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# Expanding the National Hockey League into European Markets

International Business  
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International Business

## TIIVISTELMÄ

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| Tekijä             | Viljami Kalmari                           |
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Jääkiekkoliiga NHL:n pysyvästä laajentamisesta Euroopan markkinoille on käyty alustavaa keskustelua jo vuosien ajan. Kansainvälisen liiketoiminnan yleistyessä maailmalla jatkuvasti voidaankin pitää jopa hivenen yllättävänä, ettei tämän vakavampia suunnitelmia laajennuksesta ole vielä toistaiseksi tehty. Tämän tutkimuksen tavoitteena oli kartoittaa kiekkoilevasta Euroopasta mahdollisia laajennuskohteita ja selvittää, millä tavoin kyseinen prosessi olisi ylipäätään mahdollista toteuttaa. Erityistarkkailuun pääsivät esimerkiksi sarjajärjestelmän uusiminen sekä NHL:n tapahtuma- ja markkinointipuoli.

Tutkimus oli tyyliltään laadullinen ja se koostuu sekä primäärisistä että sekundäärisistä aineistoista. Sekundäärisessä aineistossa lähteinä toimivat esimerkiksi kansainvälistymiseen keskittyvä kirjallisuus sekä itse lajia koskevat lyhyemmät artikkelit. Primäärinen aineisto kerättiin teemahaastatteluiden avulla. Lopulta haastateltavaksi päätyi kahdeksan henkilöä, jotka toimivat Suomen suurimman jääkiekkomedian, Jatkoajan, kantavina voimina erinäisissä tehtävissä. Tutkimuksen teoria rakentui Porterin viiden voiman mallin, Ansoffin matriisin, verkostoitumismallin sekä 5P-markkinointimallin varaan.

Lopputulena tutkimuksessa ilmeni, että NHL:n laajentuminen Eurooppaan seuraavien kymmenen vuoden aikana on hyvin epätodennäköistä. Kohdemaiden riittämätön pääoma ja toistuva Atlantin yli matkustus nousivat haastatteluissa suurimmiksi kompastuskiviksi. Toisaalta laajennuksen nähtiin tarjoavan myös mainion piristysruiskeen paikallisille kiekkosarjoille. Haastateltavien mukaan Euroopassa olisikin kysyntää pohjoisamerikkalaiselle urheilukulttuurille. Lopullisiksi laajennuskandidaateiksi valikoituivat Saksa, Ruotsi, Sveitsi, Suomi, Iso-Britannia ja Itävalta.

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## ABSTRACT

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In recent years there has been much talk surrounding the National Hockey League and its potential expansion into European markets. As global business activities gain popularity, it almost seems surprising that no serious plans have been brought out by the league as of yet. The purpose of this research was to look for suitable expansion candidates in Europe and to figure the steps involved in bringing NHL across the ocean permanently. Special attention was given to the league system and its modification as well as event management and marketing tactics.

The research was qualitative in nature and included both primary and secondary data. Secondary data was gathered from various hockey-related articles and books concerning internationalization, for example. Primary data was collected from a total of eight semi-structured interviews. All of the respondents have a significant role in running Finland's biggest hockey media, Jatkoaika.com. Theories used in this research included Porter's Five Forces, Ansoff Matrix, Five P's theory and Network Model of internationalization, among others.

In the end, the research proved any expansion within the next ten years highly unlikely. A long travel across the Atlantic and the lack of free capital in destination countries appeared as the biggest obstacles during the interviews. On the other hand, any existing local leagues were expected to benefit from the expansion. The respondents felt that there is a market for American sports culture in Europe, as well. The final list of expansion countries included Germany, Sweden, Switzerland, Finland, Great Britain and Austria.

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# **1. INTRODUCTION**

## **1.1 Background**

With the nature of business becoming more and more global every year, the sports industry has also experienced the impact in all areas of their work. Whether it is player recruitment, sponsorship deals, media coverage or anything else in between, the world of sports is already heavily dependent on globalization. More than ever, it is a requirement for success on the top level and even becoming a factor in a non-professional environment. This causes not just the clubs, but also the leagues to act accordingly. In some sports, the entire world can be seen as a potential market. A good example of this would be football, of course. Even though international and cross-continental competitions already exist, technically there is no reason for them to remain a secondary focus.

In ice hockey, the market is currently much more limited, but could be both expanded and made better use of with the right strategic choices. Europe, and especially North America, are the continents that are traditionally being connected with the sport – and rightfully so. However, the National Hockey League, being based in the United States and Canada, makes those countries rise clearly above everyone else in popularity and market share. This is despite the Europeans being equally passionate about the sport, if not more. Therefore, the need for a bigger, more prestigious competition in Europe is evident. NHL's expansion overseas is a concept that has been thrown around by the media and fans for years, but never looked into in more detail.

## **1.2 Objectives and Research Questions**

The aim of this research is to examine all of the major components that would go into a European expansion, if it was to eventually happen. This paper will highlight areas that are important to the fans in Europe, as well as give suggestions for a practical implementation of expanding such organization overseas. Therefore, the goal is to shed light on two of the biggest questions regarding the operation: 'where' and 'how'. The locations targeted in any



expansion largely dictate the timeframe at which results can be expected, as well as the new culture that an organization will have to get used to in its destination. In terms of ‘how’, this research will serve as an inside look at the market, the ways it can be exploited and won over. The paper is written in such a way that it highlights mostly opportunities, as threats are always easier to find in any potential business venture. Still, NHL’s best interest is kept in mind throughout, making sure that all statements made portray a realistic picture of the situation at hand.

### **1.3 Structure of the Study**

This thesis is divided into 11 chapters. Majority of the theory-based information is provided in the later parts of the research, leading up to the eventual interviews and conclusions drawn at the very end. In the beginning the focus is mostly on sketching a picture of the situation and discussing the topic on a more general level.

After the introduction, a brief look at the league’s recent history is presented in chapter two. This includes the latest expansions, their long-term success and some lessons to be learned from those instances moving forward. In chapter three, a few distinct European countries are given a closer look as expansion candidates. Their suitability is analysed based on existing hockey tradition, potential and overall wealth of the country. This is then followed by public statements heard from the league’s top executives, in an attempt to look at the situation from a different perspective. Rounding off the first part of the thesis is chapter five, where cultural aspects are discussed a bit further.

Chapter six dives deep into the market space NHL would face in on its journey to Europe. Theories such as the Ansoff Matrix, Porter’s Five Forces and Network Model of internationalization are used to break down the market and its hockey-related nuances. Chapter seven is focused on the actual events that are sold to consumers. Building, marketing and managing NHL match days are discussed with the help of ‘Three E’s’ and ‘Five P’s’ theories. Wider economic effects caused by the expansion are presented briefly before moving on to the research methodology.

Here, the foundation for the empirical study is laid down by discussing qualitative and quantitative methods as well as their suitability for this research. After that, analysis of the empirical study takes place in chapter ten. Answers are covered by first summarising the most popular answers together and later listing some of the other thoughts that came up outside of the main questionnaire. Chapter 11 concludes the thesis with the complete list of selected countries, as well as a few final words regarding the expansion.

## **2. RECENT HISTORY**

National Hockey League (NHL) is the biggest and most watched competition in the sport of hockey. Even in the overall sports industry it ranks high, finishing fifth when comparing different leagues by their revenue in 2016 (Amoros 2016). Clear leaders on this list are not surprisingly the National Football League (NFL) and Major League Baseball (MLB), both gathering huge attention especially in the United States and Canada where they are played. Other leagues are more globally viewed, such as the third and fourth placed English Premier League and the National Basketball Association (NBA). The more diversified the players' nationalities at the top of the sport are, the more popular it makes them around the world. Hockey is a good example of this, with a significant portion of NHL players coming from Europe, mainly Russia, Sweden, Finland and Czech Republic. Switzerland, Germany and Denmark on the other hand, are some of the fastest-growing hockey nations in Europe, producing more and more elite players each year.

### **2.1 Current Expansion Strategy**

In 1991-1992 the National Hockey League began expanding to the less traditional hockey markets in the United States. During that time the Canadian capital of Ottawa rightfully got its own organization, the Senators, but it was the other four cities that were more questionable decisions. However, they were perfectly in line with the league's new ambition to target the biggest US cities, regardless of their current hockey tradition. The strategy was partly successful. In the 2017-2018 season, out of these four teams Tampa Bay filled their arena the best, selling out every single ticket to their 41 regular season games. Close behind were the teams from California: San Jose (98,9 %) and Anaheim (96,9 %) (NHL Attendance Report). The impressive attendances are not the only measures that prove these organizations to be competitive. Anaheim won the league in 2007 and got to hoist the legendary Stanley Cup for beating Ottawa in the finals. Tampa Bay and San Jose also reached the finals in 2015 and 2016 but ended up losing. (Klein 2016; Marsh & Marshall 2016a.)

However, the fourth team on the batch of US expansions that year, Miami, has not impressed during its time in the league. Named after the state, the Florida Panthers made an appearance in the finals in their third year in the NHL. After the successful 1996 campaign, they have reached the playoffs only four times in 21 years (Florida Panthers Statistics). Despite managing to build a decent history with a few star players over the years and attracting some exciting young talent for their current roster of players, the attendances have plummeted and people have lost interest in the team. Only 81,3 % of the seats were filled in the Panthers' home games in 2017-2018 and in 2014-15 the number got as low as 66,1 % (NHL Attendance Report). Still, encouraged by the very early success of the Miami expansion, four years later the league made another regretted business decision. (Klein 2016; Marsh & Marshall 2016a.)

A small Quebec market had been replaced with Denver a year earlier, which proved to be a good decision as the team went on to win the Stanley Cup in 1996 and 2001. However, when the legendary hockey city of Winnipeg was given up for a potentially bigger market all the way in Phoenix, Arizona, the league had made its worst mistake yet. Despite doing slightly better on the ice than the Panthers, the arena in Phoenix has been consistently more empty than the one in Miami. The Winnipeg franchise has since been brought back to the NHL, whereas Arizona has been the biggest candidate for relocation after failing to make a single playoff appearance since 2012 (Phoenix Coyotes Statistics). (Klein 2016; Marsh & Marshall 2016a.)

