

Impulse Quarterly

Edition #7
December 2021



ABOUT US

Dear Sports Enthusiasts,

As experts and students have shared their #lessonslearned throughout 2021, we look forward to sharing ours today. Amidst perpetual changes, the global Covid-19 pandemic accentuated developments throughout society and sports. In 2020, political decisions urged businesses and federations to crisis management with few lead times. As the crisis goes periodically through so-called waves, 2021 allowed organisations to implement continuous learning processes and deduct actions that were immediately put to the test.

Following a physical Impulse Summit in 2019 and a digital Impulse Week 2020, the Impulse Program understood the relevance and benefits of a hybrid setup in 2021 for both the Summit and work. As often pointed out on October 28, the importance of education within sports cannot be overlooked for the future. Cemented as a pillar of the Impulse Network, educating passionate students has become a core focus of our efforts. Through structured onboarding, team members learned about the initiative and its values, cultivated an understanding of the industry's stakeholders and functionings, and developed their work practices thanks to acquired skills. Also, all selected Global Talents have engaged themselves during a 6-Week education program leading to the Impulse Summit. Thanks to academic papers, current industry's insights, podcasts and a workshop, they expanded their knowledge, allowing for founded and challenging discussion at the Impulse Summit.

We invited experts and students to reflect on the industry's lessons learned on Octo-

ber 28 at the Impulse Summit 2021, co-organised with the Federal Office of Sports (FOSPO). The new hybrid setup was a great success, thanks to the team's dedication and our partners support, which we thank! At the beginning of each session, Global Talents introduced the topic, challenged the panellists and actively participated. Clustered into our three platforms, „Business Innovation & Digitalisation“, „Society & Social Responsibility“, and „Politics & Governance“, we invite you to discover our main lessons learned in the executive summary on our website and social media.

The year 2021 brought up new challenges for each individual and organisation from which great lessons are to be learned. We are grateful for everyone's support along our journey and are already planning our fifth anniversary on October 27 & 28, 2022.

We wish you a wonderful and safe winter season.

Best,



Julien Petat

HEAD OF NETWORK



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Sports Sponsoring Today & Tomorrow

An Interview with Lorenz Beringer

We met Lorenz Beringer, CEO and Founder of LOBECO GmbH, in their studio in Munich and talked about the current state and future of sports sponsoring.

Interview by Julien Petat.

J : How would you define sponsoring and how has the definition of sponsorships evolved over the last ten to 20 years?

L : Well, I think sponsoring has a long history. If we look back to the early 70s, one example is the first jersey sponsorship in the Bundesliga in Germany, which was Jégmeister. (...) at that time it was basically the decision of board members to invest in sponsorships in sports clubs or federations, just because they loved the sport, or they loved athletes or federations and clubs. And so it was most of the time a decision of individual needs and interests. And then over time, sponsorship deals have been closed because brands want to have awareness and also transfer their image from the sport to their organisation, to their brand and to their product.

(...)

And for a decade we have had a new playing field, which is digital communication. So now every Federation, every club is basically a media house. So they started building their own accounts. They built the website. They have newsletters, they have apps and they have the whole social media playing ground. They have thousands of digital interactions and touch points with their fans every week. So in a sponsorship relationship, they bring additional value, a strong reach which is comparable to traditional media. And that was a new playing field, also a new possibility to gain new revenues, to change contracts and to upset their fees.

But what was also obvious was that they needed new skills. What has become more and more important is to provide individualised packages to the needs of the sponsorship. So it became more and more relevant to really collaborate between the club, the association and the sponsor. And I think we are still just at the beginning of all of those changes towards a more individualised relationship between club, federation and sponsor.



J : What is the most critical lesson that a company needs to learn to stay relevant in sponsorship right now?

L : Well, many lessons. But maybe the most important is that fans are smart and clever and they have high expectations regarding sponsorship activation. It's not just about closing the sponsorship deal as a company, and then putting the brand of the club on the product. This is not enough anymore. It's all about added value for the fan.

You need the analysis of the needs of the fans, and people working in the club to understand those needs the best. Additional value can be a product, but it can also be emotional storytelling or information. Added value can be found in various places. But the approach needs to be different and always from the perspective of the fan.

(...)



As the CRS gains momentum, how can social impact be measured for companies and in sponsorship agreements? And is there a trade off between digital KPIs and the social impact? No, it's a perfect combination. And I think pressure in society is rising regarding social impact, environmental impact, sustainability overall in all industries. (...) And I think this is a huge pressure on sports in general, because it needs transformation, strong transformation, and it needs transformation because of digital communication and digital field. (...) And the combination between sustainability and sports and the meeting point is digital communication, so that's why it's not either/or but it's the perfect combination. But it's not easy to get there. We need to see a lot of transformation in the next decade.

