

VIDEO CASE 12

LA Galaxy: Where Sports Marketing Is a Kick!

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LA Galaxy
Video Case



"We have a unique product for people," exclaims Chris Klein, president of the LA Galaxy soccer club. Soccer combines many elements of athleticism, teamwork, and competition to make it fast, exciting, engaging, fun, and increasingly popular. Klein goes on to explain, "This is a cool sport, and it's something that's growing." His enthusiasm is supported by a sophisticated strategy that Klein and his marketing team have designed to help people "experience the excitement" of their product!

THE LA GALAXY

The LA Galaxy is a professional soccer club competing in Major League Soccer (MLS). The club was one of ten charter clubs when the league began, and is now part of the league's Western Conference. "The LA Galaxy was founded in 1996," says Klein, and "through the course of the League's history, the Galaxy has been the most successful franchise in Major League Soccer." The team has been conference champions eight times, regular season champions four times, and the MLS championship winners four times.

The first Galaxy games were played at the Rose Bowl in Pasadena, California, until the team moved to its current location in the soccer-specific stadium StubHub Center in Carson, California. Players are primarily from the United States but also represent countries such as Brazil, Ireland, Italy, and Panama. "We have signed some of the biggest players, not only in our country, like Cobi Jones and Landon Donovan, but we've also signed some of the biggest players in the world," explains Klein. English soccer superstar David Beckham joined the LA Galaxy in 2007 and played through 2012, helping the team win two championships during that period.

Today, the LA Galaxy attracts an average of 23,000 fans to each of its games. While the hardcore fans tend to be 18- to 34-year-old men, the team also appeals to many other segments. For example, because soccer is the largest participant sport in the United States, many kids and youth soccer teams come to the games. In addition, many college students and families attend. According to Klein, it's a welcoming environment where "you can paint your face and yell" or you can bring your kids and just "have fun at the game." The team's mascot, Cozmo, is a frog-like extraterrestrial who

entertains fans at the games and throughout Southern California.

MAJOR LEAGUE SOCCER

As part of its negotiation to hold the 1994 FIFA (Federation Internationale de Football Association) World Cup in the United States, the U.S. Soccer Federation promised to establish a professional soccer league. The result was Major League Soccer. Since its beginning with 10 teams in 1996, Major League Soccer has expanded to 19 teams, including 3 teams in Canada. Each team plays 34 games during the regular season from March to October, and the top 10 teams participate in the playoffs, which end with the MLS Cup in December.

Even though soccer is popular around the world, introducing professional soccer in the United States presented some difficulties. Klein describes the problem:

Soccer is the biggest sport in the world, but here in the U.S. we have a lot of competition. Major League Soccer is the equivalent to Major League Baseball, the NFL, the NBA, and the NHL. These are established leagues and MLS is the fifth major sport. In 1996, we started thinking that we had to get every baseball fan, basketball fan, and football fan to enjoy our sport.

To attempt to attract fans from other sports, MLS experimented with changes to traditional soccer rules. For example, MLS added shootouts to resolve tie games, used a countdown (to zero) clock rather than a progressive clock, allowed extra substitutions, and even considered making the goals bigger to increase the scoring. Eventually, the league concluded that the changes had alienated some traditional soccer fans without attracting new fans from other sports, so it went back to the traditional rules for MLS games.

As the league shifted from an "attract all sports fans" philosophy to a focus on people with some existing interest in soccer, it made several other changes. First, it began moving MLS games from large, rented, football facilities to new, smaller, more intimate soccer-specific stadiums. In addition, the league made efforts to internationalize the teams by allowing up to eight players per team from outside of the United States. Finally, MLS encouraged all teams to create youth development programs to help find talented local players. To complement these efforts, each team manages its own marketing program.



THE LA GALAXY MARKETING PROGRAM

"The primary marketing objective for the Galaxy is ticket sales," says Casey Leppanen, senior director of marketing and broadcasting. "Our product is soccer," he goes on to explain, "but we are more than that. We are an experience." So, to sell single-game tickets and season tickets, the Galaxy developed a comprehensive marketing program. According to Leppanen, "Our marketing mix is pretty similar to any other sports team or company you're going to find." The key difference in marketing a sport, or any service, is that every game offers a different experience to fans. The players, the opponents, the weather, and the outcomes of the games change constantly.

How does the Galaxy sell a product that is constantly changing? The first step is to understand that different segments may attend a soccer game for different types of experiences. For example:

- *Supporter clubs.* Attend to watch the strategy of a game and see the Galaxy score.
- *Families.* Want to have fun, see the mascot, and get a souvenir.
- *Latino community.* Enjoy watching soccer and forming connections with players from Central and South America.
- *Trendsetting youth.* Attend to meet friends, enjoy an event, and see star players.
- *Groups* (teams, corporations, religious groups, etc.). Want an opportunity for networking and teambuilding.

The different interests combined with the changing "product" create a special marketing challenge.

