

CASE 19

MK DONS FC AND AFC WIMBLEDON: MOVING THE GOALPOSTS AND RISING FROM THE ASHES

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LEARNING OUTCOMES

Upon completion of this case study, the reader should be able to:

- define and highlight the features of franchising;
- consider the cross-cultural perspectives on franchising and the resulting implications for management;
- compare and contrast different ownership and governance models within professional sports teams and their impact upon stakeholders;
- critically evaluate the value of the relationship between professional sports teams and their local communities.

OVERVIEW OF THE CASE

This case study provides an insight into a unique and unprecedented event in English professional football: the relocation of a major club to a completely different geographical area.

The ruling, in 2002, was hugely controversial, and effectively spawned two entirely new entities: MK Dons FC, who took the place of Wimbledon FC in the Football League and based themselves in Milton Keynes, 60 miles away from the original club; and AFC Wimbledon, a fan-owned 'phoenix' club which started again at the bottom of the football pyramid and is located near to Wimbledon FC's original home.

Despite their creation resulting from the same event, the two newly created clubs are notable for their contrasting ownership models and the reaction they have received from both the media and the wider football community in Great Britain.

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CASE STUDY

Wimbledon FC (1889–2004)

Wimbledon FC had enjoyed an illustrious history as a team that had climbed from non-league level to the top division of English football, where they remained for 14 years. The highlight came in 1988 when they defeated Liverpool to win the FA Cup. This was followed by the quote from BBC commentator John Motson that ‘the Crazy Gang have defeated the Culture Club’, which helped to define Wimbledon’s brand. Known as the ‘Dons’, they were the underdogs, and their brand associations were direct, uncompromising football with a ‘loveable rogue’ element that helped to endear them to fans and boost their brand profile as a prominent English football club.

Unfortunately, Wimbledon FC lacked a permanent ‘home’ venue following the closure of their Plough Lane ground in 1991. The ground was considered to be beyond redevelopment to meet the FA criteria for all-seater stadia following the Taylor Report. They subsequently rented Crystal Palace’s Selhurst Park, which denied them crucial revenue streams and arguably limited the size of their fan base. Crucially, Wimbledon’s then owner, Lebanese businessman Sam Hammam, decided to sell off Plough Lane and the club as separate assets. The ground was sold to a supermarket chain for £8 million, whilst the club fell into the hands of a Norwegian consortium who knew little about English football, attracted by an ultimately unsuccessful proposal of relocating it to Dublin. The Norwegian owners later came to regret their £28 million purchase, lamenting Wimbledon’s lack of tangible assets and income-maximising opportunities, summarised by the new chairman Charles Koppel thus:

We can’t maximise the potential of hospitality, of advertising hoardings, of anything here. This club has to find a home of its own or it will die. Simple as that.

(White, 2003)

In comparison, some other English football clubs during this period were enjoying an unprecedented branding boom, powered by Sky’s coverage of the Premier League. Fellow London-based rivals such as Chelsea and Tottenham Hotspur were reaping the rewards of becoming far more market-orientated and employing brand extension tactics. These included Chelsea’s building of a hotel and entertainment complex known as ‘Chelsea Village’.

While the construction of a new stadium was deemed essential to secure the club’s future, available land in Wimbledon and surrounding areas of London was scarce and its purchase regarded as financially unviable. Plans to relocate the club away from Wimbledon emerged, which seemed far-fetched, as relocation of a professional football club to a completely different town and borough had never previously happened in post-war English football.

However, with the club rapidly losing money and the owners desperate for a return on their investment, they were eager to take up an offer from music magnate and property developer Pete Winkleman to relocate to a new, purpose-built stadium in Milton Keynes, a rapidly growing and well-populated town without a professional football club but with a vast potential market of supporters.

In US sport, 'franchising' – moving the name and goodwill of a sports outfit to wherever it might be more profitably exploited – is commonplace, but has rarely proven successful in the UK. Recent US examples include:

- baseball (in 2005 the Montreal Expos moved to Washington DC to become the Washington Nationals);
- ice hockey (in 2011 the Atlanta Thrashers relocated to Winnipeg to form the Winnipeg Jets); and
- basketball (in 2012 the New Jersey Nets were transferred to Brooklyn, becoming the Brooklyn Nets).

In America, these franchises are viewed as being a form of entertainment, but their primary objective, as for any successful business, is to make money. Indeed, within American Major League Soccer (MLS) there has been a long history of franchising, with clubs historically disappearing from one location and then being reintroduced in another. Two more teams created an 'expansion' in 2015 – including New York City, which is part-owned by English Premier League giants Manchester City. In the future, global sporting icon David Beckham is set to launch what will become the twenty-second team in the MLS, based in Miami, on a so far undisclosed date. Unlike the British model of competitive league team sports, major US sports operate closed leagues where new teams appear based on market growth and profit potential, as opposed to success on the field of play.