With only six Canadian teams left once more, the total number of teams was now up to 26. At the turn of the millennium Nashville, Minnesota and Columbus joined the league and have each been good additions with their fair share of success. Atlanta reappeared on the NHL map as Thrashers, only to be moved to Winnipeg 12 years later in 2011. The latest expansion was to Las Vegas in 2017, and the Golden Knights became the most successful expansion team in the league's history, playing in the finals in their inaugural season. (Klein 2016; Marsh & Marshall 2016a.)

## 2.2 Expansion Remarks

Las Vegas was a prime example of settling into a thriving market with the expense of existing hockey tradition. Still, it is no longer a guarantee that the richest cities would automatically have a better team because of the money they possess. In the modern NHL the teams are tied to a 'salary cap', which means that the organization with the most money can not simply buy all of the league's best players, as their salaries would go over the total limit – the salary cap. Players can of course settle for a lower salary if they wish, to fit themselves into a better team closer to their wage limit. This is rare, however. Having money mostly helps in business outside the ice, whereas a loyal fanbase will get behind a team even when its not performing and therefore giving it a lift on the ice. This is a constant cycle as a team performing well will in turn help the business and a team with better marketing and promotion will attract more people in the stands.

If the move to Las Vegas was a historic one, on the other end of the spectrum the Carolina Hurricanes has had a similar story to those of Florida and Arizona. The team managed to win a surprise championship in 2006, but apart from that its journey in the NHL has been a struggle since it took over the Harfford franchise in 1997. The fans in Raleigh have not seen playoff hockey in nine years and as a result the attendances over the past five years are the league's lowest at 70,0 % (Klein 2016; Marsh & Marshall 2016a; Carolina Hurricanes Statistics; NHL Attendance Report). It should also be noted that despite the varying attendance figures within the league, the actual capacities of NHL arenas are very similar, ranging from 15,000 to 21,000 seats.

### **3. EUROPEAN MARKET**

In this chapter, a handful of European countries are on the spotlight for their unique characteristics and author's own insights. Many other countries fit under the same descriptions and are therefore saved until the interviews and conclusions take place later on in this thesis. In an effort to keep the research as concise as possible, Russia is also left out of the equation. Representing a completely different market and culture to most European hockey nations, it would deserve an entire research of its own, along with the other possibilities lying deep down in Asia. Furthermore, as the NHL's only real competitor, Russia and Kontinental Hockey League (KHL) are not directly comparable to other European countries and their elite leagues, simply because their ambitions and willingness to work with the NHL are not very similar to begin with.

#### **3.1 Finland**

The top Finnish division, Liiga, is currently regarded as the fourth-best hockey league in Europe. This is shown by the 2018-2019 Champions Hockey League Ranking (Finland 3<sup>rd</sup>, Russia not included). For a long time the league was seen as a simple step down from the NHL, even competing with the former Russian Super League as the Europe's best. However, especially during the last decade Finnish hockey has taken a turn for the worse due to some questionable decisions by the league's executives. Interest in the league has been declining yearly and what is left of the hockey culture in Finland is now riddled with disappointment, anger and disbelief. People are simply not satisfied with what they are witnessing and only the biggest supporters have kept following their teams, because it is all they have. Casual hockey followers have abandoned the league almost completely. In the state that the Finnish hockey is, it would not take much for a new league, like the NHL, to take over at least a portion of the fanbase the sport has accumulated over the years.

The Finnish league is lacking proper structure and decision-making. Many fans feel that the league is run by people who do not really understand the sport and its finer details, the unwritten rules. When business-oriented executives make decisions on

how the league should be played, they fail to see the perspective of a supporter that wants to enjoy the experience every time they go to a match or otherwise follow what is happening around the league. Liiga is lacking the viewpoint of people who truly understand the game, the thrill each season can be for a fan. Even if a team is doing bad, the ups and downs are part of the experience and it all feels fair, the team tries their hardest every night and gets what they deserve in the end. In a perfect scenario the league is simply making this possible, not interfering in any way or making themselves visible. The teams and players have a chance to express themselves through a well-organized league that makes this whole spectacle run like it is supposed to. This is everything that the Finnish hockey league is currently not and what the fans know it could be, what it has been for many years.

### **3.1.1 Opportunities**

There are two strong selling points the NHL possesses over the likes of Finland: reliable, professional referees on the ice and authoritative, respected player safety department off the ice. Quality of the refereeing is ensured by employing referees full-time, allowing them to focus all their energy on the matches (Williams, 2018). The Finnish hockey league, on the other hand, has struggled with refereeing for a long time. Hard-hitting, entertaining fan favorites have vanished from the ice as playing physical hockey is often penalized way too strictly. However, when it comes to player safety decisions after the matches, the roles are reversed and playing against the rules does not cause big enough bans for players to make them play with any more respect the next time they step onto the ice. In a marketing sense, this would be an interesting area to target.

You can often hear people compare the two leagues together when it comes to hitting and resulting penalties and bans. NHL's reputation in Finland is strong partly because of this; hockey lovers feel that a part of the game has been taken away from them, whereas in North America the game looks more like it should. Branding the NHL with its entertaining, fast and physical style of play would be ideal to win Finnish hockey fans over. Even fighting, which is a controversial topic in hockey and almost non-existent in Finland, is done in a fair and respectful manner in the NHL. In terms of selling a product to the people, there would be no better way than

this. The market for hockey is already there, but what is currently being offered to that market is not.

In conclusion, if it was ever going to happen, now would be an optimal time to introduce permanent NHL presence in Finland. Not because of the domestic market doing exceptionally well, but because it is on a slight decline. The key thing is the potential and the interest people still have in the sport, which there definitely are. Hockey culture in Finland simply needs reviving, it needs something new and exciting to get people talking again.

### **3.1.2 The Case of Jokerit**

In 2014, there was already a Finnish team who felt the league was not going in the right direction and did not provide enough challenge to keep the club growing. This team was Jokerit from Helsinki, now part of the KHL in Russia. The club owner, businessman Harry Harkimo had a big vision of globalization and making the team something bigger than what is possible in the Finnish league (DeLuca 2013). However, even before the jump to the KHL, Jokerit was by no means a profitable business (Laine & Vehmas 2017). Sports teams in Finland rarely are, but in this case the losses were quite substantial. However, here the team in question was an already established one, making the concept of supporting it more challenging for the rest of the country. Therefore comparisons to a new NHL organization are not entirely valid.

Helsinki Halli Oy used to own Hartwall Arena where Jokerit plays its home games. The matches together with other events organized on the venue made big losses from 2000 to 2012, before the arena was eventually sold to Arena Events Oy in 2013. The 28 million aggregate net loss over 12 years was caused mostly by the hockey operations. The new arena owners soon bought 49 % of the club itself and being partly Russian, paved the way for Jokerit to move to the KHL in 2014. During its time in the KHL, the team has been slowly increasing its revenue, but not nearly as much as a jump to Russia would lead you to believe. Costs on the other hand have skyrocketed and salaries have been a real issue in the club. 28,8 million euros



of losses in the first two seasons have not been a promising start to the journey in the east (Laine & Vehmas 2017, 121).

### **3.2 Sweden**

The Swedish Hockey League (SHL) is generally thought of as the second-best league in Europe, behind only Russia and the KHL. The Swedes have emerged strongly from behind Finland and these days the league structure, fanbases, player development, finances and quality of players on different divisions are clearly ahead of Finland's. Sweden is a desired destination for local and foreign players. Many American-born players come to SHL after failing to make it in the NHL and not wanting to go to Russia to play for various reasons. The political stability, living conditions and atmosphere inside the arenas is what draws players in rather than going to KHL where the money is still marginally better.

Like Finland, Sweden has in recent years put in a lot of work on player development. Both nations have renewed their youth systems, coaching and other strategies to maximize the development of individual players and give them a chance to play in a big role in big teams even at a young age. Finland has only just began to see the results from the changes in the form of talented young players, whereas Sweden who applied the strategies earlier, has already enjoyed success on the world stage with its new generation.

In 2017, TSN Senior Hockey Reporter Frank Seravalli even reported on four Swedish hockey representatives making a trip to Florida to speak about their ambitions with the young Swedes' development and how they wanted the NHL teams to support that. Nearly 10 % of all NHL players are in fact from Sweden, which makes the hockey system seem fairly successful. However, the SHL teams' representatives were afraid of the Swedish talent being so coveted, that it would eventually cause harm to the local league with NHL being so quick to grab the best prospects. Specifically going to America to develop before even being ready for the NHL was seen as a serious issue for the SHL.

Columbus Blue Jackets General Manager Jarmo Kekäläinen was impressed with the presentation but made a good point regarding the player development: in SHL wins and losses are important as teams fight for playoff places and against relegation. It is easy to play more experienced players over young players who are not yet at the same level. The second-highest league in America is the American Hockey League (AHL). This is where young players often play before stepping into the NHL. The league is closed as in Finland and therefore player development is much more emphasized as the actual match results do not really matter. For this reason AHL might be a better fit for a young player aiming to reach the NHL. (Seravalli 2017.)

### **3.3 Switzerland**

Hockey in Switzerland is very different than in any other European country. Some of the biggest Swiss clubs come from very small cities, even villages, yet the league draws the biggest attendances in Europe season after season. In the past decade the Swiss national team has also been very competitive on an international level, as shown by their two silver medals from the World Cups held in 2013 and 2018. This has turned heads in the world of hockey, as everyone has been eager to learn what has been done right in the small Alpine country. Despite hockey growing on a good rate in Switzerland, something as big as establishing a Swiss NHL organization could be difficult. The domestic league has a clear identity and a proven formula, which the locals would definitely not want to be affected. (Szemberg 2017.)

### **3.4 Czech Republic**

In many ways, Czech Republic is perhaps the most unique country on this list. It is an interesting mix of eastern and western culture, both on and off the ice. Czechs are often high-tempered as fans and overall very much emotionally involved in anything related to hockey. Some may even say that hockey is all Czechs have going for them, which is of course a bit of an exaggeration. Still, it is not a secret that the Slavic country is a bit less developed in many areas compared to its competitors in hockey-playing Europe. Despite the unavoidable culture shock, entering into a Czech market is not all bad news. The economy in Czech Republic

is on a steady upward trend and according to Deloitte's Michal Malysa, it still ranks above the EU and Eurozone average in terms of growth. When talking about hockey, the Czechs' very own car manufacturer, Skoda, has long been the biggest sponsor of IIHF's annual World Championships (Skoda Storyboard). Being a partner for over 25 years now, Skoda alone is a force that can definitely affect the future of European hockey with its negotiation power.

