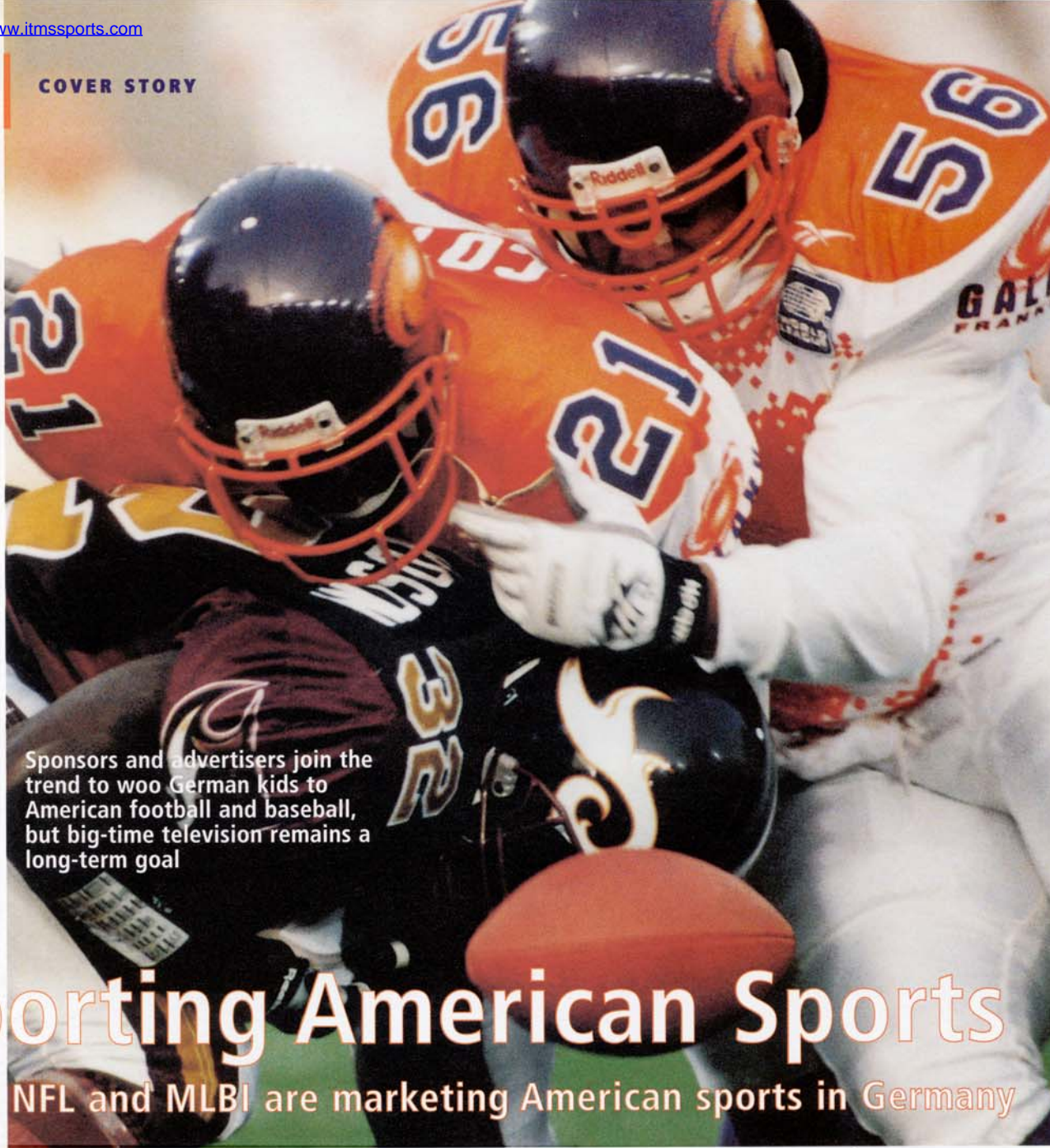


COVER STORY



Sponsors and advertisers join the trend to woo German kids to American football and baseball, but big-time television remains a long-term goal

Exporting American Sports

How the NFL and MLB are marketing American sports in Germany

About a thousand German fans of American football converged on Frankfurt's Marriott Hotel in a festive mood last Jan. 26. They'd come to watch the Green Bay Packers beat the New England Patriots 35-21 at the "Super Bowl" championship game in New Orleans. But Deutscher Sportfernsehen's (DSF) direct satellite broadcast of the game was also an excuse for a giant party and pep rally. The real winner that evening was the host, Frankfurt Galaxy. Its imaginative promotional ploys are building a loyal local following for an increasingly popular American sport.

