

THE SEATTLE KRAKEN
NHL EXPANSION TEAM
MARKETING PLAN

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Executive Summary

The Seattle NHL expansion team, proposed to be named the Seattle Kraken, will be the 32nd franchise to enter the league for the 2021-22 season as a member of the Pacific Division. The Kraken will serve the Seattle-Tacoma and surrounding area with marketing rights up to a 75-mile radius. The stadium at KeyArena will be reconstructed to house approximately 17,400 fans and so far, has received 33,000 season ticket deposits leading to the creation of a waitlist. In addition to ticket sales, the Kraken will be seeking roughly \$10 million in sponsorship revenue as well as \$6.5 million in stadium naming rights.

Listed as one of the best sports cities in the United States, Seattle is primed to be a successful market for an NHL expansion team, yet only 3.0% of residents claim to be avid sports fans of the NHL. To be able to capture a large enough audience for the first season, the Kraken must target the generalist sports fan in addition to the avid fans in its marketing plan.

The key objectives of the Seattle Kraken are to generate sponsorship revenue, season ticket revenue and awareness of other engagement options for fans on the season ticket holder waitlist. As a new sports team, building a sponsorship strategy to attract local businesses by focusing on the biggest assets first will be key to be able to support the team financially, but also ensure that the greatest number of categories are available to attract a number of potential sponsors. Since the Kraken has already received nearly double the stadium's capacity in deposits for season tickets, focusing on season ticket holder retention by building an exceptional fan experience, improving arena amenities, showing gratitude and high-quality service for season ticket holders will ensure that the team will continue to grow avidity and revenues in the long run. Lastly, building an awareness for other engagement options, particularly a waitlist membership subscription and loyalty points program, will provide an avenue for fans who were not able to purchase season tickets an opportunity to still engage with the team and prevent the feeling of being left out. Additionally, these programs will ensure that an avid fan base is excited and willing to purchase season tickets as soon as they come available and continue to make sure the Kraken remains top of mind among Seattleites and surrounding area residents.

This marketing plan will expand on the key objectives, tactics and programs set out above as well as analyze the financial feasibility of such initiatives through a comprehensive marketing budget and break-even analysis per in-season game. Ultimately, this plan will provide reasoning why the Seattle market will be able to sustain a hockey team that is profitable through ticket sales and corporate sponsorships by tactically creating a sustained loyal avid fan base.

Background

Product Description

On December 4th, 2018, the NHL Board of Governors unanimously voted to add a franchise in the city of Seattle. As the NHL's 32nd franchise, the team will enter the league for the 2021-22 season as a member of the Pacific Division. The team will play in KeyArena. The ownership group of the new team is led by David Bonderman, Jerry Bruckheimer, and Tod Leiweke. The Oak View Group, formed by Tim Leiweke and Irving Azoff, has helped the ownership group make a bid to bring an NHL franchise to Seattle and will continue to work on the project as it becomes a more established

franchise. The Oak View Group will also contribute \$40 million to a Transportation Fund, to be administered by the City to address transportation issues in the north downtown area.¹

The NHL established a \$650 million expansion fee to the new Seattle team. In addition, plans to refurbish KeyArena are estimated at \$700 million in costs. The arena itself will host the Seattle Storm (WNBA team) and potentially provide a future home for an NBA team. KeyBank (headquartered in Cleveland), has lost the rights to KeyArena in 2011.² However, Seattle officials were having a difficult time finding a new sponsor.

KeyArena's current capacity is 15,177 people for a hockey game. Ownership says that it will have 17,000 seats when renovations are complete. The plan also includes the addition of 15 event-level suites and 40 sideline suites, which would account for 1,642 of the overall 17,000 seats. Ownership has already sold 33,000 season ticket deposits from fans - leading to the creation of a waitlist.

The team itself will select its players by an NHL expansion draft. Seattle will select one player from each team excluding the Golden Knights for a total of 30 (14 forwards, nine defensemen and three goalies) not including additional players who may be acquired as the result of violations of the Expansion Draft rules. Current NHL teams can protect seven forwards, three defensemen and one goalie, or eight skaters (forwards/defensemen) and one goalie, under the following conditions.³

Competitive Analysis

Competition for attention consumers is at an all-time high. This is the case in all aspects of sports and entertainment. The key competitors to Seattle's NHL franchise are other Seattle-based sports teams, attractions, and entertainment. Attention remains important year-round and should be a focus to help build fan avidity. With regards to in-game spectators, the biggest competitors are:

- Seattle Seahawks: The most popular sporting event to attend in Seattle. However, they only have 8 home games during the year. Each game is event focused. The scarcity of games creates a "fear of missing out" mindset.
- Seattle Sounders: 34 matches between March and October. The sounders has brought in 40,000 fans per game⁴. The team has had success on field for the last 7 seasons and continues to build on their championship pedigree.
- Seattle Thunderbirds: A Western Hockey League affiliate. Last season, the Thunderbirds brought in an average of 4,950 fans per game⁵. The facility capacity is 5,887 seats.
- Washington Huskies collegiate sports: The Huskies play a variety of sports during the fall and winter terms including volleyball, track and field, football, soccer, basketball, and gymnastics.

All of the previous sporting events listed occur during the NHL season.

Year-round entertainment and attractions are more of a spectacle for tourists and visitors to Seattle. Some of Seattle's most popular attractions include: Pike Place Market, Museum of Flight, Space Needle, and the Olympic Sculpture Park.