### **3.5 Great Britain**

Out of the less traditional hockey destinations, perhaps the most intriguing one is Great Britain. For decades the country has been known for its football-centered culture – the rainy Tuesday night clashes and freezing mid-winter encounters. Only the bravest of sports fanatics will tolerate such conditions purely for the love for the game. It also takes a special kind of person to sit through a 90 minute match week after week, only to see a couple of scoring chances go each way during that time. Tickets are expensive in the top divisions as well and the entertainment value for that money just is not quite there for most casual followers. These are a few reasons why hockey has seen such a dramatic increase in popularity over the last five years or so. (Moshakis 2018.)

The Elite Ice Hockey League (EIHL) is the top competition in British hockey. For the longest time the league suffered from the same things football did, despite being a completely different kind of sport. Play was slow and careful, polite and oftentimes simply boring to look at. However, since more of a North American thinking has been adopted throughout the league in recent years, changes in entertainment value have been drastic. Hockey is now the most watched indoor sport in the whole country and it is still continuing to grow, thanks to EIHL's innovation and willingness to push boundaries. The league has clearly been influenced by the NHL in its impressive pre-game antics and fast-paced action on the ice. It has become more than the game itself – a product, that shows NHL what huge potential a market like Great Britain can indeed offer. The concept of “entertainment over tradition” has been proven very successful, very quickly. (Moshakis 2018.)

## **4. EXECUTIVE COMMENTS AND IMPLEMENTATION**

NHL matches in Europe are certainly not a new concept. Although the idea has expanded and the events developed, NHL has had a physical presence in Europe for a long time already. In recent years the trend has been to push increasingly more of the league's showcase events specifically to Europe. To make things that much more interesting, in November 2018, NHL deputy commissioner Bill Daly and NHL Players' Association (NHLPA) executive director Donald Fehr talked about the prospect of Europe eventually being part of the NHL landscape permanently. In Daly's eyes, the expansion seemed inevitable long-term, but the lack of NHL-caliber arenas overseas posed the biggest obstacle for any serious talks to take place at this time (Sachdeva 2018).

Fehr, on the other hand, was worried about the immense travel distances players would have to cover during the season, but otherwise saw no reason not to believe in an expansion in the future. However, working closely with the players in NHLPA, he was quick to add that the opinions given were strictly his own and no one else's. Fehr, too, felt that decisions regarding the expansion should not be rushed under any circumstances. Despite the enticing idea of NHL being the first trans-ocean league in major sports anywhere, Fehr mentioned the capital and schedules needing careful considerations in order for everything to work smoothly as soon as the expansion is put into action (Sachdeva 2018). In Fehr's original vision, however, it was more the case of moving existing organizations overseas rather than creating entirely new ones from scratch. Certainly the NHL has arguments for getting rid of some of its U.S.-based teams already, but that does not seem likely with the latest additions of Las Vegas and Seattle on top of the already bloated 30-team roster.

### **4.1 Commissioner Bettman's Stance**

As the NHL commissioner Gary Bettman has mentioned in multiple occasions, the league's international strategy – whatever it leads to in the future – is right now heavily dependent on the international visits. One of the words Bettman has used to describe his intentions with the events is consistency. “Regular and predictable”

calendar of overseas matches Bettman is after is a short term goal the league has so far achieved well (Rosen 2017). The events have also been a great success, as they are special occasions and rare opportunities for European fans to come across. Building something bigger, however, is a step that would be an enormous risk, no matter which way you approach it.

Even though expansion talks are not entirely dismissed, finding public statements defending the idea is near impossible. Like any decision-makers, hockey executives are also much like politicians when they speak: vague and hard to grip. In November 2017 Bettman made a rare comment regarding the expansion while he was talking about the new Las Vegas franchise and his plans on European exhibition games. “We are not actively pursuing expansion, we are expanding our global footprint”, Bettman mentioned in a Yahoo! Sports interview. Certainly the expansion is not on the cards at the moment, but having such global mindset in the past few years could lead to something bigger, something more ambitious. As expansive as the NHL has been in its lifetime and with the visits to Europe being in such big focus, it is difficult to believe that the end goal would not be to establish something permanent outside of the American continent.

In the following month, Bettman sat down with ESPN to talk about the rumoured expansion, again not ruling out the idea, but being extremely cautious about it. He listed the usual issues surrounding the topic, such as logistics, facilities and economies. Most importantly he felt that the NHL should not be competing with the existing leagues in Europe, but rather grow the game as a whole, together (Wyshynski 2017). Again the question arises: would NHL in Europe really hurt the local hockey in these countries, or would it raise it to another level and grow the game even more, as Bettman has envisioned.

What is contradicting these statements, however, are some of the action steps the league has actually taken. “Growing the game” was definitely not achieved in the PyeongChang Winter Olympics in 2018. The NHL refused to send players to the tournament, completely destroying the tradition of Olympic hockey. Fans were upset and the league had once more proved its true colours in the eyes of many supporters. Megan Fowler of The Sports Daily even mentioned the Olympics being

“the best example of the NHL’s interests being themselves over the sport”. She wanted to put into words what many hockey lovers have felt for years. Unless there is a payoff for the league, the NHL wants nothing to do with it. This might seem disgusting for such influential organization in the hockey scene, but this is how all business works. Nobody wants to make a loss. If you think you can do things better, competition is always welcome. Being selfish is part of running a big business.

#### **4.2 Brian Burke’s Comments**

Long-time NHL executive Brian Burke (63) has also voiced his opinion on the potential European expansion. Having played college hockey and AHL in his playing career and serving in the roles of General Manager, Director of Hockey Operations, Senior Advisor and Franchise Owner in his 30-year career as a staff member in the NHL, Burke sure has the experience to speak his mind (Brian Burke Staff Profile). He is a firm believer in the expansion, predicting that it is only a matter of time before it eventually happens. In Burke’s vision the league targets cities such as Prague and Cologne, cities that currently have the biggest arenas in Europe. However, it is the arenas that he also finds the biggest problem. “I don’t think it (the expansion) is imminent, because buildings in Europe don’t generate NHL economics”, Burke has stated. “Until you have buildings that can match or exceed NHL economics, why would you play there? But I think it will happen.”

When it comes to travel, Burke did not see that as an obstacle. After all, technology on planes moves forward and schedules can always be adjusted. A flight from New York to Germany is not that much longer than a flight to California. Burke also addressed the ticket prices that are vastly different in the NHL compared to leagues in Europe. He felt that whatever might be lost as gate revenue selling the tickets, could be covered with the more lucrative television deals the NHL offers. (Shoalts 2018.)

#### **4.3 Sponsors and Partners**

Not only would the television revenue bring in more money, but so would the sponsorship opportunities North America presents. NHL’s global partners include

mega brands such as Apple, Adidas, SAP and EA Sports. Compared to Finland for example, where the 2018 main sponsors were Veikkaus, Olvi and Intrum, the difference is clearly significant. When it comes to NHL broadcasts, the league is most actively promoting Honda, Bridgestone, Coors Light and Molson Canadian. These are exclusively North American partners. Especially Honda is often visible alongside NHL whether it is the actual matches, outdoor charity events or special trophy ceremonies and all-star weekends. USA partners include a global brand in Dunkin' Donuts. In addition, insurance company GEICO is heavily promoted on match day shows. Canadian sponsors Scotiabank, Rogers, Tim Hortons and VISA can be spotted on air frequently as well (NHL Corporate Marketing Partners).

So far money has not been an issue with the NHL organizing showcases, launching charities and initiatives and promoting important causes outside of sports. All of these commitments take resources, but at the same time they offer publicity and the American people love to get behind a cause they feel is even remotely important to them. Therefore the NHL has managed to attract some big sponsors over the years, despite not being one of the more popular sports in the country. Hockey is often viewed as a sport where there is the most love connected to it, from the teams and players to the community and vice versa. This is partly because of the lower amount of money involved in running the teams compared to the NBA and NFL for example.

This special bond everyone in the sport have with each other has been a good selling point to sponsors as well. The league is also working closely with the Players' Association, taking care of its athletes and their rights. All of the international ventures the NHL makes, for example, are done in close contact with the NHLPA (NHL.com 2018). As for the partnerships in Europe, Bettman has announced that the situation is very good and that it is now only a matter of organizing the events on a more regular basis (Rosen 2017). These connections include parties such as sponsors and advertisers, as well as making licencing agreements on the European market (Weinstein 2018).

#### 4.4 Organizing the League System

One issue that is not brought up often enough when talking about the expansion are affiliated teams. AHL teams would need to be established in Europe alongside the NHL counterparts to allow organizations to move players between the teams quickly if they so wish. This would, on one hand, have the added benefit of the European fans potentially seeing a few more local players play in their home country. However, with the AHL clubs' travelling already being very tiring for the players, adding in trips to Europe would not get a warm welcome. This scenario would almost certainly require the league to start supporting the teams financially in their travelling expenses. Switching from a bus to a plane back home in the US would be the only justifiable way to add more teams in Europe. This has its drawbacks, too. In addition to the travel costs increasing, making the AHL a more tempting option for Europeans and especially the Americans who have escaped the league to Europe in the past, the new AHL would most likely hurt the European leagues' quality. Still, this was always going to happen anyway.

NHL executives have shown varying interest in European expansion over the recent years. Talks about the idea have been both confirmed and denied in many occasions. Whether the interest is really there or not, the speculation is sure to continue until more light is shed on the situation. Many fans and analysts have done extensive work on trying to design a new league system, one that would tackle all the major problems with the expansion such as travel, schedule and the arenas. So far there has not been one idea above the rest, as the variables in such effort are too many for everyone to agree on. Still, most suggestions seem to be built around an entirely new division featuring 5-8 teams, rather than a single European club.

This would obviously eliminate the need to travel across the sea only to face one opponent. Instead, with this format the American teams could each take their turn to perform a 'European tour', playing all their away matches overseas on one trip. The biggest advantage, however, would be for the European teams themselves. Having a single club alone in Europe would mean that even the shortest away match would be more than 5,100 kilometers away, and that is if a team in Lisbon was playing in Boston, which is obviously not going to happen. Having a full division



to play against in Europe would make things a lot more manageable, although each trip to America would still need to last longer than what a current NHL team's away trip lasts on average.