The experience the Galaxy provides to fans is much more than watching a soccer game. It includes the quality of play, the individual members of the team, the merchandise, food, facilities, activities, and interactions with staff,

other fans, and players. Some of the specific elements of the Galaxy game experience include:

- *Star players.* David Beckham, Cobi Jones, Landon Donovan, and Robbie Keane are all soccer stars that attract fans.
- *Team LA Store.* Offers LA Galaxy merchandise at StubHub Center and other locations.
- *Supporter clubs.* Three clubs—the Angel City Brigade, the Riot Squad, and the Galaxians—offer the opportunity to participate in an intense and festive fan experience, complete with songs and chants!
- *Promotional nights.* Special events include Family Nights, Bobblehead Nights, Jersey-Off-The-Back Auctions, and Student Nights.
- *"Name in Lights."* A donation gets your message on the home game scoreboard.
- *"Cozmo."* The team mascot who entertains all fans at every game.
- *StubHub Center.* The soccer-specific stadium offers a great atmosphere, amazing sight lines, event suites, terrace cabanas, restaurants, assigned seating, general admission seating, and an inclined lawn (also called the berm) for picnic-style seating.

Of course, there are many other elements that are all part of the experience the Galaxy marketing team manages and delivers at every game!

Next, the Galaxy must deliver relevant messages to each segment. Leppanen explains that the Galaxy "want to make sure that we're delivering an authentic message, but speak[ing] to them with what they want to be spoken about." One way they accomplish this is through direct marketing, which consists of email messages and direct-mail literature. These messages are complemented with traditional media advertising, outdoor advertising, and digital advertising. The traditional media include radio, TV,



and print. The outdoor advertising includes billboards and bus wraps. The digital platforms, which have a total of 1.3 million Galaxy fan users, include Facebook, Twitter, YouTube, Google+, Instagram, Pinterest, Flickr, and Four-square. Digital is a very important part of the mix because “we can get really granular and sophisticated in who we’re targeting and how we speak to them,” explains Leppanen.

The Galaxy also use personal selling as part of their marketing program. A team of 25 people makes personal phone calls to help sell single-game tickets, family packs, group tickets, and season tickets. There are also two teams of brand ambassadors called the Star Squad and the Galaxy Street Team who are involved in about 500 events in the community each year. Lori Nevares, a marketing coordinator at Galaxy and former Street Team member, explains that “We got to go out and do all kinds of promotional events for different communities and see the fans and how much they were devoted to the Galaxy.” A skills team called the Galaxy Futboleros provides high-energy performances throughout the community as well. Finally, Cozmo makes many appearances to deliver the Galaxy soccer message to current and potential fans.

One of the final steps in the ticket sales process is setting the price. According to Heather Pease, director of ticketing, “Every year we conduct a very in-depth analysis of our ticket sales. We go seat-by-seat, row-by-row, and category-by-category to see how many people have purchased seats and at what price.” The analysis also includes a comparison of ticket prices at other sports teams in the area. Pease then uses the information to create a price and a package for every possible type of fan, ranging from Champions Lounge members, to season ticket holders, to groups or families, to single-game fans. She also offers discounted tickets for students and children.

There are a lot of marketing activities taking place at the Galaxy. In fact, Casey Leppanen says, “My role here at the Galaxy is to integrate all the pieces of our marketing department.” The integration is paying off, as attendance at LA Galaxy games is well above the league average. In addition, the team currently has 8,500 season ticket holders and plans to reach 12,500 in three years!

THE BUSINESS OF SOCCER

While ticket sales represent a substantial source of revenue for the Galaxy, there are several other important elements of the soccer “business”—broadcast rights, sponsorships, and merchandise—that the team must manage. Early in the league’s history, MLS had to pay television and cable

networks to broadcast its games. As the number of viewers increased, however, the league was able to attract coverage from ESPN, ABC, NBC, and Fox. The Galaxy recently began a ten-year, \$55 million deal with the Time Warner Cable Sports network. Currently, all games have television and radio coverage in English and Spanish, and there is play-by-play coverage and webchat on LAGalaxy.com.

Sponsorships are also essential to the financial success of MLS and the Galaxy. Pepsi is the official soft drink and Aquafina is the official water of MLS. Similarly, Herbalife is the official nutrition company of the LA Galaxy. In addition, Herbalife recently announced a 10-year agreement to be the official jersey sponsor of the Galaxy. Herbalife pays \$4 million annually to sponsor the team and place its logo on the front of the team jerseys. Other team sponsors include Chevrolet, Nestlé, Alaska Airlines, Shasta, and Buffalo Wild

Wings. The sponsors participate in many of the team’s contests, promotions, and events to support the team and to gain exposure to customers with similar values and interests.

The marketing team at the LA Galaxy is always busy. “There is a business to run,” says Pease. “It is about driving revenue at the end of the day,” she continues, “but the best part about it is you get to walk out on a game day and see a sold-out stadium.” Seeing the sold-out stadium is a thrill not only because it’s a business, however, but also because the marketing team loves soccer. Galaxy president Chris Klein, who studied business and marketing in college, is a good example of the attitude at Galaxy. “I went to college on a soccer scholarship,” says Klein, “then I

played professionally in our league, and I’m now president of a major club.” He is thrilled by “the challenge of marketing a sport that I love, a sport that I’ve played, and a sport that has so much potential.”

Questions

- 1 What is the LA Galaxy “product”?
- 2 Which of the seven elements of the service marketing mix are most important in the LA Galaxy marketing program?
- 3 How is promotion (advertising, personal selling, public relations, sales promotion, direct marketing) used by the LA Galaxy? Do these activities depend on the specific target markets?
- 4 How are social media integrated into the LA Galaxy’s marketing strategy?
- 5 How does the LA Galaxy assess the impact of its marketing activities? Has its program been successful?

