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Sport TV Field Lab on New Product Development

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Abstract

This work project consists of an analysis on the company Sport TV, with emphasis on its internal and external environments, as well as its consumers. The final purpose was to find a strategy that could improve the company's overall competitiveness in the Portuguese market. The identified strategy was new product development, and the work project describes how the company should launch it, by using the 4P's framework: How should the product be, how to monetize, how to promote and finally how to distribute it.

Keywords: Sport TV, New Product Development, Amateur Sports, Competitiveness

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Project Methodology

Part I – Secondary and desk research

The project began with a secondary and desk research to gather secondary data about Sport TV, about the industry of sports content broadcasting in Portugal, about the main players of the Portuguese market, information about who is the target market of Sport TV and what are their needs. To deepen the understanding of the company, its environment and its consumers, a preliminary interview was conducted with the Manager of Human Resources at Sport TV, via phone call due to the restrictions of the Covid Pandemic. As a preparation for the interview, a small interview guide was elaborated to structure what data was necessary to collect, based on the Strategic Planning Software provided for the elaboration of this project. Afterwards, some literature review about how marketing and strategy influence business performance was conducted in order to find a starting point for the project. With all the insights gathered, the software of strategic planning was used to structure all the information collected and to diagnose a challenge that the company was facing. The software allowed the construction of a swot analysis and the finding of an organization challenge, which was "**How can Sport TV defend its threatened market leadership from aggressive competition in Portugal?**". With the aid of the Ansoff's market-growth grid, it was possible to outline a new product development strategy for the company to address the organization challenge.

Part II – Primary research and quantitative survey

After concluding what was the suitable strategy for the company to address its challenge, the following research question "**What are Portuguese consumers are looking for that could help Sport TV improve its competitiveness?**" was formulated to guide the primary research. The next step was to formulate a quantitative survey to provide primary data on premium sports consumers in Portugal, understand differences in preferences between Sport TV consumers and other TV channel's consumers, their demographics, what do consumers value in the service and how they like to access it. Also, the questionnaire aimed to discover what was the new product development possibility, from the ones identified in the industry analysis, that was desired by consumers. Before conducting the survey, the specifications of the sample were identified, in order for the sample to be meaningful and representative of the population. After conducting the survey, results pointed at delivering amateur sports content within a streaming platform.

Part III – Development of a Strategic Marketing Plan for the New Product Development:

After reaching a conclusion of what was the new product development direction, the 4 P's of Marketing framework was used to split the research by the group members with the purpose of understanding how should the new product be, how it should be delivered, how should the company monetize it and finally how should the company promote it.

Company Overview

Sport TV is the n°1 Portuguese **premium sports broadcasting company**. It launched its first TV channel in 1998 and operates in the Portuguese market ever since. Today, there are **6 premium channels broadcasted in Portugal**: Sport TV 1 – Sport TV 5 and Sport TV NBA, one open channel (free channel) Sport TV + and Sport TV Africa, broadcasted in Africa. **The company operates in the Portuguese market** (92% of revenues) as its core market and has some minor activities in African countries (8% of revenues). Its headquarters are based in Lisbon. Sport TV has today **150 employees** and is considered a **medium size company**. In 2019, the company generated **revenues** of 188,5 M€, an increase of 0,3% compared to 2018. However, **in terms of profits**, the company went from 3M€ in 2018 to -14M€ in 2019. Over the last three years (2017-2019), Sport TV's sales growth rate has only increased by 1.79% while the market is expected to grow at an annual rate of 2 % in the next 3-5 years. We assume that this has been the market growth rate in previous years as well which **might** indicate that the company is stagnating with the current product since the **product demand seems to be increasing**. Furthermore, the entry of Eleven Sports in the market increased the prices of acquiring sports competitions' broadcasting rights of professional sports competitions, which reduced the profitability of Sport TV despite their increasing revenue. This year, due to Covid-19 pandemic, **revenues are expected to decrease**, due to the interruption of all sports competitions worldwide. **Sport TV is owned by 4 different shareholders** that hold an equal 25% stake of the company. Those are Portugal Telecom (MEO), NOS, Vodafone Portugal, and Global Media Group. Sport TV broadcast sports competitions from a wide variety of sports disciplines, such as football, basketball, volleyball, futsal, rugby, surf, golf, athletics, wrestling, American sports, combat sports, moto-sports and tennis. In Portugal, the most followed sport is football and once the company operates in the Portuguese market, most of Sport TV's subscribers are football fans, that want to follow the matches of their own clubs. Thus, most revenues derive from football competitions, **Liga NOS, in particular** (Portuguese main football league). Apart from sports competitions, Sport TV also generates **content** such as daily news, exclusive interviews with sports athletes and coaches, sports debates and an Esports program. All Sport TV's channels are distributed both in SD (standard definition) and HD (high definition). In terms of content per channel, Sport TV 1 broadcasts most of NOS League matches and UEFA European competitions. Sport TV 2 and Sport TV 3 are meant for those who love international football leagues, like Premier League or Serie A. Then Sport TV 4 and 5 split the remaining content. Sport TV+ is an open channel, that broadcasts all the daily news and competition's highlights and serves also as a channel to communicate to consumers and non-consumers what is the content available in a Sport TV's subscription.

Internal Analysis

In order to assess Sport TV's internal resources, a Software of Strategic Planning was used. The following resource categories are the ones that stood out from the analysis. In terms of **financial resources**, in 2019, Sport TV generated revenues of 188,5 M€, an increase of 0,3% compared to 2018. However, despite the increase in revenues, Sport TV didn't manage to be profitable in 2019 as they had a company loss of 14M€ whilst in 2018 they had a profit of +3M€. This can be explained with the rise of Eleven Sports who stole some of Sport TV market share and inflated the broadcasting rights' fees. Sport TV also has a low solvency ratio = 0.22 which indicates that they have more liabilities than assets. This might be problematic if the company is close to bankruptcy as it will be harder to meet their long-term debt obligations. All things considered, Sport TV seems to be struggling financially and therefore they need to innovate to find ways to attract new consumers or reduce their operational costs.

Data source: Raciús Sport TV Report; Interview with a Sport TV manager

Concerning the **human resources**, the company's staff is very skilled and diverse as most employees have the equivalent to a bachelor's degree in the field and come from different backgrounds. Sport TV employee turnover rate is also relatively low. Employees tend to stay in the company for a large period which can be a sign of a strong company culture and an effective recruitment process. To keep employee's motivation and build a better working environment, Sport TV offers employees the opportunity to do sports together on a weekly basis and some days dedicated to gather employees and their families. On the other hand, because most of the important sports events take place either at the evening or during weekends, most employees don't have a standard week and must plan their lives with much advance. Only Marketing, HR and administrative employees are able to have a common workday, from 9am to 6pm. The team of reporters' schedule is dependent on the existing sports competitions' schedule. Productivity is also a factor that is seriously taken by the company as they started to include in the workers performance if they accomplish or not the objectives related to the increase in the number of consumers. For instance, In the 2nd semester of 2018, the company set an ambitious goal, wanting to raise an average of 6969 per month, and all staff, from all departments would be compensated should the company meet this goal. Lastly, in terms of professional development and training, Sport TV offers training opportunities to its employees, once or twice a year. Some training is more focused on the job functions of each employee and there is also training related with leadership and Microsoft office tools, that are transversal to all areas. Sport TV has Increased levels of expertise thanks to partnerships with main cable operators in Portugal: Vodafone, MEO and NOS. In fact, as previously said, Sport TV is equally owned (25% each) by these TV cable networks. These partnerships are extremely valuable as they allow Sport TV to easily distribute their content to every consumer in Portugal, and gather information on their preferences. Furthermore, the fact that NOS is currently the main sponsor of Primeira Liga helps Sport TV secure the broadcasting rights of their cash cow. As to the number of employees, Sport TV has the strongest labour force in the domestic market with 150 workers, which is significantly higher than their main competitor Eleven Sports (34). Regarding **physical resources**, Sport TV owns one building, its headquarters which is valued at 5.4M€. The headquarters are in Portugal, as opposed to Eleven Sports whose headquarters are based in London. This allows Sport TV to be closer and have a direct contact with its consumer base. In its headquarters. Sport TV has 2 versatile studios available, which allow for multiple programs and transmissions to be broadcasted within the same space allowing for great diversity and program innovation. Due to the complexity of their operations and the need for good information communication, Sport TV has a strong computer infrastructure and IT systems to coordinate all information amongst its employees. On a more negative note, there is a low expansion potential and no R&D facilities in house which might be a big barrier in the future as innovation seems to be vital in this industry. In terms of **intangible resources**, Sport TV possesses a wide variety of intangible resources. Firstly, they hold the broadcasting rights of major competitions such as the Portuguese league – Liga NOS, Europa League, Premier League, Serie A and so forth. This is their most valuable resource because it is the essence of their business (how they make money) and it allows them clearly differentiate from other broadcasters. By offering consumers such a wide variety of content compared to the competitors, they are not only able to retain consumers but also to charge a premium price (29.99€) for their package deals which in turn increases their margins. Another important intangible is their brand awareness, brand loyalty and strong reputation. By being the leader of the Portuguese market in the last 20 years, Sport TV has been able to create long-term relationships with their consumers. In fact, the company has been awarded the title of Superbrand by Portuguese consumers in the years of 2018,2019 and 2020 thus receiving recognition for its services and product. Due to their 22 years of existence in the Portuguese market, 20 of which as a monopolist, the company has a highly developed IT ad communication systems that articulate all the information related with the broadcasting content as well as strong market and tech know-how. For instance, Sport TV was the first company in Portugal to broadcast sports events with HD quality and 4KHD technology.

External Analysis: Porter's Five Forces

To analyse the level of competitiveness and the attractiveness of the Portuguese sports broadcasting industry from a Sport TV point of view, the Porter's five forces framework was used. The five basic forces of this framework are **suppliers' power, buyers' power, the threat of substitutes, threat of new entrants and competitive rivalry**.

The **supplier's power** in this industry is medium for three main reasons. Firstly, acquiring exclusive rights of major sports leagues and events such as "Primeira Liga" is essential for Sport TV as it is the essence of their business. Therefore, sports clubs and federations (suppliers) will generally receive great offers from Sport TV depending on their uniqueness, popularity and product demand (competition for broadcasting rights). Secondly, there are several sports broadcasters with similar quality such as Eleven Sports, Eurosport's and so forth and aside from contractual obligations (contracts last 3-5 years on average), sports clubs are not dependent on broadcasters in terms of their product creation. Therefore, popular sports clubs will generally have low switching costs. Finally, and in contrast with the earlier arguments, broadcasters are the highest source of revenue of sports clubs, meaning that it is in the interest of the latter to reach an agreement. Broadcasters money will allow sports clubs to increase job vacancies, increase salaries, finance major sporting events, recruit better players and ultimately generate higher profits. The **buyer's power** in this industry is medium. Firstly, because there are different ways, other than TV, of viewing their preferred sports content namely via illegal or legal streaming platforms. Secondly, consumers switching costs are medium to low because even though package deals offered by broadcasters are different in terms of price, consumers can cancel their subscription instantly at a relatively low price (consumers must simply pay the remainder of the month). Moreover, the primary sports broadcasters in Portugal (Sport TV, Eleven Sports and Eurosport) are available in all Portuguese TV cable operators which makes it very easy for consumers to switch from one to another. The reason why buyers power is not high is simply because of broadcasters' content. By switching broadcasters, consumers will have access to an entirely different content portfolio that might not satisfy their needs. **The competitive rivalry** in the Portuguese market is medium. Firstly, because there is a significant number of competitors in the domestic market with a similar size and power such as Sport TV, Eleven Sports and Eurosports. Secondly, the Portuguese market is growing at an average of 2% per year which does not encourage new companies to enter this market but also magnifies the current competition for the acquisition of broadcasting rights. On the other side of the spectrum, there is a certain level of brand loyalty and product differentiation as previously said, which slightly reduces the competitive rivalry. Lastly, there are barriers to exit within this industry such as high fixed costs (salaries, contracts for rights, production costs) and governmental regulations which will force companies with low profit and growth to remain active. Consequently, the competitive rivalry will tend to increase. **The threat of substitutes** is medium for two reasons. Firstly, due to the acquisition of broadcasting rights, there will always be a certain degree of product differentiation in terms of the content offered by Sport TV and the competition. This difference in content shields Sport TV from being completely irreplaceable. On the other hand, Eleven Sports has managed to steal some market share from Sport TV by offering lower prices and very attractive leagues meaning that content might not be enough to prevent customers from switching to a substitute. Secondly, the existence of online streaming platforms, both legal and illegal, has given consumers more alternatives to watch their content thus undermining conventional television networks like Sport TV. According to research, this year customary TV seeing by elder people has fallen by 43.1% since 2012 which might indicate that the way consumers are viewing sports is changing. Even though Sport TV offers online streaming services, they are still expensive and less known. Illegal streaming platforms have also caused serious financial damage to sport right holders as consumers can view whatever content they desire for free.

