

presenting a holistic approach which considers all relevant customer groups and brings together individual elements.

IMPLEMENTING A HOLISTIC RELATIONSHIP MARKETING PROGRAMME

So far, most professional sporting organisations have failed to implement a coherent relationship marketing programme which targets not only one but all customer groups of a club. This is mainly due to a lack of resources. Sports clubs and associations seldom have the money (and the right people) to implement a systematic relationship marketing programme; and even if they commit considerable resources to relationship marketing, they find it difficult to manage the relationships efficiently due to a clear lack of supporting IT-programmes. Of course, there are many CRM programmes available, but most of them are not applicable to the needs of sports entities. Case study 8.1 describes one of the few CRM solutions which have been adapted to the context of professional sports and which is affordable even for sports entities with limited resources.

CASE STUDY 8.1. Tailormade CRM Solutions for Professional Sporting Organisations

Martin Lochmüller and Hartmut Voss

Sports clubs need more than sporting success to be successful in the long run. The professional handling with sponsors, members, fans and the media is becoming more important. Therefore professional sporting organisations need a minimum of human resources who are not only interested in sports, but who also have a good business understanding. They should consider sponsors, fans, members and the media as real customers and need to use new technologies and media for the clubs success. On the other side, sports entities need systems which can represent every process in a sports club. They should be easily understood, easy to handle and should offer the best communication possibilities for different groups of customers.

Normally, most clubs have persons who meet the demands mentioned above. In the periphery of nearly each club there are many persons who are extremely interested in working for their preferred club. In addition, many graduates from degree programs like sports marketing, sports economy and sports management are looking for these types of jobs. They have a qualified education and are highly skilled. The administrative management's first task is to engage such high potentials.

The second aspect is more difficult to fulfill. In spite of intensive research during the last 3 years, the authors could not find a system which allows for the various demands of sports clubs. Indeed there are a lot of first class CRM systems, but these systems generally neither know memberships, fan clubs, sponsors, ticketing systems, catering areas

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nor VIP lounges. But these aspects are relevant for professional sporting organisations.

Combining a state-of-the-art CRM tool with soccer club specific needs – VMC Sports

The most important point of efficient customer service is a central database. Normally sports clubs use a mangle of different systems of databases which don't match and cannot communicate with each other. In addition, various persons apply and maintain them or members of staff have to keep up with customer information in different Excel sheets. In fan shops it is seldom known if a buyer is member of the club. Season tickets are maintained in other databases than day tickets, and newsletter subscribers are known only as an e-mail-address but not as individuals. Another problem is that many addresses exist twice or even more often. Furthermore, information about staff members from sponsors or the media exists rudimentarily or not at all. Overlapping contents between the involved target groups are hidden. The data situation of most sports entities is shown schematically in the following diagram.

The solution to the above mentioned problems is presented by Voss Management Consulting which extended a repeatedly prizewinning CRM-software for medium-sized enterprises with functions allowing to represent each target group in a database and which masters the specific requirements of these segments in the sports business.

Technically, data management is based on a Microsoft SQL or Oracle database system. A central data archive allows access for every authorized user from each workstation. Further important features are, to a large extent, free customising to individual requests as well as the possibility to exchange data via interfaces between other systems like inventory management, ticketing or accounting. Integrated office applications and e-mail clients facilitate not only standard letters, but also offer individualised serial-e-mails. Due to CTI (Computer Telephony Integration) every phone call can be recorded. This guarantees a complete verification of all customer contacts (members, fans, sponsors, media, etc.).

The unique aspect about VMC Sports is that in comparison to other CRM systems VMC Sports is fairly priced, easy to learn and to handle and can be customised

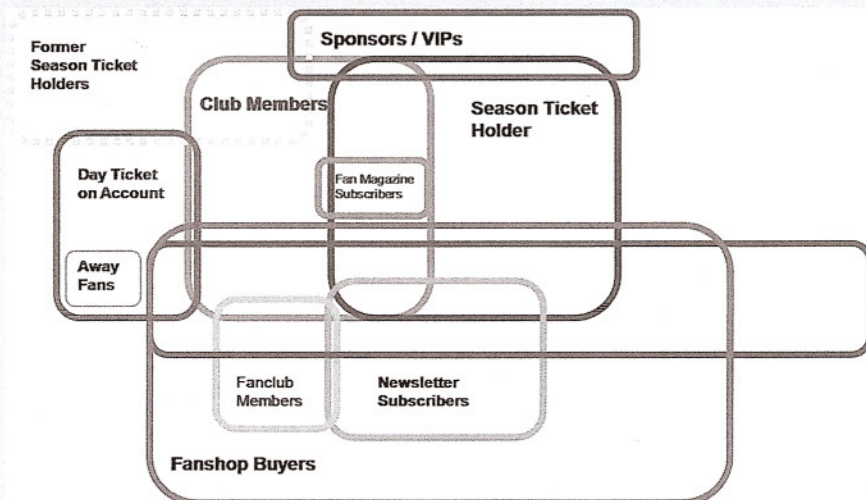


FIGURE 8.1 Typical database of a professional sporting organisation.

