

**Sports team branding through  
Corporate Social Responsibility in North America:**

An analysis of the Toronto Marlies' social activities scheme



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Handed in by: Marcus Grosche  
40 88 30 41

First examiner: Prof. Dr. Ariane Bagusat

Second examiner: Ph.D. Thomas Caplan

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## **Abstract**

Corporate Social Responsibility is gaining importance as a marketing and communication tool for professional sports organizations nowadays. In societies packed with different possibilities and alternatives to professional sports, organizations get involved more socially and community-based, aiming to enlarge their fan base and to build a favourable reputation. By coining vitally important bonds and creating valuable content by raising awareness for social needs, sports teams enhance awareness and ingrain themselves into a city or region. It is not unusual that professional sports organizations nowadays follow the device: 'doing what is expected by the society'. Indeed, societies expect proximity and demand that professional sports franchises 'pay back' the society for being a loyal supporter through donations, creating awareness for charitable causes or player appearances.

The example of the Toronto Marlies Hockey Club demonstrates that not only large or global business enterprises have a broad CSR scheme in place, but also sports franchises deal with socially responsible acting in different areas. Representing an unique example due to the ownership situation and geographical placement of the franchise the Marlies accomplish all five areas CSR is served in today, although only the area 'community activities' is served by the Marlies organization semi-independently. As property of the MLSE, the Toronto Marlies moreover contribute mainly to the activities of the 'MLSE TeamUp Foundation' and execute the overridden MLSE CSR scheme.

According the results of the SWOT-analysis, improvements regarding their social activities scheme suggest to consider females within scope of support as well as following politically addressed community activities. In addition to that, a broader employee welfare concept benefits the reputation of the Toronto Marlies within the MLSE organization as employees seeing the Marlies only as a diving board. Last but not least, using university research through their internship program provides the possibility to know current developments in marketing, branding and CSR from first hand which can be used as an advantage towards the other six professional sports organizations in Toronto.

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## List of Abbreviations

AHL	American Hockey League
a.u.	author unknown
CBA	Collective Bargaining Agreement
CBC	Canadian Broadcasting Corporation
CSR	Corporate Social Responsibility
ECHL	East Coast Hockey League
GTA	Greater Toronto Area
MLB	Major League Baseball
MLSE	Maple Leaf Sports+Entertainment
NBA	National Basketball Association
NFL	National Football League
NHL	National Hockey League
p.	page
pp.	pages
p.u.	page unknown
TFC	Toronto Football Club
TSN	The Sports Network
y.u.	year unknown

# Chapter One:

## Introduction

Professional sports franchises in North America have grown over the past decades from small business into corporate undertakings and are commonly worth mid to high triple-digit million US dollar (*Badenhausen* 2011, p.u.). Nowadays, these sports organizations do not only need to have an understanding of the history of professional team sports and their characteristics, but also have to provide a broader knowledge of business practices in general as more money is involved in professional sports and risks rose as a consequence.

Hence, marketing and in particular brand building have become major issues aiming to ensure awareness and beneficial reputation for the organizations within a city and their respective community. In the summer of 2011, the example of the Atlanta Thrashers revealed once again how important it is to focus on building a strong brand. The Thrashers were unable to identify themselves properly which resulted in an unsuccessful market placement, an unsatisfying relationship with the inhabitants of Atlanta and consequently missing backup from various sides. Following, attendance decreased over the years and sponsors did not prolong their engagements. The insurmountable financial difficulties lead finally to their relocation to Winnipeg. Knowing the city, the inhabitants and the whole country in their back, initial difficulties such as growing a fan base and attracting people for the sports are nearly excluded for the new organization. Nevertheless, one of the first actions the Winnipeg Jets accomplished after installing a foundation supporting the community in social activities, was to announce community relation engagements. Although the Jets could have chosen a smoother start for their business operations, they chose a marketing and communication tool which can be found especially in North America to a broad extent: Corporate Social Responsibility (CSR). Not only applied in regular business practices as early as the 1960s, this method of creating bonds by presenting themselves as members of the community also found its way to professional sports only a decade later.

This thesis firstly aims to outline the matter of brand building and Corporate Social Responsibility theoretically. Secondly it intends to apply this theoretical knowledge by suggesting further improvements for the professional sports organization of the Toronto Marlies Hockey Club having analyzed the current situation concerning the internal and external environment and shown the results in a TOWS-matrix.

Chapter two provides a brief introduction into the topic of brands and the brand building process, including as well a short overview of the history of professional sports in North America and unique characteristics of this respective sports system nowadays. Naming the benefits of a strong brand in the following gives a better picture of why companies and sports organizations today are enlarging their awareness of this topic. Using the example of a major league hockey franchise, the Ottawa Senators, a brand building process is outlined to bridge in the following to chapter three and Corporate Social Responsibility.

Hence, chapter three focuses on CSR in general businesses on the one hand and CSR practices in professional team sports on the other hand.

The first part of this chapter provides information about the history of CSR, CSR and brand building, the four ideologies, geographic levels and points to consider when establishing a CSR program. The second part aims to present CSR in professional sports by including the matters of the history of CSR in professional sports, obligations for a social engagement as well as advantages and possibilities.

Chapter two as well as chapter three close with a brief summary of the research findings.

Chapter four describes in an introducing part the approach of the analysis and outlines theoretical background information about the SWOT-analysis, the applied analysis tool.

In the second part of this chapter the practical analysis begins with an overview of the Toronto Marlies, providing information about the history and ownership situation.

The internal environment provides further information regarding the management situation, the marketing and branding strategy as well as the Marlies' current CSR scheme, whereas the external environment in the following presents information about the competitors' schemes, hockey and sports related current issues as well as social concerns and issues in Toronto and Canada.

Chapter four closes with the presentation of the results in a TOWS-matrix and provides suggestions for further improvement in the area of CSR for the Toronto Marlies.

Lastly, chapter five sums up briefly chapter two to four, allowing to compare the current situation in North America with the German sports market regarding that outlined topic and to make predictions about future developments in both systems mentioned.

## **Chapter Two:**

### **Brand and brand building in professional team sports**

With an unique economic structure and legal framework, professional team sports in North America evolved into a major industry and has emerged as an important political, social and economic power (*Harmon* 1996, p. 119). This industry became a highly competitive market with organizations fighting for every fan or purchased merchandising article. In addition to that, franchises and their managements have to ensure financial stability to survive in the long-term. Building a strong brand in this context can insure the parties hereto against sporting failures which is nearly constitutional in leagues with thirty to thirty-two teams battling for the title. By creating a favourable image and positive reputation, fans and sponsors can be attracted in the long-term.

Chapter two of this thesis briefly outlines the fundamentals in one of the most important areas sports organizations still manage to struggle in: brand building. After providing definitions of the terms 'brand' and 'brand awareness', the vital importance of these expressions and their implementation in the North American sports team system will be outlined in the following. The benefits of a strong sports brand are described under point 2.3, followed by an example of a sports team branding approach out of practice, using the National Hockey League (NHL) franchise of the Ottawa Senators.

#### 2.1 Definitions

A **brand** is a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name" (*American Marketing Association* 2011, p.u.).

Back in the mid-seventeenth century and before, using fences in ranching, branding had been a common way to keep one's herd separate from someone others by marking their cattle with a hot iron. The term developed as well through craftsmen at around the same time who wanted to leave an identifier on their works without distracting from the main message the picture was supposed to send.

Today, a brand does not only refer to a company or an individual through an unique logo or trademark, "it is used to create emotional attachment to products and companies" (*Dolak* 2003, p.u.). Companies need to provide brand experience and touching points for their customers by offering higher involvement. This creates intangible bonds between the consumer and the company, and implies a sense of a better service or higher product quality.

Hence, “in its simplest form, a brand is nothing more and nothing less than the promises of values you and your product make. These promises can be implied or explicitly stated, but none-the-less, value of some type is promised” (*Grant 2009, p.u.*).

**Brand awareness** is “the extent to which consumers are familiar with the distinctive qualities or image of a particular brand of goods or services” (*Oxford University Press 2011, p.u.*). Reaching a high brand awareness is vitally important for every company in any business, but does not do any good without having understood first what sets the business apart from the competition. Therefore, the uniqueness of the businesses product or service, often referred to as the **Unique Selling Proposition (USP)**, and the company's **core values** need to be determined first as the essential distinction (*Dolak 2003, p.u.*). The USP and the core values have to be communicated afterwards to the targeted audience.

## 2.2 Importance of a brand for sports teams

“I cannot emphasize enough the importance of branding in this economy. In an era where consumers do not distinguish between broadcast and cable networks and there is so much competition among so many companies and mediums for consumer attention, it is critical that your brand serves as a beacon in a sea of choices” (*Bodenheimer, quoted in A.u.(a) 2004, p.u.*). Chapter 2.2 provides firstly a brief overview and history of professional sports in North America, and outlines secondly the most important characteristics of this sports system. The main goal is to point out why brand building in this geographic area is so vitally important, possibly more important than in any other sports team markets in the world.

### 2.2.1 Brief overview and history of professional team sports in North America

Organized team sports in North America grew in the past two centuries from a bachelor culture of the tavern with cigars and the odour of beer and whiskey in the early nineteenth century and a generation of sportsmen in the mid-nineteenth who found outlets from professional lives in practising swimming or rowing to a **multi-billion dollar business sector** nowadays (*Davies 2007, p. xv*).

The development of the transportation system in the nineteenth century in particular boosted sports, especially in the new modern America (1913-present) at the **east coast of the United States and at the border to Canada**. Today, cities like Chicago, Detroit, Boston, Toronto or New York are called 'sports cities', a relict remembering the origins of professional sports and the importance of it in these metropolises.

Manufacturers and commercial organizations recognized early in the twentieth century the advantages being associated with sports. Consequently, investments rose in particular in the team sports sector.

In 1919, the National Football League (NFL) organization in Green Bay, Wisconsin was named after their first 'supporter', the Indian Packing Company. Having agreed to a \$500 US dollar 'donation' the team was able to buy new uniforms for their first men team which saved the game operations. Almost one century later, the Green Bay Packers are today one of the most successful sports organizations in the world, full of enriching history.

Not much later during the 1920s and 1930s, sports leagues such as the NFL, NHL, National Basketball Association (NBA) or Major League Baseball (MLB) grew exponentially due to higher interest shown by the public and carried by the **development of new media devices** like radio, newspapers and television, in particular. Today, broadcasting rights occasionally reach triple-digit million to one-digit billion US dollar amounts annually as shown in figure 1, depending on the sports and its attractiveness. The numbers therewith represent occasionally even a larger amount than the gross national product of many third-world countries.

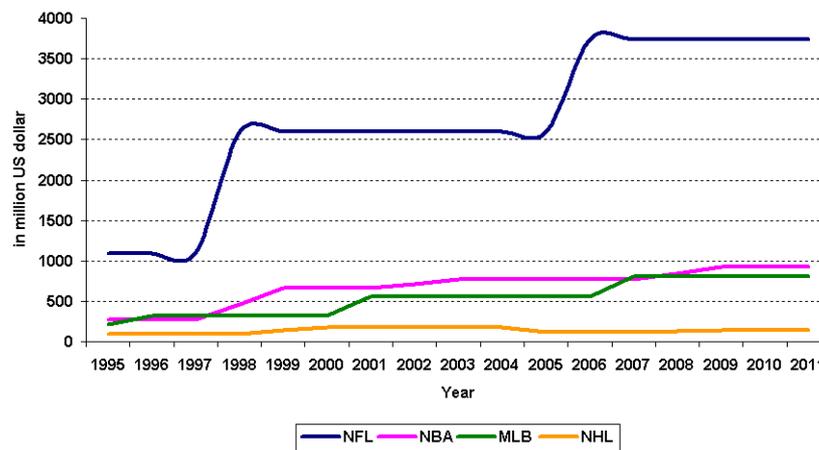


Figure 1: Broadcasting revenues of the NFL, NBA, MLB and NHL 1995-2005

Source: Own illustration based on Vrooman, 2009, p. 26

It is important mentioning in this context as well that professional team sports in North America has created a **new business sector**, contributing the American and Canadian governments by paying tax and their societies by providing jobs and distractions from everyday life.

Cities especially in the US invested heavily in the past into sports venues and an improved infrastructure to accommodate franchises. Feeling confident in helping the **city's marketing** to renew the image and attract foreign business, the interest does also lie with the sports associations. The associations with its franchises moved and opened themselves to new markets on the North American continent aiming to generate more revenues. Leagues expanded and broadcasting rights are now sold globally as games occasionally even take place outside the United States or Canada.

### 2.2.2 Unique characteristics of the North American professional team sports system

As mentioned earlier, North American sports has developed into a major business sector while providing an unique system with special characteristics compared to other sports markets. Each sports league in this context is represented by a **leagues association** whose primary purpose is to “promote the sport, negotiate national TV broadcast rights, negotiate national sponsorship agreements, and protect the interests of the sports franchise owners and the sports league as a whole” (*Department of the Treasury* y.u., p. 1-1).

The mentioned sports franchises are not only members of the respective league association, they are moreover indirectly **owned by the leagues** themselves. Licenses are dispensed by the league and the other franchise holders to provide geographic exclusivity among all league members guaranteeing no interference regarding sponsorship deals and broadcasting rights. This franchise licensing system is often referred to as a syndicate since “all teams are owned by the league, operated by individuals, with profits shared by the operators” (*Fort* 2000, p. 431). Franchise holders are mainly individuals or business corporations and in almost every case the organization is firstly profit-orientated and secondly sporting success-orientated.

A growing vexation from this system are the so called **lock-outs**. The owners and the leagues have the chance to lock the players out from the leagues operations as these do not have a direct contract with the team they play for due to the special labour situation. In 2011, the NFL did not start the training for the new season until August, one month later than usual, as both parties had to negotiate a new Collective Bargaining Agreement (CBA). This CBA mainly defines the percentage distribution of the league revenues between the league and the owners on the one side and the players on the other.

The NHL for example still has to suffer from the cancelled 2004/2005-season when both parties were not able to negotiate a CBA for one whole season. Until today, the league and the teams are not able to close broadcasting or sponsorship deals of the same value they did before the lock-out. This non-favourable incident damaged the reputation and image of everyone involved with the NHL for many years.

A derived characteristic which is given from the franchise system and the fact that the league associations are holding all the power is the so called **closed-league system** which does not allow either promotion nor relegation from its leagues.

Changes of a franchise location, called **relocation**, or an **expansion of a league** need to be decided by voting of the respective representatives of the association. Buying a financially struggling organization in this context is nowadays becoming the most common procedure when thinking about installing a professional sports team.

As leagues with thirty to thirty-two franchises are considered to be inflated in the competitive North American sports team market, further expansions consequently are hardly possible. The most recent relocations of professional franchises happened in July 2011 as the NHL franchise of the Atlanta Thrashers had to move to Winnipeg due to absence of revenues, lack of community support which resulted in insurmountable financial difficulties (*Burnside* 2011, p.u.). This change of location caused another relocation as the minor league team of the Manitoba Moose had to leave Winnipeg. With a NHL team back in the city it became obvious that a second professional hockey team would be doomed to failure in a growing area with just 650,000 inhabitants and a limited number of financially strong businesses to support them. Vitally important community support, political backup and revenues through sponsorships could not be guaranteed anymore to the needed extent.

This example leads to another characteristic: the terms **majors and minors** in North American professional team sports. The majors in this context represent the premier league such as the NHL. The minors like the American Hockey League (AHL) or the East Coast Hockey League (ECHL), just to name the two most important ones, can be considered as second or third leagues of their respective sports.

These minors serve more young prospects to develop or injured major league players to regain their skills in a competitive and highly organized environment. Minor league teams are usually located in smaller urban cities with manageable sized arenas and humble budgets compared to their major league counterparts. Major league teams on the contrary are mainly located in North American metropolises, such as New York, Chicago, Los Angeles or in densely populated regions, like the east coast of the United States.

Owing the franchise system and the closed-league framework, **contracts between the major and minor league organizations** exist, clarifying the relationship regarding player development, drawing players from and passing them down to the minors. Each of the 30 NHL franchises for example has a so-called **affiliation** in the AHL and with a few exceptions also with a third franchise in the ECHL (*see attachment 1*, p. 51).