The **threat of new entry** is rather low. Firstly, due to the strong presence of economies of scale, as the marginal cost of transmitting a program to one additional viewer is zero. This high production-profitability threshold lowers the threat of entry. Secondly, the capital requirements are extremely high to enter this market, since it is very expensive to acquire the broadcasting rights of popular sports. In the case of the Portuguese market, Sport TV is the market leader, as they hold the broadcasting rights of several international sports such as Football, Tennis, Basketball, which makes it even more difficult for entrants to access the viewer market. Furthermore, Sport TV possesses an impressive cumulative experience and reputation since they have been the leader of the Portuguese for more than 20 years and were voted by consumers as a Superbrand in 2018, 2019 and 2020. Both these factors discourage startups to enter this market. For instance, Eleven Sports was the only broadcaster that was able to challenge Sport TV 15-year monopoly in Portugal. Lastly, This industry is also highly regulated (regulations to ensure fair competition) which creates additional hurdles for entrants to enter the industry.

SWOT Analysis

Based on the previous **internal** and **external analysis** of Sport TV, a **Swot analysis** was conducted with the aim of discovering recommendations and strategies, while leveraging strengths and opportunities, and overcoming weaknesses and threats of the company.

Regarding **strengths**, the main areas where Sport TV performs well or that makes it differing from competitors are **the strong industry and tech know-how, powerful bonds with sporting authorities, high brand equity** and their **partnerships with key cable operators** in Portugal such as Vodafone, NOS and MEO. Then the **weaknesses**, the characteristics that place Sport TV at a disadvantage relatively to competitors are the **lower financial power** than the main competitor in the Portuguese market, Suffering from the **"fat cat" syndrome** (being the market leader can stimulate an attitude of inertia that prevents innovation). (Beekes, Arnold 2019) pointed out: “Research shows that success often makes us complacent. Experts call it the ‘fat cat syndrome.’ Think about a time when you’ve been at the top of your game. Did you really want to embrace something radically different? Of course not. You probably became overconfident in your recipe and resistant to try new things.”. Then, what can be done to prevent this syndrome? Bringing outsiders or people that aren’t soaked up in the same habits of the organization can break the cycle of complacency and help the organization open its eyes, making them see that innovation is a must, not a short behaviour that gains popularity and that after, fades away.

The main **threat** that the company faces is the **seamless growth of Eleven Sport**, which is stealing important competitions from Sport TV like the Champions League, Formula 1, and wanting to expand to new segments: Esports, Women Sports and Local amateur sports. Other factors that could jeopardize the company's success are the rise of online streaming platforms. According to (Szabo, Gerbo 2020), big sports rights holders started to use online streaming platforms as a TV complement, but with low barriers to entry. Other organizations like clubs and federations also got the chance to launch it. The discouraging buying system is leading price-sensitive consumers to find alternatives ways to watch sports content, choosing illegal ways to access it instead. It's also important to watch out potential new competitors such as Amazon and Google. Since 2019, Amazon started broadcasting 20 games for Premier League (valid for 3 seasons), with a tremendous financial power, these players can really destabilise the market. In the meantime, the increase in the price of broadcasting rights is also a concern. In a previous agreement, Sport TV paid 700K € per season for the German League rights, which now change to 1m per season. In the last contract of the The Premier League, the company paid 10m per season. With the new contract, it's expected that the value will be between 15-20m, an increase that can go up to 100%. NOS, the major sponsor of I Liga, is going to stop sponsor it from June 2021, putting at risk one of the most valuable assets of Sport TV, highlighting the need for innovation, as the broadcasting rights may not secure. This does not mean Sport TV will lose the broadcasting rights, it only means that competition to acquire them will be more intense. Concerning new **opportunities**, there are some new trends on the industry that Sport TV could explore. According to the PwC's Sports Survey 2019, the overall sports market is expected to grow at an annual rate of 6.4 % in the next 3-5 years, slightly below to the 7.4% growth rate seen in the past 3-5 years. The key driver of the overall growth is in **digital media**. That being said, Sport TV could take advantage of this main driver by **increasing their digital presence**. Regarding the Sports disciplines that are expected to generate more revenues in the coming years (See Graph 1 in Appendix), the Sport discipline that is expected to generate more revenues is **Esports** (Online Gaming) and Football and Basketball close the top 3. Once Sport TV is already broadcasting football and basketball, it could benefit also with esports in its offering. The study also highlighted what are the top opportunities to increase revenues in the sports industry, as shown in graph 2 of the Appendix, where **improving fan engagement** appears as first. Broadcasters can seize this opportunity if they keep innovating, by delivering a more immersive, personalised and interactive experience than their competitors. Enhancing media offering is also a way to go, by improving the platforms and increasing interactivity levels, for example. **Amateur sports** participation and tourism is another category shown in the top opportunities which is also worth exploring further, as it's an untapped market in premium sports channels in Portugal, and a top opportunity to increase revenues. Then, **women's sports**. The research concluded that 2019 was a record-breaking year for the demand of this content, for example with The FIFA Women's World Cup 2019. According to FIFA main findings, it was watched by more than 1 billion people. The final between USA and the Netherlands was the most watched FIFA Women's World Cup match ever, with an average live audience of 82.18 million, a 56% increase in relation to 2015. There is also an interesting point that emphasizes the fact that women drive between 70% and 80% of all consumer purchasing. Thus, there is a big untapped potential in the female audiences. In line with this PWC survey (1), there are also other studies that support this.

Data source: (PWC, 2019)

Consumer Analysis

Sport TV Customer

Sport TV's consumers are predominantly male, typically over 30 years old that are either sports lovers, mainly with medium to high purchasing power and able to pay premium sports channels, or sports lovers that do not have much purchasing power but still are willing to subscribe Sport TV's channels to follow their sports club or a particular sports competition. (1)

Factors influencing purchase

There are some factors that influence consumer choice when acquiring premium sports channels. Those are: **Content** - Consumers will only subscribe if sports broadcasters offer the sports competition coverage they're looking for; **Quality** - Consumers are now looking for high quality service in sound and image, where they can watch matches in High Definition (HD) , in virtual reality, access video coverage of different angles, this means there is an increase in quality demand from consumers; **Price** - Consumers are becoming more price sensitive, due to cheaper alternatives such as IPTV, illegal streaming platforms or even Eleven Sports; **Involvement** - Consumers want more interactive experiences. They are looking to engage with other viewers, coaches, teams, commentators. In other words, consumers are becoming active in the moment of sports consumption; **Loyalty** - Consumers tend to build relationships with broadcasters. However, loyalty is very hard to build and might be hard to maintain in this business as broadcasters can lose broadcasting rights and stop meeting consumers needs in terms of content offered, thus losing consumers to other competitors. (1)

New Customers and Trends

According to (Szabo, Gerbo 2020) , there are some phenomena in the industry of sports broadcasting that may be bringing change to the sector, but also new business opportunities. Sports clubs, both professional and amateur, are beginning to use their own means to broadcast their sports events to consumers. These factor can harm TV broadcasters in the long-term. Sports federations are also following the same path in an attempt of increasing awareness of the sport and bringing new players into the sport. It is the case in Portugal of the national federations of Volleyball, Rugby, Surf and Handball, for example. Another factor changing the industry is the streaming phenomena. More and more, clubs, sports federations, sports channels are creating streaming platforms that offer sports content to the consumer in a different format. This format seems to be well received by the consumer side and threatens to be the format of distributing sports content for the coming years. At the same time, there is a rising interest for other sports content such as amateur sports transmissions, wider sports content and sports disciplines offering, contend related with sports betting and online gaming (Esports).

Data source: (1) Open interview with Sport TV manager

Competitive Analysis

From 1998 until 2012, Sport TV owned the monopoly of the premium sports content, benefiting from an entire market for 14 years. Sport TV's monopoly was partially broken in 2013 with Benfica TV's (BTV) entry in the market. BTV emerged as a paid channel with a monthly cost of 9,99 € , broadcasting all the football games of Liga NOS at Benfica Stadium and betting in new markets, such as the Premier League, French League and Italian League which Joaquim Oliveira, the President of Sport TV, was able to recover years later, apart from the 1 Liga games at Benfica's stadium. These broadcasting rights are owned by NOS, one of Sport TV shareholders, however the option on the table was always giving BTV these rights and never the possibility of moving them to Sport TV's channels. However, what really destabilised the market was Eleven Sports' entry in 2018. The channel was able to take important content such as the Champions league, the German League, the Spanish League and Formula 1 away from Sport TV. Their appearance made Sport TV's revenues to diminish, costs increased by 2,7% and profit decreased 40% from 2017 to 2018. The unhealthy competition has forced Sport TV to spend millions to defend itself. The company has already invested millions not to lose the rights of the English League, renewing the broadcasting rights until 2022 in an agreement where they have to spend between 15 to 20 million euros per season, an 100% increase compared to the previous contract. The company also had to spend more in the German League, because it suffered a price increase, having to pay 1 million instead of 700,000 per season. The price of the broadcasting rights of Formula 1, owned by Eleven Sports, didn't change remaining 2 million per season. Therefore, because Eleven Sports is moving so quickly and aggressively, the competitive analysis will focus only on this competitor and comparing the aspects that are the most relevant. When it comes to Benfica TV, it wasn't included in the next analysis as Sport TV regain practically all their previous assets. Another important factor is the that most of the Benfica TV subscribers are Benfica fans and need to subscribe Sport TV to be able to watch all Benfica's matches that do not occur at Estádio da Luz. In terms of variety of content, Sport TV clearly offers more choice to its consumers than Eleven Sports does (See Table 1 of the Appendix). However, Eleven Sports is being able to cause damage with less content variety. Sport TV's 22 years of existence allow for a greater market knowledge in Portugal and highest market share in premium sports broadcasting. Sport TV continues to own Liga NOS and the Europa League. Literature shows that what sells the most in Portugal are the leagues with the Portuguese teams, so whoever owns the Liga NOS will be the market leader(1). This insight was also confirmed during the interview with a Sport TV manager. However, Sport TV lost the battle when it comes to the broadcasting rights of the Champions League, leading to a 40% increase in the number of subscribers of its rival (2). The Fórmula 1 broadcasting rights, which is the 2nd most viewed content by Eleven Sports' consumers, is a sports content growing in demand, especially this year with the last GP hosted in Portugal. (3) Concerning the packages that broadcasters offer to its consumers (See Table 2 of the Appendix), the differences are very few. However, Sport TV and Eleven Sports differ in one important aspect, that is the fact that Sport TV consumers must be subscribing one of the existing TV operators (NOS, MEO or Vodafone) to get access to Sport TV's content, whereas Eleven Sports' consumers do not, being able to access it only through the internet. Regarding the channels available to deliver the product, both companies are relatively similar and both companies are equal in the number of tv channels offered, 6 HD channels. Finally, the market share of Sport TV is around 80% of the market, leaving the remaining 20% to Eleven Sports. This is an assumption based on the 400,000 users of Sport TV and the 100,000 users of Eleven Sports. It is important to mention that before the entry of Eleven Sports in 2018, Sport TV had nearly 100% of the premium subscriptions market in Portugal .

Data source: (1) Católica Lisbon University; (2) Tribuna Expresso 2020; (3) Jornal Económico

Organization Challenge

Based on the secondary data collected on the sports broadcasting industry, the Portuguese market and its competitive landscape, and the internal capabilities of Sport TV to respond to its environment, the organization challenge for the company to address can be stated as "**How can Sport TV defend its threatened market leadership from aggressive competition in Portugal?**". The following topics provide a summary of arguments that support this challenge.

Sports broadcasting industry

Sports broadcasting industry in Portugal is characterized by a medium power of buyers and of suppliers. The threat of new entrants is relatively low due to the high capital requirements to obtain the rights to broadcast competitions and distribution investments. If competition is aggressive, threat of substitutes can be very high, as is the case with Eleven Sports. However, the existence of piracy also represents a threat for substitution.

Portuguese Market

Covid-19 Pandemic has had a significant impact in the Portuguese economy, making the income per capita to reduce substantially. Consumers habits and willingness to pay were also impacted. However, Portuguese consumers overall have a culture of sports and thus will never cease to view sports competitions, despite the above-mentioned factors. Also, the recent measures and investments announced by the Portuguese government in technology and digital transformation make the Portuguese market to be a favorable place to develop innovative solutions to bring content to the consumers. However, the legal problem of piracy continues to be unattended by legislators and might harm TV sports broadcasters.

Competitive landscape

The recent entry of Eleven Sports in Portugal has made limited the ability of Sport TV to deliver all the sports content to the consumer. The fact that Eleven Sports has higher amounts of capital to purchase competition's broadcasting rights, causes the prices of the latter to rise in a way that harms Sport TV's profitability. From 2019 to 2018, Sport TV increased its revenues, but ended up with a negative profit, that can be explained, in part, by the rise in price of competition rights. Thus, there is a need for Sport TV to innovate and find alternative solutions to compete in its core market. As its main competitor, Eleven Sports, has a very competitive price for consumers, it seems unlikely that Sport TV will succeed by competing in price. Once Sport TV has already profitability issues, reducing prices would only destroy more value as the prices of the broadcasting rights have increased severely. However, launching a new product could provide the company with additional revenues that could improve financial power to fight for broadcasting rights.

