

DEPARTMENT OF TRANSPORT AND REGIONAL ECONOMICS

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the case of Belgian Football**

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A Managerial Approach to Corporate Sports Hospitality: the case of Belgian Football

by

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Abstract

Corporate Sports Hospitality (CSH) is a relationship marketing tool whereby customers and other stakeholders are invited by a company buying CSH from a club to attend a sports game. The CSH product involves premium seating and optional services such as catering. Little academic research about the CSH industry has been performed in the past. Moreover, this industry has been perceived to be in decline, especially in times of economic downturn when companies need to justify every cost expenditure. This paper quantifies the added value of CSH. A case study from the highest division in Belgian football (soccer) shows that, although the market is smaller than in the American major sports leagues, CSH returns account for an important share of club revenues. Through Porter's Five Forces framework, we show that a club experiences the strongest competitive impact from substitutes and other clubs in the league. Since CSH is often managed on an ad-hoc base and the literature offers no formal CSH management process for companies and clubs, information is gathered to build such an effective process. It allows both clubs as well as CSH buying companies to define their objectives and measure their performance in a quantitative way through Key Performance Indicators (KPIs). Not only return on investment, but also return on other objectives matters. We moreover argue that measuring the output through these KPIs and improving the process according to feedback loops are crucial for successful CSH. To improve CSH attractiveness, sufficient attention should be given to technological and managerial innovations.

Keywords: Luxury seating, Venue revenues, Management process, Sports marketing.

1. Introduction

Over the last ten years, the perception has grown that premium seating sales in sports stadiums have been in decline (Titlebaum et al., 2013). Corporate budgets for sport sponsoring were reduced by 25% after the 2008 financial crisis, and the number of unsold seats increased (Connelly, 2011). The question can be asked whether there are growth perspectives after economic recessions which obliged corporate management to justify all expenses (Titlebaum & Lawrence, 2011). As quantifying the value of investing in sports premium seating is difficult for a company, it may have formed the target of cost cuts. Hence, a thorough study of the industry and strategies to deal with and reverse these negative impacts is required, in order to unveil the potential added value of Corporate Sports Hospitality (CSH) and find ways to effectively realise this added value through appropriate CSH management.

Most of the limited literature concentrates on the USA premium seating market (Shapiro, DeSchrive & Rascher, 2012; Titlebaum et al., 2013). In this study, we confront this literature with the CSH industry in Europe, and more specifically in football (soccer). In Europe, football is the biggest and most popular sport, with also the majority of CSH investments (Hughson et al., 2016) and it has a high data availability. CSH is defined here as a relationship marketing tool whereby customers and other stakeholders are invited by a company buying CSH from a club to attend a sports game (Berry, 1983; Drake, 2013). In this way, the CSH product offered by a club includes not only premium seating, but optionally also catering and additional entertainment activities in the stadium. CSH can be looked at from multiple perspectives, being marketing, sponsoring, sales and stadium management (Titlebaum & Lawrence, 2011). CSH is often part of a sponsorship deal, but it can be stand-alone as well (Bennett 2003, Cobbs, 2011; Titlebaum et al., 2013). Both are different elements of marketing, but combined they can reinforce each other (Titlebaum & Lawrence, 2010; Baxter, 2000).

Because the CSH business is still perceived by many stakeholders a declining business with limited innovations, the first objective of this paper is to quantify how CSH creates value for both clubs and companies in Europe. The second objective is to investigate how CSH can be managed to realise a win-win situation for both, since many clubs and companies nowadays manage it on an ad-hoc base. To this end, a formal industry management process including specifically designed Key Performance Indicators (KPI) is constituted as an addition to the available literature by means of a case study analysis of the Belgian market, on which a lot of data is available.

In this paper, CSH is situated in the available literature in Section 2. Section 3 describes the methodology and data used to quantify the added value of the industry in Belgium and develop a formal management process with specifically designed KPIs. Section 4.1 describes the environment of the studied case. The income generated by the CSH industry in Belgium is estimated in Section 4.2, both in absolute and relative terms to better allow extrapolation of the results to other countries and sports. The strategic dimension of the industry is analysed in Section 4.3 through Porter's Five Forces Framework (Porter, 1979).

In Section 5, the sports marketing and management literature is combined with insights in best practices from interviews with football clubs, companies buying CSH and industry experts. Additional information is gained from attending games in the VIP-area and stadium visits. All this information allowed developing the formal strategic management process for CSH. By defining related KPIs, the value of CSH can be made explicit for both clubs and companies. In this light, this paper differs from already available literature, as combining the vision of clubs and companies into the management process allows gaining comprehensive insights into the entire business. It is for a club essential to understand the objectives and managerial processes of a company and vice-versa. They create the hospitality experience for the guests together, and it is in both parties' interest to optimise this experience

through cooperation (Titlebaum & Lawrence, 2011). In Section 6, the management process is compared to the approach of the Belgian Football Association (FA) for their matches of the national team. Section 7 contains the conclusions and ways for further research.

2. Situating CSH

The majority of the CSH or premium seating literature concentrates on the situation in the USA. The first suites emerged in American stadiums in 1965 (Titlebaum & Lawrence, 2011), whereas in Belgium, RSC Anderlecht was the first team to have business seats in the 1980's. According to Titlebaum & Lawrence (2011), in the beginning of the 21st century, the market for all teams in four professional leagues (NBA, NHL, NFL and MLB) entailed \$600 M gross revenues per year for 12351 seats. According to Titlebaum et al. (2013), NBA teams earn on average \$20 M per year on premium seating. Lawrence, Contorno, & Steffek (2013) state that this industry accounts for half of the sport ticketing industry. In new venues, 25% of the seating are premium seats. This shows the importance of the industry (Shapiro et al., 2012) for football clubs and why it receives so much attention when new stadia are built (Ginesta, 2017). European football teams like FC Bayern Munich even strive to apply the Pareto principle to this industry, trying to realise 80% of the ticketing revenues from the 20% of the most expensive tickets. In Belgium, the team closest to this Pareto level achieves 64% of its ticketing income from the 21% CSH tickets.

To sell their premium seating, clubs primary look at corporations. In the USA, 61% of teams and venues sell more than 90% of their premium seating to companies, while another 23% of teams and venues had between 75% and 90% of luxury suites bought by the companies (Lawrence et al., 2013; Titlebaum et al., 2013). According to Titlebaum & Lawrence (2010), the majority of buyers were banks, with almost 7% of the suites belonging to them. The second group were lawyers and attorneys (6.8%), followed by media groups (5.8%) (Lawrence, Kahler, & Contorno, 2009).

2.1 Measuring objectives and outcomes of CSH

Companies have many different reasons for buying CSH and for inviting specific guests. These reasons are linked to their specific objectives (Titlebaum & Lawrence, 2011). The main reason is to network and entertain business clients in order to reinforce or extend existing or create new business relationships, leading to new contracts or sales (Titlebaum & Lawrence, 2010). Moreover, companies seek to create an own identity and visibility and increase trust and loyalty among customers (Cousens et al., 2006; Bennett, 2003). According to Gronroos (1994), relationship marketing can help reducing customers' price-sensitivity. Other reasons are less important, but may include rewarding company employees as part of the HR management or the personal desire of senior executives (Titlebaum et al., 2013; Amis, Slack & Berrett, 1999). For a club, the main focus is on increasing revenue, but also the networking opportunities and the possibility to increase diversity among the stadium attendants should not be neglected.