Although the team's immediate fanbase may not be tourists, it is important to note what sorts of other forms of attractions may influence an additional spectator's decision in attending a future Seattle NHL game. It is possible for tourists and visitors to not see the appeal to attending an NHL game in Seattle, because they may have preference for Seattle-based attractions or may already have access to professional hockey games. It is important to note that the peak tourist season is during the NHL offseason.⁶ Another form of year-round entertainment that Seattle is known for is theatre and the

Seattle Symphony. Arts events differ significantly from attending a sporting event. This type of attendee may not be the correct demographic for a Seattle-based NHL team.

External Environment

Demographics

The city of Seattle is the largest city in the Pacific Northwest and the 18th largest city in the United States with an estimated population of 730,400 people in 2018.⁷ The city has grown at a rate of 2.00-3.18% per year since 2011.⁸ However, an estimated 3,867,000 lived and resided within the metro-area population as of 2017. A metro area is defined as “the populated urban area and the surrounding smaller communities with socioeconomic ties to it”. Seattle’s metro area consisted of 5,872 square miles.⁹

A total of 341,809 households were estimated to exist within the city limits in 2018, up from 314,850 households a year before in 2017.¹⁰ Of households in 2017, 54.6% were non-families (172,054 households), 35.9% married (113,085 households), 6.5% single females (20,404 households), and 3.0% single males (9,307 households). The average household was estimated to be 2.11 people and 2.92 people for families. Of those 2017 households, an estimated 46.5% owned homes and 53.5% rented.¹¹ The median property value in Seattle was \$606,200 in 2016.¹²

It was estimated that the city’s population was 49.78% female (342,617 people) and 50.22% male (345,628 people) in 2017. The median age of Seattle was estimated to be 35.7 years old, with a median age of 35.4 years old for males and 36.1 years old for females.¹³

In 2016, the population of Seattle was 64.3% Caucasian (453,096 people), 14.7% Asian (103,759 people), 6.9% African American (48,802 people), 6.6% multiracial (46,788 people), 6.4% Hispanic (45,194 people), 0.3% Native American (2,293 people), 0.3% Pacific Islander (2,004 people), and 0.3% “Other” (2,422 people). Therefore, the city has 4.37 times more Caucasian residents than any other race.¹⁴

The city’s population was estimated to be 81.99% native born and 18.01% foreign born in 2017. Of the native-born population, 37.07% were born in the state of Washington. An estimated 8.93% of Seattle’s population were non-citizens, which includes green card holders, international students, temporary workers, humanitarian migrants, and illegal immigrants. Of those not born in the United States, the largest percentage came from Asia, with 58.3% of naturalized citizens immigrating from Asia and 52.6% of non-citizens identifying as Asian.¹⁵

In 2017, 78.96% of Seattle’s population was estimated to only speak English, while 21.04% could speak another language. Of those languages, 10.0% of people could speak an Asian language, 4.3% spoke a different Indo-European language, 4.0% were fluent in Spanish, and 2.7% spoke an additional unlisted language.¹⁶

Of citizens of the age of 25, 25.75% had obtained a graduate degree (130,999 people), 35.92% had a bachelor’s degree (182,752 people), 6.67% earned an associate’s degree (33,913 people), 15.78% had some college education (80,287 people), 10.08% were high school graduates (10.08%), 2.81% obtained only a 9-12th grade education level (14,277 people), and 3.00% had a below 9th grade education level (15,248 people) in 2017.¹⁷

The median household income was reported at \$83,476 per year in 2016. Males earned 1.37 times more than females with the average full-time male employee earning an annual salary of \$72,626, while the average female full-time employee earned \$52,973 per year.¹⁸ An estimated 12.47% of Seattle's population fell below the poverty line in 2017.¹⁹

In 2016, the five most common industries of employment for Seattle residents were professional, scientific, and technical services at 17.9%, healthcare and social assistance at 12.5%, retail trade at 11.9%, educational services at 9.6%, and accommodation and food services at 8.3%.²⁰

Economic Climate

Seattle has one of the best economies in the United States. The state of Washington's economy is expanding at a rapid pace. Washington led the nation in real GDP growth and personal income growth in 2017. Washington's personal income grew 4.8% compared to a 3.1% growth nationally. In addition, Washington's real GDP grew 4.4%, which was more than twice the national growth of 2.2%.²¹

While the economy is booming, Seattle still had an unemployment rate of 3.8% in 2018 - slightly above the total United States unemployment rate of 3.7%.²² However, job growth rates continue to rise every year. In 2017, Seattle had a job growth rate of 2.7% in 2018.²³

Another issue facing the city's population is a consumer price inflation well above the national average. The Seattle consumer pricing index rose 3.2% in 2018 and is expected to increase an annual average of 2.3% from 2019-23. This is due to rising housing prices and shelter costs. Seattle area home prices increased a total of 13% in 2017.²⁴

The average weekly wage of a Seattle resident was \$1,544 in 2018, which was \$489 above the United States' weekly average of \$1,055. In 2017, the Seattle population had an average hourly wage of \$30.35 among all occupations, compared to the national average hourly wage of \$24.34.²⁵

The overall cost of living in Seattle was 37% above the national average in 2018.²⁶

The Seattle area had an average annual consumer expenditure of \$83,790 in 2016-17. Residents spent an average of \$26,965 on housing (32.5%), \$12,810 on transportation (15.3%), \$10,958 on food (13.1%), \$9,983 on personal insurance and pensions (11.9%), \$5,546 on healthcare (6.6%), and \$17,528 on all other expenses (20.9%).²⁷