Although these minor league organizations are in most instances financially and administrative independent, the league and the teams link themselves consciously with the NHL and their major league affiliation, aiming to be associated with their brand and the image of the best hockey league in the world, how the NHL is often referred to.

Another aspect worth mentioning is the inequality regarding television **broadcasting** time and area, the today's biggest revenue source. The NHL as the major hockey league generates, based on a 3-year national television deal with The Sports Network (TSN) in the United States and the Canadian Broadcasting Corporation (CBC) in Canada, combined \$148 million US dollar annually (*Vrooman* 2009, p. 26). The minor leagues whereas only generate revenues through local media broadcasting which needs to be considered as a fractional amount (*Wong* 2009, p. 89).

The less broadcasting time for a league and its teams, the more important other revenue sources become, in particular locally, such as individual team **sponsorship deals**. These areas of income are not shared with the other teams of the league and remain with the franchise (*Department of the Treasury* y.u., p. 1-2).

**Revenues from stadium box seats and general game admission** are handled differently from sports to sports and leagues to leagues. The NFL splits its gate revenues 66-34, which means that sixty-six percent go to the home organization, the other thirty-four percent remain for the visitors. The MLB in contrast shares thirty-one percent of all local revenues equally under the thirty franchises (*Vrooman* 2009, p.u.).

Lastly, the need for a city in a professional sports organization and the linked **financial power and political backup** provided by American and Canadian cities need to be mentioned. In the past American cities offered seeking franchises inducements like publicly-founded state-of-the-art arenas with luxury boxes and other modern amenities, beneficial facility leases and millions of dollars as bonus for a relocation of up to \$20 million US dollar (*Crothers* 1995, p.u.). Professional sports teams in Canada on the other hand still has to suffer from tax burden by both the Canadian federal and the provincial government (*Schmoll* 2003, pp. 1029-1030).

This unequal handling finds its consequence in the list of Canadian professional sports franchises. The 'motherland of hockey' is represented by now seven teams out of 30 in the NHL. In the other four most important major leagues Canada is represented by one out of 30 teams in each the NBA and MLB and none out of 32 in the NFL.

### 2.3 Benefits of a strong sports team brand

An organization and its brand once properly built and managed can preserve against financial struggles which lead to abandonment and relocation of the whole organization considering the unique sports system as described under point 2.2.2 and like the many examples in the past have shown.

First, strong brands in general have the power to **influence the buying process** and making the purchasing decision easier. Sports brands in particular benefit economically and financially by attracting spectators and sponsors. Consequently revenues can increase through higher attendance, more valued broadcasting deals and purchased merchandising articles (*Richelieu/Pons* 2007, p.15). As an example, the NFL can be mentioned. Due to the leagues' and franchises' brand efforts over last decades and their lived philosophy to put the fans before shareholder profit-maximization, the NFL generated 25 times more revenues than the NHL for the 2010/2011 season thanks to their national broadcasting rights (*Vrooman* 2009, p. 26).

Second, **justifying a ticket price** increase and/or commanding a premium price can be more edged down and explicable (*Dolak* 2003, p.u.). The Toronto Maple Leafs for example called as an average \$88.32 US dollar for a 2007/2008 NHL regular-season home game ticket, whereas the St. Louis Blues only asked for \$25.48 US dollar. The league average during that period of time was \$48.72 US dollar (*A.u.(b)* 2007, p.u.). The Maple Leafs, also a founding member of the NHL, can justify this way-above average ticket prices because they have build the most valuable hockey franchise in the world (*Badenhausen* 2011, p.u.).

Third, a strong sports brand has the potential to **create psychological connections** and to transcend the sports arena by building a whole new community and reputation for the sports product in general (*Richelieu/Pons* 2007, p. 15). Manchester United or the FC Barcelona have more than twenty million friends on the social network platform 'facebook', offering news, videos, polls, and much more around the clock. The NBA and the Los Angeles Lakers as the most popular North American major league association, respectively franchise can call meanwhile slightly over ten million their 'friends', as to date November 2011. Facebook, but also other social-media platforms such as twitter or YouTube provide a valuable and vital base for interaction, involvement and connection.

Fourth, sports brands accompany fans in every phase of their lives, and in many cases for their whole life. People do not easily change their favourite team and **loyalty** to sports teams is way more common than to a specific car brand or fashion label. The real fans purchase merchandising articles as soon as they are available, try to attend as many as possible home games and watch their team at home via television or other broadcasting devices.

Lastly, a brand can be considered as an **intangible asset** to a company, offering the unique characteristic that it can contribute positively to the company's revenues on the one hand, but cannot be taken away or stolen by others on the other one (*Dolak 2003, p.u.*). Competitors may copy product designs or service ideas, but a brand is like the character of a human being: unique and incomparable. Especially in sports, where thirty to thirty-two franchises per league compete against each other not only on the field, but also off the field trying to convert people into fans and to gain more revenues, the behaviour and success in doing so makes an organization special and favourable, or to the contrary.

#### 2.4 Building a sports team brand – The Ottawa Senators approach

After providing an overview of the North American sports market, outlining consequently the importance for the franchises to build their brands and pointing out the benefits a strong sports brand can have, this chapter gives an understanding of the brand building process.

As various organizations in different sports leagues nowadays still believe that a brand results from their marketing activities, it is essential understanding that it is in fact the other way around. "Marketing actions are supposed to reflect and enhance both the identity and positioning of the team" (*Richelieu/Pons 2007, p. 22*).

This three steps approach as shown in figure 2 was executed in the past successfully by the Ottawa Senators, a Canadian NHL franchises aiming to create a bond with the local inhabitants by installing a community-close scheme which enhanced the clubs reputation.

Step One Building Brand Awareness	Step Two Enhancing the Brand Image	Step Three Conveying a Personality
<ul style="list-style-type: none"> <li>• Identifying the company's quality product</li> <li>• Determining the USP</li> <li>• Market positioning</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic long-term plan</li> <li>• Building the image</li> <li>• Marketing the image</li> </ul>	<ul style="list-style-type: none"> <li>• Living the message</li> <li>• Controlling &amp; measuring the activities</li> <li>• Building and refining the brand</li> </ul>

Figure 2: Three steps brand building process of the Ottawa Senators

Source: Own illustration based on *Richelieu/Pons 2007, pp. 13-27*

The first step, **building brand awareness**, identifies firstly the company's **quality product** (*Richelieu/Pons* 2007, p. 18). For professional sports organizations this is most likely the service of offering professional team sports. The players as professional athletes exercise throughout the whole year on their relevant sporting conditions. During games they show their skills aiming to win championships, but also to entertain the spectators on-side or on television. Secondly, the **unique selling proposition** needs to be defined and through, thirdly, properly planned activities the brand has to be **positioned in the marketplace** (*Dolak* 2003, p.u.). A possible USP could be for example that only local or native players are on the roster, the main goal is to develop the next big superstars for its affiliate or that for the organization besides sympathy also social conscience is of importance as in the case of the Ottawa Senators. Positioning the brand properly in the marketplace, the targeted audience as well as the right communication canals need to be determined.

The second step is **enhancing the brand image**. Building and marketing the image is an ongoing and accompanying long-term task sports organizations should unconditionally take care of. A huge number of sports managers are still lying their main focus on ticket sales and other short-term areas, being grossly negligent working on long-term strategic issues such as branding (*Richelieu/Pons* 2007, p. 15). Activities particularly in the community, executed successfully by the Ottawa Senators, create the vitally important and intangible bonds and “trigger a sense of belonging to the team” (*Richelieu/Pons* 2007, p. 18).

In the third step, **conveying a personality**, the organization lives the message and controls their activities (*Richelieu/Pons* 2007, p. 18). Delivering and sticking to the promises the sports organization did is important as the whole franchise would lose credibility and create bad reputation if they did not. A brand is, like provided earlier under point 2.1, nothing more and nothing less than delivering the promises of values you make.

In sports this can be applied for off-the-field but also on-the-field performance, which could give a negative backlash if an organization promised records and championships, they fail to achieve. That is why various mission statements of sports organizations had been composed more neutral regarding sporting achievements, focusing more on general or community related impacts.

**Measuring** the activities and continuing to build and **refine** the brand are indispensable in the today's fast paced world. Through a variety of different market research methods like surveys, online polls and a solid analysis of online social platforms an organization can conceive data about their current image (*Dolak* 2003, p.u.). These information can be used consequently for further adjustments regarding marketing and branding strategies.

## 2.5 Summary

To sum up chapter two it can be outlined that due to the development of the professional sports system in North America and the most recent examples regarding franchise relocations, brand building has become one of the most important aspects sports managers have to look after more consciously.

Higher expenses than revenues, and lack of political and community support lead to financially struggling franchises which are not an exception any longer in today's sports business world. The relocation of the whole organization can be found consequently at almost every franchise's ending.

A strong sports brand can have a vitally supportive influence into aspects of a sports organization such as community support, political backup and increasing revenues through sponsorships or local broadcasting rights.

Community activities and socially responsible acting as shown on the example of the Ottawa Senators are nowadays one, if not *the* most valuable strategy to promote the brand and create psychological connections. The brand presents itself in this context as touchable and community-orientated, caring about people's lives and situations. Increasing attendance and sold merchandising articles, higher local television viewer figures as well as raising sponsorship deals can be named as example for a positive outcome.

Chapter three in the following provides further information about this business-related area which already developed in the late 1800s, but became presentable for companies as recently as the 1960s and 1970s: Corporate Social Responsibility.

CSR aimed in the past to fill in for struggling or more liberate governments to provide the public with general health care or educational programs. It also has developed into a tool which, once properly planned and executed, can change not only the society and the people but also build or refine the image of a whole organization.

## **Chapter Three: Corporate Social Responsibility**

Priorities of business enterprises have changed over the last centuries due to an advanced development in technology and in mass media accessibility and distribution in particular. In a nowadays globalized world where information are shared in a never seen amount and velocity, businesses cannot isolate themselves any more from their environment. An important requirement is to watch the interests of shareholders on the one side but also to serve stakeholders on the other as businesses are closely being watched by them at the same time (*Vassileva y.u.*, pp. 13-14). Both laws and norms exist in our society to make it a better place to live in. Those who do not adhere to these simple rules may experience lower customer loyalty or have greater difficulty in attracting and retaining those.

Chapter three provides firstly a brief overview of Corporate Social Responsibility on the corporate business level. Not only the term and related expressions, but also current criticism are outlined. The four ideologies and three geographic levels CSR can apply to will be pointed out in the following. The first part of chapter three finds closure in important points that need to be considered when establishing a CSR program. The second part of this chapter attends to Corporate Social Responsibility in professional team sports and provides a brief overview of the history of CSR in professional sports, obligations for organizations to engage themselves socially and given possibilities to have a positive influence.

### 3.1 Corporate Social Responsibility in corporate businesses

Corporate Social Responsibility has been practised at least in the USA since the late 1800s. Back that time, benefiting shareholders in the form of donations or charities were mostly on the agenda of those that could afford it.

With Henry Ford (\*1863 - †1947) who once said that “a business that makes nothing but money is a poor kind of business”, today's understanding of Corporate Social Responsibility essentially changed. Nevertheless, the development in the USA to go more profoundly voluntarily beyond their legal obligations cannot be recognized not until during the 1960s (*Simcic Brønn/Belliu Vrioni* 2001, p. 208).

Today, companies are investing more money than ever in CSR only making occasionally wide-reaching organizational changes such as installing an own CSR department subordinated to the chief executive of marketing (*Hansted Blomqvist/Posner* 2004, p. 33). Therefore a relationship between socially responsible acting and the company's marketing department can only be recognized at a very small number of businesses.

The vitally important integration of social activities into the business as well as marketing strategy has been grossly neglected (*Hansted Blomqvist/Posner 2004, p. 33*). In addition to that, misuse of shareholder's equity was made more and more public over the last years. Consumers and interest groups investigated and later on accused these businesses for promising more than they actually delivered through their CSR programs. Considering these two circumstances and picking up that a brand is nothing more and nothing less than delivering the promises of values, many companies lost ground and created an unfavourable reputation.

### 3.1.1 Definitions

**“Corporate Social Responsibility (CSR)** (emphasis mine) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations” (*Pandey/Nirgudkar 2008, p. 2*). Companies' operations and the society they are interacting in and with are so closely interlocked to a never seen extent. Additionally, companies have to deal with regulatory framework regarding labour treatment and carbon foot-printing to prevent further pollution of the environment. Owing to this movement, CSR developed from a 'single-bottom-line' which only based on financial performance in the early beginnings. Managers also included social and environmental factors within the modern understanding of Corporate Social Responsibility which leads to the **'triple-bottom-line'**, an unique CSR identifier (*Allouche 2006, p.u*). Based on this triple-bottom-line, today CSR covers five main areas (*Hansted Blomqvist/Posner 2004, p. 34*):

- **Environment activities** are directed to benefit the environment by alleviating or preventing pollution, recycling and conservation of scarce resources like water or oil
- **Community activities** primarily benefits the general public through socially-oriented activities, such as donating, attending and/or financing various charitable programs
- **Employee welfare** favours the well-being of the company-own employees, for example by improving working conditions and reward schemes
- **Corporate governance** benefits the employees, but also the society and company's business partners through a mission statement in place and fair business principles
- **Financial performance** includes for example access to financial statements, aiming to satisfy shareholders' and stakeholders' needs

Figure 3 classifies the five areas as mentioned within the triple-bottom-line for a better illustration and understanding. Environment and community activities are contributions which the company can make to worthwhile social causes. Employee welfare, corporate governance and financial performances can be recognized as matters of **business ethics** (Kotler 2005, pp.144-145). These three areas have a direct influence on the behaviour of the company's employees, their identification with the company as well as their shown commitment.

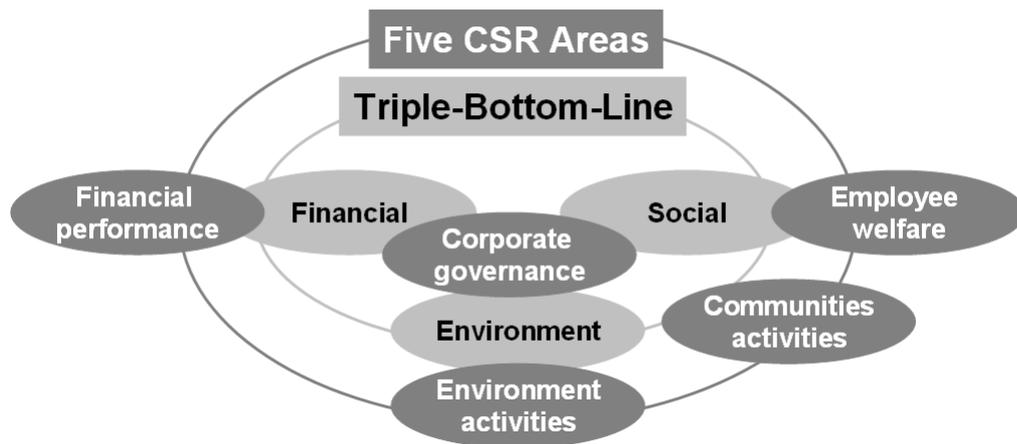


Figure 3: The triple-bottom-line and the five CSR areas nowadays

*Source: Own illustration*

### 3.1.2 Benefits and criticism

Investing more money and personnel into this long-term strategic planning, impacts from these efforts became consequently compulsive and valuable. An obvious connection that can be seen easily is that Corporate Social Responsibility can contribute well to the business' overall financially outcome through a **good reputation**. Reputation or image helps a business to attract new customers, whereas bad reputation can lose or alienate them. Hence, building and managing the companies image is closely related to brand awareness (Simcic Brønn/Belliu Vrioni 2001, p. 209). The USP and core values need to be communicated properly through carefully and correctly chosen canals. Beneficial publicity with its purpose to connect the targeted audience with the company helps in this context to maintain or refine the company's reputation.

What is more, the formula applies that the greater a businesses contribution to social welfare, the better is its reputation (Fombrun/Shanley 1990, pp. 233-259). Moreover, people like to purchase products or use services from companies “that care about the environment where they are acting in, as long as no major differences exist in their products or services, quality, or price” (Kotler 2005, p. 142).

Another benefit to name is **volunteerism**. Community confidence in a company often succeeds by having created first a supportive community relationship. Attracting and engaging people to help for a good cause is eligible context for brand awareness and can lead to good brand reputation. Furthermore, it implies that the company does not only want to make money, but also care about improving people's life in the community.

