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AFL Club Memberships set for change thanks to Deakin research partnership

AFL members of eight clubs are likely to see exciting changes to their membership packages, following the results of a research collaboration between Deakin University, TNS and the AFL.

A membership forecasting system has been developed using six years of data from Deakin's research into membership and the choice modelling* expertise provided by international market research firm, TNS.

This is the first time these methods have been used in a professional sporting context on this scale.

"You are likely to see significant changes across AFL club membership packages as a result of the work we have done," said Associate Professor Heath McDonald, whose research with the AFL formed the basis of the program.

"AFL club membership packages have not changed substantially since they were set over 25 years ago and are still based on a season ticket, 11 game entry package," he said.

"Clubs over time have added onto and modified the basic package, and some clubs now have a complicated range of packages. The impact of more radical options or changes such as offering a reduced game membership, or investing heavily in member-only communications have previously been difficult to assess.

"People now consume their football differently, not everyone has the time to go to 11 games but they still want to support their club financially. "There are opportunities to develop membership packages to suit those needs much more efficiently. The goal is to reduce money spent on things that members don't value and put those resources into the things they do."

Associate Professor McDonald said the clubs involved in the research had been keen to look at ways to develop or increase their membership base without impacting on revenue.

"Membership is critical to club success," he said. "Over 570,000 Australians are members of an AFL club, it is a \$100m business. "Our estimates of supporter numbers, however, suggests the ratio of club supporters to members is typically around 12 to 1 and the question was why doesn't membership attract larger numbers.

"Clubs have worked hard over the last four years to increase the recognition given to members, improving service quality and member satisfaction. "Now it seems the best way to achieve further growth is to critically review membership package structure, and bring it more into line with the needs of various member segments.

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“Clubs are reluctant to make changes, given the importance of membership revenue, without strong research evidence of the impact those changes will have. “For example the introduction of a reduced price five game package may not be viable if it results in the cannibalisation of the existing membership base and revenue.”

Associate Professor McDonald’s research allowed clubs to see which features of the membership packages were most important to their members in relation to value.

“The results were very exciting,” he said. “As you would expect Grand Final access, seating location and the pricing were important, but there were a lot of things that were of lesser importance to members.

“This program avoids the need to use other less robust methods to set their targets and prices. “They can use real data and the latest research techniques to see what the demand will be. “They can also see the impact of new products across their membership base and set their membership and ultimately business strategy accordingly.

“With the AFL’s support, clubs can now tailor membership packages to suit their particular support base, rather than rely on generic options.

“One club for instance has reduced its 10 packages down to four, radically increased seating options and reduced some prices significantly based on our recommendations.

“We expect to see positive results in terms of both their membership figures and revenue in 2009.”

The clubs involved in this research were Port Adelaide, Brisbane, Collingwood, Melbourne, Richmond, St Kilda, Sydney and the Western Bulldogs.

Additional information:

The forecasting system was developed using choice modelling techniques. *Choice modelling builds a model of how the market makes decisions based on individual consumer responses to choice experiments. In this case over 12,500 supporters and current members across the eight participating clubs were consulted.

The resultant club specific models allow each membership manager to tailor their packages to particular groups of fans and accurately predict the effects of doing so on the club’s other products and overall financial position.

Choice modelling is commonly used in by companies such as airlines and supermarkets to improve their pricing and product strategies. TNS are world leaders in choice modelling, having recently used the technique to assist clients such as Unilever, Coca-Cola and Samsung.

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