Government Regulations & Policies

The NHL's expansion into Seattle is affected by government regulations and policies regarding KeyArena. The City of Seattle and OVG are set to sign a 39-year lease with an additional two renewable options for eight years each. This expands the potential of the lease to 55 years in total. According to the lease, OVG is responsible for all construction, maintenance, and operational costs of the arena and all associated risks for the life of the agreement.²⁸

While the \$700 million improvements and expansion of the arena is being privately financed, the team is entitled to pay a baseline rent to the city. The team must pay an annual rent equivalent to Seattle's current annual revenue generated by KeyArena, the 1st Avenue North Parking Garage, and any arena sponsorship rights.²⁹

OVG must also follow regulations regarding the initiative to have KeyArena recognized as a historical landmark. The original condition and design of the roofline and support structure must be

maintained by OVG, according to the law. The City of Seattle is pushing to have the site listed on the National Register of Historic Places due to its association with the World's Fair. So far, the process has just passed the first step as Washington's State Historic Preservation Office declared the arena eligible for national designation.³⁰

Customer Analysis

Who are our customers?

Seattle Kraken's prospective customers were identified based on team data provided by the NHL. This data provides the Seattle Kraken with a baseline understanding of who its customer base will be once its first season begins.

According to NHL data, the key demographics of fans who were interested in the NHL were predominately male, 30-49 years in age, and employed full-time.³¹ Additionally, among major sports, the NHL has the highest composition of avid fans who are white non-Hispanics (72.9%) and white-collar occupation (38.8%). The strongest avid segments were based mostly on the east coast and are Americans making over \$100K income (11.2%). Approximately 79.1% of avid NHL sport fans use a PC or mobile phone for sports, with 25.8% of avid fans stream live sports online.³²

NHL fans can be broken down into four different reasons for why they are fans. These categories from largest to smallest are: hockey associates (somewhat avid; 32%), power players (most avid; 26%), teammates (avid; 24%) and sports generalists (least avid; 18%).³³

What are their needs?

Some of the key needs for NHL fans are: team devotion, all-consuming, talk and socialization, personal indulgence and sense of belonging.³⁴ The devotion to team is based on obsession and loyalty. NHL fans are some of the most obsessed and loyal fans that crave deep connections with their teams. The all-consuming aspect is based on the ability of the event to draw you in. NHL fans crave the game schedules of the NHL and its ability to create an engaging atmosphere. For talk and socialization, NHL fans want to be social during games. They crave watching the action with friends and making it a social experience rather than watching it in isolation. NHL fans also crave personal indulgence. They reward themselves regularly and actively look for ways to make their own experiences even better. Finally, NHL fans need to feel a sense of belonging. They want to identify as part of a team or tribe, included in its decisions and be able contribute to the team's success.

How do we meet their needs?

To meet the needs of NHL fans, the Seattle Kraken plan on developing certain programs, experiences, communities, and platforms that are designed to fulfill the needs set out in the previous section. In terms of the need for team devotion and all-consuming, the Seattle Kraken can develop specific content of the team, such as behind the scenes video footage of teammates interacting, videos showing a day in the life of a specific player, player interviews, blog posts, and opinion polls. The NHL fans need for talk and socialization as well as a sense of belonging can be captured by developing programs such as fan road trips to watch the Kraken play against opposing teams, as well as game watch parties outside the venue if the game is sold-out (see Appendix C). To satisfy the need for personal indulgence, the Seattle Kraken can develop VIP packages that make it easy to park, enter or exit the stadium, buy concessions, or exclusive access to select merchandise and player meet-and-greets.

Target Market Identification

While Seattle is often listed as one of the best sports cities in the United States, only 3.0% of residents claimed to be “avid sports fans” of the NHL.³⁵ However, Seattle ranked No. 14 on the 2017 ESPN Sports Poll with 16.6% of people claiming to be an avid fan of some sort.³⁶ For this reason, the Seattle Kraken will be targeting the general sports fan in its marketing plan. As stated earlier, ownership has already sold a total of 33,000 season ticket deposits at the price of \$500.³⁷

NHL Fan Demographics

In 2017, avid NHL fans were 61.4% male and 38.6% female. The majority of these fans were white non-Hispanics at 72.9%. The highest age segment were between the ages of 35-54 years old at 37.2%, while 26.9% of avid fans were between the ages of 18-34 years old, 25.5% were 55+ years old, and 10.4% were between 12-17 years old. In addition, the majority of avid fans made between \$50-99K per year at 30.4%, while 29% of fans average an annual salary of over \$100K. 23.3% of avid fans earned under \$30K per year, and 17.4% generated an annual revenue of \$30-49K. Lastly, 25.2% of avid NHL fans were parents.³⁸

Paul, The Avid NHL Fan

Paul is a 41-year-old, Caucasian male and long-time Seattle resident. He is married without any children, but Paul and his wife plan on having one or two children soon. Paul works as a project manager at Boeing and earns an average annual salary of \$86,000. He grew up playing hockey, but he now likes to spend his time consuming the sport by streaming games online during the week or watching from his favorite local sports bar with his buddies on the weekend. He follows the NHL closely by following his favorite sports team on Facebook and Twitter, keeping up to date with ESPN news, and participating in a fantasy league with his friends. Paul is most active on Facebook, and he likes to gloat amongst his friends, coworkers, and family when he performs well in his fantasy league or his favorite NHL team wins. He is very excited for the arrival of the Seattle Kraken and has already paid a deposit for season tickets, as have his core group of friends.