Development strategy

Due to the fierce competition of Eleven Sports in the portuguese market, consumer retention is not enough to defend and preserve Sports TV's market dominance. Another strategy that is not possible for Sport TV is to lower prices. Sports competitions broadcasting rights are becoming more and more expensive , thus a cut in price would harm profitability even more. An analysis of possible strategies should be conducted in order to understand which strategy could improve the company's competitiveness.

Market trends

Apart from the existing sports competitions that are broadcasted in both Sport TV and Eleven Sports channels, there are other tendencies rising in the Sports environment in Portugal. The legalization of sports bets in Portugal has caught the attention of many Portuguese consumers. The pandemic Covid-19 has confirmed a trend that was rising before the lockdown: the rise of Esports. Also, the rising interest in amateur sports and woman's sport must be taken into consideration. More and more consumers are interested in content related with video games. Another alarming trend is the reduced amount of time that the current and future generations spend consuming TV and the traditional channels. Each time more there is an increased demand for digital platforms available on the smart phone, laptop or even smart tv.

Sport TV's resources

Sport TV holds accumulated experience for its more than 20 years in the Portuguese market and due to its low turnover rate of employees. It's internal resources, both physical and intangible, provide the company a useful strength to compete with its main rival. The long-lasting relationship with its customers has awarded Sport TV with the Superbrand award in the last three years. Finally, the fact that Sport TV is owned by the three main TV operators and distributors in Portugal, make the relationship with distributors very close and peaceful. This close relationship is very valuable for the company once the main sponsor of the Portuguese football league (Liga NOS), which is the tv operator NOS is a shareholder of Sport TV. While this contract lasts, it will protect the company from losing its core sports broadcasting rights in the Portuguese market and will allow the company to look elsewhere to defend and increase its market leadership.

Ansoff's Product- Market Growth Grid

With the purpose of understanding how Sport TV can frame an effective strategy to increase its competitiveness in the Portuguese sports broadcasting market, the Ansoff's Product- Market Growth Grid was used. In this framework it is possible to cross two variables, products (current or new) of the company and markets (current or new) where the company operates. By crossing these, it is possible to draw four different strategies: **Market-penetration strategy** – by focusing on selling the current products in current markets, by increasing the size of the product category; **Market-development strategy** – by focusing on selling the current products in new markets, in other words, expanding to new markets; **Product-development strategy**- by developing new products to the current markets and finally **diversification strategy** – selling new products in new markets.

From the above mention strategies, it is already possible to determine which ones better suit Sport TV at this moment and the ones that seem more difficult to pursue. If the company was to pursue a **market development strategy** and expand to new markets, it would face fierce competition from already established players, it would need an entire network of distribution, it would need to pay for broadcasting rights in the new market and high capital requirements in overheads to keep the business running. With the current financial situation of the company, it seems a very costly and difficult strategy to implement. The same principles apply when considering a diversification strategy, however there would be additional costs of new product development. Another possible strategy for the company is the **market-penetration strategy**. This strategy would also fit the actual moment of the company. However, in the current market there is already a high penetration rate but there is a high percentage of consumers that use illegal means to access sports content, whether it is via streaming platforms or IPTV. While the legislation in Portugal does not change and there is severe punishment for both selling illegal content and consuming it, piracy will remain the biggest competitor of sports broadcasters in general.

Thus, the introduction of a new product into the Portuguese market, by focusing on a **product development strategy** seems the most indicated strategy, due to the lack of financial power to compete on price, because broadcasting rights are getting more and more expensive to acquire. There are untapped customer segments with new needs that must be addressed and some of this new customer segments represent the next generation of consumers and it is crucial to listen to what they are demanding, as Eleven Sports is already doing. It would also allow the company to be more competitive and to differentiate from Eleven Sports. Both companies are competing to broadcast football competitions and sports competitions that have the highest demand. However, it is crucial for Sport TV to move from the “fat cat syndrome” and set innovation as a standard process. Eleven Sports is already innovating, untapping new markets like the esports and women's sports. Now is time for Sport TV to act and defend its position in the market.

Primary Research Study

Research Questions

Based on Ansoff's Product- Market Growth Grid and after a deep analysis of the several possible growth strategies, the most suitable strategy for Sport TV to pursue is New Product Development. Thus, in order to respond to the above-stated organization challenge, the following research question was framed: **"What are Portuguese consumers looking for that could help Sport TV improve its competitiveness?"**. This new product development strategy should be meaningful for the consumer and should help Sport TV in its quest for the broadcasting rights of professional competitions.

Research Goals

In order to answer the previous questions, a primary research study was conducted to gather and quantify insights on the population of **premium sports consumers** and understand their preferences regarding premium sports content. For that purpose, a quantitative questionnaire was used. According to Babbie (1), it is useful for descriptive and explanatory research when the consumer is an individual person. The following aspects were the focus of the research and what was intended to be understood: What are consumers preferences when looking for the product/service category; What are consumers choice criteria when comparing competing brands; What are consumers preferences about sports TV channels, what are consumers preferences about format of consumption (TV or Online), what is the frequency with which people watch sports and what is the preferred occasion. It was also important to investigate the consumers perception of value. As key sources of competitive advantage, the attention was focused on perceived benefits vs perceived costs and what are the factor the customers value the most among price, content, quality (i.e. quality of image, sound, commentators interaction). Also, to discover what can be an incentive and attraction for the customer to subscribe to Sport TV, not only for the Sport TV consumers but also for other competitors' consumers on the market. After this, the purpose was to divide respondents in Sport TV consumers and non-consumers. Within Sport TV consumers the idea was to study what do they value the most in the service, understand their level of satisfaction and their brand loyalty and engagement. Figure out any eventual relationship between people who practice sports and view sports and assess what is the engagement with consumers in social media. Finally, understanding what would their preferences be if Sport TV was to follow a particular market trend and launch a new product. On the other hand, within non-consumers the idea will be to understand what is the sports channels they subscribe to, what makes them subscribe to that TV channel. Once they do not subscribe Sport TV's services the study will also try to understand what could make them subscribe and what could be an obstacle. Also, assess what would their preference be if a new sports content was to be created, according to the identified sports trends. Finally, a possible correlation between paying for sports content and practising sports was also studied.

Data source - (1) Babbie, E. (2007) The practice of social research

Variables in study

In order to understand the profile of premium sports content consumers, that is, the consumers who are willing to pay for premium sports content, there were some variables that needed to be studied, according to Earl Babbie(1). Those are **age, gender, occupation, income level, level of education, nationality**, and whether they **practice sports or not**.

Methods and sample criteria

To study the above-mentioned variables, the chosen **method** was a **quantitative questionnaire** as it allowed to collect more specific data and relate those with consumer characteristics and quantify them. **The sample** was intended to study premium sports consumers of the Portuguese market, thus it integrated respondents aged above 18 years old, that had been living in Portugal for the last two years. It included both sport tv consumers and non-consumers . Finally, all respondents had to watch paid sports content, at least once a week. To reach a sample with these criteria, three filter questions were added in the beginning of the questionnaire. A separation between a **Sport TV consumer** and a **non-consumer** was made in the questionnaire in order to compare their consumer behaviour and try to understand what makes consumers subscribe Sport TV's services and what could make them subscribe to Sport TV's channels. Regarding the **target population**, all respondents had to watch and pay premium sports content. Sport TV's majority of consumers are Men, over 30 years old, that are either sports lovers and are willing to subscribe Sport TV's services or are men with medium to high income, or both. Non-consumers of Sport TV need to be sports lovers and / or people that are currently subscribed to sport channels other than Sport TV. The focus of the study was on a broader consumer population to include consumers above 18 years of age, male or female. By doing so, the future generation of sport content consumers was also considered.

Main limitations

The sample gathered is not fully representative of the population of premium sports consumers due to the reasons mentioned below. Nevertheless, there is a degree of confidence that the sample is close enough of the population due to the similarities found in **sample demographics and insights**. The **sample size** could have been larger to be truly representative of the population. Consequently, results could have been more accurate. **Oversimplification of reality** can also be a limitation because survey-based research doesn't allow respondents to elaborate on their answers. There could be a **potential selection bias**: Sport TV image appeared in first place when respondents were asked which sports channel came to their minds first. The fact that respondents saw Sport TV image first might have influenced their response. Also, some **secondary research** about the sports broadcasting industry was conducted in Europe and not in Portugal meaning that some studies might not accurately represent the Portuguese population. Then the **emotional state** of respondents can affect their seriousness when answering the survey and this factor could have interfered with the results. Results show that 64% of respondents are aged from 18 to 29 years old, which might be a consequence of the network's composition of each student elaborating this project and might lead to small inaccuracies. Also, the fact that it was an online survey might have directed it to younger audiences, once elder people might have more difficulties accessing online surveys. The survey took around 5 minutes to complete and some respondents might not be fully concentrated and dedicated throughout the entire survey and provide answers that are not entirely accurate. Finally, from all the respondents, there might have been some that were not fully knowledgeable of the sports industry and TV channels, to provide meaningful answers.

Data source - (1) Babbie, E. (2007) The practice of social research

Sample Demographics and Insights

The online quantitative survey had a total of 217 responses, of which 103 filled the prerequisites for the research.

Respondents were divided into four **age groups**: From 18 to 29 years old, from 30 to 45 years old, from 46 to 60 years old and above 60 years old. The first age group represented 64% of the total responses; the second group accounted for 12,5%; the third group had 21,4% and the last one accounted for 2% of responses. Regarding **gender**, of the 103 responses, 88% were male respondents whereas only 12% were female. From the 103 respondents **97%** were **Portuguese** and the remaining **3%** were **European non-Portuguese** that have been living in Portugal. Most of respondents live in a **household composed by 4 people or more** (65% of responses), whereas 1 person in the household, 2 people per household and 3 people per household accounted for 6%, 11% and 18%, respectively. The sample had most of its respondents in the range of 20k to 40k **household income per year** (around 34%), and a large weight of respondents in the range of 40k to 60k (19%). Closing the top three, comes the segment of respondents with an income range of more than 60k per year (20%). It is possible to understand from this sample that premium sports consumers have **medium to high household income**. Regarding the level of **education**, nearly 50% of respondents have completed a master's degree and 32% of respondents have completed at least a bachelor degree. Concerning current **occupation**, from the 103 responses, 60% represent full-time employees whereas 25% are still students. Student-part-time employees account for 9%. The remaining respondents are either retired or unemployed. From the universe of respondents, 83% plays sports at least once a week and when asked whether they liked sports in a scale from 1 to 5, 80% of respondents answered 5 and the remaining 20% answered 4. From the 103 respondents to the questionnaire, 74% were Sport TV consumers while the remaining 26% subscribe to another sports channel. This insights provides a proof that the initial estimation of the company's market share might be around 80%.

From the sample gathered, it was possible to confirm some insights previously mentioned and to discover new ones. From the 103 respondents that passed the screening questions, 88% were man and 12% were woman. This confirms the initial belief that **premium sports subscription** is a product that has its **demand predominantly on the man side**. In what concerns new discoveries, some interesting insights were collected. Initially, it was stated that Sport TV consumers were mainly man, above 30 years of age, according to an interview performed with a Sport TV manager. What results show is that from the 103 valid responses, 64% were people aged between 18 and 29 years old. This is an unexpected insight that might lead to new opportunities for the company to explore. Another two positive insights gathered from the quantitative survey is the **positive correlation between people who subscribe premium sports channels and people who practice sports** at least once a week and that love sports: when asked to rate from 1 to 5 how much they love sports, 80% responded 5 and 83% of respondents practice sports at least once a week. Also, premium sports consumers seem to have a high degree of education (bachelor or masters) and have medium to high household income, that is medium to high purchase power.

