

UNIVERSITY OF KWAZULU-NATAL

The Impact of On-Field Performance on a Sports' Club's Revenue Streams:

The Case of AmaZulu Football Club

By

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Declaration

I, Mali Mdletshe, declare that:

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Abstract

Financial institutions and economists have begun accepting the concept that the sports industry plays a major financial and economic role in society. In turn sports teams and their brands have become a major source of income for the teams and stakeholders and a method of recreational activity for societies who are the fans. These teams rely heavily on the financial support from their sponsorships, incentives they receive by participating in their respective leagues and tournaments, merchandising and gate ticket sales. This research worked at ascertaining whether there is a link between teams on field performances and whether these can be linked to a potential to increase their revenue stream through their marketing demand sponsorships, sales of merchandise memorabilia, the incentives from the respective leagues as well as the ticket sales to supporters. The research was conducted with the realisation that not every team can win the league or cup but that good performances enable teams to survive and be profitable which in turn enables clubs to build and potentially challenge for their respective honours. A good example being a mid league table club, Leicester City winning the English league. Data mining as well as academic literature were applied to compare whether good team performances shared a common pattern with the potential for a team to increase revenue. Secondary data was supplied by AmaZulu Football Club, based in Durban, South Africa. The secondary data included information regarding the performances of AmaZulu FC in the Premier Soccer League, ticket sales, marketing demand for the club advertising space, league incentive payout as well as jersey merchandise sales. These are presented as figures and tables based on data covering a four season period beginning at the 2011/2012 season until the end of the 2014/2015 season. This data identified that when the team performed well there was a general increase in supporters coming to the stadium resulting in increased ticket sales. Good team performance also saw an increase in interest from the general public therefore leading to an increase in interest in the team and therefore advertising space became valued more. By virtue of performing well the league incentive payouts to the team were substantially higher when the team finished in higher log positions than when they finished in lower log positions. Merchandise sales did not follow similar patterns and a change in jersey sponsor in the 2012/2013 season was identified as a probable cause for fluctuations and a note for further research has been identified in this

category. Amazulu FC team management were also surveyed on their opinion of the link between good team performance and the potential to increase revenue for the team.

The study found that performance certainly impacts on revenue generation in terms of ticket sales, merchandise and sponsorship. It is thus of vital importance that clubs have good team performances as a key growth strategy as that alone can ensure that the club remains profitable and thus potentially competitive in the league. This research was not designed to establish the extent to which good performance leads to cups and league success.

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CHAPTER ONE – INTRODUCTION TO THE RESEARCH

1.1 Introduction

This research identified the interdependence between AmaZulu Football Clubs on-field performance and whether this is translated into financial success for the team as a business. The variables being measured are between team performance (dependant variable) and an increase in revenue (independent). Within the South African football context we have seen Durban club Manning Rangers winning the South African Premier League title and subsequently then relegated and having financial woes. In 2016 , South African football club Moroka Swallows achieved great financial and team success in the 70's and 80's have since been relegated twice in two years and are known to be under heavy financial constraints. This study is assist management to understand that success is not only about winning trophies but also concerns understanding that adequate revenue generation is important so that the cash flow can exceed the outflow and thus good performances should translate into additional revenue. The chapter presents the background information of the study and also the motivation for it. This is followed by a discussion of the value of the study and its problem areas. This leads to the purpose and research methodology of the study and finally the limitations and the structure of the research.

1.2 Background

The research attempts to identify the interdependence between AmaZulu Football Clubs on-field performance and whether this is translated into financial success for the sports team as a business. AmaZulu Football, a South African football club, can be classified as a middle to low tier club in the country's premier soccer league. During the 70's and the 80's, the club enjoyed great success in both domestic and cup competition , however since then the team has seen a steady decline due to their average to poor performances from the 90's to date. This has not come without its negatives as the club has changed owners several times over the years due to a lack of positive revenue generation. The importance of this study aims to assist sports

organisations such as AmaZulu in understanding the importance of a winning culture as a means of positive revenue generation. This chapter outlines the motivation and focus of the study. It also outlines the main issues of the problem statement, research objectives as well as the research questions needed to be investigated.

1.3 Motivation for the Study

The expansion of financial reward in sports as an industry aligned with the timing of sports becoming professional in South Africa has created a potentially lucrative industry for South African Soccer, Rugby and Cricket codes. However many of the shareholders that invest into these businesses do not fully understand the industry that they have become involved in or are considering becoming part of. Managers, CEOs, financial directors, marketing and sales experts as well as all expertise from all commercial fields are brought on board by sports organisation to be part of the strategic planning process for their respective brands in an attempt to grow the revenue streams' available in the market. This has seen the movement of the sports team's finances being shifted into building bigger team brands to make the team more attractive. Teams are looking at occupying bigger stadiums to bring on more fans, with some teams even going the route of partnering with paid television broadcasters in order for supporters to see the day-to-day activities of the club on TV.

As much as these avenues are important aspects to consider when attempting to grow any team business brand the world of professional sport contains an element to it that most individuals (especially if they have never been part of a sporting organisation) do not understand. This element, whether or not the team have the budgets to treat their fans, cannot be substituted for on-field team victories and performances. This research looked at whether there is balance between on-field team performances and the ability for the team to generate additional revenue from ticket sales, merchandise and incentive payout.

1.4 Problem Statement

According to Rockerbie (2013) winning more games attracts more spectators who in turn spend more money by purchasing tickets, food and beverages, team memorabilia and an increased demand to charge outside companies for advertising space as well as potential revenue that can be earned by finishing or even winning tournaments. The opposite is true should the team perform poorly. The problem that was researched was to analyse data by means of data mining of records at AmaZulu Football Club to determine whether on-field performance affected revenue streams in terms of ticket sales; memorabilia as well as advertising and sponsorship. In addition the researcher interviewed team management to understand the impact on-field performance has on sports' clubs potential revenue streams using AmaZulu Football Club as the subject of research.

1.5 Research Objectives

1.5.1 Objective One

To investigate the interdependence between AmaZulu Football Club on-field playing performances and if there is a link with a team's ability to increase revenue. The level of performance; along with the revenue assessed were based on a four season period from the 2011/2012 to the 2014/2015 season.

1.5.2 Objective Two

Research into the four key revenue generation platforms for AmaZulu Football Club to investigate where and how the teams' revenue stream was affected based on the teams performances and assessed based on the team's ticket sales; merchandise sales; competition incentive payouts as well as advertising space demand.

1.5.3 Objective Three

Determining if AmaZulu management are aware of the extent to which good team performance contributes towards club revenue and eventual club viability; noting that all too often club success are judged by individuals and the media on if the clubs win trophies.

1.6 Research Questions

This research was conducted in order to test AmaZulu Football management understand the importance of the need to be financially sound in order to be successful. The reality being financial sound means being able to sell tickets, memorabilia and advertising space and this can only be achieved by good team performances.

Question One

Is there an overall interdependence that exists between AmaZulu's on field playing performances and the team's ability to increase revenue?

Question Two

From a monetary perspective, can it be identified if AmaZulu's revenue stream is affected based on the teams performances, by examining Ticket sales, Merchandise Sales, Incentive payouts and advertising space demand?

Question Three

Are the management of AmaZulu cognoscente of the contribution of the supporters and AmaZulu's on-field performance have on the clubs capability to generate good revenue?

1.7 Significance of the Research

As indicated, the research investigates the cause and effects of on-field team performance and their direct relation to revenue generation. The study aims at concentrating on the direct contributing factors to an organisations revenue indicators and how they are managed better for a sporting organisations. This study provides:

1. An understanding for the coaching and team management staff on the bigger role their strategic planning for the team has for the business as a whole. Beyond the aspirations of being competitive, on the field their plans can provide a platform for business growth.
2. Useful information for sports organisations board members and shareholders on avenues to consider when discussing growth strategies for the business.
3. Stakeholders who are currently involved or are considering becoming partners with various sports organisations can gain insight into the cause and effect relationships that exist with team performance and how much of an impact this may have on their business as a stakeholder with the sports organisation.

1.8 Limitation of the Study

The study does not take into consideration other sporting forms/codes. The research only assessed AmaZulu Football Club. In the research there was only an assessment of a football team within the South African Football Association. One cannot be certain that the recommendations can be applied universally as this was a small scale study and open ended questions at one football club.

The basis of this research was done on one club who do not have the country's most diverse support group in terms of gender and race. The research therefore is limited to a specific

demographic group which does not necessarily reflect the entire target population of supporters of football teams in South Africa as well as globally.

Further investigation needs to be done on the contributing factors on the merchandise sales. The four year time frame in which the investigation was conducted requires a larger window to receive a more accurate understating. Research into the merchandising category requires a stable merchandise agent with a long standing agreement so that the research may highlight whether jersey design, price, the merchandising sponsors footprint in the market or all of the above are additional contributing factors over and above performance.

Data collected for ticket sales revenue even though it is assessed on a game by game basis does not factor in fluctuations based on a multitude of factors. Factors that may affect fluctuations include popular teams playing against AmaZulu, public holidays, day of the week (Saturday / Sunday versus a mid week game). This also requires further investigations because there is a lot confidence in the theory that there may be other contributing factors to attendance figures.

1.9 Chapter Overview

Chapter 1- Introduction

In this chapter the research introduces the topic as well as the motivation and a brief background of the main elements of the topics being assessed. The research objectives, research questions as well as the limitations that the research will face are addressed.

Chapter 2 - Literature review

This chapter contains academic review of work done prior in this field of study. The literature review will provide insights into the different fields of research done on team performance vs. revenue generation, more importantly the role they play in ticket sales, merchandise sales as well marketing sales volume in the form of advertising spend and television broadcast rights.

Chapter 3 - Theoretical framework

This chapter focuses on how the research was approached from a methodology perspective. The chapter discusses the data mining research methodology used, the target population as well as how the data was collected. Validity and reliability of the research as well as how the data analysis was conducted is noted.

Chapter 4 - Research results

This chapter contains data and the investigation which will also including an interpretation of findings. In the chapter the data investigated is subdivided into categories of AmaZulu team performance, match day attendance and ticket sales, advertising space evaluation, merchandise sales, annual incentive payments made to the team by the league as well as responses from informal discussion had with team management.

Chapter 5 – Conclusions and Recommendations

This chapter will provide us with the conclusions and any recommendations based on the research objectives set out in chapter one. Recommendations are provided for the executive board members and chairman, coaching and team management staff as well as the public relations and marketing staff of the team. Suggestions for further research were also outlined in this chapter.

1.10 Chapter Summary

This chapter has provided the research problem, as well as the objectives and the questions that need to be answered. The next chapter examined places particular attention and focus on academic literature that is relevant to answering the research questions and objectives.

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

The literature review continues the investigation through the use of academic research and theories of authors who have conducted empirical research into the fields of sports ticket sales, sports merchandising as well as human behaviour based on team success. To effectively interrogate the theories and link them to the research objectives, the literature review is broken down into four subsections. These sections are the business of winning, ticket sales revenue in sports organisations, sports merchandising, marketing and sponsorship in sport as well as team identification.

2.2 The Business of Winning

According to Cowen (2008) many economists of the 20th century have stressed the fact that having a winning team not only increases the potential revenue stream of the sports organisation but also has dramatic and positive economic outcomes for the people who live and work in the city that the respective team plays in. Cowen also mentions that even psychological academic literature may even suggest that a winning fan eventually becomes a bigger spender to the sports organisation, because of the eventual ripple of success the team's success has. The team's successes see supporters becoming harder workers who work longer hours and shop more passionately towards to the sports organisation, which in total assists the economy. Cowen (2008) mentions that hypothetically, a winning sports team can create a team's fans to feel better about the team and therefore be more inclined to spend more of their disposable income on the organisation. He points out that consumption of a local sport's team offerings tend to stay local and therefore the spending will consistently show up in the city of the well performing sports team. Cowen also points to the fact that the economic boost may come from a sense of greater confidence, an increase in the market labour supply as well as any other forms of supply-side effects.

In summary it can be established that having a winning team not only creates a sense of pride and achievement of team goals but also has the potential to increase the revenue stream of the sports organisation. Based on the academic literature the source of the increased revenue can be found from what is defined as the winning fan. The winning fan has been established as the normal fan who attends every single game but the feeling of winning and being involved with a winning team can make this individual want to become a bigger spender to the team. Once many of the fans band together they become supporters who want to work harder, do longer hours and shop more passionately towards the sports organisation

2.3 Ticket Sales Revenue in Sports Organisations

Summers and Morgan (2005) emphasise that the important objectives of any sports ticketing programme is to add value to the supporters match day experience. This is done by adding good team performance, pre and post-match entertainment as well as any sponsor redeemable prizes if available.

According to Bouchet, Ballouli and Bennet (2015) a strong ticket sales management is a vital element in the functional activity for the success of any sports organisations business strategy. This is emphasized for professional sports teams because the majority of them rely extensively on gate ticket takings as a primary source of income. This is similar to organisations in the recreational as well as the leisure industry, such as golf courses, which are also dependent upon admission charges as a main source of revenue.

According to Beattie and Yeoman (2004) the basis of creating correct ticket prices for teams in order to recuperate the market value revenue for their teams is still a science that needs to be understood by team management. This science, when implemented correctly, can be created into a strategy that base their inflation on ticket prices based on performance of the team, revenue needs of the business, public relations with the supporters, the market allowing for the increase in ticket prices, team identification as well as the pricing structure of the average prices of all the other teams in the league.

Howard and Crompton (2004) emphasize the importance of ticket sales by observing many teams which are able to consistently sell their most expensive tickets to corporate and businesses, however that business model trend leads to problems. They mention that the corporate fan is a very fickle source of income because they become very selective about which game they choose to spend their personal free time as well as potential client entertainment time to attend a match. Even though the sports organisation has a confirmed sold but unfilled ticket, this has major ramifications on the business because a ticket sale is a lead to a potential further source of match day income. This may come from the food stands, buying print media such as the team magazine, paying for stadium parking or even buying a piece of merchandise on the day. In the bigger picture of it, what Howard and Crompton are pointing out is that the sale of a match day ticket as important as it may be for the gate revenue but it also has a ripple effect on other match day potential revenue streams.

2.3.1 Dynamic Ticket Pricing

Miller and Washington (2014) assess the elements of dynamic pricing for the ticketing sales process of sports organisations. They base their theory of dynamic pricing on a market-based pricing also known as variable pricing, which is intended to cause variations in single-game ticket prices based on demand. By managing the sales of tickets in this manner the teams can adjust their normal ticket price by increasing them even on the day of the match. Various software programmes have been created to be used by teams to adjust the variable prices to be based on the team's previous ticket sales, the teams' opposition, what day and time the game is, who is playing and most importantly the demand of the ticket that day based on previous performances. In a report done for a Major League Baseball team it was reported that once they implemented dynamic pricing for their season they were able to increase revenue by almost \$900,000 by simply adjusting their prices based on the factors mentioned above.

Shapiro and Drayer (2012) state that demand for tickets for sports matches relies on whether the consumer finds any other forms of entertainment beyond the sport, because if they can, demand then decreases. The general income of the population of watching the game; the amount of people available to watch in the general population size and the team performance at any given point in time plays a major variable in determining the demand price for the tickets. They further

suggest that variability in recreational sports ticket prices exists at all times. With prices escalating when the team goes through good performances and the prices decreasing when the team performs poorly. Their work also extends to looking at merchandise and other additional revenue streams for the teams following the same basis of performance.

In considering the various stakeholders that also benefit from increased ticket sales influence by increased team performances Schoettle (2012) examines the success of various ticket sales companies is scoring faster than the sports teams it represents. Many top managers in the ticket sales business are of the belief that there is a strong demand for what they provide. Schoettle further reveals that sports teams have discovered that working with a third-party who opts to specialize in the fields of ticket sales distribution, merchandising and sponsorship sales creates the potential to bring in a far greater source of extra income rather than trying to do it in-house themselves.

Rubin (2014) examines the success of American basketball team The Toronto Raptors and how much of difference the process of winning can do for their business. Since the team's advancement into their local NBA league playoffs to the championship position they have seen a spike in ticket sales for the first time since 2008. Rubin (2014) finds that the Toronto Raptors sold 3,000 more season tickets than any other previous seasons which resulted in boosted sales in almost every category such as food stands and merchandise stores, which was also indicated by Crawford and Hampton. It can be found that the team's success on the field of play was so well received that the team also considered implementing a self-imposed cap on for the sale of season-ticket. Rubin also finds that the season-ticket boost also showed a marked increase of tickets for single games that mainly included opening night as well as games that had teams who had big name stars as well as successful seasons the year before. Rubin (2014) explains that when a team does well there is an increase in demand and interest for the team, which follows the similar patterns that are seen for sports team that have a successful playoff run.

According to Scott and Masterson (2014) sports franchises have the power to increase match day attendance and ticket sales in consistent ways by putting a well performing team as well as a winning product on the field. They do however feel that even though this may be a solution to a problem, it has a tendency of being inconsistent from one team to the other.

2.3.2 Entertainment Sells Tickets

Classens (2015) reports on the former success of South African rugby team The Blue Bulls by paying close attention to the teams immediate run off from success to a dip in form over the last few seasons, with the last time the team won a major tournament being in 2010 when they won their second Super Rugby title. Classens mentions that The Bulls are still adopting a non entertaining game that not only does not gain favour with the fans but also does not yield winning results on the field. Classens (2015) mentions that their fans match day attendance as well as their ticket sales numbers have decreased greatly, with the team releasing an annual report stating that the team has seen a decrease in match day attendance and therefore a decrease in ticket sales of 34% from 2013 to 2014. Figures from the Blue Bulls annual attendance figures estimated that in 2013 and 2014 the stadium had 485 154 and 427 026 spectators respectively that went through their turnstiles. On average the union estimated to have averaged 24 619 spectators in 2013 and then 16 434 in 2014 per game. These figures pale in comparison to their 2007 attendance that saw over one million spectators attend matches at Loftus at the beginning of their three year run as Super Rugby Champions. Classens (2015) argues that an entertaining style of on-field performance and winning rugby is the best option for The Blue Bulls rugby team to increase their attendance figures in 2015 and that even though The Blue Bulls Super Rugby squad looks great on paper it is what happens on the field that matters.