#### **4.4.1 Strengths of the Current System**

Altering the draft system among others to bring more local players to the European teams is one of the biggest threats NHL could face, as its league system is one of the biggest selling points it has on the American market at the moment. Having a salary cap for the teams has been a revelation in keeping the league competitive and matches unpredictable every night. While anyone can beat anyone on any given night, good long-term team building and careful player acquisitions are still usually rewarded as success. This is something that the NBA for example does not have, with only a couple of teams ever having a realistic chance to win a championship each season. This is why adding incentives for NHL teams to build their rosters a certain way and overall complicating the system is incredibly dangerous. Coming back to the Finnish league and its failures, the NHL has kept its charm so well because it feels fair for everyone. For a lack of success you can not point fingers at anyone else than yourself. Not the league system, not the money gap, nothing. Whatever ends up happening with the European venture, compromising this aspect of the game would be the demise of the expansion.

#### **4.4.2 Lessons from NFL Europa**

The simple reason why in Europe NHL would make more sense than any other American sports league is the status hockey has established there already. NFL has experimented with a separate European league in the past, but the lack of culture for American football was not enough to keep the league afloat. NHL does not need to force its product to the Europeans the same way. In addition, with hockey falling short in terms of popularity in the US, where it could gain an advantage over football, baseball and basketball is its increased global presence. Having a league spanning both North America and Europe would be a real statement to its competitors and offer something new to the traditional American sports scene (Silverman 2012).

Also, NFL Europa was essentially a development league for young and aspiring NFL prospects, who could not quite make the first team squad yet (Keeler 2016). This means that none of football's best players were ever actually appearing in Europe and the glorious Super Bowl was never at stake when the matches were played. Therefore the NHL expansion can not be compared directly to NFL Europa, although some lessons certainly need to be learned from the experiment.

## **5. CULTURE AND IDENTITY**

### **5.1 NHL Global Series**

In November 2018 the Winnipeg Jets and Florida Panthers faced off in two regular season games that were played in Helsinki. There were two big names that the local hockey enthusiasts were paying close attention to: Finnish superstars Patrik Laine and Aleksander Barkov. The event was all over the news in Finland, especially with Laine scoring a hattrick in the first match. A similar trend was visible also on the other 2018 NHL Global Series matchups around Europe. Apart from the O.R.G. NHL China Games being played in Beijing and Shenzhen, all team selections emphasize local players that have a big role in their respective NHL teams. The Swiss got to see Nico Hischier, the Germans witnessed Leon Draisaitl and the Swedes had the pleasure to watch three local players in action. (NHL Events 2018-19.)

Especially in Sweden there has never been a shortage of Swedes on display in NHL exhibition matches, with the 2009 Detroit dream team being the best example. Simply put, these are the players fans want to see. Even the occasional hockey followers in Finland get excited for a chance to see Finnish stars like Laine and Barkov live. In a marketing sense this is a huge deal. Getting a local player as a cover star of the event will draw people in like no other. Once the match begins, the atmosphere and good hockey will take care of the rest, no matter how the hometown players are performing. With that said, in a long season the performances obviously weigh slightly more.

### **5.2 National Identity**

A national identity for a team does not simply build off of American-born players. The effect is similar to how the European elite league teams build their rosters each year, in which case the local players are represented by the club's own youth players. If NHL was to set foot in Europe permanently, a deal of some sort would be needed to ensure that at least some local talent is on display at all times. Otherwise the league would risk the losing the teams' national identities, something

which is hugely important in regard to the longevity of the organizations. The original novelty will always carry a concept to a certain point. Beyond that, a selling point which gets people truly attached and committed is needed. Seeing a promising Finnish player first make his mark in the local league and then following his journey in the NHL in your own home country is exactly that. It is a story that you want to be a part of every step of the way. However, this vision could only be implemented by having special arrangements for European teams in the NHL Entry Draft, Free Agency and other transactions where players move from one organization to another.

Even though the exotic destinations such as Spain and Netherlands did not work out in NFL Europa's case, it is good to keep in mind the kind of cultural melting pot the United States is after all. For example, according to the 2010 U.S. Census there are over 49 million people with German descent in the country. Obviously most of these people have no ties to Germany whatsoever, but it is still a significant amount – more than 15 % of the total US population. Other potential expansion countries are also represented in large numbers; there are 27 million British-, 9 million French-, 3 million Russian- and around 4 million of both Swedish- and Norwegian-Americans in the US today. Smaller European countries such as Finland and Czech Republic are represented with around 1 million inhabitants having roots in the old continent (O'Connor, Lubin & Spector 2013). The people with European family or ancestry will be pleased to see Europe represented on the top level in sports, especially if it is their specific country's team that is playing.

### **5.3 U.S. Atmosphere**

Looking at the value chain of the National Hockey League in regards to its potential expansion, it is clear that the resources and capabilities far exceed the ones typically seen in European hockey. The financing and establishment of a new division will not be the biggest factors if indeed a decision is made to head overseas. Instead, it is the marketing and the way the idea is sold to the people that really matters. Overall, the experience has to be bigger than what has been previously seen in Europe. Simply put, the American culture has to be present. The food, drinks, pre-game presentation, announcers, arena decoration and everything else needs to be

done similar to the US style for people to find added value in the match day experience. People working in the arena should also be english-speakers. The immersion of being in a genuine NHL game quickly deteriorates if the person serving you hot dogs is suddenly a Finn.

Adjusting to the local European culture is the worst mistake the NHL could possibly make. This would not differentiate the league at all from what is already in place. Europeans have mastered their own hockey culture and for someone else to come and try to replicate that, would most likely end in a failure very quickly. No matter how much the Americans are sometimes made fun of, the appeal for their unique way of presenting and consuming sports is still strong.

#### **5.4 City Selection Based on Culture**

In addition to the country comparison, it is also important to look at different types of cities where NHL hockey could be played. Already established hockey cities have the obvious benefit of having a large hockey culture firmly in place, a big population to fill the stands and potentially even an NHL-ready arena, or close to it. Ideally, the team would be placed on the map in such way, that it would be relatively accessible to anyone wanting to make the occasional visit, while still having a large enough crowd within the city to fill out the arena on a nightly basis. One thing is clear, though, the European teams, their image and marketing efforts must be associated with the whole country despite being physically located in one city. This way people from elsewhere will find it much easier to get behind the team. Smaller cities have the advantage of seeming neutral with their image, but their lack of money, sponsors and most importantly people will be too much of an obstacle. Aiming for the biggest cities with a neutral, country-focused marketing plan seems like the best bet.

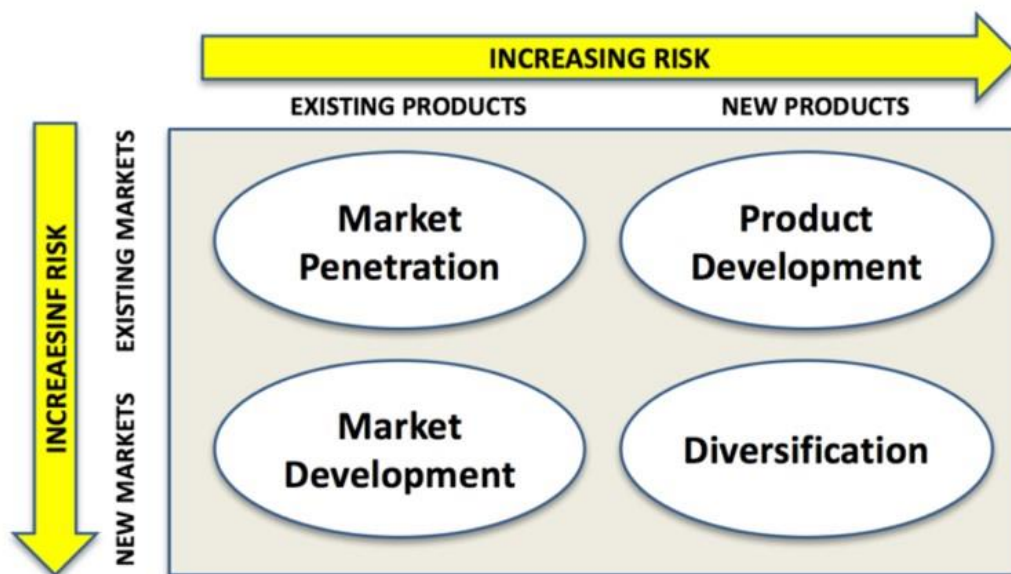
Still, in the case of European expansion, growing your own brand abroad could yield mutual benefits and truly help the sport develop. Despite the recent global movement, hockey is still a marginal sport on the world scale, even in Europe. Some of the biggest markets are largely untouched and dominated by other sports. Both NHL and KHL see potential in China, which is why they have invested heavily on

gaining more attention there. If successful, getting a country of that magnitude on your side is a massive source of income. In Europe, these markets include cities such as Madrid and Barcelona, Rome or even Istanbul (Fowler 2018). All four might seem like a stretch, but not many people believed in France or Great Britain either, before they started to close down the gap on some of the more traditional hockey nations. France's national team has already made an impact on the world stage, whereas the British hockey league is one of the fastest-growing leagues in Europe. Also, getting back to Rome, a team from Italy is already achieving great success in one of the top leagues in Europe, EBEL. HC Bolzano was crowned champions at the end of the 2017-2018 season.

## 6. MARKET SPACE

### 6.1 Market Entry

Ansoff Matrix is an excellent tool for understanding different market entry strategies. It uses four boxes to divide the determined entry modes into Market Penetration, Product or Market Development and Diversification (Figure 1). Challenge and risks increase substantially when moving away from Market Penetration (Ansoff 1957, 113-124).



**Figure 1.** Ansoff Matrix. Source: [tutor2u.net/business/reference/ansoffs-matrix](http://tutor2u.net/business/reference/ansoffs-matrix)

The boxes are formed out of only two factors, but provide highly distinctive and varied tactics to use depending on the company's situation. Looking at the matrix, it is clear that the NHL's European expansion plan does not quite fit in any single box. With that being said, not many international ventures ever do, as most are spread across at least two strategies, if not more. Still, it is generally a good idea to locate your business on the matrix rather than assuming that it does not apply to your specific situation.

