THE IMPACT OF GLOBALIZATION ON THE INTERNATIONALIZATION OF SPORT

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Our itinerary

- The « tornado » of globalization and sport
- The process of internationalization of sports teams’ brands
- The relevant strategies for the internationalization of sports teams’ brands
- The synthesis of syntheses
The « tornado » of globalization and sport

Globalization

- Process of transformation of local phenomena into global ones
- Economic, technological, sociocultural and political forces
- Challenges for all industries / organizations
- Sport boundaries stretched
The globalization of sport: WHY?

**Economic necessity**
- Rising costs (salaries)
- Increasing competition for disposable income, locally and internationally

**Business opportunities**
- A growing industry: US$ 126 billion by 2011 (PWC, 2007)
- New revenue stream in merchandising: US$ 19 billion a year in North America; US$ 7 billion in Western Europe (PWC)

**Transformation of sport**
- From local activity to global one (village circus vs. Walt Disney)… « Sportainment »!
The globalization of sport: WHAT?

Integration of sporting activities (events), leagues, teams, players, equipment makers

At a global level

Sports brands: sport and lifestyle dimensions // sportainment

- Baseball caps (New York Yankees)
- Game jerseys (New Zealand All Blacks)
- Poker, UFC, etc.
The globalization of sport: WHO?

- **Events** (F1, Olympics, Football World Cup)
- **Leagues** (NBA, NHL, English Premier League)
- **Teams** (New York Yankees, FC Barcelona, Ferrari)
- **Players** (Beckham, Federer, Ronaldo)
- **Equipment makers** (Adidas, Nike, Puma)
- **Cities / countries** (Las Vegas, UAE)
- **Video games** (Wii, PS3)
- **Co-branding opportunities!**
The globalization of sport: HOW?

Physical tools

• Tours and exhibition games abroad
• Migration of athletes and coaches (clubs and national teams)
• Stores
• Affiliated teams (Shanghai Sharks)
• Relocation (ABL’s Hunter Pirates: Singapore Slingers)
• Endorsement (celebrities)
• Product placement (Anaheim Mighty Ducks, Boston Red Sox, Miami Dolphins)

Virtual means

• Team Website
• Online brand communities + social networks (« satellite supporters »; Kerr, 2009)
• No real substitute but stronger fan attachment
The globalization of sport: WHERE?

All over the world, but…

- Emerging markets winners
  - Abu Dhabi, Kuala Lumpur, Moscow, Rio, Shanghai…

- At the expense of developed countries?
  - Ageing & indebted developed countries
  - Market potential (size + growing middle class)
  - Permissive legislation (tobacco and alcohol)
  - Become true global brands but competition is fierce!

André Richelieu 2010
The process of internationalization of sports teams’ brands

Local
Regional
National
International Continental
International Global

Pre-international and aspirational
International stage
Conceptual stage

Brand equity
Time

(Based on Cheng et al., 2005; Couvelaere and Richelieu, 2005; Richelieu et al., 2008; Richelieu, 2011)
The relevant strategies for the internationalization of sports brands

(Richelieu et al., 2008)

4 scenarios relevant for professional sport

**Brand Reputation**

- **Think local, act global—**
  “The Brand Reputation Specialist”

  - Capitalising on **reputation** to go abroad.
  - Gradually entering foreign countries thanks to **results and history**.
  - **FCB, NY Yankees, All Blacks.**

**Brand Affinity**

- **Think local, act global –**
  “The Brand Affinity Specialist”

  - Developing a strong fan base with unique **emotional experience**.
  - Fans identify strongly with team/players: **brand communities**.
  - **Manchester United** ("satellite supporters").

**Brand Challenger**

- **Think local, act global –**
  “The Brand Recognition Specialist”

  - **Investment in players**, first step toward (re-)establishing brand (prestige).
  - But results, history and fans needed.
  - **Chelsea, Manchester City.**

**Brand Conquistador**

- **Unifying local brands –**
  “The Brand Recognition Specialist”

  - **Pairing between teams** and **equipment makers** across continents:
    - image transfer (local team), front door (foreign team).
    - **Co-branding**.
    - **Bayern Munich / Urawa Reds, Ajax Amsterdam / Ajax Cape Town.**
## Strong brand... Strong financial value and international opportunities?

<table>
<thead>
<tr>
<th>Team</th>
<th>Value (billion US$)</th>
<th>Revenues (million US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manchester United</td>
<td>1.83</td>
<td>459</td>
</tr>
<tr>
<td>2. Dallas Cowboys</td>
<td>1.65</td>
<td>280</td>
</tr>
<tr>
<td>3. New York Yankees</td>
<td>1.60</td>
<td>441</td>
</tr>
<tr>
<td>6. Real Madrid</td>
<td>1.32</td>
<td>563</td>
</tr>
<tr>
<td>8. Arsenal</td>
<td>1.18</td>
<td>369</td>
</tr>
<tr>
<td>16. Ferrari</td>
<td>1.05</td>
<td>308</td>
</tr>
<tr>
<td>25. FC Barcelona</td>
<td>1.00</td>
<td>513</td>
</tr>
<tr>
<td>35. Boston Red Sox</td>
<td>870</td>
<td>266</td>
</tr>
<tr>
<td>41. Liverpool FC</td>
<td>822</td>
<td>304</td>
</tr>
<tr>
<td>48. Chelsea</td>
<td>646</td>
<td>340</td>
</tr>
</tbody>
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*Source: Forbes (2010)*
Importance of context

• Nature of sport
• But transcending context essential (true global brands)

Key success factors in the « sportainment » era

• History / tradition / winning record
• Financial ressources, and also…
• Managerial competencies
• Reconcile business ($$$) and marketing decisions
• Provide tangible and emotional benefits to fans
• Instil trust and loyalty for long term partnership with fans
- New industry (sportainment)… New vision!
THANK YOU FOR YOUR ATTENTION!