

Footie we play, united we brand

Manchester United is more than a football club – it is a brand which seems to have no limits. Ruth

Mortimer discovers why the fan base is so secure and how the club has expanded across business sectors

The team might play in red, but the finances couldn't be further from it. Manchester United is the world's richest football club, with a turnover of £146.1m. The impressive statistics don't stop there. The club has 53 million fans around the globe and it has 40,200 season ticket holders.

Football is no longer merely a sport. It is a lucrative business with worldwide appeal. It is played and enjoyed from the slums of Brazil to the fjords of Scandinavia. FIFA, the international governing body of football, has more member states than the United Nations.

But what is so special about Manchester United – a football club from an industrial city in the north of England? Peter Draper, marketing director of Manchester United, explains: "It is a brand. Most sports teams aren't brands. The real differentiator is that we've got millions of fans in lots of places and a business model.

will always be about watching the team excel on the field. That is brand delivery for them. But where we've developed this brand for the club is to add a business aspect."

Merchandise United

Its business dealings also bring Manchester United unrivalled criticism. The club's large profits (in a sector where many clubs struggle against debt) are seen as proof that fans are being exploited.

Manchester United fans spent around £10.2m on club merchandise last year. The Office of Fair Trading is still investigating the club – along with other retailers – on charges of price-fixing on its replica kits. (A shirt retails at around £35-£42 as standard.) Detractors have even christened the club 'Merchandise United'. So is the club merely capitalising on its popularity or exploiting the affections of its fanbase?

Draper explains: "Without this business element, it is very difficult for us to sustain the investment into the team. Our core product will always be a football business. We've got some extraneous things that help support this, but we always try to convey to fans that this is complementary to the football. The business wouldn't exist without the football and somewhere down the line, it would get very difficult to deliver the football to a high standard without a successful business."

Ed Coan, marketing director of first division Watford FC, agrees: "I think that supporters accept that football clubs need to look beyond their gate receipts for revenues. Clubs should be able to diversify into any business area as long as they can genuinely find a market. They're no different from other brands in that way."

Manchester United has expanded a great deal from its footballing roots. MU Finance is one of the club's principal sidelines, offering everything from mortgages to credit cards. The turnover of the company has grown to £1.2m over the past year. Other ventures include conferences and hospitality events at the ground. The club claims to have had over 40,000 conference attendees at Old Trafford over the past year.

"There are hundreds of providers out there," admits Draper. "You can buy from anybody. If we can offer consumers a product which is as good as anyone else in the market at a good price and the club makes a bit of money off it, why wouldn't people sign up with us? We have learnt over the years that you can't just badge things. Products have to be both quality and competitive."

"A football club has a brand advantage because it automatically has what all brands want now – a built-in set of values that bond people to it," says Landor's Rattray. "Manchester United could diversify heavily without alienating its core audience. I would parallel it with a company like Virgin."

Coan adds: "A club like Watford has to keep its affinity schemes



So we've got scale as well as reach. Our brand comes to life throughout the week when the club plays matches and this gives it a more powerful relationship with people than most inanimate consumer brands could hope to have."

Alec Rattray, marketing director of brand consultancy Landor Associates, says it is the club's values that set it aside from other football teams: "You're talking about the most glamorous club in the world. It's got flair, passion; it stands for camaraderie and a sense of working together."

But Manchester United is far from complacent. In the last year, the club has launched a financial services offering – MU Finance – that already has 57,500 subscribers. It has also strengthened its grip on its estimated 17 million Asian fans by launching a new Chinese language website and a chain of Manchester United concept cafes and restaurants across the Far East. And all this without even setting foot on the Old Trafford pitch.

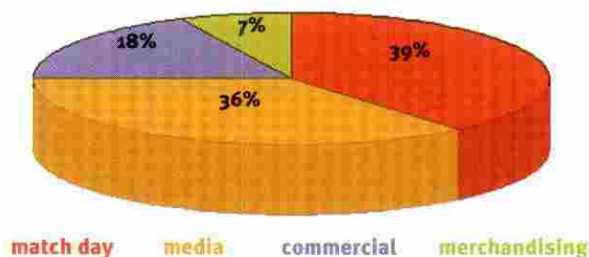
Draper says: "Customer satisfaction from fans' point of view

Turnover £m

1998	87.9
1999	110.7
2000	116.0
2001	129.6

Source: Manchester United Annual Report

Turnover breakdown



Source: Manchester United Annual Report

localised but Manchester United has fans everywhere so there are no limits. It can keep pushing the boundaries forward. It has brand elasticity. Why shouldn't it diversify if it can find a market?