**Employees** as well can benefit enormously through CSR schemes in place. Better working conditions, reward schemes or just the feeling that one of the companies goals is changing the environment in various ways could create satisfaction and pride. Satisfied and proud employees in turn have the power to improve company performance by showing higher commitment and dedication to their work.

Despite benefits a company can gain from installing a proper CSR program, there will be always remaining doubts about some companies' social engagements. That is the reason why it is often considered to be one of the, if not *the* most delicate area in the field of marketing and brand building as each activity can cause immense **negative backlash**. "Go too far one way and consumers believe you are using the charity, go the other way and they will not even know of your involvement" (*O'Sullivan 1997, p. 24*).

Worth mentioning as well is that many companies installed CSR programs in the past after fatal incidents. A **proceeding scepticism** towards implementation and the companies' motives is undeniable and in many cases justified as these organizations' aim is to 'buy out' their way from negative publicity (*Werbel/Wortman 2000, p.u.*).

The expression of a '**new modern age branding tool**' is one of the most common critics regarding CSR and for-profit enterprises. Other expressions which can be found frequently as well are '**public relation invention**', aiming to '**greenwash**' past corporate business practices to attract new customers (*Breitbarth/Harris 2008, p. 182*).

No matter how CSR is called, a change in the stakeholders' perception happened with them looking more carefully on the organizations' practices and relationships as the "CSR-concept is of value, because it has real consequences in the business world" (*Breitbarth/Harris 2008, p. 182*). The concept often equals retreating governments and societies lacking in public support in areas such as general health care and public education. Companies may gain a more favourable image and monetary benefits, but at the same time these companies try to be a good citizen by showing social commitment willing to change their environment.

### 3.1.3 CSR and brand building

Due to the development of the regulatory framework, the ongoing globalization causing a faster circulation of news and global business outsourcing models, companies have to look more carefully into social and environmental issues and their administrated practices than ever before. In doing so, businesses can furthermore decide autonomously on the use of three different approaches to integrate their activities into the brand building process and making these public to fully gain the expected benefits and minimize critical analysis. A previous assessment of the purchase drivers and the business strategy can help determine the approach as they range from fully-integrated to invisibly linked as shown in figure 4. Grappling with these possibilities it can avoid uncoordinated, misleading and (further) reputation damaging handling of situations and communications.

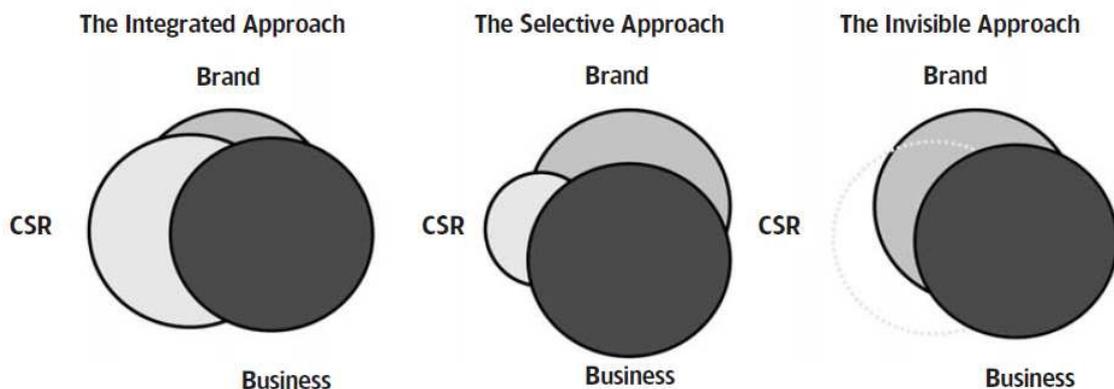


Figure 4: The three approaches to aligning brand and CSR

Source: Hansted Blomqvist/Posner 2004, p. 34

In the **integrated approach** the brand and Corporate Social Responsibility scheme perform simultaneously. The company, the brand and the CSR strategy are directly and visibly linked with each other (Pandey/Nirgudkar 2008, p. 10).

Telling a single poignantly story to their environment and in doing so reaching many boundary points, the integrated approach therefore needs to have the right business model. For companies whose core values already are 'responsibility' and 'commitment' this approach will work best (Hansted Blomqvist/Posner 2004, p. 34). Another requirement would be a consistent acting in all the five areas CSR covers nowadays.

“A core advantage of the **selective approach** (emphasis mine) is that it can provide an effective means of differentiation in a crowded market, while shielding the parent brand from any customer stakeholder backlash” (Hansted Blomqvist/Posner 2004, p. 35).

Corporate Social Responsibility manifests itself in the selective approach in a very specific and targeted way. It can be effective for companies not willing and/or not being able to serve all five CSR components to fully support the integrated approach but still aiming to attract a certain area of the targeted market which reacts positively to socially responsible business practices (*Pandey/Nirgudkar 2008, p. 10*).

In the **invisible approach**, CSR activities play a much more understated role and become rarely public through company's external initiatives. Social responsibility may be a basic and guiding point in doing business and can play a strategic role. Nevertheless it will never be part of their mainstream communications activities as these companies rather use CSR to absorb potential bad publicity by bolstering trust in their company and brand (*Hansted Blomqvist/Posner 2004, p. 36*).

### 3.1.3 Four ideologies

With the growing importance of CSR for companies and the three approaches to aligning brand and CSR, there also has been developed four ideologies of how companies execute their CSR program to achieve better welfare. So called 'dominant lines' can be identified at almost every company's strategies governing its acting.

In the **political approach** the company pleads its constitutional right of involvement in the community in the idea of corporate citizenship (*Thorne McAllister/Ferrel/Ferrel 2005, p.u*). The use of an organization's reputation and power can influence decision-making processes in politics, as well as engage people to fight for their right and make grievance public.

The **integrative approach** outlines the idea of focusing on the stakeholders social demands, outbalancing these in the interest of all and to gain an overall benefit (*Breitbarth/Harris 2008, p. 181*). The power and influence of a company can be seen a result of the density of the stakeholders network and the centrality of the organization itself (*Rowley 1997, p.u*).

In the **ethical approach** the business aims 'to do the right think' and to achieve common good in doing so (*Breitbarth/Harris 2008, p. 181*). This principle can be applied to several areas such as employee and customer treatment or environmental and social issues.

The **instrumental approach** whereas focuses mainly on achieving economic and financial goals by using social activities. Through this approach the organizations mainly aim to gain an advantage towards their competitors and to use their CSR program predominantly to create publicity for their mass media communication.

#### 3.1.4 Geographic levels

Some companies help communities around the world with their social engagement trying to improve working conditions for their labour and living conditions for the environments they are acting in. Companies like adidas or Starbucks have a **global** CSR scheme in place as they are to be considered global players with special public interest. Fabrics, manufacturers, suppliers and customers of these companies can be found around the world. Far-reaching and boundary-crossing Corporate Social Responsibility programs make sense to contribute to the environments these companies are operating in and with.

Some others decided to stay within their origin country. Companies that have installed CSR schemes **nationwide** also operate to a high percentage only in this country also due to the fact that their shareholders and stakeholders are mainly national. Through the businesses' social engagement they want to give back while improving their own reputation and image. Banks like the Royal Bank of Canada or Scotiabank for example operate exclusively in Canada. Both banks have a nationwide CSR program in place which benefits exclusively Canadians or people living in Canada.

Lastly, a company's geographic area of socially responsible acting can be **local**. Either the business does not have the resources to go national let alone global or due to the special business sector the company is operating in an engagement across certain geographical boundaries would not be beneficial for any of the three parties hereto: business, cause and beneficiaries. Examples in this context that can be named are branches of banks or insurances, autonomously operated restaurants and gas stations.

Nevertheless, these constraints can be certainly transgressed in the case of special events, such as catastrophes, through single time engagements regarding cause and geographic region.

#### 3.1.5 Points to consider when establishing a CSR program

After outlining these three approaches about how to integrate CSR within the brand building process, describing the four ideologies companies can use CSR and providing the three geographic levels social activities might be used in, chapter 3.1.5 outlines the main points companies should take care of when trying to establish a CSR program (*Pandey/Nirgudkar 2008, p. 8*). It is worth pointing out that marketing representatives or company own CSR departments may set up ideas and the concept, but ultimately the decisions which CSR activities the company support need to be made by the CEO and the company's board as these functions are their responsibility (*Kotler 2005, pp. 144-145*).

A **deeply understanding of one's brand** and of how CSR investments can support business objectives and practices are essential. A program will only succeed if the companies' core brand values and the Unique Selling Proposition are associated with the supported cause (*Pandey/Nirgudkar 2008, p. 8*).

With great impact options on the company's image and considering CSR as a branding tool, only a long-term effort will provide a beneficial influence on the brand. Consequently, CSR has to be considered as a **long-term strategy** to fully succeed.

**Collaborating with other organizations**, in particular with non-for-profit or governmental institutions, may enrich the company's CSR program, as these organizations are more aware of today's social and environmental drawbacks. Profiting from the ideas for solving these problems and using their network can enhance the whole CSR program immensely. Additionally, these so called joint actions overcome barriers to individual actions and can prevent companies from possible monetary backlash and/or reputational risk.

Creating a CSR program **addressing causes that are critical and in urgent need** of support for the society can let the whole program grow in effectiveness. What is more, choosing an effectual visible cause creates bonds between the cause, the people and the company (*Pandey/Nirgudkar 2008, p. 8*).

**Involving all employees** in a way they feel being a part of the companies' generous gesture can help maintain as well as sustain enthusiasm within the personnel and become one of the benefits as mentioned under point 3.1.2. Particularly the top management, the CEO and the company's board, need to attend the activities regularly as it shows an enormous appreciation in value and graveness for the cause and the company's intentions.

CSR activities **need to be communicated** thoroughly and consciously through publicity or advertising campaigns, calling attention to the cause supported on the one hand but also bonding that cause with the company on the other. Not until people know of the activities installed, an enhanced reputation or image will be reached.

**Controlling** needs to have an important part when running a CSR program. Setting goals and **measure the outcome** help improving and shaping the whole scheme. Without steadily measuring the impact and a constant redefining, this long-term strategy's failure can be predicted. The results have to be communicated to the shareholders as well as to the stakeholders, showing that the organization has nothing to hide and is willing to improve.

### 3.2 Corporate Social Responsibility in professional team sports

As chapter two describes, professional sports became a major business sector with unique attributes forcing the managements to run these like any other profit oriented company to survive in the long-term. Considering this fact and how “the recent rise in CSR activities illustrate(s) [...] professional sports franchises fully realize (the) importance of image and reputation” (*McGowan/Mahon y.u.*, p. 2). CSR suggests itself in this context as an unique community outreach program which can boost fan support and increase revenues through improved image and reputation, as shown using the approach by the Ottawa Senators.

The second part of chapter three firstly provides a brief overview of the history of Corporate Social Responsibility in professional sports. Secondly, the development and the current situation of professional sports lead to given obligations for organizations to get active in the field of socially responsible acting. Point 3.2.3 lastly outlines the unique advantages and possibilities professional sports organizations have to make a difference when engaging socially.

#### 3.2.1 History of CSR in professional team sports

The history of Corporate Social Responsibility does not only go back almost two centuries in time in the general business sector, but also in professional sport the history of CSR activities is an enriching one. The following timeline provides a better overview of the major steps CSR took in professional sports in North America over the last almost half century (*Sports Philanthropy(a)* 2009, p.u.):

1953:	The Boston Red Sox (MLB) benefiting the Jimmy Fund charity
1973:	First league-wide foundation as the NFL partners with United Way First team foundation in the MLB - Yankees Foundation
1978:	First team foundation in the NFL - Viking's Children's Fund
1986:	First team foundation in the NHL - Vancouver Canucks
1987:	First team foundation in the NBA - Phoenix Suns

As the timeline indicates, sports organizations and leagues started partnering with social organizations already in the middle of the twentieth century in order to change society by using their popularity.

Later in the nineteen-seventies and nineteen-eighties, **own team foundations** were created to comply with the increasing demand. This very common model of foundations has been established by almost all franchises in the North American major league system, benefiting nowadays both the community through increased public notice and donations as well as the the sports organization itself through enhanced reputation and administrative spin-off.

Own foundations are awarded unique legal framework, for instance in the matter of taxation, and are able to operate faster and more autonomously. An intended and vitally important connection between foundation and sports organization however is always given in the naming and appearance of players and organization's executives.

Besides foundations with an obvious link to sports franchises or leagues, more and more well-known players have seen the potential generating money for social causes by installing their own foundation. Mainly active in the major leagues due to the level of attention they receive, these players primarily intend not only to give something back but also to enhance their own image. Two of the most beneficial **team athlete foundations** are the 'Dikembe Mutombo Foundation' and the 'Steve Nash Foundation', both generating millions of US dollar for social causes (*Sports Philanthropy(b)* 2009, pp. 6-13). Team athlete foundations, how successful and beneficial they may be, can create confusion and loss of the organization's power of brightness if the causes of individual and organization overlap.

This is the reason why athletes mainly focus on causes in the area of their origins, support nationwide organizations or global initiatives. Sports organizations whereas remain in this context on the local level, as they want to boost valuable community support in their city or region.

A trend which can be recognized in the younger past has shown that national sports leagues in presence of the stars of their respective league strive for global intention such as the NBA with their initiatives in Africa or Asia. Ambitions to enlarge the global popularity and to conquer new broadcasting territories are not deniable in that context.

In the following of this thesis, only the socially responsible acting of sports organizations regarding benefits but also risks will be outlined more detailed. Including team athletes' and leagues' activities would be to comprehensive in this context.

### 3.2.2 Obligations for a social engagement

As in no other comparable business sector, the reputation of a sports organization depends to a high percentage on its employees' behaviour, image and credibility. The attitude and performance on and off the playing grounds of the players create an immense proportion of the whole franchise's picture in the public. Functioning as representatives of the organization and persons of public interest, players have to justify their acting not only to themselves, but also to their coaches, the management and not to forget to the public.

Today, these sports athletes are very **well-paid** and stigmatized to be **greedy**, an anything but favourable attribute. Despite the salary-cap in place at many leagues, which regulates how much a team is allowed to spend for their playing staff, players represented by their associations are mainly the reason why negotiations for a new CBA fail in most cases. They block the whole process and fight way too often for a higher salary-cap instead of enabling the league and the owners to get 'back to black'.

Over the last decades sports organizations also had to face increasing **drug or alcohol abuse, sexual harassment, dog fights** and **arrogant attitude** from various of their players. These actions have not only discredited the players, but also whole organizations or leagues have been suffering from them. Mentioning only some current issues such as misuse of anabolic steroids in baseball with high-class users Berry Bonds or Alex Rodriguez, immense safety-issues in hockey and American football regarding head injuries and their aftermaths, suicides among players caused by pressure to succeed and depressions, or steadily occurrent accusations of violation or gang shootings of basketball players should give a brief overview of what professional sports organizations have to deal with on an almost daily base.

Taking this growing undesirable development into consideration, the franchise tries to keep itself undamaged from these unwanted byproducts. In order to gain, maintain and regain fan support, sports franchises took a similar route traditional businesses companies did in the past: they increased their social activities and/or installed comprehensive CSR programs.

Sports franchises realized that they have to be way more aware of community support than decades ago, today aiming to show themselves as good citizens by paying tax and employing people. Furthermore obtaining **financial public support** in form of tax alleviation, sports venues construction or infrastructure development, as described under point 2.2.2, is a common motive for installing a CSR scheme.

### 3.2.3 Advantages and possibilities

After providing the main benefits CSR can have for a company like reputation, volunteerism and employee engagement, which also apply for professional sports, point 3.2.3 outlines the today's given advantages of professional sports organization.

By taking the following features into closer consideration, not only the organization but also the represented cause and the people can benefit immensely (*Smith/Westerbeek* 2007, pp. 8-9). Sports organizations have the power to influence people in a positive way which can reflect to the organization itself.

Professional sports organizations are point of **public interest**. Mass media such as internet, television and newspapers daily dedicate a huge amount of their content to sports. In addition to that, the organizations themselves nowadays fall back on an active community in their social media networks, internet forums or during organization-related events.

