

No.5 Sports
Society

JvM

GREEN PAPERS

THOUGHTS ON A WORLD IN THE MIDST OF RADICAL CHANGE



NO. 5 SPORTS SOCIETY.

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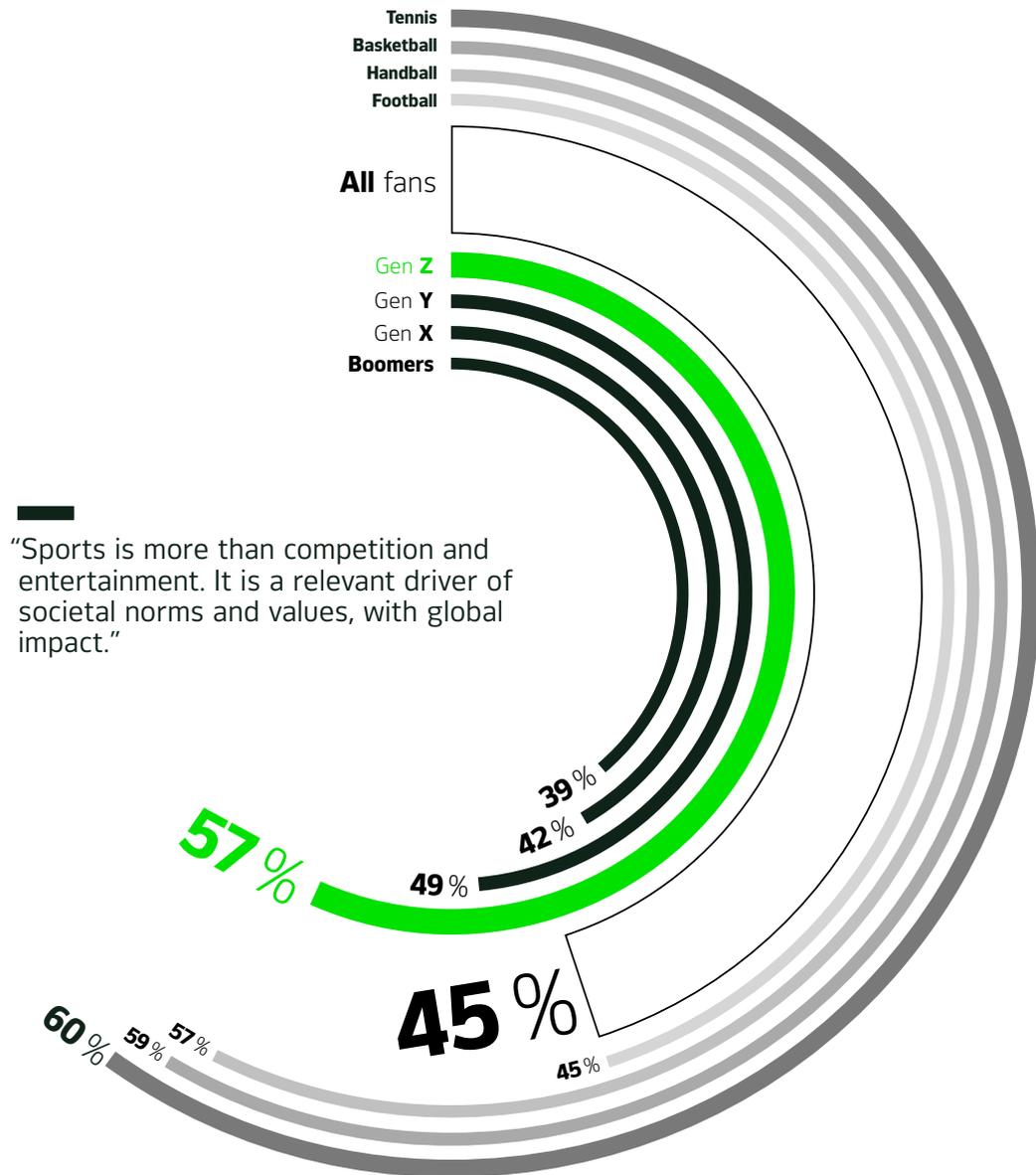
BETWEEN VALUES AND VALUE CREATION: BUILDING A HEALTHY FUTURE FOR SPORT.