In this case, the NHL falls mostly under the safe Market Penetration strategy. The requirements this box has are for the product to be an established one, as well as the

market being already in place. Having recently celebrated its 100<sup>th</sup> birthday, the National Hockey League has certainly made a name for itself over the years. It is a proven formula that should not be changed, especially when heading overseas. The league has a respected image in Europe for being the biggest, most prestigious competition within the industry. Identifying the market situation is where things get more challenging.

The current hockey market in Europe covers only 7-10 countries in any significant manner. In these countries the sport has established itself as a strong part of national culture. Aiming at these countries would see NHL applying mostly the Market Penetration tactic. A market that is already present could still be a safer bet, at least when thinking short-term success. Anything new takes time to grow, which would be the case if the league opted to go for a less crowded market with the Market Development strategy. Seeing how the NHL would likely not deviate too far from its current following, this route would be used less, though. Also, even London and Paris have seen plenty of hockey in recent years. The shift in momentum is happening heavily in favor of Market Penetration.

The steps to take with this tactic are very much marketing-oriented. As the product in its current state works well, research and product development as well as new technologies are not a top priority. The key here is to get the most out of what is currently on offer, seeking people's interest with advertising and collaboration. As mentioned earlier, partnerships are the biggest source of income for European hockey clubs today. Buying out competitors and making other bold acquisitions are certainly out of the question when it comes to the expansion. NHL wants to be seen as a welcomed addition to the hockey scene, not as a vampire sucking everyone else dry.

Being a friendly guest is a good frame of mind in this case, as Europeans already know their hockey and are not willing to put up with everything a bigger competitor throws their way. However, a more aggressive strategy could be implemented in areas where the culture does not support hockey quite as much yet. This plays back to the risks the league is willing to take. Making more ambitious business decisions tends to also cost more. Making them in an environment where the return is



uncertain is even more risky. Still, with the undeniable potential in some of Europe's biggest capitals, it is hard to imagine the NHL not taking a calculated risk while also operating in the more stable, hockey-crazy markets.

## **6.2 Porter's Five Forces**

Looking at things from a wider perspective, we are going to examine the Porter's Five Forces theory and how it applies to the European sports market as a whole. This includes hockey, but also other live events people may want to put their money on instead, such as football, basketball or handball. For the sake of this research we will leave out competitions among individual athletes, such as motorsport or tennis, since these sports are generally consumed live only a few times every year. Same goes for bigger, global-scale events such as the Olympics or the World Cup. Again, these sports are not followed in a specific venue every week for half a year like hockey for example is.

Porter's Five Forces theory can be used to analyze this specified marketplace the NHL would be entering. It tells which parties in the industry have the upper hand in terms of negotiations and bargaining power, as well as looking at the competitors both in- and outside of the organization's immediate field of business (Porter 1979, 137-145). It is good to remember that a hockey league is not a traditional company and therefore the factors influencing its business are not an exact match with Porter's theory. Also, the live sports industry is relatively small in terms of competing products. This is the reality, regardless of how many options there are for the consumer on paper. For these reasons, the industry is narrowed down to the beforementioned sports.

### **6.2.1 Supplier Power**

Supplier power measures the suppliers' ability to drive up prices for their services (Porter 1979, 140-142). If the amount of potential suppliers is low, this becomes very easy as there are no other alternatives for a business to choose from. Also, a company will often feel inclined to pay more for an established supplier rather than testing out a new one, especially if its working capacity is still substantially bigger.

Again, realism is needed. Not all suppliers have equal value despite appearing that way on the outside. In NHL's case, supplying the league are the individual teams as well as the Players' Association, arenas, sponsors and other partners that are either financing the business or offering a physical product, such as a new technology for the league to use. A perfect example of the NHLPA showing its power have been the four NHL lockouts taking place in 1992, 1994, 2004 and 2012. In each occasion, players in the league felt unsecure about the NHL restricting their rights and went on strike to resolve the issue. The idea of implementing a salary cap for the teams to make the league more even was not something that the players liked and with their bargaining power alone, the decision was postponed for many years.

Organizations running the NHL arenas also possess a lot of power in negotiations, as they are the only option most teams have if they want to play. The situation is similar in most sports leagues, however the Players' Association in NHL is indeed a relatively powerful one. Overall, there are not many suppliers of traditional goods in the sports industry. What runs a league is money and that is acquired mostly through sponsor deals. A sponsor in itself is a complicated term to define in Porter's theory. While providing the funding necessary to operate the league, a sponsor is still essentially a buyer giving away its money to an organization it believes in. However, unlike a supplier in a regular business sense, a sponsor will expect its contributions to pay off long-term with the added visibility that the league offers. Other similarities to a supplier-relationship are the league's inability to get its feet off the ground without the sponsors as well as its interest to keep the relations strong once they have been established. Many times a normal buyer would not receive the same kind of treatment.

### **6.2.2 Buyer Power**

The most simplified way of looking at buyer power in sports is analyzing the spectator behavior. In general, the more people there are interested in an event, the less they can individually affect the price level. This also works the other way round, as a smaller group of people will have a bigger impact on how they are treated. In sports events the main product people are paying for is the match itself. The amount of money paid is dictated by the ticket price the organizer has set for

that particular event. This price often stays the same for a longer period of time, however. Tickets may be more expensive for matches against certain teams during the regular season and also throughout playoffs, but otherwise changes in prices are rare. This makes it increasingly difficult for spectators to have a significant influence. If anything, an organization might become even more hesitant to lower the prices if attendances are poor. Whoever comes in has to be paying that much more to cover for the people that did not show up that night. Therefore it can be said that despite the buying power being a real thing in sports events, it is often countered with an opposite reaction from the seller or sometimes with no reaction at all.

In countries where the attendances are lower on average, people are known to leave their team on their own when things go badly, only to jump back on board when a few good results raise their morale back up again. In these circumstances a decision is usually made to stick with the pre-determined ticket prices in the hopes of the team turning things around and attracting more people in. For sports teams finding the most profitable ticket price is a vital part of maximizing income, since it is essentially the only product being sold. Merchandise and beverages can also be bought at the arena, but the effect those have on balance sheet at the end of the year is almost non-existent. Overall, thriving teams form a thriving league. NHL in Europe would be heavily dependent on the individual teams to attract audience and create genuine local interest around the concept. A league can only ever do so much, offer a platform for the teams to perform at and let them handle the marketing of these events to the best of their ability.

### **6.2.3 Competition and Threat of Substitution**

In the European sports scene competitive rivalry is often small, especially with live events where people are limited to what is on offer near their home town. In the United States a single city may have multiple teams covering all major sports leagues (NFL, MLB, NBA, NHL). Choices for supporters are plenty. In New York, for example, it is easy to switch sports and teams entirely as the Yankees, Knicks, Islanders, Rangers, Mets, Nets and Jets all compete on the top level every night. However, in a city the size of New York, substitution is not a big threat as there will

always be enough people to fill out the stands, even if a team is doing poorly. The less loyal fans will simply be replaced with new ones.

In Europe the culture is very different. Only the biggest cities host multiple professional leagues that are interesting to the general public. There is no college sports to intrigue the masses either, which leaves most people with only one team that they follow. This setting creates a different kind of culture and bond between clubs and their supporters. For the vast majority of European sports fans the weekly match day experience at home is like a drug and they would not change it for anything. While this is a threat in itself, the market certainly has room for alternatives. NHL would not be a typical new entrant to the market, either, as it has the brand and stature in place to attract people right from the beginning.

### **6.3 Internationalization Process**

Examining the NHL's physical market entry to Europe is not simple. The traditional internationalization process of a company is rarely this bold and aggressive, which is exactly why the expansion is still only a theoretical concept. Since its establishment in 1917 the NHL has not had a Born Global -strategy, even though the brand has certainly reached a global status at this point. The actual sport and ticket sales have always come from North America, which makes the league in a way still a local product. However, television rights have started the gradual shift towards a more international strategy in the 2000's. These subscriptions along with all the merchandise and exhibition matches sold to European fans prove that the expansion has actually been happening – very subtly – for many years now. The league has been implementing what is called the Network Model, actively creating bonds and relationships to its new, potential market overseas (Ratajczak-Mrozek, Fonfara, Dymitrowski, Malys, Soniewicki, Deszczynski, Luczak & Szczepanski 2012, 30). Despite Europe not hosting NHL's regular season games just yet, the league has been building these ties patiently, achieving a very good image so far.

With the network model, a company's internationalization process can be defined as establishment, maintenance and development of relations with network participants of foreign markets. The aim is to create long-term connections in a

diverse business environment by creating formal and informal relationships in both target- and non-target countries (Ratajczak-Mrozek et al. 2012, 30, 32). If the network model is applied to the NHL, internationalization is already well underway. The league's formal contacts are most clearly seen whenever it physically arrives to play in Europe. The more money is involved, the more formal connections obviously become and at this point it is difficult to call these operations networking anymore. Television deals are another example of this. In a way NHL and Europe are already established business partners and only planning to introduce a new product between them in the form of regular season matches. On the other hand, this step would be so monumental that the current business suddenly seems like it is just relationship-building again. With this said, NHL's internationalization efforts as of now certainly bring a lot of good for the entire global hockey market. This is called market internationalization (Ratajczak-Mrozek et al. 2012, 30).

### **6.3.1 Network Model Broken Down**

The networking itself within this model can be classified under three levels: international extension, international penetration and international integration. The difference between these steps is essentially their maturity. Typically all businesses going abroad will follow this path, first establishing foreign relationships, developing the existing ones further and finally coordinating the relations in a highly organized manner within multiple foreign networks (Ratajczak-Mrozek et al. 2012, 31-32). In many ways a European expansion would see the NHL revert back to international extension. Setting up teams to play in Europe on a consistent basis would require all new connections, expertise, partners and agents. Fortunately, the league has its already existing contacts to help the process move quicker. This kind of privilege is rare and will certainly be a huge benefit in getting the European division up and running but still, the process is going to take time. Negotiating practical matters with the IIHF and building new facilities to host these larger-scale events have a much longer timeframe, though, which should allow the networks sufficient time to get where they need to be.