German clubs like Galaxy, of course, can only dream of the day

when their games, like those of professional football teams in the United States, might be televised instantaneously to millions of viewers. American sports are still too exotic to draw and hold the attention of countrywide prime-time television audiences in Germany. If someday a sizeable number of Germans acquire a taste for American sports, especially football and baseball, there would certainly be a pot of gold waiting.

Tapping Into German Kids' Buying Power

George Pascal, who founded and runs ITMS Sports Promotions GmbH, is one of those who has already caught a glimpse of it. He cites

a marketing study which pegged the buying power of Germany's 9.6 million youngsters between the ages of 6 and 14 at DM47 a month each. Those in the 14-to-17 age bracket can each spend an average of DM98 a month, he says. This works out at a collective buying power of DM5.4 billion a year in the hands of all those German youngsters. And think of the potential, once those new sports fans move into the job market.

"Kids are a lot easier to persuade and excite for a certain product. And the best way to do that is with sports," says Pascal, who first came to Germany in 1984 as a professional tennis player and later drifted into marketing. Yet tapping into this

youthful market is not so easy without the regular television coverage that brings top-league soccer to German audiences in the millions.

"It would be a quantum leap if our games were televised nationally," says Tilman Engel, sales director of Frankfurt Galaxy, one of the six teams in Europe's World League of American football. That would be true even if the Saturday evening World League games were taped and screened countrywide on Sunday. Beyond sponsorships, licensing revenues and ticket sales, though, television coverage remains just a glittering goal – the "top level," as Pascal calls it – for both American baseball and football. "I don't see it forthcoming any time soon," Engel concedes. "We first have to establish American football as prime-time entertainment and sport."

Weak U.S. TV Ratings Caused Demise of First World League

One word sums up the reason why American sports will probably have to wait a bit before enjoying the exposure of countrywide German television coverage: money. "Television programming is decided upon by the amount of money that can be made with it. It's purely a financial decision in the end," says the Galaxy executive. When Engel talks about national coverage, he means RTL and SAT1, the two big private channels, and state-controlled, tax-financed networks ARD and ZDF. "Unlike in the States, television here in Germany very quickly means nationwide coverage," he adds.

Meanwhile, two small private German broadcasters, Deutscher Sportfernsehen (DSF) and Premiere, imported the Super Bowl season championship game of the National Football League (NFL). For years the main broadcaster of U.S. pro football had been Premiere, which is available only to subscribers with decoding devices. Its advantage, according to Premiere sports director Michael Pfad, has been the ability to broadcast games without interruption for advertising messages because the station staffs the events itself. But Premiere's German monopoly on direct satellite broadcasts from the US Super Bowl ended Jan. 26, 1997, when DSF aired the game for anyone who wanted to tune in. NFL also gave this free channel the right to televise its 1998 final.

With Germany's nationwide TV lights and cameras still just beyond

the horizon, both American sports, baseball and football, are struggling to build a base of media-worthy popularity in Germany. But they are taking essentially opposite approaches. U.S. Major League Baseball concentrates mostly on getting its game into Germany's school athletic programs and amateur sports clubs on the theory that baseball will then grow from the grassroots. At considerably greater expense and risk, the NFL has started at the top by organizing a professional European circuit of six football teams, including Galaxy and Rhein Fire in Germany.

NFL fumbled its initial plunge into the European sports arena. That happened in 1992 when its old World League of ten teams was dissolved. The problem, ironically, was not in Europe, where Galaxy, along with London Monarchs and Barcelona Dragons, paced the league both on the field and financially. The three U.S. teams and the one Canadian team proved to be the league's Achilles' heel. In the heartland of NFL football, their television ratings were too weak and a following of fans never really materialized.

The World League was reorganized so that six European teams took the field again in 1995. Along with

new European league's World Bowl championship game in the United States. Claymores defeated Galaxy 32-27 before 38,982 fans at Edinburgh.