Chris, The Younger General Sports Enthusiast

Chris is a 30-year-old, Caucasian male. He grew up in the Northwest and moved to Seattle a few years ago after finishing graduate school. Chris is not married and is primarily focused on his professional career. He works as a software development engineer and earns an average annual salary of \$134,000. While Chris works an average of 50+ hours per week, he likes to spend his free time hanging out with his friends, playing video games, working out, or streaming sports, movies, or television shows online. He has subscriptions to Hulu and Netflix, although he only claims to use Amazon Prime at work. Chris uses Facebook, Twitter, and Instagram, but he is most active on Twitter. Although he watches ESPN, he consumes most of his sports content on his phone through notifications from ESPN and league apps. He mostly reads *The Bleacher Report* and subscribes to *The Athletic*. Chris did not play hockey growing up, instead he played lacrosse. However, he is interested in the NHL and most sports. He already has season tickets to the Seattle Seahawks and attends several Mariners games every summer. Upon hearing of the Seattle Kraken’s arrival, Chris has started following the NHL more closely. Since Chris has extra money to spend and there is no basketball team in Seattle, he is thinking about purchasing season tickets or a multi-game package.

Jessica, The Fitness Fanatic and Interested Sports Fan

Jessica is a 27-year-old, Caucasian woman. She has lived in Seattle since attending undergraduate at the University of Washington. Jessica works as a nurse at Providence Health & Services and earns an average of \$67,000 per year. She likes to spend her spare time exercising or socializing with her

friends and family. Jessica is passionate about fitness and nutrition. She starts every morning with her routine run and alternatives days lifting at the gym. She is most active on Instagram and closely follows a number of fitness blogs. She ran track and field growing up and loves the competitive aspect of sports. She is an active fan of Seattle sports and attends a few Seattle Seahawks and Mariners games every year with her dad, friends, or boyfriend.

SWOT Analysis

Strengths

- Renovated Arena - The team will have a state-of-the art arena and training facility after OVG invests \$700 million in renovations to KeyArena. This will attract talent in players and enhance the overall fan experience. In addition, fans may be motivated to attend games due to curiosity of the arena's new appearance.
- Tim & Tod Leiweke – The Leiweke brothers bring a vast list of experiences and knowledge to the Seattle Kraken. Tod helped to resurrect the Seattle Seahawks in popularity as the CEO of Vulcan Sports & Entertainment, and he served as the CEO of the Tampa Bay Lightning beforehand. Tim is a partner for the Oak View Group, where he has experience in arena renovations, major sponsorship deals, and public government relations.
- Ticket Waitlist – The Seattle Kraken's ownership group has already sold 33,000 season ticket deposits for the 2021 season. This far exceeds the amount of season tickets the team will be able to provide and the seating capacity of KeyArena, showing that sellout opportunities are high in potential and fans are motivated to purchase tickets.
- Live Nation Agreement – The Seattle Kraken already have a deal in place with Live Nation for the 2021-22 season that will enable them to sell ticket packages online through Ticketmaster.

Weaknesses

- No Current Sponsorship Deals – The Seattle Kraken have a lot of work to do in generating sponsorship revenue, as the team currently has no contracts in place.
- No Current Talent – The Seattle Kraken currently have no players on their roster. This creates a challenge when putting a face to the team, promoting the team, or engaging with the fanbase.
- No NHL History – Seattle has never had an NHL team before, so the overall number of hockey enthusiasts in the city is lacking. The team also has no season record or history to boast.

Opportunities

- KeyArena Naming Right Expiration – The arena's naming rights contract has expired, which means that there is opportunity for selling naming rights to a sponsor. The average professional sports team generates \$6.7 million per year from stadium naming rights.³⁹
- Seattle-based Companies – Sponsorship opportunities are endless with Fortune 500 companies such as Costco, Microsoft, Amazon, Paccar, Starbucks, Nordstrom, and Weyerhaeuser residing in the city.⁴⁰ Industry-leading names such as Alaska Airlines and T-Mobile are also headquartered in Seattle and have a history of investing large sums into sports sponsorship deals.
- Sports-crazed Residents – Seattle ranks No. 14 on ESPN's Sports Poll for cities with the most avid fans. Although hockey may not be their favorite sport, avid fans are more likely to attend sporting events and take an interest in a wide variety of sports.
- Booming Economy – Seattle led the country in real GDP and personal income growth in 2018. As Seattle residents' income increases, they have more money to spend on entertainment, such as sporting event tickets.

- **Large Population & Reach** - Seattle is the second most-populated city in the United States without an NHL team with almost four million people living in the metro area. In addition, the Northwest has the largest DMA for professional teams in the United States.

Threats

- **Competition** – There are a vast amount of options for entertainment opportunities in Seattle. With renowned arts communities and the existence of three other professional sports teams, residents may not be as interested in the Seattle Kraken.
- **Tourist Season** – The majority of tourists visit Seattle during the NHL offseason. This is a major opportunity loss for the team.
- **Transportation** – Transportation is a major issue in Seattle. It may be too long of a drive for suburban residents to be interested in attending a game. In addition, parking is a major concern.
- **Housing Crisis** – The cost of living and housing costs continue to surge in Seattle. Some fan segments may not be able to afford to attend games or have a surplus of income for entertainment options.

Marketing Objectives

As a new sports team to the Seattle area, the Kraken's marketing objectives were focused on the following areas:

1. **Sponsorship Revenue:** To generate \$10 million in sponsorship revenue by January 1, 2020.
2. **Season Ticket Revenue:** Retain 85% of season ticket holders for 2022-23 season.
3. **Awareness:** Generate awareness of other engagement options for the 16,000+ fans that are on the season ticket holder waitlist by the start of the season.

