



CHAMPIONS TROPHY
Case Competition



Case Study: Team New Zealand

Thursday 30 January 2020

Case prepared by Lachlan Calder under the supervision of Jonathan Chisholm. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and Team New Zealand. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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From: Sally Skipper

Sent:

To: Team NZ Project Team

Subject: Team New Zealand Presentation

Dear all,

Our client, Team New Zealand, is the representative of New Zealand on the global stage in high-performance sailing. Claiming three victories in the acclaimed America's Cup, they rank amongst the best teams in the world.

Team New Zealand was the first team in the world to make their boats fly. In 2012 they introduced hydrofoiling on their AC72 yacht which enabled speeds of up to 40 knots (74 kilometres per hour). Overall, they have been a significant contributor to technological advancement in the America's Cup, which has transformed yachting into a high-speed spectacle of aerodynamic performance.

However, in the past few decades, the popularity of sailing has waned. As fewer Kiwis take to the water each year, the largest group of Team New Zealand fans remain the older generations. With sponsorship funding driven by popularity, Team New Zealand needs to stay relevant to continue being a competitive and innovative force in the America's Cup.

After winning the most recent iteration of the America's Cup in 2017 to reclaim the trophy from the United States, the stage is set for the 2021 America's Cup to be defended here in Auckland, New Zealand. Here, Team New Zealand has the perfect opportunity to reinvigorate the sport amongst new and existing fans.

Team New Zealand has tasked you to find ways to engage with new audiences, in particular; in both international and domestic markets, across age demographics, and gender for the 2021 America's Cup and ensure the future sustainability of their fanbase.

You have ten minutes to present, which will be followed by a ten-minute question and answer session. Attached are documents prepared by our research team that will assist you.

From,

Sally Skipper

Introduction

The America's Cup

The America's Cup is the oldest trophy in international sport, first contested in 1851. Today, it is recognised as the pinnacle of sailing, featuring precision-engineered yachts that can sail at up to 90 kilometres per hour while flying above the water on thin foils. Each challenging team faces hundreds of millions of dollars in expenditure to design, test and build their yacht. The structure of the competition involves several stages, ultimately leading up to a single challenging team competing head to head against the defending team in a series of races. These teams compete for the physical trophy of the America's Cup, along with the unusual prize of setting the rules for the next America's Cup.

Typically, an America's Cup race has been held every three to five years, dependent on the rules laid down by the defending team. Although the format has changed over the years, since 2007 it consists of three main events:

1. A series of preliminary regattas (races), the America's Cup World Series, designed to showcase the yachts and allow teams to test their competitors.
2. A challenger series (known in 2021 as the Prada Cup), pitting all teams entered as challengers against each other to determine a single winner. The format of this varies and can include both round-robin and semi-final rounds.
3. The America's Cup match itself, in a head-to-head match between the winner of the challenger series and the defender. This match is typically a series of races, and in 2021 it will be a 'best-of-13'.

The rules and format for each America's Cup often stipulate a 'class' of boat that must be used, restricting length, sail types, and shapes (twin-hulled or mono-hulled). However, keys to success in many years have been not only the skill of sailors but the design and technology of the boat. For materials, we have seen the first introduction of strong and light composites in the 90s to advanced carbon fibre produced here in

New Zealand today. The 2010 match saw a revolutionary wing sail - not cloth, but a solid wing mounted vertically that provided double the lift of tradition sails. Yachts flew above the water in the 2013 America's Cup with the invention of hydrofoiling, speeds nearly doubling. The 36th America's Cup in 2021 will see teams utilise 5G technology to gather live data from boats to make modifications to calibrate performance race-to-race. Constant innovation has ensured a thrilling race that can appeal to not just sailors but the much wider audience of high-speed racing.

Over the long history of the America's Cup, only four countries have held the trophy: The United States, Australia, Switzerland and New Zealand. Other unsuccessful challengers have included France, Japan, Spain, Italy, Sweden, and the United Kingdom. Although more than one team can enter from a country, only one typically enters. As such, the teams that enter are essentially national representatives, which has contributed to poor viewership of the Cup in non-participating countries.



1. The America's Cup Trophy

History of the America's Cup

The first race for the America's Cup was won by the schooner America, sailing across the Atlantic Ocean and beating a fleet of British yachts to win 100 pounds (14,000 pounds adjusted for inflation). For the next 132 years, the United States reigned supreme, in a race that was once described as "having no second place".

It was 1970 when for the first time, more than one yacht club sought to challenge the United States for the America's Cup. For this, a challenger series was created to find the single yacht club that would race the Champion. In 1983 this became the now familiar Louis Vuitton Cup. This competition served two purposes: to find the strongest possible challenger for the America's Cup, and ensure they were sufficiently tested prior to competing against the defender.

Technology has been the deciding factor in many America's Cup races, and a radical new design was the secret to taking the cup away from the United States. In 1983, Australia fielded a yacht with a secret winged keel in the newly named Louis Vuitton Cup. They swept through the competition to earn the place to challenge the defending Liberty. The summer of the race, the America's Cup had pride of place on every newscast and newspaper, as people prepared for the thrilling possibility that the 132-year reign of the New York Yacht Club could be over. In a closely matched final, with the score tied 3-3, the Australia II took the lead to bring home the cup. However, this victory was short-lived. Four years later, the San Diego Yacht Club defeated Australia 4-0 to return the cup.

A strict legal interpretation of the Deed of Gift allowed New Zealand to make an immediate challenge in 1988. It was raced in two different styles of boat: the New Zealand team in a 90-foot waterline boat and the American team in a much smaller catamaran. The best-of-three series was won by the American team, and despite a prolonged set of courtroom challenges, the result stood.

Finally, in 1995, New Zealand won the America's Cup for the first time, bringing the cup back to the southern hemisphere. In 2000, even after

a close and hard-fought Louis Vuitton cup with the Italian Luna Rossa beating out AmericaOne 5-4, Team New Zealand successfully defended the America's Cup.