Ironically the report also indicated that Mamelodi Sundowns, the football club that shares Loftus Versveld with the Blue Bulls, has seen an increase in attendance for their matches. In 2013 and 2014 the football club saw an increase of 27% and 46% in 2013 and 2014 which was the season they won the South African Football Premier League title (2013) and the season they were second place (2014). From the two seasons it was identified that team performances had a major contributing factor to the increases in attendance figures for the club.

Borland (2015) in his assessment of South African rugby between 2011 to 2015 makes mention that he holds a firm belief that the South African Rugby Union (SARU) would need to establish a structured way forward if they would like to see an increase in spectators coming back to the stadiums and watching games again. He mentions that the South African Rugby union would even need to keep up with the times and do away with the amateur management of the union. His reason for such remarks were based not only on the poor performance Springboks over a four

year period but also due to their boring and unentertaining style of rugby that they had established in order to try and win games.

Borland (2015) bases his argument on the fact the current Springbok Rugby coach Heyneke Meyer over four uninterrupted years was not able to win any trophies', failed to balance his teams correctly from a transformation perspective and thus gained him even more enemies and most important of all, all spectators and neutral supports have openly criticized the coaching staff for creating a regressive game plan and style of play for the team. Borland feels that these three factors are what continuous to make even the avid Springbok rugby supporter turn their back on the team and prefer to stay home rather and watch the game than waste their hard earned disposable income coming to the stadiums .

According to Borland (2015) in his assessment of sports and the value in entertainment, makes mention of a visit to a rugby match played between South Africa and Wales where he went with the Federation of International Hockey president. During the game the president makes mention that he finds the game unbearable and boring but not because it is a sport he is unfamiliar but more of the mundane nature of the style of play. Borland explains that as a result sports organisations need to understand that they are under consistent pressure to keep their audiences consistently interested and entertained otherwise the value of the viewership dwindles. The value in sports as a business is that it is about entertainment first and the teams have to give the fans what they want

Based on the statements and improvements made by Fairweather (2015) in national hockey, the latest figures pulled up for hockey suggested that in South Africa interest in hockey grew from 18% to 28% between 2013 until 2015. Fairweather was also able to confirm that even the Federation of International Hockey, with their new stance on entertainment value being important, have since been able to double their income over five years.

Sports teams such as AmaZulu need to continue to attract new supporters if they are to survive in the long and to do this clubs need to be successful on the field and be financially sound.

Borland (2015) continues that the current Springbok coaching team had successfully removed all the flair from the Springboks and in essence the coaching staff is no longer giving the fans what they want to see but in fact playing the team into the ground to save their own jobs, but at whose expense? South African style of unentertaining rugby has even been compared to that of the old Argentinean style that was very negative, boring and was needed to just win games which was understandable for the Argentineans because they needed to survive versus the other world super powers.

Borland (2015) mentions that even social media surveys conducted on whether people were happy with the style of play adopted by the Springboks and whether they wanted the current coaching staff to stay on board and a 88% of the fans said no they do not like the new none entertaining style of play and would be grateful if the current coaching staff were given their marching orders. The South African Rugby Union ignores the fans – their customers at their own peril which as a result creates a poor spectator attendance and thus decreased opportunities to increase revenue.

2.3.4 The Theory of Revenue Sharing

Many authors have questioned the concept of revenue sharing and have even entertained the idea of not having any prizes for winning and that a team's participation is completely independent of a competition's incentive payout. Palomini and Rigotti (2002) however have argued that without an incentive to play, perform well and win there may be negative impacts and effects on the overall demand of the competition and possibly even purchasing of match day ticket sales because of the lack of incentive for team owners which then has a knock on effect on the players lack of enthusiasm. As mentioned by Palomini and Rigotti (2002), should a sports team have nothing to compete for during the season then the fans will not be as highly supportive of the competition. They may even doubt the integrity of the actual competition which creates a ripple affect negative effect on demand to watch that team in the competition. Therefore lack of revenue sharing as a factor in team performance has a negative impact on demand and a team's profit.

In preparation for a season, the respective leagues will generally announce the allocation of prizes for the respective positional finishes ranging from prize winner's purse all the way through to the losers share. They would then sell their competitions broadcast rights to all the relevant television networks and then finally the respective teams will then compete against each other to win.

At the beginning when a competitive league chooses an incentive reward structure scheme which is based on a team's outcome at the end of the tournament, the creators of the league and incentive structure are well aware that the decisions they make have a strong influences on how the respective competing teams will participate in once the competition begins. As a result, the league creators and organizers are well aware of the amount of revenue incentives for the teams' influences and correlate with the overall demand for that sport.

In summary the concept of ticket sales and match day attendance, as mentioned in the literature, is a very important aspect in the revenue generation of a sports. As mentioned by Bouchet, Ballouli and Bennet (2015), ticket sales are very vital in the functional activity for the success of any sports organisations and its business strategy. A majority of them rely on gate ticket takings as a primary source of income. From this it can be established that creating correct ticket prices for teams in order to recuperate the market value revenue for their teams is a science that if implemented correctly can be created into a strategy that teams can base their inflation on ticket prices solely on performance of the team. From this one can observe the importance of having well performing teams not only to be able to sell gate tickets to the supporters but profit margins can also be increased to benefit the business should the team be performing well.

2.4 Sports Merchandising

According to Cane and Conahagen (2008) the concept of sports merchandising involves the commercial capitalistic use of a team's name, logo and any other trade mark images or words that can be associated with a team or an event in order to sell goods or services. Sports merchandise is mostly described as team replica shirts, jerseys, flags, caps, bottles and any other

form of clothing that have the teams' logos and images. Team owners will more often than not, give licensing agreement rights to third party agents who can either produce the merchandising solely, distribute solely or allow third party agents who can produce and distribute merchandise. Cane and Conahagen (2008: p782) describe licensing as "the contractual relationship which underpins merchandising. Rights owners will often grant a license of their intellectual property to third parties to manufacture products using their logos and names and then collect royalties," (Cane & Conaghan, 2008).

Cane and Conahagen (2008) elaborate that a licensing relationship is usually formed by the owners of the rights to the images and trademarks who then enter into contractual agreements with key strategic manufacturers whom they allow to produce the merchandise for them and in return receive payment for their services. The contracts usually will have stipulations as well as agreements stating which licensed rights are to be manufactured and in what manner; the time frame which the manufacturers is allowed to reproduce those rights; the limitations in the territorial restrictions in whom they can produce for in specific states; the goods in respect of which those rights are licensed, standard operating procedures for quality control as well as the details of the payment structures. The ownership of the intellectual property associated with the trademarks and logos always remains the property of the business unit of the sports team; however the licensee can be granted to any third party giving them the right to use the rights for the duration of the terms of the license. The types of licenses that are made available to third party agents are either made to be exclusive or non-exclusive which are divided on a territorial basis, with the payment for services rendered mostly done by paying an initial fee which is then supplemented with a royalties based payment determined either by looking at units sold or the amount of revenue generated by sales of the merchandise. The third party agents also gain some or other form of a benefit merchandising companies also benefit from the actual sales revenues and the agreement to include the rights to have their own logo on the merchandise in the form of sponsors. The granting of the merchandise rights is often exclusively for the products that the elected which merchandiser makes, which internally increased the quality of the product and thus enhances the value of the rights with legally licensed products are referred to as 'official merchandise'.

Cane and Conahagen (2008), mention that a problem with counterfeit merchandise is that it plays an important role in the devaluing of the official merchandise. Most of the counterfeit merchandise is often manufactured with average or below standard quality assurance standards and as a result decrease the value of the rights owner's brand.

Giroux (2013) discusses the importance of merchandising in sports by emphasizing the competitive environment that sport franchises in today's environment operate within. In doing so many franchises are forced to use a variety of different strategies to attract the fan whilst enabling the team to create an additional revenue stream for their budgets. Giroux elaborates that sport franchises need a good understanding of their fans in order to create the emotional attachment between the teams and their fans, which they can then use to create trust and loyalty. Due to an increase in the importance of merchandising and the levels of revenues that it can create, the sports franchise needs to create a diverse amount of strategies for their fan base as well as increasing the identification with their teams.

According to Giroux (2013) the consumers buy sports merchandise for utilitarian and experiential motivations. Furthermore, fans do it to support the team on and off the field. Also, sport fans often consume products for the sacred meanings related to them and are involved in different types of rituals. Finally, the construction of the personal and the social identity through the consumption of sports products seems to be the main reason why consumers buy diverse products. Respondents who perceived the team to be related to their perceived or desired selves had a stronger desire to express their identities by affiliating themselves with the team and other supporters. In addition, Giroux (2013) believes that the expression of their personal and social identities by individuals with diverse connections and emotional relationship with the team conducted to a stronger identification. Finally, the strong identification with the team will lead to greater consumption of products and merchandise related to the entity.

2.4.1 Legal Implications of Sports Merchandising

Liu (2011) looks at how sports business and their competitive leagues have begun working hand in hand with marketers in being aggressive in their ability to license their team trademarks as

well as the image rights of players. He finds that both sports clubs and their leagues can now raise a larger amount of additional revenue from merchandising and other licensing rights activities. According to Liu (2011), sports organisations and their respective leagues achieve this by producing and selling replica merchandise items into the market like jerseys, key chains, mugs, wallpapers, etc. Liu supports the theory that if a team can have a successful season this can lead to an increased visibility of the team, by means of more televised games and, as a result generate substantial additional income from the merchandise sales.

Additionally Liu (2011) finds that with the continued pattern of aggressive licensing by the teams and leagues of their trademarks and rights, we are seeing a stronger campaign by the sports clubs and leagues against business and individuals who sell their merchandise and trademarked goods without permission to resell these items.

Morgan and Summers (2005) discuss the use of merchandising as an extensive revenue stream because almost any form of apparel that can have a sports team logo can be sold as a piece of merchandise. They also emphasise that merchandising is also used a promotional tool to stimulate additional revenue, create a team spirit as well as stimulate fan morale. These are all to create a strong and loyal fan base for the club.

In summary it can be established that sports clubs in leagues around the world have created a new avenue to raise additional revenue by participating in merchandising and other licensing rights activities. As mentioned by Giroux (2013), the consumers purchase the sports merchandise as part of their motivation towards their teams, they do it to support the team both on and off the field. Based on the evidence provided in the literature one can support the idea that merchandising is a very important instrument in the building of the sports team from a business strategy and therefore the importance to keep the fans happy through good team performances ultimately will lead to more dedicated fan who is willing to spend their disposable income on any merchandising the team is willing to license and put out to sale.

2.5 Marketing and Sponsorship in Sports

It will be noted in this section that marketing of teams is important in order to create awareness of the team and the forthcoming fixtures. Sponsorship of teams is often a business decision and sponsors will only sponsor where they get mileage, good exposure and this is usually linked with success. This is evident from the literature.

According to Jones (1998) the business of sponsorships as well as merchandising agreements are usually looked at from two different negotiating extremes and thus separately because they most certainly possess far different elements. The division of sponsorship agreements are there to highlight specifics surrounding elements such as branding for a team's kit, as well as the team stadium's home ground for naming rights, the use of the sports organisations logo and the teams players if the club owns the image rights, which are to be used for public relations involving the gate tickets and VIP passes. The division of merchandising agreements are done when companies want to utilise the loyalty base of the fans of the club in order to be able to sell the licensed merchandise of the club to the public. These items to be sold would include all manufactured products that consist of replica team wear, kitchenware products, stationary products, any videos, computer software programmes, as well as any publishing opportunities. The manufacturers of these items are legally allowed to be able to produce the items under a license agreement to which they are entitled to pay a royalty fee for the ability to use the intellectual property and trademarks of the sports organisations in order to make a profit. These functions are efficient and effective methods to assist in connecting the fans with the sports organisation and as a result it becomes extremely important and critical that every single merchandising programme is done under the strict supervision and control of the sports organisation or a licensing agent. Jones (1998) further discusses that both the sponsorships and merchandising agreements are strategies that are considered to be long-term projects and as a result they need both parties involved to have strict and well planned strategies that forecast for up to five years. Jones (1998) believes that the closer you get to the consumer the greater your exposure, which is both a benefit and a risk, so your planning, execution and feedback must be precise and be done timelessly.

According to Rosca (2013) for the sports organisation, a relationship with the fan is a very important cornerstone that the club must consistently monitor and manage correctly. This is because a relationship with a fan that has value translates into benefits for other stakeholders who in turn will reap value. Television broadcasters' purchase broadcasting rights for matches in an attempt to build audiences and obviously the audiences will be poor if spectators do not choose to watch the specific teams being televised. In order to stimulate a certain amount of viewership the respective team needs to deliver a good valued performance to their fans. Sponsors sign partnerships with clubs hoping to deliver their advertising message to the public. In order to receive more money therefore financial value from sponsors, the sports organisation has to provide a large fan base to which they can advertise. For enlarging their fan base, clubs have once again to deliver value to fans. Adding value to the fan-relationship further translates into additional value for the key stakeholders of the sports club.

Martinez and Janney (2015) define the process of sponsorship fit as a created link between the corporate sponsors and the team or event being sponsored and the functional fit of the sponsorship process as the perceptions that are created between the sponsor and the sponsored team or event sponsored activity. Martinez and Janney (2015) assess that ability of sport identification is more often than not dependent on the market share that the team title sponsor has and how in sync the brand positioning is with the team or event being sponsored. In summary the authors identify that when the fans see their teams doing well they cognitively associate the success of the team to the title sponsors and their products and services, and when all opportunities are fair and equal the title sponsors products and or services are able to create a perceptions of being related to the team and or event and as a result become much more easily identified within the general market and with being a sponsors of the team or event. As a result, the major buying powers actions that consumers decide to embark on are usually dependent on spectator's level of a perceived connection between the team's title sponsor and the event that is being sponsored. Their purchasing intentions are thus also consistently and positively influenced by the positive associations toward the title sponsors which are identified as a correct and appropriate fit. Matinez and Janney (2015) find that high team identification with a sports team is very effective in creating and developing a perceived fit with firms that are willing to sponsor. They use the example of Danish brewing company Carlsberg who became sponsors for the

UEFA's Euro 2012 soccer championship. Beer being the most frequently consumed beverage at sporting events there appeared to be a greater perception amongst fans with the brand and sport and therefore a natural fit between drinking beer and watching sports. Martinez and Janney (2015) also point out that even though beer and as well as other beverages and snacks can be viewed as being complementary at sporting events, the companies that make merchandise and apparel makers can also enjoy a sense of fit to the team. This is done by them through the sponsorship of shoes or kits, which tout not only team loyalty, but also the aesthetics.

According to Close, Lacey and Bettina Cornwell (2015) there will be a consistently strong link between the quality of a sports-event and the actual events enthusiasm toward their sponsor. The quality of the event, which is mostly judged by the performance of the teams, can assist in creating the fans positive attitudes toward the organisation who are the main sponsor's. Spectators who are more visually inclined are more than likely to have a stronger association between the quality of the performance and as a result a more positive attitude toward the main sponsor of the event. In conclusion, a sports event that produces a better positive recreational environment is more than likely going to strengthen the spectator's positive attitude toward the sponsor's products.

Close, Lacey and Bettina Cornwell (2015) state that cognitive research identifies that there are two elements that can be found in event sponsorship and these are the theories of exchange and the theory of leveraging. Under the theory of exchange it mentions that an event sponsors links the event and the sponsor, where the sponsor will receive the right to be part of the event and be able to associate themselves for compensation fees. Under the theory of leveraging event sponsorship the sponsoring organisation is allowed presentation of their branded logos, any products and banners.

According to Faganel and Britana (2013) the evolution of the business and professionalism of sport is one that has become highly competitive, to the extent that the importance of achieving results has become of utmost importance. Aligned with the professionalism, the role that working capital now plays for sports teams has risen sharply over the last few years and as a result the role sponsorship plays has become that of the main source of assets for teams. In most

cases sponsorship effectiveness is measured in similar ways to advertising which involves looking at media exposure of the sponsor through the team performances.

Faganel and Bratina (2013), claim that the business of sport sponsorship has grown from the immediate relationship combining a corporate name to a team brand and or stadium. It has however been defined as a triangular association between teams, sponsors and the fan where a common ground must first be achieved between two equivalent products which are then bound together to create some affinity between them through social currency. The business of marketing and corporate sponsorship has grown immensely in scale for the professional sports sector. What has been important in this is the capability to measure the returns on the investment have been made by assessing, total match day attendance, supporters' consumption, sales following the match as well as the amount of air time the team gets in order to get media mentions, exposure as well as an expected reach in the market.

According to Horowitz (2014) businesses that form marketing partnerships, sponsorship deals and are the rights holders care strongly about their partnerships and are continuously looking for innovative ways to measure their marketing campaigns and statically analyse that the sponsorship strategically works. Horowitz explains that the sponsors must get involved in the analysis process so that they can better understand what is to be measured and to harmonize on the required metrics of the partnership so that the business and the sports organisations know what and how to track the agreement. With all the available academic literature in sports marketing research, a sponsor can better understand what their sponsorships can and should yield in terms of a return.

According to Mooney (2014) the fan likes following a particular brand because of the association with their specific team with over 30% of supporters wanting to connect with the title sponsor to make some form of purchase because of the brand association. But if the supporter does not have a strong association and feels that the association may be causing more harm than good to the team it can just as easily have the exact opposite effects on the brand.