Strategies

To meet the marketing objectives set out above, the following strategies are recommended for each objective:

Sponsorship Revenue

- **Approach local businesses:** Creating brand affinity for the team should include localized sourcing of sponsorships. Large organizations have their headquarters in Seattle. It will be easy to stay connected with brands that are local and have ties to the city. Some local business to attract would be Microsoft, Amazon, REI, Starbucks, T-Mobile, Alaska Airlines, Expedia, MOD Pizza, and Safeco Insurance.
- **Create partnerships:** When it comes to approaching brands about sponsorships, it is important to create a partnership as opposed to a sale of assets. In order to continue with a long-term sponsor and build on retention, it is more beneficial if it is a mutual agreement to build value. Some examples of partnerships versus sales will be highlighted in the tactics section below.
- **Evaluate and budget all possible assets:** Knowing what your assets are and how to evaluate their value is important not only for product knowledge reasons but to translating value to right partner.
- **Focus on best assets first:** In order to entice the best potential partners, proposing best potential assets first is ideal. There can be a trickle-down effect where cost constraints occur. After evaluating assets and value propositions for each asset, it is important to purpose the best possible solutions to each potential partner. Creating value early on is important when retaining partners and showcasing strong assets in the proposal stage will have a greater chance of conversion (i.e. renaming KeyArena).
- **Sponsorship categories:** As partnerships start to form it is logical to think about your partners in categories of industries. This way you do not have any partnership conflicts and misuse of asset allocation. The top-5 most active categories sponsoring the NHL are: retailers (4.8*), auto (4.3*),

fast-food (4.2*), insurance (3.5*), and media (3.2*). (*Amount of times more likely to sponsor the NHL than the average of all sponsors)⁴¹

- Sponsorship tiers: Although each brand is a partner, it is important to note that the more money is spent the more assets are allocated. That is not to say each partner will not receive value. Rather sponsorship tiers create a perception on budget and value for the brands within the team's portfolio.

Season Ticket Revenue

- Exceptional fan experience: In order to build retention with fans, particularly during the first season of an expansion team, it is crucial to create the best fan experience when attending games. The product on the ice may not be up to par with the other elite teams for quite some time. Entertainment and success of the team itself will likely not be the factor that determines retention of season ticket holders.

- Improved arena amenities: Catering to an audience of season ticket holders needs high quality amenities to stay engaged and comfortable during a 41-game season. This help foster a better social atmosphere.

- Provide high quality and show gratitude: Season ticket holders should feel exclusivity compared to the average single-game buyer. A season ticket holder needs to receive perks. This will help create a perception of gratitude and hopefully causing higher retention rates.

Awareness

- No fan left out "NFLO": Havin fans that are aware of the team but are not able to buy tickets runs the risk of losing those fans altogether. To ensure those fans are still able to engage with the brand, the Kraken must have options in place that allow fans to engage to build and maintain fan avidity and awareness.

- Communication: The way and how the brand is communicated has a huge impact on the consumers' level of perception and awareness. In order to properly communicate the brand, the Kraken must ensure that its content and messaging are available and streamlined for fans to consume across various platforms.

- Top of mind: To generate a consistent level of awareness among fans, a top-of-mind approach is one of the most effective strategies, because the brand will have multiple impressions on consumers if it is adopted effectively. Loyalty programs are key to this strategy, and if the Kraken partners with the right programs, it can incentivize mass adoption and gain consecutive high awareness scores.

Tactics and Programs

Sponsorship Revenue

Securing \$10 million worth of sponsorship partnerships can be a challenge especially for an unknown Seattle entity. However, by creating a value proposition to potential partners it may be much easier than anticipated. An important piece to sponsorship is creative activations. A tactic to generating sponsorship revenue is by sharing creative activation pitches to the top tier companies in the Seattle-Tacoma region. The Kraken's sponsorship team should pitch the following ideas to perspective brands:

- Amazon: Amazon Web Services could incorporate their machine learning technology that is currently being used in the NFL, MLB, and F1 to help increase the breadth of capabilities in sport. They could use the Kraken as a potential trial for machine learning technology in hockey (via skates, pucks, pads, sticks etc.) and eventually pitch the concept to media outlets and the NHL, providing more hockey analytics as a result. Also, Amazon could incorporate their Amazon Go service in concessions (2 in 100 section and 2 in 200 section). This will help with concession congestion and

provide Amazon more opportunities to analyze purchasing decisions. Season ticket holders will receive free Amazon Prime memberships. Season ticket holders will be named “Prime Fans”.

- REI: Seattle during the hockey season is very rainy. REI will have a coat check area in the arena. The only coats or jackets that can be checked are REI branded jackets. All other brands are not allowed to be checked. Coat check is free to REI patrons.

- T-Mobile: Fans will be able to charge their devices via the T-Mobile charging station.

- Papa Murphy’s Pizza: If the Kraken score four goals and win the game, every fan in attendance will receive either a Papa Murphy’s personal pizza to go or a coupon for one at later date.

- Starbucks: On top of Starbucks being the warm beverage of the Kraken, they will also have Starbucks Reserve Roastery in the concession.

- Finally, a brand will be approached regarding naming rights. The average naming rights deal in the 4 Big sports is \$6.5 million a year.⁴² The Kraken should look to capitalize on that considering KeyArena has not been Key Bank’s official arena since 2011.

