Euroleague Basketball: A league of its own

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IESE Prof. Antonio Dávila and Kirsten Haack explore what can happen when clubs take charge of competitions, and the business challenges that may arise from doing so.

Previously, basketball in Europe was governed by FIBA in a setup that began to alienate its members. Clubs felt ignored and eventually lost faith in a format that offered them a meager portion of the proceeds from television rights.

In the summer of 2000, some of Europe's biggest teams and most important national competitions took the decision to withdraw from FIBA and start their own league.

The idea had been mooted in other major sports, such as with the proposed formation of the G14 soccer league in Europe, but this was the first time clubs had actually taken control.

Euroleague Basketball (EB) agreed on a constitution that gave clubs collective rights and a three-year license, affording them greater stability and the right to have major input in commercial decisions.

All EB had to do was devise a business model that would ensure long-term, sustainable success.

This case study by IESE Prof. Antonio Dávila and Euroleague communications director Kirsten

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Haack charts the rise of Euroleague Basketball.

Building the experience

EB didn't want to just sell air time; it wanted to sell a full match experience. It built its commercial strategy on three pillars.

Marketing. On Euroleague nights, the experience is re-created across Europe through on-court branding, half-time shows and sponsored activities, all designed and encouraged by the EB marketing team. Teams can engage in marketing summits, ticket conferences and educational programs to improve their marketing strategies.

Flagship Events. The final stage of the competition, The Final Four, has been made an important event on the European sporting calendar.

The old format failed to have a significant impact beyond the two finalists' markets.

Now, the four best teams in the Euroleague play a final event at the same venue, over one weekend.

This allows fans and partners not only to savor the basketball on offer, but also to enjoy the attractions of the host city, which can earn as much as 30 million euros in direct and indirect revenue.

Media Coverage. Until 2005, the Euroleague had a minor presence in the media, which heavily restricted its commercial possibilities.

EB's media objective was to have the competition seen in as many countries across the world and on the best possible TV networks.

EB elected to sign an agreement with a large media distributor to reach European national television networks as well as global broadcasters.

This, in turn, enabled the Euroleague to offer more attractive sponsorship packages.

Commercial obstacles

European basketball encountered three major challenges when seeking to grow the Euroleague and meet its objectives.

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The first had to do with sponsorship. The large variance in the markets the teams came from meant it was hard to act on a global basis, especially given that many of Europe's global brands targeted key markets that did not necessarily match those in the Euroleague.

However, EB has since signed global sponsorship agreements with companies such as Nike, which provides the official match ball, and Coca-Cola, whose logos now adorn all Euroleague arenas.

The second major obstacle was devising an effective system of viewing rights.

EB decided to develop live Web streaming of games on a pay-per-view platform known as Euroleague.tv., giving fans around the world the chance to see all Euroleague games, along with interviews, highlights and featurettes.

Problems included the initial setup cost, the TV partners' objections and the price of marketing this new platform.

Through its partnership with a media company, geoblocking of games within TV partners' countries and viral marketing,
EB was able to overcome these hurdles.

By the 2009-10 season, the platform was generating close to 300,000 euros from some 7,200 transactions.

The third big challenge was to reach a global audience. To help EB teams globalize their brands, the league sought agreements for them to participate in preseason events with non-Euroleague teams.

A deal with the NBA allowed fans across Europe to watch their favorite team face off against a world famous franchise.

By 2008, this had developed into the Euroleague American Challenge, where European teams fly to the United States and play NBA teams on their own turf.

EB has since arranged a deal with the Chinese national team, Team China, for a friendly game, which will expand markets further.

Ten years on: Challenges ahead

On Euroleague Basketball's 10th anniversary, EB President Jordi Bertomeu reflected on how

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far the organization had come. The league had just been given a boost by the recent signing of a new sponsorship deal with Turkish Airlines.

However, Bertomeu was already setting his sights on how he could develop the competition further and other challenges ahead.

The approaching owners' meeting would be the most important yet, with the prospect of a new television deal on the table.

Bertomeu knew it was vital to make the clubs understand that they were shareholders in an entity called Euroleague Basketball, which could only have a lasting impact on European basketball if they were all fully committed to the joint project.

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