Crompton (2015) discusses football sponsorship from the corporate perspective by stating that when and if a football team does well the brand follows in the same direction. However when the

team fails to perform at the required levels, especially in major tournaments, this inevitably limits the amount of return on investment for the sponsors. The risk of poor competitive performance by a team affects the nature of their potential sponsorship because corporate tend to focus more on teams and individuals within a sporting event, rather than the event as a whole. This is because sponsors hold close to the notion that in sports there are winners and losers. From this perspective Crompton explains that when brands and corporate companies feel that they are being linked “with a loser” it is very unlikely that any form of positivity feelings that are felt by the people that are emotionally invested with the sports team will be transferred to the sponsor. Crompton (2015) emphasizes that a racing car or horse that either always finish last or crashes out during a race, hardly projecting a winning image. An example used by Crompton (2015) was that of the bad reputation picked up by Lowe’s Home Improvements who were the title sponsors of Charlotte Motor Speedway. The business had invested approximately \$35 million to have the naming rights of Charlotte Motor Speedway, which was subsequently involved in a series of major accidents which included an accident. The first accident involved a massive amount of debris from a car wreck that was ejected directly into the spectators there on the day and resulted in the death of three fans. The second accident then followed when a pedestrian bridge collapsed and injured over 100 people. With a third accident coming from an explosion at the speedway which sent plywood hurtling into the crowd injuring four people at the event. As a result, two of the Lowe’s stores were bombed in retaliation for the accidents and since then companies have chosen to add clauses to their naming rights agreements to enable them to terminate their contracts if anything occurs which may have a negative impact on the company’s image or reputation. Crompton mentions a comment made by Flemming (2000) that a name on a facility following and then name and image are part of negative scenario is equivalent to turning lemonade back into lemons.

According to Flint (2014) team spectators who watch the games from their televisions at home are soon be more of value than the fans who come to watch the team at the stadium. Even though all sports teams main source of revenue remain ticket sales, the sale of media rights to public broadcasters and paid television companies is strongly closing the gap and growing at a much faster rate with corporate sponsorship is also on an incline whilst merchandising will see little if not flat growth in the future. Flint (2014) further mentions that the business of awarding naming

rights will continue to steadily become a primary driver of revenue of teams in the sponsorship category.

In summary, the identification of sports team is usually dependent on the market share that the team title sponsor has and how in sync the brand positioning is with the team or event being sponsored. When they see their teams doing well they begin a cognitive process of association the success of the team to the title sponsors, their products and services, and as a result become much more easily identified within the general market and with being a sponsors of the team or event. The scenario is every sponsoring company's marketing dream and companies are therefore are willing to pay high demand prices for the title sponsor spaces which ultimately translates a higher revenue generation for the associated team. These scenarios also can be seen with the relationship that exists with television broadcasters who are more than willing to purchase broadcasting rights for matches at more lucrative prices should the team be a better performing team who are in higher demand, in an attempt to build audiences.

Ultimately the poor competitive performance by a team can affect the nature of their sponsorship because the sponsoring company may hold close to the notion that in sports there are winners and losers and their brand cannot be associated with a losing team.

2.6 Team Identification

2.6.1 Understanding Team Identification

Lui (2011) discusses that the team's fans play a vital role in the success of the sports team and the overall enterprise of sports in general and based on this it becomes apparent that the fan is an important contributor to a team's economic success because of their tickets purchases for games, increase of demand by watching games on TV as well as spending money on merchandise. Over and above, the fans are undoubtedly very passionate about their teams.

Jang, Ko and Olmsted (2015) have assessed the spectator based reputation by constructing a framework named the spectator-based sports team reputation (SSTR). This framework was

created because of the increased recognition and the importance of managing the fans perception because they have been identified as representing a major proportion of key stakeholders of the sports organisation. The framework and study view that there is multi-dimensional perspective on reputation and by studying it in this manner develops a much more comprehensive scale for the sports team reputation, because spectators are different and each spectator may evaluate different dimensions of reputation and as a result assign different weightings to their individual dimensions. Jang, Ko and Olmsted (2015) define the SSTR framework as perception of a sports team based on their spectators' reaction interactions and experiences with the team's activities. These team activities include: a) team performance, b) team tradition, c) team social responsibility, d) spectator-orientation, e) management quality and f) financial soundness. Studies have debated that all spectator interaction and experience with their respective teams form a very a crucial dimension when assessing and determining the perceptions of a sports team.

The teams' reputation from a team performance perspective found that for team's assessed, product quality was a very important dimension of the sports teams' reputation because the product (which in this case is this team) creates a crucial connection with customers. In the sports industry the sports team and team performance are identified equivalently on the levels of product quality where the fans perception to their teams rely heavily by their infield performance. The reputation of management based on quality management was also identified as an important factoring in team reputation. It was identified that an effective management team is also part of the components that assist sports teams in building a strong and positive reputation. This translated into the sports team means that the leadership capabilities of the administrators are important for building sport teams as leaders in their respective leagues and as a result the team's management and quality are determining factors for the spectators' reputation perception.

In summary, Jang, Ko and Olmsted (2015) established with the SSTR framework the important role of the spectator experience that the results show management quality and the teams performances were the strongest predictors of the spectator-based sports team reputation. The evidence collected in the SSTR is consistent with the literature review around the marketing and

management that has stated that quality of an organisation has a substantial influence on the evaluation process of reputation.

According to Bennet (2008) the sports team's fans are only really happy when the team wins, and ironically has an effect on sectors of their personality in that they feel smarter, more athletic, luckier, and even more attractive. Additional research has also been found that suggests that the very same self-confident supporters grow an increasing likely-hood to become more successful and as a result showing that the successes and failures of their sports heroes become their own.

Bennet also suggests sports psychologists have found trends linking the losing consistency of the teams with a tendency to make fans unhappy just as the equal and opposite reaction of winning brings joy to them. Evidence found in research among West Germans civilians during the Cold War established that the citizens came across as more pleased with the nation, the economy, their employment and pride with their national soccer team just after their team won a game at the 1982 World Cup. The fans live and appropriate the successes and failures of their team like their own children. They almost even take the accomplishments of their team as a reflection of who they are and how they participate in society.

Schechner (2013) examines the work of psychology professor Edward Hirt, who found that fans saw their opinion of themselves go up and down dependant on how the team did that month or that season. Over a few years Hirt conducted various studies on sports fans after they watched a game that involved their teams and then asked them to do a few simple tasks to test their mental and cognitive capabilities. Hirt discovered that both men and women showed increases in their capabilities and confidence for all the tasks after their team had won, and an equal and opposite reaction when their team lost a game.

Bennet (2008) investigates the economic impact of a winning sports team and how this might translate and cascade down to the fans of the sports organisation. The investigations discovered that when teams won they performed well, played an entertaining style of play and won games as well; the team saw an almost immediate boost in their income.

According to Stieger, Gotz and Gehrig (2015) a sports events, when followed strongly, has an influence on human emotion. They stimulate many emotions such as joy, anger, frustration, depression and enthusiasm. The authors allude to the German national football teams that had a rather surprising successful performance during the 2006 World Cup. Just with their increase in performance they were able to increase the countries identification with the team which resulted in an increased wave of national pride from the fans, this human cognitive phenomenon is known as the feel-good effect at mega sports events. This according to Stieger, Gotz and Gehrig (2015) is an effect that is very consistent with the theory of the team identification social psychological health model, which states that once team identification, has been established with a team, this creates a social connection.

Stieger, Gotz and Gehrig (2015) tested the performances of the German soccer team at the Soccer World Cup 2014 hosted in Brazil had an effect on the cognitive behaviour of their supporters during the tournament. In totality the results showed that there were effects felt on supporter's well-being are more pronounced during their failures. Tests were also done to test the emotional distress on English Premier League supporters when their favorite team were faced with and then had been relegated. Stress levels were found to be fundamentally higher and in summary their findings concluded that good performances at sports matchers in general have a bearing and influence on supporters well-being, like their health and moods. They do however identify that their work is limited because the supporters that are being investigated in most if not all cases, have been assessed after the matched had taken place therefore they had to remember how they really felt instead of how they actually felt right there and then. The other reason for their limitation is because the past literature and field studies had been done on highly committed sport fans and question whether these effects are transferable to a general population.

According to Hilgers, Porsche and Maening (2010) the theory of the feel-good effect which occurred during the 2006 FIFA World Cup, was significant, making the event in Germany a great success. The German teams produced what was deemed an unexpected success by the home, created an important feel-good effect within their domestic population. The overall performance of the home team compensates for the lack of sporting success.

Hilgers, Porsche and Maening (2010) further discovered that participation opportunities or avenues to participate with the team are also very important as a form of consideration. They cannot be limited to just being at the stadium and doing what they define as an experience-oriented arrangement of the games in the stadiums but they should be offered a heterogeneous spectator experience. This was done in Germany by the transmission of the World Cup via free television, the construction of fan parks for free. Their paper acknowledges that a substantial amount of the factors that contribute to the feel good effect from the World Cup were not under anybody's full control, including the team management and event organizers. The factors that are deemed as contributing to the creating of the "feel good effect" were the success of the home teams as well as the good weather.

2.6.2 Supporters Vicarious Support

Vicarious identification motivation has been a factor that has also been identified to exist within sports fans. Similar to the loyal customer that is considered a key contributor to a business's profitability and success so too is a fans loyalty viewed as the strength of a team's competitive advantage. The factors that help build fan loyalty have been the subject of extensive research. Many research projects have focused on the factors that influence fan loyalty have been based on the school of thought that sports fan loyalty is built on a fair team performance played by the teams and players. Hu, Tsai and Hung (2012), researched and documented work looking at sports fans and how their support grows strongly towards a player or team whom they can look upon to make them and the identification of the team more proud. They identified many aspects that may lead to loyalty but more specifically vicarious loyalty whereby fans identify a team's victory as them winning and not simply the entity playing on the field as winning. In this article they identify that fans are more likely to be inclined to select and support a team with a better performance which increases their likelihood to get a sense of achievement.

Vicarious achievement, by the authors, is identified as the most important aspect for a fan in team identification. This is a good perspective to drill down into, especially because the need to belong by the fan to the team is the most important aspect of revenue generation for the team. Many fans and supporters identify with teams in this manner as it fulfils them with a personal sense of achievement as well as being within a successful sphere. These fans don't tend to stop at

just buying tickets but they also purchase merchandise, consumer media functions of the team and are not strongly price conscious to what the team may offer.

Wu, Tsai and Hung (2012) illustrate their concept of vicarious identification by emphasizing that fans believe that they receive personal achievement and an increased sense of self esteem especially when their teams are doing well. Wu, Tsai and Hung mention that “fans that are searching for the fulfillment of their vicarious achievement motive, they are more likely to celebrate by saying “we won” when their favorite team wins. Moreover, fans are inclined to select a team with better performance, thus have a higher opportunity to get a sense of achievement.

2.6.3 Team Identification and the Marketing Process

Giroux (2013) assess team identification from a sport marketing perspective. She believes that it is of utmost importance to investigate the factors that create the fans willingness to show their own specific identities through their teams, which can be stimulated by teams when using their various managerial tools. From this Giroux states that three sets of results will be perceived by the team’s fans: Consumers will have the desire to express their personal and social identities through events and products related to the team. This self-expression desire will lead to a stronger identification to the team. The identification is a crucial factor for the sport organisation. The strong bonding and emotional attachment can have extremely positive impact for the team. Indeed, the creation of their identities through products will lead to a deeper attachment to a team. Finally, all those factors will increase consumers’ consumption of derived products.

Qualitative questionnaires conducted on the fans indicate that the team has a strong relation to the supporters own personal identity, and as a result they consume more products which are related to the team. The fans who had a stronger social identity also allocated more of their disposable budget on a monthly basis. From a social identification perspective Giroux’s (2013) research results show that fans who perceive the brand to be highly related to their social identity consume more products related to the team and also allocate more of their monthly budget to the purchasing of products related to the team. The studies demonstrate the driving factors behind consumers’ motivations to show their identities have an influence on their relationships with

their sport teams and how this affects their consumption behaviours. The findings are interesting in terms of brand equity and communications with sport fans.

Chen, Lin and Chang (2013) discuss the contributing factors that stimulate the supporters need to purchase merchandise goods. This was done by assessing previous research done by Kwon and Armstrong (2002) that intended to investigate impulsive tendencies amongst consumers to buy sport team-licensed merchandise. Overall results indicated that purchasing enjoyment, time and money availability as well as a level of team identification by the fans of the respective team had a correlation in how their affect on purchasing impulsive merchandise was affected. Further studies done by Kwon and Armstrong (2006) reported impulsivity came across relatively higher when levels of psychological attachment like team identification and team commitment were identified. These were deemed positive factors of impulsive purchasing trait behaviours for individuals who bought sports team-licensed merchandise.

Richelieu (2013) in his works regarding sports branding also finds it important for sporting teams to talk to their fans and have them experience the clubs ins and outs. Richelieu feels that an interaction that happens with the fans at the venue (stadium) or outside the venue creates an increased fan involvement which results them feeling more attached to the team. This attachment to a team, along with a good performance on the pitch, creates a loyal supporter. (Richelieu, 2013). Fan identification leads to a deep fan loyalty and, consequently, to a strong sport brand .The major sources of the modern and professional sporting organisations revenue streams come from 5 main sources. 1) The gate ticket sales or gate revenue for the team's live sporting event. These include people who buy their tickets on a week by week basis and those that purchase their tickets annually; 2) Concession or food stands, which are generally a smaller revenue generator for teams. This however is more of a value add for fans to enjoy the overall experience of match days. These also are established on a supply and demand basis; 3) Merchandising, which includes products that have the team's trademarked logo or any replica items with the image rights belonging to the organisation; 4) Broadcast rights that have been purchased by the local and or national broadcasters from the teams. These enable the broadcasters to televise the respective team's games; 5) Sponsorship deals which allow an external organisation to associate their brand name or their product to the sponsored team's brand. The sponsored team in

exchange receives either a once off but in most cases a rolling annual revenue stream to be partners.

An investigation into gender differences associated with team identification, researchers were able to identify that significant differences exist between males and females regarding team identification. The research found that males do not have an opinion of their team's physical environment (stadium facilities, pre and post match entertainment etc) however at all times males maintain consistency in their purchasing of merchandised goods and will consistently attend games at the stadium. Researchers were able to identify that consistent merchandise purchases and match day attendance were as a result of higher team identification levels. It was found that team identification and the match day experience had an effect on the attendance numbers for future games, due to the fact that fans with high identification levels will attend matches regardless of anything. The high identification levels of this study's participants and the negligible gender difference in those levels increases the importance of physical environment and interaction for female spectators. Females often attend sports for social interaction, attaching more importance to the stadium environment. Even though they have high identification levels, their poor perception of the environment and interaction makes them more likely to consume media than attend games.

2.6.4 Creating Team Identification through Team Performance and Team Connectivity

Firstly, Bondarenko (2015) established that teams in today's professional age now lack emotional connections with their fans. He makes mentions of a quote by American Basketball team The Dallas Mavericks owner Mark Cuban who said, as team owners they are not we in the sports business to sell the game but in fact they sell unique, emotional experiences and fun. Bondrenko (2015) establishes that it is the same philosophy that assists in explaining why Mark Cubans club has the best and longest sell-out capability versus all other teams in the four major sporting codes in America where the team has sold out every game in Dallas since December 15, 2001. The idea of the creation of an emotional connection with supporters is not as easy as it is made out to be however as it does take time to establish. As a result, if sports organisations want to stop losing revenue they need to better understand their fans and creates a sense of integrating

them into the teams brand which can only be done if the sports organisation really knows their fans.

Secondly, Bondarenko (2015) establishes that most sports organisations consistently fail to engage with their fans on a regular basis. Bondarenko assesses the study on fan loyalty which reveals that even though the basis of all sports time frames are forever seasonal, a majority of most fans do not just simply stop following their teams because it is off season but continue to follow their teams throughout the entire year, even during that off-season. The study reveals that even up to 53% of fans continue keeping an eye out on their teams during the off-season and some even track their teams during the preseason training and the transfer or trade window periods. On this topic Bondarenko (2015) says that the sports organisation needs a game plan on how they are going to engage with their fans on a consistent basis. The post season involvement by the team in events such as the playoffs or extended participation in cup competitions still remain important times of the year, but teams have a fantastic opportunity to utilise the power of their fan base during offseason. As a result the passion of the fans would not stop just because the team isn't currently playing.

Thirdly, Bondarenko (2015) establishes that the average sports team fan at times does not feel heard and understood by the organisation. Based on the same study assessing fan loyalty Bondarenko was able to find that 55% of fans were of the opinion that their respective teams were not interested in hearing what they have to say about the clubs or give in the input. And more surprising the study was able to reveal that 33% of fans were of the opinion that they felt their teams actually listened to their opinion. Bondarenko (2015) summarises this up by stating that a lack of engagement can become dangerous for sports organisations due to the changing dynamics of fan loyalty. According to a questionnaire, 22% of fans would be willing to switch teams, with 30% having openly done so in the past year. Therefore when a sports team seem confused that their fans aren't showing up, the answer can be very simple to find. It can possibly be that they are not understanding the community of fans. Importantly teams need to evaluate whether they have sufficient and relevant fan intelligence.

In conclusion, Bondarenko (2015) feels that the best way for a team to stimulate their live attendance, increase feet through the gate and as a result an overall increase in revenue is by

really getting in touch with their fans and concentrating on their fans loyalty by consistently engaging with the fans. This is required to be done in a system that creates a continuous and ongoing relationship between the club and the sports organisation. By doing so, the sports organisations begins understanding and using the power of the community to their advantage because now the sports organisation understands what their fans want and delivers what they need to improve ticket sales.