The next iteration of the Louis Vuitton cup saw some of the most intense competition in decades, with teams from the United States, Switzerland, France, Italy, Sweden and Great Britain. The resulting challenger Swiss Team Alinghi swept the match against New Zealand in 2003 to bring the cup to Europe for the first time.

In a reinvigorating change of format, the 2007 America's Cup involved four years of racing in various European locations, drumming up interest for the main event. The 2007 Cup also saw teams from new countries such as South Africa and China compete. In a series of thirteen Louis Vuitton Acts between 2004 and 2007, teams were able to accumulate bonus points towards the Louis Vuitton Cup. After winning the Louis Vuitton Cup, Team New Zealand challenged Team Alinghi; however, they were defeated 5-2 by the defenders.

Once again, the America's Cup became a battle in the courts, as a challenge from a new Spanish club was deemed invalid and the Golden Gate Yacht Club became the challenger of record. This team, BMW ORACLE Racing, defeated Team Alinghi 2-0 to reclaim the cup for the United States. They successfully defended it in 2013 against Team New Zealand in an incredibly close 9-8 match, Team Oracle coming from behind and winning eight points in a row.

However, in the following iteration of the America's Cup, Team New Zealand returned with a well-drilled team and innovations in control systems. These designs included the use of cycles instead of hand-powered grinders to power the hydraulics of the boat. Despite this, they only came third in the World Series, lost to Oracle in the Louis Vuitton Cup Qualifier and suffered a capsize damaging the boat. They performed best where it mattered most, and in the America's Cup match Team New Zealand defeated Oracle Team USA 7-1.



2. Team New Zealand win the 35th America's Cup in Bermuda (2017)

Controversy in the America's Cup

Over the long history of the Cup, many challenges have ended, or even begun, as a courtroom battle. The competition is governed by the 150-year-old Deeds of Gift, which have been the cause of much controversy. Litigation stemming from various alleged violations of rules by teams have had significant impacts for the competition - losing challengers and sponsors, as well as sporting and commercial momentum.

Part of the difficulty lies in the format of the race, which changes with each iteration. The defending team has the right to determine the boats and rules for the next America's Cup (within the original rules of the Deeds of Gift), as well as the venue. A "Challenger of Record" is the club that negotiates the racing protocol for the competition with the defender. For the 2021 America's Cup, this challenger is the team Luna Rossa Challenge. Over the years, various rules have been claimed to conflict with the original Deeds of Gift, such as the recent battles in 2010 between Team Oracle and Team Alinghi involving the construction location of the sail.

Prior to the 2017 America's Cup, an agreement was made to solve uncertainty around the future of the competition. Teams from the United States, Sweden, France, the UK and Japan (with the notable exception of New Zealand) signed a framework laying down rules for the next two iterations of the America's Cup. The new framework set out a two-yearly cycle for a competition in 2019 and 2021, with an America's Cup World Series leading up to each event and a smaller class of boats used. It would have also seen a reduction in costs by limiting the number of surrogate boats that could be built and tested. This aimed to increase the number of entrants, create larger audiences and give certainty to both teams and sponsors.

However, as Team New Zealand won the 2017 America's Cup, the agreement was unused, leading to a 2021 America's Cup with the race format and rules decided by Team New Zealand. The reason for their decision not to join the agreement was not released. Critics of the proposed framework suggested it was unfairly biased towards incumbent teams and contradicted the terms of the Deed of Gift.

Broadcasting of the America's Cup

The 2017 America's Cup was seen in 163 other countries, delivered by 31 broadcasters. (Bermuda Economic Report, 2017). In New Zealand, coverage was primarily available between the paid satellite television provider Sky TV, although some key races were shown on free-to-air channels. For the 2021 America's Cup, all racing will be broadcast live on free-to-air TV and live-streamed through the TVNZ (a state-owned broadcaster) on Demand service.

A key feature in improving the accessibility for audiences to the America's Cup has been the usage of digital graphics. Software provided by the New-Zealand-based company Virtual Eye enabled the full digital

recreation of races in real-time with overlaid information on speeds and boundaries. Both these 3D graphics and live footage with overlaid infographics were broadcast on live television during the 2017 America's Cup. In addition, Virtual Eye provided other services including 360 video aboard the AC50 yachts, onsite touchscreen installations, grinding simulators and VR sailing simulators in the America's Cup Village area. Their official America's Cup app featured an interactive 3D live racing viewer, SMS updates, live commentary and live onboard audio from the sailors. A built-in social feed allowed live comments and chat with event media and officials. This app won an Emmy for 'Outstanding New Approaches in Sports Event Coverage' at the 35th Sports Emmy Awards.



The 2021 America's Cup



3. VirtualEye's 3D visualisation of Race 9 of the 2017 America's Cup

The 36th America's Cup, presented by Prada, will be held in Auckland in March 2021, with racing taking place between the 6th and the 21st. Sailing for the Prada Cup will be held across January and February 2021. Both will be held in the Hauraki Gulf, with the race venue and team headquarters located on the waterfront of the Waitemata Harbour situated in the CBD. The geography of Auckland's harbour lends itself to spectatorship, providing an ideal location for New Zealand's largest event of 2021. With a sailing region nearly surrounded by land, spectators will be able to watch from many locations - including many elevated sites such as North Head and Bastion Point.

Confirmed challengers in 2021 are Stars + Stripes Team USA, INEOS Team UK, American Magic NYAC and Luna Rossa Prada Pirelli (Italy). Each team will be setting up a base near Team New Zealand's HQ in Wynyard Quarter, which will likely be completed and occupied by late 2020. While the sites are constructed and prepared by the Auckland Council (through the Wynyard Edge Alliance), the construction of the bases themselves will be done by the challengers.