Premium Sports section results and Insights

This was the first section of the online questionnaire, after the initial screening questions, where only respondents that met the stipulated criteria were inquired. In this premium sport section, it was possible to assess which was the top-of-mind brand of sports content in Portugal. 83,50% of respondents when thinking about sport channel, think of SPORT TV as their top-of-mind brand, the remainder 16,5 % are divided between Eleven Sports, Eurosport, Benfica TV and Sporting TV. This high percentage indicates the strong brand awareness that the company has built over the years by offering a high-quality service and a wide variety of sports content. Another important insight gathered from the survey was who is responsible for paying the sports channel subscription. In 45% of the cases, it is a family member or other member of the household who pays for the service, whereas in 42% of the cases it is the respondent who pays for the service. 13% of respondents said that they do not pay for premium sports content and watch it in online platforms, for free. In what concerns the preferred moment to watch sports, 51% of people prefer to do so when they are together with friends, while 30% prefer to watch sports alone. The remaining 19% mention family as the best company. Regarding the preferred place to watch sports, respondents were given a list and asked to pick the 2 favourite places to watch sports content. The most voted combination of places was at the stadium / other facility where the event is taking place, or at home. This two places accounted for 37% of responses. The favourite format to watch sports content was an insight somehow surprising. Even though 64% of respondents were in the 18 to 29 years of age group, the television is the preferred format and accounted for 71% of responses, despite the phenomena of streaming platforms in younger generations. Streaming platform via computer accounted for 23% of responses and the remainder 7% prefer to use their smartphone/tablet. Moreover, it was possible to understand that the two main reasons for people to watch sports-related content are linked to following their favourite sports club and a particular sports competition. This means that consumers, at the moment of purchase, pay closer attention to the sports content offered from the TV broadcaster. Respondents were asked to rate from 1 to 5, the level to which they agree with reasons to pay for sports content, where 1 was strongly disagree and 5 was strongly agree. Results showed that 60.19 % of respondents strongly agree that they subscribe to follow their favourite sport club and 55,34% strongly agree to pay to follow a particular competition. Paying for the service to follow the favourite athlete/coach had a neutral result. A good majority of respondents also mentions paying the service for entertainment and lastly respondents seem to neither agree nor disagree to pay the service to be updated on sport news, as a result of the fact that today recruiting information and keeping up to date with the latest news is very simple via social media (See Table 3 of the Appendix). Respondents were then asked to pick which were their three favourite tv sports channels by order of preference. The first choice of respondents was Sport TV with 64.08% of responses. The second choice was Eleven Sports, which is the main competitor of Sport TV, with 21.36% of responses and the third choice of respondents was Eurosport with 5.83% of responses. Again, those numbers can be the confirmation of the strong recognition and preference of the brand by consumers and that Eleven Sports is a real threat and a fierce competitor once it has only been in the Portuguese market for the last two years and is already the second most preferred sports channel.

Premium Sports section results and insights

Then the survey was focused on understanding what are the relevant factors considered when choosing between different sports channels. Respondents were asked to rate on a scale from 1 to 5, where 1 meant "Not relevant at all" and 5 "Extremely relevant", the importance of given criteria in the moment of choosing their sports channel. The sports content offered was ranked as "Extremely Important" by 77% of respondents. Quality of image and sound was also found important, ranked as 4 with 47% of responses. In fact, 76 out of 103 people expressed a value of 5 for content. Also, the attractive price emerged as an extremely important factor with 45 people out 103 responses, indicating a percentage of 44%. About factors such as the availability of the channel in different formats (e.g., laptop, smartphone, TV.) and brand familiarity, the first factor is considered by most people as relevant or neutral (ranked 3), while the second one is valued mostly as neutral factors. Regarding the frequency with which respondents watch their favourite sport channel, it was possible to understand that most people are regular consumer and more than 90% of respondents watch their favourite sport channel at least once or twice a week. Finally, given the importance of social media in today's world and in the industry, it was asked which were the main 3 social media that respondents use most frequently, by order of preference. The 63% people confirmed that Instagram is the most used social media. Subsequently, Facebook was selected as second choice with 41% of responses and Youtube as third choice, with 42% of responses. (See Table 4 of the Appendix)

Sport TV consumer results and insights

For the total 103 respondents another filter was added with the purpose of identifying which ones were Sport TV consumers and which ones were not. The result was 74% of Sport TV consumers and 26% of non-consumers. After this, the purpose was to understand why consumers subscribe Sport TV's channels and what do they value the most. Respondents were asked to rank from 1 to 5, where 1 meant "Not relevant at all" and 5 "Extremely relevant", the following factors according to the level of importance they attribute to each one when valuing Sport TV's services: Quality of transmission (image and sound); the variety of sports competitions offered; price; brand trustworthiness; availability in different formats (TV, online) and attractiveness of the package deals. The most important criteria, by order of importance, are variety of sports content, quality of transmission (image, sound, commentators) and pricing. (See results on Table 5 of the Appendix). From the 6 above-mentioned criteria it was possible to highlight the 3 most important ones for Sport TV consumers when acquiring the service. Those are quality of transmission, variety of sports content and pricing. However, it was still possible to distinguish the most important one from the top 3, that gathered 55% of responses, and that was the variety of sports content offered to consumers. It is then possible to infer from this study that the Sport TV's competitive advantage lies on the ability to not only offer the sports competitions that consumers want to watch but also a wide variety of content including several different sports. An interesting insight gathered was the fact that the Sport TV consumers when asked to rank from 1 to 5 their knowledge of the content Sport TV has to offer, almost 44% responded 4. This means that not only consumers prefer Sport TV due to its offered content (i.e they know why they are subscribing) as also they perceive Sport TV's content to be beyond what they are aware of (See Table 6 of the Appendix).

Sport TV consumer results and insights

To deepen the understanding of consumers knowledge about Sport TV's channels, consumers were asked if they were aware of the commercial add Sport TV launched with Rui Unas, to announce a 30% price cut on subscriptions. Results showed that 67% of respondents were not aware of this promotion on their sports channel, which might indicate that this promotion could have been better communicated and that consumers might not spend that much time watching adds on TV. Then, with the purpose of understanding consumer satisfaction, respondents were asked to rank from 1 to 5 what was their level of satisfaction with the experience in Sport TV's channels. Responses indicated a medium to high consumer satisfaction with 55% of responses on level 4 and 15% on level 5. However, there might be room to improve the service, once 21% of respondents ranked the service on level 3 (See Table 7 of the Appendix).

In order to understand consumers loyalty and engagement with the company a few questions were made. To begin with, respondents were asked to mention for how long they had been subscribing Sport TV's services. Answers indicated that almost 50% of respondents was subscribing from 2 to 10 years and 33% of respondents subscribing for a period larger than 10 years (See Table 8 of the Appendix). This results clearly indicated a very high consumer loyalty with Sport TV's channels, that has been able to deliver sports content in Portugal for a long time. However, when it comes to engagement with the company in social media in general, responses were quite surprising: 78% of consumers do not follow Sport TV in none of their social media accounts, thus not being aware that some sports content is also delivered through these platforms, for example highlights of a sports matches or sports news, at no extra cost for the consumer. Thus, the company could improve their engagement with consumers in social media, particularly on Instagram, which is the most used social media of respondents. Finally, with the purpose to understand how should Sport TV structure its strategy to defend its market leadership, consumers were inquired about what would their preferences be if Sport TV was launching a new product. Respondents were then presented with the following possibilities (according to the identified new trends in the industry) and asked to pick the 3 most interesting opportunities: Broadcasting amateur level sports competitions; offering content related with ESports (Online gaming); offering content related with sports bets; creating a streaming platform, where the user can watch all the desired content without limit (similar to a Netflix platform); offering content related to an often-ignored sport, where then were asked to specify; women's sports content. Overall, there were a few possible combinations of the presented possibilities of product development. However, it was possible to clearly identify 3 combinations that were preferred by respondents as shown in Table 9 of the Appendix. This first most voted combination included launching amateur sports content, creating a streaming platform and launching padel content. From the three most voted combinations of new product offerings, there seems to be one new product offering that is present in all of them, that is broadcasting amateur-level sports competitions in Portugal. This insight confirms the trend of having sports clubs and sports federations, from different sports in Portugal (eg. Rugby, Volleyball, Handball, Surf, Padel), creating their own channels and ways to broadcast their sports competitions, because in fact consumers are asking for it. Also, it is possible to identify the desire for a platform that delivers content in a different format (streaming platform).

Non-Sport TV consumer results and insights

For the non-users of Sport TV, 15 out of 27 were Eleven Sports consumers. These non-consumers were faced with the same questions as Sport TV consumers were, which was what do they value most when deciding to pay for a premium sports channel. The factor that turned out to be more relevant was the variety of sports content being offered in first place and price as the second reason. Then, non-consumers were asked what of those same factors could make them subscribe Sport TV instead. The results were the same, variety of sports content being offered, followed by price. Finally, respondents were presented with a list of product innovations and asked to choose their preferred 3, by order of preference, which ones would make them subscribe Sport TV. The product innovation options were: Broadcasting Amateur sports – competitions of different sports from amateur level; Content related to Esports (Sports online gaming); Content related to Sports Bets; Creating a streaming platform, where the user can watch all the desired content, without limit (ex. Netflix) and Content related to an often-ignored sport. Results have shown that the preferred service would be broadcasting amateur sports, followed by creating a streaming platform where they can watch endlessly and as the third option more voted was broadcasting content related to an often-ignored sport, Padel. (See Table 10 of the Appendix)

Primary research Insights

Primary research insights allowed to understand and draw the consumer profiles of **premium sports consumers, Sport TV and non- Sport TV consumers** in the Portuguese market. Moreover, it was possible to assess and answer the initial research question regarding what new product could Sport TV develop to address consumer needs. Both Sport TV consumers and non-consumers have voted amateur sports content and a streaming platform to watch sports to be the most interesting for a new product development. This insight is meaningful because respondents were not forced to choose any product development opportunity from the given list and had the opportunity to answer in blank. Thus, their responses represent a real interest in the new product development. In order to improve its competitiveness, **the company should pursue this new product development opportunity and deliver it to consumers**, because it is meaningful for consumers and addresses their **needs**.

Premium sports channel consumer profile

The profile is male gender with medium/high income, aged between 18-29 years old who practices sports. Their top-of-mind sports channel and preferred option is Sport TV. Then, Eleven Sports as second and Eurosport as third. Normally, who pays for this service is a family member or themselves. TV continues to be the favourite format. They like to watch sports content to follow a favourite sports club / particular sports competition. Normally, they prefer to see it with a friend, thus showing that watching sports is linked with a social and community occasion. To watch this type of content, they like to see it at home or at a stadium or other facility, valuing the comfort. The most important factors when choosing a sport channel are content and an attractive price. They watch this content at least once a week and the social media they use the most is Instagram (1st), Youtube (2nd) and Facebook (3rd).

Sport TV consumer's profile

They value the variety of sports content, quality price the most. They have a good knowledge of Sport TV's offering. The majority didn't see the campaign with Rui Unas and doesn't follow the company on social media. Although, the content is the most prized factor, they perceive it to be beyond what they are aware of. They are loyal (50% of respondents was subscribing from 2 to 10 years and 33% of respondents subscribing for a period larger than 10 years). If the company was about to launch some services, the most voted were **Broadcasting amateur-level sports competitions, creating a streaming platform (e.g., Netflix)** and content related to an ignored sport (wanted sport: Padel).

Sport TV non consumer's profile

The majority is a consumer of Eleven Sport. The ones that don't watch Eleven Sport, answered BTV , Sky and F1TV. The factors that are determinant when choosing a sports channel are variety of sports content and the price. If Sport TV, was to launch new services they would be interested in the following: **broadcasting amateur sports, followed by creating a streaming platform** where they can watch endlessly and as the third option more voted was broadcasting content related to an often-ignored sport: Padel.

Main Assumptions of the study

The **lack of information about market value and market share of Sport TV** forced an assumption to be made about the Portuguese sports broadcasting market value and the market share of each company leading to small inevitable inaccuracies. Also, the fact that NOS will no longer sponsor the Portuguese championship might put Sport TV's broadcasting rights at risk. However, for the purpose of this project, the assumption that Sport TV will not lose its core content was made. This assumption, if false, could worsen the company's scenario and force a different type of measures. Nevertheless, the new product development is believed to be a solution to increase Sport TV competitiveness, once it will generate additional revenues to endow the company with more financial power to fight for the broadcasting rights of professional sports competitions.

Implementation and tactics

The insight gathered from the primary research study was that the company should follow a new product development strategy and launch a **streaming platform with amateur sports content**. To better understand how should the company launch this new service and how the service should be, the four P's framework (Product, Price, Promotion and Place) was used. Concerning **Product**, the focus was on **how to deliver successfully amateur sports to consumers. Starting by crafting a value proposition**, understanding what should the product look like, what content should be offered and how to obtain it, how it should be branded and study its feasibility. In terms of **Distribution, how to deliver successfully this new content**. Concerning **price**, a study was developed to understand how should the company monetize its new platform to contribute to the overall purpose of increasing its competitiveness. Finally, **Promotion will explore how should Sport TV communicate this new platform in order to find the most efficient way to let consumers know what is the company offering**.

Target and Positioning

With this new product development, the company should **target all premium sports consumers** (consumers that already pay for sports content, including Sport TV and / or Eleven Sports) and also **people who practice sports and love sports that are not paying for sports content**, once it has been shown that there is a high correlation between these two factors. Concerning positioning, a formula for crafting a positioning statement was used (1) to reach the following positioning: For people who love and play sports, Sport TV is the only brand among all sports broadcasters that offers consumers the possibility to be part of a sports community, by bringing consumers and high-quality content together, into one platform.

Data source - (1) (Avery, J. , Gupta, S. 2015)

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

Sport TV Field Lab on New Product Development - How should Sport TV develop its amateur sports streaming platform

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How should Sport TV develop its amateur sports streaming platform?

To better understand how the company should develop its streaming platform in a way that responds to customers needs and adds value for the company, the following topics were addressed.

Framing the new platform

In order for the product to be meaningful for the target, it was clarified how is this product expected to address their needs. Also, it was assessed what are the factors that influence consumers decision to pay for sports content, whether on the place where the sports event is happening, or by subscribing a sports channel.

