

THE RESURRECTION OF A BRAND: THE NATIONAL HOCKEY LEAGUE (NHL)

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Abstract

Aim

In 2005, private equity firm Bain Capital Co. and Game Plan International offered to purchase the entire U.S.-based National Hockey League (NHL) for US\$3.5 billion. At the time the NHL was a perfect candidate for a leveraged buyout (LBO). The abrupt cancellation of the remainder of the 2004-2005 season put the league's status in question at a time when it was struggling to increase fan support and sponsorship revenue. In addition, over a period of nine years the League lost US\$1.5 billion. Although during this time revenues had increased 173 percent, labor costs increased 261 percent (Gross, 2005). However, by 2009, the NHL had successfully managed to reconnect with its core consumers, replaced ESPN with Comcast as its primary media partner, revamped its website (Pierce, 2009). By 2010, the NHL had posted its fourth-consecutive year of growth with US\$2.9 billion in revenues (Badenhausen, Ozanian, & Settini, 2010). It also generated record TV ratings during the NHL Playoffs, had a significant increase in usage across its digital platforms, experienced a 66 percent increase in advertising and sponsorship revenue, and played to 102 percent of arena capacity during the post-season. The aim of this paper, therefore, is to analyze how the National Hockey League used digital technologies and social media marketing to rebuild the NHL brand. Data and information were gathered through a meta-analysis of technical reports, current sport journals and publications, and NHL league and team websites.

Practice Description

In July of 2006, at the forefront of the digital revolution in sport worldwide, the NHL Board of Governors developed a digital web initiative and hired Michael DiLorenzo as "Senior Director of Social Media Marketing and Strategy and Business". The key rationale for this initiative was the awareness that the NHL's fan-base had a majority of 16-34 year old well educated and relatively affluent males that were digitally connected. Integration of emerging new

media platforms at the time, especially Web 2.0 (the interactive Web), mobile technologies and rapid development of social media enabled fans to interact with each other and their favorite teams and players. In addition to Comcast, the league developed additional content distribution by: 1) enriching the NHL.com website with new interactive elements; 2) developing social networking opportunities on Facebook, Twitter, Foursquare, and MySpace that enhanced fan experience with game-related fan blogs, tweets, photos, and video; 3) creating an on demand streaming service (NHL Gamecenter LIVE) to distribute out-of-market games; 4) signing agreements with Hulu, YouTube, and other video and content sharing websites; 5) introducing an online mobile service (NHL Mobile) that allowed iPhone, BlackBerry and other 3G smartphones to access news, scores, standings, schedules, and statistics, as well as view live games, highlights, and share photos. Be 2009-2010 season, corporate sponsorships had increased 22 percent, and revenue from large scale events such as the NHL Winter Classic increased 22 percent. In addition, NHL.com reached a new one day record of 1.6 million unique visitors, sales at Shop.NHL.com increased 12 percent, and ratings for broadcasts on Versus (Comcast) were up 20 percent.

Context Description/ Actors Involved

This case analysis provided insight into the NHL's management decisions specifically with regard to its understanding of how an integrated digital initiative could become a crucial part of its "core capabilities" (Radicchi, 2007; Pralahad & Hamel, 1990) as well as executing a new media strategy that created enhanced economic value for the League and its teams. The NHL developed new capabilities for effectively managing an integrated new media strategy and for developing and sustaining a competitive advantage by leveraging the League's content across multiple digital platforms. The NHL also intensified its partnership network with multimedia service providers, new media distribution channels, and other technology partners in order to maximize technological, distributive and marketing opportunities.

Implications and Learning

The NHL's use of digital technology and social media marketing strategies to rebuild its brand confirms the importance of new media integration in the sport industry and contributes to explaining how a professional sport league, without a major cable TV contract, leveraged its content effectively and enhanced the interactive capabilities of its fans while expanding its consumer base. Through the use of interactive and multimedia channels such as HDTV, IPTV, mobile technologies, social media, etc., the NHL revitalized its brand and increased its revenues. It is clear that, at least for the NHL in the immediate future, increased exposure and fan engagement will maintain brand equity and keep its revenues on an upward trend.

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