2018 Partnership Trends and Opportunities in Professional Football
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2018 Partnership Trends and Opportunities in Professional Football
Contents

1 Introduction

2 Adapting to the New Landscape

3 Men’s Grooming: A Growing Opportunity

5 Beer in Focus: European Opportunity from APAC Partners

9 Sports and Energy Drinks: What Opportunities lie within Asia Pacific for European Clubs

13 Disruptive Partnerships
   Health and wellness packaged food trend overview
   Cryptocurrency and blockchain trend overview
   Sharing economy trend overview

16 Final Recommendations
   Identifying the most profitable partnerships—a three step process: Looking beyond revenue
   Evolving consumer preferences
   Be open to disruption

18 How Can Euromonitor International Help?
The cost of running top-flight football clubs has risen sharply in recent years, while revenue sources slowed and failed to keep pace with cost. Stringent financial regulations continue to be implemented across professional sports, requiring a review of revenue generation and the need to attract new, more valuable and more varied commercial partners to support long-term sustainability and success.

Consider a top-flight club that exhibits a willingness to spend big on international stars. The pressure of that purchase extends beyond on-pitch performance although that is a part of it. The purchase may assume more commercial attractiveness, and a wider array of untapped commercial opportunities from attracting new fans in growth markets and furthering the partnership footprint to including high performing companies in industries and sectors that align with the strategic goals of the club as a business. Making this leap from high-spend to fulfilling partnership potential is far from a simple task yet herein lies the value opportunity for football clubs. The widening of partners from local to global is paramount in reaching the pinnacle of partnership potential.

As the maxim states, ‘every right has its responsibilities’, and the right of a football club to spend big comes with it the responsibilities to ensure commercial and competitive sustainability. The strategies underpinning these responsibilities, while sometimes tactical, are increasingly becoming strategic. To make better decisions, clubs must understand the purchasing habits of fans, the lifestyle choices they make, and the values they hold. In doing so, clubs can make better partnership decisions, and ones that align with the ever-evolving demands of consumers.
Adapting to the New Landscape

The goal of this paper is to shed light on the opportunities that exist for clubs operating in this new climate.

To adapt to the changing commercial landscape, clubs must ensure they are maximizing revenue sources appropriately. This maximization must however start from recognizing the revenue sources representing value growth opportunity.

Consider the above chart. In terms of opportunities a club can seize control of, none are more flexible than the commercial sphere. This paper reviews common strategic goals and emerging opportunities identified through a rigorous process of commercial outreach with some of Europe’s top football clubs. This is not an exhaustive list of opportunities, nor of categories or industry data. This is a collection of case studies showcasing the ability to use strategic data identifying global opportunities. Data of this nature can be used to assess the short, mid and long term viable of partnerships, identifying and filling gaps and ensuring clubs are in the best position to identify and capitalise on global partnership opportunities.
Men’s Grooming: A Growing Opportunity

Few categories can account for all the necessary ingredients for successful long-term global partnerships as men’s grooming. While many top teams and players have partnerships in place, this is for many, an untapped opportunity. Whether it is the social media reaction to Lionel Messi growing a beard or ‘NFL UK and Europe’ partnering with Just For Men, it is widely accepted men care more than ever about how they look. Healthy lifestyles, healthy food, supplements and personal care products are all part of this broader shift.


Men’s skin care continues to benefit from a change in mind-set as more men integrate skin care into grooming routines. Although penetration is still very low relative to women’s skin care, the potential for growth is extensive. Anti-ageing and anti-pollution, as well as more complex skin care routines inspired by Korean beauty trends, are likely to gain traction in the UK and Western Europe over the forecast period.

Men’s grooming benefited from the growth of beard care products in 2017, a trend set to continue as this category is in its infancy and growing rapidly. The definition of “clean shaven” has shifted from shaving five to six times per week to shaving two to three times per week and maintaining some level of stubble. Men’s beard washes, oils, waxes, gels, combs and brushes will continue to grow as a plethora of smaller brands have already appeared, while larger players such as Just for Men have started to launch their own beard care ranges.
Many new entrants and larger companies in the category have started offering subscription razor blade services to men looking for flexibility in their grooming routine, being able to renew or cancel a subscription at any time whilst enjoying the convenience of having blades delivered directly to their doors. Internet retailing is therefore likely to continue gaining value share in men’s shaving as other more traditional retail channels, such as hypermarkets and supermarkets, continue to lose share.