Another essential point is the **youth appeal**. Professional sports arrived in our society more than one century ago. From then on sports athletes developed into heroes making the impossible possible on the field and giving especially young children unforgettable and shaping dreams and moments they will never forget. Today, sports stars simultaneously are role models and educators people look up to and want to be like. Organizations can profit from these side effects by using the players' and their representatives' status, and create bonds between them, the cause and the franchise at the same time.

Lastly, **fans interact** with each other when they are going to a game, commenting feeds on the sports organizations facebook page or having a drink in the sports bar while watching the team during an away game. Moreover, fans communicate with the organization and the players during charity events or autograph sessions creating vitally intangible bonds. This spread-out and far-reaching network can provide possibilities to define or refine an organization's image. Communicating and most of all listening to the people's current problems and issues is one of the best and cheapest research method an organization can use and has easily access to.

### 3.3 Summary

Summing up chapter three it can be stated that Corporate Social Responsibility developed into a major and essential area for any business. In a fast-paced world, image and values are becoming more and more vulnerable and business companies try to enhance their image by engaging themselves more actively socially and community-based. Companies invest more money into their strategic plannings and CSR programs, aiming to satisfy shareholder's and stakeholder's needs by reflecting their intended image through these activities. Although the first professional sports organizations started supporting social causes not much later than general businesses did, the development of CSR can still be called 'new' and in the early stages. One major issue which is worth mentioning at this point is that managers in particular in sports these days still believe that a brand results from the marketing activities, whereas it is supposed to be the other way around, as illustrated in figure 5. Based on the business strategy, the USP and core values which a company defines for itself, marketing activities aim to build the brand.

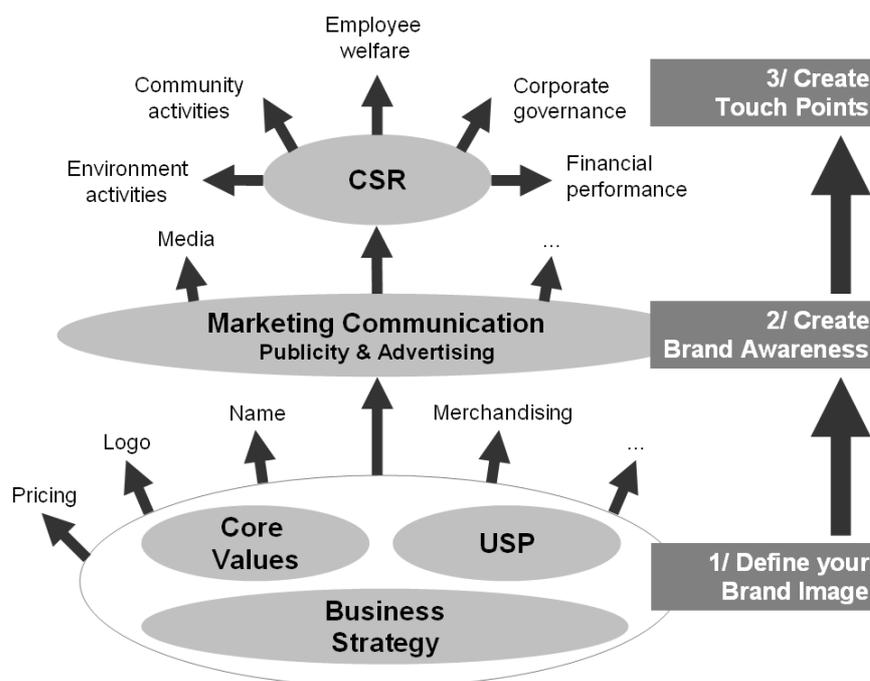


Figure 5: Brand building through Corporate Social Responsibility

Source: Own illustration

Moreover and as this chapter provided sufficient information about, CSR can be indicated as one of the tools that is used more frequently today in the marketing communication helping to shape the brand by engaging the company socially. Professional sports in this context provides an unique position with characteristics such as a high media interest, youth appeal and social interactions with various communities through different canals.

# **Chapter Four:**

## **A practical analysis**

### **using the example of the Toronto Marlies**

As chapters two and three of this thesis outline, both sports team branding as well as using Corporate Social Responsibility are strategic undertakings which require proper planning and a long-term perspective. The practical approach of this thesis analysis the current social activities scheme of the American Hockey League franchise of the Toronto Marlies. This thesis in addition to the analysis aims to provide further suggestions regarding separation and improvement of their undertakings in the long term.

Chapter four therefore firstly provides a brief overview of the approach, followed by the definition of the applied tool, the SWOT-analysis. Furthermore, the analysis itself with the results is presented under point 4.3. Point 4.4 matches the results and listings in a TOWS-matrix. Suggestions for further improvement and separation can be found under 4.5.

#### 4.1 Approach of the analysis

In the following case a **SWOT-analysis** will be applied to outline the current situation by analyzing the internal and external environment. The results are matched consequently in a **TOWS-matrix**, providing long-term improvement suggestions for the Toronto Marlies regarding their Corporate Social Responsibility scheme.

The **internal analysis** firstly outlines the history and ownership of this AHL franchise to have a better overview of where the team is coming from and their origins. The description also includes the classification of the Toronto Marlies into the north American sports system. Secondly, the marketing and branding strategy provides further information about the management's plan to ingrain the franchise within the city and the community in the past, also picturing the difficulties that are coming along with this approach. Lastly, the current CSR program is pointed out, considering the special ownership situation by outlining both, the independent Marlies scheme as well as their contribution to the overall ownership charity: the Maple Leaf Sports+Entertainment (MLSE) TeamUp Foundation.

Topping the internal analysis off, this point also provides the Marlies' ideology, geographic area of social commitment and their point of view regarding obligations and advantages for a today's professional Canadian hockey organization.

The **external analysis** whereas focuses on current sports, in particular hockey, and related issues in North America such as safety questions, as well as mental and psychological stability. A broader analysis of the competitors' activities is also included as these have mold consequences for the operations of the organization. Lastly, concerns in the Canadian society, with special focus on Toronto and the Greater Toronto Area (GTA), complete the external analysis.

This analysis finds closure in a **TOWS-matrix**, a spreadsheet which combines in a unique way the external factors *threats* and *opportunities* by matching these in the following with the internal *strengths* and *weaknesses* of the organization.

This more profound picture allows a critic statement of the current situation and includes suggestions for a further improvement and separation in the field of CSR using the findings in the literature review and during the practical analysis, as provided under point 4.5.

The information are gained through one-to-one interviews with the Head of Marketing and the Coordinator for Community Relations of the Toronto Marlies, Nicole Moore and Michael Carlesimo (*see attachment 2*, pp. 52-62).

A broader analysis of general information sources such as internet and newspapers as well as publicly available data and figures top the picture off.

## 4.2 The SWOT-analysis

In the nineteen-seventies, this analysis-tool became one of the most popular techniques to determine the ability of a business to deal with its environment by analyzing and exploring the company's current situation. That is also the reason why it is often called 'situational analysis' being used since then for various occasions in the business world. The delivered results assist the management and provide them to make informed selections of activities helping to maintain a competitive advantage by improving the company's strengths and minimizing its weaknesses at the same time aiming to achieve goals and objectives.

### 4.2.1 Overview and definition

In 1971, Ken Andrews outlined a concept of a strategic fit between a company's **internal** resources and capabilities and its **external** opportunities and threats. Therefore he can be regarded in this context as the first strategy theorist who formally noted his thoughts (*Bensoussan/Fleisher 2008*, p. 184). A SWOT-analysis "attempt(s) to exploit your strengths, overcome your weaknesses, grasp your opportunities and defend yourself against threats" (*Westwood 2006*, p. 27). The results of this analysis will be listed in order of importance, mentioning the most important strengths, or weaknesses, opportunities or threats first.

#### 4.2.2 Internal Environment

The company's internal environment includes the management and organization, operations, and finance, aiming to better understand its abilities and core competences which lie within the business (*Wehrich y.u.*, p. 6).

Besides the firm's capabilities which can be considered as **strengths**, their **weaknesses** will be outlined in further consideration. A prior deeper look therefore need to go to cost drivers, resources and capabilities of the company. In this context, the employees as well need to be taken into further consideration, analyzing their abilities and competences.

In the broader context, **strengths** can be considered as factors that make the company gain a competitive advantage. They are only useful if they help satisfying customer needs. In this case a strength becomes automatically a capability and one of the most valuable resources any company can have.

**Weaknesses** whereas reflect deficits within the company which can limit their performance. These defects can cause failure or setbacks in reaching the business' goals and objectives. Hence, a proper analysis as well as critical reflection can prevent from unforeseen failures.

The findings of the analysis of the internal environment are ranked from paramount to lowest importance, as shown in figure 6.

Internal Strengths	Internal Weaknesses
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. ...	5. ...

Figure 6: Ranking of Strengths and Weaknesses in a SWOT-analysis

*Source: Own illustration*

### 4.2.3 External Environment

The external environment of a company contains two main areas: the **operating** and the **general** environment (*Bensoussan/Fleisher 2008, p. 187*).

The operating environment is related to a particular industry and includes areas such as customers, partners, suppliers, competitors, labour, and international components.

The general environment on the other hand involves broader topics within which the industry and the company is situated, such as social, technological, economic, environment, and political/legal components.

Furthermore, **opportunities** and **threats** resulting from these two environments help the management seeing the broader picture.

**Opportunities** can be recognized as any favourable and beneficial current or future situation in the external environment. These situations could be trends, political or legal changes, society and technological development. Opportunities can provide the possibility to enhance the company's competitive advantage.

**Threats** on the other hand are any unfavourable events in the future. Trends as well as changes in the external environment can have an influence on the company's overall performance. The loss or minimization of the competitive advantage could be named as negative results.

The findings of the analysis of the external environment are ranked as well from paramount to lowest importance, shown in figure 7.

External Opportunities	External Threats
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. ...	5. ...

Figure 7: Ranking of Opportunities and Threats in a SWOT-analysis

Source: Own illustration

### 4.3 The SWOT-analysis of the Toronto Marlies

The SWOT-analysis of the AHL franchise Toronto Marlies in the following firstly provides a brief overview of the organization including the history in brief. Secondly, the internal environment provides profound knowledge about the organization's marketing and branding strategy as well as the Corporate Social Responsibility scheme and its link to branding.

Last but not least, this chapter attempts to deliver information from the external environment of the franchise, such as a brief overview of the competitors CSR scheme, current sports related issues, as well as concerns in the Canadian society and in the Greater-Toronto-Area in particular, matching to the targeted audience mentioned in the marketing strategy.

#### 4.3.1 History and ownership of the franchise

In 1903, a new athletic club was founded in the Toronto downtown core by sportsmen, known as the **Toronto Marlborough Athletic Club**. With the grant of permission by the Duke of Marlborough in England, the team was able to use the storied name and crest in the following. After the Toronto St. Pats, the major league team to that time, had become the **Toronto Maple Leafs in 1927**, the Marlboros (nicknamed 'Marlies' from their beginnings) obtained the possibilities to be one of their junior farm teams (*Toronto Marlies(a)* 2011, p.u.).

In the following 40 years the Marlies won seven Memorial Cups, the Ontario junior hockey championship trophy, which is still a record to this day, and produced the proud number of six Hockey Hall of Famers. Although ceased to be an affiliation for the Toronto Maple Leafs in the year 1967, the Marlies remained to be owned and operated by the Maple Leafs until 1989 (*see attachment 3*, p. 63).

The Maple Leafs worked subsequently from the mid-sixties with various farm teams in numerous cities all over Canada and the United States. Prior the 1991-92 season, the franchise in St. John's, Newfoundland become the Maple Leafs new AHL-affiliation and was known afterwards as the **St. John's Maple Leafs**. The new affiliation in the north east of Canada which carried the names St. Catharines Saints from 1982 until 1986 and Newmarket Saints from 1986 until 1991, went in the following almost one and a half decade of its existence to the Finals once, won the three Division titles and the regular-season once, and reached the Play-Offs ten-times out of their 13 seasons (*Toronto Marlies(b)* 2011, p.u.).

The Toronto Maple Leafs bought the team a few years after the turn of the millennium and decided to relocate its affiliation from St. John's to Toronto for the 2005/2006-season to have a quicker access to their players in case of injuries. In addition to that, the player and fan development program the organization has in place contributed to that decision (*see attachment 2*, pp. 52-53). The Marlies serves nowadays another market of hockey interested, which will be outlined in the following chapter more profoundly.

The Maple Leafs named the new team **Toronto Marlies**, in remembrance of the former Maple Leafs junior farm team Toronto Marlboros, but avoiding any association with the cigarette brand by choosing their nickname. Even the 'duke' can still be found at the new Marlies; the mascot of the team is called 'Duke the dog'.

Today, the Toronto Marlies are one of 30 franchises in the minor league AHL, and host their home games in the historical and 2003-renovated **Ricoh Coliseum** with a hockey seating-capacity of 8,140 (*Ricoh Coliseum* y.u., p. 15). The venue is located on the ground of the Exhibition Place in the south west of downtown Toronto, just footsteps away from immense 7,000 parking-lots and easy public transport access. Ricoh Coliseum is owned by the City of Toronto, but operated by the **Maple Leaf Sports+Entertainment**, or more frequently known in the short form: MLSE.

**MLSE** is privately owned by the Ontario Teachers' Pension Plan (66,5 percent), the Toronto-Dominion Bank (thirteen percent) and the private investor Larry Tannenbaum (20,5 percent). With an estimated value of \$2.25 billion US dollar, MLSE represents one of the largest sports and entertainment companies in North America (*Ozanian* 2011, p.u.). The company owns the franchise rights of the Toronto Maple Leafs, Toronto Raptors, Toronto FC and Toronto Marlies; moreover the organization owns and/or operate the venues Air Canada Centre, Ricoh Coliseum, BMO Field, MasterCard Centre and Real Sports Apparel and Bar & Grill; in addition to that, Leafs TV, NBA TV Canada, Gol TV Canada and the web-domains of mapleleaves.com, raptors.com, torontofc.com and marlies.ca can be named property of Maple Leaf Sports+Entertainment (*Maple Leaf Sports+Entertainment* 2011, p.u.).

**500 full-time employees and 1,700 event staff** make MLSE moreover a large employer and an important member of the Toronto business world and the Canadian society overall.

As provided earlier in this thesis, public investments into professional sports are quite unusual in Canada than they are in the United States. The necessary reconstruction of the Air Canada Centre for example, the flagship of the MLSE venues, was exclusively privately funded back in the early 1990s. No public fund was used; even the \$13 million Canadian Dollars for the public infrastructure could be raised through private financing (*Air Canada Centre* 2011, p.u.).

#### 4.3.2 Internal Environment

In addition to the brief overview and the history of the organization on the whole, this chapter provides further information regarding the internal environment to better understand the abilities and competences of the management, ownership and organization.

In this context, the management situation of the Toronto Marlies is outlined, followed by their marketing and branding strategy and CSR scheme. Last but not least, the strengths and weaknesses of the internal environment are presented.

### *Marlies and the Maple Leaf Sports+Entertainment*

Aiming to picture the situation and business culture within the Marlies' management, this sub-chapter provides further information regarding this goal. With Mike Cosentino, director of business operations for the Toronto Marlies, a former MLSE intern worked his way up the career ladder within the corporation and is a practised example of one of the core values of the overall company: **inspire our people**. He has been awarded by the AHL with the Ken McKenzie Award for the 2010/2011 season, recognizing his efforts building a successful brand. Through open discussion rounds with the executive leadership team, health and wellness as well as work-life-balance seminars where the employees can sign up for, MLSE provides a vitally important incentive system. A recognition program where staff can obtain awards or tickets for their accomplished work tops the scheme off (*see attachment 2, p. 58*). Providing these opportunities, the chance to work your way up within the company, but also having the possibility changing positions between teams, venue management and broadcasting is an attracting factor which keeps the most capable and competent people within the organization.

Another point worth to be mentioned is the close relationship of the Marlies to the MLSE and the Maple Leafs in particular, due to their ownership situation as mentioned earlier. The Marlies can revert to an immense resource of work-power and network access provided by the MLSE (*see attachment 2, p. 56*). Financially the Marlies can be considered being in a very beneficial position having these teams and possibilities their back.

All these positive characteristics mentioned, it did not mean the Marlies had a success story right from their beginning. How attendance reports indicate, the organization had and still has to deal with a way-below league average attendance on the one hand, and an inconsistency of the number over the elapsed seasons on the other hand as shown in figure 8.

