

Business Network

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Saints want to see dollars marching in

St Kilda is one of the AFL's best-run clubs, but it wants to kick more goals off the field, writes **Janine Perrett**.

IMAGINE your business is like a football team, performing well financially but your lacklustre on-field game is hampering growth. That is the problem facing one football team in trying to be a viable business. St Kilda Football Club may be one of the best-run AFL clubs financially, but its failure to climb the Aussie rules ladder is holding back business growth. "We are very mindful about being perceived purely by how our football team performs on the field," general manager Russell Morris says.

"When we talk to the business community, how do we position ourselves as a feasible business marketing tool as opposed to being judged on where our team is on the ladder?" Having not won a premiership for 40 years, there's no doubt the team needs to win games, but there are other issues facing management. Morris says the changing landscape of sports sponsorship, particularly in Melbourne, has forced the Saints to alter their strategy.

Footy clubs need to attract partnerships that are not influenced by the performance of the team on the field — this is our challenge," Morris says.

St Kilda is an ideal case study of a football team that is running an efficient small to medium enterprise that wants to get bigger in the face of intense competition. There are 41 full-time employees at the club and 40 contracted players. The players account for about half the costs, with the other \$10 million spent on running the club.

"We have turned the club around, from a \$3.5 million debt at the end of 2002, to being debt-free in 2006," chief operating officer, James Van Beek says.

Turnover in the past two years has been about \$21 million, with \$20 million in costs. The issue for us is how do we grow it from \$21 million to \$25 million and still maintain and improve our net profit margin from 7 per cent to 10 per cent?" he says.

While St Kilda is seventh on the AFL ladder, its financial performance has been much better.



On the ball: St Kilda general manager Russell Morris (left) and chief operating officer James Van Beek.

PICTURE: JUSTIN MAMANN

Based on an AFL survey last year, Van Beek says St Kilda was 15th in terms of total turnover and 16th in expenditure.

Being bottom of that ladder was a credit to the club — while one of the lowest in terms of revenue, it also had the lowest cost base.

"On a net profit base, dollar-wise, we were ranked third, and our net profit margin we were ranked No.1," he says. "So we are the most efficient club in the competition."

But Morris says the club needs to offer more than corporate hospitality and logos on shorts. "Every corporate has been invited to the footy, so that is in danger of becoming tired and boring," Morris says. "Our next challenge is to provide things they've never been offered before."

"We want to be taken seriously as a serious marketing option, but how best do we position ourselves in the market as an advertising-marketing medium?"

He says there is significant competition for the millions of dollars spent on sports marketing. And the club also has to compete with the other 15 AFL clubs.

Morris says if the club comes up with a new marketing idea it has to run it by the AFL. And even if the club did have a unique opportunity, its competitive advantage would only last a few months until the other clubs followed suit.

This is why the club is trying to find solutions that capitalise on its supporter base. St Kilda has about 35,000 paid-up members. But Van Beek and Morris believe they can harness up to 400,000 supporters nationally.

"The challenge is to get in touch with a broader supporter base," Van Beek says. "We believe we need to find out who all our supporters are around the country; we need to find that emotional connection."

"Currently, we've got a small database of current and lapsed members, with about 55,000 names, but we want to capture the other 350,000 we think are out there."

And therein lies the key to expanding the club's database, which is another crucial selling point for any SME. But the club also faces the familiar SME problem of people who are not traditionally computer savvy.

"We have only about 14,000 of the 32,500 current members' email addresses, so the issue is how do we get the rest of those members to actually advise us of an email address?" Van Beek says.

It is one reason the club is keen to attract younger supporters, particularly the elusive generation Y.

One answer might be the club's push to take advantage of its roots in St Kilda. "In the old days, clubs used to be related to their territories and that's all gone," Morris says. "We're one club that is related to an iconic suburb and

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we're keen to exploit that."

Thanks to its strong financial position, St Kilda has announced a \$16.5 million facelift of its Moorabbin headquarters.