Ticket revenue

In order to gain 85% or more season ticket holder retention, the Kraken needs to provide season ticket holders with features and benefits that will make their experience in the arena enjoyable. First, there should be an emphasis on ease of entering and exiting the building. Season ticket holders will have separate entrances and exits. With the Live Nation partnership already in place, digital ticketing will be used by all season ticket holders. All season ticket holders will also have access to exclusive events and will have the opportunity to enjoy discounted concessions the entire season.

During the game, fans will be able to connect with their friends and family on social by sharing their photo via Brizi. Brizi puts fans in control of a high-quality photo that captures their moment from a unique vantage point facing their exact seat location. Also by using the Seattle Kraken app they will be able to see any in-game promotions.

Awareness

To generate awareness of the other engagement options by the start of the season for the fans that are unable to purchase season tickets, the Seattle Kraken can develop and promote: a waitlist membership, a digital app for fans, social media content and a loyalty points program. By having a waitlist membership experience in place, the Seattle Kraken will be able to capture a large fan base that has already expressed interest in the Kraken by trying to buy season tickets. The Kraken should use digital marketing efforts with the waitlist members to promote ticket flex packages. This way they can get a sample of what it is like to be a season ticket holder.

Creating a digital app with different interfaces would allow the Seattle Kraken to engage with different types of fans. The generic app could serve as a way to provide information such as: schedules, parking information, maps, concessions, merchandise and player information. However, the app could also have a member login option to that fans can use it for mobile payment and collecting loyalty rewards points.

Producing unique content across various digital marketing platforms will also build awareness for the Kraken and other ways fans can engage beside buying seasons tickets. In terms of unique content, the Kraken can create behind the scenes day-in-the-life of player vlogs, player

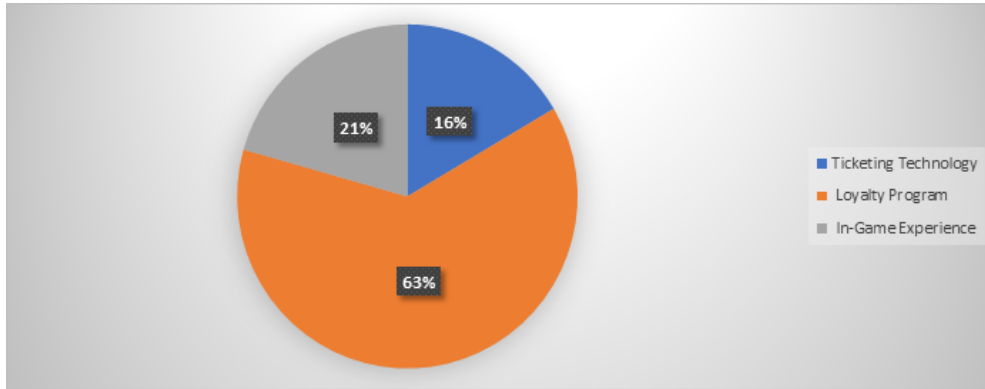
interviews, blogs dedicated to improving the game of hockey in Seattle and surrounding region, as well as player development mini-series to captivate hockey fans beyond the stadium.

Lastly, the Kraken can develop a loyalty program to ensure the Kraken remain top of mind among consumers. Through the digital app mobile pay system, Kraken fans can collect points in stadium on concessions as well as on merchandise and ticket purchase. Kraken sponsors can also get involved in this to demonstrate its partnership with the team and attract business.

Marketing Budget

The following information outlines the expected marketing costs and a break-even analysis to execute the tactics and programs set out above.

MARKETING BUDGET PLAN			
Projected Subtotal Per Game:		\$46,100.00	
EXPENSE TYPE	QTY	PROJECTED COST PER UNIT	PROJECTED ANNUAL SUBTOTAL
TICKETING TECHNOLOGY			\$7,600.00
Scanners	8	\$100.00	\$800.00
Metal Detectors	3	\$2,000.00	\$6,000.00
Card Readers	8	\$100.00	\$800.00
LOYALTY PROGRAM			\$29,000.00
Concession Discounts			\$20,000.00
Signage	25	\$200.00	\$5,000.00
Website Development			\$1,000.00
App Development			\$2,000.00
Card Reader Technology			\$1,000.00
IN-GAME EXPERIENCE			\$9,500.00
Live Band			\$5,000.00
Performers	25	\$100.00	\$2,500.00
Brizi Subscription			\$2,000.00



BREAK-EVEN ANALYSIS

For the Period:	One In-Season Game
Average Selling Price (P):	\$ 150.00
Break-Even Units (X):	8000
Break-Even Sales (S):	\$ 1,200,000.00

FIXED COSTS		
Advertising		\$ 1,000,000.00
Accounting, Legal		
Depreciation		
Interest Expense		
Payroll		
Rent		
Supplies		
Taxes (real estate, etc.)		
Utilities		
Other		
Total Fixed Costs (TFC)		\$ 1,000,000.00
VARIABLE COSTS		
<i>Variable Costs, based on Dollar Amount per Unit</i>		
Costs of Goods Sold	\$ 25.00	per unit
Direct Labour		per unit
Overhead		per unit
Other		per unit
Sum:	\$ 25.00	
<i>Variable Costs based on Percentage</i>		
Commissions	10%	per unit
Other		per unit
Sum:	10%	
Total Variable Costs per Unit (V)		\$ 25.00
Contribution Margin per unit (CM) = P - V		\$ 125.00
Contribution Margin Ratio (CMR) = 1 - V / P = CM / P		83%
BREAK-EVEN POINT		
Break-Even Units (X)	$X = TFC / (P - V)$	8000
Break-Even Sales (S)	$S = X * P = TFC / CMR$	\$ 1,200,000.00

To make the program financially viable, the Seattle Kraken will need sell an additional 307 seats at the average ticket price of \$150.00 to be able to fund the marketing budget per in-season game.

