

UNCLE SAM FLEXES ITS SOCCER MUSCLES

The United States team's disappointing performance at the 2006 World Cup belies the increasingly firm foundations that football is establishing in the US. **Jeff L'Hote**, head of US operations for sports consultancy FMMInternational, and author of the new SportBusiness report, '**Soccer in North America: The Commercial Opportunities**,' reports.

Given impressive developments, not least recent key financial investments, major TV deals and sponsorship agreements, soccer has clearly arrived in North America. While it has long been popular among the millions of children who play, the sport has matured significantly beyond youth participation. Growth continues and commercial opportunities are becoming clearer with the opening up of numerous avenues to reach the estimated 60 million plus in the US who have a 'connection' to the game.

Consider these indicators:

The top-level professional game – Major League Soccer (MLS) – is now completing its 11th season and can no longer be labelled a 'flash-in-the-pan'. The league continues to broaden its sponsorship support (allowing major shirt sponsors for 2007) and has recently announced significant television deals which, for the first time, deliver significant rights fees.

In fact, it is estimated that over the past two years, MLS has attracted more than \$1 billion from bullish investors who are backing professional soccer's long-term success. MLS teams are building soccer-specific stadiums, maintaining respectable attendances and partnering with international clubs eager to take advantage of the increasingly sophisticated US market.

American interest in international football can no longer be debated. Both Chelsea and Real Madrid sold out their 2006 friendly matches in the US, as did FC Barcelona who attracted 92,000 plus for a match against Mexican club Chivas Guadalajara. Teams from Mexico now regularly play matches north of the border to satisfy their growing number of US-based supporters – and to generate significant revenue. Indeed, the well-versed US ethnic soccer audience (particularly Hispanic, the largest minority group) is demanding the best possible product.

Little more than a decade ago it was a challenge to find any soccer coverage on TV, but fans are now spoiled for choice with the emergence of 'soccer-only' channels televising predominantly European matches. Such unprecedented exposure is not only appeasing long-time supporters of the game, it is opening the eyes of the younger generation to international players, teams and leagues. The internet has allowed the American fan to develop similar knowledge, and passion, as if he was living in Madrid, Rome or Manchester.

Despite a poor performance in its fifth consecutive World Cup finals appearance in Germany, more US fans travelled to support the national team than ever before, while the tournament captured the interest of those in the US – an estimated 140 million watched some of the tournament, including 17 million for the final. It should then come as no surprise that the US became the single most valuable country to FIFA when it



US soccer...now the Real deal... Getty Images Sport

purchased the television rights to 2007-2014 events for \$425 million (combined English and Spanish-language).

As millions of children continue to play soccer across North America their technical abilities improve and the sport is now second only to basketball in terms of overall youth participation. More Americans are playing professionally in Europe than ever before.

THE NEXT CHALLENGE

Ultimate commercial success in the US will be dependent on overcoming a few key challenges. The most important will be converting the significant numbers who play the game into dedicated soccer supporters.

While the media will continue its important role in this regard, the unveiling of a true American star player will be paramount although international stars may fill the intermittent void – will Beckham become the Pele of MLS? A second challenge encompasses a more targeted approach to incorporate the large ethnic population in the US, particularly Hispanic, into the soccer landscape – as youth, professional and international players and as supporters of the US domestic game. The US Soccer Federation, under new leadership, is exploring that issue while MLS is increasing its focus on Hispanic fans, with inter-league play involving the Mexican First Division expected as soon as 2007.

Notwithstanding these challenges, as 2006 draws to a close few would dispute that soccer in the US has never been as stable – or showed more promise.

YOUTH DEVELOPMENT

While perhaps overstated, some studies report that 15 million plus play soccer in the US each year. Youth participation continues to prosper and US players are continually improving their technical ability.