2020 was meant to be a bumper year of sport, but it's over before it even began. No Olympics, no Euros, no Wimbledon. No public sporting events until further notice. The global sport industry, which until now has enjoyed a track record of unparalleled success, now faces the greatest ever threat to its existence. What's left for sport when there are no more games and matches? What can the industry do during the crisis — and what lessons can it learn?

A post-corona perspective.

THE DNA OF SPORT: DRIVEN BY VALUES TO MAKE THE WORLD A BETTER PLACE.

Sport represents communities of interest at a global level like almost no other industry. Soccer alone has over four billion fans worldwide.¹ Long before media and sponsorship revenue propelled the industry to Olympian heights, international sporting events were platforms for universal values like fair play, respect, diversity, and loyalty. Sport's commercial rise to the status of big business has come off the back of these values, which are of particular importance right now: 57% of Gen Z consider sport to be a driver of social values, and not just about competition and entertainment.² The loss of this identity could actually cost sport more in the future than the current marketing slump. Sport has always been more than just business, and in every major world crisis has helped to build bridges between people. This superpower has perhaps never been more important than in the current contest against an invisible, utterly dominant opponent. But how is sport supposed to strive for a better world right now, when all its energy is being taken up in a struggle for its own survival?



Source: Appinio & Jung von Matt/SPORTS, April 2020
 Panel: 1,006 sports fans in Germany, aged 16 to 99

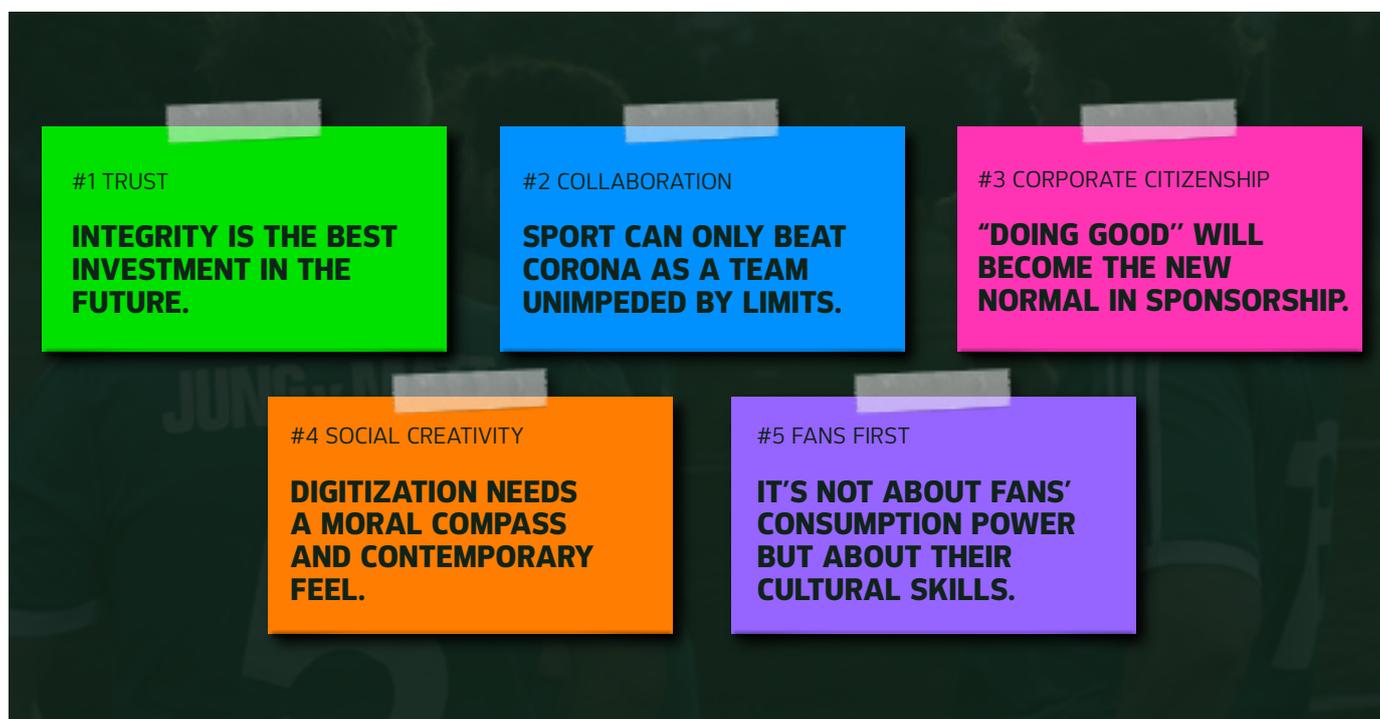
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SPORT'S NEW SPECIAL STATUS: COMMUNICATION WITH OFFSIDE TRAPS.