In conclusion, professional soccer spectators with high levels of identification do not consider service quality perceptions very much. According to Bondarenko (2015) they continue attending the games of their teams, consume merchandise and follow their teams on the media even when the related service quality is low provided that on-field performances is adequate. Male spectators show a special interest in their teams' merchandise despite their low service quality perceptions. However, female spectators' consumption intentions compared to their attendance intentions shows the importance of the physical environment. Sports directors (AmaZulu) and marketers should work to attract female and family spectators and should improve facilities for families and work at minimizing bad language and behaviour where families are safe from hooliganism. In spite of this on-field performance remains a core issue in attracting spectators.

In summary of the literature review regarding team identification found that fans had a stronger motivation to identify their team's good performances equivalently as a shopper would asses' product quality in a supermarket or store. This then becomes a very important dimension of the sports teams' reputation because the product now creates a crucial connection with customers. This is very important to note because just as consumers continuously go back to the suppliers who give them good product and quality service so to shall they continue to go back to watch the teams that give them good performances and as a result go through the process of repetitive buying. The literature also mentions the element of vicarious achievement felt by the fans should their teams perform well, which has been noted as the most important aspect of revenue generation for the team. Many fans and supporters identify with teams in this manner as it fulfils them with a personal sense of achievement as well as being within a successful sphere. Belonging within a successful fear will not only bring the old customers back but will also attract new fans that can potentially be the new revenue stream for the club in the future. Fans who relate their social identity to the team have been found to allocate more of their monthly budget

to the purchasing of products related to the team. The driving factors behind these consumers' motivations show their identities have an influence on their relationships with their sport teams and how this affects their consumption behaviours.

2.7 Chapter Summary

The literature covered five main themes which looked at a well performing sports team and the capability to generate revenue. The literature emphasized that having a winning team has a great amount of potential to increase revenue streams for the sports organisation as well as positive economic breakthrough for the people who live and work in the city that the respective team plays in. Ticket sales were identified as a key contributor to a team's revenue generation. The demands for tickets were identified as being reliant on the team performance at any given point in time playing a major variable in determining the demand price for the tickets. Merchandising showed to play a role in the input of additional revenues for the sports franchise with a diverse amount of strategies for their fan base as well as increasing the identification with their teams through good team performance as a contributing factor to ensure that this occurs. In order for the sports team to stimulate a certain amount of television viewership it has been identified that they should deliver a good valued performance to their fans because broadcasters and sponsors sign deals with clubs that deliver a quality performance and as a result more money is directed through to the club due to the value perceived by the sponsors. And finally, the sports team's fans are only really happy when the team wins, and this has an effect on sectors of their personality. Self-confident supporters were found to grow an increasing likelihood to become more successful and as a result showing that the successes and failures of their sports heroes become their own.

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Chapter three that follows presents the research methodology and how the research will be conducted.

CHAPTER THREE – RESEARCH METHODOLOGY

3.1 Introduction

For the purpose of conducting an effective research, the structure of the research links back to the research questions and objectives outlined in Chapter one as well as the literature reviews found in Chapter two. In this chapter the research methodology is discussed in order to look at the location and participants of the study; research methodology and research approach as well as how the validity and reliability will be assessed.

3.2 Participants and Location of the Study

AmaZulu Football Club is located in Durban KwaZulu-Natal, South Africa. Their administrative offices and match day stadium are located at Moses Mabhida Stadium.

3.3 Research Methodology

The Management Study Guide (2015) defines secondary data as data that has been previously collected and is made readily available to researchers. Secondary data from AmaZulu Football Club created an important opportunity for the research in improving, understanding as well as providing a basis for comparison for the data that was collected for the research. Existing data is intended to create an insight into the behavioural patterns of AmaZulu on a monthly and quarterly basis and identifying how the supporters purchasing behaviour compares to their team's weekly performance.

The research methodology is primarily based on a data mining technique which according to Zaiane (1999) is referred to as Knowledge Discovery in Databases (KDD). Zaiane explains that the process of data mining involves the simple extraction of important, relevant and in some cases previously not known and very useful information from databases. And even though the term data mining and knowledge discovery in databases (KDD) are frequently used

interchangeably and most times in the same manner. The process of data mining is actually a component of the knowledge discovery process, (Zaiane, 1999).

3.4 Research Approach

The research used secondary data in order to fulfil its objective. The secondary data looked at four financial revenue streams of the AmaZulu Football Club business model. (1) Match day tickets sales for all home games at Moses Mabhida Stadium, this data was provided by AmaZulu Football through their partnership with Moses Mabhida stadium, Princess Magogo Stadiums as well as Computicket. Both stadiums are used for the team's home games and the team interchanges between the two. The data is collected on a game by game basis and the total is analysed seasonally for comparisons with the next season. (2) Merchandise sales data were provided by the team's kit sponsor, Kappa and Adidas, which were represented as quarterly sales figures. (3) Data for advertising space valuation was provided by Business Monitor International. This data was represented in data in a 12 month period valuation figures which were effective in measuring each season (4) the incentive payouts that teams receive for participating in their various competitions which was information collected from the Premier Soccer League (PSL).

According to Golafshani (2003) quantitative research is defined as an investigation into a problem and solving it by using primary or secondary data that one can analyse using mathematical or statistical methods. Researchers use these methods to test a hypothesis in order to measure and analyse the relationships that exist between the variables.

This study, which is based mainly on quantitative research, will utilise a positivist paradigm. According to Alzheimer Europe (2009) the process involved in positivist paradigm is made of the collection of data and the conversion of it into numerical form so that statistical calculations can be made and a conclusion determined.

According to Smith (2014), industries have long used quantitative methods as a business and tool to analyse a business problems; therefore providing a testimony to the importance of quantitative techniques to modern economies.

Therefore recorded attendance records, ticket purchases, merchandise sales as well as marketing expenditure is used as a form of data so that the research is able to establish a level of understanding between the variables.

According to Smith (2014) a key relationship of quantitative research is regarding the concept of positivism. This theory accepts that knowledge drawn from a logical and mathematical analysis of secondary data is a sufficient source of authoritative knowledge. Smith elaborates that a positivist theory is the opposing theory of interpretivist that puts forth a need to interpret motivations, actions and patterns by means of qualitative research rather than the quantitative alternative.

3.5 Target Population

Yount (2006) describes a target population as all the subjects that need to be studied. In essence all these comprise every possible case that constitutes a known entity.

For this research no specific target population was researched however data mining was used as a means of collecting the information needed. Keating (2008) describes data mining as a means of searching for sets of much needed information from volumes of data that has been collected over a long period of time. This data can then be used in the decision making process.

For the data mining process there was no population, however the data mining was augmented by a qualitative interview with three AmaZulu management members. These individuals were chosen much like a judgemental sample as they are the key decision makers involved in management and performance. According to Sekaran and Bougie (2013) qualitative research tends to involve a handful of people and does not follow the same principles of quantitative research where the sample needs to be representative of the population and needs to be large enough to be statistically sound.

3.6 Data Mining

According to Zaki and Meira (2014) data mining can be describe as the process whereby large scale amounts of data can be studied and understood in an insightful manner to find patterns as well as creating predictive and understandable descriptive models.

3.7 Validity and Reliability

According to Golafshani (2003) reliability can be defined as a final result from a study that can be reproduced under the same and or similar methodology, then that research or the research instrument can be considered to be reliable. In short reliability means that if the research were to be replicated by someone else then a similar finding can be made. Given that this research adhered to strict scientifically tested and ethical standards the respondents were able to provide their opinions freely and as such where not unduly influenced; there is a certainty that if the study were replicated then similar findings would be made. With regarding to the data mining process was based on sound audited data and as such and if the study were to replicated then similar findings would be made.

Kirk and Miller (1986) identify that within the citation of the idea of reliability three types of reliability can be established in quantitative research. These are the degree to which a measured variable, identified repeatedly, remains the same; the stability of a measured variable over a period of time and the similarity of the measured variable over a given time period.

According to the Corporate Document Repository (<http://www.fao.org>); (2002) there is a strong reliability issue with published secondary data because it has a tendency to show patterns of variation over time.

In assessing reliability it can be concluded that the nature of the research is reliable because all categories and relevant data is analysed in a scientific manner. All researched data was compiled objectively and further interpreted in an impartial and unbiased manner. Any individuals or group conducting the same type of research will more often than not come to the same conclusions and as a result make the same form of recommendations.

Validity can be tested in various ways; one way is face validity which is the weakest form of validity. According to Jones (2015) face validity is can be done by assessing your methods of testing and finding if it is correctly testing what it is you are intending to test. Jones recommends even speaking to the sample from the population that you intend on testing to hear their opinion on if the method of testing is appropriate and will measure adequately what is being investigated. Face validity has been identified as a very important factor in testing validity as it ensures that participants do not become frustrated when having to answer certain question that they may feel are irrelevant to the testing. This was tested in a pilot study where the interview schedule was pre-tested on three individuals who had knowledge of previously conducted research. The respondents were satisfied that the areas that were explored were relevant to the objectives of the study and as a result face validity was confirmed.

3.8 Pilot study

Pilot study was conducted on three individuals who have had research experience. They were satisfied with the interview schedule. It is unusual to conduct a pilot study for qualitative research but this was done as a means to time the interview process and to gain experience.

3.9 Data Collection

In conducting this research secondary data was used to gather the needed information. A gatekeeper's letter from the football club to engage with the necessary individuals of the team was obtained. Ethical clearance was obtained from the University of KwaZulu-Natal in order to engage with AmaZulu Football Club and obtain the necessary secondary data. This was then followed obtaining the secondary data required consisting of raw financial figures, match day attendance, sales projections provided by AmaZulu Football Club. All the required information was retrieved from the clubs archived data station as well as provided by the team's service providers who were directly related to the survey. Other forms of data were collected through literature, journals and the South African Premier Soccer League public archived documents.

3.10 Analysis of the Data

The data was analysed against each of the research objectives and research questions set out in Chapter One. Investigation of the data was done in conjunction with the academic literature collected in Chapter Two. In Chapter four the data was filtered through into categories of; match day attendance, ticket sales, advertising space evaluation, memorabilia sales as well as incentive payments from the Premier Soccer League. The process of data mining as opposed to a statistical technique was used to draw and analyse the secondary data, which was between the 2011/2012 to the 2014/2015 season. The data was then drawn up into graphs and tables with each season then compared to the previous and or next season to compare potential revenue generation.

3.11 Chapter Summary

In this quantitative study the researcher has chosen to use data collected from AmaZulu Football Club which they collect from their service providers Computicket (Ticket Sales), Kappa (Merchandise Sales) The Premier Soccer League (incentive payouts) and BMI (marketing demand). Through the process of data mining the data was identified as needing to be categorized using the above mentioned subsections and then grouped into tables and figures in chapter four. The research also identified using open ended question in the form of informal discussion as part of a qualitative technique for gaining information. The period of time to be investigated is form the 2011/2012 to the 2014/2015 season.

In chapter four the data was investigated.

CHAPTER FOUR – RESULTS OF THE STUDY

4.1 Introduction

In this chapter the investigation of the secondary data that was extracted from AmaZulu Football Club data base is examined. The relevant data is tabulated into tables and graphs for discussion references. The collected data is subdivided into four different categories for individual study which is then used to form a final conclusion and recommendations in Chapter 5. The data is divided and analysed as follows:

- Domestic League and Cup Competition Performances
- BMI Sponsorship and Marketing Evaluation
- Match Day Ticket Sales
- Jersey Merchandise Sales
- Tournament Prize Money

4.2 Domestic League and Cup Competition Performance

AmaZulu Football Club performances examined were based on the Premier Soccer League domestic games for the season beginning at the 2011/2012 season until the end of the 2014/2015 season. All performance data collected excluded cup knockout competitions, pre season matches and any Confederation of African Football (CAF) games. CAF games would be deemed international fixtures as they would involve playing against teams in the rest of Africa. Data collected examined AmaZulu Football Clubs performance over four seasons (2011/2012 – 2014/2015). Tables and graphs are used to assess the teams overall performance every season and to assess their home fixture performances. Cup competition data was also collected as a means for reference.

Table 4.1: AmaZulu FC Premier Soccer League games 2011/2012 – 2014/2015

Seasons	Played	Won	Drawn	Lost	Log Position
2011 /2012	30	10	11	9	7 th
2012/ 2013	30	7	11	12	12 th
2013 /2014	30	11	9	10	9 th
2014 /2015	30	6	9	15	16 th
Grand Total	120	34	40	46	
Percentage		28.33 %	33.33 %	38.33 %	

Compiled using data from (Premier Soccer League Statistics, 2015)

AmaZulu Football Club standard premier league results were tabulated above in Table 4.1 over four seasons. The games played, won, drawn and lost were identified from the beginning of the 2011/2012 season until the end of the 2014/2015 season. These were all domestic league games versus all other opposition within the South African Premier Soccer League (PSL). Teams' participating in this league are required to play each other over 2 legs; home and away. Therefore all teams play 15 home games and 15 away games.

According to data collected from AmaZulu Football Club, the team over the last four seasons have had 2 successful seasons and two unsuccessful seasons. The club credits an successful as finishing the season in the top 10 out of 16 teams in the league with an unsuccessful season measured as any finish between positions 11th to the 16th on the log.

Table 4.2 : AmaZulu FC Premier Soccer League games 2011/2012 – 2014/2015 season – Home Games

Seasons	Played	Won	Draw	Lost
2011 / 2012	15	4	4	7
2012 / 2013	15	5	6	4
2013 / 2014	15	6	4	5
2014 / 2015	15	4	2	9
Grand Total	60	19	16	25

Compiled using data from (Premier Soccer League Statistics, 2015)

Above in Table 4.2 is a summary of AmaZulu Football Clubs home game played at Moses Mabhida Stadium Durban. These do not include any cup competition games which are tabulated in figure 4.3.

Table 4.3 : Cup Competition Statistics

Season	Played	Won	Lost
2011 / 2012	5	3	2
2012 / 2013	3	0	3
2013 / 2014	3	1	2
2014 / 2015	3	1	2
Grand Total	14	5	9

Compiled using data from (Premier Soccer League Statistics, 2015)

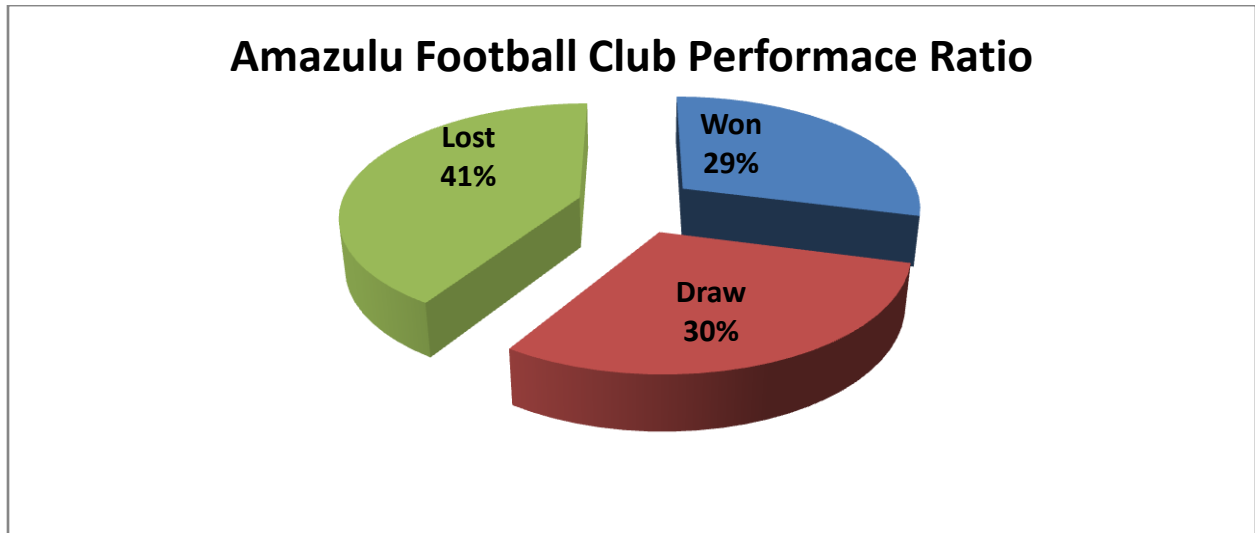
AmaZulu Football Club cup competition results are tabulated above in Table 4.3 over four seasons. The games played, won and lost are identified from the beginning of the 2011/2012 season until the end of the 2014/2015 season. In the South African league there are three domestic cup competitions:

MTN top 8: This tournament features the Top 8 teams from the previous season's league. The tournament is played at the start of a new season. Beginning the tournament in a quarter final format teams play a once off knockout match and winning teams advance to play semi finals in a home and away leg and a final in a neutral venue. Current title sponsors are mobile telephone network MTN.

Telkom Knockout: This tournament has the current 16 premier league clubs play against each other in a knockout style format.

The Nedbank Cup: This tournament comprises participating teams from the South African Federation Association regional leagues. Teams from lower divisions are required to play qualifying matches before entering the main draw. In the main draw 32 teams are entered. 16 Premier League Teams, 8 National First Division Teams and 8 South African Football Association regional leagues. Current title sponsors are South African national commercial bank Nedbank. (Premier Soccer League Statistics, 2015).

Figure 4.1: AmaZulu Performance Ratio



Compiled using data from (Premier Soccer League Statistics, 2015)

Indicated in Figure 4.1, was AmaZulu's team performance ratios over the past four seasons. This performance ratio indicates that the team has lost more matches than they have won or drawn over the last couple of years including all League and Cup competition games. Having won only 29%, drawn 30% and lost 41% of the 180 games they have played.

The above data assists in being able to establish the playing performance of the team. From this it can be established that the team is an average to below average performing team across four seasons. From the collected data it can be seen that the team has had two very well performing seasons and two very poorly performing seasons, in accordance with the club structure and envisioned goals. Continuing here it can be researched further when comparing the above performing seasons to the monetary value that the team can generate from the market evaluations, their ticket sales, merchandise sales as well as incentivised cash component.