For both companies and clubs, it is not only important to set objectives. It is also important to measure the results in order to know how successful the club or company is in achieving the objectives. CSH companies can use internal score cards to identify important event and customer related objectives (Titlebaum et al., 2013). Very often, companies measure their benefits using return on investment (ROI): financial output divided by financial input (Titlebaum & Lawrence, 2011). For a club, the costs and returns, which are earned per game, can be easily calculated. For a company however, the business cycle from initial contacts to signing contracts and generating revenues involves a lot of time (Titlebaum & Lawrence, 2011). Many additional factors may influence the decision of a customer to engage in a new contract as well. Companies try to deal with this issue by measuring ROI qualitatively, which is de facto equal to measuring return on objectives (ROO) (Titlebaum et al., 2013). ROO is however not restricted to qualitative measurements. ROO measures to which extent

intermediary objectives maximising ROI for relationship management have been realised through quantitative and qualitative KPIs, e.g. the number of customer interactions in a given time period or brand perception changes. In order to measure ROO effectively, the objectives and KPIs need to be defined in line with the business strategy.

To avoid decisions based on gut feeling, evidence based management argues that to measure is to know (Parmenter, 2015; Pfeffer & Sutton 2006). This approach is much needed in CSH (Titlebaum & Laurence, 2009). Formal evaluation tools are lacking (Titlebaum & Lawrence, 2010). Some companies send out small surveys, but the majority does not collect data, which can pose serious problems (Titlebaum et al., 2013). Nevertheless, measuring is the task of both the club and the CSH buyer. Since only few measurements are performed, no feedback is possible either, and the actors are not able to quantify the return and added value CSH generates (Titlebaum et al., 2013). Walzel (2010) gives two reasons for this lacking of data collection. Companies do not want to disturb their guests with surveys or may find it too difficult to measure. New data mining techniques to extract customer perceptions from social media might however resolve these types of issues (Chen & Lin, 2006; Barbier & Liu, 2011).

To formally measure the extent to which CSH outcomes fulfil the objectives, Key Performance Indicators (KPIs) are required (Marr, 2012). They are quantitative or qualitative measurements to effectively analyse the progress is meeting objectives. This is realised by comparing the actual value with target values (Katsikaes et al, 2016). It is important to define KPIs in line with the business strategy and objectives, according to the SMART-principle. They need to be specific, measurable, acceptable for all employees, realistic and time-constraint (Parmenter, 2015).

2.2 Operational CSH management

In order to be able to sell seats, clubs need to act proactively, as seats are not sold automatically (Titlebaum & Lawrence, 2011). Clubs know very well which industries are well

represented among their CSH buyers. They can use this information to further penetrate in these industries, but also prospect in others (Lawrence et al., 2009). Moreover, Ratten & Ratten (2011) prove the importance of not only looking at national companies, but also consider international enterprises. Lawrence and Moberg (2009) developed an operational framework to organise the selling process behind luxury suites, including client recruitment and relationship building. They propose a two-step process wherein sales and follow up customer relationship management are two distinct steps.

On the interface between the club and the CSH buyer, suite administrators play a crucial role. They are the liaison between the club and the company, and they are a facilitator of both working together in order to offer the customer the best experience possible (Lawrence & Titlebaum, 2010). The problem however is that the suite administrator in many companies has other tasks to do, and did not receive any specific training. This might have negative consequences on the performance of the suite administrator. Because of their hands-on experience and insights, they are also crucial to give feedback to senior management about the company's CSH investment, although the suite administrators have no decision power. In order to fill a company's suite or seats, Titlebaum and Lawrence (2011) suggest to develop a list of priorities, linked to the company's customers and available games. This would lead to inviting the most appropriate customers to each individual game.

2.3 Dealing with economic downturns

In times of economic downturn, buyers of CSH are scrutinising every expenditure, and corporate managers need to show the value of all expenditures. Innovations in this mature industry are required to be able to sell premium seats as much as possible and counter the recent sales decline. Time sharing and suite sharing arrangements or formulas with optional catering per game have been brought up in literature as alternatives to reduce costs (Lawrence et al.,

2013; Titlebaum & Lawrence, 2011). Moreover, shorter initial contracts allow buyers to test out the suite and experience the added value by doing.

In Belgium, event organiser Golazo (2018) uses two different pricing approaches. Top down, they organise the most exclusive event possible and ask a premium price, whereas bottom up, they start from a basic event and charge extra for each element the customer wants to add. A good equilibrium between revenue maximisation and customer retention is required (Titlebaum et al., 2013). Because of the exclusivity of the product, the price is subjective and influenced by the customer's willingness to pay. Shapiro et al. (2012) used multiple regressions to predict CSH prices, which are significantly and positively affected by population size and income, but also by team performance.

Next to pricing, exclusivity increasing innovations can help to increase sales (Titlebaum & Laurence, 2009). Such examples include player meet and greets, dressing room and other behind the scenes visits, a dining room with view on the player tunnel, traveling with the team, private parties or raffling custom or autographed memorabilia. Moreover, providing guests with a gift cobranded by the club and the company represents an event souvenir that can intensify the relationship between the company and his guest. It could also increase the likelihood of the guest becoming a club fan (Titlebaum & Laurence, 2009; Titlebaum & Lawrence, 2010; Titlebaum et al., 2013). Building a new venue also adds to the new hospitality area increasing sales. However, this novelty wears off after a couple of years (Lawrence et al., 2009).

Additionally, the club can use its facilities to also generate non-match day revenues (Titlebaum & Lawrence, 2011). Organising business meetings in the stadium offers a unique experience because of the exceptional setting. Clubs also install a museum, which leads to an additional source of income, known as museumification of the stadium (Ginesta, 2017; Parrish, Lee & Kim, 2016).

3. Methodology and data: case studies

The literature review in Section 2 brought some objectives and operational approaches of companies or clubs to light. In the remainder of this paper, we build on the literature by combining the perspectives of companies and clubs. We determine their objectives and propose a formal management process to achieve these objectives. To this end, the methodology of case studies is applied to the Belgian football CSH industry to find out how added value for both clubs and companies can be realised in a win-win partnership. An important quantitative data source, the Deloitte (2016) study about Belgian professional football clubs, is supplemented with prices, revenues and capacities from the clubs' websites and available annual reports. In Belgium, there are 24 professional clubs, of which 16 play in the Jupiler Pro League (1A – highest division) and 8 in the Proximus League (1B – second division) (Jupiler Pro League, 2018). From these teams, five teams compose the G5 with the highest budgets. These are RSC Anderlecht, Club Brugge, Standard de Liège, KRC Genk and KAA Gent. In this paper, the focus is on Division 1A, but findings were validated by looking at a club from 1B and by comparing with the case of the national team's (Belgium Red Devils) CSH approach.