The Auckland Council and New Zealand Government are investing a combined \$250 million for America's Cup-related infrastructure, building a linear village stretching across the entire waterfront area. This village will encompass all the team bases and provide opportunities for the public to engage with the teams' activities, featuring all-day entertainment programmes and race viewing. In conjunction with the Christmas Regatta in December 2020 the race village will open to the public. The official store for the 36th America's Cup merchandise has already opened on Queen Street - the main street of Auckland's CBD.

However, unlike recent sporting events such as the 2017 British and Irish Lions rugby tour, which was played at venues in 8 cities around New Zealand, The America's Cup is geographically limited to Auckland. Reflecting this, many of the organisations responsible for the America's Cup including ATEED are Auckland-based, and primarily consider benefits to the region and not to the rest of New Zealand. With approximately two-thirds of New Zealand's population outside of Auckland, Team New Zealand are concerned that many potential fans have little opportunity to engage with the America's Cup.



4. America's Cup Base Design



5. Racecourse Area



6. Artist's illustration of yachts on the proposed course

Team New Zealand



7. Team New Zealand's base in Wynyard Quarter

Team New Zealand is a sailing team representing the Royal New Zealand Yacht Squadron, founded in 1993. They were originally led by Sir Peter Blake, a New Zealand yachtsman who was famous for winning the 1990 Whitbread Round the World Race. Since their inception, they have won the Louis Vuitton Cup four times and the America's Cup three times using a range of yachts and team compositions. Although they lack the heavy-weight financial backing of teams such as Oracle Team USA, which typically gather twice their funding, they have been one of the most successful teams of the past two decades. This has been the result of consistent technological advancement such as the use of cyclors (the use of bikes instead of hand-power for the hydraulics), along with a highly skilled team that have historically been paid less than their international rivals.

However, despite their lower-cost approach, the America's Cup is still a hugely expensive competition. Following their defeat in the 2013 America's Cup, they were operating on a particularly thin budget and unable to launch multiple test boats. By 2015, they were dangerously close to becoming insolvent, saved only by a last-minute bailout from an overseas donor.

Today, Team New Zealand consists of approximately 120 members, ranging from boat builders, engineers, designers, trainers, shore crew and sailors. The most recognisable members are Peter Burling - gold medallist and helmsman of the 2017 champion America's Cup team, and Glenn Ashby - skipper of the 2017 champion team. Currently, they are headquartered in their main base in the Viaduct Events Centre, sitting on the harbour's edge at the eventual location of the America's Cup Village.

In 1995 they became the first New Zealand team to win the America's Cup, and in 2000 became the first team from a country outside of the United States to successfully defend it. Since then, Team New Zealand has entered each iteration of the America's Cup to varying degrees of success. In 2003, they were unsuccessful in the Louis Vuitton Cup and did not win the right to challenge. Despite winning the Louis Vuitton Cup in 2007 and 2013, Team New Zealand was defeated in the America's Cup both years. It was not until 2017, their most recent challenge, that they were once again successful. As a result, the 2021 America's Cup will be defended by Team New Zealand and held in Auckland, New Zealand.



8. Emirates Team New Zealand on their AC75 yacht training for the 36th America's Cup

The Royal New Zealand Yacht Squadron



7. Team New Zealand's base in Wynyard Quarter

The Royal New Zealand Yacht Squadron (RNZYS) was established in 1871 and is the oldest and most successful yacht club in New Zealand. The club is located in Westhaven Marina, Auckland, close to the Auckland Harbour Bridge, and is currently home to the America's Cup (trophy). It hosts a varied calendar of events throughout the year, including club racing, educational courses, elite sailing programmes and social events. Through these, the RNZYS caters to recreational and competitive sailors alike.

The RNZYS offers two training programmes - the Learn to Sail Programme, and the Youth Training Programme. Learn to Sail provides coaches and courses for anyone from beginners to advanced levels. Their Youth Training Programme delivers intensive sail training for young sailors in a disciplined environment and is recognised globally as a leader in youth training. Students between the ages of 15-23 can apply to take part in the 11-month course, held on weekends. Youth teams are supported to attend various fleet and match racing regattas both nationally and internationally.

Stakeholders

The 36th America's Cup is a collaborative effort from many stakeholders, each with different responsibilities and goals for the event. Team New Zealand will need to work with these stakeholders to meet their goals of ensuring a successful America's Cup event in 2021, while engaging and growing their fanbase for the future.

Auckland Tourism, Events and Economic Development

ATEED is a part of the Auckland Council family (the local government body), and partners both within the family and outside of it - corporates, government agencies and universities - to build a business environment that thrives on new thinking and collaboration. The mandate of ATEED is to maximise the economic development of the Auckland region, through initiatives to drive tourism, business, innovation and talent.

In the case of major events, the decision to invest is primarily assessed via an economic business case, including the direct benefits such as bed-nights stayed, the value of contracts awarded to Auckland companies and associated tourism spending. For the 2021 America's Cup, this was assessed by the Ministry for Business, Innovation and Employment (MBIE) to add up to \$1 billion in value to the region with a modest cost-benefit ratio of 0.997 to 1.14. To a lesser extent, ATEED also considers the impact on profile, attendee satisfaction and sustainability in its decision framework. These can play into a boost in future tourism to New Zealand.

In general, they have five goals:

1. Building a culture of innovation and entrepreneurship.
2. Attracting business and investment to the Auckland region.
3. Growing and attracting skilled talent.
4. Growing the visitor economy.
5. Building Auckland's brand and identity.

Building a culture of innovation and entrepreneurship

ATEED is currently developing the GridAKL innovation precinct at Wynyard Quarter (near to the Team New Zealand HQ). GridAKL houses over a hundred businesses across three buildings, which are primarily 'innovation-led'. These include everything from companies such as Spark, Google and Salesforce to small start-ups. It provides offices, co-working spaces, collaboration spaces, and mentoring to businesses, as well as facilitating networking and collaboration between individuals.

