

# How football clubs utilise b2b



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How football clubs utilise B2B to create strong business relationshipsIntroduction

The Cambridge dictionary defines B2B (Business to Business) as “ business arrangements or trade between different businesses, rather than between businesses and the general public” (Cambridge Dictionary, 2017). This report will outline how football clubs have used B2B to improve their infrastructure by linking with other businesses that can offer services to the club, and also receive some provision in return. The decision-making process will also be looked at to identify how clubs decide to choose new B2B partners.

Influences of buyer behaviour will also be examined. Current B2B deals in the football industry will also be looked at and the potential benefits of sponsorship.

B2B is a great way for businesses to set up long standing relationships that can be in place for many years and be of use on multiple occasions.

Businesses make purchases to address problems within the company. For example, if Manchester United sold out of replica shirts in the club shop, they would have to order new stock in to replace the previously sold items. They would contact their kit supplier Adidas and order more stock.

B2B agreements are very important for football clubs who want to outsource work that they do not have the staff or infrastructure to deal with onsite. An example of this would-be security and stewarding on match days. Rather than the club having to employ and take responsibility for hundreds of stewards, many employ an agency who would hire and manage the stewards for everything from employment contracts to their working hours. This

means the club would only have to approve them to work on any given match day.

When looking to identify potential B2B opportunities, companies can use segmentation to narrow down a list of suitable businesses to start a working relationship with. One category would be location. For example, when Manchester City were building the Etihad Campus, they chose to work with nearby companies that sourced building materials locally. Thus, they strengthened their ties within the community by accessing local services (Premier Construction, 2015a).

Because Manchester City made a conscious effort to work with local companies, they now have built and maintained B2B relationships with hundreds of local companies. This was done due to them handing out 883 contracts to local businesses (Premier Construction, 2015b).

An example of B2B in the football industry are sponsorships. Sponsors offer clubs a significant amount of money to use their name on their kits or even stadiums. Sponsors are willing to pay millions of pounds so they can expand their consumer market by tapping into a football clubs fan base. The benefits of having a sponsor are the clubs brand being linked with a company in a different market, which could help attract more consumers to the club.

One potential influence on B2B deals are the owners of football clubs. They tend to have preferences on what companies they like to work with and those they would rather avoid. Mike Ashley, the owner of Newcastle United changed the name of their stadium, St James Park to the Sports Direct Arena. As he was the owner of Sports Direct, he saw this as a good way of

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investing money into the club while also increasing brand awareness of Sports Direct. Unfortunately for him he was influenced by Newcastle's biggest stakeholders, the fans. They would not accept the name change and after 11 months the sponsorship was removed from the stadium (Daily Telegraph, 2012).

One example of a sponsor who uses football as a major advertisement opportunity is Emirates. Emirates are an airline based in the United Arab Emirates who have millions of customers in Europe. In football, they sponsor Arsenal's Stadium, known as the Emirates Stadium and are their shirt sponsor. They also sponsor European giants Real Madrid, Paris Saint Germain and A. C. Milan (Emirates Group, 2016).

Another example of B2B in English football is Manchester United's deal with Chevrolet. This deal is more interesting since one of the contract stipulations is that Man Utd officials drive Chevrolets on club business. This was the case when Manchester United signed Paul Pogba for a world record fee. He was spotted being driven in a Chevrolet by Man Utd staff when having his medical (Bywater, 2016).

Manchester United have a staggering 64 business partners (official Manchester United Website, 2016). These businesses range from deals such as their record kit deal with Adidas to smaller regional companies such as Chi, a soft drinks company based in Nigeria. Manchester United have 11 regional partners. They are mainly based in Asia and Indonesia. This is because Manchester United realised there was great demand for football in Asia which was at the time a completely untapped market. Manchester

United also have a sponsorship deal with Nissin Food Groups. They are the official global noodle partner of Man Utd. As part of this deal Man Utd players have starred in adverts for the brand aired on Chinese television. This helps the Man Utd brand expand into areas of the Asian market where there is a lack of competition from fellow clubs.

In 2016 Manchester United's value grew by 7% from the previous year (Jefferson et al., 2017). This is attributed to their £950m, 10-year deal with Adidas that started in July 2015. There are many positives for both businesses in this deal. Adidas pay for the right to make Manchester United merchandise and distribute it worldwide, this is great exposure for Adidas as anyone who buys Manchester United merchandise is also buying Adidas merchandise. A partnership between 2 giants of sport is mutually beneficial for both parties as the size of the 2 brands combined can reach a global audience.

The decision-making process is a time-consuming necessity when starting a new B2B partnership. The first stage of the process is the club recognising the problem that needs to be solved. For example, the IT technology used by the club could be breaking down due too it being considered out of date. The next stage would be to identify what they specifically require to solve the problem. They would need to obtain replacement computers for their head offices. The next stage would be to start a search for a supplier that specialises in IT solutions for businesses.

Once potential suppliers have been sought out by the club, they will offer proposals to the club on what they will deliver and what sort of price they are

looking for. This is a vital stage of the process as it gives the club a chance to evaluate all their options on the table. Plus, the offers that have been presented are open to negotiation, so they can get the best deal possible. After they have negotiated with each of the companies, they will make their selection based on the proposals offered to them. Once the selection is complete, the club will put in their first order of equipment from their new supplier. Several months into their new B2B deal, the club will evaluate whether it has been successful so far. If they are satisfied with the supplier, they will look to maintain the B2B partnership over a longer period (Kotler and Armstrong, 1998).

There are many influences on organisational buyer behaviour. One such influence are economic issues such as the price of the product, the reliability of the supplier and the product specification. An example of this would be if the supplier of the product is unreliable, then the organisation is less likely to purchase the product from that company. Or if the supplier has increased the price of the product, then the company will probably look at other suppliers with a lower price.

### Conclusion

Overall B2B has a very important role in the football industry providing services and financial backing to football clubs. A long process is undertaken to start a B2B partnership which can be from a local company or from a business based on the other side of the world. Many influences effect the behaviour of potential buyers which could result in any deal not taking place. While sponsorships are the biggest B2B in football, that doesn't stop other

companies from taking advantage from this method. Manchester United have proved that any company worldwide can have a relationship in the football industry whether they are based in the USA, Nigeria or China. B2B will only grow in the sports industry and plays a key role in the financial development of football.

Word count: 1399

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