Because not all information is available online, interviews with sponsor- or account managers at clubs and sponsor managers at companies buying CSH in Belgium have been carried out, following the scheme of semi-structured interviews. The interviewees are given in Table 1, grouped per category. The structuring surveys have been composed following nine expert-interviews, according to the snowball sample principle (Kotler & Armstrong, 2014). The surveys for clubs and companies are structured by themes in order to be able to quantify CSH benefits and to constitute a management process based on objectives and KPIs. The surveys are included in Appendix A and B respectively. Since the qualitative information converged towards the final interview in each category and the included G5 and non-G5 clubs

are well distributed over the ranking of 1A, the samples can be reasonably assumed representative for the CSH industry in Belgium.

Table 1. Overview of interviewed stakeholders.

Experts	Clubs	Companies
Dimitri Huygen (Sports stadium expert, ESSMA)	Club Brugge (1A)	BNP Paribas Fortis (bank) (sponsor, CSH buyer)
Guillaume Desmet (CEO CSH company 'Gracias')	KRC Genk (1A)	Canon (cameras) (sponsor, CSH buyer)
Jelle Verdoodt (Sports manager, various companies)	KV Mechelen (1A)	CRAS (materials supplier) (sponsor, CSH buyer)
Jos Verschuere (sports management professor VUB)	KV Oostende (1A)	Randstad (employment agency) (sponsor, CSH buyer)
Marco Heijl (sports marketing professor)	KVC Westerlo (1A)	Recordgroup (bank) (sponsor, CSH buyer)
Simon Van Kerckhoven (sports management professor IFBI)	RSC Anderlecht (1A)	Telenet (telecommunications) (sponsor, CSH buyer)
Trudo Dejonghe (sports professor KU Leuven)	Sint-Truidense VV (1A)	
Wim Lagae (sports marketing professor KU Leuven, UGent)	KSC Lokeren Oost-Vlaanderen (1A)	
Wim Mathues (sports marketer GFK)	SV Zulte-Waregem (1A)	
After the research: validation with Joeri Vlemmings (MD iXpole)	Oud-Heverlee Leuven (1B)	
	Royal Belgian Football Association:	BMW (sponsor, CSH buyer) PwC (sponsor, CSH buyer) Agoria (CSH buyer) Verhulst (CSH organiser)

During the interviews, additional (confidential) financial figures about CSH were provided by the clubs in order to be able to quantify the benefits generated by CSH. Since the interviews took place at the club, stadium tours constituted part of the field research and illustrated the responses of the interviewees. Moreover, attending the games RSC Anderlecht vs. Zenit St. Petersburg (16.02.2017), SV Zulte-Waregem vs. RSC Anderlecht (31.03.2017)

and Belgium vs. Greece (25.03.2017) in the hospitality area lead to practical examples of the qualitative insights from the interviews.

Based on the interviews and field research conducted, the researchers independently wrote down the most important insights related to the research objectives. Subsequently, similar responses per question were clustered to be compared with opposing opinions. The insights were consistent among the different researchers and were subsequently combined with the quantitative data and insights from the relevant literature. This approach is in line with (Titlebaum et al., 2013; Titlebaum & Laurence, 2009) and allows carrying out a coherent, comprehensive and consistent analysis to construct a formal strategic management process for CSH. This process is a useful complement to the operative framework developed by Lawrence and Moberg (2009).

4. Case description

This section starts with an empirical description of the CSH industry in Belgian football, based on the literature, interviews and field research. In order to gain more insight in the financial significance and value of the industry, the average annual income generated by CSH is subsequently estimated and related to the income of a Belgian football club, based on Deloitte (2016), club websites and financial figures received during the interviews. Finally, the industry is described from a strategic management perspective, using Michael Porter's Five Forces Framework (Porter, 1979) and the interview insights. This case description is required to derive a formal industry management process from it in Section 5.

4.1 Defining the scope: CSH in Belgian football

In this case study, only the on match day hosting of CSH buying company stakeholders by the Belgian football clubs is considered. Each season, there are 20 match days in 1A. Organising business meetings in the stadium at other moments or people visiting the

club museum are beyond the scope of this case study. As the literature study unveiled, companies can decide to invite employees to the game as a perk, however inviting (prospect) business clients or other stakeholders turned out to be the main focus in Belgium. The inviting company will rely on good Customer Relationship Management (CRM), monitored by the PR-manager or in some cases the hospitality relationship manager. In this way, the company can strategically decide who will receive an invitation to the game.

In the stadium, not all invitees will be treated the same. The club will apply some segmentation to differentiate between very important people (VIPs) and so-called super important people (SIPs). The latter require additional exclusivity to feel themselves treated at the highest level (Lagae, 2015). This results in a number of different formulas of CSH (Lawrence et al., 2013; Cohen, 2011):

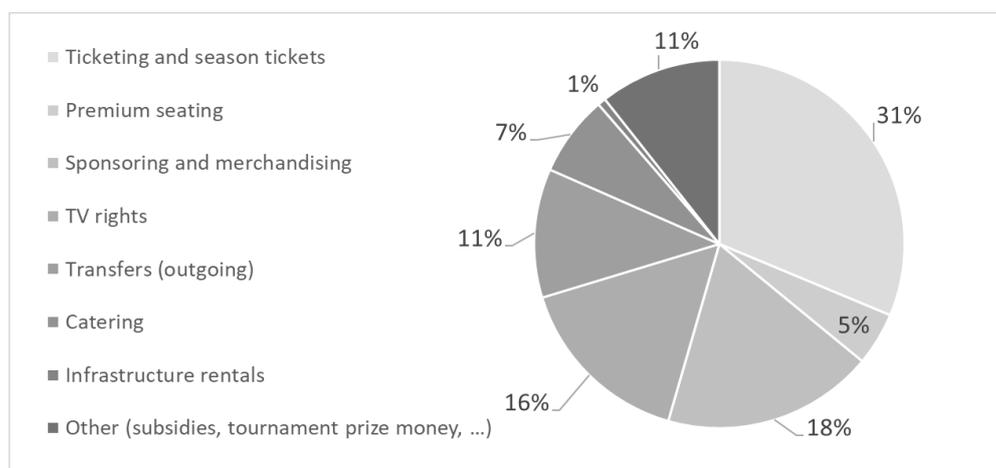
- Suites: in this most exclusive setting, clients eat and drink and subsequently watch the game in the best places. This private box is served by its own staff.
- Indoor or outdoor business seats: high-quality chairs are reserved in an exclusive part of the stadium, respectively behind glass or in an open-air area. Catering is optional and includes a meal with wine and access to a buffet and drinks.
- Lounges: Clients experience the game in an exclusive studio, where a meal is included and additional entertaining acts are provided.

Depending on the club's stadium infrastructure some formulas will not be offered, or in a different way (Titlebaum & Laurence, 2009). Some clubs offer additional exclusive and special formulas, and a very few others provide the possibility to follow the game from within a café including a modest reception.