New World League A Springboard Into NFL Clubs

Getting this league established has been neither easy nor cheap. Baseball partisan Pascal says the NFL and Fox is \$40 million out of pocket. Although the football club owners do not reveal their actual numbers, Engel called it "a significant investment in the range of several millions each year." It costs around DM6 million a year, including salaries and transportation, to run Galaxy alone. That team just about broke even in 1995 and last year became the first league club to notch an operating profit, about DM500,000. As the only league club to secure a World Bowl berth twice, Galaxy drew 166,852 spectators to its five home games in the city's Waldstadion. Its average attendance of 33,370 topped that of Frankfurt's luckless second-league soccer team, Eintracht.

World League plans to add two more teams. Berlin and Stuttgart are under discussion as possible locations. The league, which holds its season in April, May and June after



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Tilman Engel, Frankfurt Galaxy

Frankfurt, London and Barcelona, the new league, now heading into its third season, includes the Scottish Claymores, Amsterdam Admirals and a German expansion team, Düsseldorf's Rhein Fire. This time all the teams were owned completely by a consortium in which NFL holds 51% and Fox Sports, a unit of Rupert Murdoch's News Corporation, has the minority stake. The Fox television channel last year even televised for the first time the

a training camp in March, benefits the NFL as a spring farm league in which new talent can be developed. Each club is obliged to have at least seven local players, one of them a starter. The others are mostly NFL rookies assigned to the league or promising players scouted from U.S. colleges. A player earns \$15,000 for a season. Good performance may have its reward in the form of a contract with an NFL club, where aver-

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"It would be a quantum leap if our games were televised nationally" - Tilman Engel, Frankfurt Galaxy

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Last season, Galaxy filled Frankfurt's Römer city hall square with fans for a pep rally.

Basketball has become so entrenched in Europe that it has lost much of its American aura. Photo: Streetball tournament outside the MesseTurm trade fair tower in Frankfurt.



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While American football runs a professional European circuit, U.S. major league baseball is concentrating mainly on getting into German schools and sports clubs.

age base salary is \$168,000. London Monarchs Quarterback Brad Johnson signed a \$15 million deal with the Minnesota Vikings.

In cooperation with the Wilson sporting goods company, World League also makes an effort to interest local youngsters. With the Wilson World Partnership program last August, it hosted a European championship for junior teams in the Frankfurt area. Teams from six countries with nearly 300 youths of 16 to 19 competed for this title before at least 5,000 spectators.

Baseball Integrated into 600 Schools' Curricula

It's this type of grassroots audience to which the American baseball establishment is pitching practically its whole program in Europe. Professional baseball began marketing in Europe long after the NFL and the National Basketball Association. NBA, one might add, has a sport that has become so entrenched in Europe that it has lost much of its American aura. Under the corporate name Major League Baseball International (MLBI), the U.S. baseball club owners can already measure baseball's progress abroad in cash. International retail sales of baseball-related clothing and paraphernalia came to \$200 million in 1995, still less than the NBA's but gaining fast.

Success can also be measured in participation. Baseball claims to be the world's fourth largest sport, currently being played by 210 million people in 100 countries. Says Clive Russell, MLBI director of European operations, the grassroots approach to recruiting participants "gets less attention in the media than such

efforts as the NFL's World League... but it gives the sport a sound foundation and ensures a healthy long-term development of the game."

This seems to be working well in Germany, which MLBI views as a key market and where the German Baseball Federation increased its membership by 15% last year. "There's room for a new sport, especially in the summer," says Russell. "The German federation is young and has built up from the grass roots." The federation has 23,000 members, includes 600 clubs, has various divisions and leagues, and covers softball and little league too. MLBI has chosen Pascal's ITMS to handle its German promotion in cooperation with the German federation.

MLBI's basic activities include its Envoy program, which sends U.S. college coaches to teach baseball to youngsters, and a program called "Pitch, Hit and Run," which is offered to German schools as a baseball primer. Professional baseball exhibitions are also staged in German cities.

"Pitch, Hit and Run" aims to make baseball a normal part of growing up in Germany, a way to get into the schools and teach children to play while they are still very young. Schools are furnished with bats, balls and gloves. With the help of Andreas Klages of the German federation, this 6-week program has been integrated into the curriculum of 600 schools.

Baseball "festivals" are planned for Frankfurt and Berlin this summer to expose the German public to the excitement of major league games. Visitors - as many as 300,000 are expected - will also be able to take a turn at bat, clock their pitching speed, talk to professional coaches and pose for pictures in the uniform of the favorite U.S. team.

