

**A strategic managerial approach to corporate sports hospitality:
the case of Belgian football**

by

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Abstract

Purpose: Corporate sports hospitality (CSH) is a relationship marketing tool whereby customers and other stakeholders are invited by a company buying CSH from a club to attend a sports event. The CSH product involves premium seating and optional services such as catering. This industry has been perceived to be in decline, especially in times of economic downturn. This paper's objectives are a quantification of the CSH industry's value and the development of a formal CSH management process for both companies and clubs.

Design/methodology/approach: A case study from the highest division in Belgian football (soccer) is conducted, involving interviews and quantitative data collection as the primary data source, in addition to secondary data and insights from the literature. As opposed to literature, this paper uses a holistic approach, combining the perspective of the club and the CSH buying company with attention for customers.

Findings: CSH returns account for an important share of club revenues (>10%), despite the smaller market compared to the American major sports leagues. Since a club experiences the strongest competitive impact from substitutes and other clubs in the league, and CSH is often managed on an ad-hoc base, disposing of a formal management process is crucial for both clubs and companies. For companies buying CSH, not only return on investment, but also return on other objectives matters. Moreover, CSH is at least as effective to deepen existing business relationships than to create new ones.

Research implications/limitations: The paper provides clubs and companies with a theoretic background and practical Key Performance Indicators (KPIs) to base their managerial decisions on. Although external validity to other Belgian venue-based sports can reasonably be assumed, translating the findings to other countries or non-venue based sports requires caution.

Originality/value: Little academic research about the CSH is available. Specific KPIs to define objectives and measure output, as well as feedback loops for clubs and companies are developed. The proposed CSH management process follows the same high-level steps, but with different specific actions per actor, leading to a better understanding of similarities and differences of both processes, and a better co-creation of the CSH event.

Keywords: Premium seating, Venue revenues, Management process, Sports marketing, Business relationships, Case study.

1. Introduction

After the 2008 financial crisis, the perception has grown that premium seating sales in sports stadiums have been in decline (Titlebaum, Lawrence, Moberg & Ramos, 2013). Corporate budgets for sport sponsoring were reduced by 25% after this crisis, and the number of unsold seats increased (Connelly, 2011). The question can be asked whether there are industry growth perspectives after such an economic recession obliging corporate management to justify all expenses (Titlebaum & Lawrence, 2011). As quantifying the value of investing in sports premium seating is difficult for a company, it may have been a target of cost cuts. Hence, a thorough study of the industry and strategies to deal with and reverse these negative impacts is required, in order to unveil the potential added value of corporate sports hospitality (CSH) and find ways to effectively realise added value through appropriate CSH management.

Russ, McNeilly, Comer and Light (1998) were among the first to highlight the potential of CSH, and advocated further research in this domain. Most of the limited literature focuses on the USA premium seating market (Shapiro, DeSchrive & Rascher, 2012; Titlebaum et al., 2013). In this study, we confront this literature with the CSH industry in Europe, and more specifically in football (soccer). In Europe, football is the largest and most popular sport, with also the majority of CSH investments (Hughson, Maguire, Moore & Spaaij, 2016) and a high data availability. In this paper, CSH is defined as a relationship marketing tool whereby customers and other stakeholders are invited by a company buying CSH from a club to attend a sports event (Berry, 1983; Drake, 2013). In this way, the CSH product offered by a club includes not only premium seating, but optionally also catering and additional entertainment activities in the stadium. In the stadium, the club will apply segmentation to differentiate between very important people (VIPs) and so-called super important people (SIPs). The latter require additional exclusivity to offer the highest level of treatment (Lagae, 2015). This results

in a number of different formulas of CSH (Cohen, 2011; Lawrence, Contorno, & Steffek, 2013):

- Suites: in this most exclusive setting, clients eat and drink and subsequently watch the game in the best places. This private box is served by its own staff.
- Indoor or outdoor business seats: high-quality chairs are reserved in an exclusive part of the stadium, respectively behind glass or in an open-air area. Catering is optional and includes a meal with wine and access to a buffet and drinks (often in large areas).
- Lounges: Clients experience the game in an exclusive studio, where a meal is included and additional entertaining acts are provided.

The availability of these formulas is highly infrastructure dependent. Given a club's stadium lay-out, some of the above formulas are not available, or are offered in a modified way, such as the replacement of a buffet by a reception (Titlebaum & Laurence, 2009). Moreover, changes in stadium lay-out are made to replace small boxes with larger areas where the invited guests and different companies can meet each other. Some clubs offer additional exclusive and special formulas. Moreover, depending on the specific club, drinks after the game are not always included, and need to be acquired separately by the guests.

CSH can be approached from multiple perspectives, being marketing, sponsoring, sales and stadium management (Titlebaum & Lawrence, 2011). CSH is often part of a sponsorship deal, but it can be offered stand-alone as well (Bennett 2003, Cobbs, 2011; Titlebaum et al., 2013). Both are different elements of marketing, but combined they can reinforce each other (Baxter, 2000; Titlebaum & Lawrence, 2010).

In this paper, the perspectives of the club and the company are combined in an holistic approach, as opposed to the literature where often only one perspective is used. Combining the vision of clubs and companies into the management process allows gaining comprehensive

insights into the entire business. It is for a club essential to understand the objectives and managerial processes of a company and vice-versa. They create the hospitality experience for the guests together. It is in both parties' interest to optimise this experience through cooperation (Titlebaum & Lawrence, 2011).

Because the CSH business is still perceived by many stakeholders as a declining business with limited innovations, the first objective of this paper is to quantify the market potential of CSH. This will give clubs and companies a better understanding of the significance of the industry. The second objective is to investigate how CSH can be managed to realise a win-win situation for both, since many clubs and companies nowadays manage it on an ad-hoc and operational basis lacking any theoretical and strategic foundation. To this end, a formal industry management process including specifically designed Key Performance Indicators (KPI) is constituted as an addition to the available literature, in order to take advantage of the industry's full potential. The process follows the same high-level steps for both companies and clubs, but with different specific actions. By consequence, companies and clubs have a better understanding of similarities and differences of their processes. They also know better each other's requirements when moments of interaction occur. It is based on a case study analysis of the Belgian market, on which a lot of data is available. Moreover, it is one of the European countries where currently a formal CSH process is lacking, as the interviewed actors indicated. It is assumed to be a good representation of the average European CSH industry, although some European top clubs are individually implementing best practices in this continuously evolving business. These best practices are however included in our proposed formal CSH process.

This paper is structured as follows. CSH is situated in the available literature in Section 2. Section 3 describes the methodology and data. Section 4 describes the sector and the case study and estimates the income generated by the CSH industry in Belgium. This allows for better comparison of the results with other countries and sports. In Section 5, a formal

strategic management process for CSH is developed based on the collected case study data. By defining related KPIs, CSH can be managed actively and the value of CSH can be made explicit. The process is compared to the approach of the Belgian Football Association (FA), who outsources CSH for their matches of the national team. The implications for practitioners are given in Section 6, whereas the findings of the research are related to its limitations in Section 7. Section 8 contains conclusions and ways for further research.

2. Situating CSH

The major part of the CSH or premium seating literature concentrates on the USA. The first suites emerged in American stadiums in 1965 (Titlebaum & Lawrence, 2011), whereas in Belgium, RSC Anderlecht was the first team to have business seats in the 1980's. According to Titlebaum & Lawrence (2011), in the beginning of the 21st century, the market for all teams in four professional leagues (NBA, NHL, NFL and MLB) entailed \$600 M gross revenues per year for 12 351 seats. NBA teams earn on average \$20 M per year on premium seating (Titlebaum et al., 2013). This number is however increasing due to new facilities being built (Badenhausen & Ozanian, 2019). Lawrence et al. (2013) state that this industry accounts for half of the sport ticketing industry. In new venues, 25% of the seating are premium seats, illustrating the importance of the industry (Shapiro et al., 2012) for football clubs and why it receives so much attention when building new stadia (Ginesta, 2017).