Main benefits from amateur sports

The core insight gathered during primary research was that consumers are looking for amateur sports content. Thus, it is important to understand what are the benefits of amateur sports and what are the needs that the new platform will satisfy.

Value Proposition

After understanding what drives consumers to buy sports content and what are the needs that amateur sports content responds to, it was possible to craft a meaningful value proposition for the target market, delivered by the new Sport TV platform.

Product Features

Regarding the platform itself, research was conducted to understand what are the necessary features to deliver the proposed value proposition to consumers, and to generate extra value for the company. Moreover, it was studied what different sports disciplines should the company offer, in an initial stage and how should the company develop the platform over time co-created with its consumers. Finally, some ethical concerns regarding technology addiction were considered.

Branding

Once the company is launching a new service, with a different type of content, a new brand should be created. This was done by applying the Keller model of Customer-Based Brand Equity. Research to understand how should the new brand be related with the parent brand Sport TV (brand architecture) was developed.

Feasibility

Based on the previous topics, the feasibility of this new offering was assessed. What would be the investment required, how would the company source the new sports content and what are the company's resources that would be necessary.

Framing the new Platform

How does the product address the target?

A primary research study was made to gather insights from a sample of the premium sport consumers in Portugal. Respondents were asked, amongst other things, what would they like to see launched in the Portuguese market, from all the emerging trends regarding sports content identified during secondary research. Their most voted preference was related with amateur sports content and a streaming platform, where people could go look for the sports content they desire at any time (**on demand video platform**) and where they could watch live content related with amateur sports (**streaming platform**). This way, Sport TV could launch a platform that differentiates its offering from other competitors and might drive more traffic into its TV channels, thus increasing its competitiveness. Thus, Sport TV's new product development should be to launch a new **online service**, delivered through a streaming platform to deliver amateur sports content. According to (Eitzen, Stanley 1989), what differentiates **amateur sports** from professional sports is the fact that in the first, athletes take pleasure from the practice of the sport which they freely choose, athletes are motivated to practice that sport for the intrinsic benefits they generate, instead of having a quest for money or fame. Amateur sports is not a job but rather a form of leisure. These are the sort of competitions that should be delivered by this new service. The new service functions should be to deliver amateur sports content to the consumer, providing **information** by broadcasting live competitions and presenting live scores and **entertainment** by allowing access to content of past competitions, at any moment in time (on demand content).

Consumer decision journey

The factors that drive consumers to pay for sports content, whether by acquiring a service or by attending a sports event, are **internal motivators and internal constraints, external motivators and external constraints** (Rizvandi, A., Tojari, F., & Zadeh, Z.S. 2019; Monfarde, F.T., Nikbakhsh, R and Tojari, F. 2014). According to Rizvandi and colleagues (2019) **Internal motivators** are internal psychological cognitions (i.e. knowledge, information, perceptions) that encourage consumption, whereas internal constraints are internal psychological cognitions that discourage consumption. A second study by Monfarde and colleagues (2014) suggests that **External motivators** are environmental factors that motivate the individual to pay for sports content and **external constraints** are environmental factors that keep the individual from doing so. In the first mentioned study, the authors considered as **internal motivators** the success, winning, team support, athlete support, coach support, sport level support and community support. As **external motivators** were considered promotion, media advertisement, athlete behavior, excitement aesthetic, athlete physical skills and the fact that athletes can be role models. As for **internal constraints**, lack of knowledge, lack of success, lack of interest and lack of companionship were considered. Finally, **external constraints** included cost, leisure alternatives, location, and accessibility.

The above mentioned authors show that internal motivators are the ones that have the highest correlation with sports consumer behavior and are the ones that should receive more attention from sports marketers to create value for the industry. Moreover, sports consumers are motivated to buy sports content when they are familiar with the team and the athletes. The interest in a particular sports discipline is also a relevant element for the consumer decision. Another interesting insight was that the interest in a particular team or athlete is not enough to understand consumers behavior, one must also consider consumer satisfaction and social interaction appears as a determinant factor for the acquisition of sports content. To sum up, internal motivators are the most determinant factor affecting the consumers decision to acquire sports content and should be the primary concern of Sport TV when developing and launching its amateur sports streaming platform.

Amateur sports: perceived main benefits

In order to understand what might have been the reasons for our sample to choose amateur sports as a preferred new content, it is important to understand what are the major benefits and positive aspects related with amateur sports. According to (Coalter, Fred 2005), the overall community benefits from the existence of sport. These benefits are then divided in **fitness and health, education, community development, reduction of youth criminality** and finally the **economic impact**. Regarding the benefits in fitness and health, sports and physical activity are important early on in one's life, to create healthy habits that prevent from heart disease, obesity, diabetes, and other health complications. So, the promotion of sports is essential for the well-being of a community and a healthy lifestyle that includes sports habits can save some thousands of euros in health care. It is then necessary to promote sports habits in the community. However, it does not have a negative effect and it even may endow an individual with physical and emotional benefits. Also, sports can be a door opener for underperforming students through educational programs and a useful tool to reduce the youth criminality. In what concerns the community development.

The study shows that the development of sports (mainly amateur sports) is correlated with the development of the community. With the development of sports and sports competitions on the amateur level, there is a demand of human capital for support functions. Those can be referee functions, coach functions, cheering functions, functions related with bureaucracy and competition's organization. These functions serve many times as a way to integrate people in the community and provide them with diferente ways to participate in sports. Once amateur sports organizations have low financial power, the development of amateur sports also develops the volunteering phenomena. Volunteering has a crucial role within a community because it develops a sense of purpose, ownership, self-esteem, and involvement in individuals. Then, the undeniable economic importance of sports for the community in all jobs provided: sports apparel, ticket sales, travelling expenses, etc. Finally, developing amateur sports is fundamental for the existing of professional sports. All professional athletes and teams are made of individuals who were once amateurs. Thus, professional sports and professional sports competitions depend largely on amateur sports to survive (Coalter, Fred 2005).

With this study, it is possible to understand that developing amateur sports within a community brings benefits not only for the community, but also to individuals because internal motivators such as winning, amateur and athlete support, following a particular sports discipline, can also be addressed by watching amateur sports competitions. Thus, by delivering amateur sports content to the consumer, Sport TV can also be creating a high impact in the community and generating higher brand recognition and loyalty, by being the first sports broadcasting company to pay attention to amateur sports. Also, the more Sport TV is able to create a community with this new service, the higher the sense of bellonging will be and thus, a higher number of consumers will be motivated to access the new platform.

Value Proposition

What is the value proposition delivered to the consumer?

The value proposition is the definition of the value that the service will generate for the consumer. According to the (Institute for Strategy and Competitiveness of Harvard Business School, 2020), to craft a value proposition it is necessary to answer to three essential questions: **What customers** is the company going to serve and through what channels; **Which needs** is the company going to meet and **What relative price** will provide acceptable valuable for the consumer and profitability for the company. After considering what is the **consumer decision journey** and what are the **main benefits of amateur sports**, it is possible to craft a unique value proposition for this new platform.

In what concerns the customer segments that the company is going to serve, the company should focus on all consumers that are sports fans and that practice sports to some degree, because as it was possible to conclude from the primary research study, there seems to be a high correlation between consumers that pay for sports content and practice sports, and all the premium sports consumers. In terms of channel, the company should be able to deliver the new streaming platform on TV and online, to meet the most preferred formats of consumers, according to the primary research insights. The consumer needs that Sport TV is going to address with this new service are related with the emotional relationship that consumers have with sports in general and with a particular team or athlete they know and might have interest in following. With this new service the company offers the possibility for the consumer to access live, from any place in the world, all the content related with amateur sports disciplines. To follow a particular athlete, that might be a friend or a relative, to follow a particular club or simply to follow their favorite sport. In the same platform Sport TV will concentrate the ability to follow amateur sports and to take all amateur athletes, teams, and sports disciplines to consumers' screens and into a sports community. Something that would not be possible otherwise given the low financial power in the amateur sports environment. Finally, the company should provide this new platform for free to allow all the community to have access to sports content.

The **value proposition** for the consumer is, then, the **creation of a community of people united around sports**, that promotes and develops amateur sports in Portugal and fulfills the individual needs of consumers by providing: the possibility of team and athlete support (internal motivators); sense of integration that consumers hold; development of the sports culture and values in the Portuguese population as a cornerstone of society. All this, delivered through an online TV streaming platform that provides amateur sports information and entertainment services.

Product Features

What are the product features?

In order to assess what would the new streaming platform be and what would it look like, some secondary research was conducted to gather insights on the existing streaming platforms. It was necessary to understand which ones exist and what are the ones that distinguish themselves from the remaining offers in the market. According to (Conklin, A. 2020), the most successful streaming platforms in the world are Netflix (183 million subscribers), Amazon Prime Video (150 million subscribers), Disney + (50 million subscribers) and HBO (35 million subscribers). These platforms are called On-Demand Mobile Video Streaming Apps (Horiachko, A. 2020). This type of platforms allows consumers to access video content at any time and from any place they are. What are the common factors in all the mentioned platforms? The availability in different formats and the easiness to access, the variety of content that satisfies all tastes, the low cost of access and a platform design that delivers high consumer experience and ability to customize the service according to individual preferences. For the purpose of this individual thesis, focus was given on platform content and design.

According to (Sergey L. 2020) , a recent company specialized in technology services for companies, for Sport TV's new platform to have a similar design as the very successful Netflix, it needs to have some features on the consumer side to enhance the service and maximize the engagement with the platform, but also from a back office perspective to generate extra value for the company. The **features regarding the consumer** are the following: User registration; Payment gateway; User profile; Content search; Chat and comments; Push-notifications; Settings, social media linkage, download feature and the option to edit video quality. Regarding these features, the company should try to apply the concept of **gamification**, that is the incentivisation of people's engagement in non-game contexts and activities by using game-style mechanics The more attractive, user friendly, fun and rewarding the platform is, the more traffic of consumers it will generate. Gamification can improve and develop the engagement of consumers and also to improve sales and reduce the costs of the company to deliver a product(1). On the **company side**, the platform **should have**: a content recommendation algorithm, geo-blocking, download feature, video quality, stable storage, good network connectivity, high bandwidth, security, and big data formulation.

Data source - (1) (Investopedia Staff, 2019)

Product Features

Customer related features

In what concerns **customer related features**, the user registration is a fundamental aspect of the platform for the user but also for the company. It identifies the user and makes it possible for the user to create a **personal profile** and customize it according to specific preferences which helps the platform to create a personalized offer. Also, it allows Sport TV to generate primary data on sports consumers in Portugal and understand what is the frequency with which that each consumer watches sports content, what is the preferred sport and team as well. Then, the **payment gateway** that is fundamental for a smooth subscription process and that allows instant access for consumers. The payment gateway could be inserted in the registration process and consumers would pay at the moment of registration (according to the pricing strategy) through one of several payment options such as Paypal, Credit Card, Google Play Store, Apple Store, etc. Though it is important to assess which payment partner provides the best conditions for the profitability of the platform. Regarding the user profile, it should be a place where the user presents some information about his/herself, some demographics and a profile picture or icon, for example. Then it must be a space that **the user is able to customize** at his/her own will. It should allow users to watch all different sports competitions, it should allow the user to create a page of favorites where is possible to track a favorite athlete, team or sport discipline and the platform would then direct more meaningful content to each user. Moving on to **content search within the platform**, the platform should have a search engine that allows the user to find content regarding a sports athlete, a sports team or club and sports discipline overall. Once the content is amateur sports and there is a wide variety of age groups within the same sports disciplines, the platform should also allow the user to search by age groups (eg. Under14, Under 16). Then, in order to complement the user preferences on content, the platform should generate **push-notifications** that alert the user when their favorite content is about to go live or any other topic that somehow relates with the user's favorites list. To address the need of the involvement with the community and the sports event taking place, the platform should allow interactions with other users, in real time through an **online chat** in each sports transmission or via **direct message for a specific user**. This also serves the purpose of connecting every user in the platform with all athletes and sports clubs. Moreover, the platform should have a **linkage with social media** (Instagram, Facebook, twitter) for users to share their favorite content with other people. This feature would also allow an increased engagement as well as advertisement for the platform. There should be a **settings menu**, where the user is able to manage the personal profile, edit the favorites list, pay a premium subscription or simply to stop subscribing Sport TV's services. Also, there should be a **download feature** that allows the user to download the content they want to watch to their devices and then be able to access it offline, thus increasing the ease to access the platform's content. Finally, the platform should provide the **option to choose the resolution and quality** with which the user accesses the content, in order to better adapt to internet and device conditions of all possible circumstances where the user wants to access the platform (Horiachko, A. 2020).