Germany already has semi-professional league baseball. ITMS now handles marketing for four of its clubs: Mainz Athletics, Mannheim Amigos, Regensburg Legionäre and Friedberg Braves. Drawing 500-1,500 spectators, the league games become American entertainment events, which appeal to German families even if they might not yet understand the rules, says Pascal. Hot dogs, hamburgers, music and mascots are all part of the game. "There's no denying how popular U.S. sports have become in Germany and it is our belief that baseball will continue to flourish at an accelerated rate over the next few years," says Pascal.



MLBI aims to make baseball an American entertainment event which families can enjoy even without understanding the rules.

Galaxy: Every Home Game Becomes A Party

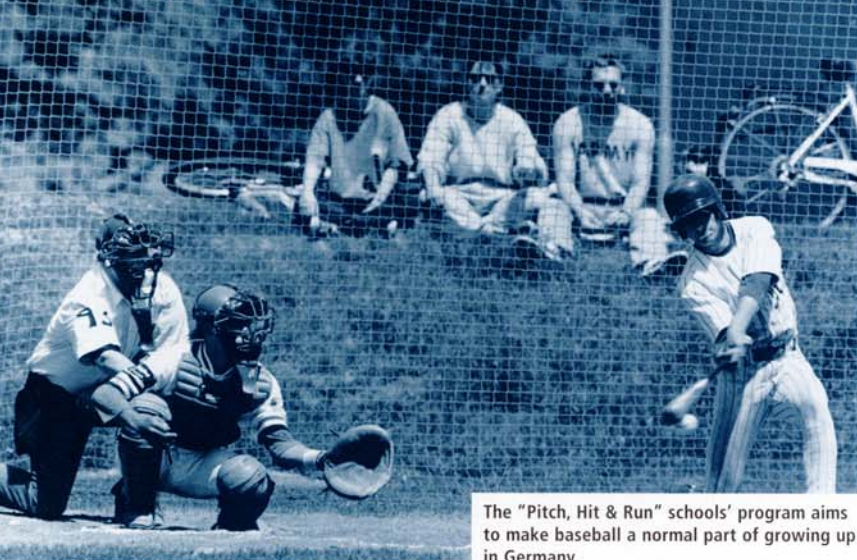
Pascal's ITMS also handles promotions for golf and beach volley and tennis still makes up 60% of the company's business. He is unlikely to get a call from the NFL, though. World League teams like Galaxy handle their own promotion and practically everything else. In fact, promotions, such as the gala Super Bowl bash, are their specialty. Last season the team filled Frankfurt's Römer city hall square with fans for a pep rally that also featured its attractive and appropriately attired cheerleaders in a stage show.

Every home game becomes a huge party that can last from 3 p.m. to 11 p.m. Roger Headrick, chief executive of the Minnesota Vikings, was impressed by all this crowd-pleasing hoopla and showmanship during a recent visit to a Frankfurt game. "There's a lot the Minnesota Vikings can learn from Frankfurt Galaxy," the NFL visitor said.

American football has been played in Germany for the past 20 years. There are 300 clubs and teams out there. But this new NFL initiative has made the game more than just an athletic contest or a spectator sport. With World League it's now media-age entertainment with a magic touch of Americana. "The ultimate goal is to establish American football on a large scale here," says Engel.

Thomas Hackbarth, Frankfurt's team spokesman, tried to describe how a German football enthusiast might perceive this essentially foreign phenomenon: "From our point of view here in Europe, it's the best American football you can see. For me, this is the best football in the world."

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Baseball: Grassroots approach "ensures a healthy long-term development of the game" - Clive Russell, MLBI



The "Pitch, Hit & Run" schools' program aims to make baseball a normal part of growing up in Germany.

SPONSORING: Stressing The 'American factor'

Companies in Germany have been sponsoring sporting events and athletic clubs for as long as some of us can remember. Consider top-league soccer team Bayer Leverkusen, perhaps the most famous marriage of local athletic pride to a corporate trademark.

Other big companies – Adam Opel is a prominent example – use sponsorships of various sports clubs and events to project a certain image of their products. Association with a national game like soccer, for example, helps a company target a mass market of youthful, energetic consumers. German breweries are especially generous here, for obvious reasons.

Sponsorship of a golf tournament, on the other hand, might appeal to a financial enterprise or a company with a decidedly upscale product because the audience is relatively older and richer. And, of course, tennis has its own elite following and sponsors.