Coronavirus isn't just having a big financial impact; some brands have also taken a big reputational hit thanks to communication gaffes. Inconsistencies about whether matches are continuing, insensitive Instagram stories, unclarity about pay cuts³ and furlough, standoffs between international governing bodies, a lack of empathy in dialogue with fans ... the list is long. Only a third of German sport fans think that communication by sport organizations at the moment is clear and understandable,⁴ even though the industry has been publicizing a lot of activities (far more than other sectors) that make a positive contribution to society rather than just being preoccupied with sport's own crisis. Despite this, any missteps are currently being swiftly punished, and sport is paying a high price for its special social status. One reason is the fine line that exists these days between sport's practical, financial obligations and its cultural, value-based ones. Like all other industries, sport needs to do all it can (within reason) to fight for its own survival. But it also needs to think of all the people who normally enthusiastically cheer on their favorite team or sport star on every available channel, but currently have nothing to cheer about in the face of the health and economic crisis. As Jürgen Klopp puts it: "I've said before that football always seems the most important of the least important things. Today, football and football matches really aren't important at all." What can sport do to remain culturally relevant to fans and the public even as it struggles to save itself from catastrophe?

THE CORONA TRANSFER: CRISIS AS A TEST OF CHARACTER.

Let's be honest: feel-good slogans proclaiming core values can't make up for loss of revenue or prevent clubs from going bankrupt. Sport brands' big promises and vision statements⁵ might be an effective way to market values in good times, but they're put to a tough test when times are hard. People show their true character in a crisis, and we're seeing that today with everyone involved in professional sport: clubs, governing bodies, players and athletes, sponsors, media, and fans. Everyone is affected differently by this new crisis, but it will change sport for all of us. This paper will look at five things that could help sport recover, both now and in the future.