Attracting business and investment to the Auckland region

ATEED has helped to ensure Auckland's presence at global conferences such as the 2017 Tripartite Economic Summit in Guangzhou, as well as through helping facilitate deals involving overseas investment.

Growing and attracting skilled talent

Through job placement programs and fairs, ATEED supports the growth of skilled talent within the Auckland region. Over the course of 2018, thousands of youth attended career fairs delivered in conjunction with ATEED. In 2018 they developed a tourism skills campaign alongside industry which aims to address the skills shortage in Auckland's tourism industry.

Growing the visitor economy

ATEED supports the operation of medium to large events within Auckland, with notable recent examples including the DHL New Zealand Lions Series (Rugby) in 2017 and a stopover in the Volvo Ocean Race in 2018. For the three test matches of the Lions Series, ATEED measured a regional GDP impact of \$67.9m and 230,000 visitor nights. More than 16,000 people walked the Fan Trail developed by ATEED, and more than 21,000 people visited the Queens Wharf Auckland Fanzone. The fan activations won a gold award for 'Best Game Day Experience' at the 2018 Sports Business Awards. For the Volvo Ocean Race's Hong Kong Stopover, ATEED hosted a VIP event promoting Auckland in Hong Kong, attracting 150 guests. This event was headlined by Kiwi sailors Peter Burling and Blair Tuke, promoting Auckland to prominent businesspeople within Hong Kong.

Building Auckland's brand and identity

During the development of ATEED's new 'Destination AKL 2025' strategy, the need for a comprehensive Auckland 'story' was identified as crucial to developing a regional brand. One step towards this was a three-month multi-channel campaign launched in September 2017, featuring rugby legend Sir John Kirwan. This consisted of six videos highlighting the wider region and a 30-second television commercial encouraging Aucklanders to 'Love your weekend'. The campaign was designed to help provide Aucklanders with ideas for when their friends and relatives visit Auckland for a holiday.





America's Cup Events Ltd.

Spun-off to manage the event itself, America's Cup Events Ltd. is a subsidiary of Team New Zealand. It is currently operating using a \$40 million government contribution, with the goal of achieving additional funding by finding corporate sponsors for the event. Their responsibilities include entertainment, the cup village, on-water race management, security and broadcasting. For broadcasting, their approach differs from previous iterations of the America's Cup - focusing on reaching the biggest global audience possible (often with free-to-air deals), instead of fees. Their vision of the America's Cup village is to be "inclusive, accessible, relaxed and fun", with a key factor being a lack of any entrance fees. To help run their events, America's Cup Events will be recruiting a large volunteer pool for both within the village and in the rest of the city.

America's Cup Events Ltd. is chaired by Tina Symmans, previously a Team New Zealand director in the 2017 America's Cup. While both Team NZ and America's Cup Events Ltd. share Grant Dalton as CEO, the operation of both companies will be quite independent, even as both occupy the Team NZ HQ in Wynard Quarter.

Wynard Edge Alliance

The Wynard Edge Alliance (WEA) was formed to consent, design and construct the infrastructure for the 2021 America's Cup. They are primarily responsible for the development of team bases and superyacht berths, which will form the core of the eventual America's Cup village. WEA is made up of representatives from Auckland Council, the Ministry of Business, Innovation and Employment along with construction partners (engineering contractors and consultants): Downer, McConnell Dowell, Beca and Tonkin + Taylor. Any significant changes to the design and build of the new waterfront extensions to accommodate the America's Cup would require the cooperation of the WEA - however, due to the slow process of development, it is unlikely that many changes could be made.



Sponsors

Team New Zealand relies on corporate sponsors to raise most of the 100+ million NZD budget to enter each America's Cup. Since 2007 their primary sponsor is Emirates, and the team is officially known as Emirates Team New Zealand (ETNZ). Other sponsors include Omega, Toyota, Spark, Genesis, Steinlager, HP, SkyCity and TVNZ.

Each of these partnerships provides benefits for both parties outside of simple monetary contribution and brand exposure. For example, Genesis is Team New Zealand's Official Energy Partner and the sole provider of energy solutions for its facilities. Team New Zealand and Genesis will be working together to introduce new STEM resources to schools to encourage innovation, aligning with the technological focus of the America's Cup. SkyCity is the Official Hotels and Entertainment Partner and will be hosting an ETNZ Fan Zone, a fan trail leading to the Sky Tower and exclusive events at their food and beverage outlets.

From the sponsors perspective, they want three things: a large and engaged audience for the America's Cup, a significant fanbase for Team New Zealand, and ideally for the team to battle through a prolonged competition – putting their logo on screens for as long as possible.

Team New Zealand may be comfortable for now, but corporate sponsorship can be fickle and highly dependent on performance. Following their defeat in the 2013 America's Cup, Team New Zealand struggled to find sponsorship funding. Their operating budget was halved, at under \$20 million per year, and salaries were reduced across the entire team. Some of the difficulty was in the venue, trying to sell sponsorship in the tiny island of Bermuda. Other issues lay in the refusal of the New Zealand government to support the team, despite their contributions in previous years of 35 million NZD.

Emirates FLY BETTER

Ω OMEGA

TOYOTA

Spark™



Steinlager



skyCITY

tvnz

Alignment between Formula 1 racing and the America's Cup



The competition

It has often been described that the racing yachts used in the America's Cup are to sailing boats what F1 cars are to a family SUV. These high-performance catamarans can race at 45 knots (50 miles per hour) in winds of half that speed. Each yacht has hundreds of sensors linked back to their headquarters on land, where dozens of engineers analyse and adjust to maximise performance.

With the signature 'foils' that allow the yachts to fly out of the water, aerodynamics is key. To maximise this, America's Cup teams frequently recruit personnel directly from Formula One. For the 2017 Cup, Land Rover BAR (UK) brought in Richard Hopkirk, the former race engineer of Lewis Hamilton at McLaren, amongst other former McLaren staff.