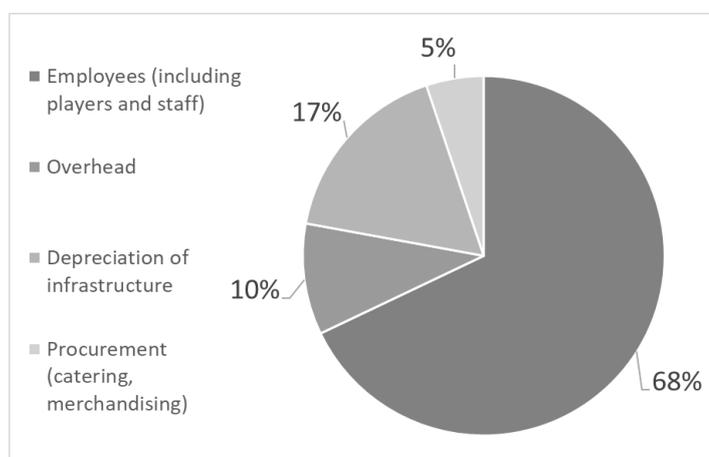
4.2 Financial description of CSH

The club’s annual budgets in 1A in Belgium range between 5 and 40 million euro. According to Deloitte (2016), income and expenditures are distributed over the different categories as indicated in Figure 1 (a) and (b) respectively. A team would typically earn about 35.35 million euro per year, which is a lot less than the biggest teams in Europe (McMahon, 2017). The limited share of the TV rights (16%) is remarkable. In the Premier League for example, more than half the budget is determined by these lucrative contracts (Rohde & Breuer, 2016).

Figure 1. Income and expenditures of a typical team in Belgium’s highest division



(a) Income



(b) Expenditures

Source: Own composition based on Deloitte (2016).

The share of hospitality in total income is not given by Deloitte (2016), but it can be calculated from the data as follows: suites and business seats account for 5%. However, since VIP's are expected to account for about 60% of catering, 4.2% needs to be added. Finally, about 10% of sponsor contracts entail hospitality. To this end, another 1.8% is added to the share of CSH. This leads to an estimated share of hospitality in the club's income of 11%. Oppositely, the expenditures are more difficult to calculate, since they are comprised under the staff and procurement (catering) shares. Also infrastructure plays a role, that is difficult to quantify. A lot of expenditure differences exist among the clubs.

The relative share in income is confirmed by the confidential numbers collected during the interviews with eight 1A-teams. On average, 684 persons with a meal and 663 persons without a meal are hosted per game in the hospitality area of Belgian teams. The average prices, like all others reported without VAT, are €215 and €115 per person respectively. Given that there are 16 teams and that each team plays 20 home games per season in the league, the annual income of CSH in 1A-division of Belgian football is estimated as follows:

$$\text{Annual CSH income} = \text{€}20 \cdot 16 \cdot \sum_{i=1}^2 (N_i \cdot \bar{p}_i) = \text{€}320 \cdot (684 \cdot 215 + 663 \cdot 115) = \text{€} 71.5\text{M}, \quad (1)$$

with N_i the number of persons per hospitality formula and \bar{p}_i the average price per formula. However, caution is required with this estimate. Average prices are calculated as the geometrical average between suites and business seats. However, much less suites, which are 40% more expensive, than seats are available in Belgian stadia. Equation (1) in that way involves an overestimation of the CSH income. It should be considered an upper limit of the CSH income. To estimate the lower limit, the minimal division of suites and seats, 5% versus 95%, and the price premium of suites are used to estimate a weighted average price \tilde{p}_i . This is calculated both for the formula with and without meals, according to the following system of equations:

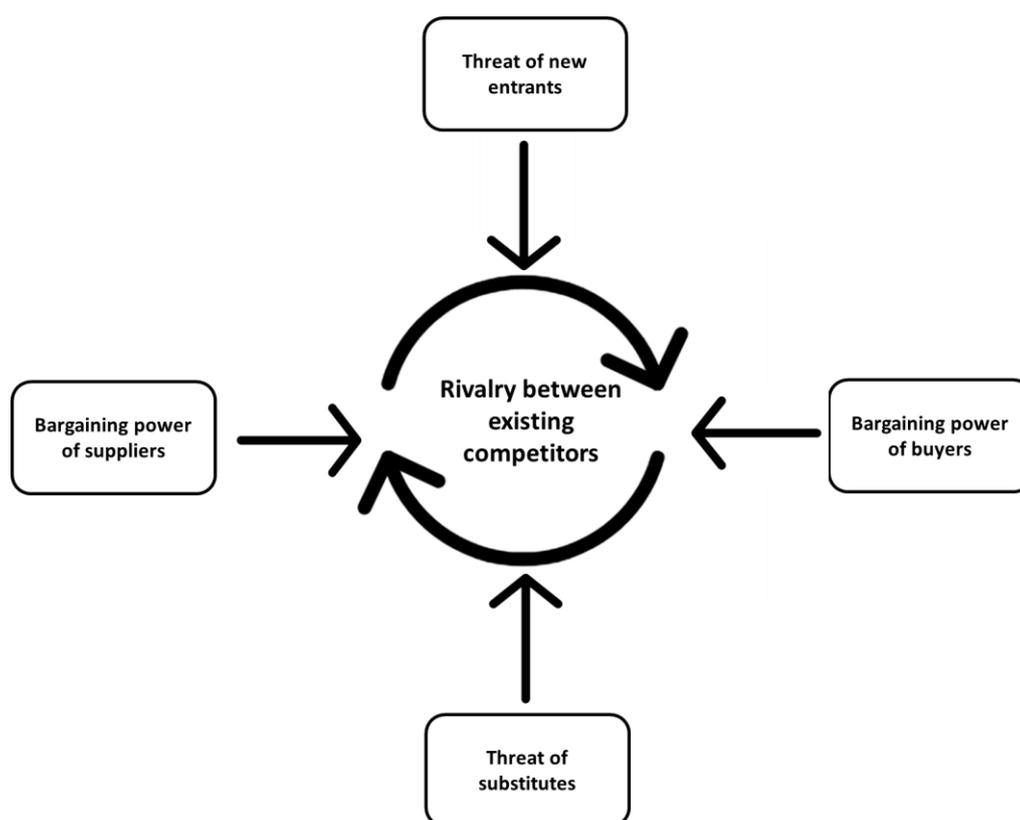
$$\begin{cases} \bar{p}_i = (p_{i,suite} + p_{i,seat})/2, \\ p_{i,suite} = 1.4 \cdot p_{i,seat}, \\ \tilde{p}_i = 0.05 \cdot p_{i,suite} + 0.95 \cdot p_{i,seat}. \end{cases} \quad (2)$$

With \tilde{p}_i instead of \bar{p}_i , the lower limit of the industry market value is estimated to be €63.5 M. This equals about half the average annual revenue of an American professional sports league like NBA, NHL, NFL or MLB (Titlebaum & Lawrence, 2011). When these limits are expressed per game, we arrive at about €200,000 to €225,000, or between €4 M and €4.5 M annually per club. This is about a quarter of annual NBA CSH revenue (Titlebaum et al., 2013). Compared to the average annual income of a club of €35.5 M, the share of CSH in Belgium is estimated to be between 11.2 and 12.7% of a club's annual income.

4.3 Industry analysis: Porter's Five Forces Framework

In order to develop the best strategies to manage CSH, given the industry characteristics, Porter's Five Forces Framework is used to analyse the industry (Porter, 1979). The framework allows gaining insight in the competitiveness of the industry. The competitive forces to be analysed are displayed in Figure 2.

Figure 2. Five Forces Framework.



Source: Own composition based on Porter (1979).

First of all, barriers to enter for newcomers are very significant. A club needs a first team in 1A in order to be able to offer 1A CSH. According to the relegation and promotion rules in Belgian football, one team substitutes another every year in 1A. If as a result, hospitality capacity increases, a (limited) negative pressure on the prices is to be expected. Moreover, the market potential of the entrant, measured by the number and wealth of the inhabitants and the amount of commercial activity situated nearby, needs to be sufficiently high in order to reach enough customers to profitably offer hospitality.