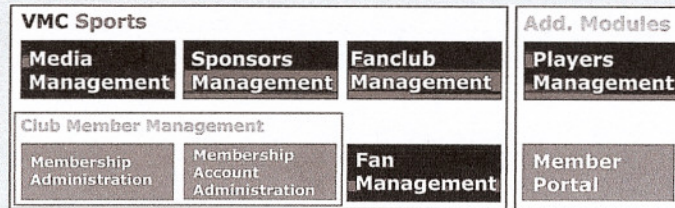


FIGURE 8.2 Components of VMC Sports.

individually to the sports club's needs. Based upon the open and approved architecture of CAS AG's base software the sporting organisation benefits from many realisations of other branches completed with typical solutions for sports clubs which have not been existent until yet.

Professional fan (and member) management

The central point of the VMC Sports solution is the member management, consisting of member and fee administration. Depending on the chosen member class maximised flexibility is guaranteed. Yet, slightly bigger sports clubs have a lot of member classes with different service bundles. For example, there are lifetime memberships, premium memberships, supporting memberships and gift memberships. For non-permanent members, membership can be developed otherwise and active junior players pay different fees, depending on their team. The software must and can represent each of these alternatives.

Efficient fee administration is another specific requirement from medium-sized to big (professional) sports clubs. The number of members is often lying in a four or five digit range. Therefore an automatic accounting of incoming fees is urgently required. The quality of dunning processes is increasing thanks to a club-specific CRM system because defaulters can be reached more easily within their preferred communication channels.

In general, VMC Sports supports each management task along the customer's life cycle, starting from the acquisition of members and fan support to measures of longstanding relationships (e.g. integrated bonus programme), cross- or up-selling activities (ticket sale, fan merchandising) until cancellation of the membership. Every contact (letter, phone

call, fee payment, tribute, etc.) with a member or fan will be registered and will be available for each member of staff in the electronic customer file. Therefore sports entities can target members and fans, inform them in an optimal way and offer them suitable products of the club or their partners. A CTI-able telephone-system and a scan-to-PDF solution guarantee the completeness of the customer file.

Multiplexed information of ticket sale and fan shop will give an integrated view on the club customer and will provide the opportunity of a significant segmentation of fans and members. The classification of fans and members to different target groups will then offer the possibility of an efficient campaign management.

Figure 8.3 shows a typical description of a fan target group.

Professional management of sponsors

Today a professional support of sponsors is essential for most professional sporting organisations. Therefore a significant database is indispensable. At any time a club requires updated data of the sponsor's contact persons and their responsibilities, the subject matters and terms of contracts as well as an immediate summary of fulfillment of contract or possible changes. In addition, it is important to document the relations between club and sponsor and between sponsor and its members of staff in a preferably simple way.

The sponsorship contract presents the main issue of contract management. It provides all necessary information of the contract like performance, consideration, responsibility and duration. Great importance is attached to the permanent recording of performance and consideration

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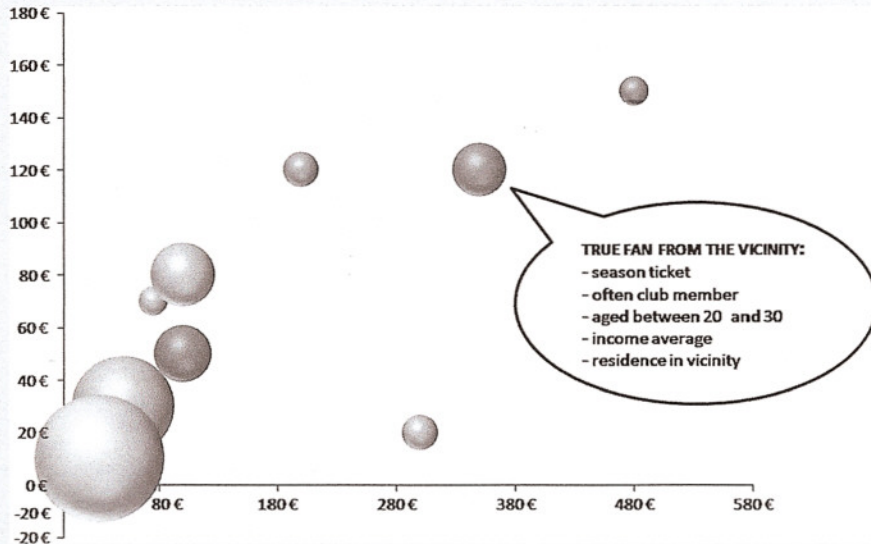