European football teams like FC Bayern Munich even strive to apply the Pareto principle to this industry, trying to realise 80% of the ticketing revenues from the 20% most expensive tickets. Of course, as Sanders (1987) warns, the other 80% should not be neglected and given sufficient attention. In the Belgian case studied in this paper, the team closest to this Pareto level achieves 64% of its ticketing income from the 21% CSH tickets.

To sell their premium seating, clubs primarily look at corporations. In the USA, more than 80% of teams and venues sell more than 75% of their premium seating to companies, such as banks (almost 7% of the sold suites), lawyers and attorneys (6.8%) and media groups (5.8%) (Lawrence et al., 2013; Lawrence, Kahler, & Contorno, 2009; Titlebaum & Lawrence, 2010; Titlebaum et al., 2013).

2.1 Measuring objectives and outcomes of CSH

Companies have different reasons for buying CSH and for inviting specific guests, often linked to their specific objectives (Titlebaum & Lawrence, 2011). The main reason is to network and entertain business clients in order to reinforce or extend established or create new business relationships, which should in the end lead to additional contracts or sales (Titlebaum & Lawrence, 2010). In this light, monitoring interactions allows identifying existing customers that require new interactions, e.g. to prepare future contracts, or potential conflicts that require disarming. Moreover, companies seek to create a specific corporate identity and visibility and increase trust and loyalty among customers (Bennett, 2003; Cousens, Babiak, & Bradish, 2006). According to Gronroos (1994), relationship marketing can help reduce customers' price-sensitivity. Other reasons are less important, but may include rewarding employees as part of HR management or the personal desire of senior executives (Amis, Slack & Berrett, 1999; Titlebaum et al., 2013). For a club, the main focus is on increasing revenues, but also the networking opportunities to find new partners for the club and the possibility to increase diversity among the stadium attendants to increase revenues should not be neglected.

Companies and clubs should not only set objectives, but should also measure achievements. Very often, companies measure their benefits using return on investment (ROI): financial output divided by financial input (Titlebaum & Lawrence, 2011). For a club, the costs and returns, which are earned per game, can be easily calculated. For a company however, the business cycle from initial contacts to signing contracts and generating revenues involves a

certain time span (Titlebaum & Lawrence, 2011). Many additional factors may influence the decision of a customer to engage in a new contract as well. Companies try to deal with this issue by measuring return on (other) objectives (ROO) (Titlebaum et al., 2013). ROO measures to what extent intermediary objectives, maximising relationship management ROI, have been realised through quantitative and qualitative targets. In order to measure ROO effectively, the objectives need to be defined in line with the business strategy. Internal score cards can help to identify important event and customer-related objectives (Titlebaum et al., 2013).

To avoid decisions based on gut feeling, evidence-based management argues that to measure is to know (Parmenter, 2015; Pfeffer & Sutton 2006). This approach is much needed in CSH (Titlebaum & Lawrence, 2009). Formal evaluation tools are lacking (Titlebaum & Lawrence, 2010). Some companies send out small surveys, but the majority do not collect data and information (Titlebaum et al., 2013). Since only few measurements are performed by both clubs and CSH buying companies, no feedback is possible either, and the actors are not able to quantify the benefits of CSH (Titlebaum et al., 2013). Walzel (2010) identifies two reasons. Companies do not want to disturb their guests with surveys or may find the objectives too difficult to measure. New data mining techniques to extract customer perceptions from social media might however resolve these issues (Barbier & Liu, 2011; Chen & Lin, 2006).

To formally measure the extent to which CSH outcomes fulfil the objectives and formulate feedback, Key Performance Indicators (KPIs) are required (Marr, 2012). These are quantitative or qualitative measurements to analyse the progress in achieving objectives. This is realised by comparing the actual value with target values (Katsikaes, Morgan, Leonidou & Hult, 2016). It is important to define KPIs in line with the business strategy and objectives, according to the SMART-principle. They need to be specific, measurable, acceptable for all employees, realistic and time-constraint (Parmenter, 2015).

2.2 Operational CSH management

In order to be able to sell all premium seats, clubs need to be proactive (Titlebaum & Lawrence, 2011). Clubs know very well which industries are well represented among their CSH buyers. They can use this information to further penetrate these industries, but also to prospect in others, both national and international (Lawrence et al., 2009; Ratten & Ratten, 2011). Lawrence and Moberg (2009) developed an operational framework to organise the selling process behind luxury suites, including client recruitment and relationship building. They emphasise the importance of sales and follow up customer relationship management.

On the interface between the club and the CSH buyer, suite administrators, also denominated public relations or hospitality managers, play a crucial role. They are the liaison between the club and the company, and they are a facilitator of working together in order to offer the customer the best experience possible (Lawrence & Titlebaum, 2010). The problem is however that the suite administrator in many companies has other tasks to do and did not receive any specific training. Because of their hands-on experience and insights, they are crucial to give feedback to senior management about the company's CSH investment. In order to fill the company's seats, Titlebaum and Lawrence (2011) suggest to develop a list of priorities, linked to the company's customers and available games. This would lead to inviting the most appropriate customers to each game.

2.3 Dealing with economic downturns: approaches to increase sales

In times of economic downturn, buyers of CSH are scrutinising every expenditure. Innovations in this mature industry are required to be able to sell premium seats as much as possible and counter the recent sales decline. Time sharing and suite sharing arrangements or formulas with optional catering per game have been brought up in literature as alternatives to reduce costs (Lawrence et al., 2013; Titlebaum & Lawrence, 2011). Moreover, shorter initial contracts allow buyers to test out the suite and experience the added value by doing.

In Belgium, event organiser Golazo (2018) uses two different pricing approaches. Top down, they organise the most exclusive event possible and ask a premium price, whereas bottom up, they start from a basic event and charge extra for each element the customer wants to add. This approach allows maintaining a good equilibrium between revenue maximisation and customer retention (Titlebaum et al., 2013). Because of the exclusivity of the product, the price is subjective and influenced by the customer's willingness to pay. Shapiro et al. (2012) estimated CSH prices, which are significantly and positively affected by population size and income per capita, but also by team performance. Larger corporate presence in a market, which is assumed to be correlated with income per capita, hence also leads to higher CSH prices.

Next to pricing, exclusivity increasing innovations can help to increase a club's sales (Titlebaum & Laurence, 2009). Such examples include player meet and greets, dressing room and other behind-the-scenes visits, a dining room with view on the player tunnel, traveling with the team, private parties or raffling custom or autographed memorabilia. A gift co-branded by the club and the company represents an event souvenir that can intensify the business relationship between the company and its guest. It could also increase the likelihood of the guest becoming a club fan (Titlebaum & Laurence, 2009, 2010; Titlebaum et al., 2013). Also new venues add to CSH sales. However, this novelty wears off after a couple of years (Lawrence et al., 2009).

Exclusivity responds to customers' emotions. It is important for CSH buying companies to know that positive emotions have an enhancing impact on buyer behaviour and relationships (Kemp, Borders, Anaza & Johnston, 2018). CSH events exclusive customer experiences positively influence those emotions (Rinallo, Borghini & Golfetto, 2010). National team involvement strengthens the effect of emotions, enhancing the impact on business relationships (Brochado, Dionísio & Leal, 2018).

Additionally, the club can use its facilities to generate non-match day revenues (Titlebaum & Lawrence, 2011; Westerbeek et al., 2005). Organising business meetings in the stadium offers a unique experience because of the exceptional setting. Some clubs also install a museum, which leads to an additional source of income, known as museumification of the stadium (Ginesta, 2017; Parrish, Lee & Kim, 2016).