Although the threat of entrance is very low, the threat of substitutes is much more significant. Not only hospitality in other sports (e.g., basketball) or other industries (e.g., music concerts) play a significant role, also staying at home or going to the pub offer a (much) cheaper alternative to watch a game together (Kesenne, 2014).

Also competitors play an important role. Some companies buy CSH in different clubs (Shapiro et al., 2012). BNP Paribas Fortis for example has seats in RSC Anderlecht, KAA Gent and Royal Antwerp FC. Teams that are already in 1A have some options to intensify competition. For example, expanding or revising the stadium, or building a new one, with or without government subsidies, allow to expand a club's CSH activities and improve the quality of the hospitality area significantly. KAA Gent's new stadium in 2013 allowed the club to become one of the leading clubs in CSH in Belgium. Moreover, the geographical proximity of rivalry clubs plays an important role. A team like Standard de Liège without other teams nearby experiences much less competition than SV Zulte-Waregem, situated in the very densely occupied western part of the country (see Figure 3). Moreover, the sports performance also plays an important role. The so-called G5 are also the leading clubs in terms of CSH. Standard de Liège has a capacity of about 3600 seats, RSC Anderlecht 2500 and the other 3 slightly below 2000. KV Oostende is in this light an exceptional example of a growing team. Not only the CSH-orientated stadium renovation, but also the ability to entertain people notwithstanding the outcome of the game, allowed this club to grow as a CSH supplier. They have a CSH capacity of 3600 seats and their ratio CSH seats to total capacity is more than 20%. The other Belgian clubs' ratios are between 7.5 and 15%. Only Charleroi (about 5%) and KAS Eupen (about 2%) have lower ratios. On average, the ratio of CSH seats to total capacity is 10.5%, which is high compared to the European standards. However, this is mainly explained by the lower stadium capacities in Belgium, and not by higher CSH capacity. Own capacity expansions are a viable strategy to reduce the impact of competitors. New and renovated stadiums allow to attract more customers to the stadium, especially in the first years (Lawrence et al., 2009), and to charge a higher price for a better CSH experience. Additionally, emerging consultancy companies such as iXpole (2017) in Belgium who aim at helping clubs in dealing

with the slowly emerging CSH innovations aid to convert an industry in decline into a steady growth industry.

Figure 3. Geographical situation of 1A teams in 2016-2017.



Source: Own composition.

The power of buyers is rather limited. Many different multinationals, but also many small local businesses, who form an important local basis for the club, buy hospitality, which has a much lower cost than a typical sponsoring contract. Moreover, they have a high willingness to pay and the demand side is not concentrated in only a few firms at all, although some firms buy hospitality at multiple clubs. In this way, clubs are well able to sell CSH to their customers at premium prices. When buying companies engage into a strategic relationship with the club, as a result of passion or a high quality product, the club could even slightly increase its price without losing the customer. Nevertheless, new technologies such as smartphone apps with virtual and augmented reality become available and involve an opportunity to offer new and exclusive experiences to the customers. It is important for a club to keep up with and use these new experiences to attract customers, because the same technologies can also exert forces to keep the customer at home to experience the game in an attractive way (Connelly, 2011).

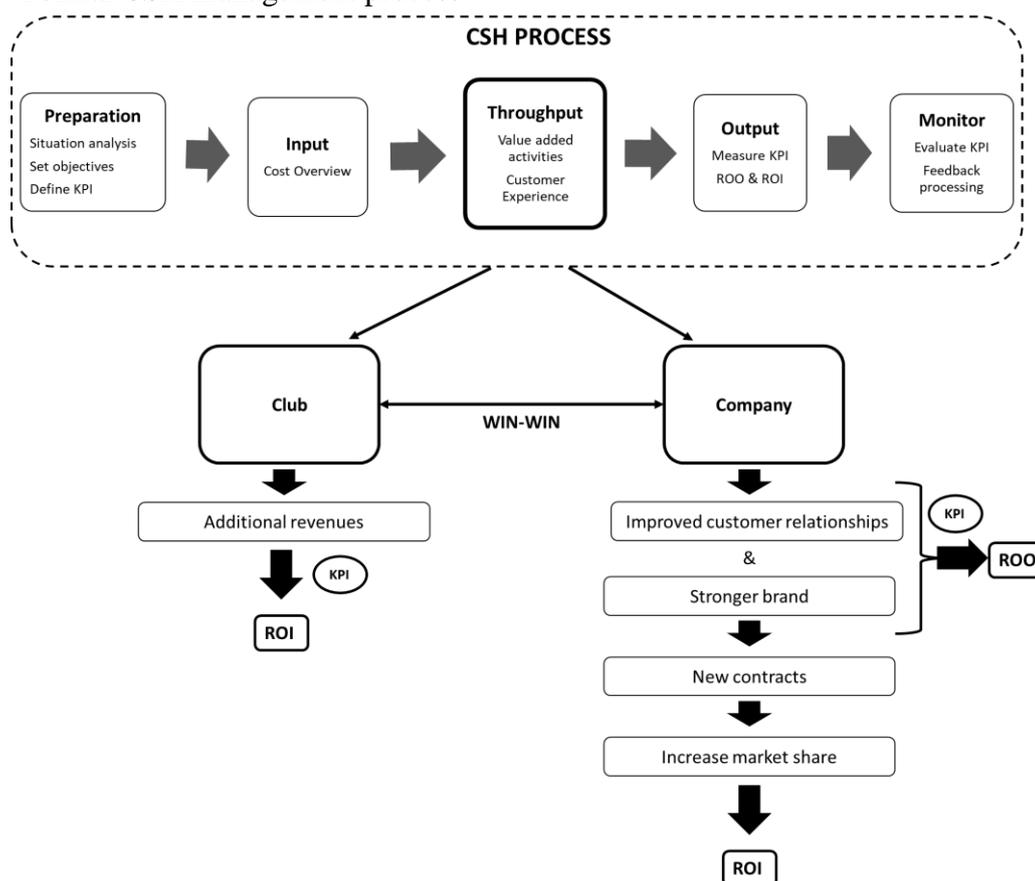
Also the power of suppliers is not high in this industry. The main suppliers are catering and security companies. Many different alternatives are available, ranging from professionals to volunteers. So when the club is not satisfied, it can relatively easily switch to a different partner. However, they will always maintain a good mix between professionals and volunteers. As a result, the absence of supplier concentration and the availability of volunteers results in limited power for the suppliers.

In conclusion, in this industry, it is most important to offer more attractive products than the substitutes and competitors. The guest's experience is crucial (Walzel, 2011; 2014), whereas the power of buyers and suppliers is rather limited.

5. A formal process to manage CSH

The interviews unveiled that a formal management process for CSH is lacking. Too often and too many decisions are taken ad-hoc. Combining the qualitative and quantitative information from the interviews and field research with the body of knowledge in the domains of strategic management, marketing and sports marketing (Hrebiniak, 2013; De Wit & Meyer, 2010; Lagae, 2015, Kotler & Armstrong, 2014) allowed constituting a formal management process for both the clubs and inviting companies buying CSH from the club. Although the management processes of the club and the company follow a similar logic, the objectives of both actors differ. This has implications for the rest of the process. The developed process is displayed in Figure 4.