In a move to improve the international appeal of the America's Cup, the competition features the World Series, a set of preliminary regattas held in various locations. The first of which will be held in Sardinia, Italy, in April 2020. Formula One consists of approximately twenty races primarily in Europe, also bringing the competition to an international audience.

The viewership

The viewership of the two competitions differs greatly. Formula One, as of 2017, is owned by a publicly listed company and is ultimately a profit-driven event. To do this, it invests heavily into marketing campaigns, obtaining sponsorships, and reinventing the format each year to best cater to a televised and live audience.

The America's Cup, on the other hand, is not a competition owned by any company or motivated to create shareholder value. This has typically been associated with less marketing expenditure and a focus on the sport itself. Despite this, the number of viewers more than doubled between 2013 and 2017 from 24 million to 51 million globally. In contrast, Formula One racing sees over 350 million people watching worldwide, with many more watching the 20+ races live.

However, both suffer from the same problem - an inability to capture a younger audience. Only 10% of the television audience for the 2017 America's Cup in New Zealand were under 30, as well as only 16% of Formula One viewers globally.

Case Study: Formula One's Youth Strategy

Formula One Group is the group of companies responsible for the promotion of the Formula One World Championship and the exercising of the sport's commercial rights. It was acquired by Liberty Media in 2017. Formula One Group has identified their low proportion of younger viewers as a growth opportunity and invested heavily in marketing and new initiatives to take advantage of this. This involved a new Formula One Esports Series, a reinvigorated marketing campaign and a social media strategy. This marks a significant break from tradition, as the first major marketing campaign to be run by the Formula One Group itself - typically advertising was the domain of sponsors like Red Bull.



The Formula One Esports Series

In 2017, tying in with the official Formula One video game (available on PC and consoles), the Formula One Esports Series was launched. For the 2019 competition, over 100,000 players raced from home to qualify for the live finals held in London, where the top players are selected for the official esports driver line-up for one of ten official Formula One team. These include Mercedes, Red Bull Racing, McLaren, and Renault. Participants competed for a share of a \$500,000 prize pool. The series drew an audience of 5.5 million across TV networks and live streams online that year, bringing significant engagement from an audience where 80% are under the age of 35. Formula One aims to selectively target local fans during the build-up to live events, using esports to bridge the gap to the previously inaccessible spectator sport of Formula One.

Engineered Insanity

The Formula One marketing department introduced its first-ever global marketing campaign “Engineered insanity” in 2017. Through videos featuring six of Formula One’s biggest “super fans”, the campaign aimed to bring the innovation and battle of the sport closer to the audience. The videos formed the backbone of a larger campaign, featuring high-impact out-of-home advertising.

Digital Strategy

Meeting the growing demands of its users, Formula One launched a new streaming service with a subscription model, allowing fans to watch the sport and follow along with drivers and teams. An official Formula One app was launched in 2018 in conjunction, allowing fans to watch races live for 12 USD per month. That year, Amazon Prime Video released the critically successful Grand Prix Driver, a four-part series documenting the build-up to the 2017 season. Additionally, investment into the Formula One social media channels has resulted in 70% year-on-year growth in impressions since 2017.

The Results

As a result of these efforts, 61% of new fans brought to the sport over the past two years are under 35, and 36% are under 25. Formula One has seen two years of consecutive growth in viewership, rising 10% in 2018 to a total of 490.2 million worldwide. The introduction of new audiences to Formula One will help ensure the future sustainability and growth of the sport.



Viewership of previous America's Cups

In recent years, viewership of the America's Cup has grown. While the 2013 America's Cup in San Francisco was watched by 24 million viewers worldwide, the 2017 America's Cup in Bermuda over twice as many at 51 million. Of the total viewers in 2017, 5.2 million viewers were in the UK, 4.8 million in France, 4.2 million in Germany, 3.9 million in Italy, 3.7 million in the USA, 2.3 million in China and 1.8 million in New Zealand.

Viewership in each country is driven by several factors, including the presence of a challenging team and the type of broadcasting deal. For the 2017 America's Cup, the defenders were Oracle Team USA, while competing in the Louis Vuitton Challenger Series were Artemis Racing (Sweden), Team New Zealand, Groupama Team France, INEOS Team UK and SoftBank Team Japan. Typically, countries that were broadcast only on pay-to-access TV experienced lower viewership.

An important statistic for advertisers and sponsors is secondary viewership. This also includes news and sports magazine programming, as well as other forms of online and print media. For the 2017 America's

Cup, secondary viewership reached 452 million viewers, including 72 million in Germany, 60 million in the UK, 55 million in France and 45 million viewers across China and Japan. Worldwide, there were 411 million impressions on social media relating to the America's Cup. Over 380,000 users downloaded the America's Cup official app, while over 22,000 news articles were published across 76 countries.

Within New Zealand

The 2017 America's Cup, hosted in Bermuda, was at an unfortunate time zone difference from New Zealand with races held at 5 am NZST. Despite this, approximately 360,000 New Zealanders tuned in to watch the final race, roughly split between free-to-air and premium broadcast channels. This audience was heavily skewed towards older generations, with only 8% of viewers under the age of 30, 40% between 30-54 and 50% older than 55.

13. Emirates Team New Zealand vs Oracle Team USA in Bermuda during the 35th America's Cup



Media viewership habits

New Zealand

New Zealand On Air, a government funding agency for New Zealand media, commissioned a report on platforms media is consumed on. Selected figures, detailing differences in generations and over time, can be seen below.

Within New Zealand, there has been a rapid growth in streaming video on demand (SVOD) services since 2014, rising from a niche 6% to 37% by. This has been supported in part by the successful rollout of a

national fibre network which has recently reached 79% of New Zealand households.

Much of this growth has been the result of younger generations. As of 2018, 52% of those aged 15-39 used an SVOD service daily, against only 23% of those aged 45+. In contrast, only 49% of 15-39-year-olds watched broadcast TV daily against 80% of those aged 45+.