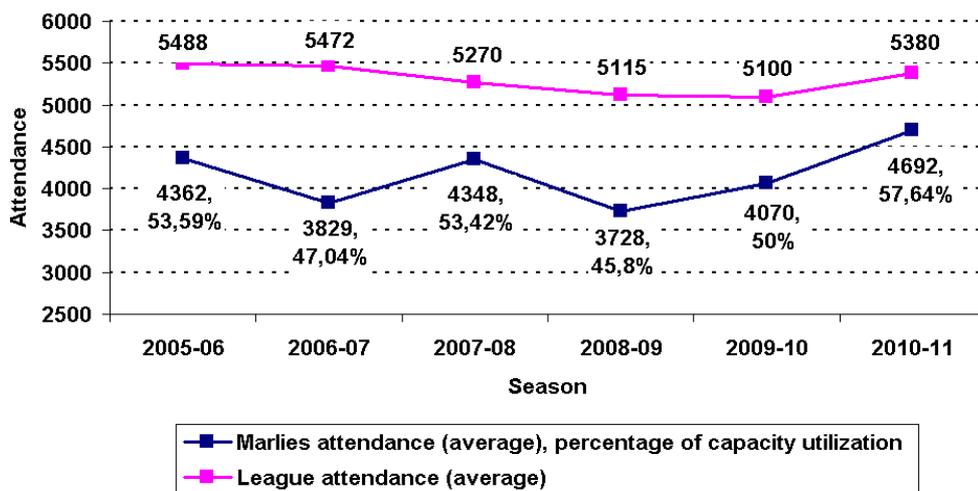


Figure 8: Average attendance: Seasons 2005/06-2010/11

Source: Own illustration based on [www.ahl.com](http://www.ahl.com) 2011

The from MLSE anticipated 6,000 average attendance, when the franchise moved to Toronto, and an operating significant loss per season demonstrate that the management was overconfident (*Hunter 2007*, p.u.). Although these information may suggest very serious problems, the Marlies “enjoyed one of their most successful seasons in ticket and corporate sales, marketing and public relations in 2010-2011, including significant growth in sponsorship revenue, group sales, web traffic and social media platforms” (*AHL 2011*, p.u.). Reaching the Play-Offs only three times in the last six seasons, once playing the third round and twice eliminated already in the first round, the Marlies are subordinated to the success of their affiliation and associate company, the Toronto Maple Leafs.

Developing hockey players that are physically and mentally able to survive in the big league shows the dedication of the Marlies to their affiliation, which is another core value of the MLSE practised by the Marlies: **dedicated to our teams** (*see attachment 2*, p. 58).

#### *Marketing and branding strategy*

This point outlines further information about the current marketing and branding strategy, as the Marlies changed it last year for the third time since 2005 (*see attachment 2*, pp. 56-57).

The initial attempt was to be associated to one hundred percent with the Maple Leafs, choosing the same colours and line of marketing. Many people thought that the Marlies were the junior affiliation, not recognizing the professional direction of hockey the team was offering. After this strategy failed, the organization of the Marlies changed their strategy completely, deciding to go with edgy colours such as purple, yellow or orange. In this case, the people did not recognize any relationship to the Maple Leafs at all and the great dedication of the players to make the NHL.

For the 2010/2011 season, MLSE and the Marlies changed their branding for the third and until now last time in their young history. Converging again a little bit more to the Maple Leafs, but still keeping some elements of their previous branding such as the edgy colours the Marlies installed themselves successfully as professional hockey team within one of the most competitive hockey and sports markets in North America. The award for Mike Cosentino and related sales numbers can be quoted as proof for that. The big concerns from the past, not being related in the right scope with the Maple Leafs, the NHL and professional hockey in general, had been adjusted into the new branding (*see attachment 4*, p. 64). With the terms 'professional hockey' and the logos of the affiliated NHL teams in their advertising campaign, the Marlies try to create more awareness within the society that they are a professional and not amateur hockey club, and moreover produce hockey players for the major leagues.

The Marlies nowadays target primarily mothers, kids and young families, mainly from the Toronto suburbs and the GTA. With special offers for minor league teams to experience not only the game, but also to meet the players, see the lockers before a home game and stand with the players on the ice during the national anthem, the Marlies tied a package that can be named 'exclusive' and 'unique' for professional sports in the geographical area the organization is operating in (*see attachment 2, p. 55*).

Targeting as well men and/or people that are interested in hockey in the age-range 25 to 39, the Marlies have access from time to time to relatively pricy Maple Leafs tickets. By creating special packages combining Marlies and Maple Leafs tickets to a reduced prize, Marlies fans are supposed to bond with the Maple Leafs and the Maple Leafs fans have the chance to see professional hockey with future NHL players to affordable prizes. All these efforts regarding ticket packages and exclusive behind-the-scenes possibilities refer to the third core value of MLSE, practised in an unique way by the Toronto Marlies: **excite every fan**.

#### *Corporate Social Responsibility scheme*

The fourth and last core value of the MLSE and the Toronto Marlies is **leaders in our community**. This value is practised by MLSE and all its associated companies mainly through the 'Team Up Foundation', which has its roots in the association of the 'Leafs fund' and the 'Raptors fund for children' (*see attachment 2, p. 59*).

Besides the override activities of the four professional teams, each team individually engages themselves into projects of their interest, matching their chosen strategic direction. For the Toronto Marlies, community activities are mainly a marketing tool enlarging awareness for their brand in the targeted groups and areas (*see attachment 2, p. 57*).

Besides the goal of brand awareness, the organization also aims to increase participation levels in hockey by bringing kids closer to the sports and the professional athletes, contributing to their statement to develop hockey players. A third ambition is the aspect of 'giving back to the community'. For the organization itself a more inferior objective, it can be named a more vital reason for the athletes.

This overall strategy therefore can be ranged mainly into the instrumental approach with a slight overlap into the ethical approach contemplating the ideology; the CSR scheme can in addition to that also be filed into the integrated approach regarding their brand building.

In the terms of **environment activities** the Marlies only contribute to the 'TeamUp Green' initiatives, having installed various objects such as recycling bins or water at their playing facility, the Ricoh Coliseum.

Concerning **community activities**, the Marlies contribute to the 'TeamUp Foundation' as well as engage themselves individually. The 'TeamUp Foundation' engages into various activities within Toronto and the GTA, such as the 'Have a heart dinner', 'One4One', various auctions, the 50/50 campaigns during home games and hosting twice a year an 'Awareness Night' (*MLSE TeamUp Foundation 2011*, p.u.). In addition to that, the 'ShapeUp Program', initiated by the MLSE and executed by the teams individually, tries to motivate kids to be active, take care of their nutrition and live a healthy lifestyle overall.

The Marlies individually organizes the free 'The game is fun' program, aiming to “to place emphasis on fun while ensuring a positive hockey experience” (*Toronto Marlies(c) 2011*, p.u.). Dealing with the diversity of newcomers to Canada and Toronto in particular, the program is supposed to bring kids on the ice who haven't been exposed to hockey yet with the chance to learn to skate (*see attachment 2*, p. 60).

Various other events in the community, such as ice rink refurbishment, hospital visits, cultural topic days at home games or the 'anti-bullying program' complete the community activities of the Marlies (*Toronto Marlies(d) 2011*, p.u.).

These individual activities of the Marlies take place geographically a little bit further than downtown Toronto and the GTA, touching cities such as Bowmanville (80 kilometres from Toronto) and Muskoka (160 kilometres distance from Toronto). An important particularity is the high density of hockey teams in Ontario; the next professional hockey franchise outside of Toronto can be found in Hamilton, 70 kilometres in the south-west.

Regarding **employee welfare**, the MLSE has the upper hand. Activities, as described earlier in this thesis under *Management and the Maple Leaf Sports and Entertainment*, can be referred as well to the main and only Marlies activities in this area.

In terms of **corporate governance** can be mentioned that MLSE set the vision “*Winning is everything in Sports and it is what we believe in*”, with the four core values: *excite every fan, inspire our people, dedicated to our teams and leaders in our community*.

The vision as well as the values were installed by Richard Peddie after he was named CEO of MLSE in 1996 (*see attachment 2*, p. 64).

Concerning **financial performance** it can be stated that due to the Canadian laws and the ownership situation financial reports are publicly accessible and fraud in any way is practically impossible. Besides the senior management, the executive board also needs to approve budgets and financial statements. The owners, the Ontario Teachers Pension Plan, the Toronto-Dominion Bank and Larry Tannenbaum, as well have the chance to see any kinds of documents and question certain practices (*see attachment 2*, p. 59).

Regarding **obligations for a social engagement** for the Marlies it is a implicitness, running a professional sports organization nowadays, to commit socially as community interactions are expected from various sides of the society (*see attachment 2, p. 61*).

Organizations as well as players are more than fortunate to give the community something back by using the popularity of their franchise, sports and players in particular. The aspects of being 'leaders in the community' and 'setting an example' apply in this coherence.

### *Strengths*

1. The most valuable strength of the Toronto Marlies are the **resources** of the Maple Leaf Sports+Entertainment they have access to. Besides work-power and financial back-up, the network as well as the influence of MLSE in Toronto are the biggest benefits.
2. The **employee development program** with their incentive program can be named the second most important strength. MLSE is an attractive employer which offers many possibilities. This way it is ensured that capable and engaged people enter the organization willing to climb the career ladder.
3. The third strength is the **current marketing and branding strategy**. After years of failure and experiments, a successful way was found separating themselves just enough not to be totally ignored by the strong Toronto hockey community but to be recognized as a professional hockey organization.

### *Weaknesses*

1. The biggest weakness of the Toronto Marlies is the **overdependence to the MLSE and the Maple Leafs**. Decisions need to be double or triple back-checked which slow down the whole process. Depending on work-power provided by the MLSE staff could also lead to inflexible acting when fast decision-making is necessary.
2. The second weakness results from the analysis is the **employee development program**. Although guaranteeing capable employees, staff from the Toronto Marlies want to climb the career latter which causes a high employee turn-over rate. People change the team, sports and/or department always aiming to make the next step to the big league. A missing consistency in strategies, relationships and activities can be named unfavourable consequences.

### 4.3.3 External Environment

The analysis of the external environment contains an overview of the operating and the general environment. Firstly, information regarding the other professional sports organizations in Toronto are provided, followed by current sports and hockey related issues. Secondly, social issues and concerns in Toronto, the GTA and Canada are outlined, before thirdly and lastly the opportunities and threats are listed.

#### *Operating environment: competitors*

An analysis of the other professional sports organizations in Toronto is essential, picturing current trends about social activities on the one hand, but moreover providing an overview of possible areas with high density already covered by the 'competitors' as shown in figure 9. Although not offering the same sports as the Marlies do, except for the Maple Leafs, these organizations need to be considered as competitors: competitors for bringing kids closer to a sports, convincing people in general visiting a home game (for the first time), purchasing merchandising articles and becoming 'friends' and/or 'followers' on the teams social network platforms.



Figure 9: The six other professional sports organizations in Toronto

*Source: Own illustration*

The analysis of their strategic partnerships and/or activities presented publicly on the teams individual websites reveals that all of the other six franchises are at least engaged in the community through **community activities** (see attachment 5, pp. 65-69).

Noticeable in that context, all six franchises have a skills development program for their respective sports in place as well as donation programs and a player appearances scheme. Another fact worth being mentioned is that the MLSE teams have a broad community activities scheme in place; only the Blue Jays can show a similar variety and amount.

Besides community activities, solely the three other MLSE properties feature a **broad CSR scheme publicly**, covering the areas environment activities through the TeamUp Foundation, and employee welfare, corporate governance and financial performance through MLSE. Corporate Social Responsibility is for these three organizations fully integrated into their brand building process, serving all five areas CSR represents nowadays.

Regarding the ideology it can be noted that the Maple Leafs follow predominantly the ethical approach, and to a lower percentage the instrumental one; whereas at the Raptors, Marlies, the Toronto FC (TFC) and Blue Jays the practised approach could be identified upside-down. The Argonauts as well as the Rock tune into the instrumental approach completely referring to the analysis. Geographically, the Maple Leafs and the Raptors engaged themselves occasionally nationwide, due to partnerships with CBC or the NBA. For the Blue Jays and the TFC the boundaries go far as the province of Ontario, whereas the Argos and the Rock concentrate more locally within a radius of 100 to 150 kilometres to downtown Toronto.

To sum up the competitors' analysis, it can be maintained that resources and image are the two most important drivers. The MLSE organizations feature an unique initial position, whereas other franchises such as the Argonauts and the Rock need to subordinate possible ideas their daily routine due to lack concerning resources and image.

#### *Operating environment: sports and hockey related issues*

Current sports and hockey related issues picture another vitally important part of the operating environment. By including these topics, the analysis gains further profundity, helps over-thinking the current CSR scheme and leads to a more distinctive prospective strategy.

**Lock-outs** became an inevitable consequence of the heavy growing North American sports market. Franchise owners and players are fighting more often about the **league revenue split** and **money**, and in doing so forget to follow their professions. In 2011, two of the four big North American sports leagues had to face this issue. Where the NFL could save the season in the last minute and just had to cancel a couple of weeks of training camp, the NBA had to delay in October the start of the regular season of at least two weeks as there was no agreement in sight. Less a possible occurring problem for the minor league franchises, due to less money involved, these organizations nevertheless would be sufferer and beneficiary at the same time. If a major league season was cancelled, the players would either try to find a new employer overseas in Europe, or Asia, or would hire at the North American minors. A benefit on the first brief look for the image of the whole league, disadvantages would come along as well. Franchises would have to deal with an even more destabilized roster than usual as the duration of the lock-out is different each time. 'Actual' players who were the intrinsic face of the franchise would have been send away and/or they would sign with another team.

Another sports related issue that has been always around professional sports became up-to-date again after 2011 summer's series of **suicides** with the perishes of Mike Rypien, Derek Boogaard and Wade Belak. All three were so-called 'tough-guys' and lived the physicality of the game which caused their **depressions** with addictions to medications and alcohol. Especially the NFL is alarmed after a study revealed that professional football players and boxers are likely to suffer from chronic traumatic encephalopathy, a progressive **brain disease**. The relation between brain injuries and depressions has not been made in the past, until now. Former football players start donating their brain to research after their passing hoping to make the game safer (*Moisse 2011, p.u.*). In this context, minor league hockey is referred to be tough and mean, only letting a few go all the way to the majors. Physical contact is even expected by the coaches, the fans and moreover by their affiliations' managements, the major league teams. Lending themselves in any given game to be ready for the big league, unfair and people-damaging on-ice-action need to be considered as implication and cannot be discussed away. Bruises, broken fingers, sprained ankles or dizziness became acceptable sacrifices for the big dream.

The NFL changed rules in the past to prevent from serious injuries; the NHL reacted in March 2011 by implementing a new medical checking procedure. A player that has been head hit during a game need to be cleared by medicals before going back on the ice (*NHL 2011, p.u.*). This rule became inevitable after star-players such as Lombardi, Perron, Bergeron and Horton suffered months-long concussion-related absences from hockey. The most important name and final trigger for over-thinking the system joined this group in January 2011. His name: Sidney Crosby. Crosby has not been able to perform in a regular hockey game for over ten months which caused image damaging debates about the development of the game over the last decades.

#### *General environment: social issues and concerns in Toronto, the GTA and Canada*

The general environment is covered in this analysis by providing further information about current social issues and general concerns in Toronto, the GTA and Canada. Only when the issues the society and the people within it have to deal with instantaneously are taken into consideration, a CSR strategy can be meaningful and hence, successful.

One occurring issue in the habitual immigration-friendly country Canada is: **immigration**. Not only that the First Nations still have to fight for equal care in areas such as education and health, also arising thoughts of **separation** mentioned publicly by the province of Québec from now and then suggest more doubts about an unified country. Although still to be considered as one of the most immigration-friendly countries in world, Canadians have to deal with every day linguistic misunderstandings, encapsulated communities within a community and substantially **unequal treatment on the labour market**.

Recent immigrants with a university degree for example earn 50 percent less than employees born in Canada; even after five years they hardly pass in average 70 percent of the Canadian-born citizens (*Shapcott* 2008, p. 2). Not only immigrants have to grapple with consequential **financial issues**, but all Canadian over the last decade do.

