

BusinessWeek

THE INNOVATION ENGINE July 14, 2009, 12:28PM EST

Major League Innovation

As fans cut back on spending, sports teams must find ways to increase their share. Here's our formula for Major League Baseball—and other businesses

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We are often asked about ways to innovate beyond the traditional business setting. In honor of the All-Star Game, here is our suggestion to the owners of professional [Major League Baseball](#) teams.

Sports teams run on statistics. Players are signed, promoted, rewarded, or released based on how well they perform against an agreed-upon set of detailed metrics. Yet when it comes to figuring out the best way to attract and keep fans—especially during a recession—it's a whole other matter. These same teams are, for the most part, relying on either outdated research approaches or "gut feel" to determine what fans want.

And not surprisingly they are swinging and missing. Want proof? Consider some of our recent findings:

- Every sports executive we have ever met says the No. 1 thing fans want is a winning team. Fans rank it 11th when asked why they show up at a game.
- What the paying customers want most is a "fan friendly" environment, right? Nope. Fans rank it 6th in importance.
- Teams worry that their ticket prices are too high. Fans say cost ranks 7th when they are deciding whether or not to attend a game.

This discrepancy between what sports executives believe and what is actually going on in the marketplace reveals that most have failed to take notice of two related and depressing facts: A) Few sports teams recognize the power of their brand/customer relationship. B) Most fail to leverage the unshakable fan loyalty, simply because they have not taken the time to figure out what fans truly care about.

The issue of understanding exactly what fans want is vital in both the short term and long term—given ever-rising ticket prices and increasing competition from not only other choices within the same category but also the plethora of other entertainment options available.

The obvious conclusion from all of the above: Teams need a whole new approach to sports marketing. After years of working with [ESPN](#) and major league sports teams and studying the teams' audience, we have come up with one.

As we thought about this and talked to clients and people in the sports industry, it seemed clear that the industry needed an easy way to measure what fans truly value about their sports teams. Specifically, we needed a way to reduce all the factors that go into their decision to support a team—with an investment of both dollars and emotion—to a single number that would be comparable across all entertainment options.

This measure would do three things: A) Tell us why fans go to a sporting event instead of doing something else

(having dinner with friends, seeing the latest movie). B) Provide a barometer for how the on-field and off-field influencers (economy, politics, personalities, local media) affect our fans' perceptions from a local standpoint. C) Provide a baseline from which to measure all marketing/communication expenditures.

'RETURN ON COMMITMENT'

The challenge with developing such a metric is obvious: You need a way to measure both the easily gauged quantifiable (how much fans will pay for tickets and merchandise and how much time they are willing to devote to the team) with the not easily gauged quantifiable (the perceived investment in enthusiasm, love, and emotion, and ultimately what fans get for it). It would be a research project of the highest order.

After talking to thousands of sports fans—everyone from the hard core season-ticket holder to the casual follower—we developed the first true measure that identifies what fans actually care about. We call it Return on Commitment™ (R.O.C.).

R.O.C. is a diagnostic tool that judges the overall health of the team from the perspective of its fans. It is derived from understanding the relationship between two key elements that sports executives should be trying to maximize: the investment fans make in their teams and the return those fans get for that investment.

Let's take those elements one at a time, starting with the fans' investment in their team. There are three variables that determine whether—and to what extent—a fan will support a team:

- Time spent following the team: attending, watching reading and talking about
- Money spent on all aspects of fandom: games, merchandise, betting, subscriptions to magazine, and cable or satellite sports packages)
- Emotion invested in the team

Knowing your R.O.C. score is amazingly powerful. It lets you easily identify your best and most profitable customers. (The higher their R.O.C., the more valuable they are to your team.) And it easily lets you evaluate any component of your marketing plan. (If it increases your R.O.C. score at a reasonable cost, it is worth continuing.)

But perhaps the most crucial thing that R.O.C. does is identify why fans go to the game, according to Scott Reifert, vice-president of the White Sox, one of the earliest adopter franchises to prove that the R.O.C. delivers a competitive advantage. "Sure, they want to see us win. And becoming World Series champions in 2005 was thrilling for everyone," says Reifert. "But ultimately R.O.C. tells us the value of [baseball](#) is its unique ability to create lasting memories that fit into a much more significant context of our lives. Our owner, Jerry Reinsdorf, and everyone associated with the team, is committed to making that happen."

In other words, attending a Sox game is a means to an end—the end being the creation of lasting memories—and not an end in itself. That is going to surprise those executives who believe the most important thing to fans is hanging a championship banner from the roof.

Sure, winning can cure many ills in the short term. But unless you can guarantee a dynasty (and even that isn't enough—just ask the Yankees how they're doing with seat sales in the new stadium), your competitive advantage in capturing entertainment dollars comes from knowing what your fans really care about. And that is exactly what R.O.C. can tell you.

Fans are faced with countless entertainment choices at exactly the same time that, for many, the resources they have for their entertainment consumption is shrinking. So the challenge is to figure out a way to make the choice you are offering stand out.

We think R.O.C. is the most innovative tool that allows you to do just that.

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