"Manchester United is building a resiliency for the future. It's the challenge for every football club – build revenue streams that can be resilient to how the team itself performs. If the Manchester United team did badly, the brand would dip but I think it's powerful enough to come back again. But if it wasn't buoyed up by all those affinity deals, then it would really be a disaster."

A Nike niche

The brands that Manchester United chooses to run its affinity deals with are usually large UK and US brands at the top of their respective categories. Among the club's principal sponsors are sportswear company Nike, telecoms business Vodafone, soft drinks company Pepsi, betting brand Ladbrokes and beer business Budweiser.

The primary partnership is the football club's 13-year, £303m relationship with Nike. The sportswear company is not only responsible for producing the club's kit but also took over the entire Manchester United global merchandising business in August 2002. Nike now holds the rights to create all official Manchester United branded products around the world.

Charlie Brooks, Nike's UK spokesman, says: "This deal is different from most football shirt deals because we have set up a specialist arm, Manchester United Merchandising, to deal with all our Manchester United products. The club is very keen to build a relationship with its millions of fans who don't get to experience Old Trafford personally but still love Manchester United. We can help them do this by taking the merchandise out to more people than ever before."

Draper says: "Nike is a good brand to fit with Manchester United. It is known across the world and associated with quality sportswear. And just as importantly, it has an image that is youthful, sexy and appealing. Do we want to be part of that? Of course we do."

But it is not simply Nike's youth-orientated image that appeals to Manchester United. The sportswear company's sheer global scale is attractive for a club trying to build up its international audience. "Nike has good distribution networks that can help with this," says Brooks.

Manchester United is also keen to expand its customer relationship management (CRM) capabilities. Draper says that the club hopes to understand its fans better: "We haven't got one type of fan. The fans are boys, girls, men, women, young, old, Catholic, Jewish, Muslim, Hindu, Indian, Swedish – there is no one defining trait. Except that if you cut them in half, they'd have Manchester United printed down the middle."

"We want a big CRM programme to reach all our customers. We've got four people based here full-time dealing with data and a CRM company called Dimension Data, which is helping us evolve our capabilities. We've now got a million fans on our database, and nearly 700,000 of those are immediately available. But our aim is to know 6.8 million fans within five years. It's a pretty tall order."

The club carried out two *Fan Satisfaction* surveys (with help from the Electoral Reform Society) in 2001 and 2002 to see what its customers thought of both immediate facilities at Old Trafford and the wider brand.

"This was a big change for us. The club has been going 125 years and these were the first customer satisfaction surveys to be done. We can't be arrogant and think that the fans will come, no matter what sort of service they get," comments Draper.

The 2002 survey discovered that fans visiting Old Trafford were still concerned about safety, the location of their seats and the Megastore merchandise shop. But they felt that the club's communications, website, food and drink and community services had improved since the previous year. Overall, the survey showed a 70% increase in fan satisfaction since the first survey in 2001.

The club has also issued a new version of its Club Charter, first distributed in 2000. This document is available to fans through the match-day programme or as a separate leaflet. It covers the club's policies in areas such as ticketing, merchandising deals, accessibility, community activities, commercial practices and staff conduct.

"Most fans don't want to be thought of as customers but the reality is that they do want good customer service from the club," says Draper. "We have to think about how we portray ourselves to those fans and how we should treat them appropriately."

International game

Another important policy for Manchester United is further internationalising the fan base. It is estimated that 43 million of the club's 53 million fans are outside the UK. Around 100,000 people signed up to the new Chinese language website on the first two days of its operation. One-and-a-half million page impressions were viewed each day in the same time period.

Draper says it is all about getting concrete information on the overseas fans. "We built the site in Shanghai so it was built by Chinese people for the local market. Now we know 100,000 more people in that market than we did before. This can be integrated into our CRM network. We can turn this information into a credit card offering, a mobile offering or simply keep the fans in the family with an information flow until we're ready to take advantage – in the nicest possible way – of those details."