**Men’s Grooming Retail Sales by Region**
USD Million - Constant - 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>8,602</td>
</tr>
<tr>
<td>Australasia</td>
<td>781</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>3,593</td>
</tr>
<tr>
<td>Latin America</td>
<td>11,270</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>3,366</td>
</tr>
<tr>
<td>North America</td>
<td>9,519</td>
</tr>
<tr>
<td>Western Europe</td>
<td>12,388</td>
</tr>
</tbody>
</table>

Source: Euromonitor International

There remain many opportunities in this space for teams to capitalise. Consider La Liga, where the most notable partnerships are brands Head & Shoulders and Gillette (Procter & Gamble Company, The), Nivea Men (Beiersdorf AG) with Barcelona and Real Madrid. Beyond these flagship partnerships remains ample opportunity for teams to look towards this category.
Football and beer. The list of partnerships in global football is endless. The reason for including a long-established industry such as beer is the world is getting smaller, and football teams are getting bigger and more global. Now is the time to look east for potential partners, as part of the broader effort to win fans in Asia Pacific. Serving Asian fans digital content is easier than ever before, and while growing fans online is becoming more important, engaging beyond the realms of the digital sphere is something that needs to be considered—and what better segment to achieve this than with a high-volume consumption industry adept at leading partnership innovative activations.

In 2017, Asia Pacific was the largest region in total volume terms, accounting for 35% of global beer consumption. Asia Pacific still lagged behind Europe and the Americas in terms of per capita consumption, however this is a product of longer, more-established traditional consumption patterns in these regions.
During the review period (2012–2017), Europe and the Americas consumed 25% and 30% of global beer volumes respectively, however market maturity and tough economic conditions created a challenging growth environment. Unsurprisingly, lager accounted for more than 90% of volume sales in the majority of Asia Pacific markets, contributing to the bulk of regional volume growth in the region.

Asia Pacific offers many un-tapped opportunities with markets bolstered by high performing international brewers, an un-matched population of legal drinking age and rapid urbanisation. The flow of investment from the region into professional sports globally also fuels this opportunity from the global professional sports perspective.

**Beer in Asia Pacific: Absolute Growth Breakdown, 2012 / 2017**

<table>
<thead>
<tr>
<th>Total Volume million litres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lager</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Vietnam</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>South Korea</td>
</tr>
<tr>
<td>Thailand</td>
</tr>
<tr>
<td>Philippines</td>
</tr>
<tr>
<td>Taiwan</td>
</tr>
<tr>
<td>Indonesia</td>
</tr>
<tr>
<td>Malaysia</td>
</tr>
<tr>
<td>Hong Kong, China</td>
</tr>
<tr>
<td>Singapore</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

**Source: Euromonitor International**

Growth in beer in China has been declining since 2012, yet sheer size trumps the slowdown. Lager has seen decreased volume sales in China, caused by shifting consumer preference driven by younger generations, from high consumption of economy lager to mid-priced and premium lager variants. This trend has been catalysed by players such as Tsingtao Brewery launching three new premium lager brands with the ambition of attracting more sophisticated younger consumers.

However, not all Asia Pacific markets showed the same trend towards lager premiumisation. The region as a whole overall saw the bulk of volume growth stem from mainstream categories such as economy and mid-priced lager. In Thailand for example, economy lager alone contributed 83% of 2017 volume growth.
Asia Pacific is dominated by regional brewers, many of which benefit from high volume sales in key markets. Leaders in China include China Resources Holdings Co Ltd, Tsingtao Brewery Co Ltd and Beijing Yaning Brewery Co Ltd while in Japan, Asahi Group Holdings Ltd and Kirin Holdings Co Ltd lead the industry. International players also perform well in the region, but with the goal of broadening partnership footprint, the above companies exhibit potential.