3. Methodology and data: case studies

The previous section dealt with the current state of the CSH industry, however mostly focussing on North America. To study the situation in Europe, the methodology of case studies is applied to the Belgian football CSH industry in order to find out how added value for both clubs and companies can be realised in a win-win partnership. The approach is in line with Rundh & Gottfridsson (2015) and Benijts, Lagae & Vanclooster (2011). Two criteria were identified to opt for a case study: (i) the limited amount of literature requires exploratory research (Yin, 2018) and (ii) CSH practitioners in Belgian football lack insight in the value of CSH and an appropriate management process, as was discussed before.

The data obtained from the Deloitte (2016) study of Belgian football clubs was supplemented with price, revenues and capabilities from the clubs' websites and available annual reports. In Belgium, there are 24 professional clubs, of which 16 play in the Jupiler Pro League (1A – highest division) and 8 in the Proximus League (1B – second division) (Jupiler Pro League, 2018). From these teams, five teams compose the G5 with the highest budgets. These are RSC Anderlecht, Club Brugge, Standard de Liège, KRC Genk and KAA Gent. In this paper, the focus is on Division 1A, but findings were validated by looking at a club from 1B and by comparing with the case of the Belgian national team's CSH approach.

Because not all information is available online, primary data has been obtained from interviews with sponsor- or account managers at clubs and sponsor managers at companies

buying CSH in Belgium. The interviews followed the scheme of semi-structured interviews. The interviewees are given in Table 1, grouped per category. The structuring surveys have been composed following nine expert-interviews, according to the snowball sample principle (Kotler & Armstrong, 2014), in order to guarantee construct validity of our case study (Yin, 2018). The surveys for clubs and companies are structured by themes in order to be able to quantify CSH benefits and to constitute a management process based on objectives and KPIs. The surveys are included in Appendix A and B respectively. Appendix C contains more information on the venues of the interviewed clubs. Since the qualitative information converged towards the final interview in each category and the included G5 and non-G5 clubs are well distributed over the ranking of 1A, the samples can be reasonably assumed representative for the CSH industry in Belgium. This should warrant internal validity. The last two criteria for rigorous case study research of Yin (2018) are matched as well. Our analysis is reliable, since this analysis can be reproduced by any other researcher following our described method and approach. The results are externally valid for clubs in other Belgian venue-based sports, since they have a similar structure of sponsors and stadiums. In order to improve external validity, it would however be useful to redo the analysis in other countries and compare the findings.

Table 1. Overview of interviewed stakeholders.

Experts	Clubs	Companies
Sports stadium expert, CEO stadium interest group (ESSMA)	Club Brugge (1A)	BNP Paribas Fortis (bank) (sponsor, CSH buyer)
CEO CSH company (Gracias/Golazo)	KRC Genk (1A)	Canon (cameras) (sponsor, CSH buyer)
Sports manager (various companies)	KV Mechelen (1A)	CRAS (materials supplier) (sponsor, CSH buyer)
Two sports marketing professors (KU Leuven and UGent)	KV Oostende (1A)	Randstad (employment agency) (sponsor, CSH buyer)
Two sports management professors (VUB and IFBI)	KVC Westerlo (1A)	Recordgroup (bank) (sponsor, CSH buyer)
Sports economics professor KU Leuven	RSC Anderlecht (1A)	Telenet (telecommunications) (sponsor, CSH buyer)
Sports marketer (GFK)	Sint-Truidense VV (1A)	
<i>After the research: validation with MD iXpole</i>	KSC Lokeren Oost-Vlaanderen (1A)	
	SV Zulte-Waregem (1A)	
	Oud-Heverlee Leuven (1B)	
	Royal Belgian Football Association:	BMW (sponsor, CSH buyer) PwC (sponsor, CSH buyer) Agoria (CSH buyer) Verhulst (CSH organiser)

During the interviews, additional (confidential) financial figures about CSH were provided by the clubs in order to be able to quantify the benefits generated by CSH. Since the interviews took place at the club, stadium tours constituted part of the field research and illustrated the responses of the interviewees. Moreover, attending the games RSC Anderlecht vs. Zenit St. Petersburg (16.02.2017), SV Zulte-Waregem vs. RSC Anderlecht (31.03.2017) and Belgium vs. Greece (25.03.2017) in the hospitality area lead to practical examples of the qualitative insights from the interviews.

To analyse the data, first of all, the objective data was grouped to compose the case description in Section 4. Subsequently, similar responses per question were clustered for comparison. Based on these interviews and field research, the researchers independently wrote

down the most important insights related to the second research objective, since the interviews brought to light the lack of a CSH management process based on a rigorous theory. No opposing interview insights were encountered. They were subsequently combined with the quantitative data and insights from the relevant literature. This approach is in line with Titlebaum et al. (2013) and Titlebaum & Laurence (2009) and allows carrying out a coherent, comprehensive and consistent analysis to construct a formal strategic management process for CSH. To this end, company and club objectives that were cited by at least 50% of the researchers were retained (three for the companies, two for the clubs). The inclusion or exclusion of other objectives was the result of discussion, leading to the omission of one objective for clubs and one for companies. In the same meeting, the researchers subsequently defined the KPIs together, based on the collected data: sports marketing and management literature, combined with insights in best practices from the interviews and field research.

4. Case description

This section starts with an empirical description of the CSH industry in Belgian football. In order to gain more insight in the financial significance and value of the industry, the average annual income generated by CSH is subsequently estimated and related to the income of a Belgian football club.

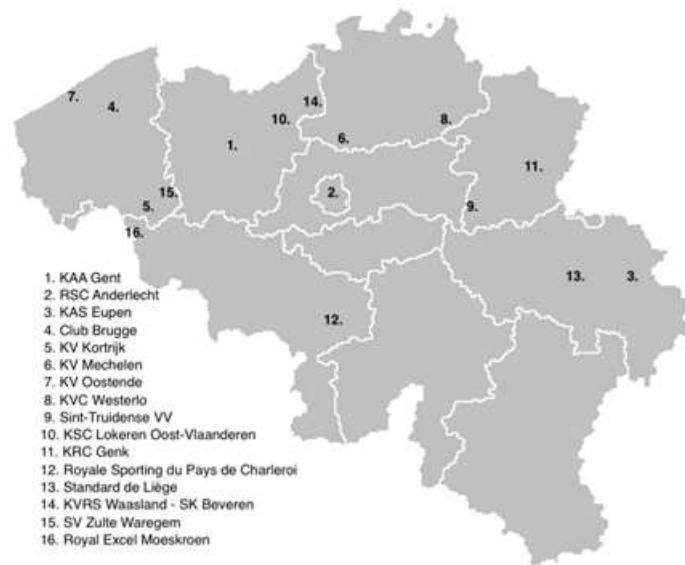
4.1 Defining the scope: CSH in Belgian football

In this case study, only the match day hosting of CSH buying company stakeholders by Belgian football clubs is considered. The general CSH product has been described in Section 1. Each season, there are 20 match days in the Belgian Division 1A. As the literature study unveiled, companies can decide to invite employees to the game as a perk, however, inviting (prospect) business clients or other stakeholders turned out to be the main focus in Belgium. The inviting company relies on Customer Relationship Management (CRM), monitored by the

PR-manager or in some cases the hospitality relationship manager. In this way, the company can strategically decide who will receive an invitation to the game.