Product Features

Company added-value related features

In what concerns the **company added-value related features**, the ones that have to do with the internal functioning of the platform and generate extra value for the company. To improve the efficiency of the content delivery for each individual consumer, the platform should have a **content recommendation algorithm** that suggests content to the user based on their favorites list and on the content that the user usually watches. This feature would maximize efficiency in customizing the streaming service and would also avoid expenses with human resources for this purpose. **The geo-blocking feature** would allow to implement geographical restrictions to access the platform and control from where the users are trying to access it, to prevent any attempt of accessing the platform illegally. However, this platform has the potential for expansion to other countries in a further stage of development, therefore this feature could be very useful to manage the platform's activity in different countries. For the platform to be able to deliver a reliable video streaming protocol, with superior video quality (4K High Definition) and avoid functionality issues such as lagging, the platform should be equipped with a high and **stable bandwidth**. Also, to protect the service from the known problem of piracy, the company should invest in **security** for the platform by creating an encrypted signal that protects the service from illegal hackers that intend to take advantage of Sport TV's content, or illegal users. Then, it is also fundamental that the platform has an efficient and stable **storage system**, that would allow to store a great amount of content and make it available in real time. To answer this need, cloud services are the best solution available today and the most used amongst all the most successful platforms. For a smooth customer experience, that prevents the user from waiting to access the platform at a time where the platform is overloaded with users and that prevents the platform from crash, the company should also invest in a **content delivery network (CDN)**. Finally, the platform should be structured in a way that makes it possible for the company to **generate primary data about their consumers' consumption of sports content** (Horiachko, A. 2020). By generating internal data on consumers, the company can better formulate its communication strategy and provide a more customized service for each consumer in their TV channels. It would also allow the company to detect earlier shifts in consumer preferences and define their content strategy in their TV channels as well. The environmental scanning is fundamental for the company to survive in the long run, according to (Albright, Kendra 2004).

Regarding the gamification, the company could improve consumers engagement with the platform by capitalizing on the positive aspects that the new platform brings to consumers lives. For example, the fact the new platform creates a new community of sports, the interaction between consumers should be maximized in a fun and exciting way. Also, the linkage of the platform with the social media, will allow consumers to share their experiences with others and thus having an active participation in this new sports community.

Product Features

Ethical Concerns

Even though the company should maximize the number of consumers accessing the platform, and by doing so, to generate primary data on consumers to better improve its strategy and react to shifts in consumer preferences, the company should also pay attention to some ethical concerns, such as the **risk of addiction** by consumers and avoid **manipulation**. According to (Joseph, Rugai; Joy-Telu Hamilton-Ekeke 2016), the new digital age and all the breakthroughs in technology has brought new ways for people to access, react and consume information. Also, the constant access to the internet is changing the way that people relate with each other and this is illustrated in behavioral changes. The authors suggest that one of the reasons that possibly drives behavioral changes is the addiction that technology causes on the user. However, there is not a general consensus on this topic among researchers. Nevertheless, in this article, digital addiction is described as a *"behavior-oriented addiction and maybe described as the physical and mental dependence of digital services"*. From the several identified forms of digital addiction, the authors identify the *"Media addiction"*, that relates to addition of television, music, movies and video. Therefore, it is possible to understand that there could be the possibility that some consumers may incur into digital addiction by spending too much time watching the platform. This is an ethical concern for Sport TV, because there are several risks associated to addiction, such as suffering from anxiety and depression due to the amount of time spent on the platform and that leads to more stress, isolation and loneliness. According to the article, people that develop addictions are more suitable to develop new addictions such as alcohol, gambling, sex, among others. Once addicts feel isolated, they look for social acceptance online, which can even make things worst in terms of self-esteem. All the mentioned risk lead to a state of overall unhappiness. Sport TV should take this threats very seriously because even though consumers may love sports and be active followers, there could always be a risk of falling into addiction, and Sport TV has the responsibility of protecting its consumers from such dangers and do not take advantage of this situation for manipulation purposes. If there was a general awareness that the new Sport TV platform was associated with digital addiction and manipulation, it could be a very damaging reputation for the company. Thus, even though the company should maximize the gamification and engagement of the new platform, it should always have in mind the possible risks of addiction on the consumer side and the mentioned ethical concerns.

Product Features

What will be the content offered and how to select it?

Sport TV's platform must have content related with amateur sports available to watch at any time. However, it is also important that the **platform can broadcast live events (live streaming)**, to better allow consumers to follow and be updated on their favorite athletes and teams. Thus, the platform should have a mixed format, offering both live content and serve as a **storage ready to be consulted (on demand)**.

According to the interview conducted with a Sport TV manager during the primary research data collection, it was possible to understand that in the sports broadcasting industry, the content offered to consumers is decided based on the expected revenue that it will generate for the company and also the number of consumers that will be attracted to watch the sports channels, in an attempt to retain and increase the customer base. However, on a later stage, when deciding which content to offer, Sport TV should also be consumer driven and understand what are the other sports disciplines that consumers want to get access to.

In order to estimate what would be the sports disciplines that could bring more consumers to the platform, it is important to understand the context of amateur sports in Portugal and understand what are the sports disciplines that have a higher expression in the Portuguese market in terms of existing amateur clubs and competition level athletes (i.e. athletes that are members of the respective sports federation). According to (PORDATA, 2020) in 2018 there was a total of **678.706 competition level athletes** and a total of **10.939 amateur sports clubs in Portugal**. Regarding the competition level athletes is possible to draw a ranking of the 10 most populated sports in Portugal: Football (189.417); Swimming (89.755); Handball (49.661); Volleyball (44.739); Basketball (39.247); Mountain Climbing (25.915); Gymnastics (19.866); Tennis (18.839); Athletics (18.147) and Skating (16.587) closes the top ten. It is important to notice the Padel phenomena in Portugal that has been growing substantially since 2012. According to this PORDATA study, in 2018 the number of athletes in 2018 was 5000, however in 2019 that number grew to 7000 according to Almeida, M. (2019) and keeps on growing.

Product Features

What will be the content offered and how to select it?

During the primary research data collection, it was possible to infer that there is a high correlation between people who pay for sports content and practice sports. Thus, based on the previous data it is possible to identify what are the sports disciplines that would attract more consumers to the platform and which ones Sport TV should focus on. However, at an initial stage, the company might want to test the platform and understand what the consumer response is. Thus, the company should focus on the five sports disciplines with a higher number of competition level athletes (**Football, Swimming, Handball, Volleyball and Basketball**), and on a later stage could focus on increasing its offering.

However, each of the five mentioned sports disciplines has several competitions that are structure by the age groups of the performing athletes. The existing age groups for competitions purposes in Portugal are: Under 11, Under 13, Under 15, Under 18, Under 21, Senior (from 21 to 40 years old) and Veteran (above 40). According to another (PORDATA, 2020) study, from the existing 678 706 competition level athletes 66% are related with all the groups from Under 11 to Under 21, and 21% are related with senior athletes. Based on the principle that consumers pay content to follow athletes and teams that they are familiar with, at an initial stage, **Sport TV should include in its new platform all the competitions from under 11 to under 21 and senior age groups of the five mentioned sports disciplines**. By doing so, the company will be covering most amateur sports competitions within each sports discipline.

On a later stage, besides expanding to new sports disciplines in the platform, the company can also consider broadcasting veteran competitions. However, the company should, above all, build its platform in the future and improve it side by side with its consumers, by making use of the data generated in the platform and by proactively looking for what consumers are looking for. The company should invite the consumer to be the center of this platform and to drive the development of the platform, which in turn would be the development and rise of amateur sports in Portugal.

Branding

What brand?

According to (Keller, K. 2001), building a strong brand is of high importance for companies, once it is shown that **strong brands are correlated with good financial results**. The author provides a four-step model for brand building called “Customer-Based Brand Equity”, composed by the following **building blocks: Brand identity, brand meaning, brand responses and brand relationships**.

Brand identity relates to what extent consumers are aware of the brand, can identify its use and remember that the brand is a problem solver for a need they may face. The key factors for brand identity are brand depth, that is, how easily consumers recall or recognize the brand, and brand breadth, that is, the range of consumption occasions that the brand satisfies. A brand with strong identity, according to the author, is one brand that combines high brand depth and high brand breadth. Then, **brand meaning** is related with all the unique brand associations that are present in consumers’ minds regarding what is the brand performance (extent to which the brand satisfies customer needs, if it is reliable, efficient) and what is brand imagery (how people think about a brand abstractly, more intangible aspects of the brand, for example the user profile). To achieve a strong brand meaning the author identifies three important dimensions, in which the brand must perform, that are the **strength** of the brand associations in consumer’s mind, the **favorability** of those associations for the brand and the **uniqueness** of those associations, when compared with the one’s from competitors. The third building block is brand responses. **Brand responses** are the customer’s response to all the associations they have about the brand and in all interactions with the brand (eg. response to advertising, marketing campaigns, decision to purchase). Responses can be divided in brand judgements (what consumers think about the brand) and brand feelings (what feelings do consumers associate the brand with). The more positive are these responses, the stronger the brand will be. Finally, the last dimension respects the **brand relationships**, that are the established relationship between the brand and the consumer and the level of identification that the consumer has with the brand. This translates into behavioral loyalty, attitudinal attachment, sense of community and active engagement. **Brand relationships** can be measured by the intensity of the attitudinal attachment that consumers have and the frequency with which the consumer buys and uses the brand (Keller, K. 2001).

Branding

What brand?

The brand to be created for the amateur streaming platform must be built upon these four blocks, to have the desired impact for the company.

Thus, its **brand identity** should clearly convey a clear definition that lets customers know what needs the new service addresses, which are to access to live and on demand amateur sports content. It should be the top-of-mind brand when consumers think of amateur sports.

Then, its **brand meaning** should convey that the service performs very well, that it is reliable, efficient, effective, that has a good style and design, that its consumers can find there whatever they are looking for, that is the only platform in Portugal that connects the country around sports, that is the only platform in Portugal that promotes the development of sports in the community (brand performance) and on the other hand it should convey that the typical user of this brand would be someone that has a good personality and values linked to sports such as passion, thrive, willingness to improve and grow as person, that consumers can overall relate with and feel attracted to.

In what concerns **brand responses**, the new brand should create positive emoticons and responses in consumers . Responses such as excitement, fun, social approval, a sense of warmhearted or affection. Also, consumers must perceive the brand and the service beneath to have high quality, to be credible and to be superior to any other alternative in the market. Then, the aim for **brand relationship** should be to achieve and maintain high levels of brand loyalty, to create a community of amateur sports followers that proactively use and recommend the use of the new platform. If the goals of each building block are achieved, Sport TV would launch a very interesting platform with a powerful brand that would increase Sport TV's competitiveness and differentiation power. A possible name to incorporate all this strategy could be **Sport TV Play Amateur**.

Branding

What brand architecture?

The company is launching a new service of a different kind of content, thus it is important to create a new brand for the service. Once the company is being innovative and launching innovative content through an innovative platform, it would be beneficial if this service had **a brand that could take advantage of the high brand recognition and loyalty that Sport TV has in order to succeed faster**. Thus, it is important to understand how this new brand is supposed to relate with the existing brand Sport TV, that is, what should Sport TV's brand portfolio strategy (brand architecture). The purpose of a brand architecture is to make consumers understand the likes amongst all the different brands the company has and the distinction between them. It is then important to understand the different possible ways in which the company can organize its brand portfolio. According to (Ellefsen, B. 2018), there are **five different types of brand architecture**. Those are **branded-house, sub-brands, endorsed brands, house of brands** and **hybrid strategy**. Each one of these five strategies provide the company with different advantages according to each company's goal. The **branded-house strategy** is focused on having a parent brand that serves as an umbrella for all the other brands of the company (eg. FedEx Express, FedEx Ground). This strategy provides consistency to the brand and provides credibility for all the different brands that are associated with the parent brand. Moreover, it facilitates consumer's understanding of what the company has to offer. Regarding the **sub-brands strategy**, is similar with the branded house in the sense that it keeps the parent brand but gives higher importance to the sub-brand. This strategy also endows the sub-brand with the credibility of the parent brand but allows to clearly make a distinction between them. Then, there is the **endorsed brands strategy**, in which there is still a connection between the parent brand and the sub-brand, however the connection is very subtle (eg. McDonalds and Big Mac). It is possible to understand the link between brands, but it is not explicit, and the parent brand is not mentioned. The next strategy is the **house of brands**, and it consists of having completely different and separate brands for the different products that the company has. It is the case of Procter and Gamble, that has several different product offerings for different categories and has a different brand for each product, completely unrelated with the parent brand (eg. Gillette, Tide and Oral-B). This strategy serves the purpose of companies with several product offerings that are not related with each other. Finally, the **hybrid strategy** consists of combining more than one of the above-mentioned strategies (Ellefsen, Bettina Therese Rognås. 2018).

The main purpose of Sport TV with this new product development opportunity, is to differentiate itself from competition and increase its competitiveness. Thus, it makes sense that consumers can clearly identify that the new amateur sports' platform is a new service launched Sport TV. For this reason, it makes sense that the company adopts a branded house strategy for its brand portfolio and the new platform should have a brand where the parent name "Sport TV" is present and then a sub-brand is added (eg. **Sport TV Play Amateur**). Thus, the new brand would benefit from the strong brand recognition and strength that the brand Sport TV holds.