For football clubs looking to grow exposure in Asian markets, it is vital to gain a full perspective of where partners operate are within this breakdown where they are heavily reliant. For example, a football club might opt for a partner with lower sales but diversified over a broader range of countries than a partner with high volume sales in one particular market.
Beer in Asia Pacific: Top 10 Companies by Sales and % Sales Breakdown by Country, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>China Resources Holdings Co Ltd</th>
<th>Anheuser-Busch InBev NV</th>
<th>Tsingtao Brewery Co Ltd</th>
<th>Beijing Yanjing Brewery Co Ltd</th>
<th>Carlsberg A/S</th>
<th>Asahi Group Holdings Ltd</th>
<th>San Miguel Corp</th>
<th>Kirin Holdings Co Ltd</th>
<th>Heineken NV</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>100%</td>
<td>79%</td>
<td>99%</td>
<td>100%</td>
<td>57%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>Japan</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>94%</td>
<td>8%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>7%</td>
<td>2%</td>
<td>44%</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Philippines</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>90%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Euromonitor International

APAC Beer Partners Snapshot 2018

China Resources Holdings Co is forecasted to continue to make capital investments in its breweries to expand its capacity for premium beer and to bolster its leadership of beer in the country.

San Miguel Brewery has been strengthening its global footprint, as its products are distributed in Asia, Europe, the Middle East and the US, whilst also maintaining its dominance in the Philippines.

Saigon Alcohol Beer & Beverages Corp (Sabeco) expects its privatisation to be completed over the early forecast period. Consequently, the company is likely to strengthen its foothold in Vietnam, as well as being able to tap into the buyer’s network to expand overseas.

The demographic overlap between these consumers and fans of European football teams and leagues is not to be ignored. The substantial and ever-increasing fan base of European clubs in Asia Pacific, blended with beer companies’ effort to appeal to younger generations with new products will bring exciting possibilities for both regional and global partnerships.
Sizing the opportunity of categories within food and beverage traditionally considered unhealthy is now a delicate exercise. Increased pressure from health advocates in both the public and private sphere, along with the growth of the health-conscious consumer has cast doubt over future partnership potential. Nevertheless, the category represents immediate partnership opportunities with brands such Gatorade (Pepsico) boasting over 35 partnerships within global football in 2017 – a relatively small number compared to the brands level of activity in other professional sports. Sizable investments into sports from other major brands, such as Red Bull (Red Bull GmbH) and Monster Energy (Coca-Cola) have illustrated the level of commitment and scale of partnership possibility within this space. What adjoining opportunities are emerging for football clubs?

**Sports and Energy Drinks: What Opportunities lie within Asia Pacific for European Clubs**

Sports and Energy Drinks: Putting Asia Pacific in Context, 2012–2017

Off-trade Volume million litres

*Note: Bubble size indicates market size in million litres in 2017. Range displayed: 291 to 7,997 million litres.*

*Source: Euromonitor International*
Sports and Energy drinks saw 8% CAGR growth from 2012–2017 in Asia Pacific, second only to Eastern Europe. In terms of size, the region saw value sales of USD8 billion in 2017, second only to North America.

China, not surprisingly, outperformed its Asia Pacific counterparts in absolute volume growth in recent years. However, there remains related opportunities. For instance, Naturally Healthy beverages saw value growth in China of 7% during 2012–2017, equating to a market size of USD35 billion. The trend is set to continue uninterrupted, with the category expected to experience CAGR growth of 5% over the forecast period, bringing total market value to USD46.42 billion by 2022.

Across top ranking countries, only Japan presented a significant decrease in sports drinks, yet still enjoyed growth from energy drinks. Overall, the indicators for partnerships are promising, especially considering China’s strong performance. Small markets such as Vietnam are also performing well with 10% CAGR growth for energy drinks and close to 30% for sports drinks over the review period (2012–2017).
Eight out of top ten Sports and Energy drinks companies in Asia Pacific are locally based, with only international giants Coca-Cola and PepsiCo present in the top ten. In terms of market size, China is expected to grow volume sales by 24% over the forecast period (2017–2022). Vietnam is also expected to grow significantly, while other Asia Pacific markets will see relatively flat growth over the same period.