J. Johanson and L. Mattsson (1988) presented a matrix describing the four variants of company internationalization according to the network model. It is built around

company- and market internationalization, giving both a value of either “high” or “low” (Figure 2).

|  |      | Degree of market (network) internationalisation |                            |
|--|------|---|----------------------------|
|  |      | low   | high                       |
| Degree of company internationalisation | low  | early starter                                   | late starter               |
|  | high | lonely international                            | international among others |

**Figure 2.** The Network Model: Four variants of company internationalization. Source: Johanson & Mattsson 1988, 295.

Using only the two extremes of both values gives each of the four boxes their own characteristics, rather than staying vaguely in the middle. Although this can sometimes make the scenarios seem a bit too unconditional and even unrealistic, the value gained from knowing all corners of the process is still always useful. With the NHL leaning towards an international organization and the European hockey market towards more of a local entity, the league would find themselves in the bottom left corner of the matrix as the “lonely international”. The beforementioned process of networking to the East has grown the league from being an “early starter” to where it is today, with the exception of an actual European division, of course. (Ratajczak-Mrozek et al. 2012, 32-33.)

Some of the biggest assets the NHL would bring with it to Europe are its connections to the vast and thriving North American market. Getting together would open doors to new opportunities across the sea for European businesses as well. Related to hockey or not, having a partner with the network and reach that the NHL has is a fantastic gateway for expanding the scope of your business and bringing in all new foreign customers. Knowledge and contacts regarding different markets can be shared or traded between partners for mutual benefit. With that said, a “lonely international” is generally not too heavily dependent on a market being similar to what it is at home, anyway. (Ratajczak-Mrozek et al. 2012, 33.)

## **6.4 Impact on Existing European Hockey**

The largest obstacles for NHL arriving in Europe would be the International Ice Hockey Federation (IIHF) and KHL in Russia. IIHF has made it very clear that the league's expansion plans are not in their best interest, at least not while Rene Fasel is still the president of the Federation. The 68-year old Swiss dentist has held the position since 1994 and promised to "fight like hell" against any European expansion attempted by the NHL (Duhatschek 2018). Usually very calm and collected Fasel has showed rare emotion when asked about this issue. It is evident that the expansion plans have a big obstacle in IIHF for as long as Fasel is in charge. Turning 70 at the end of his current tenure in 2020, the Swiss has mentioned that it is his wish to step down from the presidency after 26 years. "Only death is final", he was quick to add, though, when asked about this being his final decision. For Fasel the IIHF is his life and he will always be there for it if needed. Still, he feels that a fresh face will help the Federation moving forward. "New people bring new dynamics and new synergy with the others", Fasel stated (TASS 2017).

With this change in power a new era in European hockey is beginning. New people, new visions and new opportunities are to come in a few years. With the hockey world becoming more global each year, cooperation with European and American hockey is only going to increase. No matter who becomes the next IIHF President, big opportunities will be on the table right from the start. In Fasel's eyes, a more realistic scenario was always to build a continental league in Europe, similar to what the NHL is in North America (Duhatschek 2018). New plans are always thrown around and once in a while something is put into action, it's only a matter of the concept being well planned. Still, like Champions Hockey League has proved, without tradition it is still difficult to build anything new, no matter how good the idea is on paper. People's response will always be the most difficult aspect to predict.

### **6.4.1 Competition vs Cooperation**

Whenever there are multiple players on a market, a traditional view would be to see all of them as competitors: the more you sell, the less everyone else will. Therefore

every successful transaction a company makes would affect competing firms on the same market negatively and vice versa. However, this kind of thinking has been widely regarded as outdated in recent years, making way for a more collaborative mindset. Instead of seeing competition, businesses should focus on finding opportunities for cooperation around them. Players within a market can actually work together to help each other out and even if they do not choose to do so, the positive mindset towards competitors should still remain. A market full of talented firms pushes everyone forward and makes the entire industry bigger, increasing the amount of customers that will then be spread across all companies (Peng 2009, 48). Actively collaborating has the same effect, although the process is more personal and will certainly grow the select businesses faster compared to the rest of the market. However, this is not a guarantee and the partnership needs to be balanced and address exactly the right issues for both parties for it to be successful. This kind of deal is often hard to come by.

The more top-level teams there are, the less good players teams in smaller leagues will have to choose from. It is only a matter of deciding whether an NHL team in your own country will increase the overall interest in the sport enough to lift the local league's competitiveness and market potential with it. Existing hockey fans would likely see this situation benefitting all parties. For example, already having a favorite team in the Finnish league and adding an NHL team based in Tampere to follow, would mean more interest in the sport for sure. However, the problem comes with new generations getting introduced to hockey. How easy will it be to start following the local Liiga, when there is an NHL team filled with Finnish superstars playing every other night as well? The Jokerit-situation is not a good reference point either, since the league it was joining was virtually unknown to the Finnish consumer at the time. Jokerit did not gain a lot of new fans since the team had already been competing in the Finnish league for years, even establishing a hateful relationship with fans of different teams. Building a completely new franchise and joining an already popular league would be a completely different story.



## **7. BUILDING THE EVENTS**

Managing events is at the core of NHL's business. Each organization in the league hosts at least 41 games every year, taking place over the course of the regular season. In addition, there are practice matches in the autumn and possible playoffs in the spring, which brings the league average closer to 50 home games per season. NHL is not selling its customers a product, but rather a service. They are selling an experience that is live hockey. Physical products come in the way of merchandise, beverages and other things sold at the arena. Even the subscriptions to watch games online are a service, so indeed most of the revenue is coming from a non-physical source. Therefore it is extremely important to focus on event management. Luckily, the process of organizing a hockey match is similar in each instance, bringing the number of variables down dramatically.

### **7.1 The Process**

Every plan starts with an objective. In NHL's case the organizations will first determine how many people they expect to turn up for a specific match-up. This will affect the number of staff employed that night – bartenders, security guards and other work force will be more when the house is full. Orders for food and drinks, everything is based on the projected attendance. Many of the plan outlines are already in place for each event during the season. The venue, date and staff members as well as cost and revenue estimations are all known beforehand, to a certain extent, which makes the process much easier. Analyzing competing leagues and their schedules is a good way to predict individual attendances for matches. Whenever there is a big game coming up on the same day elsewhere, it is likely that the amount of casual supporters will see a small drop. Looking at the past on the other hand, it is possible to see exactly which days draw the most people in. (Shone & Parry 2010, 92.)

The systematic, detailed planning stage is where more variance starts to occur. Allocating resources is slightly more flexible when the base of all 41 matches is laid out. Getting closer to the event, the logistics start to play a key role in getting everything ready. All the equipment, props, decorations as well as food and drinks

has to be shipped in an efficient manner before and after the event takes place. Health and safety precautions need to be taken good care of, since neglecting these areas can lead to big problems with authorities and of course cause a risk for people involved in the event. (Shone & Parry 2010, 92.)

Systematic detailed planning also includes the organizer's promotion and marketing efforts (Shone & Parry 2010, 92). As with public relations, they are an ongoing process that needs to be very reactive to what is happening on the ice on a night-to-night basis. The tactics in marketing vary based on the success the team is having. Selling tickets on a winning streak is easier, as the hype from previous matches will carry over to the following games, also. End up on a losing streak, and that effect is long gone. Whenever a loss is expected, marketing needs to get more creative. Methods for bringing more people in should mostly be saved up for these occasions. Some NHL teams still lack in creativity when it comes to marketing. Compared to many European clubs, the website- and social media presence, for example, can be very stale. Regardless of whether there are guidelines for the content or not, there is still a market to be exploited here.

## **7.2 Three E's**

Three E's -theory describes the three main factors which influence the success of any given event. The value people gain from attending is broken down into Entertainment, Excitement and Enterprise (Hoyle 2002, 2-3). The first one, Entertainment, comes from finding people's interests and tailoring the event to suit them. However, a certain entertainment value needs to be there also for those who are less interested in the actual sport. This is still a small minority of people attending matches, so the main focus should be on the more dedicated fans. Losing sight of the core group of spectators and their needs can happen very easily. Excitement builds on top of Entertainment. It is an additional layer on the experience and is created already beforehand by the organizers. With excitement around the event built, it is important for the event to also deliver on those promises. In terms of hockey the performance on the ice can not be influenced, but apart from that the atmosphere in the arena should be as high as possible.

The Enterprise factor in this case is more difficult to implement. This means offering people something new and challenging to experience, something bold and even risky. From such activities people can gain a strong feeling of accomplishment. Shooting a “half-court shot” on an intermission is the only time an individual spectator will feel an adrenaline rush during a sports match, if the actual emotions during play are not counted. These are the moments that people will remember for the rest of their lives, no matter how badly the shot went. (Gurung 2013, 22.)

### **7.3 Five P’s**

The Five P’s in marketing stand for Product, Price, Place, Public Relations and Positioning. As with any typical product launch, these also apply for events and their marketing process. NHL has one core product: the hockey. Everything else around it has evolved from the game itself and the events at which it is displayed. An event as a product is a “set of intangible leisure experiences and tangible goods designed to satisfy the needs of the event market” (Bowdin, Allen, O’Toole, Harris, McDonnell 2011, 404). There are three main elements an event can have to attract audience: history, value and uniqueness (Gurung 2013, 22). In an ideal situation all three are represented when planning an event.

However, especially with newer concepts such as the NHL’s European expansion, history is not always available as a marketing tool. History and uniqueness can also be seen as opposites of each other. A long-running, traditional event is less likely to be very unique and vice versa. History does not necessarily follow an event abroad, either. In a new environment an event can be unique again, but it will lack the tradition built up in its homeland. NHL in Europe would most likely see this situation happen. Therefore maximizing the uniqueness, making everything as American as possible is the key to success. The value portion is not entirely separated from the other two elements, as it can be relatively strong even on its own, but it will benefit from a strong sense of uniqueness around the event.

Pricing is one of the biggest challenges the NHL would face in Europe, simply because of the hockey culture being so different. In North America ticket prices are

more expensive across the board. The formula is simple. More people equals more demand, which in turn drives the prices up. In the 2017-18 season, Calgary was the cheapest destination in the league to see a match, while still averaging \$43 for a single ticket. In Montreal it was difficult to find a ticket for under \$200 (Benjamin 2017). The average price in Calgary equals higher-end tickets in Finland, when factoring in the slightly higher buying power in Canada.