4.3 BMI Evaluation

BMI evaluation is examined to determine a more accurate expected Comparative Advertising Cost (CAC) return. Business Monitor International (BMI) has created an independent evaluation service for sponsors and broadcasters to be able to establish fair market value for the valuation of image rights allowing for a quantified negotiation process. BMI evaluation uses real-world standards by analysing the tangibles, intangibles as well the cost. They do this by determining the cost of a particular sponsorship and comparing this versus the probable returns that can be potentially generated through various communication mediums. During the evaluation process the following factors are also taken into account:

- Media exposure value that sponsors generate through the communications mediums. These are mostly at standard rate and are un-weighted for a fair comparison.
- The Rand values that are associated with the various media platforms include only clearly visible, branded exposure.
- The awareness that is generated for the sponsor as compared to the awareness generated for the brand's had they been involved in an advertising campaigns
- Tangible and Intangible benefits are accounted for in the final analysis

For AmaZulu Football Club BMI are able to determine the variable increases and decreases in value of their various sponsoring brands completely based on data that are acquired from the complete number of consumers viewing the clubs games which therefore determine the potential earning revenue.

Based on the environment of competitive sport, performance becomes a major contributing factor and therefore the amount of exposure that the various brands have can vary from year to year. In order for BMI to accurately determine what they would consider “a fair market value for the sponsors”, they begin by assessing the average actual media coverage that all the various sponsors generate over an initial three year period as a benchmark to determine a potential future media returns. (Business Monitor International, 2012).

Table 4.4: BMI Sponsor Evaluation 2011/2012 – 2014/2015 seasons.

Values	2011-2012	2012-2013	2013-2014	2014 - 2015	Grand Total
Spar	R 36 831 844	R 30 918 330	R37 251 306	R 25 322 839	R 130 324 319
Adidas	R 31 127 948	R 25 322 839	R 32 256 784	R 28 955 746	R 117 663 317
Ezemvelo	R 1 866 400	R 735 693	R1 663 776	R 936 717	R 5 202 586
Safrican/Usuthu	R 4 391 876	R 4 121 430	R 5 205 802	R 3 701 997	R 17 421 105
Suncoast/Tsogo	R 1 336 068	R 734 433	R 1 866 400	R 936 717	R 4 873 618
Defy	R 3 685 356	R 2 205 543	R 4 391 876	R 2 205 543	R 12 488 318
Hyundai	R 1 230 283	R 936 717	R 1 663 776	R 735 693	R 4 566 469
Grand Total per Season	R 80 469 775	R 64 974 985	R 84 299 720	R 62 795 252	R 292 539 732

Compiled using data from (Business Monitor International , 2012)

Total value in good performing seasons (2011/2012 and 2013/2014) and poor performing seasons (2012/2013 and 2014/2015)

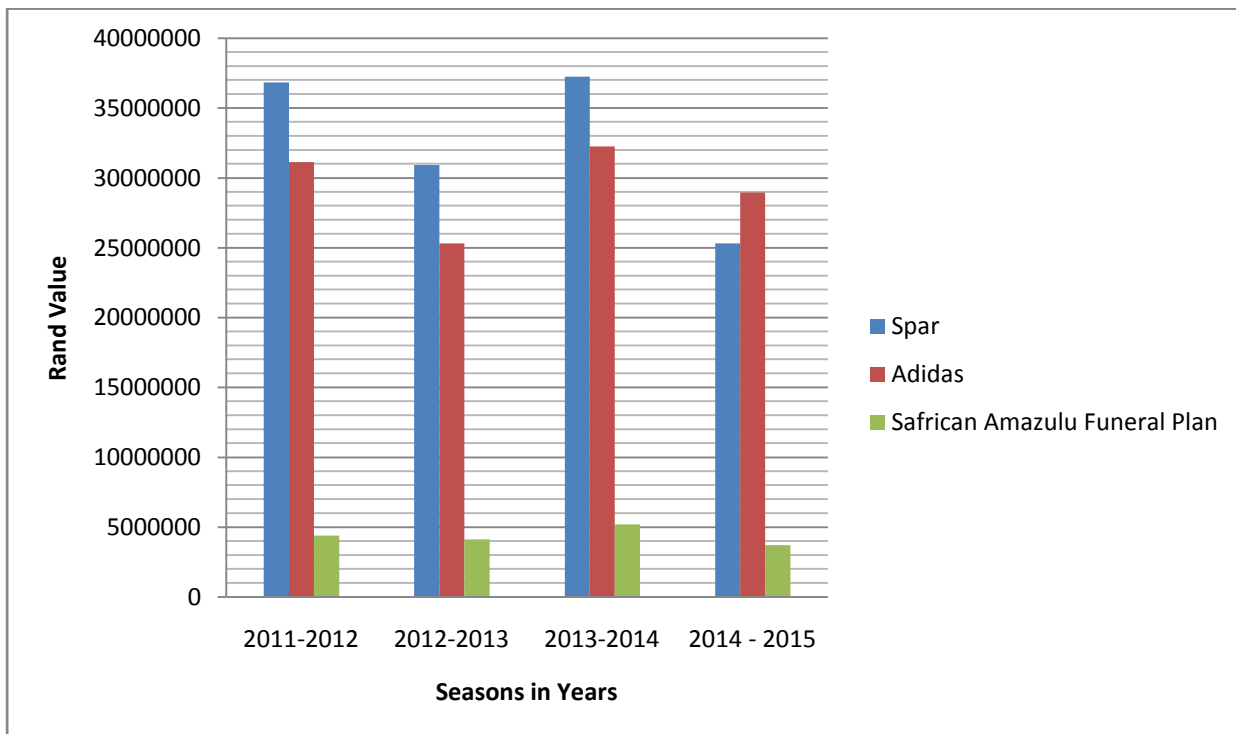
Seasons	Value
2011/2012 & 2013/2014	R 164 769 495
2012/2013 & 2014/2015	R127 770 237
Difference	R 36 999 258
% change	22%

According to Table 4.4 BMI Evaluation 2011/2012 – 2014/2015, in the South African Premier League Seasons, Spar, Adidas and The Safrican AmaZulu Funeral Plan received the top 3 highest evaluations amongst all the sponsorship brands. Spar topped the overall brand image market value with an overall value of R130 324 319, followed by Adidas at R 117 663 317 and with Safrican

Insurance being valued at R17 421 105.

Data collected from BMI determined that the 2011/2012 as well as the 2013/2014 season which were categorized as the best performing seasons for the club saw that the highest earning potential can be achieved due to a higher media coverage for the team therefore higher media exposure for the brands on match days. Both seasons generated a combined revenue earning potential of over R164 769 495. This, when compared to the least best performing seasons of 2012/2013 as well as 2014/2015, only generated potential revenue earnings through media coverage of just over R127 770 237. The difference in potential revenue between the good performing and bad performing seasons show a difference of 22%, with the teams potential to earn revenue increasing by R36 999 258 after their overall bad seasons .

Figure 4.2: Top Three Valued Brands under BMI



Compiled using data from (Business Monitor International , 2012)

Figure 4.2 indicates the three highest sponsorship brands from the BMI evaluation programme. All three brands are pulled out from the other seven as a means of magnifying the data and investigating whether the overall increases and decreases in potential revenue earning are based on

real consumer behaviour or whether the overall data is compensated for by other brands.

From the data gathered on team performances it was identified that the 2011/2012 as well as the 2013/2014 seasons were the best performing seasons with the 2012/2013 and the 2014/2015 as the worst performing seasons. Based on the BMI evaluation of the top three brands investigated, the patterns of an increase in potential revenue earning when the team performs well and a decrease in potential revenue earnings is consistent. The top three evaluations show that 2011/2012 and 2013/2014 seasons showed gathered a combined earnings potential of over R147 000 000 whereas the worst performing seasons amounted to a combined earnings potential of just over R 118 000 000.

4.4 Ticket Sales

Ticket sales data for AmaZulu Football Club's are collected through AmaZulus ticket sales agent Computicket. All ticket sales data used are based on the Premier Soccer League domestic games for the season only. All ticket sales data collected excludes cup knockout competitions, pre season matches and any Confederation of African Football (CAF) games. CAF games would be deemed international fixtures as they would involve playing against teams in the rest of Africa.

Ticket Sales data collected examines AmaZulu Football Clubs attendances over four seasons (2011/2012 – 2014/2015). Tables and graphs are used to assess the teams' attendance figures for every season and to assess their home fixture attendance figures at Moses Mabhida Stadium in Durban.

Below are tables and figures of the spectator attendance in each season. The figures found in the table and graphs represent attendance figures for all home fixtures. The figures are categorised as follows:

- When AmaZulu win a home game, the next games attendance is categorized into the "Won" column
- When AmaZulu draw a home game, the next games attendance is categorized into the "Draw" column

- When AmaZulu lose a home game, the next games attendance is categorized into the “Lost” column
- The opening games attendance figures are by default placed under the “won” column. This is done because the opening games attendance is not based on any previous fixture. In addition the team tends to have a larger crowd for its opening fixture of the season based on pre season promotion of the team

Table 4.5: 2011/2012 – 2014/ 2015 Home Match Day Attendance Figures

Season	Total Attendance	Avg Attendance after win	Avg Attendance after draw	Avg Attendance after Loss
2011/2012	94 421	8 299	9 310	2 614
2012/2013	69 105	7 506	2 962	3 451
2013/2014	74 254	9 119	2 528	1 886
2014/2015	43 128	6 679	2 890	1 182
Total	280 908	7 901	4 432	2 243

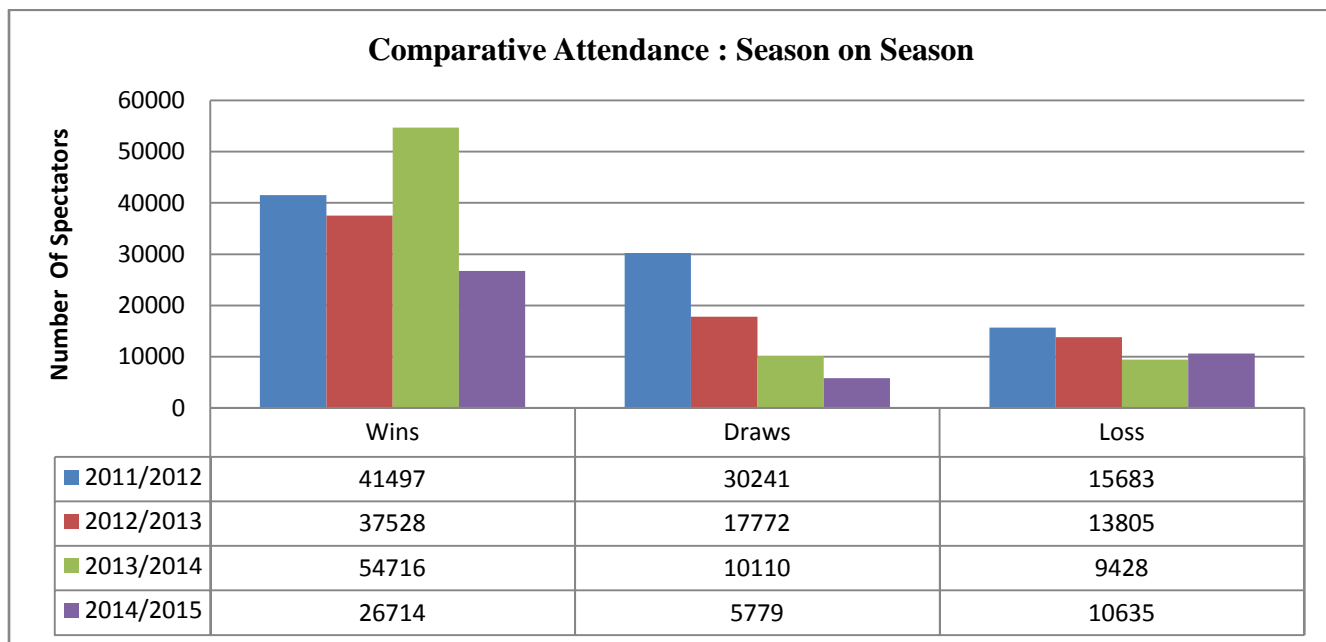
Compiled using data from (Premier Soccer League Statistics, 2015)

Table 4.5 indicates that across four seasons AmaZulu Football Club have had over 280 908 fans watch their 60 home league games at Moses Mabhida. As indicated, the average spectator attendance after the team had won their last home fixture was highest in 2013/2014 with an average attendance of 9 119 spectators followed by their 2011/2012 with an average of 8 299 spectators, then the 2012/2013 season which saw an average attendance of 7506 spectators and the 2014/2015 season only having an average attendance of 6679. As the teams performances

Went from the best performing season (2013/2014) to the worst performing (2014/2015) there was a decrease in spectator attendance by approximately 10% - 12% each season. Very low average attendance figures were noted in the 2013/2014 as well as the 2014/2015 season after the team had suffered a loss. Even though overall attendance was 9 428 and 10 635 in the 2013/2014 and 2014/2015 seasons respectively, spectators had fewer home games after a loss to attend in the 2013/2014 season (5 games) versus the 2014/2015 season (9 games).

Attendance figures each season receive a spike in attendance of between 10 000 to 20 000 spectators above the normal matchday attendance when the two most popular South African Premier Soccer League teams Kaizer Chiefs and Orlando Pirates are in Durban to play against AmaZulu. The variations are only experienced with these two teams regardless of whether AmaZulu Football Club has won or lost the previous home fixture.

Figure 4.3: Graphical Representation of Comparative Attendance Figures for seasons 2011/2012 – 2014/2015



Compiled using data from (Premier Soccer League Statistics, 2015)

According to Figure 4.3:

The summary of attendance following a win

- The attendance figures for home games after the team had won the previous home fixture show that in the 2011/2012 season AmaZulu had 41 497 supporters come through the turnstiles, and their second highest attendance figures in the four seasons examined. This was the season that the team finished 7th in the log. The following 2012/2013 season the total attendance for home game fixtures declined by over 10% down to 37 528 fans with a poor performing finish to their season at 12th position on the log. The 2013/2014 season has an increased spike in attendance and the highest overall in the four seasons at 54 716 spectators attending the home game fixtures after the team had won their previous games with the team finishing in 9th spot on the log. This worked out to a 45% increase in attendance versus the previous season. The 2014/2015 season home game attendance figures show a sharp decline once again, with 26 714 spectators or a decrease by 51% versus last season when the team finished at the lowest position of 16th spot and eventually facing relegation.

The data shows that when the team wins games there is a positive effect on the attendance of spectators.

The summary of attendance following a draw

- The attendance figures for home games after the team had a draw the previous home fixture show that in the 2011/2012 season Amazulu had 30 241 supporters come through the turnstiles, and their highest attendance figures in the four seasons examined. This was the season that the team finished 7th in the log. The following 2012/2013 season the total attendance for home game fixtures decline by 41% down to 17 772 fans with a poor performing finish to their season at 12th position on the log. The 2013/2014 season decline further by another 40% with attendance figures showing 10 110 spectators attending the home game fixtures after the team had drawn their previous games with the team finishing in 9th spot on the log. The 2014/2015 season home game attendance figures show the lowest attendance figures of the four seasons examined which show a

consistent decline by a further 40% with 5 779 spectators attending with the team finishing at the lowest position of 16th spot and eventually facing relegation.

Data investigation shows a steady decline in home game attendance figures after the team had drawn their last home fixture. Further comparison is required to establish the resultant declines of attendances after draws.

The summary of attendance following a loss

- The attendance figures for home games after the team had lost the previous home fixture show that in the 2011/2012 season AmaZulu had 15 683 supporters come through the turnstiles, and their highest attendance figures after a loss in the four seasons examined. This was the season that the team finished 7th in the log. The following 2012/2013 season the total attendance for home game fixtures declined by 12% down to 13 805 fans along with a poor performing finish to their season at 12th position on the log. The 2013/2014 season sees a decreased pattern by a further 32% in attendance with 9 428 spectators attending the home game fixtures after the team had lost their previous games with the team finishing in 9th spot on the log. The 2014/2015 season home game attendance figures show an increase of around 12% with 10 635 spectators and the team finishing at the lowest position of 16th spot and eventually facing relegation

Data showing average attendance figures show that in the 2013/2014 season AmaZulu had an average of 1882 people attend their home games versus their 2014/2015 season where average attendance figures were lower at 1182. However when the overall attendance is investigated it can be seen that 2013/2014 season had 9428 spectators attending matches in total versus 2014/2015 season that had 10 635 spectators attending. This can simply be explained by the fact that spectators attended only 5 home matches after a loss in the 2013/2014 season and 9 home matches after a loss in the 2014/2015 season and therefore explaining the variance between average attendance and total attendance.