Seating Capacity	17,400
Break-Even Point Seating Requirements	8,000
Remaining Seats Available for Sale	9,400

Proposed Marketing Budget	\$46,100.00
Average Ticket Price	\$150.00
Seats Required to Fund Marketing Budget	307

The profit per game is calculated based off of the total tickets available for sale as well as the total sponsorship revenue. Sponsorship revenue per game was calculated based on:

- Naming rights for stadium (\$6,500,000 per year)
- Remaining sponsorship revenue (\$10,000,000 per year)
- Total number of in-season home games (41)

Total Tickets Available for Sale	17,400
Average Ticket Price	\$150.00
Total Ticket Revenue	2,610,000
Venue Naming Rights Sponsorship	\$158,537
Remaining Sponsorship Revenue	\$243,902
Total Sponsorship Revenue	\$402,439
Total Revenue Per Game	3,012,439

Conclusion

It is clear that based on the demographics of Seattle, the surrounding area and NHL fans, Seattle is a suitable city to have an NHL franchise. The market is primed with already a wide selection of sports teams to satisfy any avid sports fans’ needs; however, it is evident that the addition of a hockey team in a newly renovated arena will only serve to benefit the Seattle sports market and develop and grow hockey fans in the northwest.

As the first game of the 2021-22 season draws nearer, the Seattle Kraken must ensure its marketing objectives, strategies and tactics are properly aligned to achieve profitability in the short term, while continuing to grow fan avidity and revenues in the long term. By focusing on sponsorship and season ticket holder retention initially, the Kraken will be able to secure financial stability by creating partnerships with local businesses keen to market their products and services, while increasing fan avidity for the long term by improving fan experiences. Additionally, generating awareness for the Kraken by developing other engagement options for fans on the season ticket holder waitlist will continue to promote fan avidity, increase revenue by charging membership fees and enhance season ticket renewals.

If properly implemented, the Seattle Kraken will successfully complement the existing sports teams by growing the passion for sports and continue to develop and grow the sport of hockey in the region.

Appendices

Appendix A

CROSTAB TITLE : NHL - Seattle Hockey Team
 STUDY NAME : Fall 2015 NHCS Adult Study 06-month
 STUDY TYPE : Population
 START FIELD DATE : 04/26/2015
 END FIELD DATE : 12/01/2015
 DATE EXECUTED : 03/03/2019

SELECTED BASE : STUDY UNIVERSE

		Total	GENDER - MALE	GENDER - FEMALE	AGE - 18-20	AGE - 21-29	AGE - 30 - 39	AGE - 40 - 49	AGE - 50 - 59	AGE - 60 - 69	AGE - 70 +	EMPLOYED FULL TIME (30+)	EMPLOYED PART TIME (1-29)	NOT EMPLOYED	GEO - WEST COAST
Total	Weighted(000)	238,468	115,173	123,295	12,022	33,640	45,770	36,741	44,532	36,038	29,725	121,471	23,450	93,546	54,851
	Horizontal %	100.0%	48.3%	51.7%	5.0%	14.1%	19.2%	15.4%	18.7%	15.1%	12.5%	50.9%	9.8%	39.2%	23.0%
	Index	100	100	100	100	100	100	100	100	100	100	100	100	100	100
NHL INTEREST	Weighted(000)	52,437	32,181	20,256	2,195	7,040	12,128	9,424	9,644	7,279	4,728	34,044	5,304	13,089	9,409
	Horizontal %	100.0%	61.4%	38.6%	4.2%	13.4%	23.1%	18.0%	18.4%	13.9%	9.0%	64.9%	10.1%	25.0%	17.9%
	Index	100	127	75	83	95	120	117	98	92	72	127	103	64	78

* Indicates cell count from 31 to 60. Projections may be unstable, use with caution.
 ** Indicates cell count below 31. Projections are likely unstable, use with caution.

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Appendix B

Popular Times to Visit Seattle

Average Tourist Volume



Average Hotel Prices [Search Hotels »](#)



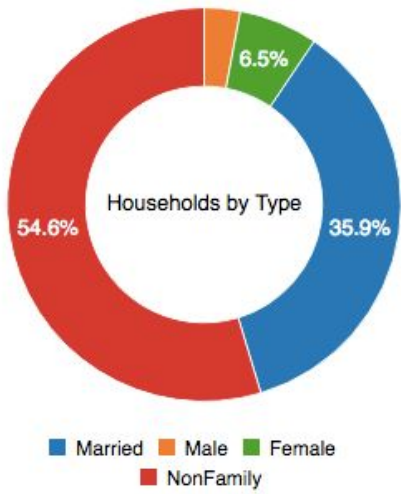
Tourism volume is estimated based on in-market destination search query interest from Google and on travel.usnews.com in 2015-2016. Hotel prices are sourced from a sample of U.S. News Best Hotels rates through 2015-2016.