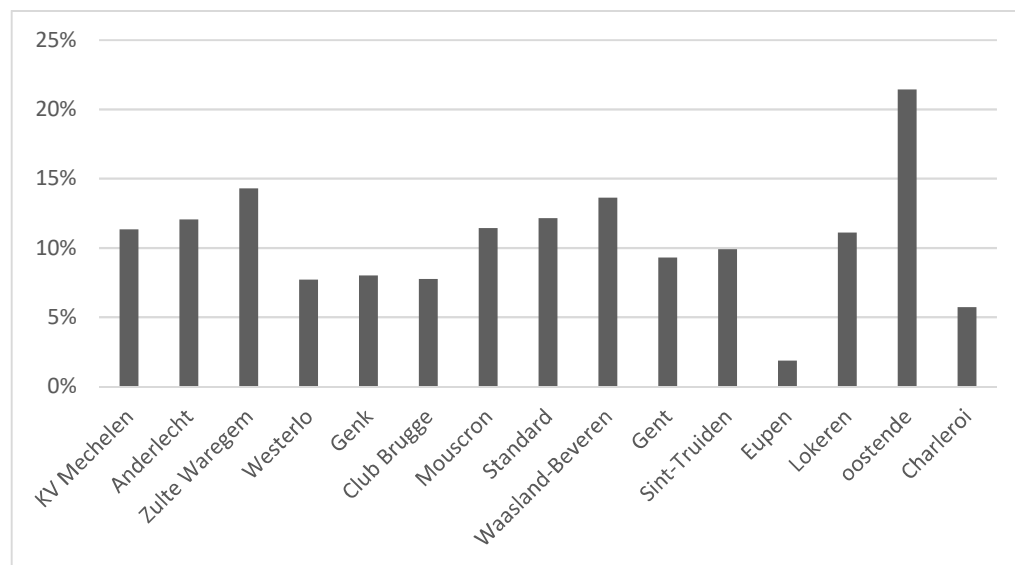
In the CSH industry, clubs experience competition from nearby teams. Some companies buy CSH in different clubs (Shapiro et al., 2012). BNP Paribas Fortis for example has seats in RSC Anderlecht, KAA Gent and Royal Antwerp FC. Teams that are already in 1A have some options to intensify competition. For example, expanding or revising the stadium, or building a new one, allows expanding a club's CSH activities and improve the quality of the hospitality area significantly. KAA Gent's new stadium inaugurated in 2013 allowed the club to become one of the leading clubs in CSH in Belgium. Own capacity expansions are a viable strategy to reduce the impact of competitors. New and renovated stadiums attract more customers, especially in the first years (Lawrence et al., 2009), and to charge a higher price for a better CSH experience. Next to that, the geographical proximity of rivalry clubs plays an important role. A team like Standard de Liège without other teams nearby experiences much less competition than SV Zulte-Waregem, situated in the very densely occupied western part of the country (see Figure 1). Moreover, the sports performance also plays an important role. The so-called G5 are at the same time the leading clubs in terms of CSH. Standard de Liège has a capacity of about 3600 premium seats, RSC Anderlecht 2500 and the other 3 slightly below 2000.

Figure 1. Geographical situation of 1A teams in 2016-2017



KV Oostende is an exceptional example of a growing team. Not only the CSH-orientated stadium renovation, but also the ability to entertain people notwithstanding the outcome of the game, allowed this club to grow as a CSH supplier. They have a CSH capacity of 3600 premium seats and their ratio of CSH seats-to-total-capacity is more than 20%. The other Belgian clubs' ratios are between 7.5 and 15%. Only Charleroi (about 5%) and KAS Eupen (about 2%) have lower ratios. On average, the ratio of CSH seats-to-total-capacity is 10.5%, which is high compared to European standards. However, this is mainly explained by the lower stadium capacities in Belgium, and not by higher CSH capacity. A complete overview of Division 1A's ratios is included in Figure 2.

Figure 2. CSH seats-to-total-capacity ratios in the Belgian Division 1A



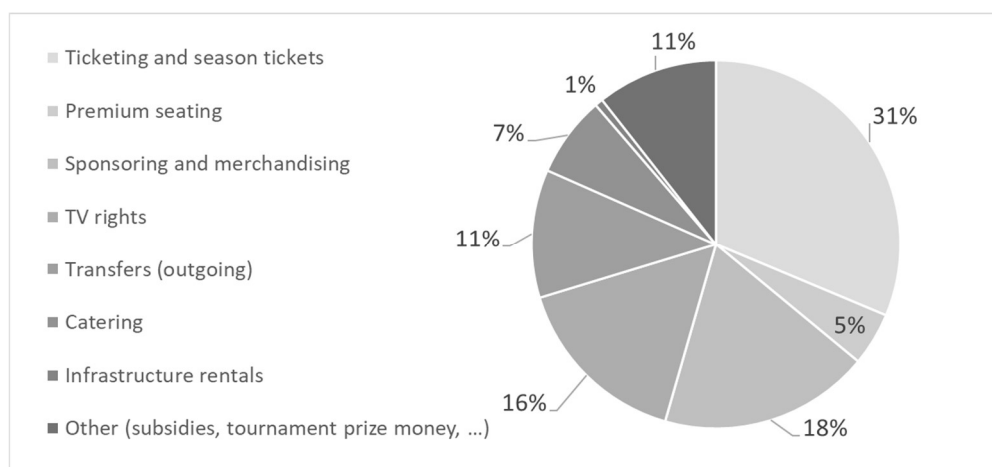
Source: own composition based on interviews.

It is not only important to offer more attractive products than the competitors, but also than the substitutes, as they exert competitive pressure as well (Porter, 1979). Not only hospitality in other sports (e.g., basketball) or other industries (e.g., music concerts) plays a significant role, also staying at home or going to the pub offer a (much) cheaper alternative to watch a game together (Kesenne, 2014). In addition, the guest's experience is crucial (Walzel, 2011, 2014). New technologies such as smartphone apps with virtual and augmented reality become available and involve an opportunity to offer new and exclusive experiences to customers, which are vital for successful CSH (Clark, Lachowetz, Irwin & Schimmel, 2003). Emerging consultancy companies such as iXpole (2017) in Belgium, that aim at helping clubs to deal with the slowly emerging CSH innovations, aid to convert an industry in decline into a steady growth industry. It is important for a club to keep up with and use these new experiences to attract customers, because the same technologies can also exert forces to keep the customer at home to experience the game in an attractive way (Connelly, 2011).

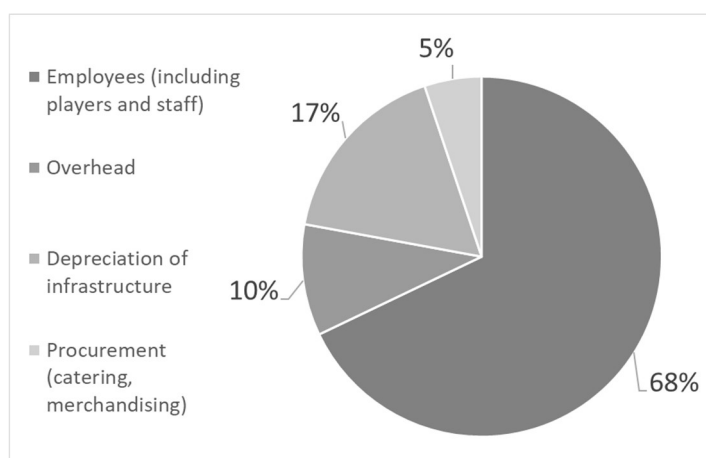
4.2 Financial characteristics and market size of CSH in Belgium

The club's annual budgets in 1A in Belgium range between €5 M and €40 M. According to Deloitte (2016), income and expenditures are distributed over the different categories as indicated in Figure 3 (a) and (b) respectively. A team would typically earn about €35.35 M per year, which is considerably less than the major European teams (McMahon, 2017). The limited share of the TV rights (16%) is remarkable. In the Premier League for example, more than half the budget is determined by these lucrative contracts (Rohde & Breuer, 2016).

Figure 3. Income and expenditures of a typical team in Belgium's highest division



(a) Income



(b) Expenditures

Source: Own composition based on Deloitte (2016).