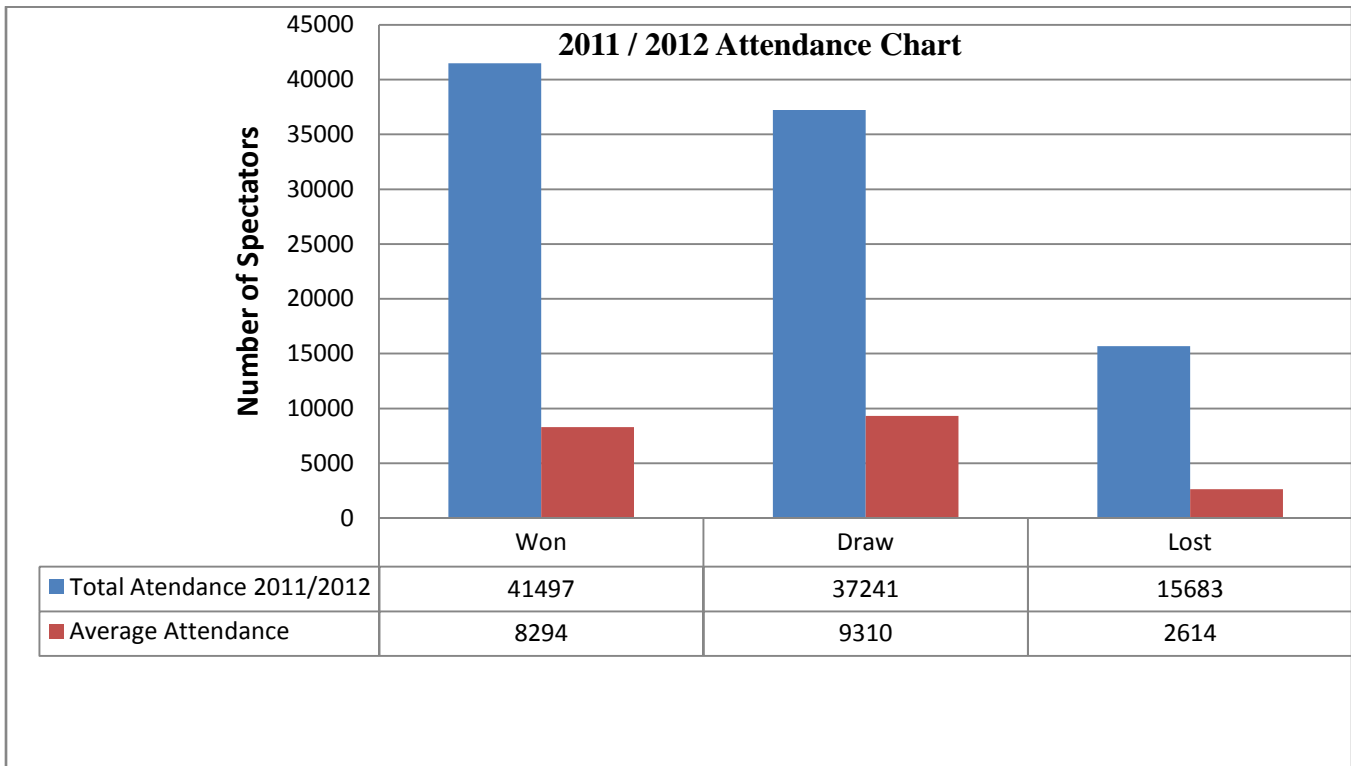
Table 4.6: 2011/2012 Home Match Day Attendance

Previous game Won	Previous game Drawn	Previous game Lost	Season 2011/2012
5 211	18 321 (vs. OP)**	998	
3 321	7 344	1 021	Final Log Position:
5 432	2 453	3 123	7th
32 321 (vs. KC)*	2 123	3 532	
2 212		2 988	
		4 021	
48 497	30 241	15 683	94 421

- * = Kaizer Chiefs
- ** = Orlando Pirates

According to Table 4.6 the 2011/2012 registered the highest attendance in four seasons with attendance of 94 421 spectators in the season attending the home fixtures. In comparison across the win, draw and loss categories it can be identified that attendance figures for the season were highest for their home games after the team had won the previous home game. What can also be identified as that in two of the games there was an attendance of 32 321 and 18 321 spectators, this sharp increase from the average attendance figures can be identified as a games versus Kaizer Chiefs and Orlando Pirates respectively.

Figure 4.4: Graphical Representation of 2011/2012 Home Match Day



Above in Figure 4.4 is a graphical representation of the 2011/2012 season according to the attendance figures documented in Table 4.6

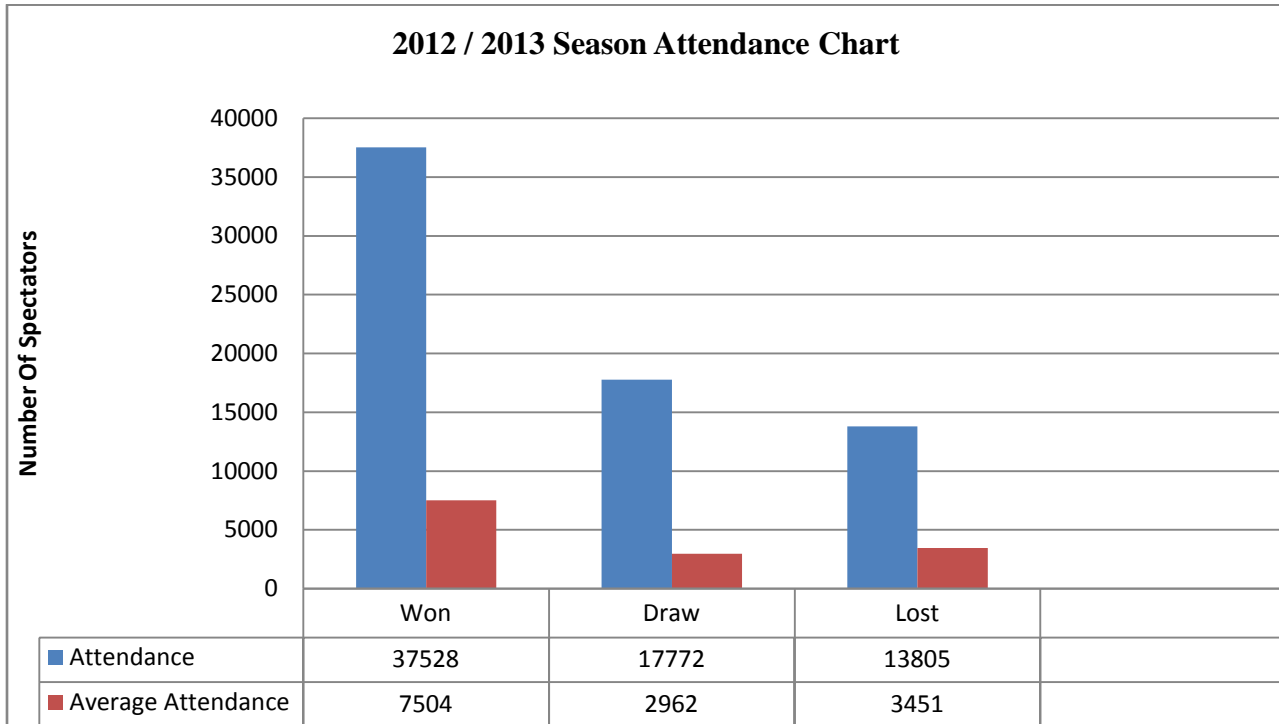
Table 4.7: 2012/2013 Home Match Day Attendance

Previous game Won	Previous game Drawn	Previous game Lost	2012/2013
19 731 (vs. KC)*	5 021	5 987	
2 221	1 998	5 310	Final Log Position:
9 950 (vs. OP)**	2 432	987	12th
2 412	1 800	1 521	
3 214	1 523		
	4 998		
37 528	17 772	13 805	69 105

- * = Kaizer Chiefs
- ** = Orlando Pirates

According to Tables 4.7 the 2012/2013 season registered a sharp decline in attendance from the previous season with attendance of 69 105 spectators in the season attending the home fixtures. In comparison across the win, draw and loss categories it was identified that attendance figures for the season were highest for their home games after the team had won the previous home game. What can also be identified as that in two of the games there was an attendance of 19 731 and 9 950 spectators, this sharp increase from the average attendance figures can be identified as a game versus Kaizer Chiefs and Orlando Pirates respectively.

Figure 4.5: Graphical Representation of 2012/2013 Home Match Day Attendance.



Above in Figure 4.5 is a graphical representation of the 2012/2013 season according to the attendance figures documented in Table 4.7.

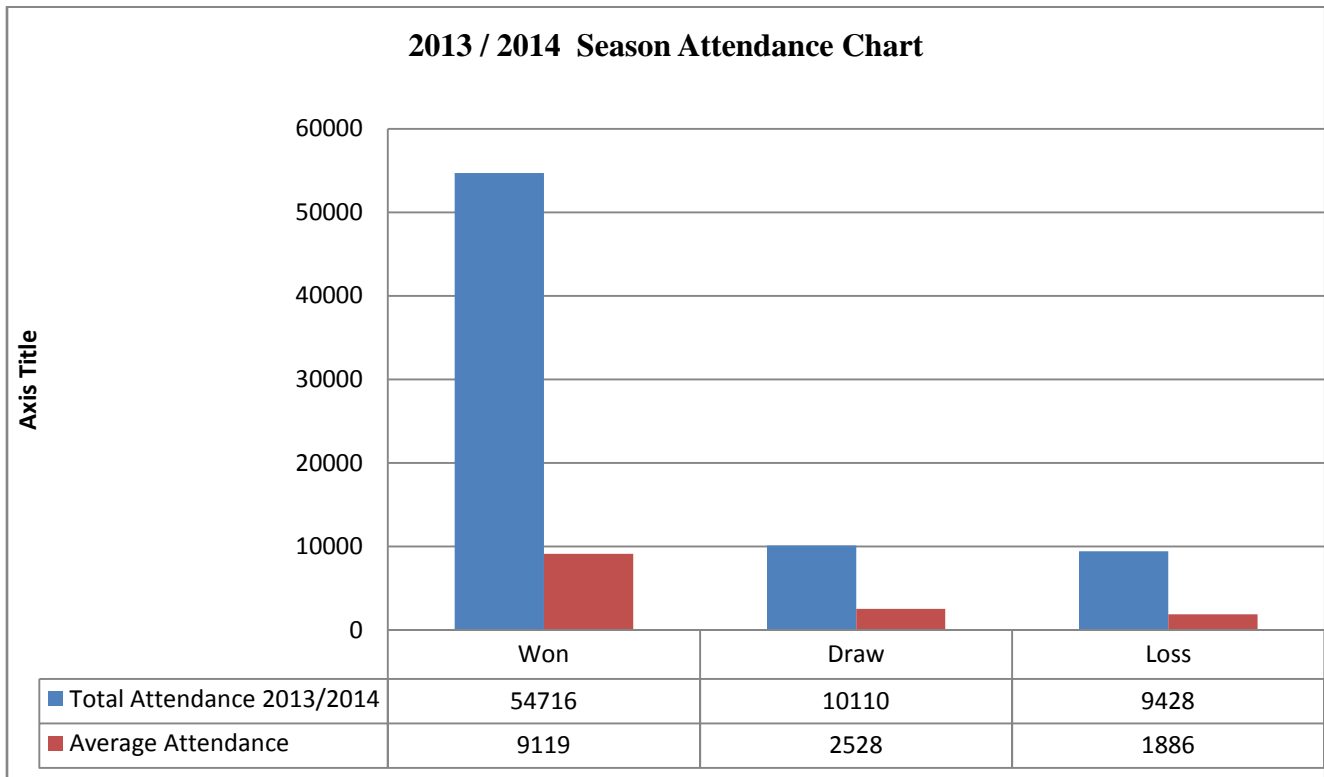
Table 4.8: 2013/2014 Home Match Day Attendance

Previous game Won	Previous game Drawn	Previous game Lost	Season 2013/2014
5500	1489	755	
6498	2543	2543	Final Log Position:
23598 (vs. KC)*	2578	2500	9th
7500 (vs. OP)**	3500	1200	
5500		2430	
6120			
54 716	10 110	9 428	74 254

- * = Kaizer Chiefs
- ** = Orlando Pirates

According to tables 4.8 the 2013/2014 registered the highest attendance in four seasons with attendance of 74 254 spectators in the season attending the home fixtures. In comparison across the win, draw and loss categories it can be identified that attendance figures for the season were highest for their home games after the team had won the previous home game. What can also be identified as that in two of the games there was an attendance of 23 598 321 and 7 500 spectators, this sharp increase from the average attendance figures can be identified as a game versus Kaizer Chiefs and Orlando Pirates respectively.

Figure 4.6: Graphical Representation of 2013/2014 Home Match Day Attendance



Above in Figure 4.6 is a graphical representation of the 2013/2014 season attendance figures for the home game fixtures according to the attendance figures documented in Table 4.6.

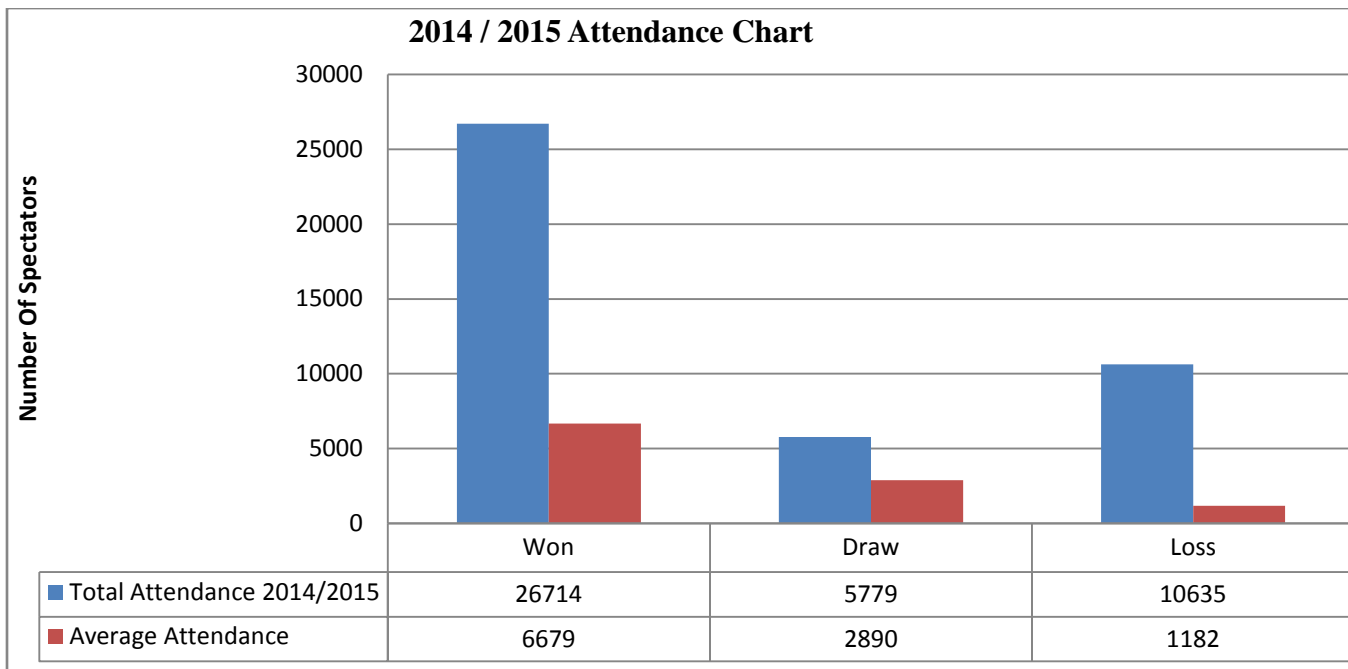
Table 4.9: 2014/2015 Home Match Day Attendance

Won	Draw	Lost	Season 2014/2015
1 561	3 908	1 498	
5 212	1 871	1 356	Final Log Position:
5 320 (vs. OP)*		687	16 th
14 621 (vs. KC)**		1 721	(Relegated)
		947	
		750	
		1 202	
		1 800	
		674	
26 714	5 779	10 635	43 128

- * = Orlando Pirates
- ** = Kaizer Chiefs

According to tables 4.9 the 2014/2015 registered an overall attendance in four seasons of 43 128 spectators in the season attending the home fixtures. In comparison across the win, draw and loss categories it can be identified that attendance figures for the season were highest for their home games after the team had won the previous home game. What can also be identified as that in two of the games there was an attendance of 14 621 and 5 320 spectators, this sharp increase from the average attendance figures can be identified as a game versus Kaizer Chiefs and Orlando Pirates respectively.

Figure 4.7: Graphical Representation of 2014/2015 Home Match Day Attendance



Above in Figure 4.7 is a graphical representation of the 2011/2012 season according to the attendance figures documented in Table 4.6.

In the next table, table 4.10, is a financial breakdown and impact that the above mentioned home game attendance figures had on the potential revenue generation capability of AmaZulu Football Club. Followed from the financial breakdown is a season by season break down of how the different variables that impacted on the attendance affected the revenue. In the investigation the impact of poor knockout cup competition runs are mentioned as well.

Table 4.10: Revenue Generated from Ticket Sales 2011/2012 – 2014/2015

Season	2011 / 2012	2012 / 2013	2013 / 2014	2014 / 2015
Attendance	94 421	69 105	74 254	43 128
Season Ticket @	700	590	650	400
R500ech	= R 350 000	= R295 000	= R 325 000	= R 200 000
Match Day Ticket @ R40	R 3 776 840	R 2 764 200	R 2 970 160	R1 725 120
Tickets Sales	R 4 126 840	R 3 059 200	R 3 295 160	R 1 925 000
Revenue				

According to Tables 4.10 analyses of the four seasons from revenue generated through tickets

2011/2012: This season registered the highest revenue for gate earnings in the four studied seasons with an overall gate generated revenue of R4 126 840. This was also the season that the team had its highest log position at 7th place. This sales figure was boosted by 3 important factors. (1) A high attendance figure (2) The high attendance figure supplements for a higher revenue for weekly ticket purchase revenue generated and finally (3) The 2011/2012 season recorded the highest number of season ticket holders.

2012/2013: This season registered the third highest revenue for gate earnings in the four studied seasons with an overall gate generated revenue of R3 059 700. This season saw the team unable to replica the previous season top 8 finish, with average finish of 12th on the log. Three notable important factors this season saw. (1) A decrease in match day attendance figures (2) The exit of the team from all cup competitions early also did not bode well for the team as supporter interest may have been prolonged should the team have been more involved in other tournaments

and doing well. (3) The 2012/2013 season saw a sharp decline in the number of season ticket holders.

2013/2014: This season saw a spiked increase from the previous season for gate earnings in the four studied seasons with an overall gate generated revenue of R3 295 160. Three important factors seen this season were (1) a higher finish in the log as well as an improvement in the playing style of the players. This did not necessarily equate to victories however it did see a more entertaining form of football (2) Even though the team did not do well in cup competitions they were able to come off with one fixture versus the previous season where they were knocked out from the first games. (3) The 2013/2014 also saw an increase in season ticket holders which boosted the bottom line.