Figure 4. Formal CSH management process.



Source: Own composition.

5.1 Step 1: Preparation

The first step for both companies and clubs is the preparation step. It is important to perform a situation analysis to have an overview of the different available options to buy or organise CSH respectively. Additionally, the organisation's objectives need to be explicated and subsequently translated into KPIs, in order to be able to measure the added value of CSH. Because the objectives differ between clubs and companies, their KPIs will also differ.

Based on the literature review and the interviews, the objectives for CSH buying companies and for clubs have been derived. They are given in Tables 2 and 3 respectively. The information moreover allowed us to define KPIs accordingly, which are specific, measurable and acceptable for both the company and the guest. By consequence, companies and clubs can collect non-confidential data in a quick and informal way so that guests are not too much

disturbed by formal questions, which clubs and companies would avoid (Walzel, 2010). Making the KPIs realistic and time-constrained is the responsibility of the club or company when defining the actual values. After defining the KPIs in Tables 2 and 3, a second interview with GFK was organised, as well as a first interview with iXpole in order to validate the objectives and KPIs.

Table 2: Objectives, KPIs and measurements for the company

Objective	KPI	Measurement
<i>A. Reinforce and retain customer relationships</i>	1. Customer interaction	% change of time and frequency
	2. Customer Lifetime Value (CLV)	% change of value (Berger & Nasr, 1998)
	3. Subjective customer's perception of current commercial relationship	Subjective response (Likert scale survey) and data mining
<i>B. Attract new customers and contracts</i>	1. Conversion rate of non-customer to customer	New customers / invited non-customers
	2. Return on Investment (ROI)	(Income from new contracts – cost to invite guest) / cost to invite guests (Titlebaum & Lawrence, 2011)
<i>C. Brand activation and brand values</i>	1. Brand perception	Analogous to A.3.
	2. Net Promotor Score (NPS)	Survey: score (see Kotler & Armstrong, 2014)
	3. Social media activity	Measure number of posts about event
<i>D. Information exchange</i>	1. Information received from customer	Note information in logbook and grade
	2. Information provided to customer	Checklist
<i>E. Exclusivity to reduce competition</i>	1. Churn rate	Invited customers lost / number of invited customers

Source: Own composition.

For a company, many different objectives have been discerned in this research. ROI is important for companies, but the measurement of B.2 is complicated, since it involves a time limit. Moreover, it bears the assumption that the only investment to get a new contract is the

CSH invitation. Because of the issues ROI entails, companies are advised to pay sufficient attention to the return on their other objectives (ROO) as well, which are measured by the proposed KPIs. Since CSH is part of relationship marketing, reinforcing and retaining relationships is an important objective to be met through CSH. A first KPI to measure this objective is the time and frequency of different types of interactions, such as email, meetings and telephone calls. This KPI can be measured sample-wise through a log book and needs to increase. Also the Customer Lifetime Value (CLV), the expected net income generated by a customer is worth considering. The relative increase can be measured and is based on the formula of Berger and Nasr (1998). In order to get info on KPI A.3, the subjective appraisal of the relationship, surveys can be used. However, since companies want to avoid this as much as possible, new data mining techniques have become available to retrieve information from social media. KPI B.1 measures another important objective of CSH. However, it should be noted that also retention is crucial, so both objectives should be given sufficient attention. The next KPI, C.1, can be measured analogously to A.3. For the calculation of the Net Promotor Score (NPS), which is an indication of the likelihood a customer would advise your brand or product to someone else, we refer to Kotler and Armstrong, 2014, Reichheld (2003) and Keiningham, et al. (2007; 2008). Subsequently, the activity on social media, e.g., the number of posts about the event, is a good way of promoting your brand, especially if others do it for you. To this end, the company could create an hashtag. This type of visibility is gaining increasing attention in current social media marketing (Tuten & Solomon, 2017). To respectively track the information send and received, a logbook and a checklist can be used to note down the information received and verify the information delivered to the customer respectively. Finally, when the objective of the CSH event is to prevent customers to move to a competitor, the churn rate can be calculated as a KPI, which is to be minimised.

Table 3. Objectives, KPIs and measurements for the club

Objective	KPI	Measurement
<i>A. Generate additional stadium income</i>	1. Premium seating occupation rate	Ratio occupied / total premium seats
	2. CSH income	Sum of all sources of income
	3. CSH share in match day income	CSH income / total match day income
<i>B. Networking</i>	1. Conversion rate CSH - sponsor	New sponsors / (guests – current sponsors)
	2. Conversion rate CSH - fan	New fans / (guests – current fans)
<i>C. Diversification</i>	1. Ratio male – female attendants	Number of female VIPs / total number of VIPs
	2. Share of SIPs present	Number of SIPs / Number of VIPs
	3. General satisfaction VIPs	Subjective response (Likert scale survey) and data mining

Source: Own composition.

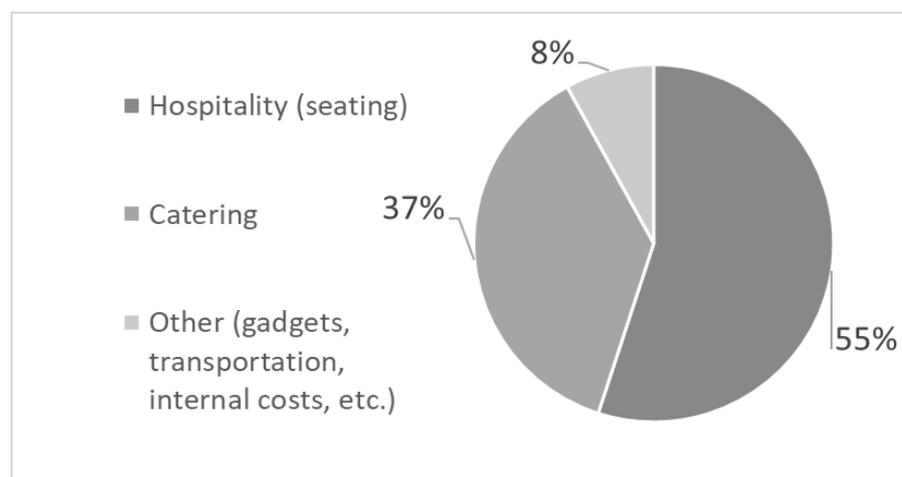
For a club, the most important objective is the income generated by CSH. To this end, it is important to sell premium seating as much as possible; special promotions and prices could occasionally help to boost sales. However, selling the seats under the price consistently could harm a club's net total income. Therefore, A.2 and A.3 are other important KPIs to be looked at simultaneously. A.3 moreover allows comparing the CSH income to the Pareto principle described before. Next to income, also the networking dimension of CSH should be monitored by a club. The interaction with business people offers a unique opportunity of recruiting new sponsors and fans. Being a fan can be easily monitored through the latest fan database management systems. In the light of KPI B.2, a fan is considered someone who bought a ticket among the other attendants in the stadium. A final objective that some clubs pay a lot of attention to, is diversification. CSH offers a good opportunity to attract a female attendance. Moreover, a family day out increases business people's willingness to attend during the weekend, especially if children can join as well and are looked after in special childcare areas. Attracting SIPs (such as important politicians, former star players of the team or other sports,

etc.) has also considerable benefits, since they are the people spending the highest amounts of money, and their presence enhances the CSH experience of other guests.