Feasibility

To understand how possible it is for Sport TV to execute this strategy, it is necessary to understand what are the **different requirements** that the company must meet to be successful and what are its existing resources that could be an advantage for Sport TV. The company should decide between developing its own platform or to outsource this service to a company that holds expertise in the area. Also, it needs to be understood how much the company would need to invest. Then it is important to be able to **distribute the service** to consumers in the desired formats. It is also necessary to **be the right holder of the broadcasting rights** of the sports competitions that the platform will broadcast. As a comparative example, the model of **Netflix** was used, due to the similarities and because Netflix is one of the most successful video platforms as seen before.

According to (Sagar, P. 2019), once one company decides to launch a new platform, it should look for the best supplier in the market, with experience in the sector. This will allow the new platform to remain competitive and be ahead of all others in technology aspects. A good supplier will know what works and what doesn't and will save Sport TV research and development expenditures to reach the same conclusions. Thus, the logic path for Sport TV to follow is to outsource the streaming platform service from a supplier. Even though Sport TV holds more market knowledge in the sports industries than its competitors, the same cannot be said in what concerns streaming technology knowledge. According to the same author, there are three possibilities to develop a streaming platform (by outsourcing). Sport TV can develop a complete "Netflix-like" streaming service that would include developing an iOS App, an Android App, back-end development, and front-end development. This solution would require an investment from 140.000€ to 190.000€ approximately. The second option is to develop what is called a minimum viable product (MVP), which is a very basic version of the platform that has only the fundamental features to function properly. This option would cost between 84.000€ and 114.000€ and is most used by companies that do not have budget for a complete solution like Netflix. The third option is to buy a Netflix-like platform clone, and then rewrite the code to adapt the platform to Sport TV's needs. This last option would cost around 7000€ to the company. However, the author advises against this option due to the lack reliability of clones in delivering the desired experience for consumers. Given the company's circumstances and following the same principal applied in the content selection, the option to follow should be to **create a minimum viable product**. This would allow to have a smaller investment requirement and the opportunity to keep on improving the platform as time goes by with higher consumer knowledge and higher knowledge of how this segment of the industry is developing.

Feasibility

Regarding the **convenient accessibility of this platform**, Sport TV could continue to benefit from being owned by the three major TV operators in Portugal (MEO, NOS and Vodafone) to keep delivering their services to consumers with relative ease and with cost advantage when compared to its main competitors

In what concerns the **sourcing of amateur sports content**, Sport TV's task might not be so straight forward. There are already some sports federations and sports clubs broadcasting their own competitions and games through video streaming, by using platforms such as Facebook and YouTube to reach consumers. Once this is an unexplored market, Sport TV could benefit from the **first mover advantage** and be the first company to show interest in the development of amateur sports in Portugal. According to Professors Lieberman, M. and Montgomery, D. (1988), companies can benefit greatly from being the first company to execute a particular strategy: **Establish the company's products or services as industry standards; reach consumers first and benefit from strong brand recognition and loyalty; may be able to control key resources or contracts with key suppliers and technology leadership by reaching an absolute cost advantage**. Indeed, Sport TV could benefit from these advantages by developing partnerships with sports federations, where Sport TV is responsible for leveraging the amateur competitions of each federation by delivering it to all consumers in Portugal. By associating a particular sports discipline and competition to the brand Sport TV, amateur sports federations would benefit from an exposure and advertisement they cannot afford and that would place them in every Portuguese household. In exchange, they would broadcast all their sports competitions in Sport TV's platform only. The same sort of partnership should be developed with sports clubs. These **partnerships** would allow the company to develop a strong relationship with the brand, stronger loyalty and recognition and could even increase the number of customers willing to pay for a premium subscription in Sport TV's TV channels. Also, these partnerships would provide Sport TV with exclusive content of amateur sports in Portugal, thus outcompeting Eleven Sports.

However, Sport TV would not be capable of recording every match of every competition of every sport discipline the same way it does for its TV channels, because it would demand a greater team of reporters and human capital. Nevertheless, Sport TV could take advantage of the existing phenomena of amateur streaming and allow and capacitate all clubs and sports federations to record their own matches directly to the new Sport TV's platform. The company could develop a **welcome kit based on mobile technology and an online learning and training platform to provide clubs, federations, and athletes with a "do it yourself" procedure, assuring broadcast standards and contents with minimum quality for broadcast**. This would allow the company to deliver more content with less expenses in human resources, thus improving its operational margin and its competitiveness. Regarding the existing resources the company holds and that should be used, the company could take advantage of the know-how of the reporter's team and content management team to optimize the content management in the new platform.

Product Summary

The primary research study revealed that **Sport TV should launch a streaming platform to deliver amateur sports content** to the Portuguese consumers. This platform will respond to the **needs of team / athlete support, the possibility to follow a sports discipline they love and to be part of a community of people that share the passion of sports**. Also, by launching this platform Sport TV would be directly related with the **development and promotion of sports in the Portuguese culture and society**, thus increasing its **brand recognition and loyalty**. The **platform** should be **designed** based on two building blocks, that are **consumer value and company value**. Regarding customer value, the platform should be designed in a way that maximizes customer experience, engagement and allows for a customization of the service. Also, it should allow to develop the sense of community and promote interactions between consumers within the platform. Then, it should be designed in a way that maximizes the value for the company, making use of the best technology, such as algorithms that allow for a good and efficient customization of the service at the lowest cost possible, a proper functioning that allows several users using the platform simultaneously and at the same time allow the company to generate primary insights about consumers, that help in better understanding customers needs in real time. **Concerning the offered content**, the company should focus, at an initial stage, on the five most populated amateur sports in Portugal that are Football, Swimming, Handball, Volleyball and Basketball. Moreover, the company should broadcast all competitions from the age groups from Under 11 until Senior level, to reach 87% of the total amateur sports athletes. On a later stage, the company should integrate other sports and veteran level competitions. **In terms of branding**, the company should launch this new platform with a new brand, that is clearly associated with the parent name Sport TV, to endow the new service with the strength and brand recognition of the latter. Thus, a branded-house strategy should be used. The name Sport TV should be kept, and a sub-brand should be added, for example **Sport TV Play Amateur**. Finally, to make this platform a reality the company should make an **investment from 84.000 to 114.000€** to build this new platform and should outsource a technology expert with experience in the sector to deliver and manage the platform. The amount corresponds to a **minimum viable product** that will incorporate all the necessary features for proper functioning and will allow continuous improvements and developments according to the knowledge of the industry that Sport TV will collect over time. This will allow the company to be always ahead in comparison with its competitors. To source the new amateur sports content, the company will need to innovate and find another cheaper way to deliver sports competitions to consumers and should take advantage of the existing streaming phenomena and capacitate sports federations and clubs to broadcast their matches directly into Sport TV's new platform, **through the delivery of a welcome kit for sports clubs and federations**. Also, by tapping into this amateur sports segment, the company would benefit from the first mover advantage, set the standards in the industry, and increase its brand recognition and loyalty.

Conclusion

The launch of this new platform of amateur sports content in the Portuguese market is a solution that provides a response to the organization challenge that Sport TV is facing, which was : "**How can Sport TV defend its threatened market leadership from aggressive competition in Portugal?** . At the present time, Sport TV faces the fierce competition of Eleven Sports, who holds a higher financial power and is able to bid higher amounts of capital to acquire the broadcasting rights of professional sports competitions. As previously mentioned in the internal analysis, Sport TV was able to increase its revenues from 2018 to 2019, however its profitability turned into a huge loss. This was a sign that Sport TV was not being able to compete in the same way Eleven Sports was. Thus, it was necessary no find different ways to increase Sport TV's competitiveness, to keep the business not only survival but also sustainable growth. The implementation of this new product development strategy, would respond directly to the stated organization challenge, but also would contribute to have more satisfied customers in the Portuguese sports industry because the company would be able to listen to what its customers are demanding and would be differentiating its offering from all competitors, attracting new consumers to Sport TV, possibly making people that do not pay for sports content to start doing so and also to “steal” some consumers from its main rival Eleven Sports. Moreover, by launching this platform, the company would be able to increase, on a medium to long-term period, the brand awareness and loyalty, extending from one side its capacity to convert potential customers from the early consumer ages across all its products and channels, as well as reaching a devoted consumer target, normally closed and forbidden to address due to under 18 ages, resulting on an extremely wider range of potential advertising products and companies. All the mentioned factors combined contribute to increase the **competitiveness** of the company, which was the primary goal of this study and contribute with extra revenues that would improve the company's **profitability**.

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Appendix

- Tables
- Graphs
- Theoretical background
- Primary and Secondary Activities of Sport TV

Appendix

• Tables

Content	Football											Motosport		Basketball		Tennis	Cycling	Surf	Combat	Rugby	Volleyball	Horse riding	Sailling	Athletics	News, Debates, Interviews
	Portuguese League	La Liga	Ligue 1	Premier League	Bundesliga	NFL	Serie A	Champions League	Europa League	European Qualifiers	Nations Cup	Formula 1	Moto GP	NBA	Euroleague										
Sport TV	x			x			x		x	x	x		x	x	x	x		x	x	x	x	x	x	x	
Eleven Sports		x	x		x	x		x				x					x	x	x						

Table 1 – Sports content of Sports TV vs Eleven Sports

	Sport TV	Eleven Sports
Market Knowledge	Higher	Lower
Market Share	80%	20%
# TV Channels offered	6	6
Attractive Price	29.99€	9.99€
Package		
Number of Channels offered	6	6
Full HD Technology	Yes	Yes
Available in PC / Laptop	Yes	Yes
Available in Smartphone / Tablet	Yes	Yes
Available in TV Operators (NOWO, NOS, MEO, VODAFONE)	Yes	Yes
Available in Smart TV (Chromecast, Apple TV, Samsung TV, Android TV)	No	Yes
Compatible APP with IOS and Android	Yes	Yes
Independent from operator	No	Yes

Table 2 – Comparison of Sport Tv vs Eleven Sports

Appendix

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Criteria	Main Response
Top-of-Mind Brand	Sport TV
Who pays for sports content	Family member / Own Respondent
Preferred moment to watch sports	With friends
Preferred place to watch sports	At home / Sports facilities
Preferred format	TV
Reasons to watch sports	To follow own club / Sports competition

Table 3 – Premium sports consumer profile

Criteria	Most Voted
Favourite TV sports channels	Sport TV / Eleven Sports / Eurosport
Relevant Factors	Content / Quality / Price
Frequency of consumption	Once or twice a week
Top-3 Most used social media	Instagram / Facebook / Youtube

Table 4 – Premium sports consumer preferences

Criteria	Score by order importance	% of responses
Variety of sports content	5	55%
Quality of transmission	5	38%
Pricing	5	37%
Availability in different formats	4	37%
Brand Trustworthiness	3	33%
Package Deals	4	33%

Table 5 – Criteria for subscribing Sport TV's services

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Knowledge of Sport TV's content from 1 to 5	Average score
1	1,3%
2	9,2%
3	26,3%
4	43,4%
5	19,7%

Table 6 – Knowledge of Sport TV's offered content

Level of experience with Sport TV's channels	Average score
1	2,6%
2	6,6%
3	21,1%
4	55,3%
5	14,5%

Table 7 – Level of experience with Sport TV's channels

Length of Sport TV subscription	Average score
< 2 years	17,1%
2 to 5 years	32,9%
5 to 10 years	17,1%
> 10 years	32,9%

Table 8 – Length of Sport TV subscription

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• Tables

	New product offering possibilities	Average score
1 st	Broadcasting amateur-level sports competitions Creating a streaming platform (eg. Netflix) Content related to an ignored sport - Padel	22,4%
2 nd	Broadcasting amateur-level sports competitions Content related with Sports Bets Creating a streaming platform (eg. Netflix)	15,8%
3 rd	Broadcasting amateur-level sports competitions Content related with Esports (online gaming) Creating a streaming platform (eg. Netflix)	11,9%

Table 9 – Sport TV Consumer - New product offering possibilities responses

Criteria	Main Response
Paid TV Channel Watched	Eleven Sports
Meaningful factors to subscribe	Content / Quality / Price
Meaningful factors to subscribe Sport TV	Content / Price
What would consumers like to see in Sport TV	Amateur Sports