As living costs increased by twelve percent from 2000 to 2005, income in the same period of time increased by only two percent (*Shapcott* 2008, p. 1). With the highest rents in Canada, Toronto is looking even worse. In 2000, 29 percent of all households were under the fair housing income of 39,160 Canadian dollar; in 2005, the percentage increased by another six percent, reaching 35 percent (*Shapcott* 2008, pp. 1-2). It is not assumed that numbers decreased over last six years, rather to fear another increase.

Rising **poverty and homelessness** are the mournful consequences, especially in the large urban areas such as Vancouver or Toronto. Although most of these people have regular jobs, they cannot afford housing due to a loss of rental units and a shortage of social housing (*Frankish/Hwang/Quantz* 2005, p. S24). Although street homelessness is down by 51 percent from 2006 to 2009, the City of Toronto still has to deal with 5,086 homeless people which represents an unchanged number for the same period of time (*City of Toronto* 2010, p.u.). In addition to that, “the prevalence of mental illness and substance abuse is much higher among homeless adults than in the general population” (*Frankish/Hwang/Quantz* 2005, p. S25).

For the Canadian youth the top concerns nowadays are: **health and education**. An online survey conducted in August 2011 by 1,200 high school students named these the two main issues (*Rushowy* 2011, p.u.). Emergency room wait times, long-term care as well as obesity and access to healthy food need to be mentioned as pressing health issues; whereas tuition costs, technology in education and secondary school fees have to be listed for the education issues.

### *Opportunities*

1. Knowing what half of the competitors are planning and doing in detail provides a big advantage and opportunity at the same time. Through the **affiliation with the MLSE** toe-stepping can be avoided, as strategies are mastered in the area of social responsibility and community activities and adjusted as needed.
2. Regarding the general environment can be mentioned that in Canada **less men are enrolled** in amateur-hockey in 2011 compared to 2010, presuming first implications from occurring events in professional hockey; the number of **females enrolled in contrast continue to rise** (*Paterson* 2011, p.u.).

Serving these two current issues by educating hockey players, especially boys to play fair and conscious as they reach higher speed and are more likely to hit due to given hockey rules and consequently diminish their fear, as well as not underestimating the power of women (hockey players) as target group, advantages can rise.

3. In addition to that, it can be assumed that due to the current economic downswing and the world-wide related issues, **homelessness, poverty and mental issues** are not likely to vanish. Aftermaths are going to accompany the society for a long period of time.

### *Threats*

1. The biggest threat to mention is the **number of professional sports teams** located in downtown Toronto. Although four organizations are affiliated and unifying most of their social activities, toe-stepping and in consequence less brand awareness due to the other three franchises cannot be denied.
2. In addition to that, an increase in **awareness, knowledge and importance of socially responsible acting and community activities** can be named as even small businesses commit socially. Furthermore CSR is implemented in many university business and marketing courses providing further information about importance and implementation.
3. Lastly, although CSR in professional sports is on the one hand expected by the society and on the other hand wanted by the organizations to build their brand and create awareness, it is moreover important to point out that sports organizations are **not the counterbalance for failing governments or political systems**. By providing massive help and support for those in need governments will be lead into temptation to fully step back from their actual responsibilities and to rely on undependable knights.

#### 4.4 Presentation of the results in a TOWS-matrix

Although strategic planning is deceptively simple: analyzing the current situation, predicting future events, determining the direction of the company and choosing the tools for achieving the goals; it is actually not when aiming doing it properly. A sophisticated approach requires moreover analyzing and including the external factors by matching them lastly with the company's resources and capabilities (*Wehrich* y.u., pp. 1-18).

Part two of this practical approach specifies the variables found in the analysis of part one in a so-called 'TOWS-matrix'. A TOWS-matrix is a unique conceptual framework proposed to improve business operations by matching the external threats (T) and opportunities (O) against the internal factors, weaknesses (W) and strengths (S). Four areas of further strategic consideration can be outlined: Weaknesses-Threats (WT), Weaknesses-Opportunities (WO), Strengths-Threats (ST) and Strengths-Opportunities (SO).

The **WT domain** requires to deal with both minimizing the organization's weaknesses and taking the external threats into closer consideration. An area every company needs to avoid as it could cause serious problems for the firm; collaborations or strategic liaisons whereas could support the business.

The **WO domain** aims to minimize the internal weaknesses and at the same time capitalize the looming opportunities. Limited in ability and capability, every business has to think carefully and in the long-term, if it makes sense to pound on to the opportunities as it would require drastic prior resource changes.

The **ST domain** attempts to use the company's abilities fighting external threats by maximizing the own strengths and minimizing the threats in doing so. However, impetuous behaviour at this point because of a strong initial position would not do anything but harm the whole organization.

Lastly, the **SO domain**, which can be considered as the most favourable of all the four listed, quests for maximizing both strengths and opportunities. This area enables the organization to capitalize its internal abilities and resources by taking advantage of a for the business beneficial external environment.

To sum it up, it can be said that every business "attempts to get into a situation where they can work from strengths to take advantage of opportunities" (*Wehrich* y.u., p. 11).

Weaknesses in addition to that quote need to be dealt with and in the best case modified into strengths, as well as threats amended into opportunities.

Figure 10 at this point of this thesis presents the results from the internal and external environment, matching the four areas of consideration and providing first ideas and areas of improvement. Further remarks complete the figure in the following.

 <b>TOWS-Matrix</b> <b>Branding through CSR</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b> 1. Knowing the most important competitors 2. Trend at Hockey Canada: less male, more female players 3. Homelessness, poverty, mental issues rising issues	Internal <b>Strengths</b> matched with External <b>Opportunities</b>  <i>Using MLSE affiliation and resources to attract female (hockey players)</i>  <i>Commit to engagements with political ideology, and less instrumental</i>	Internal <b>Weaknesses</b> matched with External <b>Opportunities</b>  <i>Creating a more valuable working environment aiming to avoid thoughts of movement of labour</i>  <i>Hire new staff/create job positions to serve outsourced work within the Marlies organization</i>
<b>Threats</b> 1. Number of professional sports teams in Toronto 2. Knowledge and importance of CSR for businesses 3. Counterbalance for failing governments or systems	Internal <b>Strengths</b> matched with External <b>Threats</b>  <i>Using the MLSE belonging to adjust/define own CSR strategy</i>  <i>Using MLSE network to be up-to-date in the area of CSR</i>	Internal <b>Weaknesses</b> matched with External <b>Threats</b>  <i>Loosing capable employees to other MLSE properties or competitors, e.g. Blue Jays</i>  <i>"Toronto is a Maple Leafs city!"</i>

Figure 10: Toronto Marlies: TOWS-matrix

Source: Own illustration

The **WT domain** accordingly suggests that due to the MLSE people development program in place and the high density of professional sports franchises in the city of Toronto capable employees might leave the Marlies, using the organization as a stepstone and taking knowledge and contacts with them. In addition to that, Toronto is going to remain a 'Maple Leafs city', complicating any solo attempts of the Marlies in areas the Leafs already serve.

The **WO domain** states that owing to given resources and knowledge because of the MLSE belonging, the Marlies are able to create a more valuable working environment aiming to maintain brain-power within its own organization and minimize labour movement thoughts. This would cause beneficial side-effects as existing contacts to for example Hockey Canada or the City of Toronto can be intensified, long-term projects would not have to be ceased and former outsourced work may remain within own staff, aiming to speed up processes.

The **ST domain** suggests in this context to bundle the knowledge and possibilities gained from their ownership situation. In doing so, strategies of the other franchises can be determined in the early stage avoiding overlapping or toe-stepping activities. Adjusting and defining own ideas and concepts may help in the further approach to create unique and differ awareness.

**The SO domain** outlines a further and deeper-reaching collaboration between the Marlies and the Maple Leafs in particular. Using their affiliation to attract on the one hand more (young) females, which are breaking inexorable into the habitual guys domain 'professional sports' for several years now, but also going the path of including another ideology for some of their social actings knowing the Maple Leafs and MLSE having their back on the other hand let presume further vital awareness and brand shaping.

#### 4.5 Suggestions for improvement

This chapter aims to provide suggestions for further improvement in the area of Corporate Social Responsibility for the Toronto Marlies Hockey Club organization, subdividing the referrals into three areas: working from strengths to take advantage of opportunities, weaknesses needs to be dealt with and in the best case modified into strengths, and threats amended into opportunities. All made suggestions are carefully chosen, trying to match the overall marketing and branding strategy of the Marlies and taking the ownership situation into further consideration.

Suggestions are made only in the areas of community and environment activities as well as employee welfare, as corporate governance and financial performance are sufficiently covered by the MLSE and do not need any further improvements.

#### ***Working from strengths and opportunities - COMMUNITY ACTIVITIES***

Representing the SO domain, working from strengths to take advantage of given opportunities suggests to use the position provided through the belonging to MLSE to firstly include **female (hockey players)** within the Marlies marketing and community relations strategy, and secondly engage themselves **politically** as not being executed by any of the other six Toronto's professional sports organizations to sharp their profile in the area of community activities.

- Females, as mentioned earlier, are not only the future for clubs as enrolling numbers in men sports stagnate almost world-wide. As liberated to participate and socially excepted to do so in the mid and later stages of the twentieth century, women and girls also find more often sports events such as hockey games appealing to attend.

- Plan's International 'Because I am a girl' for example is a “social movement that's unleashing the power of **Canadian girls** (emphasis mine) [...] to claim a brighter, safer future for girls in the developing world” (*Because I am a girl* 2011, p.u.).

Partnering with this organization may be beneficial as the campaign focuses on girls in countries many people have bonds with due to immigration. This partnership moreover would represent the ethical and political ideology, which is needed for the Marlies, as being not served so far and would represent a significant differentiator.

Another **political statement** could be reached in bonding with the Maple Leafs/MLSE properties and the 'MLSE TeamUp Foundation', using their network to the local government to fight increasing numbers of homeless and poor people as well as those struggling with mental issues.

- Matching possibilities for last point mentioned are the 'Distress Centres of Toronto', providing 24/7 telephone as well as face-to-face support for those with mental diseases dealing with effects of suicide and homicide and the 'Centre for Addiction and Mental Health', a teaching hospital and research centre.

#### ***Working from strengths and opportunities - ENVIRONMENT ACTIVITIES***

- 'Scouts Canada' in the area of environment activities may also represent a fit. Hockey was invented outside and played for many decades on frozen lakes. By exploring and esteeming the nature and at the same time being more conscious about our acting in the every day life, habits such as recycling, water and air pollution could be implemented.

#### ***Weaknesses modified into strengths - EMPLOYEE WELFARE***

The biggest strength, the affiliation to MLSE, can also be considered as the biggest weakness. The willingness and competitiveness of the employees to demonstrate their capability to work within MLSE and climb the career ladder need to be in that context capitalized, but not exploited.

- In a **healthy and fun environment**, with **part-time positions** and **flexible working hours** employees could serve parental duties in a more profound way to enlarge employee welfare.
- Furthermore, **donating a monthly fixed amount of working hours** to social activities would benefit employee satisfaction, as well as a recognition program not only concentrating on sales numbers, but **awarding community engagement** within staff may have further beneficial organization bonding as consequence.

- Additionally, the players considered as employees as well need to have the unlimited feeling that the organization they play for does everything possible to **protect** them and **make the sports safer**.

In that context, working together with **research programs** on a national and international basis, and considering every **invention** as an improvement for the players' safety can boost employee identification and satisfaction.

### ***Threats amended into opportunities***

Threats for the Marlies, according to the analysis, are the high number of professional sports organization in the city all aiming to engage socially which leads to overlapping strategies. In addition to that, the fact of knowledge about CSR in particular in North America as being part of business and marketing degrees may cause toe-stepping in certain areas.

- Using the threat of the high density of **professional sport franchises in Toronto**, the own CSR strategy can be adjusted and defined, differentiating itself to gain more awareness and sharpen the brand.
- Having **interns** starting three times a year may also change the second threat into an opportunity. Knowing always the **current research status** may also help with the first point mentioned, adjusting and defining the own strategy.
- Receiving **numerous requests**, due to being more and more considered as a counterbalance for failing systems, this may cause a lot of work on the first brief look. It does also facilitate the process as it only requires to choose and not to chase when having a strategy in place.

## **Chapter Five:**

### **Summary and predictions**

The goal of this thesis is to provide an overview of current brand building practices in professional team sports in North America through Corporate Social Responsibility. CSR schemes create as shown in this thesis vitally important bonds with the local community. These bonds are able to justify ticket prices and tax payer investments in sports infrastructure, or let well paid sports athletes look human again. By partnering with governmental or non-for-profit businesses, sports organizations can reach back to broad networks and engage themselves in areas society need help.

As shown in this thesis and using the example of the Toronto Marlies, CSR has arrived in professional team sports, also being expected nowadays to contribute the society. The Marlies in this particular context feature an enviable position, belonging to the MLSE. Financially secured and not being judged by sporting achievements or failures, the Marlies' main goals are to develop hockey players, fans and people. The franchise, although in a comfortable environment, pays a relative high price: the price of independence. Depend on money, capable staff and the approval of a whole organization which is governed by the Toronto Maple Leafs as the flag ship and most valuable hockey franchise in the world, the Marlies not only has to fight for recognition within the organization, but also within the most competitive hockey market in North America, Toronto. Through the community relation activities the Marlies have in place, kids and young families are focused matching their marketing strategy. The CSR scheme moreover is provided in a huge manner by the MLSE, with little possibility of own adjustments. Other AHL franchises in comparison to that are in most instances self-operated, allowing them to make fast and self-contained decisions, but also being exposed economic and sporting crisis. The suggestions for further improvement in this thesis result from the SWOT-analysis and represent merely food for thoughts for future partnerships and directions the Marlies and MLSE may choose regarding their CSR scheme.

As this thesis concentrates solely on the North American sports market, a few thoughts about CSR in Germany and future development may be quoted from the author's side.

To begin with, the German sports system is different in many ways. Although the teams are largely to be considered as businesses due to given structures, the playing licenses are held by the clubs and not the businesses corporations as in North America. Due to promotion and relegation structure, the leagues change every season. An exception merely represents the 'Deutsche Eishockey Liga' (German Hockey League) as both points mentioned do not apply for this league.

Another factor is the circumstance that not as much money is involved as in the North American leagues, which makes them less fragile for any kind of crises. Clubs are more ingrained within the city and the society as the history of the vast majority of the clubs reaches back to the late nineteenth, early twentieth century.

However, CSR arrives slowly to the German sports market. The first league soccer club VFL Wolfsburg and their main sponsor VW, for instance, agreed to play several games of the 2008/2009 season with the logo of the foundation 'Ein Herz für Kinder' (*A heart for children*) to raise money and awareness for children. By 'donating' the front of the game jersey, also the most valuable promotion space, all three involved parties could accomplish beneficial gains. Managements of professional sports organizations are more and more aware of the advantages of Corporate Social Responsibility and social activities in particular. Supporting charitable causes not only for the charity's sake, but also for the organization's reputation as well as factors such as employee welfare and corporate governance become more visible, even though not necessarily publicly. Activities and implementations may be strategic, but only few organizations use their commitment in their marketing communication (for example on their website or through their social network platforms). In this specific area, the utilization of CSR as marketing tool, German sports clubs are not even close to be on the same page with their North American adversaries.

Providing at this point a brief prediction and assuming the advancing importance of professional team sports for TV channels, cities and sponsors, CSR is a useful tool to ground organizations. Especially sports athletes will have an even more qualified interest to commit socially, as they are holding a lot of power, as to be seen at the NBA labour negotiations in 2011. With 22 out of 30 franchises in red numbers for not only one season, the players are not willing to change their point of view regarding the revenue split and salary cap, which concede more money to the organizations and less to the players. 'Greedy' and 'selfish' are two common adjectives to hear when describing NBA players, not only through times of a lock-out. Compared to the other three major sports leagues, a professional basketball player is by far the highest paid athlete. In addition to that, competition will be harder in the future due to a larger number of offers distractions in the event and entertainment sector. By creating bonds and sharpening the reputation both sides have the chance to benefit when strategies are planned for the long-term. Not only for the North American sports market, but also for Germany CSR is acutely interesting. While in North America it would be more an obligation to justify high ticket prices and ridiculously high player salaries, in Germany professional sports organizations have the chance presenting themselves as good citizens, using their fans interests and youth appeal to change society and slow thinking about 'doing good and doing it publicly' by supporting those in need.