In Britain, where football clubs have largely grown out of the communities where they are situated, the term 'franchising' was practically unheard of until Wimbledon FC was, highly controversially, granted permission by the English Football Association to relocate to Milton Keynes in May 2002.

AFC Wimbledon (2002–)

With the vast majority of original Wimbledon FC fans unwilling to travel to Milton Keynes and left feeling outraged about the 'theft' of their club, the supporters decided to found a new 'phoenix' club, AFC (A Fans Club) Wimbledon, in June 2002. Traditionally in football the acronym AFC stands for Athletic Football Club, but in this case the different meaning of AFC was important in defining from the outset the ethos of the club: 'by the fans, for the fans'.

Erik Samuelson, Chief Executive of AFC Wimbledon, stated that the brand value of his club had been built entirely on a straightforward sense of knowing what is

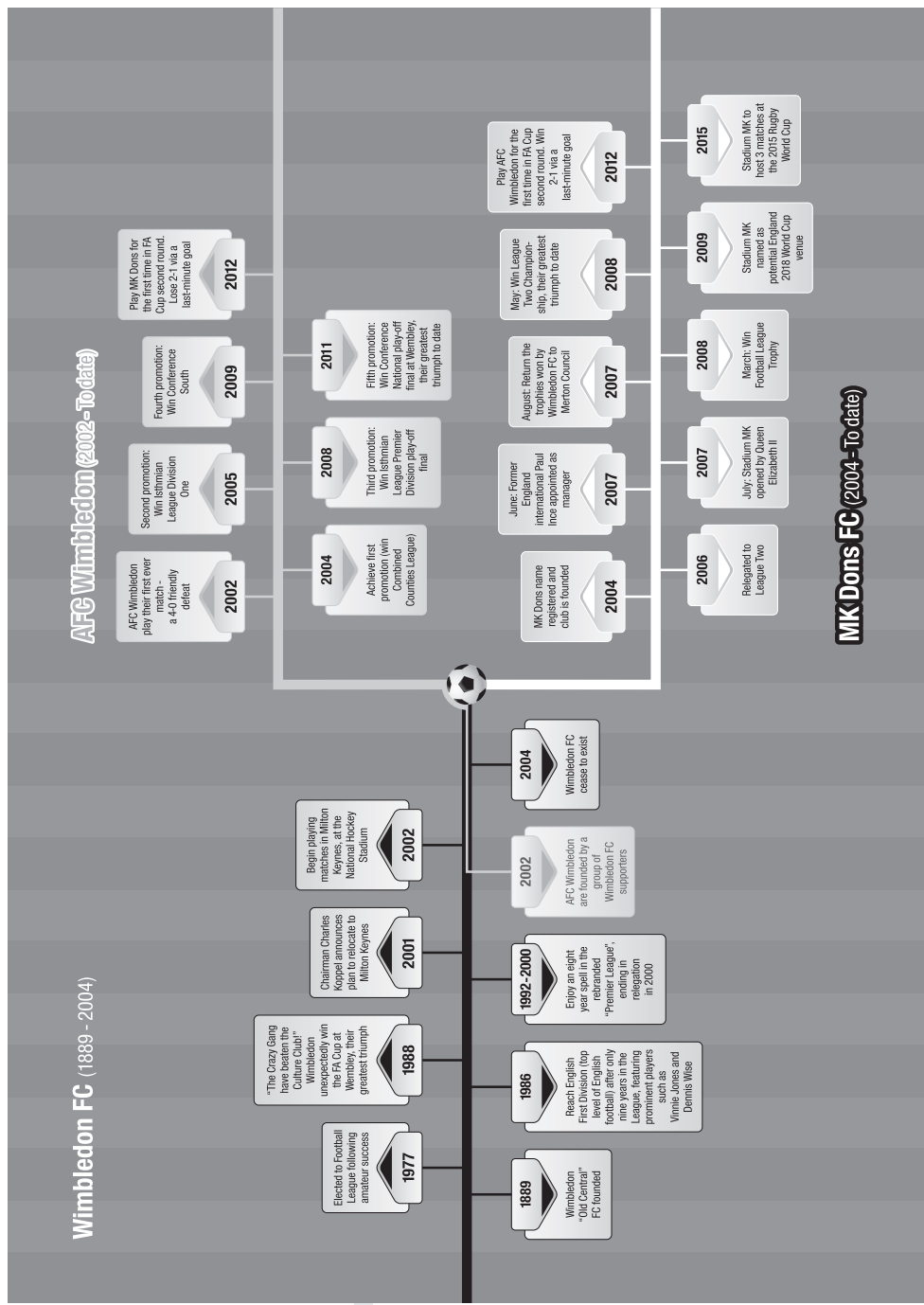


Figure 19.1 Timeline of major events in the history of Wimbledon FC, and latterly AFC Wimbledon and MK Dons FC

right and what is wrong: acknowledging the new club's historical links to the old Wimbledon FC (such as retaining the original 'Dons' nickname), but believing that the key to the success of the new venture has been the overall attempt to get away from the past and establish AFC Wimbledon as a new identity completely independent of Wimbledon FC.