To date, traditional European-style youth academies tied to professional clubs have played only a limited role in US player development. That too is changing with MLS preparing to take an active role in youth development and the United Soccer

Leagues (USL), the second and third professional divisions in the US, already offering a 'pyramid' system from youth through to professional teams. More and more foreign clubs – aware that a country the size of the US, with its keen sporting appetite and competitive nature, has potential stars – have recently increased their focus on identifying players of promise by starting their own US-based structure through USL and, to a lesser extent, partnering with MLS teams (where, unlike USL, the league and not the individual teams currently controls all players).

LEADING THE WAY

Participation by girls and women remains strong across North America. Estimates indicate that more than 40 per cent of all American soccer players are female with more and more participants finding an outlet for their interest beyond recreational and school-affiliated play. The success of the US women's national team in 1999, when the US hosted its first Women's World Cup, left a legacy among the screaming young fans (not all female) and those who experienced the final (90,000 plus in attendance and 40 million plus on television). In Mia Hamm, the US had its first true soccer star and a household name and several current players have the talent, personality and determination to follow in Mia's footsteps. Interest remains and a second attempt to launch a women's professional league seems certain to materialise (possibly as soon as 2008), conscious of avoiding the missteps of the failed Women's United Soccer Association (WUSA) while building on the subsequent stability of MLS and the development of soccer-specific stadia.

NEW STADIA GROWING ROOTS

Seemingly secure in its continued existence, the deliberate approach of MLS (via its single-entity structure) has ensured that the most promising American players can strive to become full-time professionals at home and that fans have a domestic product to support. MLS has been fortunate to be backed by dedicated investors, well-versed in the business of

sport (and entertainment), which has surely added to the motivation of Chivas (LA), Red Bull (NY) and Maple Leaf Entertainment (Toronto) to increase their sports team ownership portfolio by investing in the league. MLS will add two more teams by 2008 with plans to be a 16-team league by 2010.

MLS is also focused on gaining full control of revenue streams at its facilities – while improving match atmosphere – by building stadia dedicated to the sport. With the unveiling of Chicago's 20,000-seat Toyota Park this summer, MLS has four such soccer-specific stadia with two more nearing completion and a further two under construction. USL teams are also building their own facilities tailored to soccer. Naming rights, and other sponsorship opportunities, are gaining in value while previously unavailable revenue streams are developed.

THE GROWING ROLE OF MEDIA

Unsurprisingly, with soccer's continued establishment in the US sporting landscape, domestic and international soccer is increasingly reported, transmitted and discussed across US media outlets, albeit sometimes reluctantly. The financial investment by sports network broadcaster ESPN indicates that the mainstream media will have its first major incentive to promote the sport on a macro basis while improving the quality of its specific soccer broadcasts. With Fox Soccer Channel, GoTV and Setanta Sports, complemented by regional sports channels, there has never been as much domestic and international soccer to watch. Spanish-language broadcasters combine to televise all Mexican league matches (while MLS had about 95 per cent match coverage in 2006).

COMMERCIAL GROWTH

The soccer sponsorship market has never been stronger with national deals in place at the youth, amateur, women's, professional and international levels. Major consumer brands – such as adidas, Anheuser-Busch, Nike, Panasonic and Pepsi – are now clearly aligned with the sport and see soccer as an excellent vehicle through which to reach affluent families (via youth soccer), the growing Hispanic population and impressionable young males (18-34). Soccer United Marketing (SUM), an entity established by MLS, provides the first 'one-stop-shop' for brands looking to enter the market at the highest levels.

Conscious that soccer has long been touted as the country's 'next big thing', 'Soccer in North America: The Commercial Opportunities' finds that the landscape is radically different, and more secure, than during any previous moment in US history.

For more information on 'Soccer in North America: The Commercial Opportunities' report please contact Paul Santos at Sport Business (paul.santos@sportbusiness.com).

in US history. While describing the landscape and dynamics of the soccer market, the report also aims to highlight changing trends with an emphasis on identifying practical, commercial opportunities in the sector. Every major area is explained with dedicated chapters focused on the professional game, facilities, media, sponsorship & merchandising, international interests and affiliations, youth, adult participation, women's game and an overview of soccer's place in the US sporting landscape.

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