Appendix C

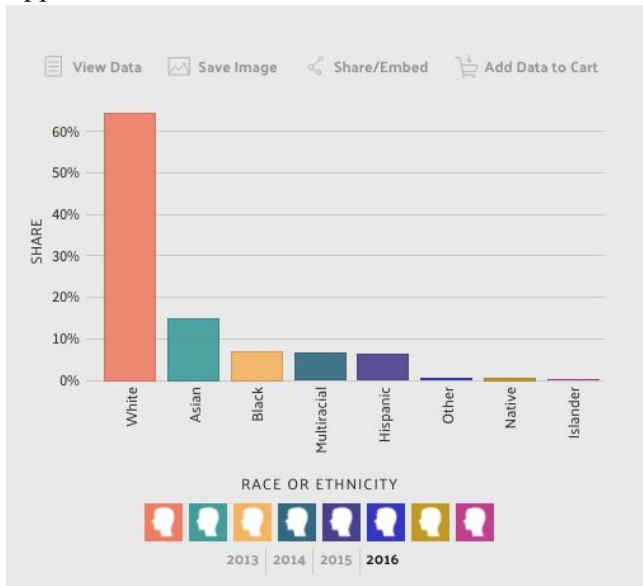


Appendix D

Seattle Households

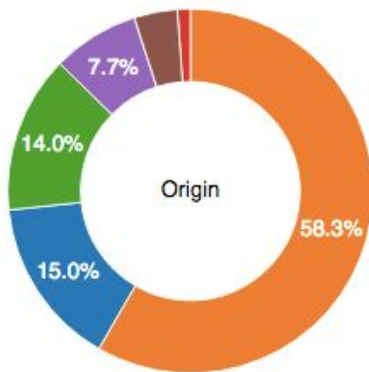


Appendix E



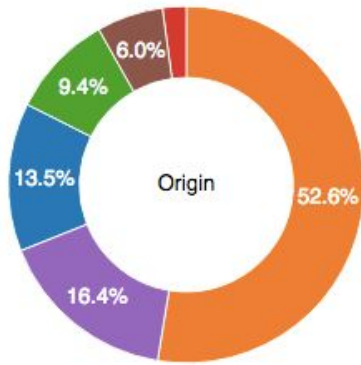
Appendix F

Origin of Naturalized Citizens

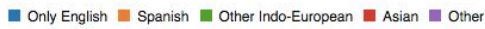
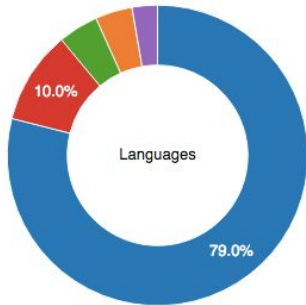


Appendix G

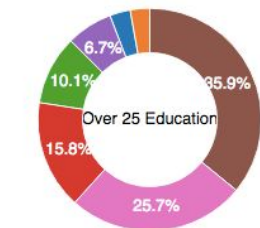
Origin of Non Citizens



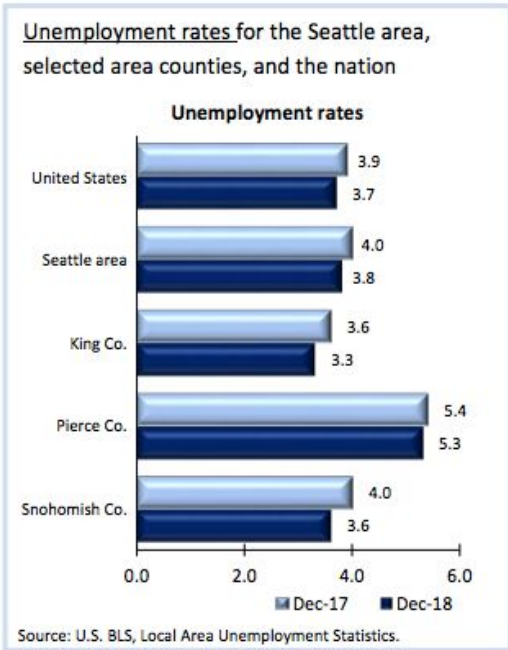
Appendix H



Appendix I



Appendix J



Appendix K



Appendix L

Average hourly wages for selected occupations

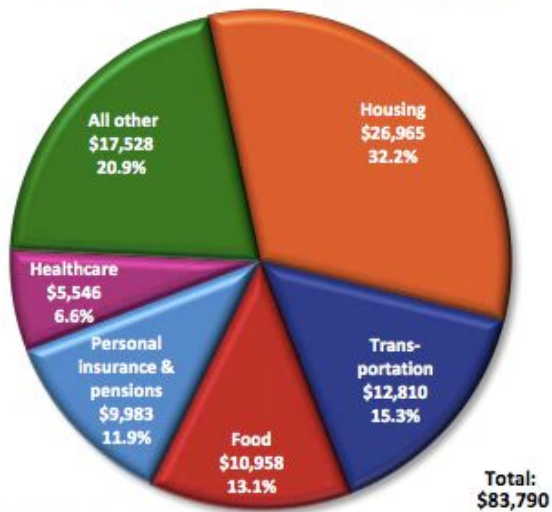
Occupation	Seattle area	United States
Total, all occupations	\$30.35	\$24.34
Human resources managers	63.16	59.38
Computer programmers	59.76	42.08
Civil engineers	44.74	44.13
Registered nurses	39.77	35.36
Accountants and auditors	38.07	37.46
Roofers	26.18	20.57
Machinists	25.72	21.23
Construction laborers	23.53	18.70
Retail salespersons	17.18	13.20
Cashiers	14.14	10.64
Cooks, fast food	13.62	10.39
Personal care aides	13.45	11.59

Source: U.S. BLS, Occupational Employment Statistics, May 2017.

Appendix M

Average annual spending and percent distribution for selected categories

Seattle area average annual expenditures 2016-17



Source: U.S. BLS, Consumer Expenditure Survey.

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