14. NZ On Air - Where are the Audiences? (2018)

DAILY REACH OF ALL MEDIA | % OF ALL NZERS

Media	2014	2016	2018
Total (net) Linear TV	83	73	66
Live New Zealand Radio	67	59	55
Online video (Eg. YouTube, Facebook)	30	45	52
Newspaper (including online)	52	49	41
TV (via Pay TV platform)	58	49	39
Music online/streamed (Eg. YouTube, Spotify)	23	33	39
Total (net) SVOD	6	23	37
TV (via FTA platform)	35	34	37
NZ SVOD (Eg. Netflix, Lightbox)	-	17	30
Music (iPod, CDs)	38	27	20
NZ Ondemand	12	18	19
Magazine (including online)	23	20	19
Overseas SVOD (Eg. Netflix, Hulu)	6	14	16
Online NZ radio	6	7	9
Listened to a podcast	-	-	7
Online international radio	4	4	4

13. NZ On Air - Where are the Audiences? (2018)

DAILY REACH OF ALL THE MEDIA | % OF OLDER AND YOUNGER NZERS

Media	15-39	45+
Total (net) Linear TV	49	80
Live New Zealand Radio	47	61
Online video (Eg. YouTube, Facebook)	74	32
Newspaper (including online)	26	55
Music online/streamed (Eg. YouTube, Spotify)	67	16
Total (net) SVOD	52	23
NZ SVOD (Eg. Netflix, Lightbox)	41	18
Music (iPod, CDs)	20	21
NZ Ondemand	22	14
Magazine (including online)	9	28
Overseas SVOD (Eg. Netflix, Hulu)	25	8
Online NZ radio	10	7
Podcasts	11	5
Online international radio	5	3

Sports Fans

Google has published a set of statistics drawn from a survey on self-identified sports fans. Viewers are increasingly drawn to highlights, with watch-time of such videos increasing by 80% between 2016 and 2017. Fans typically use more than one screen when consuming sports media, as 80% of sports viewers say they use a computer or smartphone while

watching live sports to do other things. These secondary activities include searching for statistics, live scores, messaging other fans or watching related videos. Additionally, fans are engaging more with sports outside of the games themselves, with a 60% growth in sports “interview” videos between 2016 and 2017.

Conclusion

Team New Zealand will be spending a budget of over 100 million NZD to design, construct and race in the 2021 America’s Cup, and again in future events. Their continued ability to raise this, as one of the few commercially funded teams in the competition (not backed by billionaire individuals), is reliant on high viewership and a solid fan base to appeal to sponsors. With the memory of last-minute requests for funding in previous America’s Cup events still fresh, Team New Zealand wants to ensure they have both the viewership and the fans to help maintain and acquire sponsorship funding. This involves ensuring a

successful and highly watched 2021 America’s Cup, an engaged fanbase for the Cup, and establishing a pipeline of future fans in younger generations.

They would like to know what actions they should take to engage new audiences in the 2021 America’s Cup and improve the engagement of their fanbase. With growing concerns about the age of their current fans and the sustainability of this, they are particularly interested in targeting the segment aged 18-30.





Appendix

America's Cup: New Youth America's Cup format and monofoil for 2021

By Emirates Team NZ / RNZYS / China Sports Industry Group 12th December 2019

A reinvigorated Youth America's Cup regatta has been announced which will be raced, with a Mixed Youth crew, in a new class of foiling mono-hull, the AC9F, in 2020 and 2021.

The Youth America's Cup is a joint initiative between The Royal New Zealand Yacht Squadron (RNZYS), the China Sports Industry Group (CSIG), and Emirates Team New Zealand (ETNZ). The multi-leg event will begin with a fleet racing seeding event in China in November 2020 and then a match racing event in Auckland from February 18th- 23rd 2021 with the finals held between March 8th- 12th 2021 right outside the RNZYS in the shadow of Auckland's iconic Harbour Bridge.

In line with the original America's Cup Deed of Gift it is designed to be a 'friendly competition between yacht clubs of all nations. Unlike previous editions, multiple entries from various countries will be allowed.

The age restriction for the crews is they must be between 18-24 years of age. To encourage diversity at this high level the teams will consist of a mixed crew of four sailors on each boat, including two females and two male sailors with a maximum crew weight of 311kgs.

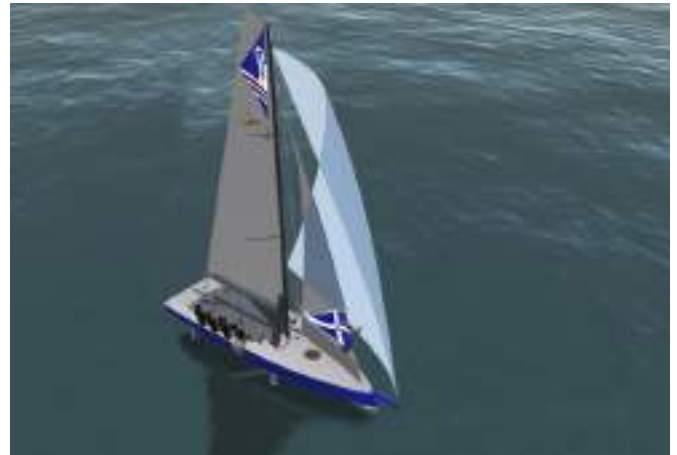
"The Youth America's Cup is something we have been eager to see established since we won the America's Cup and also introduced foiling monohulls to the America's Cup with the AC75. The Squadron has presented a concept that we believe will add something special to the 36th America's Cup." said Emirates Team New Zealand CEO Grant Dalton.

"Through the partnership between RNZYS, CSCI, and ourselves, it is really exciting to now be able to see it become a reality."