**Sports and Energy Drinks in Asia Pacific: Top 10 Companies by Sales and % Sales Breakdown by Country 2017**

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>68%</td>
<td>14%</td>
<td>7%</td>
<td>18%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
<td>98%</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td>78%</td>
<td>47%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>17%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>81%</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>5%</td>
<td>1%</td>
<td>45%</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>5%</td>
<td>1%</td>
<td>34%</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>2%</td>
<td>4%</td>
<td></td>
<td>2%</td>
<td>87%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*Source: Euromonitor International*
What this means for Football Clubs?
The landscape of many non-alcoholic drinks partnerships is becoming increasingly complex with increased pressure on manufacturers of products deemed unhealthy. A study published in the journal Pediatrics in 2013 analysed brands promoted by 100 elite athletes including LeBron James and Serena Williams. Of the food products examined, 79 percent were energy dense and nutrient poor. More than 90 percent of the drinks had 100 percent of the kilojoules from sugar. Sports drinks were the largest category, followed by soft drinks and fast food.


Off-trade Volume million litres

As manufacturers look to evolve with consumer demand, opting in many cases to ‘trim the edges’ of products with a negative perception, whether by eliminating artificial ingredients, or reducing sugar, there will be persistent challenges facing the category and healthy variants will increasingly look more attractive in the partnership sphere. Ignoring the health aspect of these various categories could potentially spell a missed opportunity.

As teams and leagues look to integrate corporate social responsibilities within their business, of which fans are key stakeholders, partnerships within packaged food and non-alcoholic drinks will increasingly reflect the demand for high-quality, healthy food and beverages. On the regional level, re-thinking partnership strategy to include healthier products could not just be a lucrative opportunity for teams and leagues, but could also win the hearts and minds of the health conscious fan.
Disruptive Partnerships

Euromonitor International’s team of economic, consumer, and industry trend experts identified 20 megatrends shaping consumer markets and predicted the eight most influential megatrends to watch for 2018. These megatrends, share common drivers and have the power to transform and disrupt entire categories.

Disruption has been a cross-industry buzz word for quite some time. Changing the way sectors operate using novel or innovative techniques is becoming mainstream rather than niche. Established industries have traditionally showed an aversion to disruption, however that is changing. Whether it is the high market capitalisation of many digital start-ups yet to make a profit in the tech space or the latest diet trend and its impact on packaged food innovation, there is an ever widening number of opportunities
not only on the radar of leading players, but should be on the radar of football clubs as well. Here are just some of the top disruptors that either have been seized upon by clubs, or represent a yet untapped opportunity.

**Health and wellness packaged food trend overview**

Consumers are looking for a more holistic approach to a healthy diet and natural is the most sought-after feature. The big winners of this trend are organic and free from foods, particularly in Western Europe and North America, where fashionable eating habits and health-conscious consumers are the key drivers of growth. In the case of organic foods, safety reasons are also crucial, especially in emerging countries such as China. Application in Football There has been sustained pressure on public and private bodies from consumers, health advocates and associations and others in recent years. Football hasn’t escaped this pressure. There is the dual benefit of a health food partnership of not only listening to the advice of the experts but also of commercial value, given the performance of Health and Wellness foods globally. Consider the stadium impact of PepsiCo’s Hello Goodness vending brand. Introduced in 2015, it has been used to promote some of PepsiCo’s more health-positioned brands in the US, including Sabra hummus and Sun Chips. Hello Goodness vending machines have attracted new customers and boosted revenue based on consumers’ desire for on-the-go snacking, following on convenience trends, coupled with the increasing appetite for healthy offerings. Only snacks that meet PepsiCo’s nutritional standards are included under Hello Goodness, which includes baked snacks or those with lower fat content or including whole grains. The opportunity to include healthy vending machines within stadiums offers a win-win for the conscious, yet commercially aware football team.
Sharing economy trend overview

Modern day consumers are becoming increasingly eco-conscious and moving towards buying sustainable products and/or products that come with authentic, transparent stories behind them. While most consumers are not yet willing to pay a large premium for such sustainable goods, they are willing to pay a premium to save time, which many sharing economy services offer to do. Within this overlap lies the opportunity.

Application in football

While some opportunities are niche, others are cross industry megatrends that offer a ubiquity of opportunity for those savvy enough to spot them. Airbnb partnering with the World Surf League, LA Dodgers partnering with Uber or any number of clubs looking at local, sustainable and environmentally friendly foodservice sourcing options, the sharing economy offers values that football fans and consumers subscribe to. Much like the aforementioned health and wellness packaged food opportunities, there is the dual benefit of driving the commercial interests of the team, alongside improving the image of the business. An overwhelmingly majority of respondents surveyed in Euromonitor’s Analyst Pulse Sports survey in 2018 agreed with the statement that clubs/athletes have a responsibility to use their public platform to call attention to social and political issues. This is something clubs should consider when evaluating and assessing opportunities across different industries.