But it is only part of Morris' vision for the club. He recognises that the usual marketing ways are losing their appeal. He is seeking new opportunities, such as turning the female supporter group into a businesswomen's networking group.

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Careful with that guerilla deployment

JANINE PERRETT



NO MATTER how big or small your budget, it seems marketing is a continuing problem for all businesses. Even for high-profile football teams, as we see on the page today with St Kilda, which approached us for advice from our experts.

Although it doesn't fit the traditional small and medium enterprise (SME) model, the way it runs its business and its marketing challenges are familiar to many owner-operators. Which is why any ideas on how to stand out from the pack are always received with interest.

This week's SME "Get Yourself Noticed" award goes to SumoSalad for its stunt at the opening of a doughnut store at Fountain Gate shopping centre in Melbourne. Mock protesters gate-crashed the opening of the doughnut shop waving placards urging customers to buy healthier SumoSalads instead. This "ambush marketing" was effective on many levels but may not gain the same exposure or tolerance should other SMEs try it.

Indeed, such guerrilla-style campaigns should be checked carefully beforehand to ensure they don't violate any advertising codes or rules of the Australian Competition and Consumer Commission, nor incur the wrath of a multinational's legal department.

Recently, commercial law firm Thomas Playford sent me a reminder on the legal ramifications of comparative advertising, warning that while "businesses are seeking to attract the attention of their target market, invariably it's their competitors and lawyers who will be paying greatest attention to this 'ticking legal time bomb'".

Guerilla campaigns should be checked carefully beforehand to ensure they don't violate advertising or ACCC codes nor incur the wrath of a multinational's legal department.

Partner Stephen Voss noted that it was a "powerful tool when used by business, and when this method of advertising is managed well it can give organisations a clear commercial advantage". But, he added, it "should be only undertaken with the utmost care and a high regard for accuracy. Businesses engaging in comparative advertising attract rigorous legal attention from their competitors that could lead to costly court action if claims and comparisons made in their advertisements are incorrect or misleading."

Still, this week's doughnut incident was (excuse the pun) food for thought. Not to mention the irony of watching a huge multibillion-dollar US brand that sells high-fat foods being upstaged by an Aussie-owned healthy food chain that was started only three years ago with one store and now has 20.

Also on the subject of marketing and legal concerns, our story last week about the perils of trademark protection for FLATOUTBears prompted a letter from Glen Strong, of Fa'toomsh Pty Ltd.

He writes: "From my experience it is a constant battle to get businesses, even my clients, to protect and value their IP (intellectual property). The risk is huge but the view of most is, 'if my accountant isn't worried then I'm not'. I have found over the years that the marketing profession does not take its own governance and risk management issues seriously enough and this is why IP has fallen into the realm of 'finance/legal's'."

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St Kilda Football Club

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Target the smaller Saints to generate long-term loyalty

Rajarshi Ray
Head of Small Business Services, American Express

While sporting success obviously helps grow membership and revenue, Russell and James recognise that managing costs while increasing income is vital to growth — no matter what business you are in.

To obtain member emails, the club needs to offer something in return. The Saints could invite members to subscribe on the back of a day ticket and could email members a weekly newsletter. For Generation Y customers, the club should utilise something no self-respecting member of that generation is ever without: their mobile phone. Providing score updates via SMS on game day and allowing fans to purchase player pictures or club song ring tones would all make sense.

A more complex problem is the Saints' desire to increase its long-term member base as it competes against other clubs and sports. Developing long-term loyalty, as with any small business, involves starting early. Whether supporting Union, League, AFL or football, I follow the same teams as when I was a kid. While Saint Hearts makes sense to target women, what about a membership program that specifically targets children — perhaps called Small Saints? Children under the age of 12 are some of the most influential consumers and are also tomorrow's supporters.