"Probably the most important aspect of this is that through the establishment of the Youth America's Cup event, in conjunction with the exciting AC9F boat, a pathway or vital stepping stone for the best young guys and girls from around the world has been created to progress one step closer to sailing on an AC75 in the future. It is hard to go past the evidence of our current team that is now made up of a number of crew members from the winning 2013 Youth AC team."

RNZYS Commodore and Yachting Developments owner Ian Cook says the yachts are designed to be extremely exciting to watch and will provide a great challenge for the skilled youth sailors on board - "We are incredibly happy with the design of the AC9F. We believe they will generate great competition and an even playing field for all the teams involved, whilst also leading from the front in terms of modern yacht design, and importantly, creating a great product for fans around the world to observe."

"We are very excited to introduce the Youth America's Cup into China." Wang Weidong, Chairman of China Sports Industry Group said. "The America's Cup has been the holy grail of the sport of sailing for over 160 years and is a stage that all athletes dream of. China is set to participate in the America's Cup, but has to recognize the patient process of achievement. From an overall perspective, it is vital we pay more attention to fostering the next generation of top-level racers, developing them from the more basic level. China has a plethora of athletes with the potential along with the required diligence and learning skills, but lacking experience at global professional competitions. We hope that Youth America's Cup will be the first step for these young Chinese talents to take as they strive to catch up with their leading peers in the world.



16. Rendering of the AC9F class for the 2021 Youth America's Cup

"Cross-sector collaborations are vital to develop the advanced design and manufacturing technology that are behind the monohull foiling yacht used in the Youth America's Cup. In the meantime, the manoeuvres and performance of athletes require enormous data support. Its value chain includes not only the management of the race, team or club, but also naval architects and marine engineers, and other behind-the-scenes offices of law, media, meteorology, internet so the vibrant growth of an industry should be all-encompassing, as one department would thrive with another. We hope the Youth America's Cup becomes a unique opportunity to encourage more Chinese to try and practice in this sport and inspire them to initiate the evolution of the Chinese sailing industry."

The RNZYS celebrates its 150th anniversary in 2021 and Vice Commodore Aaron Young says they really wanted to bring an event to the table that will create a superb legacy for the Squadrons' 150th celebrations and for the future of youth sailing

"We are extremely proud to present the Youth America's Cup in 2021. We believe the format and boat that we have created encourages diversity and leaves an insurmountable legacy for our 150th year as well as for the future of youth sailing and a pathway for the future of the America's Cup. The development of future talent is paramount to the success of yachting around the world and as the current America's Cup trustee, we intend to have this event permanently embedded into future AC events. It is a good practice run for the main event for those aspiring to reach the pinnacle of our sport. We look forward to receiving entries and hosting what is guaranteed to be an enthralling event in 2021."

An initial entry period for yacht clubs and youth crews is open from December 12th through to 29th February 2020. The entry protocol is intentionally very similar to the America's Cup Challenger series and match.

Appendix

The comeback kids: How Team New Zealand won the America's Cup

Published by the New Zealand Herald, 1st July 2017

In Grant Dalton's mind, Team New Zealand were finished.

The Kiwi syndicate was dangerously close to operating while insolvent. He didn't know how he was going to pay the staff, let alone meet the supplier and construction costs of getting a test boat on the water.

While Dalton and the team's committed board members were desperately scratching about to find ways to pay the bills, meeting on average twice a day, their rivals were already whizzing about in test boats. Some were on their second or third.

So in October 2015, as he sat on a plane back to England after a tense board meeting, Dalton drafted a press release telling the public Team NZ would be closing its doors. He had accepted his 14-year quest to return the Auld Mug to New Zealand was over.

It was only a last-minute bailout from an overseas donor that prevented Dalton hitting the send button on that press release.

"We managed to come up with some money by daybreak, and here we are," Dalton explains, shrugging his shoulders as if he still can't believe Team NZ have won the Cup back.

There are many remarkable elements of Team NZ's stunning win in Bermuda: the nerveless performances of helmsman Peter Burling in his first America's Cup; their recovery from the dramatic capsize during the challenger semifinals; the great redemption story after the horrors of San Francisco four years ago.

But perhaps most remarkable of all is how a team that was on the brink of financial ruin, and launched their first proper test platform 18 months after key rivals, came to be so far ahead of the development curve.

There was an unnerving calm in the Team NZ camp during the agonising five-day break between racing in the 35th America's Cup match.

The Kiwi team had rattled off four straight race wins over Oracle to lead the first-to-seven series 3-0, having gone into the match one point down. But as a humbled, yet defiant, Oracle skipper Jimmy Spithill reminded us, "we've been here before" and his team would be working 24-hour shifts to address the speed differential with the New Zealand boat.

For five days those words picked away at the seams of the national psyche as we all thought back to San Francisco and the gut-wrenching turn of events in the last Cup.

Despite the past, Team NZ weren't rattled. There was an unwavering confidence in the boat and the crew that this time, on the turquoise waters of Bermuda's Great Sound, they would be able to get the job done.

Once you removed the emotion and the anxiety of past campaigns from the equation, it was clear they had the better "package".

"I just think we have some inherent advantages in the way we sail our boat, and that's not going to change over this week," said Murray Jones, the team's wily performance coach, who has now been involved with a record six America's Cup-winning campaigns. Jones was right. But for a hiccup in the sixth race, Team NZ's marine marvels (both boat and crew) powered on to win the Cup match 7-1.

Team NZ skipper Glenn Ashby says those inherent advantages were born out of a daring design philosophy that was implemented from the outset. Their catch-cry was "let's throw the ball out as far as we possibly can, and run after it really hard".

A brutal review process after the failed San Francisco campaign identified, among 19 other factors, the need to invest in technology.

Though the sailing team had to wait a long time until the syndicate had any money to build test boats, Ashby says the design team did not stop after the 2013 event, immediately getting to work on where the development race would go next.