J: But that also means that companies need to use sponsorship agreements to act as a role model for society, right?

L : Yes, sports is always a role model. The greatest heroes and sports are role models for us, for our children since decades. And so this is why sports can have such a huge impact in society. Sometimes I think sports doesn't know how strong it can be.

J : One question I would like to ask you is should ethics become a growing concern for sports properties?

L : I think definitely because they have to raise the topic on a higher level, because some organisations just take actions that are needed, but not one step further. So I think now also, the question is, how can future sponsorships be closed? And the question is always raised in organisations : Do we really still need sponsorship activation, or do we maybe invest our communication and marketing budget in different areas ? Is (sponsoring) really the right investment? But I think yes, it is. If sports



rights, in terms of sponsorship activation, are defined in the right way. (...) but also the difficulty that some people have is to actually measure the impact of sponsoring.

J : (Regarding Cocreation) All brands need to consider strategy characterised by a mix of some control combined with respectful observation and constructive transformation. Does that represent the most significant opportunity and challenge for companies and sports properties?

L : Yes, I think digital platforms and communication have a huge potential for also new ways of Cocreation, because you have never been closer to your fans than ever before worldwide and at all times. You need a different skill set. You need people that are able to listen in your online community and then integrate them through a long process in which you really tie your community to your club and involve the sponsor potential.

J: We are currently in a time of crisis of change with the pandemic, new disruptive business models and new opportunities given by digitalisation. How high is the pressure on decision maker to evolve their sponsoring strategies ?

L : Dramatically increasing. Because everything has changed. There are more than 4 billion social media users worldwide and a lot of content that you see out there is about sports. Every major sports organisation is a media house. And I think it will change more and more because technology is changing, but sustainability will also bring a new playing ground and everything will get more complex. And so decision makers need more skills and they need experts, people that understand digital platforms, content, storytelling, fans, sustainability.

J : We've touched on the development of sponsoring towards something more measurable, individualised, flexible and comprehensive. What is the biggest challenge decision makers face in their pursuit of driving change in sponsorship? And how can they align the innovative ideas with the current corporate culture?

L : Organisations that have an open mindedness at the top level will drive change more quickly in their organisation. They will adapt to digital possibilities. They will adapt to all actions regarding sustainability, environmental, social and good governance. If they can't, the head of sponsoring has a problem because he will not get the right new individualised packages for the sponsors. So it's very important that the CEO is open, that new things will evolve. That needs time and that's a typical transformation process. And from the bottom, new talent and new ideas are needed. So it's a top down issue, but also bottom up ideas and then new things can emerge.