The share of hospitality in total income is not given by Deloitte (2016), but it can be calculated from the data as follows: suites and business seats account for 5%. However, since VIP's are expected to account for about 60% of catering, 4.2% needs to be added. Finally, about 10% of sponsor contracts entail hospitality. To this end, another 1.8% is added to the share of CSH. This leads to an estimated share of hospitality in the club's income of 11%.

Oppositely, the expenditures are more difficult to calculate exactly, since they are comprised under the staff and procurement (catering) shares. The ratio of staff per fan is higher in hospitality areas than in the remainder of the stadium. The exact ratio depends on the service level that the club wants to achieve and the specific CSH formulas offered. The cost of procurement moreover depends to a large extent on the negotiation power of the clubs, as well as the sponsor contracts they signed. Some sponsors might offer goods in exchange for visibility. Also infrastructure has an impact on the costs, which is difficult to isolate. This cost depends amongst other things on the size and the age of the infrastructure. Moreover, a lot of expenditure differences exist among the clubs.

The relative share in income is confirmed by the confidential numbers collected during the interviews with eight 1A-teams. On average, 684 persons with a meal and 663 persons without a meal are hosted per game in the hospitality area of Belgian teams. However, extreme examples of clubs where all VIP guests get a meal, or where more than 66% do not get a meal, were encountered too. The average prices, like all others reported without VAT, are €215 and €115 per person respectively. Given that there are 16 teams and that each team plays 20 home games per season in the league, the annual income of CSH in 1A-division of Belgian football is estimated as follows:

$$\text{Annual CSH income} = \text{€}20 \cdot 16 \cdot \sum_{i=1}^2 (N_i \cdot \bar{p}_i) = \text{€}320 \cdot (684 \cdot 215 + 663 \cdot 115) = \text{€} 71.5\text{M}, \quad (1)$$

with N_i the number of persons per hospitality formula and \bar{p}_i the average price per formula. However, caution is required with this estimate. Average prices are calculated as the geometrical average between suites and business seats. However, much less suites, which are 40% more expensive, than seats are available in Belgian stadia. Equation (1) in that way involves an overestimation of the CSH income. It should be considered an upper limit of the CSH income. To estimate the lower limit, the minimal division of suites and seats, 5% versus 95%, and the price premium of suites are used to estimate a weighted average price \tilde{p}_i . This is calculated both for the formula with and without meals, according to the following system of equations:

$$\begin{cases} \bar{p}_i = (p_{i,suite} + p_{i,seat})/2, \\ p_{i,suite} = 1.4 \cdot p_{i,seat}, \\ \tilde{p}_i = 0.05 \cdot p_{i,suite} + 0.95 \cdot p_{i,seat}. \end{cases} \quad (2)$$

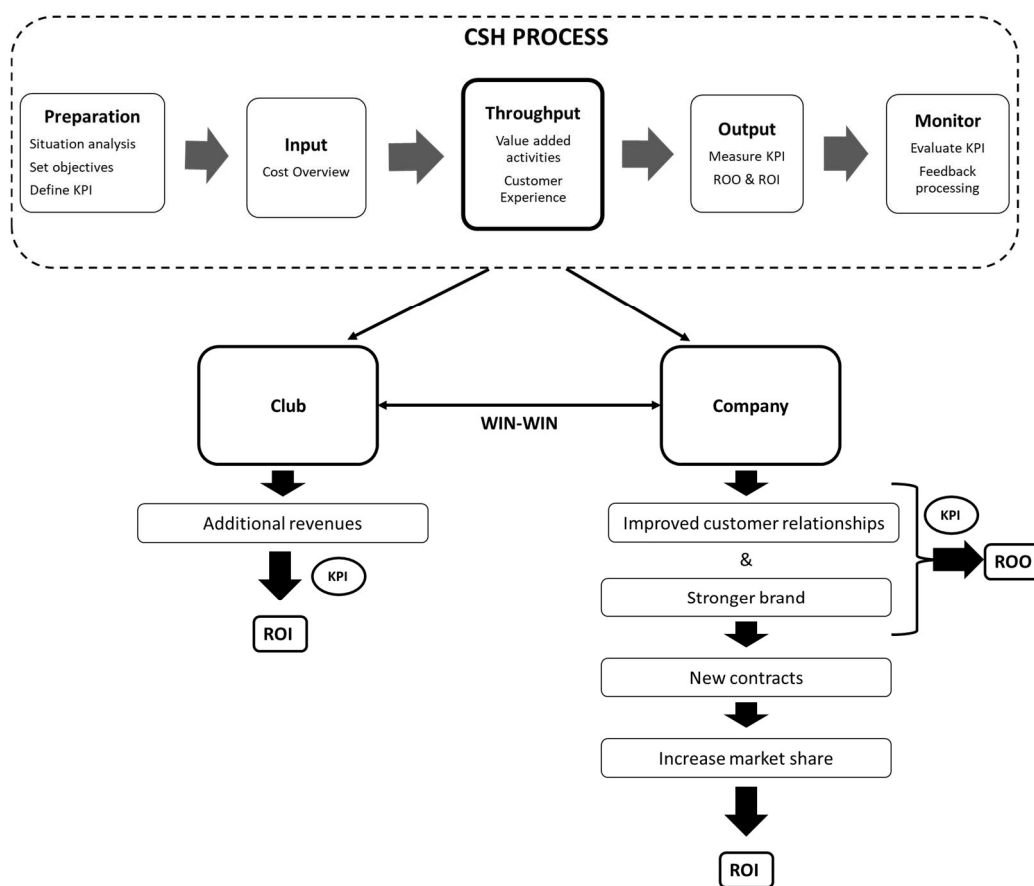
With \tilde{p}_i instead of \bar{p}_i , the lower limit of the industry market value is estimated to be €63.5 M. Expressed per game, an average club earns €200,000 to €225,000, corresponding to €4 M to €4.5 M annually. Compared to the average annual income of a club of €35.5 M, the share of CSH in Belgium is estimated to be between 11.2 and 12.7% of a club's annual income.

For a game of the national team, between 1000 and 3800 VIPs are present. Depending on the chosen CSH formulas, the income will be between €280,000 and €1.064 M per game. This is considerably more than for a club, because of the higher number of guests and a higher average price. For the FA, this income, on an annual basis, only represents 2 to 3% of their annual income, which is relatively less than for a 1A club. A share of the income remains with the event organiser to who the FA outsources the CSH process. The FA does not consider CSH a strategic activity. Only the income matters to them. They do not exploit other potential advantages. The current stadium infrastructure poses in this light a considerable barrier to them and needs improvement.

5. A formal process to manage CSH

The interviews unveiled that a formal management process for CSH is lacking. Too often, decisions are taken ad-hoc. Combining the qualitative and quantitative information from the interviews and field research with the body of knowledge in the domains of strategic management, marketing and sports marketing (De Wit & Meyer, 2010; Hrebiniak, 2013; Kotler & Armstrong, 2014; Lagae, 2015) allowed constituting a formal management process for both the clubs and CSH buying companies. Although the management processes of the club and the company follow a similar logic, the objectives of both actors differ. This has implications for the rest of the process, especially at the moments of interaction. The developed process is displayed in Figure 4. It is a useful complement to the operational framework developed by Lawrence and Moberg (2009).

Figure 4. Formal CSH management process



5.1 Step 1: Preparation

The first step for both companies and clubs is the preparation step. It is important to perform a situation analysis to have an overview of the different available options to respectively buy or organise CSH. Additionally, the organisation's objectives need to be explicated and subsequently translated into KPIs, in order to be able to measure the added value of CSH. Because the objectives differ between clubs and companies, their KPIs will also be different.