MAN U MILESTONES



- 1878** Manchester United forms under the name of Newton Heath LYR (Lancashire and Yorkshire Railway).
- 1892** Newton Heath LYR enters the Football League.
- 1958** Munich air crash kills eight "Busby's Babes" Manchester United players.
- 1962** George Best is signed, completing famous trio of Law, Charlton and Best.
- 1986** Alex Ferguson is appointed manager.
- 1991** Listed on London Stock Exchange.
- 1994** Premier League and FA Cup Champions.
- 1995** Emergence of youth players Beckham, Butt, Scholes and the Nevilles.
- 1996** Premier League and FA Cup Champions; Old Trafford North Stand is rebuilt.
- 1998** MUTV launches.
- 1999** Historic treble of Premier League, FA Cup and European Cup.
- 2000** Vodafone shirt sponsor deal worth £30m over four years; Old Trafford East and West stands expand.
- 2001** Premier League Champions for the seventh time.
- 2002** 13-year, £303m Nike merchandise deal is signed.

IMAGEPOWER RANKINGS – FOOTBALL CLUBS

USA	Japan	Europe
1 Manchester United	Parma	Real Madrid
2 Real Madrid	Milan	Manchester United
3 DC United	Real Madrid	Bayern München
4 Milan	Roma	Juventus
5 Barcelona	Juventus	Barcelona

Source: Landor Associates, September 2002

MAN U MERCHANDISE

Replica kits: (Shirts, shorts, socks, boots)	Inflatables
T-shirts	Games
Balls	Clocks/watches
Hats/scarves	Houseware
Water bottles	Soft toys
Towels	Bedroom accessories
Wallets	Stationery
Mobile accessories	Luggage
Jackets	Pins/keyrings
Fleeces	Books
Babywear: (Bibs, T-shirts, hats)	Videos
Nightwear	Flags
Underwear	Posters
	Jewellery
	Collectables

Manchester United will have assistance from its principal sponsor in its quest to sign up the whole world to the Reds' cause. Nike's Brooks suggests: "The club is particularly interested in targeting North America, and as Nike is an American company, it is easy for us to help."

The push into North America should not be too difficult for the Manchester United brand. The club is already the top soccer club brand in the US, according to the September 2002 *Scoring with Sponsorship* survey from Landor Associates. Nike's assistance will be needed more to promote soccer generally in a country which is dominated by baseball, basketball and American football.

Manchester United already has a relationship with the New York Yankees to swap information and inform each other about the relative UK and US markets. "This wasn't a monetary deal between us. It was an exchange deal around us knowing about internationalising our brand and them knowing a lot about sports rights, personal rights and the American market. We're part of something called the YES Network. It has helped us pull together a four-city tour of the US next year."

The club might need more help from Nike in South America, where the sportswear manufacturer has very strong links with the Brazilian national team. Manchester United is only the ninth biggest football club brand in most of South America, according to Landor. The brands which dominate are local or Hispanic European clubs, such as Real Madrid.

Mini Man U

It is not just the international market that Manchester United aims to attract in future. The concept that children are the future is never more true than when discussing football. Team allegiance is usually decided very young and remains unswerving through adult life. Children are potentially massive future sources of income for the Manchester United brand. In response to this, the club has launched Mini Man U, a range of clothing for kids.

"It's worth investing in kids and we think the turning point is about seven or eight years of age. I think studies have shown that almost a quarter of kids under 13 are Manchester United fans too," says Draper.

Ian Millner, managing partner of kids marketing agency Iris, which has been working with Manchester United, says: "Around 1.1 million kids apparently claim allegiance to Manchester United. This is much more than most football clubs. Manchester United obviously wants to find value in that relationship."

Manchester United has been working with Iris to look at its appeal for children and families. Millner is vague about the agency's role but adds: "We've really just refined their existing offering, working on making visits to Old Trafford more of an 'experience' for families. The club wants its offering to be more interactive and entertaining. And we've tried to work on data capture too."

Draper claims that he has no regrets about his work at Manchester United. This is hardly surprising. The club is in excellent financial shape, with media rights alone bringing in £51.9m.

But Draper has no doubts that his work is far from over. "I'm most proud of encouraging the club to have more open relationships with its fans and customers. It is also exceptionally interesting working with big brands. We're really only a £146m business – some of our partners make billions of pounds. We're capable of soaking up that kind of experience like a sponge.

"We should have pursued commercial avenues sooner and then we'd have had more time to test concepts and get them right. We should have more than a million people on our CRM database. But it's all still out there. It's a great opportunity."

