



SPORTS UNLIMITED (HALIFAX) INC.

David Shaw and Elizabeth M. A. Grasby revised this case (originally titled "Soccer Magic 2" and written by Liz Gray under the supervision of Elizabeth M. A. Grasby) solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Jack Glenkowsky, program director at Sports Unlimited (Halifax) Inc. (Sports Halifax), looked over the results of the 2011/2012 winter sports season and winced once more. In the past two seasons, enrolment numbers were lower than Glenkowsky had hoped, incurring financial losses for this Halifax, Nova Scotia, operation. Glenkowsky's boss, Randy Evans, based in Toronto, planned a visit to Halifax for the seventh and eighth of May, just two weeks away. Glenkowsky was sure that Evans would expect a marketing plan that would return the facility to a profitable level for the 2012/2013 winter sports season and beyond. Glenkowsky suspected his own employment might be dependent on the success of this new marketing plan. Consequently, Glenkowsky thought, "Let's just start all over again with this plan for the bubbles and see where it takes us."

SOCCER

In Canada

Played in Canada since 1876, soccer was Canada's largest participation sport with over 873,000 registered players. By way of contrast, ice hockey, historically Canada's premier sport, had approximately 585,000 players registered. As a sport, soccer had experienced rapid growth during the 1980s and 1990s while ice hockey had experienced declining rates of growth. The Canadian Soccer Association currently officially governed the sport in Canada.

In Nova Scotia

Soccer in Nova Scotia (SNS), a member of the Canadian Soccer Association, served as the governing body responsible for all matters related to the sport throughout the province. In this capacity, SNS oversaw, sanctioned and governed all aspects of the sport. These activities included organizing soccer games for all its members, scheduling tournaments for registrants, assisting in the development of coaches and referees, supplying coaches and referees, and promoting participation in the sport at all ages and levels of play.

Registration had hovered between 28,000 and 29,000 players over the past 10 years. SNS currently had over 28,000 registered players.¹

HALIFAX, NOVA SCOTIA

Founded in 1794, Halifax was the capital city of Nova Scotia, one of Canada's maritime provinces. A major port city and naval base alongside the Atlantic Ocean, Halifax was also a university city with an abundance of museums, galleries and heritage centres. The city was well known for its naval history (the Halifax Citadel National Historic Site — built between 1828 and 1856 as a key naval station in the British Empire — was the most visited historic site in Canada), rich maritime heritage, tall ships and was home to one of Canada's oldest breweries, Alexander Keith's Brewery.

The cities of Halifax and Dartmouth together with nearby suburban areas were more commonly known as Greater Halifax and had a population of just over 400,000. Around 145,000 of these residents were under 30 years of age.

SPORTS UNLIMITED INC.

Sports Unlimited Inc. owned and operated sports facilities across Canada. In most centres, the company focused on the growing demand for soccer pitches and developed and managed these playing fields with considerable success. While the parent corporation retained ultimate control over the investment in and management of the various facilities across Canada, the operation and marketing of the individual facilities were delegated to the local management team subject to budgets approved by head office. The budgets were typically modest in amount.

SPORTS UNLIMITED (HALIFAX) INC.

The Facilities

In 2007, Sports Unlimited Inc. purchased a site on the Bedford Highway close to the Mackay Bridge linking Halifax and Dartmouth. The company developed two soccer pitches on the site with artificial turf. The playing surface on the soccer pitches was FieldTurf™, a product that prevented injuries that often would occur on artificial turf. FieldTurf™, produced in Montreal, Quebec, was used in a number of outdoor and indoor locations around the world. FieldTurf™ felt like grass and the soccer ball rolled and bounced on it in the same manner as it would on grass.

Soccer

The facility was operated for the first time in the summer of 2008. The pitches attracted both junior leagues for boys and girls, and senior leagues for men and women. Once registered with SNS, a soccer team could join regular summer league play at Sports Halifax at a cost of \$975 per team for a season of 12 games. The fee for the pitch included an SNS-certified referee, scorekeeping and league standings.

¹ 79 per cent children/youth and 21 per cent adult players.

Many leagues only operated in the summer months. The various leagues in the summer included a men's premier league designed for above-average soccer players, both women's and men's competitive and recreational leagues, a co-ed league, and a youth league of all ages. Sports Halifax would help any registered player find a suitable team if he or she did not already belong to one. All teams were limited to a maximum of 18 players and, on average, most teams consisted of 12 players.

For indoor soccer, most teams had 12 players. Each team played an average of 20 games per season. In the winter season, about 35 per cent of soccer players were adults and 65 per cent were youth players. Specific divisions within a league required a minimum of four teams while other league divisions required a minimum of eight teams.