FIGURE 8.3 Fan segmentation.

which many clubs actually do not control. In addition, agreements will often be modulated or marginally changed with the result that neither the sponsor nor the club's responsible person knows an actual agreement. A central database can help to check changes and fulfillments anytime. Besides a real time warning system is implemented (e.g. when a contract is expiring) so that crucial deadlines or periods can be noticed in advance. As a matter of fact different rules and periods for these warning functions can be defined (e.g. warnings once a month or once a quarter).

Updated information as well as other important features (numbers of members, merchandising turn over, sales of tickets, etc.) offer predefined analyses in the so-called cockpit which can be configured in a task-related way for all responsible persons of management or agency. So important indexes are available anytime and important decision processes can be pre-structured and managed.

Professional management of media contacts

Also the handling of external media (television, radio, print, internet) always requires updated and short response time.

In the module media management all contact persons of the different media as well as the respective contact history are lodged. Press distribution lists facilitate the contact to media representatives and standardised patterns help to answer requests quickly.

The module naturally supports the organisation of press conferences, the coordination of interview appointments or visits on practice fields as well as the accreditation of journalists for match days.

For inquiries, the document archive in which press reports and also statistics are stored could be used. The permanent actualised knowledge of all matters concerning the club (numbers of members, activities of sponsors, etc.) is helpful when it comes to writing press releases and to present the sports entity in the media optimally.

VMC Sports in practice: the case of 1. FC Lokomotive Leipzig

VMC Sports expands the classical membership administration of sports clubs with real functions in customer management. The support service of members, fans and fan clubs

Edit Xtra Nuts - Sponsoring Contract ...

File Edit View Insert Search Tools ?

Save&Close [Icons]

Follow-up action Short notes Send Link with New link Report...

Allgemein Laufzeit / Kündigung Change log Dossier

Keyword: Xtra Nuts - Sponsoring Contract

Customer: United Food Ltd. Account Manager: John Mayall

Sponsorship Stage: Premium Sponsor Contract Number: V2009-10011

Contract Category: Advertising Contract Contract Status: committed

Contract Value: 48.000,00 € Credit Worthiness: Master Contract:

Contractual Package

Notes [Edit] [Time stamp]

FIGURE 8.4

Mask 'sponsorship contacts'.

Edit Xtra Nuts - Sponsoring Contract ...

File Edit View Insert Search Tools ?

Save&Close [Icons]

Follow-up action Short notes Send Link with New link Report...

Allgemein Laufzeit / Kündigung Change log Dossier

Created by ADMINISTRATOR; Modified on 05.05.2009 18:50:41

Term of Contract

Contract Duration: 1 Contract Start Date: 01.07.2007 00:00:00

Contract Prolongation: 1 Year Contract End Date: 30.06.2008 00:00:00

Contract End New: 30.03.2009 00:00:00

Details of Cancellation

Cancellation Period: 3 Months Cancellation Date: [] [] [] []

Cancellation confirmed: Cancellation Date For: [] [] [] []

Cancellation Reason: []