5.2 Step 2: Input

When the CSH process is well prepared in the first step, the club or the company can engage in the best option(s) in the second step where inputs need to be committed to. As illustrated in Figure 5, the majority of the company's budget goes to the premium seats, which are often paid at the beginning of the season. Catering is optional and often depends on the guest for a specific match. Additional expenditures involve gadgets, transportation costs or internal costs such as software to manage the invitations. For clubs, the main cost is the catering service provider who brings its own staff, but also other club employees such as stewards and hostesses need to be paid, as well as the overhead from infrastructure costs (see Figure 1 (b)).

Figure 5. CSH Expenditures of a buying company.



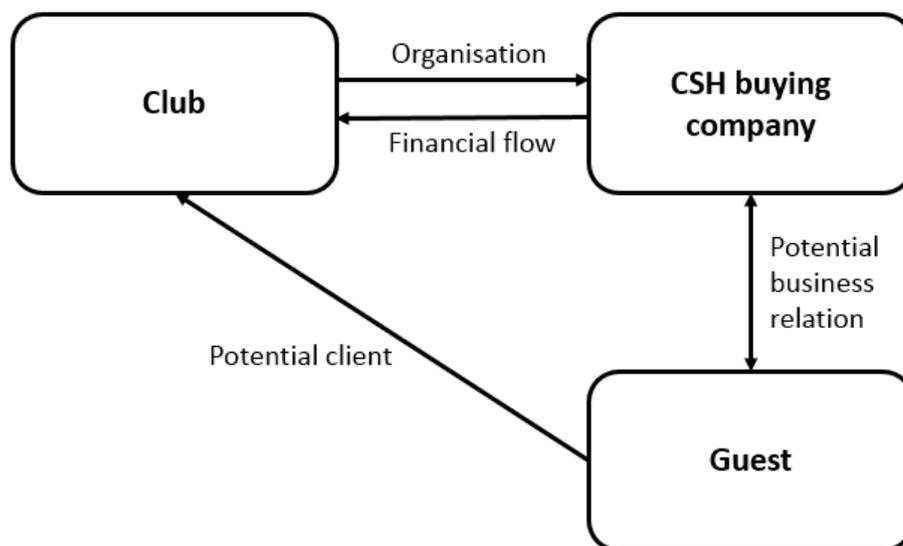
Source: Own composition.

5.3: Step 3: Throughput

The transformation of input to output takes place on match day, the only moment of interaction between the three actors involved. In order to realise a successful CSH event, clubs and companies need to collaborate. The mutual dependencies between the actors are given in Figure 6. The club receives a payment in exchange for organising the event, whereas the

company invites guests to interact with them in order to create new business opportunities. The club should not forget that they also have direct interactions with the invited guests. These interactions are important, since these guests could also be interested in buying CSH, to sponsor the club or to become a loyal fan.

Figure 6. Match day interactions.



Source: Own composition.

Although the CSH scenario depends on the specific club, many similarities composing the average scenario can be distinguished. A few days before match day, the guests receive the tickets by email, to avoid queuing at the venue. After parking, an optional shuttle brings the guests to the stadium where they are accompanied by the staff to the area where the first networking starts, at about three hours before the game. Afterwards, they are directed to the table to eat and drink, with optional animation in between the courses. Less than one hour before kick-off, the non-eating guests arrive too. All guests follow the game in premium seats in an optimal location, as was described before. During the break, additional food and drinks are served. After the game, there often is an after-party. In some other countries, this is not frequently observed. In Spain for example, VIP guests leave the stadium immediately after the game.

For clubs, it is important to focus on the aspects they can control, most importantly the catering and the entire level of entertainment. This allows mitigating as much as possible the influencing factors a club cannot control, such as the on pitch performance (Shapiro et al., 2012; Titlebaum & Lawrence, 2010) and the outcome of the game, the time and date of the fixture against a specific opponent, which has an impact on business people's willingness to attend, and finally the weather, having an impact on the transportation to the venue. In this light, the example of KV Oostende is excellent, as they are able to entertain people even when losing or performing bad on the pitch.

5.4 Step 4: Output

When the objectives have been translated well into KPIs, it is possible for the club and the company to measure the output in a fourth step, after the game. To this end, new data collection and analysis techniques become available (Beyers et al., 2011). Examples include the Belgian company iXpole on a local scale, and SAP and Microsoft (2017) on a global scale. They allow to overcome the difficulty of measuring, one of the major reasons found by Walzel (2010) why ROO has been measured so little in the past.

5.5 Step 5: Monitoring

A final step that is too often overlooked and neglected, is the monitoring phase. Companies and clubs though recognise the importance, and the KPIs can help them to realise this step. Not only measuring output matters. By comparing the output with the targets, areas and suggestions for improvement can be distinguished and discussed. A useful overview can be constructed by collecting the information, grouped per customer or per game. An example of such a master scorecard to evaluate objectives through according objectives is given in Table 4. Consistently missed objectives can be identified by looking at the KPIs of which the target has not been realised. Also the objectives per game or per customer can be monitored through

the system. The subsequent feedback loops are crucial to continuously improve the process and the return for all actors.

Table 4. KPI Master scorecard.

Objective:	Objective 1			
KPI:	KPI 1.1		KPI 1.2	
Weight:	0.3		0.2	
	Target	ok?	Target	ok?
Customer / Game (vs. + date)	5	5	10%	11%
Customer / Game (vs. + date)	4	3	7%	7%

Source: Own composition.

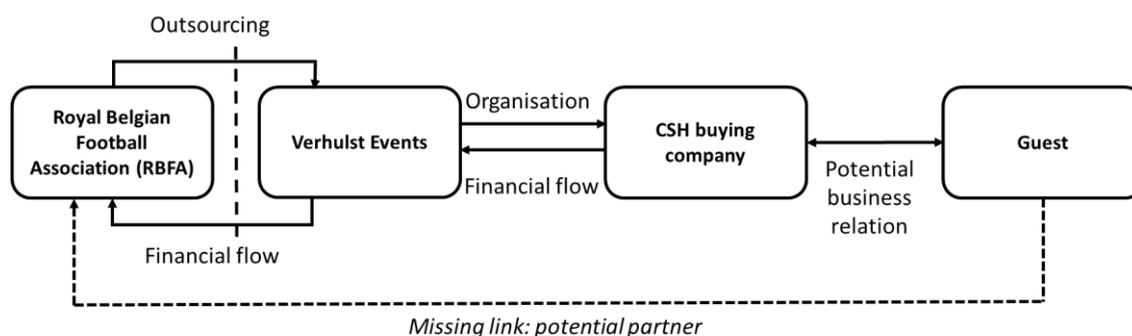
The impact of CSH on companies' and clubs' business performances differs as well. The majority of CSH objectives for companies are not directly related to sales results. Between the CSH event and a new contract or sale, too much time passes during which too many other internal and external factors may influence the business relationship. For this reason, it is especially important to use the CSH event to create a good relationship with the customer. Companies will measure this through ROO, because output through ROI can only be measured much later when the contract or sales output is realised. For a club, it is easier to calculate ROI, since they earn a direct income for offering CSH, which also involves costs. This is visualised at the bottom of Figure 4.