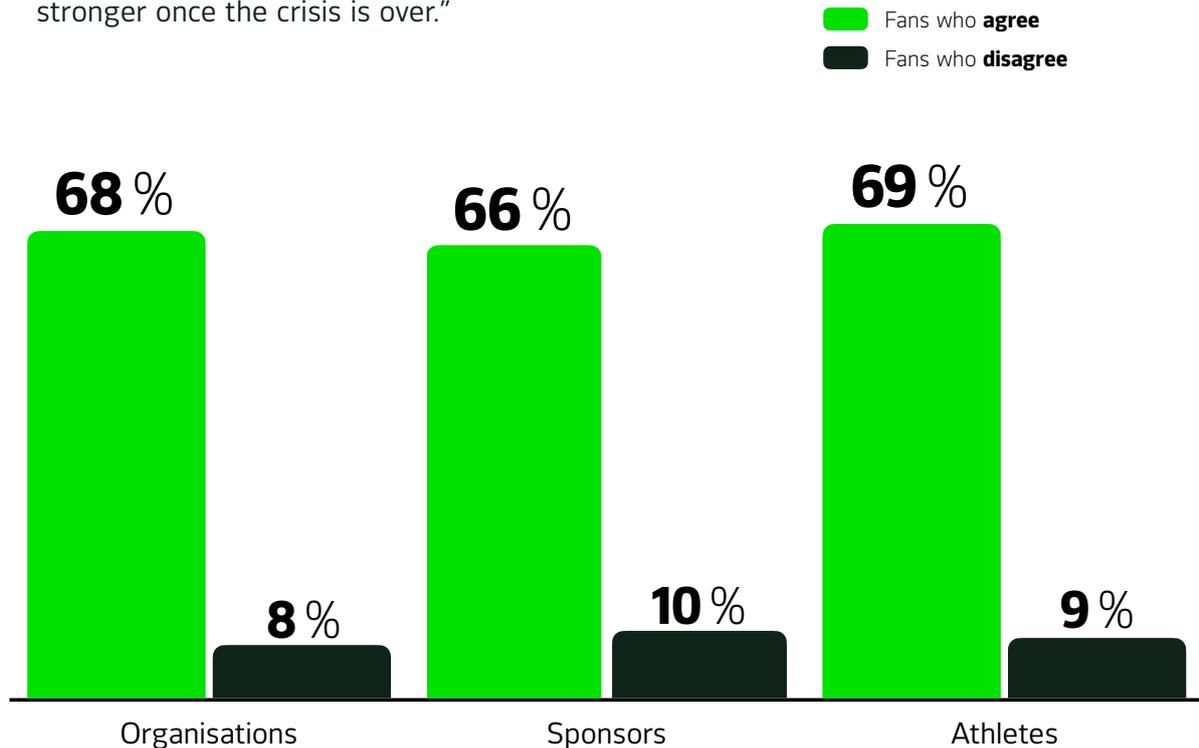


1. TRUST.

"Integrity is the best investment in the future."

Sport is a very profitable market, but at the same time one based around highly emotional relationships. Coronavirus poses a great challenge to these relationships, because the cancellation of events means contractual services can no longer be delivered: no seats, no perimeter ads, no live streams. Which means that sport clubs and governing bodies are dependent on their employees, sponsors, and fans willingly waiving at least part of the pay or compensation to which they're entitled. If they don't, sport will soon run out of breathing room. Sport organizations are not just faced with many complex legal issues; they and their partners also have to deal with the question of trust. Trust is the basis of every relationship, whether with other people or with brands. Anyone who willingly waives their contractual rights today is not only making a short-term investment in their partners in the present, but also investing in a long-term relationship of trust and hence also in their own future. A future in which gratitude will yield long-term contracts that are more stable than quid pro quo commercial agreements. One key to building mutual trust lies in partnerships based on integrity, in which actions live up to promises.⁶ Integrity is both a means to achieve sustained business success⁷ and a social value to which over 90 % of sport fans attach great importance, both in the current crisis and beyond.⁸ Making it a worthwhile investment for the sport industry as a whole.

“Who now engages in supporting society, will be stronger once the crisis is over.”



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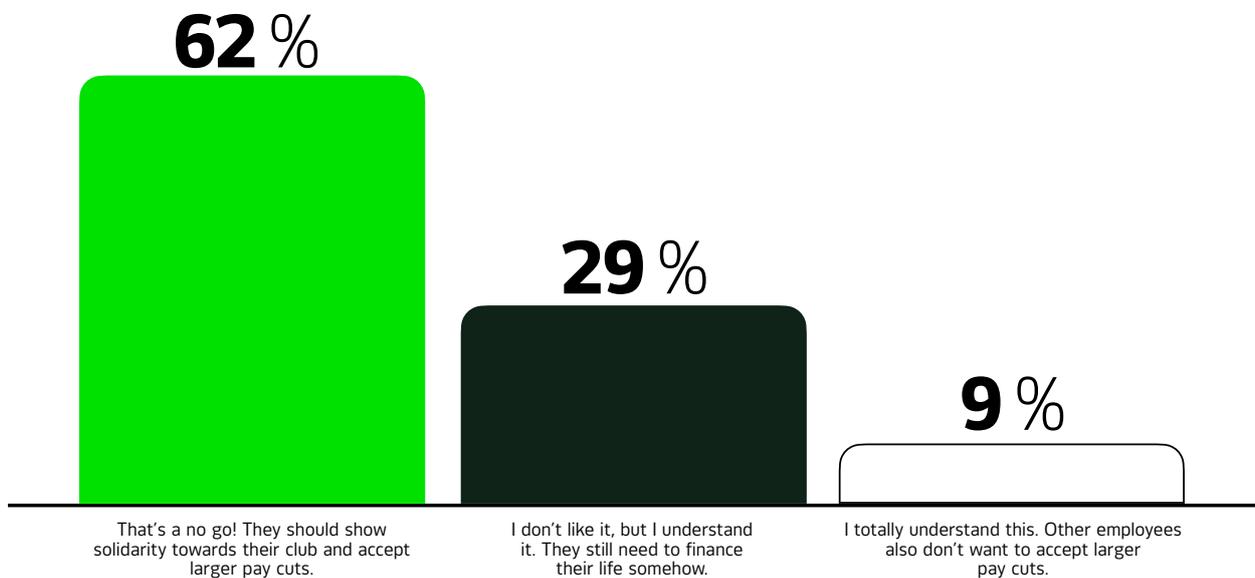
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2. COLLABORATION.