Based on the literature and the interviews, the objectives for CSH buying companies and for clubs have been derived. They are respectively given in Tables 2 and 3. This allowed accordingly defining KPIs, which are specific, measurable and acceptable for both the company and the guest. By consequence, companies and clubs can collect non-confidential data in a quick and informal way so that guests are not too much disturbed by formal questions, (Walzel, 2010). Making the KPIs realistic and time-constrained is the responsibility of the club or company when defining the actual values. The KPIs in Tables 2 and 3 were validated by a second interview with GFK, as well as by a first interview with iXpole.

Table 2: Objectives, KPIs and measurements for the company

Objective	KPI	Measurement
<i>A. Reinforce and retain customer relationships</i>	1. Customer interaction	% change of time and frequency
	2. Customer Lifetime Value (CLV)	% change of value (Berger & Nasr, 1998)
	3. Subjective customer's perception of current commercial relationship	Subjective response (Likert scale survey) and data mining
<i>B. Attract new customers and contracts</i>	1. Conversion rate of non-customer to customer	New customers / invited non-customers
	2. Return on Investment (ROI)	(Income from new contracts – cost to invite guest) / cost to invite guests (Titlebaum & Lawrence, 2011)
<i>C. Brand activation and brand values</i>	1. Brand perception	Analogous to A.3.
	2. Net Promotor Score (NPS)	Survey: score (see Kotler & Armstrong, 2014)
	3. Social media activity	Measure number of posts about event
<i>D. Information exchange</i>	1. Information received from customer	Note information in logbook and grade
	2. Information provided to customer	Checklist
<i>E. Exclusivity to reduce competition</i>	1. Churn rate	Invited customers lost / number of invited customers

For a company, many different objectives have been discerned in this research. ROI is important for companies, but the measurement of B.2 is complicated, since it involves a time limit. Moreover, it bears the assumption that the only investment to get a new contract is the CSH invitation. Because of the issues ROI entails, companies are advised to pay sufficient attention to the return on their other objectives (ROO) as well, which are measured by the proposed KPIs. Since CSH is part of relationship marketing, reinforcing and retaining relationships is an important objective to be met through CSH. Events such as CSH should not only focus on building new relationships, but should also be employed in intensifying existing

relationships. CSH events proved to have specifically value for a relationship in the expansion or commitment phase. In the exploration phase, when new relationships are built, events may induce suspicion with the customer, especially when the customer perceives the event to be very expensive (Brochado, Dionísio & Leal, 2018; Dwyer, Schurr & Oh, 1987; Oakley & Bush, 2016). Moreover, CSH can help avoid dissolution of business relationships, since they bear value in building social relationships between customers and people of the CSH buying company (Geiger and Turley, 2005). These personal relationships are crucial to solidify business relationships (Gedeon, Fearné & Poole, 2009).

Geiger & Turley (2005) emphasise the importance of KPIs enhancing the relationship. It is not only about generating additional sales. A first KPI to measure this objective is the time and frequency of different types of interactions, such as email, meetings and telephone calls. Ideally, both increase over time. This KPI can be measured sample-wise through a logbook. Over time, also the Customer Lifetime Value (CLV), the expected net income generated by a customer is worth considering. The relative increase can be measured and is based on the formula of Berger and Nasr (1998), who detract the discounted costs from the discounted revenues per customer over time, corrected for the probability a customer leaves. Additionally, surveys and new techniques to mine data from social media allow measuring KPI A.3, the subjective appraisal of the relationship.

KPI B.1 measures another important objective of CSH: creating new business relationships. Geiger & Turley (2005) highlight the importance of a well thought-out strategy behind inviting customers to a CSH event. Before investing in a business relationship, the company should analyse the customer's expectations. Matching them and creating an appropriate selling context, e.g. during a CSH event, is crucial for successful outcomes of the business relationship (Guesalaga & Kapelianis, 2015; Kaski, Hautamaki, Pullins & Kock, 2017). Also, it is important to pay sufficient attention to the relationship building, and not just

focus on sales. When prospecting for new customers, companies should first assess the strategic and cultural congruence with potential customers. Such a fit of values is indispensable between the club and the company buying CSH as well (Papadimitriou, Kaplanidou & Papacharalampous, 2016). Subsequently, activities and events aimed at social bonding can help to establish a business relationship (Cann, 1998), as long as it is accompanied by strategic considerations (Geiger & Turley, 2005).

Brand perception and the Net Promotor Score (NPS), an indication of the likelihood a customer would advise your brand or product to someone else, need to be supplemented with information on social media activity, e.g., the number of posts about the event. The impact of social media content on brand promotion is highly positive, especially if others do it for you. To this end, the company could create a hashtag. This type of visibility is gaining increasing attention in current social media marketing (Tuten & Solomon, 2017). To respectively track the information sent and received, a logbook and a checklist can be used to note the information received and verify the information delivered to the customer. As far as the number of company representatives at the event are concerned, Geiger & Turley (2005) show that depending on the business relationship status, the number of customers per representative may differ. When important steps to take the relationship a step further are needed, a one-on-one accompaniment is required. To solidify the relationship as it is, and at the same time offer network opportunities, one representative can accompany multiple customers. Finally, if the objective of the CSH event is to prevent customers to move to a competitor, the churn rate can be calculated as a KPI, which is to be minimised.

Table 3. Objectives, KPIs and measurements for the club

Objective	KPI	Measurement
<i>A. Generate additional stadium income</i>	1. Premium seating occupation rate	Ratio occupied / total premium seats
	2. CSH income	Sum of all sources of income
	3. CSH share in match day income	CSH income / total match day income
	4. CSH ROI	$(\text{CSH income} - \text{CSH cost}) / \text{CSH cost}$
<i>B. Networking</i>	1. Conversion rate CSH - sponsor	New sponsors / (guests – current sponsors)
	2. Conversion rate CSH - fan	New fans / (guests – current fans)
<i>C. Diversification</i>	1. Ratio male – female attendants	Number of female VIPs / total number of VIPs
	2. Share of SIPs present	Number of SIPs / Number of VIPs
	3. General satisfaction VIPs	Subjective response (Likert scale survey) and data mining

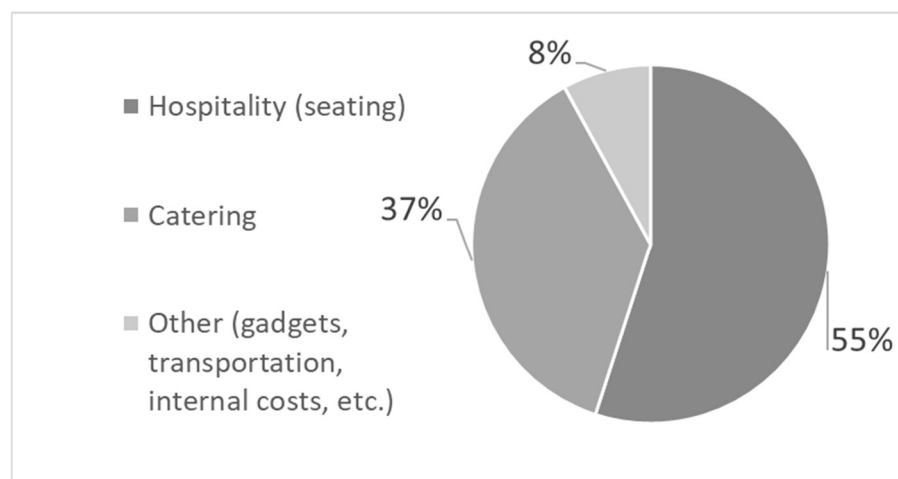
For a club, the most important objective is the income generated by CSH. To this end, it is important to sell premium seating as much as possible; special promotions and prices could occasionally help to boost sales. However, consistently selling under-priced seats could harm a club's net total income. Therefore, A.2 and A.3 are other important KPIs to be looked at simultaneously. A.3 moreover allows comparing the CSH income to the Pareto principle described above. In order to keep the cost of CSH under control, proportionate to the generated income, A.4 makes the ROI of CSH for clubs an explicit objective. Next to income, also the networking dimension of CSH should be monitored by a club. The interaction with business people offers a unique opportunity of recruiting new sponsors and fans, people buying a regular stadium ticket. Each fan can be easily monitored through the latest fan database management systems. A final objective that some clubs pay a lot of attention to, is diversification. CSH offers a good opportunity to attract female and youth attendance. Moreover, a family day out increases business people's willingness to attend a match during the weekend, especially if children can join as well and are looked after in special childcare areas. Such areas however are currently lacking in too many venues and need to be provided. A good example where this

service is offered, on match days but also during the week, is KV Mechelen (2016). Attracting SIPs (such as important politicians, former star players of the team or other sports, etc.) has also considerable benefits, since they are the people spending the highest amounts of money, and their presence enhances the CSH experience of other guests.