# Appendix

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# Appendix 1:

## Hockey League Season 2011/2012

*NHL, AHL and ECHL/CHL/NAHL - Closed-league and affiliation system*

Major League NHL	Affiliate Minor Leagues	
	AHL	ECHL / CHL / NAHL
Anaheim Ducks	Syracuse Crunch	Elmira Jackals (ECHL)
Boston Bruins	Providence Bruins	Reading Royals (ECHL)
Buffalo Sabres	Rochester Americans	NONE
Calgary Flames	Abbotsford Heat	Utah Grizzlies (ECHL)
Carolina Hurricanes	Charlotte Checkers	Florida Everblades (ECHL)
Chicago Blackhawks	Rockford IceHogs	Toledo Walleye (ECHL)
Colorado Avalanche	Lake Erie Monsters	Allen Americans (CHL)
Columbus Blue Jackets	Springfield Falcons	Chicago Express
Dallas Stars	Texas Stars	Idaho Steelheads (ECHL) / Allen Americans (CHL)
Detroit Red Wings	Grand Rapids Griffins	Toledo Walleye (ECHL)
Edmonton Oilers	Oklahoma City Barons	Stockton Thunder (ECHL)
Florida Panthers	San Antonio Rampage	Cincinnati Cyclones (ECHL)
Los Angeles Kings	Manchester Monarchs	Ontario Reign (ECHL)
Minnesota Wild	Houston Aeros	Bakersfield Condors (ECHL)
Montréal Canadiens	Hamilton Bulldogs	Wheeling Nailers (ECHL)
Nashville Predators	Milwaukee Admirals	Cincinnati Cyclones (ECHL)
New Jersey Devils	Albany Devils	To be determined
New York Islanders	Bridgeport Sound Tigers	Kalamazoo Wings (ECHL) / Odessa Jackalopes (NAHL)
New York Rangers	Connecticut Whale	Greenville Road Warriors (ECHL)
Ottawa Senators	Binghamton Senators	Elmira Jackals (ECHL)
Philadelphia Flyers	Adirondack Phantoms	Trenton Titans (ECHL)
Phoenix Coyotes	Portland Pirates	Gwinnett Gladiators (ECHL)
Pittsburgh Penguins	Wilkes-Barre/Scranton Penguins	Wheeling Nailers (ECHL)
San Jose Sharks	Worcester Sharks	Stockton Thunder (ECHL) / Kalamazoo Wings (ECHL)
St. Louis Blues	Peoria Riverman	Alaska Aces (ECHL)
Tampa Bay Lightning	Norfolk Admirals	Florida Everblades (ECHL)
Toronto Maple Leafs	Toronto Marlies	Reading Royals (ECHL)
Vancouver Canucks	Chicago Wolves	To be determined
Washington Capitals	Hershey Bears	South Carolina Stingrays (ECHL)
Winnipeg Jets	St. John's IceCaps	To be determined

## **Appendix 2:**

### **Interview Notes - Nicole Moore and Michael Carlesimo**

*Date and Time:* Monday, September 19, 2011; 1.30pm - 3pm  
*Phone:* 001.416.263.3900  
*E-Mail:* info@torontomarlies.com  
*Organization:* Maple Leafs Sports+Entertainment Ltd.,  
Toronto Marlies Hockey Club  
*Interview partners,* Nicole Moore, Manager Marketing  
*position:* Michael Carlesimo, Coordinator Game Operations &  
Community Relations  
*Recording clerk:* Marcus Grosche

#### **Items of the agenda:**

- (1) The Toronto Marlies - History and ownership**
- (2) The Toronto Marlies and the AHL - Finance**
- (3) Toronto Marlies' business and marketing strategy**
- (4) Current CSR scheme of the Toronto Marlies**

#### **Item of the agenda 1: The Toronto Marlies - History and ownership**

*Michael Carlesimo (MM):* The history of the Marlies is quite extensive. The Marlies basically started back in the early nineteen hundreds, in 1904. The team was named after Winston Churchill and the Duke of Marlborough, since there is a family connection. They played for a few years and then in 1927, when Conn Smythe bought the Toronto St. Pats, the whole sense of hockey development started and he wanted to have a minor league team. At that time, the Marlies weren't a professional hockey team, they were a junior league team. In the mid-twentieth century, there were two big teams in the OHA, the St. Mikes and the Marlboros. They used to have double-header at the Leaf Gardens; they played in the afternoon and in the evening the Maple Leafs would play. Then, the Marlies started to move around and played in St. Catharines and Newmarket as the Saints. The Leafs had around 19 affiliation teams during that time. The Marlies moved to St. John's where they were the St. John's Maple Leafs and seven years ago, MLSE purchased the team because of travel costs and logistical reasons.

We are now the only NHL team that has the AHL affiliate play in the same city. Thinking about development, which is very important to us and most NHL teams, it is also important to have the AHL team close, in Toronto. When you play in Newfoundland, it wouldn't make sense when the Leafs playing Saturday night, somebody goes down and they have a game on Sunday to fill the roster spot with a guy from Newfoundland. To get a flight and come down here you might not be able to make that game.

If you are married or have a girlfriend and have kids, you are living out of a hotel, you don't know when are seeing your family and you are living out of a bag. The system we have set up is that you get that call, the only thing you have to do is that you have to show up at the same practice facility and you just have to cross the hall. You are sleeping in your own bed and you don't have to change any of your routine and your family is still around.

The other thing is, that we also want to develop fans. You come out and experience a Marlies game and hopefully that will turn you into a Maple Leafs fan. It was a classic strategic decision for the reasons that it is better in the terms of development, player development and fan development, so it makes more sense to have the teams close together.

#### **Item of the agenda 2: The Toronto Marlies and the AHL - Finance**

*(MM):* Our situation is very different than a lot of other teams. Not every team is owned by their NHL team, so they would run as a separate team and organization. Besides that, not every AHL team has the same goals as the Marlies do. Some AHL teams, due to the ownership situation, they have to make money and generate revenue. They might have a higher budget than the Marlies do. They have to fill the building, like the team from Hershey to name an example. The Hershey Bears have a separate ownership as the NHL team and pay the league a fee to be the affiliate of the Washington Capitals. They might spend more on top-level players and win championships. We are here to turn a profit, but player and fan development come first. They won't invest as much money into that as we do.

*Nicole Moore (NM):* Without knowing the exact numbers of the other teams, but I could imagine that we probably not have a lot more budget per se, but resources here. MLSE is a huge organization with three other professional sports teams. I think, when we are in trouble with money, we do have the ability within the organization to pull more budget if we have to, which we haven't had to do so far. In Hershey for example, there is not much. Hockey and the Hershey Bears are the big thing there to get revenue and attract people. Whereas here we are still growing our fan-base, but it is more like mentioned earlier about player development for the Maple Leafs.

When it comes to further income and revenues, we have probably one of the highest Corporate Partner revenues, because we can also sell the title of the playing facility, currently the Ricoh Coliseum. Ricoh Canada pays us for the naming rights, which is a significant amount and is the majority of our income. In ticket sales, we are still growing, every year.

*(MM)*: In terms of broadcast, we have our broadcasters Rogers, which is a local broadcasting station and Leafs TV, which is also owned by the MLSE. Different to the NHL, where broadcasting generate quite a bit of revenue, here it is not the same case. Another thing that might be of interest in terms of food and beverages is that we don't own the building, we are a tenant and have a lease agreement.

The organization has a contract with a third party, they receive the revenues on game days and we get a small percentage of it. Normally, in the NHL or in professional sports and with most of the buildings actually the organization manage that area, but that is not the case here. Parking as well, we don't own the facilities and we don't get any of the gates as well.

*(NM)*: Besides that, we have a high rental fee which does count into our overall revenue, because the City of Toronto owns the building.

*(MM)*: And there is also a higher operation cost, because it is a unionized building. Most of the production and staff, there is, I think, seven different unions that need to be paid. Our building costs are significantly higher than most of the AHL teams!

### **Item of the agenda 3: Toronto Marlies' business and marketing strategy**

*(NM)*: One goal of our main business strategy is in the end to make money through the ticket revenue and the corporate sales. Everything we have in our plan is based on that: hitting our targets; our guys are constantly calling different groups from last year. We also created ticket packages, such as the family-four-package, which is a really good seller. You get four tickets, four food vouchers, free parking and you get a Marlies souvenir. That is kind of base how we sell tickets here.

We also target certain groups. We target moms and families with young kids, because that are also the groups who come out to the game. It is also an affordable day of entertainment. We have the Marlies Alley, which opens before the game on the weekends and we offer there a lot of games. It is a kind of an overall event experience and we try push that. It is not that you are coming for the hockey game and leave, we really try to develop to get the fan the whole fan experience.

*(MM)*: In that context, affordability is one of the main concerns. An unique possibility we offer is accessibility to players and the experience that we can offer. When we bring minor hockey kids down to the games, they get access to the dressing room before the game, we can bring them down to the ice and stand with the players for the national anthem and we tie that into ticket sales. The big thing is that we can offer these experiential inventory for the minor league hockey kids, sort of 'get out there, be part of the game' and they get home with something. That's kind of exclusive and you are not paying an arm and a leg.

The two core values, besides the corporate values, are player development and fan development. Obviously developing our players so that they can take the next step to the NHL, but also getting those kids and young people being interested into hockey but not wanting to pay the big bucks for the Maple Leafs game. Bringing them down, let them experience the Marlies brand and hopefully developing them into Maple Leafs fans for life.

*(NM)*: We also working very hard to get people for the first time. We know, once they have the full experience that they want to come back.

It is just to get the awareness out there. Many people think, that Toronto is a hockey town, but it is actually a Leafs town. If you can't get a ticket for the Leafs, people think that they can't see professional hockey. Last year, we had fifteen players who played for the Maple Leafs and the Marlies. That hits really to our development of the players, but also to get the people coming and see the players before they reach that level. I even had comments last year from the Leafs Alumnis and they were just so impressed by the level of hockey the guys have shown. The awareness just needs to go out, when even the old professional hockey players don't know about the AHL and the level. They were impressed and want to come back. That's what we are focusing on, to get the people into that building. We are confident that when they got here, they will enjoy and wanted to come back.

Besides the already mentioned targeted groups, moms, families, and kids, we do also target predominantly men, as hockey is a men sports. In that category we targeted men, between 25 and 39. That is actually where our advertising is focused on. We do a lot of advertising; we have print partners and work with the Toronto Star. What we do as well is, we identify key games that we potentially want to be a sell-out or close to a sell-out. For instance, one of them would be the home opener to get the people right away from the start of the season. We have a plan to put around. We have radio ads and print ads and different magazine ads for certain games. Some of our games, not that we promote them, are bigger than others. We have a lot of promotion items; we have bobble-heads for instance, at these key games. Last year, we had a big deal with CBC which is the main broadcaster of hockey in Canada and the building was full for these games.

So, we strategically positioned these items on these days. We have one game this year that will be held at the Air Canada Centre on Boxing Day. That is a huge building to fill with 18,000 seats. We will have the most popular bobble-head that will be given away that day and hopefully bring in some extra people. That's the kind of what we are trying to do, target certain games and put a lot of marketing behind that and burning that, instead of doing ads for several games.

Compared to last year, we with the MLSE put together a new marketing strategy which was actually really great and has shown the development between the Marlies and the Maple Leafs. We have the tag line now that 'Every Game is a Tryout'. Our whole branding now is that our players are working out, trying out and want to make it into the big club. Here at the Marlies is where the tryouts happen. We are in a way separate in that fact that we do our own marketing here as well with the help of the Maple Leafs and the Air Canada Centre team. They are really supportive and we work with that to get all the creative things like mentioned done. We don't do a lot of marketing together with the Leafs, we do some things from here and there. We are independent in that sense, but really want to create that relationship with the Leafs and that the people know that we are a part of the Maple Leafs.

The fans come to the Marlies games, but do not necessarily know that these player might end up playing for the Leafs. That's why we really try to get that connection out to people. Last year, we had a huge increase of 32% in single game tickets over the year. I think the connection is our biggest benefit. If we were a separate team here, I don't think it would work.

*(MM):* We do also realize that our fans are always Maple Leafs fans. Maple Leafs fans are not necessarily Marlies fans. What we do is, we also have access to a certain amount of tickets for Leafs games. We use these tickets to tie them in with Marlies tickets and to increase ticket sales. We have Ultimate Hockey Packs and Leaf Nation Packs, that is how the Maple Leafs help us market the Marlies.

When the Marlies came around a few years ago, the whole marketing was blue and white and 'See the Maple Leafs from tomorrow today'. It was very similar to the Leafs and at the same lines of their marketing. Then a few years ago, we took a 180. We are still taking down some of that branding. The management decided back then to be on our own, our own team and to have our own identity. We found out that people referred to us as the 'Baby-Leafs' and that seems to confuse people, because of the history and the Marlboros, which was not a professional team, a lot of people thought that we were just a junior league hockey team and they did not realize that we are a professional team. I think, that was where the current branding kind of started.

We got away from the blue and white, and went with the off-the-wall colours such as purple, yellow, orange; totally 180 and totally different and it was supposed to be very edgy and alternative, hard heads fighting, like live bands and the rock-and-roll thing. We did that for a little bit and changed that half way through the season and the marketing idea was to appeal to males in that 25 to 39 age-range or a little bit younger, 19-35, that were hockey fans but couldn't afford to go to Leafs games. That didn't last for too long either and we decided last season or the season before to go back to come a little bit closer to where we were before and the 'tryout' came out and should show that the Marlies and Maple Leafs are connected. We are still a little bit off the Leafs brand, so our colouring in the branding is a little bit different, a little bit edgier. We did have some transformations over the years, but I think we all agree that where we are in the market place, we are on point now.

#### **Item of the agenda 4: Current CSR scheme of the Toronto Marlies**

*(MM)*: Community Relations is basically a marketing tool. It is important to get out in the community and have our brand out there, but ultimately the way we look at community is that we want to be leaders in the community and have that positive energy out there.

The best way as a professional hockey team in this city and we have seen participation levels dropping over the years is to increase participation levels in hockey throughout all our communities. And the best way to do so is for kids to come down to the game and experience professional hockey. When they get to the games and they see these players, they say to their parents that they want to play hockey and want to skate out there. And hopefully by experiencing hockey it helps increasing more kids to expose to hockey and participation levels will be hopefully rising. Getting out there means also doing promotions, community events with off-ice and on-ice action; we offer free programs to hockey teams; we do school events by going to schools and locker rooms in minor hockey arenas promoting our team and trying to encourage kids to be active and to be good people in the community. And hopefully that translates them coming down to a Marlies game.

In terms of **environment activities**, that is a bigger umbrella for the MLSE as a whole whereas it is not just a Marlies concern. We have our Team Up Green initiatives, which are initiatives that keep pillars in our company and the overall strategy. They decided to have different objects in our buildings to go green and help our environment. That is more a corporate concern that we are participating in, it comes from the top within the MLSE.

**Community activities** within the Marlies: We have a anti-bullying school assembling. Last year, we visited up to fourteen schools where we bring players, the mascot and a MC. These visits take one to one hour and a half where we discuss the issue of bullying at school and trying to encourage the kids send that positive message of anti-bullying and being strong leaders in the community.

That is one of our key focuses on school visits and that is also the message we try to represent. We do also participate in the 'MLSE Shape Up Program'. That is a overall company concern where all teams participate in. We go to schools, bringing players and encouraging a healthy lifestyle and a healthy nutrition.

In addition to that, we have an on-ice hockey development program which is free and is installed for minor hockey teams. Our facility sponsor, Ricoh, picked up the patronage for this program. We go out to probably 120 rinks and work with 120 teams throughout the city to develop hockey players. There are quite a few events we participate in; throughout the summer we go to BBQs and several donation events.

Regarding the point **employee welfare**, this is again a greater MLSE concern. People development for MLSE is one of the key pillar where they take care of. For the Marlies it can be said besides player and fans development, people development is the third important pillar. We all here work for the Marlies, but we all also want to take that next step within MLSE, work our way up and climb the career ladder. As a whole the company is really focused on developing people within the company and promoting them. A recognition program which is in place is a monthly thing where we vote on our colleagues and at the end of every fiscal year we pick the "GM" and the overall winners. There are several prizes and forms of recognitions.

