



SOCCER NATION?

David Beckham's arrival in America and in Major League Soccer is only one aspect of a brighter future for soccer in the USA. **Jeff L'Hote**, director of US operations, FMMInternational, and co-author of 'Soccer in North America: The Commercial Opportunities' reports.

EVEN BEFORE DONNING a Galaxy shirt, David Beckham has clearly had a positive impact on soccer in the US. Not since the US Women's National Team won the 1999 Women's World Cup has the sport generated such mainstream interest. What has not received equivalent coverage is that before Beckham's signing, soccer in the US - particularly Major League Soccer (MLS) - was at its strongest point ever and already poised for significant growth.

The designated player rule - allowing each team to sign a player outside of its \$2 million MLS salary cap - was adopted by MLS last year and, along with several other recent initiatives, is aimed at improving the excitement and quality of play in the 12-year-old league. Beckham was the first player signed under the rule, and while only three others followed, it is expected that

additional designated players will be announced this season and next.

MLS, which signs all players centrally and retains ownership in their rights, will pay a total of \$400,000 for each designated player, the individual team paying anything above that amount. Clearly the Galaxy and its owner, AEG, is assuming the major risk in the Beckham deal, shouldering \$6.1 million of his \$6.5 million guaranteed salary and bonuses for 2007.

Within three months of his signing, the Galaxy claimed that Beckham had already 'paid for himself'. The March 2007 shirt sponsorship deal with Herbalife, estimated to be worth more than \$20 million, as well as the increase to more than 30 of Galaxy sponsorship partners for the 2007 season, are attributed largely to Beckham's arrival. Other teams have also signed

shirt sponsors, MLS being the first major US professional sports league to sanction such endorsement, and several MLS teams will offer individual title sponsorship for Galaxy matches. At the league level, MLS added a handful of new, post-Beckham sponsors and renewed deals with others.

Wage envy

With MLS players earning on average only \$115,000 per year, the league as a whole does not elicit much wage envy among US professional athletes. Beckham's guaranteed salary, endorsements and revenue share deals - initially reported to be worth over \$250 million over the five-year life of his contract with the Galaxy, although the guaranteed total is substantially less - will not only garner respect for soccer within the



Soon to don the LA Galaxy jersey. Getty Images Sport

Several MLS teams have successfully sold 'Beckham packages' - allowing fans to attend a Galaxy match only if they purchase tickets to additional games - and it is expected that most away matches involving Beckham will also sell-out. Indeed, the league went to great lengths to ensure that the Galaxy will play in each MLS market after Beckham's arrival.

The potential of the Hispanic market on soccer in the US remains huge, with sponsors and media agencies keen to use the sport as a vehicle to deliver their message. MLS places great emphasis on drawing in the estimated 45 million Hispanics living in the US - and their buying power, estimated to be \$1 trillion by 2010 - hoping they will adopt an MLS team as their own, even if it plays second fiddle to their 'first team' in Mexico, Central or South America. It is unclear whether Beckham will impact this important audience, particularly the significant Hispanic population in Los Angeles.

News makers

And while Beckham may have garnered the biggest headlines in Europe, other MLS designated players - like Mexican star Cuauhtémoc Blanco - may have an equally important contribution to the growth of professional soccer in the US. More than 5,000 fans turned out for a press conference to welcome Blanco, one of the most popular players in recent Mexican history, to the Chicago Fire.

Not surprisingly, more chose to wear his current Club America colours than those of the Fire, although MLS hopes that will change. Like Beckham, Blanco has recently been recalled to his national team, a response to stifle those who say that MLS is only signing stars past their prime.

And although Beckham has had a clear ripple affect across various developments, soccer's firm foundations in the US pre-date the January announcement of his signing and the sport is poised to continue to generate increased interest.

US TV is leading the way. Before the announcement of Beckham's arrival, four broadcasters, ESPN, Fox Soccer Channel, HDNet and Spanish-language Univision, each entered into deals to broadcast MLS matches, giving the league its first ever rights fee agreements, along with frequent and consistent TV exposure. In addition, two US cable channels are dedicated to soccer, broadcasting matches from around the world 24-hours-a-day. Americans, particularly children, are increasingly becoming football savvy.

Further key pre-Beckham developments include the requirement that MLS expansion teams play at their own 20,000-25,000-capacity 'soccer-specific stadium' in order to better control match scheduling and revenue generation (seven teams currently utilise such stadia and others are in development). Last year, MLS also announced its first ever youth development programme,

requiring each team to focus on identifying and developing home grown players.

The inaugural SuperLiga tournament, pitting four MLS teams, including the Galaxy, against four teams from the Mexican first division at US venues, will take place this summer with sponsors reacting positively.

Since its announcement, the designated player rule has drawn comparisons to the old North American Soccer League (NASL). But the leagues have little in common. MLS has a carefully constructed business plan, committed ownership, dedicated partners and a sound strategy for growth. It is also primarily a league for the American player. And unlike the NASL, which varied between five and 24 teams during its first 12 years, MLS has expanded slowly, with immediate plans to grow to 16 teams by 2010.

Toronto FC, the most recent expansion team, reportedly paid the league a \$10 million acquisition fee, double the amount paid for the rights to the first MLS teams. AEG received almost \$35 million when it sold DC United last year, and the league now anticipates a similar amount for the next expansion teams (such fee does not include the cost of constructing a soccer-specific stadium).

Importantly, the league has diversified its list of current owners - almost all of whom own or have experience operating another US professional sports franchise - as it moves towards its goal of one-team-per-owner (AEG and Hunt Sports Group still own five of the 13 MLS teams, but at one point owned nine of ten).

MLS and soccer still face challenges in the US, particularly they compete in a crowded sports marketplace - which not only includes the major US professional sports but also the top European football leagues. Should MLS be able to convert an increasing number of the millions of American children who play the sport - part of the 60 million in the US who are estimated to have an affinity for soccer - it will move closer to becoming a 'soccer nation.' It is naive, however, to still call soccer a niche sport in the US.

In fact, the game has never been better positioned in the US. In addition to securing the future of the professional game in the US by focusing on soccer specific stadia, dedicated training facilities and youth development initiatives, MLS is now clearly focused on its on-the-field product.

Beckham's commercial impact, while important, will therefore not be definitive. Other designated players will arrive, American players will increasingly prove themselves (in the US and abroad) and MLS will continue to improve, on and off the pitch. Fitting of his partial role as a goodwill ambassador, the publicity generated around Beckham (and, frankly, his wife) will further expose the game and its related commercial opportunities in the US.

landscape of American major league sports, it will also grab the attention of the millions of children who regularly play soccer. Finally, soccer star is being added to the list of US career options.

Attendance is another area that Beckham has already impacted positively. The Galaxy has sold an additional 7,000 season tickets since the Beckham signing - increasing revenue by \$5 million compared to 2006 - and will almost certainly sell-out all of its post-Beckham arrival matches at the 27,000-seat Home Depot Centre.

Despite its worst ever start to a season, the team is averaging around 24,000 per match, up 3,000 on last season and top among the 13-team MLS (the league has averaged approximately 15,000 per match over its first eleven seasons, well below its potential yet still ranking it among the top-12 leagues in the world).