2014/2015: This season registered the lowest revenue for gate earnings in the four studied seasons with an overall gate generated revenue of R2 078 1200. This sales figure was decreased by 3 important factors. (1) A lower attendance figure in the season (2) A season performance that eventually resulted in relegation (3) Only one win in cup competitions before being knocked out , which could have presented an opportunity for fans to keep interest in the team and attend more games therefore selling more tickets for regular season games.

4.5 Merchandise Sales

Merchandise sales data for AmaZulu Football Club was collected through AmaZulu's manufacturing agents Kappa and Adidas. All merchandise sales data used are based on the annual jersey sales from Kappa and Adidas to the various official merchandising distribution agents. Sales figures are published on a quarterly basis and show a direct demand for replica jersey sales in that quarter. All merchandise sales data collected excludes sales of jackets, flags, scarves, socks, t-shirts, shorts and any metal or plastic ware products such as mugs, cups etc.

The merchandise sales data collected examines AmaZulu Football Clubs distribution and sales agent activities over four seasons (2011/2012 – 2014/2015). A table was drawn up to investigate the teams' merchandise sales figures for every season and to assess when and where the demand was and how this affects the bottom line.

Table 4.11: Kappa / Adidas Quarterly Sales Figures 2011/2012 – 2014/2015

Season	Qtr 1 (Aug–Oct)	Qtr 2 (Nov – Jan)	Qtr 3 (Feb – Apr)	Qtr 4 (May – Jul)	Total Sales
KAPPA					
2011/2012	1 200	600	750	450	3 000
2012/2013	1 000	300	400	300	2 000
2013/2014	400	1200	200	200	2 000
ADIDAS					
2014/2015	2 200	664	664	664	4 000
Grand Total	4 800	2 764	2 014	1 614	11 000

Data Compiled using (Sales, AmaZulu FC, 2015)

From Table 4.11 it can be identified that sales of the merchandise replica jersey began at 3000 units sold across the 2011/2012 which then saw a decline down to 2000 units in the 2012/2013 and a similar sales number of 2000 jerseys sold again for the 2013/2014 season under Kappa.

Table 4.11 shows the quarterly sales figures though Kappa across the first three seasons from the beginning of 2011 until the middle of 2014 when the Premier League season ends (May 2014).

The table also shows the sales coming from Adidas from the beginning of the season in 2014 (August 2014) until the end of the premier league season in 2015 (May 2015).

During the 2014/2015 Adidas took over as a kit design and sponsors which saw a spike in sales of 4000 units sold overall and the highest first quarter jersey sales across the four seasons at 2200 jersey sold in 3 months.

Table 4.12: Rand value of merchandise sales

Season	2011/2012	2012/2013	2013/2014	2014/2015
Sales (units)	3000	2000	2000	4000
Rand Value (per jersey)	R 350	R 350	R 350	R 350
	R 1 050 000	R 700 000	R 700 000	R 1 400 000

As indicated in Table 4.12 the sales figures identify that the 2014/2015 season , the season in which AmaZulu got relegated , showed the highest sales numbers in replica jersey sale versus the previous three seasons with a total sales value of R 1 400 000. The last time in the four year period when AmaZulu made the R1 000 000 sales mark was in 2011/2012 when they finished 7th, their highest finish of the period.

Interviews with the management team of AmaZulu Football club explained this peculiar adjustment by identifying that the 2011/2012 season sales were based on performance. The 2012/2013 sales saw a decline once again because of performance. However the low figures of 2013/2014 were not based on performance but were actually because the jersey design that season did not sit well with spectators, which ironically was the last season Kappa were kit sponsor. And the final seasons figures, where Adidas took over as kit sponsor; saw a massive spike in replica jersey sales regardless of performance. AmaZulu has identified this sales numbers as their highest in recent years.

4.6 Tournament Prize Money

The South African Premier Soccer League incentivizes all participating teams at the end of the league season. The league pays out prize moneys for all 16 teams with payments dependant on the teams' positions in the league after the last day of the season. For example, should a team finish as number one for four seasons in a row then they are entitled to be paid out R10 000 000 each season by the league totaling R40 000 000 (R10m x 4 seasons). A team that finishes in sixth position every season would, according to this structure, earn a much lower fee than the team that comes first every season. They would earn only R 5 200 000 (R1.3m x 4seasons) for finishing sixth for four seasons in a row. Based on this understanding one can see that ability for a team to perform well and finish higher than the other teams in their respective league has great potential revenue benefits for the organisation.

The league additionally incentivizes teams on quarterly performances by paying out additional prize money for performing well in the league in the four quarters known as the Q-innovation system. Because the season is an official 10 months long, starting in August and ending in May, the Q-innovation system incentive is every two and a half months. The Q-innovation system pays league participating teams an additional R 1 500 000 for being the number one team in the league at the end of each of the four quarters of the season. For example, should a team end the first quarter (2nd week October) of the season as number one they would be paid R1 500 000 by the league. Should the same team be in second position at the end of the second quarter (last week of December) they would not qualify for the incentive. If the team finished the third quarter of the season (2nd week March) as number one on the log standings they would qualify for another R1 500 000 and then if they are number one again at the end of the fourth quarter (end of May) then they qualify for the final Q-innovation incentive for the season . In total the team would be paid R4 500 000 (R 1 500 000 x 3quarters) for the season in addition to their R10 000 000 for finishing number one at the end of the season totaling their full revenue generated from incentive for the season to R14 500 000.

Table 4.13 below shows the Premier League payout incentivises for the teams in the following format:

Table 4.13: South African Premier Soccer League Incentive Structure

1 st	R10 M	9 th	R750 k
2 nd	R5 M	10 th	R 700 K
3 rd	R3 M	11 th	R650 K
4 th	R2 M	12 th	R600 K
5 th	R1.5 M	13 th	R 550K
6 th	R1.3 M	14 th	R500 K
7 th	R1.1M	15 th	R450 K
8 th	R1 M	16 th	R400 K
Q innovation incentive	4 x R1.5m = R6M		

Data compiled using (Premier Soccer League Statistics, 2015)

Table 4.13: AmaZulu Incentive Payout 2011/2012 – 2014/2015

Season	League Finish	Prize Money
2011/2012	7 th	R1 100 000
2012/2013	12 th	R 600 000
2013/2014	9 th	R 750 000
2014/2015	16 th	R 400 000
Prize Money		R 2 850 000

Data compiled using (Premier Soccer League Statistics, 2015)

As indicated earlier by tables 4.6 through to table 4.9 in the Ticket Sales and Gate Revenue section we were able to determine the final position finished by AmaZulu Football Club in 2011/2012 ; 2012/2013 ; 2013/2014 and 2014/2015 as 7th ; 12th; 9th and 16th respectively. According to these final positions, the seasonal incentive payouts for AmaZulu Football Club can be identified as shown in Table 4.14. Documented in chronological order:

- The 2011/2012 season was the best performing season and as a result had the highest incentive payout over the season period at R 1 100 000 for finishing 7th overall in the league.
- The 2012/2013 season saw the club not performing as well as they would have liked to and finished 12th in the season overall. As a result this saw the club receiving a decrease in 45% payout from the league versus last year to the value of R600 000. This was a R500 000 drop in revenue paid by the league to AmaZulu versus the previous season.
- The third season saw AmaZulu play much better football and put in better performances. This saw the club with a higher final table finish in 9th position and as a result a higher incentive payout at R750 000, a 25% increase over last year equalling a R150 000 revenue increase versus the previous season.
- The poorest performing season saw the club finish in 16th position and eventually relegated from the league. Even though the club was relegated, they still were entitled to receive an incentive payment of R 400 000, a 47% decrease which amounted to R350 000 decrease in revenue from the previous season.
- AmaZulu Football Club earned no Q-Innovation incentive over the 16 quarters in the four seasons due to the fact that throughout the four seasons examined they did not end any of the quarters as number one in the league.

Table 4. 14 Incentive Payout Proportionality for AmaZulu Football Club

Season	Total Earnings	% of Grand total
Top half finish	R 1 850 000	65%
Bottom half finish	R 1 000 000	35%

As indicated in Table 4.14 there is an indication of which seasons, the good performing seasons versus the bad performing seasons, proportionally bring in the most amount of revenue:

- In the 2011/2012 as well as the 2013/2014 seasons AmaZulu performed well and finished in the top half of the log and earned R1 100 000 and R 750 000 at the end of those seasons respectively in total earning the club R1 850 000 total in incentive fees.
- In the 2012/2013 as well as the 2014/2015 seasons AmaZulu did not perform well and finished in the bottom half of the log and earned R 600 000 and R 400 000 at the end of those seasons respectively in total earning the club R1 000 000 total in incentive fees.
- These figures translated meant that for their top half finishes AmaZulu were able to earn themselves an extra R850 000 and in total earn 65% of their grand total when the team performed well and completed a top half finish.

4.7 Informal Discussions – AmaZulu Management Team

Informal, open ended questions and discussion were had with two AmaZulu general managers as well as their media officer. These members of the management team were chosen for the informal discussion due to their comprehensive internal knowledge about AmaZulu Football Club, the dynamics of managing a professional football team in the premier league as well as their in depth understanding of the relationships that a sports organisation must have with their various stakeholders. Due to the non-availability of two other board members that were initially included in the list of respondents these three members were the final respondents interviewed.

A number of factors were highlighted regarding AmaZulu Football Clubs' performance over the last four seasons and the business ability to generate revenue in the long run. Below are the responses from the three respondents to the question discussed. Question schedule can be found as Appendix 2 in the Appendices section at the end of the dissertation.

Team performances between 2011/2012 until the 2014/2015 as well as the previous two seasons (2009/2010 – 2010/2011)

All respondents agreed that the team's performances over the last four seasons have been inconsistent. Respondent 1 identified that the team's success eventually became the reason that the team did not perform well in the following season. This was attributed to the fact that when the team did well a number of high profile teams lured their previous season's best performing players away from the club. Due to the strong financial backing that these teams had it became difficult to convince the players to stay and the players found the new moves more attractive. Respondents 2 and 3 felt that the strength and depth of the team's squad were a contributing factor for their inconsistency over the seasons. When they had a great squad (starting players and reserves) then they perform very well. The two previous years out of the researched seasons, 2009/2010 and 2010/2011, all three respondents agreed that they have been inconsistent with the team finishing 9th and 14th respectively.

Team performances, league finish and the contributing factor it has to revenue.

Respondent 1 and 3 agreed that the team's league finish had a major contributing factor to the team's revenue generation because of the incentive payments that the club received from the Premier Soccer League. Respondent 2 agreed with the other respondents and also added that the higher final log finish of the team as well as longer participation of the club in cup competitions could have also had contributing factors to the team's ability to earn additional revenue. They mentioned that should the team have had the rights to earn the profits of food and drinks at the stadium then they would earn more revenue through the concession stands as well as the paid parking services.

Respondent 2 may have created a an idea that the club had not explored yet regarding earning extra profits from concession stands and parking bays however this perspective may be

negligible. This is due to the fact that to earn the profits from these the club would need spend more money to acquire them, create the demand, use them as point of sale and then only determine whether the profits outweigh the costs.

Ticket sales prices and the supporters'

Respondent 1 was clear in stating that the prices of tickets had not fluctuated due to the awareness that the club had regarding the income group of a majority of the spectators. The group of supporters had been identified as individuals who are in the lower LSM groups and a majority still need to pay for public transport to go to and from the games from the local townships. The move was done by the club to ensure that the fans are still able to afford to come to the games and support the team. Respondent 1 had mentioned that the prices were increased when either big name teams such as Kaizer Chiefs, Orlando Pirates were playing in Durban against AmaZulu or alternatively when the team had had a good knockout competition run and demand for the tickets was high. This application of increased prices follows the theories examined in the literature review in chapter of dynamic ticket pricing. They have given an example of this when in 2009 AmaZulu made it to the Telkom Knockout final against Bidvest Wits University. AmaZulu for the first time in over five years were able to increase their ticket prices from R40 per ticket up to R100 per ticket. They both also agreed that the teams revenue generation moved along the lines of consistently fluctuations due to variances in match day attendances and the over flowing effects of those inconsistent home match day attendances

Interaction with the AmaZulu supporters and fans

Respondent 1 and 3 mentioned that the club strived to maintain an overall entertainment experience for their supporters and as a result sell the AmaZulu match day experience as a full package, which respondent 1 mentioned as the teams initiative in connecting with the fan. Respondent 2 said that the team ran pre-match, halftime and post-match entertainment with many AmaZulu football club prizes up for grabs, as a way of creating a memorable experience with the spectators and also to generate a general fun atmosphere. The reason for the strategy of was also to create camaraderie between the fan and the club so that during their good and bad

times it became an easier decision for the supporter to spend their hard earned money buying match-day tickets or even team merchandise.

Merchandising

With regard to merchandising and their new marketing strategy, respondents agreed that incorporating the fans more interactively created an identity with the AmaZulu brand. The positive interaction created a pool of spectators that were buying merchandise from the team in a form of pledging their support behind the team 100%. This was experienced and proved very successful in the 2014/2015 season when the team was relegated to the 2nd Division but still recorded the highest sales of merchandise jerseys in a four year period. Respondents mentioned that the sale of merchandise was an easier process to manage should the team be doing very well but explained that the increase in sales of merchandise jerseys in the final season can be attributed to the fact that it was the season the club changed jersey sponsors from Kappa to the more stylish and popular Adidas brand.

Relationship between the team's on-field success and its long term commercial success

Respondents alluded to Business Management International reports that contained information about the potential advertising space and sponsorship value of the team. Respondents mentioned that the report supported the idea that a more successful team is a more marketable team. Respondent 2 specified that when potential brands look to market their brands in conjunction with the AmaZulu brand it is much easier to propose a higher value for the spaces the AmaZulu brands occupies such as the billboards that can be seen on the field during the game as well as the official club website. When the team was doing well and getting great exposure than when the team was performing poorly and not carrying a good image, the club can charge higher prices due to the exposure and interest that is generated by the public. Commercial brands became enthusiastic to associate themselves with the brand. Respondent 1 mentioned that there were many other contributing factors in equating the team's on-field team success and their commercial viability such as good corporate social responsibility and successful marketing in the

form of correct brand positioning. However the intangible effect that great on-field performances have on the brand and the team's ability to earn greater revenue cannot be ignored.

4.8 Conclusion

This chapter investigated the data provided by AmaZulu Football club as per the research methodology listed in Chapter Three. The data was organised into tables and graphs and open ended informal discussion were held with members of the clubs management team to further understand where the club currently is from a performance perspective.

The following chapter five has conclusions that have been established from the results of the research as well as recommendations for various stakeholders at AmaZulu Football. If these recommendations can be found as useful for the club and as a result be implemented by the various stakeholders, they can very far in placing new strategic business plans for the club.

Suggestions for further research will be included in the final chapter.

CHAPTER FIVE – CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and provides conclusions to the information collected in Chapter two's literature review and Chapter four's data study. It furthermore, provides links between the three research objectives and links them back to the literature review and the secondary data scrutiny, and provides recommendations to sports organisation owners and coaching management.

5.2 Objective One: Research Findings and Conclusion:

Objective One: To investigate the interdependence between the AmaZulu's on-field playing performances and the team's ability to increase revenue.

Findings from the Literature:

Based on the literature review it was established that spectators are an integral and important contributor to the sports organisations economic success because of the gate revenue generated for games. When a team performs well, demand and interest is higher, which is evident in all sporting codes. Beyond the gate revenue stream created by fans coming to watch good team performances, the feet through the gate provide additional sources of income from their match day. These come from the food stands that are operational at the stadium, the spectators buying the team magazines / newspapers; match day programs, paying for stadium parking as well as buying merchandise on the day. Overall a good performance leads to the sale of the match day ticket, which is very important because it has a ripple effect on other match day potential revenue streams.

From the televisions broadcasting perspective, broadcasters buy rights to matches in an attempt to build audiences for their marketing advertisement space to increase in value. However it is also evident that the audience viewership will be poor if the sports team's performances are also

poor. The literature establishes that in order to encourage viewership, a team needs to deliver value to fans, as added-value motivates the support-behaviour of fans. Sponsors sign partnerships with clubs hoping to deliver their advertising message to the public. In order to receive more money, hence financial value, from sponsors, clubs have to provide them with a large target fan base to which they can advertise.

Findings from the Research

Based on the investigation a pattern was established between the seasons when the team performed well (according to club standards) and the team showing signs of an increase in revenue generation. From a performance point of view, the team was deemed to have been performing well if they finished the premier league season in the top half of the log and if they had a long knockout cup run. And they were deemed to have performed poorly if they finished in the bottom half of the log with a shorter knockout cup run.

From the data it was found that the 2011/2012 as well as the 2013/2014 season was the clubs best performing seasons with a 7th and 9th log position finish in the season. Both seasons were in and around the top 10 finish which is where most teams aspire to at least finish so that they are far from relegation, within a good position to earn the South African Premier Soccer League (PSL) annual incentive and also within contention to play in an extra knockout competition which they automatically qualify for if they finish within the top 8.

Both seasons saw a marked increase in spectators coming to the stadium to watch their games as well as an increase in exposure for the AmaZulu brand therefore increasing the demand for market space with the team. Both seasons also presented AmaZulu with the opportunity to earn a higher incentive from the PSL. On the contrary, even though the teams merchandise did well in the 2011 season there was no spike in sales in the 2013/2014 season. Upon discussion with management it was discussed that other contributing factor such as design, change in merchandising agent and distribution disputes were contributing factors in a slow sales year of replica jerseys.

Conclusion:

From the four seasons analysed it can be found that there is a comparison between good team performances and an increase in revenue generation. The same can also be said for poor team performances which have the opposite result on team revenue. Ticket sales, team incentive payout as well as advertising exposure and demand showed to have a comparison when the team performed well or when the team did poorly.