6. A different CSH approach: outsourcing the entire process

Discussing in this section the case of CSH in the Belgian FA for the games of the national team allows contrasting the proposed in-house CSH management process from Section 5 in order to identify possible improvements and possible shortcomings. Although some similarities exist between CSH in clubs and the Belgian FA, e.g., the general concept, the objectives of companies buying it and the lacking of feedback processes; a lot of differences

exist as well. The business model given in Figure 7 is different from the one in Figure 6. The FA outsources the entire event to an event organiser who then hires staff, catering and the location. The FA only offers the tickets, and in exchange, they earn a percentage of the revenues of the event organiser.

Figure 7. Business model of CSH in the Belgian FA.



Source: Own composition.

Due to the different business process, no interaction between the FA and the guests takes place, which is a missed opportunity for the FA for future partnerships (Figure 7). The objective of the FA and the event organiser are in this case the same: earning an income. Hence only the related KPIs matter in this case. The other objectives which were present among clubs are not pursued here. Moreover, the CSH event is not organised in the stadium, but in a nearby hall where less segmentation between the CSH formulas and areas is possible. Just before the game, the VIPs move to the stadium on foot, where no segmentation is possible due to the lack of premium seats. This case illustrates the importance of adequate and adapted stadium infrastructure.

For a game of the national team, between 1000 and 3800 VIPs are present. The standard formula including a three course meal has a price of about €300 and is chosen by about 80%, whereas the other 20% opts for the €200 formula, where only drinks and basic food such as fries or hamburgers are offered. As a result, the income will be between €280,000 and €1.064 M per game. This is much more than for a club, mainly because of the higher number

of guests, but also because of the average price that is higher. This higher price is required because the event organiser needs to pay for the hall and the services which it only acquires occasionally, as opposed to a long-term contract. Moreover, the income is to be shared with the FA. For the FA, this income, on an annual basis, only represents 2 to 3% of their annual income, which is a much lower share than for a 1A club. For the FA, hospitality is not considered a process of much added value. Only the income matters to them. The current stadium infrastructure poses in this light a big barrier to them and needs improvement.

7. Conclusions and further research

Corporate Sports Hospitality is currently looked at as a static industry with little opportunities to grow. In 2017, the CSH market in Belgium's highest division of football generated an annual income between €63.5 and 71.5 M and accounts for 11-12% of an individual club's annual income. To create value for the club and the company buying CSH as part of a win-win partnership however, active management of the CSH process is necessary, instead of relying on ad-hoc decisions. To this end, the presented, newly developed CSH management process shows how the objectives of a club and a company should be linked to a situation and strategic industry analysis. Competitors and substitutes are important to monitor, but the guest's experience should be centrally in the strategy to create value for them. Subsequently, the organisational objectives should be expressed by means of measurable KPIs, such as those validated in this paper. It is crucial to monitor them throughout the process, starting from the input (investment phase), over the throughput phase (the event itself) until the monitoring and crucial feedback phases. The last phase is too often overlooked. Nevertheless, newly available data collection and analysis techniques are able to support this process. For a company, ROO is much more important than ROI, because of the long time lag between the first contact with a customer and the financial returns through the signing of a new contract.

As the case of the Belgian FA proved, the stadium infrastructure is crucial in being able to offer a good CSH experience to the customers and to explore all the benefits of this business as a football club or association (e.g., networking with potentially new partners).

Although the industry seems to have lost part of its exclusive character, new opportunities will arise to offer guests the best and most exceptional, exclusive CSH experience possible. Recent concepts such as the glass tunnel in Manchester City's Etihad stadium, where VIPs can look into the player tunnel, could contribute to rebuilding the exclusivity of the industry. Also technological innovations such as smartphone apps and virtual and augmented reality could increase the attractiveness of CSH. Further research could quantify the value of these new technologies. Moreover, it would be interesting to compare the findings of Belgian CSH to CSH in football in other countries, especially in the largest competitions. Also studying CSH in other sports, especially non-venue based sports such as Formula 1 or cycling could bring interesting new CSH insights and strategies to light.

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Appendix A. Club interview topic list

Introduction + link with available literature:

1. How does a typical hospitality event looks like (from arrival to departure of customer)?
[transformation]

Industry analysis + market size:

2. What is the annual budget for hospitality?
3. Who are your main partners (catering, security)?
4. Which are the main companies buying CSH?
5. How important is CSH for your organisation? Supporting numbers?
 - a. Hospitality ratio (VIP seats /total capacity)?
 - b. Share of hospitality in total revenue?

Average number of customers per game	?
Average price per customer (in €)	?
Number of home games	? (20)

6. Which hospitality products are offered on a match day? (business seats, private box, ...). (ex-ante online information on club website checked!)
 - a. Most popular product + why?
 - b. How is its value determined?
 - c. How are payments made? In advantage?
 - d. Average number of buying companies per year?
 - e. Occupation rate of VIP seats?

Management model + measuring objectives:

7. What are your main drivers/reasons/objectives to offer hospitality in the stadium?
8. How is the realisation of objectives measured?
 - a. Which KPIs are used?
 - b. What feedback do you receive from customers and companies?
9. Cost structure of hospitality on match day?
 - a. Staff, wages, food, drinks, infrastructure, gadgets, electricity... → what is included in the cost?
 - b. What is the cost per invited customer (average)?
 - c. How much do companies pay per invited customer (on average)?
 - d. How much do customers spend themselves, for what?
10. What are the best practices in CSH industry?
11. Main points of critique of customers and companies? Any changes made following feedback?
12. Additional insights?

Appendix B. Company interview topic list

Strategy:

1. What is your opinion on CSH? Does your company has a strategy concerning it?
2. What are your main objectives to buy hospitality in football? (Branding, networking, loyalty, image building, etc.)

Company budget:

3. How much do you invest in hospitality (e.g. invitation, follow-up, other activities, ...)? Can you give us insight in the cost structure of the different activities?
4. Do you have a separate budget for CSH?
 - a. What is the annual budget for hospitality?
 - b. What is the share of CSH investments compared to your overall marketing budget? (%)
 - c. How much of this budget is invested in football CSH?
 - d. Is this budget spread over more than one club? If yes, which?
 - e. What are the terms of payment? (spread or all at once)
 - f. Average price per client?
 - g. Did you already invite clients to a match of the Belgian National Team?

Management of CSH:

5. What are the main criteria to invite specific clients for a Belgian 1A game?
 - a. Which procedures do you follow?
 - b. Is there a correlation between some criteria e.g., best clients for best matches?
 - c. Frequency of invitation?
 - d. Are the same clients invited multiple times per season?
 - e. Do you actively motivate clients to come?
 - f. If clients do not come, what do you do?
 - g. Which arrangement do you prefer + why? (seats, loges, etc.)
6. **ROO or ROI:** How do you measure the return on investment or objectives?
 - a. Which KPIs are used?
 - b. What feedback do you receive from clients? How do you collect feedback?
 - c. How do you measure the return per client? Monetary?
 - d. Do you have an idea of the magnitude of this return?
 - e. What is the ROI you would like to achieve with CSH?
7. Additional remarks?