

“DIGITAL BUSINESS INSIDE A FOOTBALL CLUB” INTERVIEW WITH JOAQUIM CARDONA, FORMER HEAD OF DIGITAL BUSINESS AT FC BARCELONA

Joaquim Cardona is an international sports business consultant and is the former Head of Digital Business at FC Barcelona.

Recently we had the pleasure of having him as our invited guest speaker at SBI where he shared with us valuable insight on the changing landscape of digital business in the football industry.

In this interview he discusses some of the latest industry trends in digital and social across the sporting sector.

- > How can you convert your international fans into consumers?
- > What are the major opportunities that digital and social present to football clubs from a sponsorship perspective?
- > How will VR, eSports and other emerging trends be leveraged by football clubs in the coming years?



How can football clubs monetize digital and social media platforms?

As a way to maximize the value, football clubs have traditionally followed a sponsorship model over an advertising model. However, social media platforms (and the internet in general) is designed having advertising in mind. So, direct monetization by the clubs is unlikely without many structural and conceptual internal conflicts with the sponsorship model.



Football clubs used to get the value of social media from the huge audiences they can gather in two ways:

Firstly, enhancing and increasing the brand association value for its sponsors. This means more value for their sponsorship contracts.

“Direct monetization by the clubs is unlikely without many structural and conceptual internal conflicts with the sponsorship model”

Secondly, using it as a traffic source for transactions: in selling tickets, merchandise and other

products and services.

However, this model is probably coming to an end as social media companies are doing strong efforts to keep the traffic inside their platforms (for example, Facebook Articles, Google AMP) and limiting the content partners in their choices of direct monetization.

How will the traditional broadcasting models be disrupted with the arrival of new digital platforms?

The correct question would be: How the traditional broadcasting models are being disrupted today with the new digital platforms, as it's currently happening and it's not a matter of future.

Broadcasters traditionally had a dual role: gathering audiences and selling advertising. But the current major trends flow against the broadcasters' role: disintermediation and programmatic advertising.

When clubs and leagues are able to gather huge audiences globally through social and direct channels, the technology is not a problem anymore and programmatic advertising is able to automatically target this audience with the most effective advertising, the broadcaster is disintermediated.

That's the reason why US sport leagues started partnering with social media

platforms for broadcasting some games. These are first tests of this new paradigm.

This vision will not be deployed completely in the next 5 years, but we will see how it progressively moves towards this new model.

CRM is beginning to play a major role in the business of sport. What are its major challenges and opportunities in the football industry?

Social media fan bases have grown hugely in the last 8 years and major clubs now count tens of millions of followers around the world. But all these followers are basically anonymous to the clubs. Clubs have sociodemographic profiles but can't create a one to one communication or even push segmented messages without expensive campaigns to reach their own fans.

Clubs, like most of publishers in the digital era, are passively waiting the fans to return to their websites or click their links in Facebook. It's true that clubs attract fans with lots of fresh content every day, but at the end of the day, you are depending on third-party algorithms to promote your content among thousands or the interest of the fan to land in your website.

The FanCRM projects are born with the need to take control of this communication, and be able

to generate traffic specially to these less-engaging content that are commercial messages.

In a first stage, the big challenge is to nurture a huge fan CRM and doing it frictionless. Fans don't want to be bothered with sign-up and sign-in forms, and if they agree to go through this processes is because the reward worths it. In a second stage, the challenge is progressively profiling the fans with variables that are monetizable.

The opportunities are many, specially in creating segmented audiences that become targets of owned products and services, or new assets for regional or category sponsorship deals.

How can major European football clubs turn fans into customers both in domestic and international markets?

There is a clear differentiation between how monetize domestic fans and international fans. Domestic fans used to be customers directly (buying match tickets, season tickets, museum, etc) or indirectly (buying the official kit or merchandising in department stores). They are a captive audience you can market better or worse and will highly depend on the sport results.

The new challenge is how to turn international fans into customers. People that unlikely will

attend a match in the Stadium but are following the team with a range of engagement that goes from die-hard fans to just slightly interested fans.

Again, segmentation is key. But above of that is defining what sort of products or services you will offer them. International die-hard fans will easy buy fan gear if they have it available online or offline.

Less engaged but still loyal fans maybe will not spend 85 euros easily, but might



accept other products priced between 5 to 20 euros.

What is the value a club can provide to a fan living 10,000 kilometers away for 5, 10 or 20 euros? That's the million dollar question.