5.3 Objective Two: Research Findings and Conclusions:

Objective Two: To identify where and how the teams' revenue stream is affected based on the teams performances. The performances areas to be investigated: ticket sales, merchandise sales, advertising space demand and team incentive payouts.

Findings from the Literature

Established from the literature is that pricing for sport organisations goods and services escalate when the team goes through good segments of team performances and the opposite effect is felt with prices decreasing when the sports organisations goes through phases of poor team performance. The ripple effects of this are even felt all the way down to merchandise and marketing spheres. Dynamic prices for tickets are thus used for the sales process of sports organisations. The theory of dynamic pricing on a market-based pricing, which is intended to cause variations in single-game ticket prices is based on demand and thus rewarding the sports organisation in their increase of demand for sports organisations resources. By managing the sales of tickets in this manner the teams can adjust their normal ticket price by increasing them even on the day of the match.

With regard to merchandising, the sports organisations must consistently understand that the sports business relies specifically on merchandising and the increase in merchandising and the levels of revenues that it can create must be understood and exploited. The sports franchise needs to create a diverse amount of strategies for their fan base as well as increasing the identification with their teams.

Findings from the Research

Findings from the data to answer this objective are based on four categories. Ticket sales, merchandise sales, advertising space demand as well as the payout incentives the club receives at the end of every season.

1. Ticket Sales

Based on the findings in the data mining it was established that the 2011/2012 and 2013/2014 seasons produced the best performances of AmaZulu Football club over the seasons investigated with the 2012/2013 and 2014/2015 producing the worst performances. The two better performing seasons had combined home game ticket sales of 168 675 spectators versus the two worst performing that had combined ticket sales of 112 233. Proportionally this equated to 60% of the spectators attending home game fixtures at Moses Mabhida over a four season period were attending matches when the team performed better and a higher league position finish.

Revenue generated through gate takings were also investigated, which included data for purchases of a once off R40.00 match day ticket as well as the sales of the R500.00 season tickets. From the data collected based on gate takings it was established that in the better performing seasons of 2011/2012 and the 2013/2014 seasons, AmaZulu Football club combined across the two seasons generated R 7 422 000 versus their worst performing seasons which were the 2012/2013 and the 2014/2015 where combined there were a noticeable drop down to R 5 137 820 generated. This culminates to an 18% or a R 2 284 180 drop in revenue from the two best performing seasons to the two worst performing seasons.

2. Merchandise Sales

Based on the findings in the data mining it was established that the 2011/2012 and 2013/2014 seasons produced the best performances of AmaZulu Football club over the seasons investigated with the 2012/2013 and 2014/2015 producing the worst performances. The better performing seasons of 2011/2012 recorded sales of 3000 replica jerseys sold with the

2013/2014 season showing no growth with replica jerseys sold that season at 2000. In total over the four season period 11 000 replica jerseys were sold and a majority of these were sold in the two worst performing seasons with 2000 jerseys sold in the 2012/2013 and a record 4000 jerseys sold in the 2014/2015 seasons. Proportionally this equated to 55% of total replica merchandise units sold were done in the worst performing seasons.

From a revenue generation perspective the two best performing seasons were able to generate an amount of R 1 750 000 from the 5000 units sold as compared to the worst performing seasons that were able to generate a higher revenue stream of R 2 100 000 from 6000 units sold.

These figures though cannot be taken at face value as there are contributing factors such as change in kit sponsor, new kit sponsor appeal/preference amongst spectators, jersey design as well as increased marketing upon change of kit sponsor, as factors that must be investigated in order to get a true reflection.

3. Advertising Space

Based on the findings from the data gathered from the BMI evaluation it was established that the 2011/2012 and 2013/2014 seasons produced the best performances of AmaZulu Football club over the seasons investigated with the 2012/2013 and 2014/2015 producing the worst performances. . The two best performing seasons had a combined potential revenue demand of R 164 769 495 with the two worst performing season stimulating a potential advertising space demand of R 127 770 237. Proportionally this equated to the fact AmaZulu, over a four year period, are able to value their clubs exposure at a total value of R 292 539 732.

4. Prize Money

Based on the findings in the data mining as well as the data obtained from the South African Premier Soccer League (PSL) it was established that the 2011/2012 and 2013/2014 seasons produced the best performances of AmaZulu Football club over the seasons investigated with the 2012/2013 and 2014/2015 producing the worst performances. The two best performing seasons received a combined revenue incentive payout from the PSL of R 1 850 000 with the two worst performing season qualifying the club for a payout of only R1 000 000.

Proportionally this equated to AmaZulu earning a total revenue payout over four seasons of R 2 850 000 with 65% of the revenue paid out by the PSL being paid out during the season when the club was performing their best.

Conclusion:

Based on the literature as well as the data examined a comparison between good team performances and a potential increase in revenue generation can be established. Three of the four researched, potential revenue areas show a positive reaction to good team performances and an equal and opposite reaction when poor team performances were observed. The single revenue generation category of merchandise that did not show trends of increasing or decreasing based on performance was established that it had external contributing factors other than that of performance which are to be investigated further.

5.4 Objective Three: Research Findings and Conclusions

Objective Three: Investigating if management are aware of the contribution that good team performance and the supporters have on revenue generation.

Findings from the Literature

Based on the literature it was established that when sports teams are followed with a strong passion they begin to have an influence on the human emotion. Fans are always happier when the team wins, which has an effect on sectors of their personality. The fans were found to be more confident and as a result they became more successful. Merchandise sales were also identified to show an increase due to team identification as well as team performance. The literature identifies that there is a construction of social identity through the consumption of sports products which are the reason why consumers buy diverse products. Spectators perceive

teams to be related to their desired selves and as a result they have a stronger desire to express their identities by affiliating themselves with the team and other supporters. Research found that opportunities to participate with the team in the form of the teams local community visits; match day activities during halftime in the form of giveaways as well as corporate social initiatives are an important form of consideration when looking at team identification. Supporters cannot be limited to being at the stadium and going through experience-oriented arrangement of the games in the stadiums. They should be offered a heterogeneous spectator experience such as the streaming of matches via a paid television system and the construction of fan parks to create a more intense and intimate setting for the supporters.

Findings from the Research

Findings from the research were established from informal discussion with AmaZulu team management. From the discussion it was ascertained that management were fully aware that the team's performances over the last four seasons have been very inconsistent. Respondents identified that luring away of their season's best performing players away from the club as well as the strength and depth of the team's squad is a contributing factor for their inconsistency over the seasons.

Regarding the team's performances and their overall league standings finish being a contributing factor it has to revenue, respondents have agreed that the team's league finish is a major contributing factor to the team's revenue generation because of the incentive payments that the club receives from the Premier Soccer League. Respondents felt that the higher finish of the team on the log as well as and longer participation of the club in cup competitions could also have contributed to the team's ability to earn additional revenue. Ticket sales and pricing were identified as not having been increased over the seasons due to the awareness of the club of their supporters who are more commonly made up of individuals in the lower LSM earnings group. Management has identified this as a strategy to ensure that the fans are still able to afford to come to the games and support the team. Management has however mentioned that the prices are increased when either big name teams or when the team has had a good knockout competition run and demand for the tickets is extremely high. They both also agree that the teams revenue

generation has also moved along the lines of consistently fluctuations due to variances in match day attendances and the over flowing effects of those inconsistent home match day attendances

Respondents have also discussed the clubs interaction with the supporters and fans. They have identified the experience of meeting the players as well as the social visits done in local communities as having a positive relationship with their supporters and being an important element in revenue generation and as an initiative in connecting with the fan. As mentioned in the literature by Summers and Morgan (2005) one of the important objectives of the sports team should be to add value to the supporters match day experience in the form of good team performance, pre and post-match entertainment as well as any sponsor redeemable prizes if available. The strategy of this is to create camaraderie between the fan and the club so that during their good and bad times it is an easier decision for the supporter to spend their hard earned money buying match day tickets or even team merchandise. This perspective clearly explains that management places great value in the fan as a means of revenue generation for the team.

Regarding merchandising respondents have agreed that the sale of merchandise when there is good team performance is much easier to do as supporters want to be identified as being part of a winning team. The collected data does not follow the predicted pattern of increasing in sales when the team does well and decreasing when the team performs badly, and instead shows an increased sales value in the season the team got relegated. The anomaly was explained by respondents as being affected by the change in jersey sponsor from Kappa to the more popular brand of Adidas.

Regarding on-field success and the effect on potential revenue generation commercially respondents have agreed that a more successful team is a more marketable team than an unsuccessful team. When companies look to market their brands in conjunction with the AmaZulu brand it is much easier for AmaZulu to propose a higher value for their space when the team is doing well and getting great exposure than when the team is performing poorly and are not carrying a good image. Respondents have agreed that one cannot ignore the intangible effect that great team on-field performances have on the brand and the team's ability to earn greater revenue.

The academic literature has provided a strong foundation to settle that there is a link between team performance and a fan identification with their team. There is also evidence in the academic literature that suggests that the increased fan loyalty is a contributing factor to the sports organisation ability to generate additional revenue.

Conclusion:

Based on the academic literature provided and the informal discussions had with AmaZulu's management, it can be established that the team's supporters grow an increased sense of identification with the sports organisation when the team performs better on the field. Factors such as communication between the team and the supporters have been identified as an additional contributing factor including performance that enhances team and fan bond and thus the ability for the team to receive consistent support from the supporters resulting in increased revenue generation. Management have shown a level of competency in their understanding the relationship that exists between the team's performances, the supporter and the potential to increase the revenue generated.

5.5 Recommendation

5.5.1: Executive Board and Chairman

The job of the executive committee of any sports organisation is to ensure the strategic functioning capabilities of the team. This is from a revenue and team sustainability point of view. For Executive Board members and team chairman's it can be recommended that in the strategic planning process for the club that:

- The creation of high performances standards for the teams. These standards should be based on a results as well as an entertainment value basis. It has been found that even teams that are possibly not winning the tournaments and trophies set out for them are still able to win over fans by playing a more entertaining style of play that appeals to the general public.

- Placing in the budgets to spend money on great, high priced players is important. Research has shown that more expensive players tend to be the better of the group players available in the transfer market. The better players provide two advantages for the team from a revenue perspective. (1) They make for an easier marketing strategy for revenue bearing attributes such as merchandise sales, (2) but they also are deemed to be highly priced because they perform better and are most likely bring the required results for the team.
- Placing a well recognised coaching and team management staff that can achieve the performance standards required to get people into the stadiums in large volumes on a weekly basis.

5.5.2: Coaching and Team Management Staff

The job of the coaching and team management is closely involved with how the team actually performs on the field. These jobs are crucial in fulfilling the organisational vision of good team performance as a means of generating revenue:

- The creation of high performances standards for the teams playing every game. These standards which are generally based on the executive committee's performances matrix should be met and exceeded if the vision for the organisation is to be met for revenue generation through performance. Coaches must also understand that even though winning tournaments is deemed first prize as this generally is translated as a good performance but it is important to recognise that they are still able to win over fans by playing a more entertaining style of play that appeal to the general public.

5.5.3 Public Relations, Marketing Departments

For Public relations and marketing departments it is utmost importance that they must consistently engage with their fans of the organisation on a regular basis. Research has specifically shown that the fans associate strongly with their teams and it us to the team to reciprocate that loyalty right back to them. Fan loyalty lives way after the final whistle has blown on the field and the post match celebration are over. A majority of fans do not stop following their teams but continue following their teams throughout the year and even during the off-season.

From this public relations and marketing departments can:

- Open up specific pre season and in season trainings to the general public. In that way the fans can feel closer and more intimate with the players of the team. By allowing this open passage the team supporters feel a sense of entitlement to support their team and thus are coming to the stadium every weekend.
- Creation of a more interactive environment for the supporters such as a supporters club. With creating a supporters club there is a creation of a loyal base of fans that interact with sports organisations as a committee. This allows the supporter to feel a sense of involvement and belonging to the club and as a result creates a long standing relationship between the fan and the team. These members of the supporters club can have the power to influence participation of none patrons of the team by word of mouth advertising for the team, recommending attendance to none attending members of the public to come and support the team . Supporters club have the potential to stretch far beyond the state or province in which the team is and can be established anywhere in the country, even overseas. As long as there are fans who feel part of the team and have an opportunity to voice their opinions.

The potential revenue generation that exists in having an association like a supporters club can provide infinite possibilities

5.6 Suggestions for Further Research

1. Team performances over an 8-10 year period should be examined. This will allow the researcher to gain a more accurate picture as well as a less compacted perspective on whether there is a comparison between performances and revenue. Longer period investigations can allow the researcher to eliminate and smooth out contributing factors such as; Socio economic factors like an economic recession. A supporters diverted interest into global tournaments such as the football tournament in the Olympics or any of the FIFA World Cups (u21, u23, Women's World Cup or the main event of the senior men's World Cup).
2. Further research is required in other sporting codes to deem the research a well rounded perspective. An overall assessment of other codes such as rugby, cricket, hockey and other sports can provide a well rounded interpretation on the effects of performance and the ability for team to generate revenue. The research done on a premier league soccer team in South African may contain the probability to operate differently and achieve different result to another sporting code.
3. Further investigation needs to be done on the contributing factors on the merchandise sales. The four year time frame in which the investigation was conducted requires a larger window to receive a more accurate understating. Research into the merchandising category requires a stable merchandise agent with a long standing agreement so that the researcher can understand whether design, price, the merchandising sponsors footprint in the market or all of the above are additional contributing factors over and above performance.
4. Objective three, which focuses on establishing whether the fans have an increased sense of team identification upon the teams on field success and improved performances and how this translates in increased revenue requires some further research.. The element of fan passion, fan involvement and whether they intrinsically want to be actively involved with the team because of their success is a strongly qualitative attribute. Due to the fact

that the research is based on quantitative research that involves data mining this objective can be investigated through academic literature however it does require qualitative research and questionnaires to support this objective.

5. As mentioned by Cane and Conahagen (2008), a problem with counterfeit merchandise is that it plays an important role in the devaluing of the official merchandise. Most of the counterfeit merchandise is often manufactured with average or below standard quality assurance standards and as a result decrease the value of the rights owner's brand. Further investigations needs to be done on the impact on revenue generation of counterfeit goods on the value of the brand of the sports team as well as the knock on effect this has on revenue generation for the club as a business.

5.7 Concluding remarks

This research was not designed to dictate that sports teams should be winning trophies every season as a means of generating greater revenue. Instead the research investigated whether teams can show a positive effect on their revenue bottom line when they performed better on the field of play than what they did the season before as well as performing well for their supporters whether this means finishing mid table; making it to the semi-finals of a tournament or just finishing high enough on the final log to qualify for a national competition.

The problem that was identified in Chapter One was to determine whether on-field performances affected the sports teams potential revenue streams. This problem has been researched by analysing AmaZulu Football Club team performance over a four season period and their revenue streams from ticket sales, memorabilia, and incentive payments from the Premier Soccer League as well as advertising and sponsorship.

Conclusions and recommendations have been made that should assist AmaZulu Football Club in strategically planning on new avenues' to generate revenue should the team exhaust all other avenues to create a bigger bottom line.

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Appendices

Appendix 1 - Ethical Clearance



22 September 2015

Mr Mali Mdletsho (200301001)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Mdletsho,

Protocol reference number: H55/1197/015M

Project title: The Impact of On-Field Performance on a Sports' Club's Revenue Streams: The case of Amazulu Football Club

Full Approval – Expedited Application

In response to your application received on 21 August 2015, the Humanities & Social Sciences Research Ethics Committee has considered the above-mentioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully



Dr. Shenuka Singh (Chair)

/ms

Cc Supervisor: Mr Alec Bozso
Cc Academic Leader Research: Dr Muhammad Hoque
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Appendix 2 - Open Ended Questionnaire

1. How would you describe AmaZulu Football Clubs team performances over the last four seasons between 2011/2012 until the 2014/2015 season?
2. Prior to the 2011/2012 how would you describe the previous two seasons (2009/2010 – 2010/2011)?
3. Do you feel that the team performances and its eventual finish in the league somehow has a contributing factor to the revenue the club can generate and at what capacity do you feel performance affects this revenue generation?
4. Ticket sales are a key avenue in revenue generation, has the club been able to increase ticket prices every season for a full season as well as increasing ticket pricing for special games? (i.e.: games against Orlando Pirates / Kaizer Chiefs etc) How have the supporters reacted to this?
5. If Yes, how was the team performing over the seasons and did the supporters react positively or negatively. If No, what were the reasons for not increasing the prices?
6. How does the club strive to keep a connection with their supporters beyond attracting the with team performances?
7. Have the above strategies been effective and how independently can these strategies work without team performance as a means to attract fans?
8. Merchandising is important for revenue generation, how has the club been able to capitalise on the loyalty of their fans to generate additional revenue?
9. How important would you describe the relationship between the teams on-field success and its long term commercial success.



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18 August 2015

Dear UKZN Graduate School of Business

I am aware that Mali Mdletshe, a student at your Graduate Business School, has proposed a Master's dissertation project and has requested to AmaZulu Football Club as his subject. I am aware that his research will look at "A Sports Organisations on Field Team Performance and the Impact On the Clubs Revenue Generation."

I am aware that Mali Mdletshe's project involves using secondary data from this organization and this will be conducted for statistical purposes. For which I am willing to provide him with.

I understand that this project involves accessing personnel data information and might also involve collecting interviewed information from current members of the organization and that all such data will be provided to the researcher with all personally identifying information, e.g., names, addresses, job titles, etc. removed so that the data cannot be traced to any individual."

I support the conduct of this research in this organization.

Sincerely,

A black rectangular box redacting the signature of Lunga Sokhela.

Lunga Sokhela

Marketing Manager

Chairman: Dr M P Sokhela Directors: G O O'Connor C J Sokhela