Cryptocurrency and blockchain trend overview

2017 saw the rise and fall of cryptocurrency. The lead story of the year was the explosion of value for Bitcoin during the second half of the year, followed shortly by surges in others, notable Ethereum and Ripple among others. Despite a slow start to 2018 cryptocurrencies and the still emerging Initial Coin Offerings that were the story of 2017 could become the next major partner sector for sports teams.

Application in football

Two major applications stand out. The ability to drive fan engagement through blockchain enabled rewards systems. In 2018, Havas Media announced the release of a currency rewarding fans for their loyalty or for becoming a key opinion leader on behalf of the sports club or federation. Fan engagement results in the issuing of coins that can be traded and converted into consumer goods, exclusive content and unique experiential rewards. The second application is direct partnerships. In 2018, Arsenal Football Club announced a first of its kind partnership between a major football club and a cryptocurrency—CashBet. The deal saw the club promote the firm’s initial coin offering (ICO) at the 60,000-seat Emirates stadium. Cryptocurrency specifically remains a largely untapped opportunity—however clubs eyeing these through the lens of partnership potential will do well to not gloss over the volatility of the market threatening the long-term viability of this space.
Final Recommendations

In football, deals happen fast. They often are unpredictable. They often result in competitors looking to better understand the deal value to emulate or to quickly exceed it. Reacting and remaining flexible are qualities that shouldn’t be ignored, yet strategic data can help shift the balance from reactive to proactive. Proactiveness does not mean thinking about industries and categories in the same way, nor is it just using growth and revenue of a partner as a proxy of how much value a deal will bring in. Instead, the focus should be further ahead on the realistic growth ambitions of partners. There are niche trends driven by health food start-ups that the Nestles and PepsiCo’s of the world are paying attention to leading to acquisitions and the incubation of future brands that will drive the business forward. The approach of football clubs can to some degree follow the same protocols.

Those same niche companies being eyed by giants offer partnership potential that can be capitalised upon. Beyond niche trends, are the cross-industry megatrends shaping the lifestyle of the future fan. From leading healthier lifestyles, seeking to purchase eco-conscious products, valuing small-holder single origin coffee farms and locally sourced produce, to active participation in the sharing economy, this is a transformative period for consumers, and whether commercial performance for a football club now is satisfactory or not, the future will not be business as usual. Staying ahead means moving from re-active to pro-active.

Identifying the most profitable partnerships—a three step process: Looking beyond revenue

Partnership potential needs to be assessed in a more organic way, going beyond the traditional criteria of deal value, company revenue or simple growth rates. Global footprint, partner headquarters, key categories, key brands and activation opportunities should all be considered. What partners align with the global growth strategy of the club and can help achieve our goals? Consider the wide range of Chinese companies partnering with European football teams as part of a global growth strategy. Understanding future performance of partners within their respective focus industries is essential to capitalising.

Evolving consumer preferences

The distance between what consumers value and buy is narrowing rapidly. An increase in spending power in many markets is allowing consumers to vote with their wallet. Fans believe that players and teams
should use their platform to drive political and social goals, and partners live within these boundaries. Remaining acutely aware of the cross-industry megatrends shaping consumer decisions will become increasingly crucial to maximising commercial revenues in football. A partner with a good social responsibility record making innovative efforts and long-term commitments towards creating an ethical supply chain can potentially improve the image and value of a team.

Be open to disruption

The transformative opportunities that exist with partners means encouraging a creative willingness to look beyond the obvious. From disruptive technologies to sharing economies, the rate the world is changing will continue to influence fan engagement, the business of football and the potential for partnerships. Technology, for instance, continues to be the great disruptive force, and stakeholders in professional football at all levels need to take note. For instance, tickets for the UEFA Super Cup final between Real Madrid and Atletico Madrid, held in Tallinn, Estonia, were distributed via a mobile phone-based blockchain application and was deemed a success by the organisation. Whether it is initial coin offerings or implementation of blockchain technology, ride-sharing partnerships such as Uber or Lyft or new digital content partners that can expand the digital reach of teams and leagues, the ability to do things differently has never been greater.
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