consumers. Almost 15 years ago, few sports fans outside the United Kingdom knew the difference between Manchester United and Manchester City. Today, there are more than 50 million Manchester United fans worldwide. To them, the franchise is more than soccer; it stands for passion, excellence and global sport.

A clearly positioned brand not only makes the sports organization more independent (meaning less tied to the win-loss record of its teams) it also affords opportunities to expand the brand. For example, the NBA’s strong brand position allowed it to develop the women’s NBA (WNBA). Sports organizations with strong brands are also better able to expand geographically and into non-sports-related businesses. Consider how the NBA is playing off-season games in other countries including Japan and Puerto Rico, and Manchester United’s success in extending its brand to numerous non-traditional areas. Today, this leading soccer club boasts a theme hotel, clothing line, mobile phone services and a chain of cafes.

For those organizations that want to gain and retain the emerging sports consumer, effective brand positioning and execution is critical in this land-grab for wallet share.

COMMUNICATING WITH SPORTS CONSUMERS

Sports organizations are increasingly using technology to communicate with consumers and, in doing so, they are increasing both their top-line growth and intimacy with fans. In line with this, sports venues are being converted into multimedia entertainment centers, while clubs and franchises feature websites that provide free access to scores and information on teams and players. For their part, sports governing bodies are transforming their internet model from one that is strictly information-based to one that generates revenues.

Mobile operators are selling subscriptions to “sports alerts” that notify consumers about scores and news of their favorite teams and players. Fans who visit Manchester United’s website will find they can sign up not just to receive game scores on their mobile phones, but to actually see a video of the player scoring the goal via multimedia messaging service (MMS). Mobile operator O2 has extended its backing of England’s rugby team to include Ref!Link, an interactive service that allows supporters to hear the referee’s decisions and comments in real-time via their mobile phones.

Many franchises also offer internet access and pay TV. For example, soccer club Arsenal provides free web access in Dutch for overseas fans of Dennis Bergkamp. Chelsea FC soccer fans can enjoy team interviews thanks to Chelsea TV. Fans in Madison Square Garden and other stadiums can have instant replays

and real-time statistics delivered directly to their stadium seats. Virtual Spectator, a leading interactive sports entertainment company, bundles a wide array of technology, including global positioning satellite systems (GPS), 3D graphics and animation, which allows fans to track their favorite sport in real time. And, if they are inclined, fans also have the ability to place bets from their mobile phones.

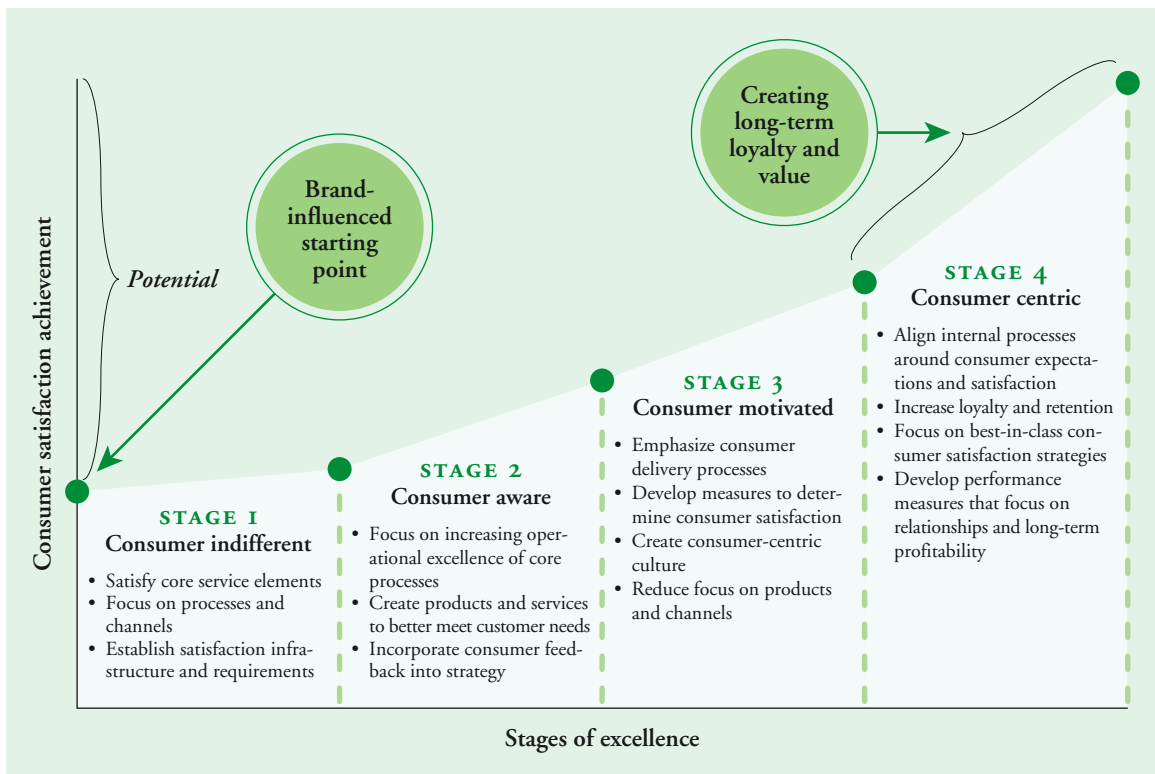
In luring emerging fans, television, the internet and mobile phone technology appear to have the greatest potential for effective communication, but top sports organizations will periodically challenge this thinking.