„Sometimes I think sports doesn't know how strong it can be.“



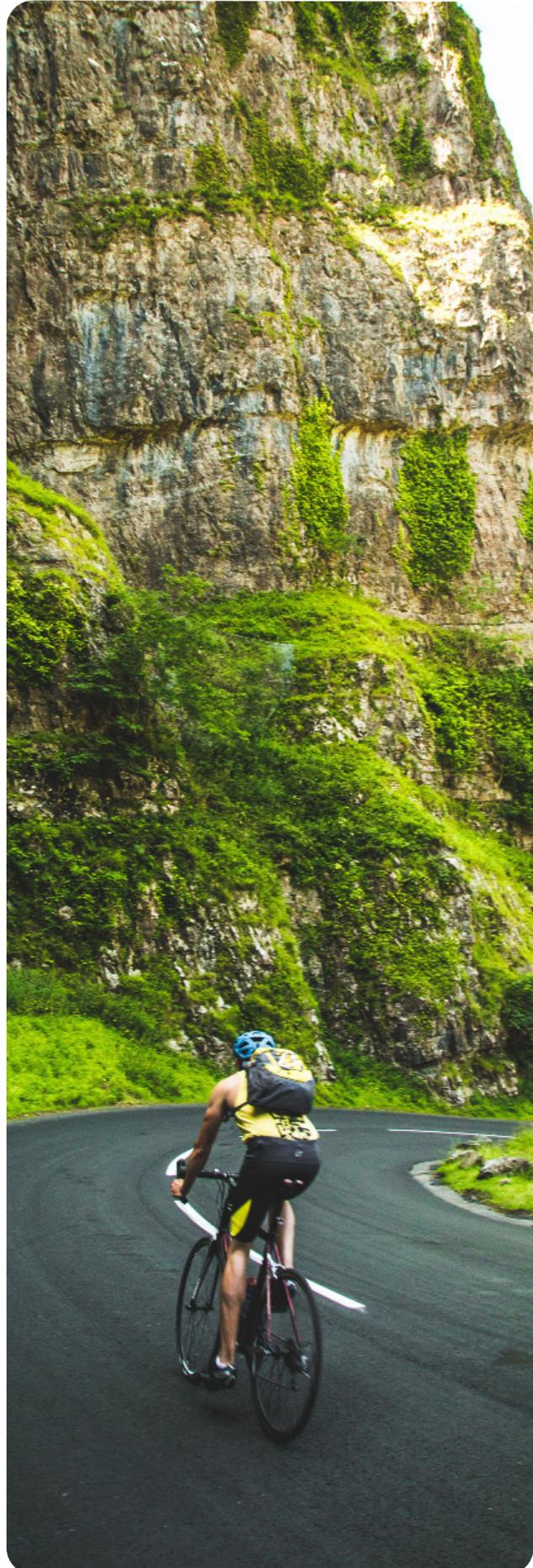
Lorenz Beringer

CEO & FOUNDER, LOBECO GMBH



J : And I was wondering if the President of (LOBECO) comes once again in 21 years and sits down here with you to talk about sponsoring, what are going to be the lessons learned from the next two decades .

L : Looking forward such a long time, it's very difficult. No one can even predict what will happen in five years. One thing I think will be more important is the role of China in sports. We will have the Olympic Winter Games now in Beijing, and China is investing heavily in sports now in winter sports. And on the other side, China is in many ways leading in technology. That means companies do not only need to be agile and adapt the internal corporate culture, but they also need to be able to adapt to a potentially totally new societal culture, because if China is entering the market and if companies are entering the Asian market in a broader sense, then they need to be very agile and able to integrate all the different aspects of that culture.



The Covid-19 Pandemic and the Bundesliga

Impact of the crises on the clubs and how they manage it

The exogenous shock Covid-19 pandemic has a strong impact on professional football. But what specific impact has the pandemic and how do the clubs react to it?

My current research deals with these questions and analyses them using the example of the German Bundesliga. With the help of interviews with two Bundesliga clubs and other experts from the football ecosystem, as well as with the help of existing academic research, recommendations for action are also derived to better position the Bundesliga clubs for the future.

In the following essay, the main effects of the pandemic on the Bundesliga clubs are described and the measures taken by the two Bundesliga clubs are analyzed.

The most significant financial impact of the pandemic is the sharp reduction in matchday income. Since the pandemic, most clubs have either not admitted any spectators at all or only a very limited number of spectators have been admitted to matches. This has led to a significant reduction in ticket revenues, which before the pandemic accounted for approximately 13% of the clubs' revenues (DFL, 2021). In addition to this significant reduction in revenue, the relationship between fans and clubs has also changed. According to a survey by SPOBIS, the majority of experts fear an alienation of the fans as a result of the fans staying away from the games (Sponsors Magazin, 2021).



The first effects of this cooled relationship can be seen when in the summer of this year, despite the hygiene concepts, as well as the greatly reduced number of tickets, the clubs nevertheless were not able to sell all of their allowed tickets.

In order to understand in detail how the Bundesliga is reacting to these effects, interviews were conducted with two established Bundesliga clubs. Both clubs focused on reducing costs, especially in the short term, after the outbreak of the pandemic in Germany. Since personnel expenses are the most important cost driver for Bundesliga clubs (approx. 45% of total revenues are salary costs), both clubs have greatly reduced these expenses (DFL, 2021). For example, employees have been put on short-time work, the professional teams have waived up to 20% of their salaries, and newly concluded player contracts have been adjusted to the pandemic with variable salary clauses. Other important contracts, such as stadium rental agreements, were also adapted to the new situation at one Bundesliga club. In this case, a part of the rental costs is based on the stadium capacity utilization allowed by politics.

Due to the tight financial situation of the clubs, the player budget of the professional teams was also reduced. This cut is significant for professional clubs, as the more financial resources a football club invests in the player budget, the greater the likelihood of success is (CIES Football Observatory, 2017).

To maintain the relationship with the fans, despite contact and distancing measures, investments were made in digital offerings, especially in their social media channels.