Table 10 – Non sport TV consumer

Appendix

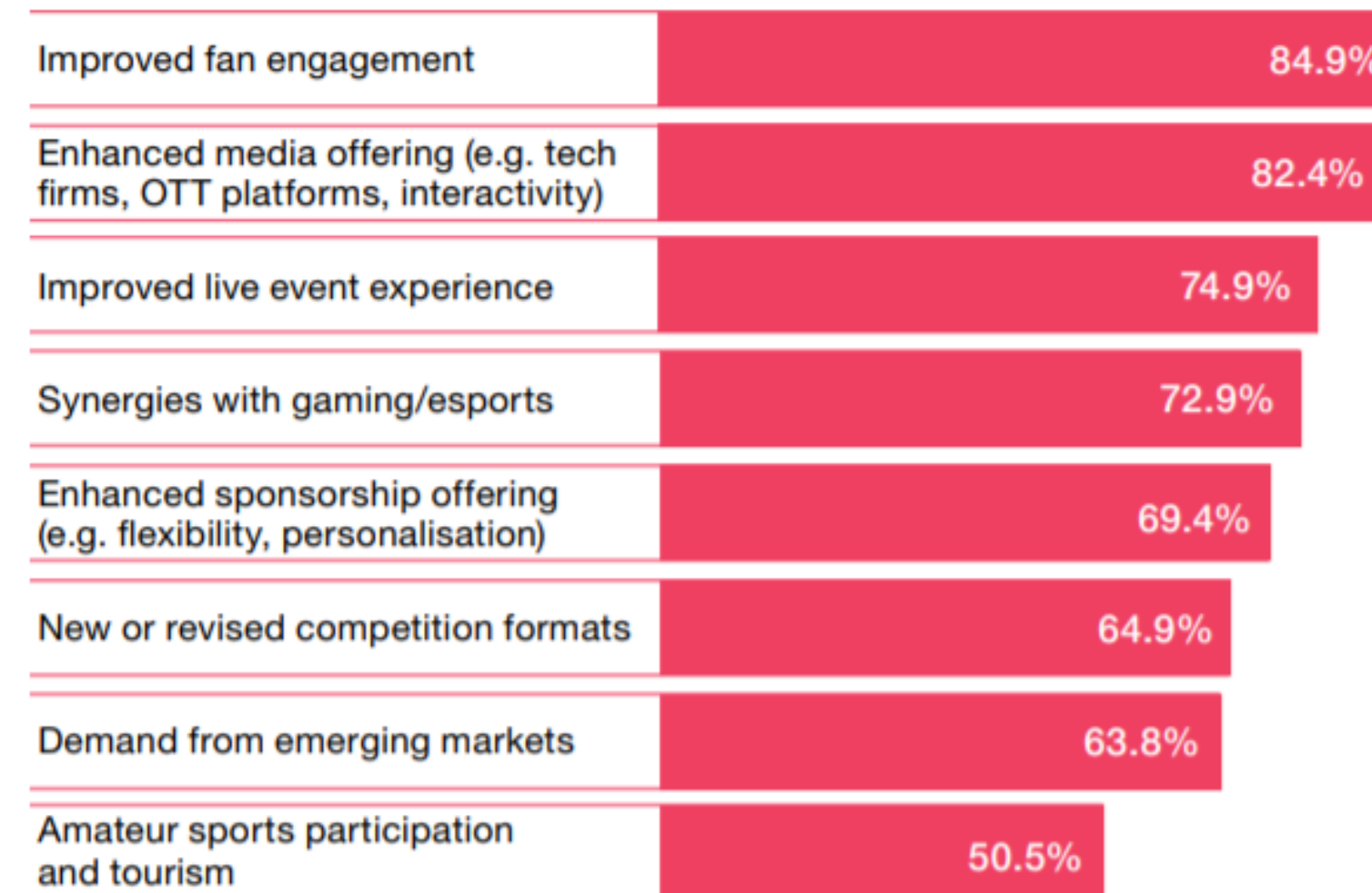
- Graphs



Graph 1 – Sport Potential Revenues

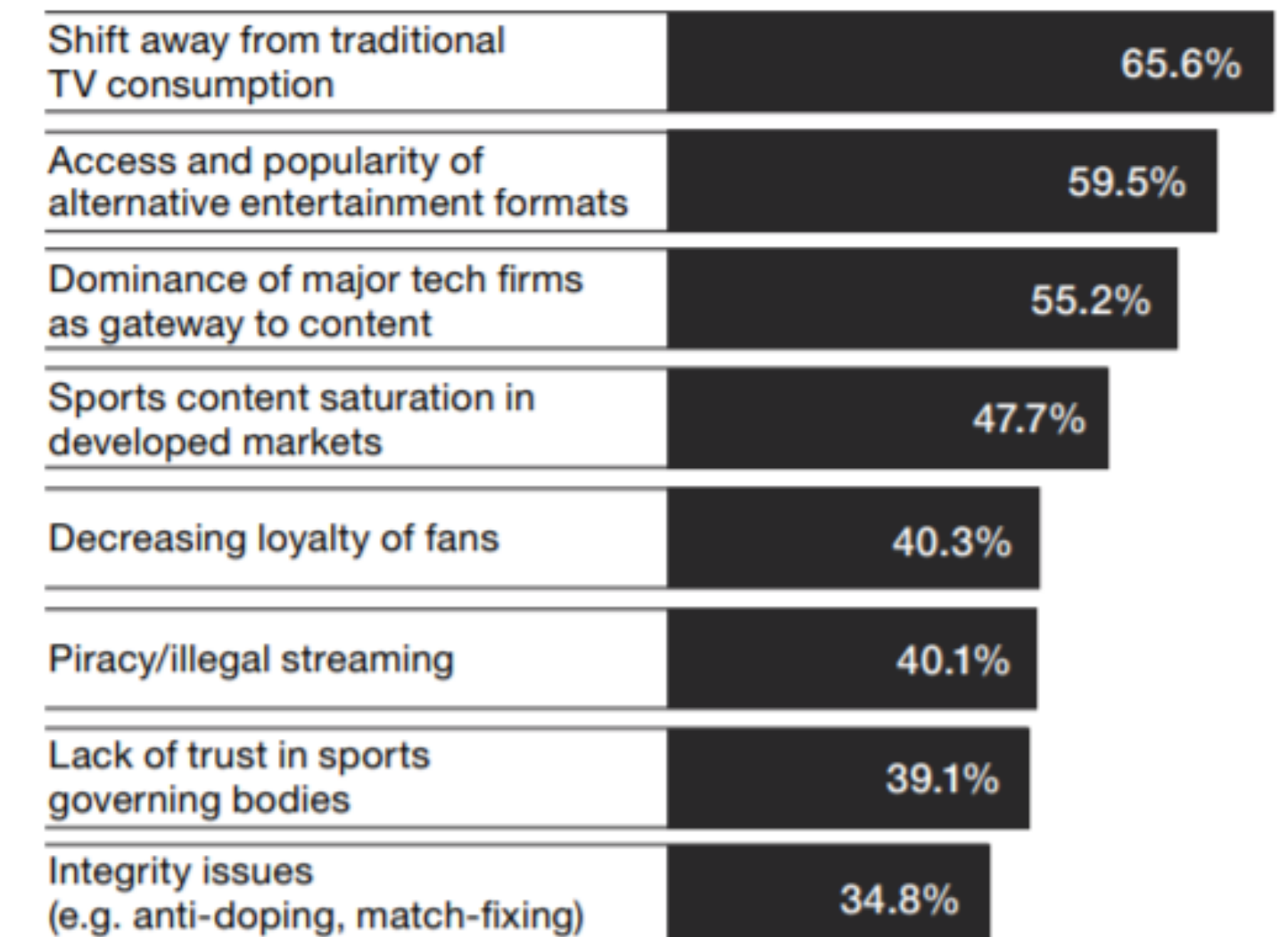
Top opportunities to increase revenues in the sports industry

Percentage of respondents, Top 2 box (“above average” and “very high”)



Top threats to revenues in the sports industry

Percentage of respondents, Top 2 box (“above average” and “very high”)



Graph 2 - Top opportunities and threats in the sports industry

Theoretical Background

The study of literature has enabled us to analyse Sport TV and its ecosystem in great detail, as well as reaching an organization challenge to address, due to the following two cornerstones.

Marketing is related with overall business performance:

- In Morgan, Neil A. (2011) Marketing and Business Performance, the author guides us through all the particularities regarding marketing and how does marketing impact overall business performance.
- According to this article, marketing capabilities are developed “*when individuals and groups repeatedly apply their knowledge and skills to combine and transform resources in ways to contribute to achieving the firm’s goals.*”
- Those marketing capabilities are amongst others, market research, new product development capability and strategic market planning.

Constant awareness of changes in firm ecosystem as a formula for success:

- In Albright, Kendra S. (2004) Environmental Scanning: Radar for success, the author mentions that environmental scanning is “*the internal communication of external information about issues that may influence an organization’s decision-making process – can identify emerging issues, situations and potential pitfalls that may affect an organization’s future*”
- Looking for trends can lead to business opportunities to the company and threats that might arise in the future.

Regarding the value chain, Sport TV develops some of the main activities considered primary, secondary activities and there are also some activities where the company is forced to outsource due to high capital requirements. The following division between primary activities and secondary activities was made based on the Value Chain model from Michael Porter.

▪ Primary activities

Within primary activities it is possible to identify some activities :Inbound logistics, operations, outbound logistics, marketing and sales and customer service.

Inbound logistics are related with all the relationships between the company and suppliers and include all the activities required in order to receive, store, and disseminate all the inputs. In this regard, Sport TV has two groups of suppliers. The suppliers that sell broadcasting rights for the sports competitions, both competitions in Portugal and abroad, and suppliers that record the competitions that take place in Portugal that are outsourced by Sport TV. The company maintains good relationships with suppliers, being able to broadcast almost all sorts of sports competitions in the Portuguese market. However, the recent entry of another player in the Portuguese market (Eleven Sports) has made the prices of acquiring broadcasting rights to rise, thus harming Sport TV's ability to broadcast all types of content. In what concerns the activities required to receive, store and disseminate inputs, the process works as follows: Sport TV purchases the competitions broadcasting rights and receives the signal of the competition transmission in the antenna of its headquarters. After this, the company uses TV distributors to take their content to consumers' homes. On top of this transmission, Sport TV can insert live comments from Portuguese commentators, to improve consumers' experience and these are company's employees that work directly in its headquarters in Portugal. Finally, Sport TV has an archive department where it holds all the transmissions that were ever broadcasted in Sport TV channels since 1998 and that are accessible at any moment.

Moving on to the **operations**, that are all the activities necessary to transform inputs into outputs, it is possible to identify some major activities. In what concerns competitions taking place in foreign countries, Sport TV is only responsible to receive the signal, assign it to one of its channels and assign commentators that are specialized in that sport. In the case of sports competitions taking place in Portugal, it is necessary to outsource a company that holds the material to record a sports event in any kind of facility (eg. Football stadiums), once Sport TV does not hold equipment for that. Then the company also allocates one employee to be with the outsource company directing the transmission (i.e. choosing which camera to appear in each moment, focus a particular player or fan, etc.). Another important activity is to allocate reporters to each sport event, to make interventions in the sports facilities before and after they happen, to collect reactions of coaches and athletes and record press conferences. Finally, it is also needed to allocate sports commentators and to assign the sport event to a particular TV channel. Overall, it is required to create a map with all sports competitions that will occur in a particular month and allocate sports commentators and reporters accordingly.

- **Primary activities**

Regarding **outbound logistics**, that are the activities related with the distribution of the product, Sport TV contracts the TV operators in Portugal that are (NOS, Vodafone, Meo and NOWO) to take all sports content to the consumer. In what concerns **marketing and sales**, the company has a marketing and sales department that is responsible for many activities: Managing the relationship with advertisers in order to sell add space on the TV channels and in social media accounts; Buying add space in different places in order to communicate Sport TV's product (e.g. radio stations, newspapers, other tv channels, outdoors, social media); Managing the company's website in order to keep it updated with the latest content, price promotions and to engage with consumers; Managing all social media accounts and finally working together with TV operators to understand how the number of subscribers is evolving. The last primary activity is **customer service**, that is, all the activities required after the consumer makes the purchase, to make the consumer to purchase repeatedly. In the case of Sport TV, this activities are developed by the marketing and sales department as well and include a phone line which the consumer can contact, an email address to contact Sport TV's customer service employees. All the previous activities allow a direct contact between the consumer and the company. Then, there is also the Sport TV's newsletter, that is sent every week to inform the consumer about the sports events that will take place and that Sport TV will broadcast. Finally, Sport TV runs satisfaction questionnaires once a year to understand how to improve its service and better meet consumers' needs.

- **Secondary activities**

According to the same model by Michael Porter, secondary activities include procurement, human resource management, technological development and infrastructure. **Procurement** has to do with acquisition of inputs for the firm, in this case the acquisition of broadcasting rights. Sport TV assesses which are the sports contents that will generate more traffic to its channels, that is, the competitions with greater demand. The company has an annual budget for sports broadcasting rights acquisition and has to bid for this sports acquisitions according to the available budget and expected generated revenue. Regarding **human resources management**, that involve all the activities related to recruiting, training, developing, compensating and dismissing employees, Sport TV has an internal department that oversees all these tasks. In what concerns **technological development**, Sport TV owns very advanced equipment to broadcast live sports events, being the first company in Portugal to ever broadcast an HD and 4KHD transmissions. It also has an internal software to aggregate all information regarding the transmissions of all channels, that is available all day, from every computer in the building to ensure that all employees can develop their jobs and have access to information. Also, its 22 years of existence have provided the company with knowledge in efficient work procedures. Finally, regarding **infrastructure**, the company has several departments with different functions to coordinate the company's activity: The above-mentioned Marketing and Sales and Human Resources Management departments; department of finance and accounting; a creative department to create Sport TV's own adds; a department to manage all content within TV channels and to manage all reporters; an IT department; a department to manage the reception of sports competitions' signals and incorporate them in the TV channels and an administration council, directed by a CEO to decide on the company's strategy.