

Business of the Lions

Richard Gillis on the commercial triumph of the 2009 Lions Tour to South Africa, before a game was even played. The success of future tours though depends on the enduring competitiveness of the Lions on the field of play.

Adidas is selling 24 variations of a British and Irish Lions shirt this summer and HSBC were so keen to appear on every one they paid top dollar for the rights when they came to market last year. This enthusiasm from the commercial sector has allowed the Lions to buck the credit crunch and post record profit figures despite costs approaching £10 million.

The dawning of the professional rugby era was supposed to mark the end of the British and Irish Lions. In the run up to the first tour of the professional era, to South Africa in 1997, there was much talk of it being the last of its kind. This folly of amateurism, it was said, would be collateral damage in the battle between club and country. It's an argument that looks pretty thin now.

British and Irish Lions Ltd is wholly owned by the four rugby Unions of Ireland, England, Wales and Scotland. Each has a 25 per cent stake, and each will be the beneficiary of the profit made by the company. From his office overlooking St Stephens Green in Dublin, chief executive John Feehan talks with the relaxed air of a man who went to market almost a year before the world's financial system crashed around our ears. As a result, Paul O'Connell's 2009 Lions will generate a 'higher profit than any previous Lions tour'.

The cost of taking 35 players and their entourage to South Africa for ten weeks works out at around £10million, with player wages running to a basic £38,000 per player, a 72 per cent increase on the £22,000 fee for the New Zealand tour in 2005. Should the team come home victorious, they will be rewarded with a £350,000 bonus, some £10,000 per player.

Despite these costs, and an insurance bill approaching £1 million, the trip is likely to net £4 million in profit for the IRFU and the three British rugby unions.

"The 2001 tour to Australia was the first Lions tour ever to break even," says Feehan. "Before that tour the Unions have always lost money by sending the Lions away and they have effectively been run as loss leaders. There is absolutely no tradition of the Lions ever having made any money for the Unions".

The defining feature of the Lions - they never play a home game - means they miss out on collecting money from TV rights. The experiment to stage a send-off match - trialled at the Millennium Stadium before the last tour to New Zealand in 2005 - is not being repeated this time. The tour is part of a set of inventory that has been packaged and sold by SANZAR, the organisation representing the rugby unions of South Africa, New Zealand and Australia to Rupert Murdoch's News Corporation. The contract was worth \$323 million for five years of southern hemisphere rugby. This arrangement gives Sky Television, part of News Corp, access to not only the Lions, but to the Super 12's, the Tri-Nations Championship, the Currie Cup in South Africa and every other meaningful game taking place in the southern hemisphere.

Not a penny, however, goes to the Lions, who receive only a contribution to expenses, which Feehan estimates to cover around 25 per cent of total costs. This means sponsorship is all the more valuable.

HSBC Bank are thought to have paid £3 million to have their logo on the iconic red shirt and to be the principal sponsor. According to sources close to the negotiations, the strength of the Lions brand persuaded HSBC to pay the full asking price, despite a declining market for sponsorship generally and in the financial services sector particularly. "It (the Lions

sponsorship) never came on the open market," said the source. Despite a limited life span, the price of the HSBC sponsorship is comparable to that of a mid-ranking Premier League football team in today's market (the top four of Manchester United, Liverpool, Arsenal and Chelsea, which are able to demand far higher prices due to global demand).

Giles Morgan, head of sport sponsorship at HSBC told SportBusiness: "It's an interesting demographic, but there are many things we could sponsor if that was the only reason. The Lions is unique. We wouldn't normally take a national team sponsorship, because we are an international bank and that would be too subjective. It's one of the most attractive sponsorship properties to be involved in".

Morgan believes the success of the 1997 tour under Martin Johnson had an enormous role to play in today's commercial success.

"Winning against the world champions, coupled with the 'Living with the Lions' film, which brought the Lions alive to a broader public, both helped breathe life into the Lions franchise," says Morgan.

"In sport, there are things that you couldn't invent now but which stand the test of time. It is that concept, as Gerald Davies describes it, of 'sport's last great adventure'.

"It's counterintuitive in the modern rugby world, with its club power and international team focus, to select 37 men and get them into a position to take on the best sides in the southern hemisphere, and hope they can win. That very anomaly is what makes it utterly exciting. If you understand that principle, then you see its appeal. It's the best of the best being thrown together and hoping that strategy, a bit of luck, hard work and camaraderie and bonding can have a chance of overthrowing sides that have been together three or four years".

Despite the positive spin put on the financial figures, Feehan says that the credit crunch is bound to have an effect on the numbers of travelling fans, with estimates coming down from 50,000 to around 30,000. He suggests those travelling from Ireland will make up a quarter of the final total, but in today's economy this also sounds optimistic.

Likewise, the appeal of the Lions to retailers, particularly in the large UK market, may be affected - three major sports retailers have gone bust since the 2005 tour, cutting off the routes to market for all that merchandise. Chris Protheroe, an expert in sports merchandise, says some of the major high street stores are less keen to stock Lions gear for fear of being stuck with unsold stock. "They know that come the final whistle of the third test that's it, they won't sell another thing". Adidas is reluctant to allow its brand to be sold in supermarkets such as Sainsbury's or Tesco, for fear they will slash the price, thus devaluing their brand, he says.

"Retailers want certainty and all event-led product is struggling in favour of evergreen brands like football club shirts. They know there is a limit to the number of shirts people can afford given their price. Remember that the guy who goes in to the pub in a Lions shirt, is the same one who forked out for an Irish one a few months ago, or a Manchester United shirt for his kids. It's the same bloke".

And despite the growth of the rugby business, the financial health of the Lions is closely linked to their performance on the field: How long will the money continue to flow into Feehan's St Stephens Green office if Paul O'Connell's team fails to compete with the World Champions?

"If you are being crude about it, from a purely business perspective, if we lost badly every time then of course it would affect the value of the Lions brand." says Feehan.

“But the Lions don’t have a winning record over a fifty or sixty year period, they’ve lost far more than they’ve ever won. There will be the odd bad tour, some very bad, but we have to look forward not back”.

A whole industry depends on it.

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