But why would a company, German or American, lay out good money to sponsor a relative obscure variety of foreign sports? The short answer is that it wouldn't – unless, of course, the sport happens to be blatantly American. That boils down to baseball, the U.S. national pastime, and American football.

"The 'American factor' is a big part of doing business in Germany today and sponsoring is a great way of communicating that," says George Pascal, founder and director of ITMS Sports

Promotions, which has an exclusive contract to plug U.S. major league baseball in Germany. "I think it has a lot of potential because a lot of American companies can use it to communicate this American factor."

And what's so special about this American factor? "What German kids want right now are American products," says Pascal. "America is 'in,' it's trendy. It's 'in' to be American. And if you're American, you wear a baseball cap. It's a million-dollar business in terms of licensed products."

The spreading cult of Americana – one can also see it in fast foods, entertainment, music, even language – is obviously a powerful youth movement in Germany. It plays on the yearning for freedom and independence. "It's the young Germans who finds the affinity and liking for this game. Older Germans can barely understand the rules," says Pascal.

He cites a study showing that this youth market, namely ages 6 through 17, has an annual buying power of DM5.4 billion. Nevertheless, a company would not use a marketing vehicle like sponsoring primarily to sell directly to this market, but rather as an investment in the future, he says.

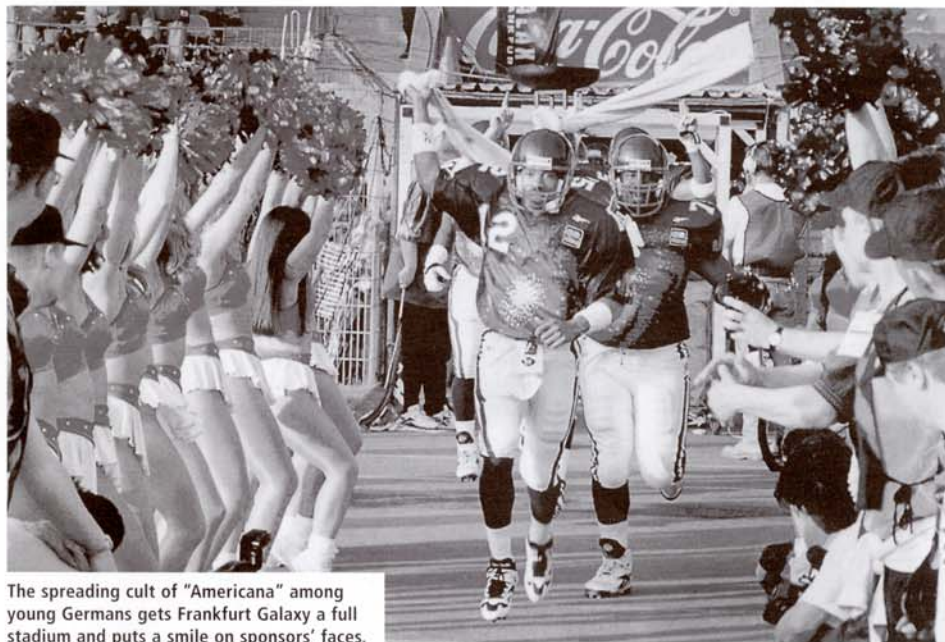
That helps explain why Georg von Opel, a large chain of 39 car dealerships, decided to sponsor the Bundesliga Friedberg Braves baseball club. Other past and present German baseball sponsors include Hewlett-Packard, Asea Brown Boveri and the Credis Investment Funds unit of Crédit Suisse.

In the American football scene, says Frankfurt Galaxy sales director Tilman Engel, most of his team's sponsors are German companies. Those include Henninger beer, Hertie department stores and Frankfurt's Zeil Galerie department store. Coca-Cola and Wrangler have been involved, too. Last year Mitsubishi sponsored Galaxy. This season, VW's Skoda subsidiary has signed on.

Reebok has been a World League sponsor in past seasons. And America's Wilson sporting goods group is, of course, in partnership with the NFL in promoting the sport in Europe.

Pascal concedes that sponsorship is to some extent a saturated market. Tennis is plagued by a loss of popularity and both tennis and soccer sponsorship fees are quite expensive. But that presents a selling point for sponsorship of American sports to build brand recognition. Sponsoring baseball, for example, is a bargain. ■

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NFL's promotions have turned American football into media-age entertainment with a magic touch of Americana



The spreading cult of "Americana" among young Germans gets Frankfurt Galaxy a full stadium and puts a smile on sponsors' faces.