BUILDING A CONSUMER-CENTRIC ORGANIZATION

Once the sports organization has developed these key levers—clear segmentation, a tailored sports experience, an enviable brand, and strong marketing and communications capabilities—the challenge is to keep consumers for life.

Too often, sports organizations cling to consumer strategies that are byproducts of other programs designed for other uses and driven by off-the-shelf tools and software packages. Rather than rely on one-size-fits-all tactics, far more can be accomplished by employing a tailored framework that assesses a company's

Figure 4: Stages of a consumer-centric organization



Source: A.T. Kearney

unique situation in the marketplace and crafts a focused consumer strategy.

Sports organizations must think of their relationships with their fans in terms of a lifecycle, much like a product lifecycle, that is fluid and able to change as consumers' needs and desires change. And like a product lifecycle, there are definite stages to traverse in order to achieve a true, long-term consumer relationship (see figure 4 on page 9).

Yet unlike their counterparts in the consumer-products industry, sports organizations are destined to be at an earlier stage in their evolution (see figure 5). Most organizations must begin by obtaining basic knowledge about the needs of their already loyal consumers and then of their emerging consumers.

Initial data capture is followed closely with gaining a clear understanding of the require-

ments for winning these consumers. In short, this means using the information to continuously gauge the required products, services and experience, and the "access potential" of each channel as it relates to each segment. Organizations achieve this through channel economic analysis, which helps to identify and prioritize the consumer segments with the greatest potential for long-term profitability. Using all available data is critical for achieving an accurate analysis, but according to findings in a recent A.T. Kearney study, 50 percent of sports organizations do little or nothing with the consumer data they have already collected. In our experience, winning long-term loyalty with targeted consumer segments is impossible without comprehensive strategies that focus on the consumer and are supported with the same consumer-centric thinking up and down the

Figure 5: Evolving to a consumer-centric organization

DIMENSIONS	CONSUMER INDIFFERENT	CONSUMER AWARE	CONSUMER MOTIVATED	CONSUMER CENTRIC
Company has a comprehensive strategy	14%	52%	32%	2%
Organization and culture are consumer focused	0%	29%	53%	18%
Business processes and channels are aligned	6%	52%	38%	4%
Strategic measures are in place to determine consumer satisfaction	34%	52%	12%	2%
Technology is integrated with business processes	16%	42%	38%	4%

Source: A.T. Kearney

52% = Most sports organizations

points of consumer distribution. Not only must the organizational culture become consumer-centric, but all venues—from marketing channels and business processes to technology and performance metrics—must be fully aligned and fully focused on the consumer as well. In short, they must do what the best consumer products companies do:

Align channels and business processes.

By aligning all marketing channels and business processes against target fans based on their value to the club or franchise, a sports organization establishes an organization-wide means for identifying, analyzing and shaping consumer behavior. The goal is to create a consistent fan experience that is relevant to each consumer segment.

Align the organization to provide ongoing value to the sports consumer. Because the business process drives the organizational structure, a key ingredient of success is defining and establishing roles and responsibilities to better meet fans' needs. For example, to assign clear responsibility and accountability for managing consumer relations, a sports team might appoint an executive-level “consumer owner”—someone who is responsible for the relationship with fans and able to champion initiatives that build that relationship.

Integrate technology. When technology and business processes are integrated, companies gain a better understanding of their consumers and how they interact with the business throughout their lifecycle. In this effort, sports organizations may want to take a page from an automaker's playbook. General Motors combines technology and customer relationship management (CRM) to offer consumers one-

on-one service levels—the kind of service normally attributed to good salespeople who really know their consumers. With an integrated consumer database, *all* GM employees, regardless of business unit or division, are able to recognize *all* GM customers regardless of their entry point. This means the customer is remembered whether he or she comes in through the front door of a dealership, through the service entrance or through the GM website. Like GM, sports organizations must be able to recognize their fans regardless of their entry point.

Manage consumer relationships. No detail is too small when it comes to taking care of consumers. Mark Cuban, owner of the Dallas Mavericks basketball team, explains the understanding he has with every fan: “If you give me your money and passion for the Mavs, everyone in this company will do everything I can think of to make sure you will get more than your money's worth.”

A good consumer strategy is not just about driving revenue; it includes more effective investments in relationship management (managing the lifetime relationship with sports consumers, for example) and a better understanding of which consumers drive business value over time, and then allocating resources accordingly. Smarter investments prevent unnecessary spending in the short term, and improve the bottom line over the long term.

Sports organizations that are always ready to respond to changing consumer needs are better positioned to capture a bigger portion of consumer spending. And those that build stronger ties with the most profitable consumer segments are better able to defend against an increasingly competitive landscape.

Conclusion

It is fairly easy to classify sports consumers into various segments. The traditional sports consumers include sports fanatics, and club and team loyalists. The emerging or new sports consumers are part of the segments referred to as social and opportunistic viewers, and star-struck spectators. A final group of consumers is called the sports indifferent, referring to the undecided fans who are slowly joining the ranks of new sports consumers. The real work begins when it comes to luring these new groups of emerging sports consumers. Sports organizations that are willing to take on the challenge of winning them over will be rewarded with one of their richest victories.

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