Once they had a clear idea, Dan Bernasconi, Team NZ's technical director, trawled through LinkedIn to find experts in specialist areas such as hydraulics, systems programming and aerodynamics. He wasn't interested in yachting experience, he wanted people with specialist knowledge and a record of innovation.

Bringing in new talent with a different way of thinking helped promote an open-minded, nimble approach, with no idea considered too out there - even, say, bikes on boats.

But it wasn't just about the bikes, which delivered three key advantages - more power, reduced windage, and a better division of labour among the six-strong crew. It was about the complex control systems, from the buttons that allowed Blair Tuke to trim the foils from his bike station, to Ashby's "Xbox console" from which he adjusted the twist and camber in the wing. "The foresight we had as a team to be aggressive and bold in our design, ultimately has provided us with the victory," says Ashby.

Appendix



17. Emirates Team New Zealand capsizing during the 35th America's Cup

America's Cup: Auckland confirmed as host city for America's Cup World Series event in December 2020

Published by the New Zealand Herald, 18th December 2019

Kiwi sailing fans won't have to wait until 2021 see the new AC75 foiling monohulls in action, with Auckland confirmed as a host city for the America's Cup World Series.

The City of Sails will host the final leg of the series in December 2020, with the America's Cup to be contested in March of 2021.

The World Series acts as a lead in to the main event, allowing the syndicates to refine their techniques and vessels before trying to earn the right to challenge for the America's Cup.

The first World Series event will take place in Cagliari, Sardinia in April next year, with the second in Portsmouth, England, in June before concluding in Auckland. The World Series will then be followed by the Prada Cup Challenger Selection Series which will determine the syndicate to take on Team New Zealand in the 36th America's Cup in March.

The legs in Portsmouth and Auckland were announced this morning,

with the British event to be sailed on the Solent.

"Portsmouth was a fanatically supportive city for the America's Cup World Series in 2015 and 2016, so we are looking forward to getting back there. The difference this time is the racing will be in the new AC75's which will be a spectacle like nothing seen before on the Solent," Team New Zealand boss Grant Dalton said as next year's itinerary was completed.

The majority of the teams have been on the water in the first of their foiling 75-foot monohulls, getting a grip on just how the vessel will sail.

Plenty of footage has surfaced online over the past months of Team New Zealand flying over the water on their foils at high speed, which has plenty of fans excited for when the syndicates go at it on the water.

The opposing syndicates are expected to set up camp in Auckland next August, allowing time to adjust to the conditions before sailing begins.

Appendix

Selected graphics from the report: Economic, Environmental and Social Impact of the 35th America's Cup on Bermuda (PwC, October 2017)

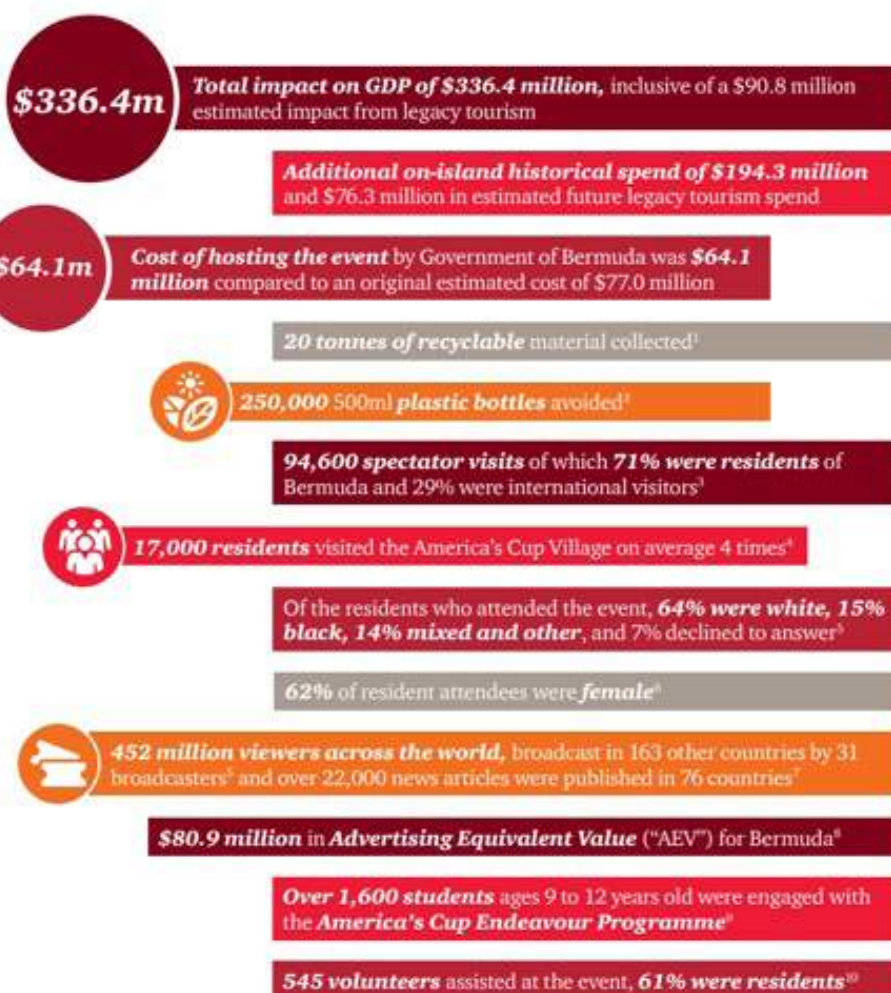


Table 1.0: America's Cup ticket sales

	Total ticket sales	Average ticket price
America's Cup Village	79,800	\$25
Grandstand	11,500	\$78
Goslings Dark 'N Stormy Island Bar	6,700	\$175
Longtail Lounge	2,600	\$849
Official Spectator Boats	9,000	\$173
Total ticket sales	109,600	

Source: PwC analysis of ticket sale data received from ACEA



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