5.2 Step 2: Input

If the CSH process is well prepared in the first step, the club or the company can engage in the best option(s) in the second step where inputs need to be committed to. As illustrated in Figure 5, the major part of the company's budget goes to the premium seats, which are often paid at the beginning of the season. Catering is optional and its acquisition often depends on the specific guests for a specific match. Additional expenditures involve gadgets, transportation costs or internal costs such as software to manage invitations. For clubs, the main cost is the catering service provider that brings its own staff, but also other club employees such as stewards and hostesses need to be paid for, as well as the overhead from infrastructure costs (see Figure 3 (b)).

Figure 5. CSH Expenditures of a buying company.

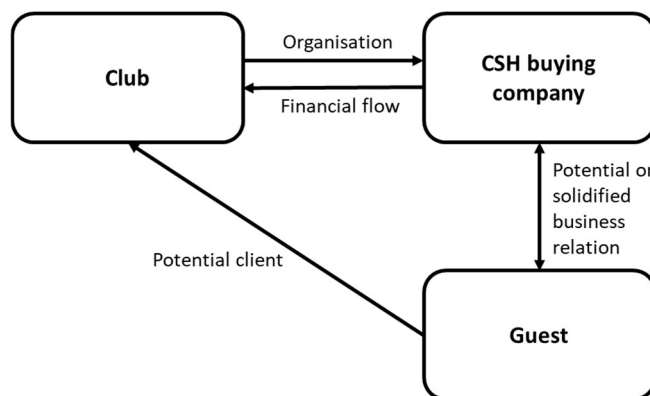


5.3: Step 3: Throughput

The transformation of input to output takes place on a match day, which is the only moment of interaction between the three actors involved. In order to realise a successful CSH event, clubs

and companies need to collaborate. The mutual dependencies between the actors are given in Figure 6. The club receives a payment in exchange for organising the event, whereas the company invites guests to interact with them in order to create new business opportunities. The club should especially pay attention to direct interactions with the invited guests, since they could become future CSH buyers, sponsors or loyal fans.

Figure 6. Match day interactions.



Although the CSH scenario depends on the specific club, many scenario similarities exist. A few days before match day, the guests receive the tickets by email, to avoid queuing at the venue. After parking, an optional shuttle brings the guests to the stadium where they are accompanied by the staff to the area where the first networking starts, at about three hours before the game. Afterwards, they are directed to the table to eat and drink, with optional animation in between the courses. Less than one hour before kick-off, the non-eating guests arrive too. All guests follow the game in premium seats in an optimal location. During the break, additional food and drinks are served. The game is often followed by an after-party. Customers staying longer at the venue tend to spend more money. In some other countries, this is not frequently observed. In Spain for example, VIP guests leave the stadium immediately after the game.

For clubs, it is important to focus on the aspects they can control, most importantly the catering and the aggregate level of entertainment. This allows mitigating as much as possible the influencing factors a club cannot control, such as the on-pitch performance, the outcome of the game, the time and date of the fixture against a specific opponent, impacting business people's willingness to attend, and finally the weather, impacting transportation to the venue (Shapiro et al., 2012; Titlebaum & Lawrence, 2010). In this light, the example of KV Oostende is illustrative, as they are able to entertain people even when losing or performing badly on the pitch.

5.4 Step 4: Output

KPIs allow the club and the company to measure the output in a fourth step, after the game with new data collection and analytical techniques (Beyers et al., 2011). Examples include the Belgian company iXpole on a local scale, and SAP and Microsoft (2017) on a global scale. They allow overcoming the difficulty of measuring found by Walzel (2010).

5.5 Step 5: Monitoring

The final step is the monitoring phase. It is too often neglected, as the interviews with the clubs and companies unveiled. They however recognise the importance of monitoring and continuous improvement. Companies tend to forget to discuss feedback in a transparent way about the event, during and after it. The proposed KPIs can help to monitor information and improve negative points that were brought up by the guests. Interesting to note is that more negative than positive feedback is provided by these guests, and that they tend to be less negative if their preferred team wins the game. Clubs often solve problems during the event in an ad-hoc way, which is often the task of the commercial manager. However, clubs forget to evaluate the event ex post in a formal way. Also here, the developed KPI tables can help to monitor information and implement improvements.

By comparing the measured output with the targets, potential improvement can be distinguished and discussed. A useful overview can be constructed by collecting the information, grouped per customer or per game in a master scorecard. An example to evaluate objectives through according KPIs is given in Table 4. Consistently missed objectives can easily be identified by looking at the unrealised KPIs. Furthermore, the objectives per game or per customer can be monitored through the system. The subsequent feedback loops are crucial to continuously improve the process and the return for all actors.

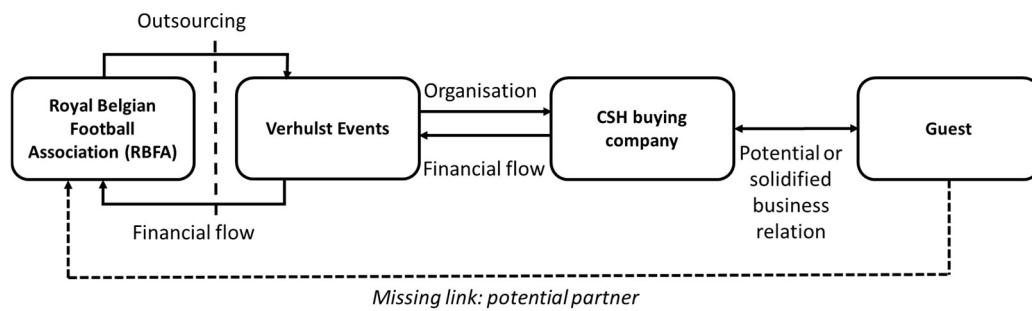
Table 4. KPI Master scorecard.

Objective:	Objective 1			
KPI:	KPI 1.1		KPI 1.2	
Weight:	0.3		0.2	
	Target	Ok?	Target	Ok?
Customer / Game (vs. + date)	5	5	10%	11%
Customer / Game (vs. + date)	4	3	7%	7%

5.6. Outsourcing the entire CSH process

Opposed to the in-house CSH management process of clubs, the Belgian FA outsources the management of the CSH process. The organisational concept of CSH, the objectives of CSH buying companies and the lack of feedback processes remain. The business model given in Figure 7 is different however from the one in Figure 6. The FA outsources the entire event to an event organiser who then hires staff, catering and the location. The FA only offers the tickets, and in exchange, they earn a percentage of the revenues of the event organiser. This is their only CSH objective. The absence of interaction between the FA and the guests is a missed opportunity for the FA for future partnerships.

Figure 7. Business model of CSH in the Belgian FA.