“Sport can only beat coronavirus as a unified team.”

In sport, people often speak of solidarity, which means sticking together on the basis of common goals, rather than competing in a capitalist marketplace.⁹ However, this crisis has also exposed a development that was driving sport to breaking point long before coronavirus. Sport has mutated into a political power game with too many individual players and interests. But value creation in sport is based on the principle of cooptation: a duality of competition and cooperation in a single market. It can only be done together. Unfortunately, credible team spirit is in short supply in many quarters. There were, for instance, no winners in the very public disagreement between the IOC and Olympic athletes about the cancellation procedure for the 2020 games, or in the dispute between Premier League teams and their highly paid players over pay cuts, where everyone involved put themselves first instead of working together. 62% of German sport fans take a very dim view of this behavior.¹⁰ The WTA and ATP have shown how things can be done differently.¹¹ They're working in tandem to provide tennis content, and their top players are publicly discussing how the two bodies could be merged. Another example is the NBA franchises, whose players became the first in world sport to donate to crisis-hit workers at their home stadiums.¹² More inspiration came from DFL CEO Christian Seifert's vision of a more collaborative future of soccer,¹³ based on rough projections of the tremendous impact it could have if collective reserves were built up by levying 1% on all transfer fees. Whether in matters of finance, CSR, or communication, sport can only beat coronavirus if it works as a unified team, without being limited by structural divides or differences in mindset.

Many sports stars and top athletes still receive large pay checks and don't want to accept any cuts. What do you think about this?



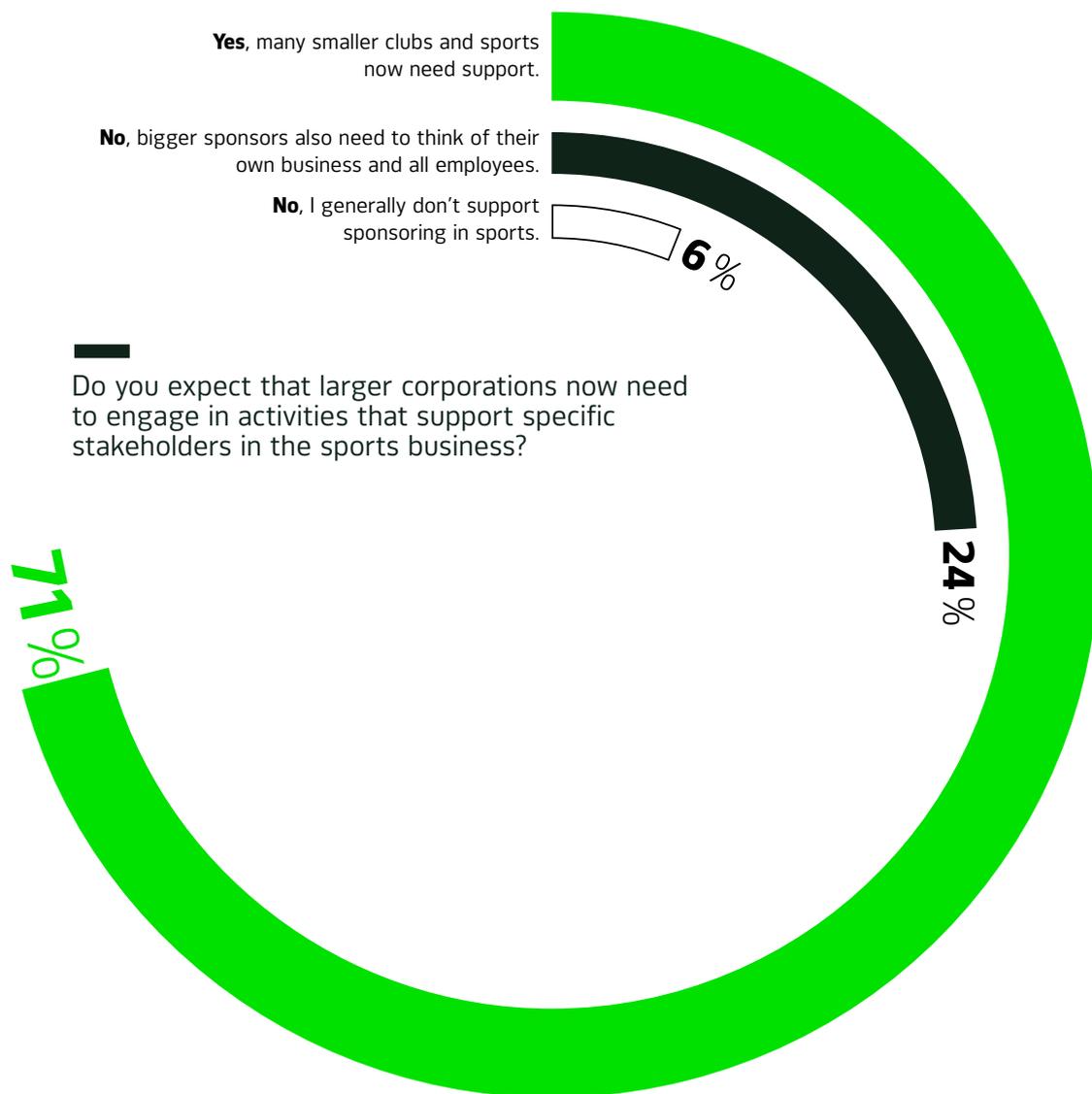
Source: Appinio & Jung von Matt/SPORTS, April 2020
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3. CORPORATE CITIZENSHIP:

“‘Doing good’ is sponsorship’s hidden power.”

The future holds various possible scenarios for advertising budgets. In the short to medium term, ad spending is expected to remain stable or even increase, as this is the recommended course of action for companies that want to come out of the crisis with a greater market share. However, in the longer term, a global economic crisis will put pressure on even the most stable advertising budgets.¹⁴ One obvious first victim of this is sport sponsorship, which is often little more than the icing on the cake of the marketing mix: nice to have, but not absolutely essential if costs are being squeezed. But in the age of corona, sponsorship could be a matter of life or death for sport organizations and sporting careers. Unlike with TV commercials, advertising columns, Google Ads, and Instagram stories, brands that invest in sport can create genuine social and economic value in the crisis, and thus also bolster their own brand foundation. So instead of producing the hundredth Thank You Germany ad or social distancing spot, they could instead run credible campaigns to help out struggling sport organizations. A recent Nielsen study¹⁵ shows that almost 70 % of all soccer fans would have a very positive view of sponsors taking action to save their club, just like Astra and Uli Hoeneß previously helped rescue FC St. Pauli on various occasions. What, conversely, can sport do for its sponsors at the moment? Instead of standardized compensation offers, it could develop individual partnerships that fans and the public will actually benefit from. Doing good could be sponsorship’s hidden power, not only helping clubs to get through the crisis but also creating a measurable differentiating factor from other marketing disciplines after the crisis.



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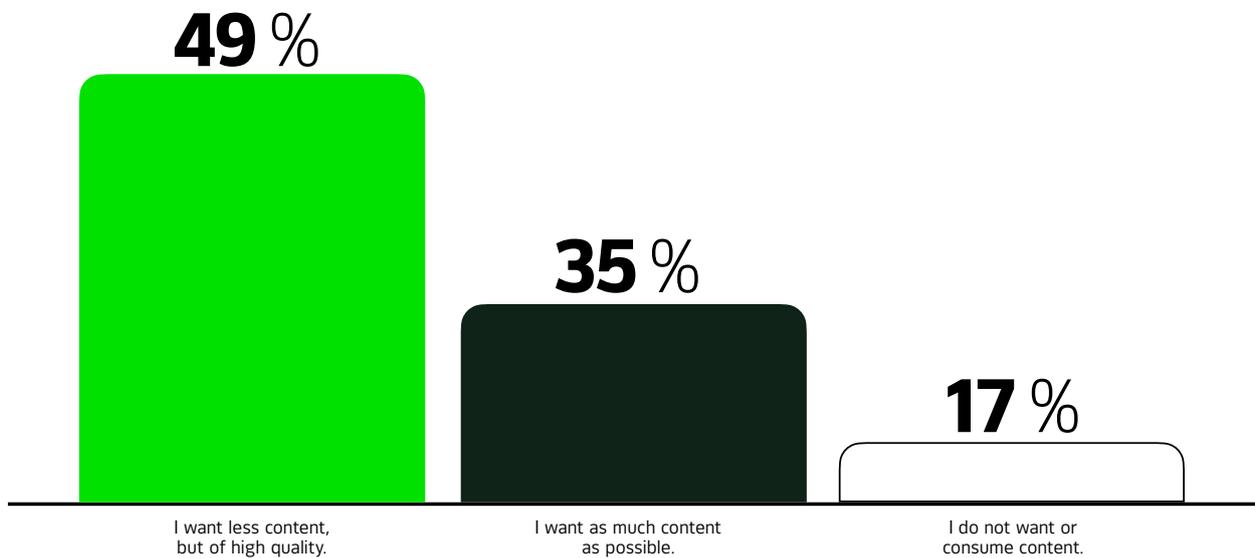
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4. SOCIAL CREATIVITY.

