

PROPOLO

Current economic conditions suggest that now is not the time to try and launch a major new sport on the world with a league and a world championship to boot. Yet that is exactly what PROPOLO proposes.

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POLO HAS ALWAYS BEEN CONSIDERED THE GAME OF KINGS. CAN THIS SPORT MAKE THE STEP TOWARDS APPEALING THE MASSES?

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There is method in the madness. Sport has remained reasonably insulated from the downturn in advertising as it is perceived as a recession-proof sector. The 2009 Superbowl provides ample evidence of cash-strapped individuals throwing caution to the wind and spending thousands of dollars to watch their team in the final.

In football, players are still being bought and sold for eye-watering amounts. Northern Rock's sponsorship of Newcastle United was in question for a while in 2007 and American Insurance Group's sponsorship of Manchester United looks likely to end prematurely, but casualties remain reasonably limited at the top level.

What works in PROPOLO's favour is its strategy of a gradual global roll-out over

a period of years having first established itself in its dominant continent – South America.

This makes absolute sense. The sport would be unveiling its professional league in its strongest region with the most talented players. The fact that PROPOLO has already secured an exclusive participation commitment from the world's top 50 players underlines the solidity of the decision. However, one could hardly be surprised. In any sport players want two things: the challenge of consistently playing against the best competitors and the chance to earn good money doing that. PROPOLO has provided them with a concept that does both.

PROPOLO is proposing the inaugural season will be between January and

FOR SOME TIME NOW, THE OUTFITS OF POLO PLAYERS HAVE BEEN IN HIGH DEMAND IN CASUAL FASHION; SOME COMPANIES HAVE BUILT GLOBAL BRANDS WITH THIS IDENTITY.

March 2010. The world's eight best teams will play over ten consecutive weekends across ten different South American city locations: four in Argentina, and two each in Brazil, Chile, and Uruguay.

The sport has a strong following with a clear demographic niche. What it needs to be able to launch smoothly and successfully in the professional arena is an audience that is young, aspirational and growing, and rules that make it both easy to follow and make a World Championship something that is not a foregone conclusion.

It is worth looking at the example generated by rugby union at this point. The annual northern hemisphere jamboree is between six nations; the southern hemisphere packs drama

and excitement into a tournament between just three teams: Australia, South Africa and New Zealand. They work because the teams are great rivals and - particularly with the southern hemisphere - the competition is wide open each year.

The northern hemisphere model is worth a closer look. Here, the game turned professional less than 20 years ago. There was TV coverage at an amateur level, of course, and a clearly defined audience. Since going pro, that audience has grown, sponsorship has come into its own and the sport has expanded – the launch of Heineken Cup rugby (a pan European club competition) has not come at the expense of either international six nations or domestic league honours

but has grown alongside the increased following of the sport in general. The fact that a northern hemisphere team won the world cup five years ago also helped bring the sport to a wider audience.

The concern, in current economic circumstances would be the feasibility of launching any sport onto the professional stage at a time when sponsors' and advertisers' pockets have shrunk out of necessity.

Steve Lanzano, Chief operating officer of MPG North America (part of French advertising group Havas SA), said he expected US advertising spend to drop by between five and eight percent in 2009. He is not a lone voice in the wilderness. Forecasters at agency holding companies have also said ▶



they expect ad. spending to take a negative turn in 2009.

Zenith Optimedia is anticipating year-on-year ad spending in major media will decline by 5.7 percent in North America, one percent in Western Europe and 0.2 percent globally (to \$490 billion). WPP's Group M has predicted the same slide in global ad spend.

Overall, Zenith Optimedia believes the first half of 2009 will be the toughest, with a mild recovery starting in the third quarter before the spending rate turns positive again in 2010, when it believes worldwide ad spending will grow by 5.5 percent.

This is significant for PROPOLO. It intends to launch in January 2010 and therefore needs to secure sponsorship and advertising during 2009's torrid months. Furthermore, it has a very defined brand with natural synergies to the luxury goods sector. In some ways this is great: many polo followers are reasonably recession-proof and remain strong consumers of luxury brands, allowing companies to anticipate greater than average return on their ad spend. However, those same luxury brands might have to be seen to be exercising caution in this climate, especially if they are part of a larger corporate entity (e.g. Mercedes Benz and Daimler Chrysler).

The chief executive of Group M, Mike Rich, told me that, while sport was a fairly safe harbour in the current climate, budgets were definitely being closely scrutinised and, in some areas, reduced.

"The long and short is that, from an investment perspective, I believe it will be a real struggle finding funding at this stage. Luxury goods and finance sectors have been hit with the short-term view likely to worsen. A lot of frogs will have to be kissed!"

But PROPOLO has been many years in the making and it is well thought out with a clear idea of what will work. It has chosen the best market for launch. Figures from the International Monetary Fund show South American countries performing better than the US, the Eurozone, Japan and the UK over the next two years.

Brazil, for example, is expected to post a 1.8 percent growth in GDP in 2009 and a 3.5 percent GDP growth in 2010 compared to a 1.6 percent decline in the US economy in 2009 and modest

growth of 1.6 percent a year later.

PROPOLO's next launch markets – the Middle East and India – are also looking well placed to weather the economic storm, with India predicted to grow GDP by 5.1 percent and 6.5 percent in each of the next two years and the Middle East by 3.9 percent and 4.7 percent respectively.

The launch has been carefully steered by the expert guidance of PROPOLO's management team. Chief Executive Roberto Muller was the first CEO of the Pan-American Sports Network (the 24 hour all-sports cable and digital satellite TV network that reached 10.3 million homes in its first year). Now known as Fox Sports Americas and Fox Sports en Espanol, the network became Latin America's most watched cable sports network. Muller has form in understanding a sports audience and tailoring sports coverage to broaden appeal. He has brought that knowledge to PROPOLO. For example, he has anticipated there will be as much demand for the media coverage to focus on the celebrity following as the game itself by adding scope for celebrity spectator interviews during the half-time break. His team has anticipated the need to broaden the appeal of polo by tapping into the drama, pace and skill demanded by the

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sport. So, players can be kitted with mini helmet cameras, for example, which would give viewers the opportunity to experience the speed and danger close-up.

Karen Earl, Chairman of the European Sponsorship Association believes PROPOLO is something that has been long awaited, given that it is an ideal professional sport with a clear target audience and an obvious luxury goods synergy. She said the launch strategy demonstrated an understanding of PROPOLO's core market: target audience, target TV companies and target sponsors and affiliates

"This is not the best time to launch and it could be a case for hearts ruling heads investment."

In other words, PROPOLO might just provide the excitement and passion to capture corporates' imaginations enough to take a look at the numbers behind the story and invest.

"Given that, it's been a long time coming, it is something that should happen and could be very successful."

THERE ARE MANY OPPORTUNITIES IN SPORTS PROMOTION AND MERCHANDISING HOLDS ENDLESS REVENUE POTENTIAL.