When selecting a place for a series of sports events, such as a hockey season, the accessibility is everything. The venue should be made as convenient as possible for people to visit (Gurung 2013, 23). Generally attendances in sports matches depend on the non-regulars' ability to find their way into the event. A dedicated supporter will travel further to see their team play, as shown by the "away trips" Europeans like to organize. For this group of spectators an arena not in the immediate city center is not a big problem. However, the more casual hockey fans will quickly lose interest if the match experience becomes too time-consuming or simply too much work. Therefore a venue in the heart of the city is always the most ideal option. Unfortunately, building something the size of a hockey arena in the middle of a packed city is often not possible. In this situation it is vital to secure functional logistics from the city center to the arena and back. Transport on match days can be organized by either accelerating the city's own public transport or by purchasing a team-specific bus line that runs only select days of the week when matches are being played. Latter may prove to be insufficient on larger-scale events, though.

Transport is by no means the only reason why the placement of an arena matters. A central location will make each match day feel special even for those that are not attending the actual event. Thousands of people singing and chanting on the streets, wearing their team's colours, creates an atmosphere you want to be part of. This will create a bond between the team and the whole city, which is crucial in maintaining a close relationship with the paying customers. Business partners of the club will also benefit from a central location and the visibility it brings. Whatever the sponsors may want to promote, can be easily portrayed outside the arena. Banners and screens on the walls are a great way to utilize the building as a marketing platform all year round. Fairs and other promotional events organized at

the venue are also something that the local businesses will appreciate. In these instances the easy access for people is even more important, since the event itself carries less of an entertainment value.

Public relations is the process of image-building and promotion towards the target market (Gurung 2013, 23). This is done by advertising in the media and by getting the potential audience involved in the action even before the actual event begins. It is important to keep the customer relationship as close and as frequent as possible. Creative competitions to win tickets are a great way to do this, for example. Overall, good public relations are built upon open and reliable communication between the organizer and the target market. If the experience is good in that front, even the positive word-of-mouth alone can go a long way in attracting more people in.

The Five P's theory concludes with Positioning, the act of finding your own place within the event space. With people's free time being limited, not all events can ever be attended. Therefore, some kind of need must always be fulfilled, so that people can justify spending that precious time doing what they do. Whatever the benefits are, they need to be clearly brought out in the marketing campaign (Gurung 2013, 23-24). Entertainment value can be many things: laughter, thrill, excitement or even fear for some people. Learning new things and becoming more cultured on a specific area is also a satisfying experience.

Sports events are usually marketed by their thrilling nature and rushing emotions, since those are feelings that a person can rarely experience anywhere else. The skill of the actual play is often secondary to the atmosphere. However, some may argue that the European style of supporting is actually more engaging compared to the American one. The flags, banners and singing fan groups is not something that the NHL has, despite the size of the crowd being a lot bigger. With all that said, marketing a hockey match should always happen emotion first. Conveying the feelings of happiness and despair happening inside an hour of hockey is an unbeatable strategy. Reminding people of the skill on display in NHL matches comes second, but very close in this case. In many European countries seeing star-power athletes live is very rare, so this should be taken full advantage of.

## 8. EFFECTS ON ECONOMY

In Europe, at least a few new arenas would need to be built in order for an expansion to happen. Such facilities are a boost to any city long-term, if planned right. Fans do not only consume the sport, they consume everything that is physically around it. Hotel bookings, restaurant reservations and other business activity will see an increase whenever a new tourist attraction is opened. The economic impact of a particular event organized in the facility can be calculated in a simple way. The number of visitors multiplied with their estimated spending equals the expected revenue. Depending on who is making the calculation, the effect of an event on local businesses can be either included or left out.

However, a lot of times the positive impact on the city's overall economy is overestimated. People's time and money are limited and therefore a trip to a hockey match is often a ticket lost somewhere else (Baade & Matheson 2011, 10). While a sports event might not rule out a dinner in the city on the same night, it certainly will something like a movie. Past-time activities constantly compete against each other, so claiming that a new hockey arena is "only a boost to the city" is not entirely true, even though it is a very commonly used phrase. This double-edged impact on local economy is called a substitution effect.

"Crowding out" is an effect that a hockey season will most likely not cause, but it can still play a small role in the economic development of a city. Good examples of sports events causing this phenomenon are the Olympic Games, Super Bowl and other very big occasions that attract a lot of tourists. Whenever there is a significant event coming up, the amount of tourists will be dramatically lower than usual. The same goes for when the event is finally over. Money made during the Olympics, for example, will cover the losses seen before and after the event, but the allocation of income throughout the year is very different (Baade & Matheson 2011, 10-11). The city's typical tourist activity not related to sports will suffer for a long time and this lack of stability can be very dangerous, no matter how good of a showcase an event like the Olympics can be.

Lastly, the money coming in to a sports organization, like an NHL team, is not circulating back to the local economy in its full potential. Reason being that a big part of the overall income in such organization is spent on player wages. The players, often earning millions per year playing on this level, are not likely to stay in one city for their whole career, let alone after it. Their spending potential will eventually move on elsewhere and even though there are new players coming in to fill these spots, not many cities around the world get to enjoy a retired millionaire's company for an extended period of time. In some cases even an active player might not live in the same city as they play in, which of course is another big problem. (Baade & Matheson 2011, 11.)

Building new sports franchises and the facilities for them is a long-term investment. Over time a city that is involved in professional sports will build a name for itself through its increased media coverage (Baade & Matheson 2011, 12). A successful team is not only a boost for the fans, but often for the entire city. Same goes with individual players – a well-recognized and liked “face of the franchise” can become the face of the whole city as well, if he stays loyal to his team. The best example of this in the current NHL are Alexander Ovechkin and the city of Washington D.C. Also, even though arena construction and other elements of putting together a hockey organization pose a large risk financially, the social capital gained from it is undeniable. The potential improvements in citizens' quality of life can not be measured in money. (Baade & Matheson 2011, 16)

The financial effects on a local community, caused by a newly-constructed sports arena have been subject to many studies over the years. Feng and Humphreys (2008) measured the impact on housing prices based on the proximity and lifetime of an arena. They found that the value of real estate and properties was consistently higher when there was one nearby. However, an arena may also lead to problems among the existing, lower-income residents, if the cost of living in the area becomes too high (Spatz 2018).

## **9. RESEARCH METHODOLOGY**

This chapter will focus on the empirical framework and how it was implemented in this particular research. It breaks down both qualitative and quantitative research methods, briefly explaining the suitability of each and ultimately making a decision between the two. A look into primary and secondary data collection is also provided, as well as some insight on how specific interview questions and respondents were selected.

### **9.1 Research Methods**

Quantitative research typically consists of a larger pool of respondents, with the actual questions used being more narrow. In this case, the sample size can vary from hundreds to even thousands of people (Palmer 2000, 150). However, when conducting a quantitative research, the answers received are often not too high on content (McDaniel & Gates 2010, 92). The reason for this can be the lack of time respondents have to answer, or the fact that the questions do not allow for any further argumentation. Additionally, a single person can rarely affect the result of a quantitative research in any significant way.

As for a qualitative research, here the sample size shrinks noticeably while the questions become broader and more open. This kind of study can be carried out with under ten respondents, if the answers received are comprehensive and start to form clear patterns towards a certain conclusion. Attitudes, feelings, intentions and past behavior are all aspects that a qualitative research will bring out most effectively (Kumar 2000, 141-142). For collecting the data, group discussions and individual interviews are the most commonly used methods (Roe 2004, 83-84). The latter ended up being the choice in this case, too.

### **9.2 Collection of Data**

In this thesis, both primary and secondary data were used for gathering information. Since the topic of NHL expanding to Europe is very much multifaceted, the best way to approach it was with as many viewpoints as possible. The secondary data came in the form of scholarly articles, books, hockey journalism and dissertations



written by other students. The subjects varied from internationalization all the way to sports and event management, market analysis and various smaller things in between. Public opinions from the top hockey executives were looked at and brought up in the text to add a different kind of element to the somewhat speculative nature of this research.

Primary data was collected, as mentioned, to broaden the scope of views and opinions around the potential expansion. The data was gathered by interviewing some of the top editors in Finland's biggest hockey media, Jatkoaika.com. A deeper dive into what the website is about is presented in the following chapter. All respondents were questioned over the phone, after sending each person a list of questions to think about beforehand. This allowed for a more comprehensive interviewing experience where opinions were backed up with detailed arguments all around. In the end the number of respondents amounted to eight people.

### **9.3 Design of the Semi-Structured Interviews**

This research used semi-structured interviews for collecting primary data. Semi-structured interviews consist of open-ended questions, which require the interviewees to elaborate their answers more than in an online survey, for example. If needed, the interviewer can always prompt the respondents to explain their thoughts further (Mathers, Fox & Hunn, 2002). This type of interview method worked perfectly for gathering attitudinal information regarding the expansion.

The interviewees were selected from various roles within the Jatkoaika organization. Additionally, the expertise of each person was slightly different. Some of the respondents follow more Finnish hockey and some more NHL, which opened up new angles for discussion. Questions were built around the topics that felt easiest to grasp without much preparation. These included everyone's general idea of the European hockey nations and their suitability, an overhauled league system, prior NHL experiences, marketing methods and the overall effects and feasibility of the expansion. Anything related to investments and other financial matters were left out, although some interviewees decided to bring those up, too.

## **10. RESULTS OF THE INTERVIEWS AND ANALYSIS**

As mentioned in the previous chapter, the group of people interviewed for this research were found from the editors of Finland's biggest hockey media, Jatkoaika. Jatkoaika.com is an online magazine operated by over 200 volunteers, writing about the sport in their spare time and possibly looking to kickstart a career in journalism by doing so. Other roles within the community include match photography and data analysis, making the site a very comprehensive package in terms of production value. Despite the low budget Jatkoaika is operating on, it still draws in a huge audience every week with its news articles, columns, match reports and other top-quality content. The knowledge in hockey among the editors is very strong overall, which is why many people have indeed found employment in sports journalism through their efforts in Jatkoaika.

### **10.1 Hosting the NHL in New Countries**

Most of the eight respondents had similar ideas regarding the expansion locations. When comparing the two groups of countries – the ones with existing hockey culture and the ones with larger potential – a couple of options rose well above all others. The number one candidate was in the end Germany, representing something of a middle ground between the two groups. Germany's financial prowess in Europe was the main reason for its strong support, along with the overall business culture that sets it apart from its competitors. Germany still leans more towards being a growing hockey nation, but it is definitely not far off the top anymore. Knowing the large potential Germany possesses, even the smallest of improvements in hockey culture can have an enormous effect.