Samuelson picks up the case of AFC Wimbledon's fortunes:

We do not have the resources or finance to be able to afford specialist marketing staff and have up to this point relied completely on the help and support of volunteers. We have no tools to measure anything, but the fans genuinely are part of the club. We have 1,500–1,600 members who effectively own the club, paying £25 each year for one share.

(Samuelson, 2009)

This fan ownership set-up, known as the Dons Trust, is a not-for-profit organisation committed to safeguarding the club's decision-making processes and community links. As a result, AFC Wimbledon is run democratically by elected officers, with each member having one vote.

The Dons Trust has also been beneficial from a marketing point of view, with AFC Wimbledon being perceived by many to be 'genuine' and 'straightforward', according to Samuelson. These brand characteristics have helped to attract financial backing right from the beginning of AFC Wimbledon's origins, such as a shirt sponsorship deal with computer games firm Sports Interactive. Miles Jacobson, managing director of Sports Interactive, appears to concur with Samuelson's comments regarding AFC Wimbledon's brand values:

There are a lot of parallels between Sports Interactive and AFC Wimbledon, which is why we're so keen to support the team. AFC Wimbledon has shown that because of football the community will pull together at times like these – a sure sign this remains the people's game.

(AFC Wimbledon, 2014)

The Dons Trust has been proactive in its efforts to re-establish the brand values and in many ways create a much stronger brand than the former Wimbledon FC possessed. For instance, the website is constantly updated with requests for volunteers to help out in many different ways, such as cleaning the stadium and taking minutes at general meetings. The club has even learnt from its lack of residual income in the past, hosting revenue-generating events such as a regular comedy night at its currently owned home ground, Kingsmeadow.

Although in Britain supporter-governed football clubs are usually created as a result of a crisis situation, in German football this model is widespread. All but 2 of the 36 clubs in the Bundesliga and second tier are controlled by members, their

supporters, with at least 50 per cent plus one of votes required to take important decisions. This model has kept the clubs rooted within their communities and traditions, with average attendances in the Bundesliga being the highest of any league in Europe.

On the pitch, AFC Wimbledon has performed remarkably well, achieving five promotions during the first nine years of their existence. In May 2011 they beat Luton Town on penalties in the Conference Premier Play-Off final to reclaim the football league place they believe was ‘stolen’ from them amidst euphoric scenes at the City of Manchester Stadium. In the process they became the first club formed in the twenty-first century to qualify for the Football League, thus becoming the league’s youngest club by a considerable margin.

A few months later, AFC Wimbledon found themselves playing their now bitter enemies, the newly evolved MK Dons, in the FA Cup second round. Widespread media coverage and national interest followed the event, with the focus on the attempts of both sets of supporters to lay claim to the historical achievements of Wimbledon FC and the ‘Dons’ nickname. MK Dons defender Dean Lewington was in the unique position of having started his career with the original Wimbledon FC, and staying with the club throughout its transition to MK Dons, where he still remains today. According to Lewington, neither of the two new clubs can rightfully lay claim to the origins and history of the original Wimbledon FC (Mail Online, 2013).

AFC Wimbledon eventually lost the tie 2–1 to an agonising late goal, with manager Neil Ardley commenting:

This moment that our fans have dreaded has come and gone and it’s turned into a celebration of how far this club has come. From the fans’ point of view I don’t think they will ever forget about the relocation, but it’s a milestone for them that they’ve got this out of the way.

(James, 2012)

In closing, Erik Samuelson offered his opinions as to the major reason why AFC Wimbledon has been so successful in establishing a thriving reputation based on a brand famous for its ethical and community-based values:

Koppel [the former owner of Wimbledon FC] turned up unaware of the unique relationship between a club and its customers. These are not customers in the traditional sense, who will shop by price or convenience. Their affiliation with the organisation is much closer to a religious connection. It is a faith.

(Samuelson, 2009)

MK Dons FC (2004–)

Whilst AFC Wimbledon re-formed, MK Dons were able to effectively start where the previous Wimbledon FC left off in terms of their position in the English football

league in 2004. This angered supporters of many clubs across the country, some of whom even chose to visit AFC Wimbledon's ground rather than the MK Dons when their team were due to be playing an away match at MK Dons' ground, Stadium MK. The club were dubbed 'Franchise FC' by certain sections of the British media, portraying the concept of franchising in a negative light. The club is 100 per cent owned by the holding company InterMK Group Ltd, which in turn is wholly owned by Winkleman.