“Digitalization needs guiding values, zeitgeist, and quality.”

The idea of seeing the crisis as an opportunity for creativity isn't one that sport organizations fighting for survival will currently have much use for. But this principle is already being embraced by next-generation sport marketing: content recycling, virtual live experiences, 3D rendering and home productions, e-commerce and e-learning, even more podcasts, and, for anyone who's managed to avoid them until now, e-sports and gaming. The sport industry has perhaps never been more creative than it is today. As much as we're enjoying all the funny Zoom calls and online FIFA tournaments, content generally doesn't get better if everyone copies it. Sometimes less is more. If you aren't being guided by values during the current crisis, simply producing more content won't necessarily create more value for your community. “Good” content can be as simple as Alba Berlin's daily sport lesson, where the relative simplicity is made up for by creativity and social intelligence.¹⁶ A nice example that shows that in times without traditional live content fans want more alternatives but still have high expectations of authenticity and quality.¹⁷ Meanwhile, the coronavirus treatment center set up in the Borussia Dortmund stadium shows that you can do great things offline too. When looking for new formats, the sport industry first and foremost needs to understand its fans' values. Social listening has never been more important than it is now. What's useful, what's appropriate, what's fun? With the right answers to these questions, the crisis can be more than just a catalyst for digital transformation, and also usher in a new era of content.

What applies to you regarding Social Media content of sports organisations?



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5. FANS FIRST:

“What matters isn’t fans’ purchasing power but their cultural competence.”

In recent years, articles and panels on sport marketing have often talked about things like “data-based fan-centric customer journeys for new value-adding services.” In plain English: we need to put fans at the heart of everything we do. Why? So that we can learn more about them and offer them more. Sport needs to be able to do what Amazon can. OTT and B2B services are no longer confined to newspaper business sections, but are also being shared with fans on sport organizations’ own channels. From a commercial point of view, there’s nothing wrong with that. But what many sport brands forget in their fan communications is that their customers’ loyalty is rooted in a search for community and identity rather than a perfect “mobile experience.” In times of crisis, it’s especially important for sport to appreciate fans’ need for emotional involvement. There have been many examples showing that Bundesliga fan groups can be organized and socially engaged even when there’s no soccer.¹⁸ So we should be talking less about the screen time and purchasing power of fans as consumers, and instead tapping into their cultural competence and sense of shared responsibility for their sport. Whether they’re sitting on the sofa or in the stadium, fans remain the key to a stable value chain in sport. To enlist their support in the fight against coronavirus, what’s needed isn’t a new online shop, but communications and activities characterized by authenticity, transparency, appreciation, far-sightedness, humility, and an openness to dialogue.¹⁹

BECAUSE IF THE SPORT INDUSTRY REALLY TAKES TO HEART THE FACT THAT IT IS MORE THAN A BUSINESS, IT CAN BE THE BEST BUSINESS IN THE WORLD.