Alongside Germany, there were two countries that often appeared in the same sentence: Switzerland and Austria. Continuing with the financially viable options in Central Europe, these two countries are, in many ways, similar to Germany – only on a smaller scale. Together the trio was seen to form a solid base for operations in Europe, around which to build the eventual seventh division. Also, in a case where one country (Germany) proves to be above all others in terms of free

capital, a second or even third team could be awarded to it instead of forcing the league into smaller markets, such as Czech Republic.

Outside of Central Europe, a clear favorite among all respondents was Sweden. The capacity for further growth in Sweden is very small in 2019, but the high level of knowledge and professionalism around the sport is something that no other country in Europe can match. Despite being a neighboring country, Finland's hockey culture was seen much weaker and the overall system a lot less ready to take on a challenge such as the NHL. Still, Finland did end up on most respondents' lists. Great Britain received large support relative to its current status in hockey-playing Europe. The large steps EIHL, the local top division, has taken, were not left unnoticed. Compared to a similar-sized opponent in France, Great Britain was the clear favorite. In fact, only one of the interviewees mentioned France as an option. Czech Republic's downhill as a hockey nation was evident in the answers, as well. Alongside Slovakia, it was given very little chance of landing an organization of its own.

As for the league system, respondents were unanimously in favor of building an entirely new European division. Although this would increase the number of teams substantially and therefore lower the overall level of play in the league, it is the only method that would keep travel distances tolerable. Individual European teams were thought to get too isolated on their own continent. Within Europe, having the division set up in neighboring countries (France, Germany, Switzerland, Austria, Czech Republic) would greatly cut down on travel expenses, therefore making the expansion more profitable. In the end the problem with cross-Atlantic travel is not so much the flight time nor the cost, but rather the time difference. NHL players are already suffering from jetlag on their own continent. Any amount of travel across the sea that happens on a regular basis would also be harmful for the environment and therefore a questionable PR move on NHL's behalf.

Establishing a few affiliate teams overseas to test the market was a suggestion that got brought up, as well. This would act as a great learning platform for the NHL in terms of reception, new culture and a different kind of customer base the European market would bring. The idea was to temporarily inject existing AHL teams into

the European leagues for a chance to compete for the country's domestic title. In order for these teams to remain attractive overseas, however, they would need to have a strong emphasis on exciting young talent from that specific country – something that is easier said than done in a highly competitive player market.

## **10.2 Events and Marketing**

Almost all respondents taking part in the interviews had personal experience with NHL matches, either in North America or in Europe with the NHL Global Series, for example. As expected, the difference in match day experience was said to be quite significant. In Finland, a match in the evening is rarely seen on the streets during the day, unless you happen to drive by the arena or a billboard advertising the event. In North America, this can also be the case sometimes. However, come playoffs, the city streets are filled with people wearing jerseys all day long. In addition, local businesses are much more involved in the hockey scene with special campaigns and match day discounts throughout the year. This is definitely something that the Europeans and especially Finns, need to do better, if they want to build a fan base behind their respective teams.

It is often said that an NHL match day is an event anyone can enjoy. Whether you are a fan of hockey or not, there will always be something exciting for you to see. Even if it is just the afternoon music show played outside of the arena (Entertainment in Three E's). During the actual match, the involvement of the crowd was mentioned as the biggest difference in North American culture. Every commercial break is utilised for entertainment purposes, so that the people in the stands never have to take out their mobile phones during the three hours they spend at the arena. Mascots, T-shirt guns and kiss cams (Enterprise in Three E's) are just a couple of examples on how to keep people entertained at all times. Most of these methods are also cheap to execute, so it is only a matter of creativity to make things enjoyable for people of all ages. Another key element to a thrilling match is of course the build-up. The light show and choreography before the match was said to be more professional, more deliberate and well-planned (Excitement in Three E's).

Throughout the interviews, star players and young talent were consistently nominated as the best marketing tools for the NHL. Even a single local player or an otherwise familiar face will attract attention in Europe like no other. Usually any of the other players on a team will not matter, especially when aiming for the more casual group of followers. Quality of the team overall, recent performances and style of play will affect the decisions made by active supporters, but even they will appreciate the cover stars of the sport used in marketing. All things considered, the respondents did not see a need for big differences in marketing mix between the two groups of people. In such project, the volume of marketing was said to be a key issue, instead. Promotion in Europe should be frequent and aggressive, highlighting the nature of the sport as bold and exciting to look at.

### **10.3 Long-Term Effects and Feasibility**

The effects on existing European leagues was largely seen as the most difficult question to predict, but despite that the majority leaned towards it being a rather good thing for everybody. As with any business decision, a lengthy period of time would be needed to truly analyze these effects, since the initial impression often does not give a realistic picture on the whole situation. In order for European NHL-teams to inspire the rest of the continent, the investments in them also need to match those typically seen in North America. On the other hand, higher player wages in a few teams in Europe would make the other domestic options that much less appealing. The close proximity of teams in relation to each other and to the teams that exist on the map already could unify the whole Europe in an effort to "beat North America" in hockey. Seeing an NHL-calibre team operate on the same market is also a great learning experience for smaller clubs looking to grow their own business and fan base.

Opinions on the feasibility of the expansion were split in half among the respondents. However, even the most positive answers were given cautiously, estimating that the earliest attempts at an expansion could happen between 2030–2050. Travel distance, financing, politics and cultural differences appeared as the most problematic areas standing in NHL's way, currently. A lot of things would need to go right in Europe simultaneously in order for an expansion to be possible.

On top of that, there are still many potential NHL cities in North America left without a team. In Canada alone, Quebec City and Hamilton are still waiting for their share of the league and across the border the competition is even tougher. Also, not all NHL organizations are currently profitable. This makes the idea of a European division financially challenging. At this point in time, it could be in NHL's best interest to wait and see what happens with the NFL and its plans with London, England. Should that operation prove successful, the NHL could set its sights on Europe by emulating the formula used by the NFL.

## 11. CONCLUSIONS

### 11.1 Outcome of the Research

Concluding this research, it is safe to say that the NHL's rumoured European expansion is not going to take place in the near future. Political and cultural barriers are in the end least of the league's problems when entering into a new continent. Instead, finding investments for teams and arenas, as well as arranging practical matters on completely different time zones proved to be the real issue. After analyzing the market in terms of hockey culture, wealth and growth potential, the following list was put together. This includes my own opinions and the opinions of those who took part in the interviews.

1. Germany (2 teams)
2. Sweden
3. Switzerland
4. Finland
5. Great Britain
6. Austria

With this configuration, a division of seven teams would be established. When the number of teams within a division increases, the overall travel becomes shorter for everyone. However, especially in Europe, this also lowers the financial capability of each new member that is included. For comparison, each division in the current NHL has either seven or eight teams in it. Biggest problem with the redesigned league system actually turned out to be the affiliate teams used in North America. The lack of AHL in Europe would mean working together with the local leagues to offer all reserve players a chance to play, as well.

For European consumers, NHL should be marketed as the premiere hockey watching experience by highlighting star players, fast pace and physicality of the sport as well as the league's long history across the Atlantic. The authentic American match day experience should be brought into Europe as it is instead of

trying to modify it in an attempt to make it “more accessible” for a new audience. Ideally, every NHL event would feel as if it took place in America.

Bringing NHL to Europe would benefit the existing leagues by setting a new industry standard on all operations. Seeing an example up close and personal is always a great learning experience and will push everyone forward to reach new goals and ambitions. For sponsors and advertisers, the league would be an excellent place to get your name on. As a product, NHL represents a youthful and refreshing experience with a lot of history and a family-friendly approach to its customers. The league is not an entirely new acquaintance for Europeans either – largely because of its standing as one of the few American major leagues played in all of sports. Therefore the brand, as well as most of the networks and customers, have already been established in Europe, making the transition to a new market potentially much less resistant.

In the end, the research was able to answer all of the main questions set out at the beginning of this paper. Detailed analysis of ‘where’ and ‘how’ the expansion should be implemented was given and the overall coverage of different business areas turned out very strong. Components in an internationalization process were also joined by some event management tips, something that was not planned initially. Despite getting more theoretical at times, the research always maintained a point of view of an actual hockey fan – one that would eventually be a part of the target audience in Europe.

## **11.2 Validity, Reliability and Further Studies**

The level of validity in a study is determined by how accurately the research actually did what it aimed to do. It is closely linked with research questions and obtaining the right kind of information to cover those topics (Proctor 2003, 194). In this case, a high level of validity was always going to be very difficult to achieve. In its entirety, NHL expanding to Europe would be such a huge operation, that narrowing it down to one perfectly summarised research paper is not very realistic. However, when a certain set of goals are set, they can be tackled in good amount of



detail. Whether or not they would end up being the most crucial aspects of the said expansion, only time could ever really tell.

A reliable research is one where the end result stays close to identical, even when the conductor is changed and/or the study is repeated multiple times. Therefore, reliability is above all a measurement of consistency between each of these occasions (Proctor 2003, 194). As with validity, the reliability of this research also suffers a bit from the sheer magnitude of things being covered in one paper. Especially by changing the person in charge of the research, the results could be vastly different. When it comes to the interviews, however, the data starts to get more consistent. Here, repeating the process with a different person in each role would still give out roughly the same answers, assuming that the questions selected also remained the same.

This research still left room for further studies concerning other potential markets for the NHL. Russia and China were mentioned earlier and comparing these eastern destinations with Europe would be a logical continuation to this study.

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## APPENDICES

### APPENDIX 1. Thesis Questionnaire

1. List the countries that NHL would aim for in their European expansion. Which ones seem more appealing to you: countries with strong hockey culture already in place or countries with bigger growth potential overall?
2. How would the expansion work in practice? Give ideas on a new league system with Europe involved, both in terms of NHL and its affiliate teams. How could the travel be minimized?
3. Would an expansion hurt or push forward the existing European leagues? In what way?
4. Mention a few aspects of an NHL match (as an event) that you have enjoyed in the past/would like to see again/would recommend to a friend. Outside of the actual on-ice performance.
5. What are the things that the NHL should market itself with when going abroad to Europe? How do you think these tactics differ in target groups “active followers” and “casual supporters”? Which group is more important?
6. Do you see the expansion as a likely scenario in the future or more of a funny idea to play around with? If you think it will eventually happen, in what decade can we expect the first steps to be taken? If instead you find the whole idea unrealistic, what are the main reasons behind that?
7. Comments outside of the main questions.