One Bundesliga club, in particular, has significantly increased its social media activities and also invested heavily in the production of its video content. To what extent this can counteract the alienation of the fans remains to be seen.

In summary, the Bundesliga clubs have reacted to the Corona pandemic with the help of various measures. The recommendations for action for the Bundesliga clubs revealed by the research will be published on our channels in the coming months.



Leonard Melis

IMPULSE PROGRAM 2020



Platform Projects

Platform Projects

Our Impulse Network platforms are based on our 3 core topics. Each platform has its own focus point where we address current challenges through our industry-projects to make a lasting impact in the sports business. With that, each team member gains practical experience through our project partners and develops real-life skills besides their studies.

This semester, our projects with adidas, the DFL Digital, the DFB-Akademie, McKinsey & Company and the Swiss Sports Aid are already in full swing and our midterm presentations will take place or have already taken place before Christmas. These presentations with representatives of our project partners allow our student teams to get even more feedback and input besides the regular exchange with the project leads on each side.



Stay tuned for our upcoming publications from the projects from the past semester to get a glimpse on what we are working on!

After a year of working through the world of women in football in Europe, our joint research paper with US-based agency Wasserman has been released. Based on a survey across 7 countries in Europe, we examined the perception of women in the sport, how being active on social media influences their perception and how being a role model within the sports influences the next generation.

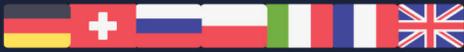
A snippet of our findings are summarised in the key findings on the next page. The full Whitepaper has been released on LinkedIn and on our Website and we are proud of our student team that produced our first publication in the history of the Impulse Network!

[Full Whitepaper](#)

Reach out to: enya.dietze@sportsbusinessclub.com



Key findings



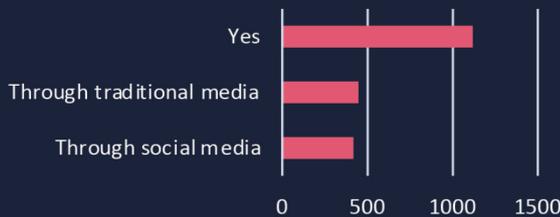
Football is consistently ranked among the **TOP THREE** popular sports across all the surveyed countries, genders and age groups.



Over the **third** of respondents who are interested in the game **watch women's football**.

Female and male athletes have similar following on social media. Following of female football players however is far less than following of male football players.

Recognition of social engagement of female football players



1/4 of female respondents having played football professionally were at some point in their career the only female player on a team



1. Male respondents are far more critical that engaging in opiated topics pics and critical themes causes negative perception
2. Male athletes receive more of a neutral/negative perception towards social engagement

➔ There is a **momentum** for female athletes to use their **positive perception** to engage in social movements

For **71%** of survey participants, women's football is somewhat accessible



When people have a role model, they tend to rate social activism more often **extremely positive**.

Traits of role models

HONESTY is valued the most by fans and the athlete's **BACKGROUND** the least out of the different factors influencing them.



Women



Follow



Support



Influence

Women

Women are more positively influenced by other females through sports advertisements, they perceive them as **strong, independent, athletic and realistic**.

19%

of females who were not ordinarily interested in football played more during the Covid-19

Impulse Program 2022

Join our initiative!

You are a student and interested in the sports business industry and want to get actively involved in a student club at the University of St. Gallen?

Here's a teaser of what awaits you:

- Organize the biggest student conference in the sports industry and kick-start your career
- Learn hard- and soft skills in one of our functions (Marketing, Network, Event)
- Participate in unique workshops and events (e.g. Schöffel, Ochsner Sport, FIFA, HSG Career Center)
- Work with a highly motivated team and have a lot of fun!

What should you bring with you?

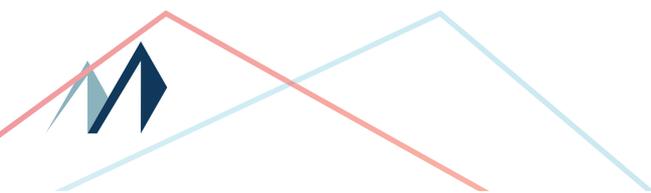
- Intrinsic motivation to better understand and challenge the Sports Business Industry and the dependencies
- Excellent written and spoken communication (English)
- Proactive mind motivated to be part of a growing student initiative
- Ability to work in a team and independently
- Structured approach and efficient working

Does that sound interesting to you? Then don't hesitate to apply for our new team via our application form on our website. We are looking forward to hearing from you!



Leon Schuler

HEAD OF EVENT





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Thank you.