2010 — Bubbles Added

In April 2010, the decision was made to put a bubble over each of the two soccer fields for the period mid-October to mid-May. The bubbles cost \$750,000. The cost to install them in mid-October was \$15,000 and the cost to take them down at the end of the winter season (mid-April) was another \$15,000. The bubbles were heated and the estimated heating cost was projected to be about \$3,500 a month for a normal Halifax winter.

Together, the bubbles covered an area of 7,500 square meters, enough for two soccer pitches and spectator seating for 300. The bubbles were air-supported and comfortable to play in regardless of the outside temperature. The bubbles were connected to a permanent building that housed four dressing rooms, washrooms and a licensed lounge and snack bar that operated year-round. The lounge and snack bar were contracted to a local establishment.

Other Leagues

In addition to regular league play, Sports Halifax ran two other soccer activities during the indoor season in an attempt to boost revenue:

Youth Recreational

During the past two indoor seasons, Glenkowsky had organized a youth recreational league for youths aged six years to 18 years to play on Saturday for both fall and winter sessions. Players were assigned to teams based on age and teams were balanced by allocating players by ability level. Each team was assigned a coach who had satisfactorily completed a SNS-certified coaching clinic and testing program. Players received jerseys, awards and championship crests at a cost of \$37.50 per player per session. Each team played 12 games of 55 minutes at a cost of \$225 per player for each of the fall and winter sessions. The youth recreational league attracted a total of 124 registrants last season and these numbers were expected to increase next year.

Adult Competitive

As well, five men's soccer leagues, including two senior leagues for players 35 and over, operated evenings during the week. These leagues averaged 12 players per team. One men's league played on Sunday. Two women's leagues (four teams per league) operated weekends. All of these leagues recruited competitive players who played a reasonably high level game.

THE COMPETITION

City Facilities

Soccer was viewed as a low cost sport requiring only a pair of soccer shoes and a ball, unlike ice hockey that required players to have more expensive equipment. As a result, the city's Parks and Recreational Department operated several soccer pitches during the summer although the expanding leagues and players kept the fields fully occupied and enabled Sports Halifax to find leagues and teams anxious to use its summer facilities. Summer league rentals on city-owned pitches were about \$1,800 per team for a 12-game schedule, plus playoffs.

Indoor Sports Facilities

Currently, there were no indoor sports facilities comparable to those of Sports Halifax for recreational sports players. Some high schools rented out their gymnasium space for indoor sports, including soccer, but these spaces were limited in their availability during the week and weekends and the flooring (e.g., hardwood or tiled floors) was not well suited to soccer.

Indirect Competition

Glenkowsky also recognized that other winter sports and activities were a form of indirect competition to the Sports Halifax bubbles.

THE FUTURE

Glenkowsky thought that there were at least four critical questions to ask:

1. What additional soccer potential could he tap into to increase the use of the soccer pitches?
2. What were the possible additional uses for the facility?
3. Who might use the facilities for each of these possible additional uses?
4. How could he contact these possible users?

Promotion

For the past two seasons, Glenkowsky had used most of his limited promotional budget to place ads in the local daily newspaper to advertise soccer, but the response had been negligible. Radio spots might give a different result. He also wondered about a billboard. Glenkowsky was open to other creative and effective ways to reach his target market.

Soccer: Reach Out to New Groups

The facility was least utilized during the weekdays, Monday to Friday. The soccer youth were in school during these time periods although high school soccer leagues existed in the spring in the Halifax area. As well, adult players were working at their jobs throughout the weekdays. Who else might be available? Three universities and a community college operated in the region; in fact, Dalhousie and St. Mary's Universities had intercollegiate soccer teams. Glenkowsky also knew that it was important to retain the bubbles' current customers.

Diversify to Other Sports

Glenkowsky was well aware that this bubble could be home to many other sports and opening the facility up to becoming a multi-sport operation might be the answer. He sat down to think about what sports could be accommodated and who might play them. Above all else, the plan that Glenkowsky developed for Evans's visit must point in the direction of a profitable venture.

Price

Glenkowsky was also considering whether an increase to the usage price could be justified. This approach would enable Sports Halifax to make a profit.

CONCLUSION

With two weeks remaining before Glenkowsky's boss, Evans, visits to discuss the future of the soccer bubbles, Glenkowsky knew he had a lot to think about. After two years of use, the bubbles had produced less-than-satisfactory results, were losing money and were well under projected capacity goals. It was clear this venture needed a new marketing direction with fresh ideas in order to begin to contribute financially to Sports Halifax's operations.