6. Managerial implications

The findings from this paper have some implications for both club and company CSH managers. Our derived model offers them an approach to manage CSH, based on a thorough theoretical background. Moreover, the process leads to clubs and companies better understanding each other's objectives and practices, allowing them to jointly realise a better CSH experience for the customer. In addition, the derived KPIs present a useful management tool to better measure outputs and implement the so much needed feedback loops for improved CSH effectiveness and efficiency. According to the interviewed practitioners, defining and measuring the KPIs, as well as implementing adaptations will require the most effort and support of specialised firms might be useful in the rollout phase. However, the entire process will be necessary to realise the industry's transition to become an innovative industry, realising its full potential, and a valuable business marketing tool beyond the target of cost-cutting. In this light, Figure 4 should also be considered a starting point for clubs and companies to set up their specific and individual operational CSH process, which should be as versatile as possible to deal with a continuously evolving business environment. Nevertheless, specific club and venue or company characteristics will influence each actor's specific process.

Due to the importance of personal interactions and emotions in business relationships, company CSH managers should carefully consider for each customer individually to which

specific game they should be taken, by who they should be accompanied (other guests and company staff), and which CSH formula is best suited. This depends not only on the (sports) preferences of the customer, but also on the phase and the intended further directions of the business relationship. CSH should not only focus on new relationships, but also deepen existing ones. Managers should take into account that offering a too expensive CSH event to new customers might induce negative trust. For clubs, we show that CSH is a substantial segment of the football industry, as it makes up more than 10% of their income. As a result, they should take well-considered decisions, rather than acting ad-hoc, and try to implement innovations in order to outperform the competition of other clubs and substitutes.

7. Limitations of this research

The analysis in this paper is based on a case study of the CSH industry in Belgian football, hence considering one sport in a rather small country. One of the major concerns with case studies is the external validity. Although external validity to other Belgian venue-based sports can reasonably be assumed, given the comprehensive set of interviews carried out, this does not necessarily hold for the situation in other countries and non-venue based sports. As demonstrated, the size and context of sports is entirely different in America. Also in other European countries such as England, Spain or Germany, the sports industry is larger and venues are newer and larger too. As a result, the findings here need to be interpreted with caution when they are to be translated to other countries.

8. Conclusions and further research

Corporate sports hospitality has too often been perceived as a static industry with little opportunities to grow. In 2017, the CSH market in Belgium's highest division of football generated an annual income between €63.5 and 71.5 M and accounts for 11-12% of an

individual club's annual income. To create value for the club and the company buying CSH as part of a win-win partnership however, active management of the CSH process is necessary, instead of relying on ad-hoc decisions. Competitors and substitutes are important to monitor, but the guest's experience should be central in the strategy to create value for them. To this end, our CSH management process shows how the organisational objectives are to be measured by KPIs, such as those derived and validated in this paper. It is crucial to monitor them throughout the process, starting from the input (investment phase), over the throughput phase (the event itself) until the monitoring and crucial feedback phases. The last phase is too often overlooked. Nevertheless, newly available data collection and analysis techniques enable this process. For a company, ROO is much more important than ROI, because of the long time lag between the first contact with a customer and the financial returns through the signing of a new contract. For a club, it is easier to calculate ROI, since they earn a direct income for offering CSH, which also involves costs. Stadium infrastructure is crucial as well to offer a good CSH experience to customers and to explore all potential benefits of this business.

Although the industry seems to have lost part of its exclusive character, new opportunities will arise to offer guests the best and most exceptional, exclusive CSH experience possible. Recent innovations such as a glass tunnel where VIPs can look into the player tunnel, could contribute to rebuilding the exclusivity of the industry. Also technological advances such as smartphone apps and virtual and augmented reality could increase the attractiveness of CSH. Further research could quantify the value of these new technologies in CSH. Moreover, it would be interesting to compare the findings of Belgian CSH to CSH in football in other countries, especially in the largest competitions. Also studying CSH in other sports, especially non-venue based sports such as Formula 1 or cycling could bring interesting new CSH insights and strategies to light.

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Appendix A. Club interview topic list

Introduction + link with available literature:

1. How does a typical hospitality event looks like (from arrival to departure of customer)?
[transformation]

Industry analysis + market size:

2. What is the annual budget for hospitality?
3. Who are your main partners (catering, security)?
4. Which are the main companies buying CSH?
5. How important is CSH for your organisation? Supporting numbers?
 - a. Hospitality ratio (VIP seats /total capacity)?
 - b. Share of hospitality in total revenue?

Average number of customers per game	?
Average price per customer (in €)	?
Number of home games	? (20)

6. Which hospitality products are offered on a match day? (business seats, private box, ...). (ex-ante online information on club website checked!)
 - a. Most popular product + why?
 - b. How is its value determined?
 - c. How are payments made? In advance?
 - d. Average number of buying companies per year?
 - e. Occupation rate of VIP seats?

Management model + measuring objectives:

7. What are your main drivers/reasons/objectives to offer hospitality in the stadium?
8. How is the realisation of objectives measured?
 - a. Which KPIs are used?
 - b. What feedback do you receive from customers and companies?
9. Cost structure of hospitality on match day?
 - a. Staff, wages, food, drinks, infrastructure, gadgets, electricity... → what is included in the cost?
 - b. What is the cost per invited customer (average)?
 - c. How much do companies pay per invited customer (on average)?
 - d. How much do customers spend themselves, for what?
10. What are the best practices in CSH industry?
11. Main points of critique of customers and companies? Any changes made following feedback?
12. Additional insights?

Appendix B. Company interview topic list

Strategy:

1. What is your opinion on CSH? Does your company has a strategy concerning it?
2. What are your main objectives to buy hospitality in football? (Branding, networking, loyalty, image building, etc.)

Company budget:

3. How much do you invest in hospitality (e.g. invitation, follow-up, other activities, ...)? Can you give us insight in the cost structure of the different activities?
4. Do you have a separate budget for CSH?
 - a. What is the annual budget for hospitality?
 - b. What is the share of CSH investments compared to your overall marketing budget? (%)
 - c. How much of this budget is invested in football CSH?
 - d. Is this budget spread over more than one club? If yes, which?
 - e. What are the terms of payment? (spread or all at once)
 - f. Average price per client?
 - g. Did you already invite clients to a match of the Belgian National Team?

Management of CSH:

5. What are the main criteria to invite specific clients for a Belgian 1A game?
 - a. Which procedures do you follow?
 - b. Is there a correlation between some criteria e.g., best clients for best matches?
 - c. Frequency of invitation?
 - d. Are the same clients invited multiple times per season?
 - e. Do you actively motivate clients to come?
 - f. If clients do not come, what do you do?
 - g. Which arrangement do you prefer + why? (seats, loges, etc.)
6. **ROO or ROI:** How do you measure the return on investment or objectives?
 - a. Which KPIs are used?
 - b. What feedback do you receive from clients? How do you collect feedback?
 - c. How do you measure the return per client? Monetary?
 - d. Do you have an idea of the magnitude of this return?
 - e. What is the ROI you would like to achieve with CSH?
7. Additional remarks?

Appendix C. Venues of the interviewed clubs

Venue	Location	Year opened	Latest renovation	Capacity (000)
Jan Breydel	Brugge	1975	2000	29
Luminus Arena	Genk	1954	2007	23.7
AFAS Achter De Kazerne	Mechelen	1911	2015	16.6
Versluys Arena	Oostende	1934	2016	8.4
't Kuipje	Westerlo	1933	2009	8
Constant Vanden Stock	Anderlecht	1917	2012	21.5
Stayen	Sint-Truiden	1927	2014	14.6
Daknam	Lokeren	1956	2014	12.1
Regenboog	Waregem	1957	2018	12.4
King Power at Den Dreef	Leuven	1905	2016	10
King Baudouin	Brussels (National team)	1927	1998	50