The team initially played in a temporary venue, the National Hockey Stadium, and was relegated from League One to League Two in an early period of instability. However, since moving into its new stadium in 2007, the club has not looked back, both on and off the pitch.

The club won its first trophies in the 2007–2008 season, lifting the League Two Championship and thus gaining immediate promotion back into League One, and also winning the Johnstone's Paint Trophy, a notable knockout competition for football league teams.

The MK Dons brand has certainly begun to grow and gather momentum. Stadium MK was officially opened by Queen Elizabeth II and this royal endorsement immediately put the club and its new stadium into the spotlight with a mass of free publicity. In stark contrast to the former Wimbledon FC, brand extension strategies and diversification are arguably the hallmarks of the MK Dons brand.

The MK Dons brand is developing at a fast pace, as demonstrated by the steady rise in matchday attendances. These have more than doubled from an average of below 5,000 supporters in 2004 to over 10,000 ten years later. The club has a sophisticated customer relationship management (CRM) and database system which allows extensive analysis and measurement of sales and loyalty trends. This affords MK Dons a competitive advantage over many rivals at this level of football. Like many other clubs, MK Dons believe targeting young supporters is essential, and a spokesperson from the club lays claim to another impressive statistic:

We focus on capturing the attention of junior supporters, with research showing that football fans choose their teams by the age of 8. To encourage this, under 7s enter the stadium free. At present, 32 per cent of our season ticket holders are under the age of 16, which is, we believe, the highest in the country.

(Gardner, 2009)

Combined with this impressive targeting and measurement of young supporters, there is another major factor which could contribute to the future success of the club. In Milton Keynes, MK Dons are the only football club occupying such a large catchment area without direct competition from another league club. Other large urban

settlements without a league club, such as Dudley, Poole and Slough, may make for an interesting proposition.

MK Dons embrace a strategy designed to alleviate the ‘distance’ that appears to have been created between supporters and several clubs at the top of English football. Their philosophy is that supporting a Premier League team has almost become an armchair activity, with fans still following their clubs but without attending matches.

Rather than feel dwarfed by the clubs of the Premier League, MK Dons appear to view being able to provide an authentic matchday experience at a reasonable price as a key form of competitive advantage over clubs in the Premier League.

The future looks bright for the emerging franchise of MK Dons. Stadium MK was named on a prestigious list of 15 stadia put forward by the Football Association as potential hosts of England’s ultimately unsuccessful 2018 World Cup Finals bid, but the venue will host three matches in the 2015 Rugby Union World Cup. The latest company accounts show an annual turnover of £34 million with a profit of almost £2 million.

With an improving playing squad, a state-of-the-art stadium with vast income-generating potential and the combined factors of having one of the youngest supporter bases in the country and a growing catchment area, the club will surely only prosper further in years to come.

QUESTIONS

1. What is franchising and what are its characteristics?
2. What lessons about ownership structures does the case reveal to the following stakeholders: (a) regulatory bodies such as the FA and Football League; (b) official sponsors such as Sports Interactive; (c) supporters of AFC Wimbledon; and (d) supporters of MK Dons FC?
3. From the perspective of a fan of a Bundesliga club, how might they react to David Beckham creating a franchised club in Germany?
4. Wimbledon FC’s relocation to Milton Keynes was neither legal nor ethical. Discuss.

CONCLUSIONS

AFC Wimbledon was formed by the Dons Trust as a supporter-owned club with a similar governance model to the majority of teams in the German Bundesliga. The Trust concerns itself with safeguarding the club’s decision-making and community associations, and in turn this has helped the club’s brand to become set at the heart of its local community.

MK Dons set a precedent by becoming the first English club to be set up based on the franchising model prevalent in America, and have enjoyed some early success in their brief existence to date. Could such a model establish itself in England and other major European leagues? History, tradition and cultural forces all suggest not. But enough money over a long enough time frame can often overcome most hurdles. Do the US owners who bought Manchester United, Arsenal and Liverpool have a long-term aim to replicate the US franchise model on a global scale?

RECOMMENDED READING

To begin with, students might find it helpful to read an introductory text on marketing in sport, particularly sections on community identity and fan loyalty, such as *The Marketing of Sport* by Chadwick and Beech (2007), *Team Sports Marketing* by Wakefield (2007) or *Sport Marketing* by Blakey (2011).

Shropshire's text on sports franchising (1995) offers students an insight into cities in pursuit of sports franchises in the USA, and Rupert Cornwell's 2011 article in *The Independent* on the US Franchise system also provides a useful insight into how the concept of franchising may work in England.

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