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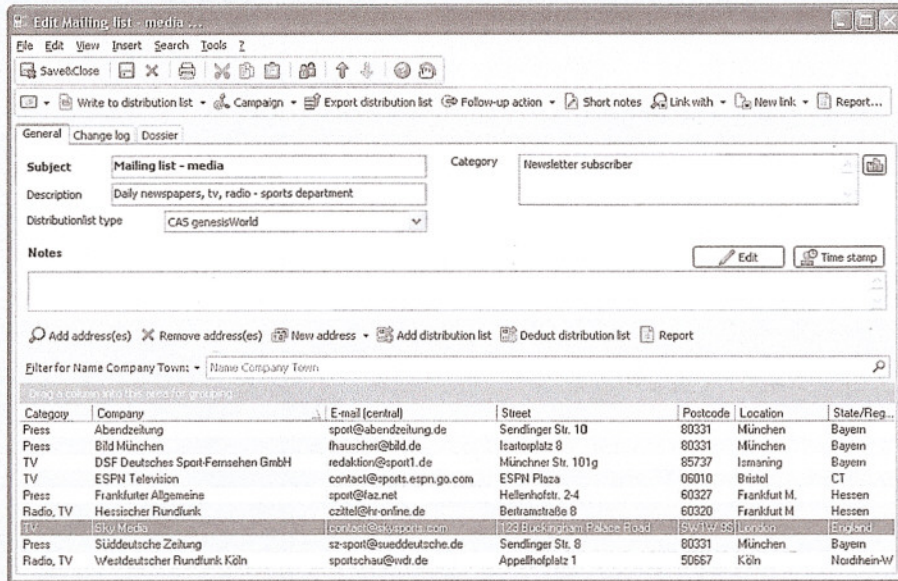


FIGURE 8.5

Mailing list
'representatives of the
press'.

as well as sponsors and media representatives can be performed individually and always traceable. At the same time all members of staff have easy access to updated information and personalised addresses are prepared quickly and economically. In addition, cross- and up-selling-potentials can be realized easily.

The first German football champion 1. FC Lokomotive Leipzig has been convinced by all these arguments and has established VMC Sports in their organisation. Lokomotive Leipzig as one of the most traditional clubs in German football has about 1.600 members and ranks among the top 100 clubs in Germany concerning attendance. Because of some financial problems in the past, the club has decided to develop an efficient administration infrastructure in order to utilize the enormous potential of fans and sponsors in a better way.

Lok Leipzig intended to achieve the following primary aims by the installation of VMC Sports:

- Increase efficiency in the administration of members by automated booking of membership fees (significant economy of time)

- Traceability of all contacts with members using the "customer file"
- CTI-support and scan-to-PDF system in order to scan applications for membership and link them with the address using the document port
- Access to members for all office staff members and all trainers
- Prevention of data duplication
- Review of all information concerning sponsors' contracts
- More efficiency in administration of season tickets

Katrin Pahlhorn, treasurer of Lok Leipzig, stated: 'For a long time we have been in search for a system which could help us to improve activities in office and, at the same time, serve all fans, members and sponsors in a more efficient way. Now we gather all club information in one central data base and all authorized members of staff can access. Hereby we are enabled to help fans and fan clubs faster, to inform members in a better and more updated way and to advise our sponsors more competently. The system also facilitates the teamwork

with media enormously and different, otherwise time-killing jobs (e.g. messages for associations) can be done automatically – thus the members of staff have more time left to serve fans, members and sponsors much better.’

Step by step Lokomotive Leipzig intended to link the merchandise management system of the fan shop in order to achieve better information of all former buying decisions and to increase sales using target-group specific activities. Furthermore, the club thinks about introducing a bonus system in order to increase the number of members and, closely connected, also membership fees and incomes of provisions.

The example of Lok Leipzig shows the opportunities linked to the implementation of a professional customer

management in a midsize sports club – even with limited financial resources. Clubs which are prepared to create professional structures in administration and to develop individualised and target-group specific activities for serving fans, members, sponsors and the media will be more competitive in the future.

Dr. Hartmut Voss is the founder and owner of Voss Management Consulting (a German based consultancy with special focus on strategic marketing, international marketing and relationship marketing), Martin Lochmüller works as a CRM Consultant for VMC.

Now that we have looked at the previous chapters and summarised the status quo of relationship marketing in sports we can focus on the future. What are the general trends and challenges and where are the main opportunities and threats for sports marketers in the future? On the following pages we will aim for some answers.

TRENDS AND CHALLENGES IN RELATIONSHIP MARKETING AND IN SPORTS

Marketing is a consistently developing subject with new trends and challenges emerging on a regular basis. A few decades ago, marketing was a simple task because it was directed towards all customers. There was no segmentation, no differentiation. Mass marketing and a transaction-orientated marketing strategy did the job. However, new challenges such as the shortening of product life cycles, an increasing variety of products and – most of it all – higher customer expectations emerged. Therefore, a new marketing paradigm was needed because the transactional paradigm couldn't cope with the challenges anymore. Companies had to become more customer-oriented in order to stay competitive and subsequently applied a relationship-oriented strategy. Some companies were struggling and never succeeded in this process, some others are still struggling and again some others successfully achieved the turn around. However, as the process