AN ANTIBODY FOR THE SPORT INDUSTRY’S CRISIS: PUTTING VALUES FIRST

The search for an antibody for the crisis facing the global sport industry leads us back to the

roots of sport: communities based around humanitarian values. Both during this crisis and moving forward, we need to reassess sport's organizational structures and business models in the light of these values. As an industry, sport needs to really engage with the big issues facing society today and realign its business practices. Values need to be more than brand communication buzzwords, but must be systematically embedded through concrete investment, so as to ensure greater durability and independence. We need to make values the starting point of everything we do, instead of just incessantly marketing them.

Robert Zitzmann
Managing Director, Jung von Matt/SPORTS

APPENDIX:

Additional Information on the Study and Data Collection:

This green paper is based on qualitative analysis, primary and secondary quantitative research, and subjective market observations and forecasts by JvM/SPORTS. The theses developed in this paper make no claim to empirical completeness or lasting validity, and will need to be amended as time goes on, in part because the outlook for the sport industry is currently changing on a daily basis due to COVID-19. In partnership with the market research company Appinio, we surveyed a representative sample of over 1,000 German sport fans in April 2020. The data is intended to allow a critical assessment of the theses, not to provide general confirmation of them. The results can be requested as an appendix to the green paper and downloaded in PDF format.

Survey panel:

Region: Germany // Description of panel: Sport fans // Total respondents: 1,006 // Women: 487 // Men: 519 // Age cluster: 16–99 // Average age: 39.5

About Appinio:

Appinio is the world's fastest market research solution, providing feedback from consumers in 50+ markets. Over 400 companies from across all industries use Appinio's agile, consumer-centric survey platform, which boasts a whole host of features and functions.

Additional sources (selected):

¹ Statista: <https://de.statista.com/statistik/daten/studie/387554/umfrage/anzahl-der-sportfans-weltweit/>

² Appinio x JvM/SPORTS Umfrage unter Sportfans in Deutschland, 2020 (available to download on request)

³ New York Times: <https://www.nytimes.com/2020/04/09/sports/soccer/coronavirus-premier-league-players.html>

⁴ Appinio x JvM/SPORTS Umfrage unter Sportfans in Deutschland, 2020 (available to download on request)

⁵ "Die Sponsoringlüge," JvM/SPORTS, 2018 (available to download on request)

⁶ <http://www.business-on.de/definition-integritaet-integritaet-ist-ein-zwischenmenschlicher-aspekt-in-der-wirtschaft- id42529.html>

⁷ WCGE: <https://www.wcge.org/de/ueber-uns/standpunkte/aktuelles/483-covid-19-in-der-krise-zaehlt-integritaet-vor-allem-fuer-die-zeit-danach>

⁸ Appinio x JvM/SPORTS Umfrage unter Sportfans in Deutschland, 2020 (available to download on request)

⁹ Nibis.de: https://www.nibis.de/uploads/2medfach/files/Solidarische-Oekonomie_Konzeption.pdf

¹⁰ Appinio x JvM/SPORTS Umfrage unter Sportfans in Deutschland, 2020 (available to download on request)

¹¹ <https://www.wtatennis.com/news/1654730/atp-and-wta-launch-new-digital-show-tennis-united->

¹² Newsweek: <https://www.newsweek.com/golden-state-warriors-donate-1-million-employees-suspension-coronavirus-1492328>

¹³ F.A.Z.: <https://www.faz.net/aktuell/sport/fussball/bundesliga/corona-und-bundesliga-dfl-chef-seifert-zu-spielergehaeltern-16745795.html>

¹⁴ Internetworld: <https://www.internetworld.de/online-marketing/corona-krise/post-corona-werbebranche-aendern-2524465.html>

¹⁵ <https://niensports.com/de/studie-fussball-fans-corona-sponsoren-events/>

¹⁶ Meedia: <https://meedia.de/2020/04/05/albas-taegliche-sportstunde-ein-blick-hinter-die-kulissen-des-erfolgsformats/>

¹⁷ Appinio x JvM/SPORTS Umfrage unter Sportfans in Deutschland, 2020 (available to download on request)

¹⁸ Süddeutsche Zeitung: <https://www.sueddeutsche.de/sport/ultras-hilfe-corona-fussball-fans-1.4853339>

¹⁹ Unsere Kurve: <https://www.unserkurve.de/blog/wir-wollen-die-krankheit-bekaempfen-nicht-die-symptome-fuer-einen-gesunden-fussball/>