Make members winners regardless of AFL titles

John Stewart
Director, Stewarts Business Advisors

When you're talking about a football club, on-field performance is obviously paramount. People enjoy being involved with sport because of the camaraderie and the chance of a win. If the Saints aren't doing the winning, the club should find ways to make members feel like winners, regardless of the team's success.

St Kilda should reward regular members who deserve recognition for their strong dedication to the community — not the usual corporate or political personalities. These winners should be given awards that are diverse in scope with St Kilda as the common denominator. At Grand Final time the club could conduct a ceremony presenting the club colours on a lapel pin or brooch to the year's top 20 members in these categories. Club members would be the only people eligible and could benefit from a range of other privileges on match day or at functions. Perhaps a deal could be made with a national chain to provide food or beverage discounts on game days to St Kilda members, extending benefits to distant members unable to attend the actual event.

Regarding the database, the club could conduct an online competition, directed at children, where as a condition of entry parents or guardians must be members and grant the child permission to enter via email.



Consider partnerships beyond traditional structures

David Dandie
Head of Business Advisory and Training, Westpac

While on-field performance and marketing appeal are virtually inseparable, the Saints could do much to boost business growth. The Saints should consider partnerships that differ from traditional sponsorship structures and go beyond brand recognition. For example, the subject of a recent Business Network case study, Threeb-based schnapps producer Wild Brambly, was advised to seek a partnership with the ACT Brumbies on the basis that both brands shared a similar geography and mascot and could boost each other's appeal. Perhaps the Saints could strike a deal with All Saints Estate winery in Victoria? Or it could consider a 'brotherhood' alliance with an international sports team sharing a similar culture, such as in the US, reciprocal membership could enable access to the other's facilities, thereby providing overseas travel benefits.

With this in mind, some members simply like to have a place to go and clubs can provide that service. Members enjoy access to first-rate facilities, such as squash courts and restaurants, and the club is right to boost its services. The Saints could develop community-based alliances with local businesses where members receive discounts at local establishments simply by showing their membership card.



Implement a phone drive to obtain email addresses

Carolyn Stafford
Director, Connect

A phone drive or telemarketing campaign could help the St Kilda Football Club obtain email addresses from current members. This would involve calling fans individually, asking for these details and obtaining permission for them to be included on the Saints' mailing list. The club could offer benefits to members who participate in the drive or simply indicate its desire to keep members informed of activities via email. This phone drive could also help 'clean up' the Saints' database; the club could contact lapsed members and attempt to entice them back with 'special offers' or simply wipe uninterested people from the list.

Many fans potentially pay a membership fee to access good seats. Perhaps the Saints could consider a membership program that supports those fans who can't get to a game — including those who live interstate. For example, a monthly or annual subscription fee could be paid to enable access to a history section on the club's website or enable player interview downloads.

Other initiatives could include developing a booklet for purchase, similar to The Entertainment Book, which provides discount vouchers to local amenities such as restaurants and hotels. The club could develop incentives, such as subscription discounts, to encourage existing members to introduce new fans.



Develop incentives to build on fans' loyalty

Ross Cameron
Chief Executive Officer, Cameron Research Group

One of Australia's leading marketing gurus, Simon Hammond, recently released a book that addresses the three principles of branding: the need to create customer belief, belonging and behaviour. Most businesses could only dream of the marketing opportunities provided by the sense of belief and belonging that people feel for their sporting teams. Russell and James are absolutely right: the St Kilda Football Club needs to harness the loyalty many fans feel toward their team, even those who cannot attend games.

Russell could develop a form of membership that offers exclusive online benefits such as ongoing information, interviews with players and perhaps comments from the coach on why the team made particular decisions. It could be free for existing members and available to others for a nominal fee. This could generate significant press coverage, as well as strengthening ties with supporters and up-selling them to higher levels of membership or other services.

Russell should talk to his counterparts at other AFL clubs. Ironically, St Kilda's real competitors for members are Rugby League, Rugby Union and soccer. AFL clubs are more interested in growing the overall membership of the code than stealing each other's members.



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