*(NM)*: Our HR department here does also a lot of seminars that you can sign up for. Recently, there was a talk with our COO of the MLSE which is basically a group discussion. We have the access to our executive leadership team and we find out more about their way and background and how to develop to get into that positions. There is also the possibility to sign up for health and wellness seminars as well, such as work-life-balance. The bottom line is that there are a lot of seminars employees can participate in. From now and then and with the recognition program mentioned you can win tickets. Sometimes MLSE does draws for rock concerts or sporting events.

*(MM)*: The overall **corporate governance** statement is that we want to win. We want to win on the ice, on the pitch, but we do also want to win in the community. There are the vision and the statements of the MLSE we take care of: "Leaders in the community", "Excite every fan", "Inspire our people" and "Dedicated to our teams". If we excite our fans and inspire our people, we also win in the community. Richard Peddie, our CEO of the MLSE, installed this vision and these statements and every time he speaks he refers to these values and it is important to the whole organization. If you walk through the Air Canada Centre, you can see it everywhere.

In the point of **financial performance**, we have a board of directors. It is pretty well documented.

*(NM):* We are also owned by the Ontario Teachers Pension Plan. Any time we do our year-end financial statement, we present it to the board and they have to approve it. We can't implement anything.

*(MM):* We as the Marlies, we are on our own budget. The Toronto FC has its, and so on. We all come together and bring the statements together with Richard and his executive leadership team. And the executive leadership team presents the results to the board of directors.

In terms of responsibility in the community, we have our own foundation where we donate constantly. The 'TeamUp Foundation' takes care of rink refurbishment, or refurbishments in general in the communities. That is sort of how we give back to the community. This whole idea started two years ago and used to be the 'Raptors Fund For Children' and 'Leafs Fund'. They combined these two foundations and created the 'MLSE TeamUp Foundation'. Now, instead of having four separate foundations for four separate teams, we have one we all contribute to.

*(NM):* We here at the Marlies have the rink refurbishment plan the staff here is contributing to. We go out paint the rink, locker rooms and shelves. But it is a TeamUp overall initiative.

*(MM):* And this system is better for the Marlies. If we operated on our own with our own foundation, we might not have the same resources and exposure. It benefits at the end us, and the community as well. With the backing of the MLSE foundation is easier than being separated and on our own.

The biggest CSR program is the 'TeamUp Foundation' with two TeamUp awareness nights every year, promoting the foundation. The advertising as well aims to promote this charity. Fundraising in the arenas, such as the 50/50 program supports our charitable goals financially. At the end of every year, we put up a TeamUp report where every team contributes to and sends this to our partners.

*(NM):* Social Media as well nowadays helps in a huge way. When there is a big event coming up, we are all promoting it through our team individual platforms and channels as well as on our website.

*(MM)*: Twitter and facebook are so important for us to bond with the community, because we all have tons of followers and we have people at the events blogging and tweeting about the different initiatives.

*(NM)*: We promote before the event, as mentioned, and we also have people from our organization at the event uploading pictures and blogging constantly. And there is the third area, post-event blogging communicating more details such as how much we raised and what happened. We do really work together in this point as one organization.

*(MM)*: Speaking personally and for the Marlies, the main goal is to be leaders in the community, but also to increase participating in hockey and that kids are happy and healthy. Building and/or refurbish ice rinks though the 'MLSE TeamUp Foundation' give the kids proper facilities to play in, which hopefully increases participation in hockey and maybe to become athletes, the future hockey players or basketball players. That is the main issue the corporation wants to do and for us it is also to bring these kids to our games and let experience professional hockey.

*(NM)*: We also run 'how to learn skate'-clinics which mainly runs out by the Leafs team at the Air Canada Centre. But we are also involved by helping out from time to time. It is basically to get new Canadians, and as Toronto is obviously so diverse with a lot of new Canadians, who haven't been exposed to hockey yet with the chance to learn to skate. The same are the Raptors doing with their 'dribbling'-clinics. We get kids from different communities and do sessions coming down to Toronto and we provide them with skates and all the other equipment. We feel that, when they are young, participation in hockey will increase but also get the awareness out to people. Once you play a sports and participate in it, you have a higher appreciation for it and make sure you want to follow it. Thus, the main goal is to provide those with the possibility to learn to play hockey who haven't had the chance yet. Sometimes, these clinics take place in the several communities, but from time to time also in the Air Canada Centre which is a unique possibility as not many have the chance to skate in the ACC.

*(MM)*: The geographical outreach of our activities is a little bit further than local. We do have boundaries, because when you start going west, south-west there are the Hamilton Bulldogs. We go as far as Bowmanville, have been up to Muskoka for activities. The 905-area is huge and the majority of our clientele comes from these suburbs. It is not so much the heart of Toronto, because most of the minor hockey teams we deal with are in Vaughan.

In two weeks, we have an exhibition game in Schaumburg which is pretty far and outside of the GTA, but we don't really consider this as potential clientele.

*(NM)*: We found out that downtown Toronto is more the area where the Maple Leafs fans are from; young professionals with a certain income. Whereas us, we concentrate more on families and usually you find those outside of Toronto in the suburbs. That is the reason why we expand that far, but we have to be careful geographically.

*(MM)*: We have a lot of hockey competition here in Ontario; Brampton, Mississauga, Oshawa all have good hockey teams. And here in Toronto there are tons of competition. We have a lot of sports teams and cultural events.

Regarding obligations it can be said, that nowadays you can't be a professional organization without a certain community interaction. It is the norm and it is also expected and it should be, because it is important to be in the community and give back and care about it. For us, too. We want to develop hockey players and hockey fans and if we are not out there in the community, they not gonna know that you even exist. That is also the best form of marketing. If you are not in the community, they won't show any interest into your product or company.

*(NM)*: And for us and the whole MLSE organization it is important to set an example. I know within our teams the players know that they have to be in the community. They are role models for tons of people, especially young children and it is very important to be an active part of the community. At the Marlies, the players are always more than happy to give back and to participate in the anti-bullying campaign, for example. Everybody within the organization understands that is very important that we are helping people and setting an example.

*(MM)*: I also always say that for Marlies players it is important to go to these events as it helps them as well. It is expected from hockey players nowadays because they are role models and if they make it to the NHL, the amount of community activities will increase they have to attend. Here with the Marlies they have the chance to learn how to act and what everybody expects from them. They will be under such an microscope when they are in the NHL, especially here in Toronto. With the Marlies, they can develop and learn and are not under such a high pressure on the daily basis.

The concussion issue is around hockey for many years and last year, because of Sidney Crosby, it came up again. We haven't talked about it yet how we will deal with it. On the ice, obviously, we talk with the kids to have fun and protecting each other and protecting themselves.

We haven't included it yet into our program, but if the issue keeps growing maybe we have to include to our games as well as we have a lot of minor hockey league kids at the games.

Regarding measurement of our activities we can say that we send out a standardized survey at the end of the year asking the coaches what they liked and what they didn't liked and how to improve the concept. We work with these results and don't throw them into the recycling bin. We look how we can improve our on-ice-activities. In terms of our other activities, the MLSE and the ACC have their own group taking care of that. They measure definitely all the activities and work close with the city where the hot spots in the city are and what the neighbourhoods in the city with the highest needs are.

## Appendix 3: Marlies History

Source: Game-day promotion flyer; Saturday, October 15<sup>th</sup> 2011;  
Lake Erie Monsters at Toronto Marlies



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# MARLIES HISTORY

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The Toronto Marlies formally named the Toronto Marlborough Athletic Club was founded in 1903. Named after the town of Marlborough England, the club sought permission for the use of the name from the Duke of Marlborough.

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When the Toronto St. Pats became the Toronto Maple Leafs in 1927, the Marlboros (nicknamed Marlies) became one of their junior farm teams. The Marlboros won their first Memorial Cup in 1929, and would



win six more with the last being in 1975. Six former players who were both Toronto Marlboros and Toronto Maple Leafs have been inducted into the Hockey Hall of Fame: George Armstrong, Bob Pulford, Red Horner, Busher Jackson, Charlie Conacher and Joe Primeau. In 1967 the Marlboros ceased to be the Maple Leafs farm team, but the club continued to own and operate them until 1989. The Maple Leafs have worked with farm teams in numerous cities (Toronto, London, Syracuse, Pittsburgh, Tulsa, Winnipeg, Rochester, Victoria, Pnoenix, Oklahoma City, Dallas, Moncton, St.Catherine's, Newmarket, St. John's, Memphis, PensaCola, Columbia and even Hollywood). The St. John's Maple Leafs, the Leafs American Hockey League affiliate were moved to Toronto in 2005, renamed the Toronto Marlies and have been Leafs farm team since.

## Appendix 4:

### Toronto Marlies advertising

Source: Metro newspaper; Thursday, October 6<sup>th</sup> 2011, p. 55

The advertisement features the Toronto Marlies logo at the top, which includes a stylized maple leaf and the word "MARLIES" in a banner. Below the logo is the text "TORONTO MARLIES PRO HOCKEY". The main headline "OPENING WEEKEND" is written in large, bold, green letters with a distressed texture. The bottom section is divided into two columns for game schedules. The left column is for Saturday, October 15<sup>th</sup> at 3:00 PM, and the right column is for Sunday, October 16<sup>th</sup> at 1:00 PM. Both columns feature the "VERSUS" logo and the Lake Erie Monsters logo, which depicts a monster's head in a pool of water. At the bottom of the advertisement, the text "MAGNETIC SCHEDULE GIVEAWAY\*" is displayed in red.

**MARLIES**  
TORONTO MARLIES PRO HOCKEY

**OPENING WEEKEND**

**SAT. OCT 15<sup>TH</sup>**  
**@ 3:00 PM**

**SUN. OCT 16<sup>TH</sup>**  
**@ 1:00 PM**

**VERSUS**

**LAKE ERIE MONSTERS**

**MAGNETIC SCHEDULE GIVEAWAY\***

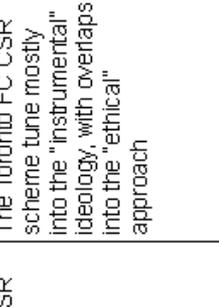
## Appendix 5:

# Toronto's professional sports organizations

Competitors analysis in the field of Corporate Social Responsibility

↓ Teams	Categories →	CSR areas	CSR activities	CSR and brand building	Ideology	Geographical outreach
 <p><b>Toronto Maple Leafs</b> (National Hockey League)</p> <p>In addition to "MLSE" and "MLSE Team Up Foundation"</p> <p>URL: <a href="http://mapleleafs.nhl.com/club/page.htm?id=62148">http://mapleleafs.nhl.com/club/page.htm?id=62148</a></p>	<p>Environment activities</p> <p>Community activities</p>	<p>[Team Up Foundation]</p> <p><i>Community</i></p> <ul style="list-style-type: none"> <li>- Over 600 player appearances a year</li> <li>- Ticket programs – approximately 2,000 for the 2011/2012 season</li> <li>- MLSE merchandise donations for fundraising events</li> </ul> <p><i>Hockey development</i></p> <ul style="list-style-type: none"> <li>- "Coaches Open House"</li> <li>- "Maple Leafs Clinics"</li> <li>- "Maple Leafs Training Camp"</li> <li>- "Hockey in the Neighbourhood"</li> <li>- "Maple Leafs Mobile Fan Zone"</li> <li>- "The Maple Leafs Hockey School"</li> </ul> <p>[MLSE]</p> <ul style="list-style-type: none"> <li>- Community MVP award presented each month to a Leafs player</li> </ul> <p>[MLSE]</p> <p>[MLSE]</p>	<p>The Toronto Maple Leafs CSR scheme can be classified as "integrated"</p>	<p>The Toronto Maple Leafs CSR scheme tune into the "ethical" as well as the "instrumental" approach</p>	<p>The main focus of the Toronto Maple Leafs CSR scheme is locally, within a radius of 50 to 100 kilometres</p> <p>Exceptionally, activities are executed nationally, such as "CBC's 11th annual Hockey Day in Canada" in February 2011</p>	
		<p>Employee welfare</p> <p>Corporate Governance</p> <p>Financial Performance</p>				



Categories → ↓ Teams	CSR areas	CSR activities	CSR and brand building	Ideology	Geographical outreach
 <p><b>Toronto FC</b> <i>(Major League Soccer)</i></p> <p><i>In addition to "MLSE" and "MLSE Team Up Foundation"</i></p> <p>URL: <a href="http://www.torontofc.ca/community">http://www.torontofc.ca/community</a></p>	<p>Environment activities</p> <p>Community activities</p>	<p>[Team Up Foundation]</p> <p><i>Community</i></p> <ul style="list-style-type: none"> <li>- Pub Crawls</li> <li>- "Toronto FC supports Canadian Breast Cancer Foundation"</li> <li>- "Kickoff"</li> <li>- MLSE merchandise donations for fundraising events</li> <li>- "Give-a-kid-a-game" program</li> <li>- Player appearances</li> </ul> <p><i>Soccer development</i></p> <p>Partner of "Play Soccer"</p> <p>"TFC Academy"</p> <p>[MLSE]</p> <p>[MLSE]</p> <p>[MLSE]</p>	<p>The Toronto FC CSR scheme can be classified as "integrated"</p>	<p>The Toronto FC CSR scheme tune mostly into the "instrumental" ideology, with overlaps into the "ethical" approach</p>	<p>The focus of the Toronto FC CSR scheme is mainly locally, with few activities provincially such as for "Play Soccer"</p>

↓ Teams Categories →	CSR areas	CSR activities	CSR and brand building	Ideology	Geographical outreach
 <b>Toronto Blue Jays</b> <i>(Major League Baseball)</i> URL: <a href="http://toronto.bluejays.mlb.com/tor/community/index.jsp">http://toronto.bluejays.mlb.com/tor/community/index.jsp</a>	Environment activities Community activities  Employee welfare Corporate Governance Financial Performance	[no activities found] <u>Jays Care Foundation</u> - Grand Slam Grants - Field of Dreams - 50/50 Draw - Home Run Scholars  <u>Community</u> - Lady Jays - Jays on the road - Donations in Kind  <u>Amateur Baseball</u> - Field of Dreams - Rookie League  [no information found] [no information found] [no information found]	The Toronto Blue Jays community activities scheme can be classified as "selective"	The Toronto Blue Jays community activities scheme tune mostly into the "instrumental" ideology, with slight overlap into the "ethical" approach	The focus of the Toronto Blue Jays CSR scheme is mainly locally, with few activities provincially such as "Field of dreams" or "Rookie League"

↓ Teams Categories →	CSR areas	CSR activities	CSR and brand building	Ideology	Geographical outreach
 <b>Toronto Argonauts</b> <i>(Canadian Football League)</i> URL: <a href="http://argonauts.ca/page/huddleup">http://argonauts.ca/page/huddleup</a>	Environment activities Community activities Employee welfare Corporate Governance Financial Performance	[no activities found] <i>The Argos Foundation</i> - "Huddle Up" program - Donations program <i>Community</i> - "Level the Playing Field" - Player appearances - Partner of "Sick Kids" [no information found] [no information found] [no information found]	The Toronto Argonauts community activities scheme can be classified as "selective"	The Toronto Argonauts community activities scheme tune mostly into the "instrumental" ideology	The focus of the Toronto Argonauts CSR scheme is mainly locally, with few activities provincially such as the "Huddle Up" program
 <b>Toronto Rock</b> <i>(National Lacrosse League)</i> URL: <a href="http://www.torontorock.com/page/community">http://www.torontorock.com/page/community</a>	Environment activities Community activities Employee welfare Corporate Governance Financial Performance	[no activities found] <i>Community</i> - Ticket fundraising program - School House Rock program - Donations [no information found] [no information found] [no information found]	The Toronto Rock community activities scheme can be classified as "selective"	The Toronto Rock community activities scheme tune into the "instrumental" ideology	The focus of the Toronto Rock CSR scheme is mainly locally, with only few activities outside the GTA

# Literature review

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## Disclaimer

I hereby certify that this material, which I submit for assessment on the programme of study leading to the award of Bachelor of Arts in Sports Management is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

This thesis has not been handed in for another degree or diploma at any university or other institute of tertiary education and, in addition to that, has not been publicized yet either.

Peine, December 15, 2011

\_\_\_\_\_  
City, Date

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Signature