What are the major opportunities that digital business presents from a sponsorship perspective for a football club?

In the context of huge growth of the international fan bases, clubs have taken

advantage of it with higher valuation of their global sponsorship packages and the creation of regional partnerships and niche categories.

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This explosion of new sponsors makes it harder for the clubs to deliver value in return, as traditional assets are usually low scalable.

Digital and technology is helping on this, adding new assets to the clubs portfolio.

Firstly, by creating new supports for the brand association with the sponsor: website, apps, posts, video games, stadium wifi, etc. Secondly, by segmenting the audience of these supports by countries (regional sponsorships) or by interests (category sponsorships). So, over the night, the commercial team have tens of new categories to cover with a granularity that maximizes the association value.

One of the most interesting challenges nowadays is how correctly create these new supports

for brand association and how to define the presence of the sponsors in the content and in the medium.

How can clubs create new audiences in emerging markets through digital licensing products?

The essence of licensing is to expand our business beyond our core competences (to sectors or activities we are not good at), and doing it through third-party expert and skilled companies (the licensees). This means that we should think of these licensed products as if they were our own products, and we should decide what products to license depending if they are aligned with our marketing strategy.

Licensed products, like any other product, are touch points with our fans and we should be demanding, manage the customer expectations and curate their experience as if they were fully owned. At the end, our fans usually do not differentiate between core and licensed products.

If we agree on this, we can start adding licensing to our marketing strategy and taking advantage of partnering with experienced companies for achieving specific goals.

For example, if we are inter-

ested in gaining awareness in a territory (like China, for example), why not add to our strategy a partnership with a major Chinese digital media company to publish a few licensed video games? The value for the club doesn't need to be only revenues or minimum guarantees, it can be a new targetable audience in the territory that can be monetized via sponsors' messages or e-commerce.

Unfortunately, in most cases, digital licensing is seen just as a revenue stream with a little strategic interest and this drives to bad partnerships and failed businesses.



Virtual Reality is one of the strongest digital trends in sports these days. What is your opinion on how VR will evolve in the football industry?

In my opinion, Virtual Reality will have a huge impact to everything: from entertainment business (cinema, videogaming, TV) to how we work in a company (teleworking, delocalisation). And sport industry will not be an exception.

Probably we will start seeing live match immersive experiences, that is, attending a match like if you were in the stadium. Will this be considered a virtual ticket (managed by the ticketing departments and the clubs) or will it be considered in the media rights sold to broadcasters?

This will be an interesting debate. I bet for the former.

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But I've had the chance to see prototypes that are able to digitally recreate the live game realistically and put you on the pitch, side by side to the players as they kick the ball. It's really amazing the things we will see in the coming years with this.

I think all of us are just starting to imagine this potential and experimenting. Recently, Manchester City presented a VR scenario to consume videos, and FC Barcelona and other clubs had also published lots of 360 content on Facebook and for the Oculus platform.

There also great opportunities for creating new sponsorship assets based on VR.

In your opinion, what will be the biggest digital, mobile and social growth areas in the football industry in 2017?

From a general perspective, Facebook will challenge Youtube hard as the main platform for video consuming and we will see how Youtube will remain as the platform for medium and long video formats and Facebook will win over the short, immediate and live videos.

Facebook Articles and Google Mobile Pages will also gain traction and publishers (clubs included) will start to face the dilemma of using them (losing some control on the content distribution) or keep aside

(probably losing audience).

On the other hand, in 2017 we will see the appearance of new media platforms around football. Dugout, a media platform backed by the major football clubs in Europe will launch late 2016 and it will become a new player in the digital and social landscape.

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The big hypes in digital sport business will be Virtual Reality and e-Sports. We have seen many clubs creating their e-sports team, but they are still the seeds of what is to come. Probably, only football e-sports can really become a main-

stream for huge audiences, and this is a big opportunity still to be figured out.

Finally, and applied to the venue business, I foresee the growth of live and replays broadcasting to the stadium fans as a new revenue stream. It seems that WIFI technology is being unable to provide a good quality and scalable service for stadiums, but alternative solutions are appearing, and for a fraction of the cost can offer a reliable and monetizable solution. Stadium apps will progressively shift the traditional venue businesses of food and beverage, ticket upgrading and cross-selling and new fan engagement activities.



The Sports Business Institute Barcelona offers executive training specialized in the areas of marketing, sponsorship, athlete representation, event management, digital media and communications for the football industry.

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