



Slammed & Dunked

JEFFREY ROTIN

How the Vancouver Grizzlies Got Sunk

How do you profitably market a professional sports team with a five-year losing streak? That was the challenge faced by Chicago billionaire Michael Heisley when, in March 2000, he bought the Vancouver Grizzlies from Orca Bay Sports & Entertainment. Initially heralded as the team's saviour, Heisley promised to reverse its fortunes. Instead, barely a year after taking over the franchise, he moved it to Memphis. Local fans cried foul.

It's true that the Grizzlies had one of the worst records in NBA history, and there were no signs of improvement. Still, Vancouver wasn't doing too badly in ticket sales compared to some stateside NBA teams with better winning records, and those teams weren't packing up and leaving. Many viewed

the Memphis relocation with scepticism—they argued that a losing team wouldn't fare any better in another city, especially a smaller market. Indeed, season ticket sales in Memphis are sluggish.

"This team did not have to leave," says Bob Stamnes, president of Glennie Stamnes Strategy, the advertising agency that held the Grizzlies account for most of Orca Bay's ownership. "The fan support base was there, despite the team's performance. There have been far more crippling problems that sports teams have faced in other markets and they have stayed."

The Grizzlies certainly had its share of handicaps. When Orca Bay landed the franchise in 1995, along with that of the Toronto Raptors, the NBA didn't make it easy for either team

BUZZ



University of Victoria

Victoria's **Malahat Group International** (an affiliate of Palmer Jarvis DDB) has been appointed AOR for the **University of Victoria**. As AOR, the first hired by the university, the Malahat Group will provide UVic communication: Services, faculties and divisions with creative, advertising, media planning and strategic communications services. UVic consistently ranks as one of Canada's top comprehensive universities in the *Maclean's* magazine annual university rankings. It serves 17,500 students and generates \$300 million in annual economic activity.



Victoria's **Royal Roads University** has appointed two agencies to share its account. Victoria's **Trapeze Communications** will handle strategy and creative services; **Cossette Communications Vancouver** will handle media planning and buying. The account, formerly with Copeland Communications, is valued at \$1 million.

Vancouver's **Grey Worldwide Northwest** has been named AOR for the **British Columbia Wine Institute**. Grey's task will be to develop the new umbrella brand for BC wines, which have won an unprecedented 1700 awards in the last three years and will be positioned as premium, world-class wines.

vision for the league, NBA Commissioner David Stern didn't approve the sale.

Enter Heisley, galloping in from Chicago as the Grizzlies' white knight. He announced that he'd rather sell the team than move it from Vancouver, and committed to building a winning team over the next five years. He brought in new management, his own marketing team and spent \$1.2 million on a multi-media re-branding campaign by Lanyon Phillips Communications. There was a lot of buzz; ticket sales perked up.

But it was all a ruse, claims Lanyon Phillips president Chuck Phillips.

"Everything was optics. Michael Heisley sang the Canadian national anthem, but that was purely for the NBA.

campaign. Heisley acquired the team in March—basketball interest peaks during the playoffs in May and June. Lanyon Phillips wasn't hired until late August, which left it scrambling to create some hype before the season opened in October.

It was also too late into the annual marketing cycle for a major sponsorship drive. Companies had already committed their promotional budgets for 2001, so there was no major money left for the Grizzlies. Heisley saw this as a lack of corporate support.

Phillips says the corporate program created by Heisley's marketing team was lacking in creativity and imagination. "They were looking for corporate charity. The packages they'd assembled were nothing more than signage and seats to give away. They never put one program together that was more than the stereotypical crap that they'd been putting together for a number of years."

Phillips also complains that many of his agency's advertising efforts were thwarted.

Here's the owner himself out there trying to market the team. The community believed in him."

Phillips is among the many people who feel that Heisley was prepared to give Vancouver only the briefest of chances—the only way he could purchase an NBA team was by making a commitment to the NBA to keep this team in Vancouver.

"I don't think Heisley intended to save the team," continues Phillips. "He did what Laurie did, but he was sneakier about it. He created a picture of financial disaster and hopelessness to take to the NBA and the other owners. Once he saw that direction, he made sure it didn't change."

Phillips says there simply wasn't enough time to mount an effective marketing

the community so people could identify with them. [Grizzlies General Manager Dick] Versace wouldn't allow the players to be used for marketing purposes."

Part of the problem was that Heisley imported his marketing team from the US. Its members had no connections in Vancouver and little understanding of the Canadian marketplace. When the Grizzlies split from Orca Bay, a lot of its seasoned marketers went with the Canucks, according to Loring Phinney, VP and General Manager of Vancouver's Optimum Public Relations, which held the Grizzlies account with Orca Bay and helped Heisley through the transition.

Phinney believes that Heisley was genuine in his commitment to Vancouver, but that he was "overconfident" in his ability to turn things around. Yet, he adds that "Heisley did his due diligence. He knew exactly what he was getting into. You don't buy a multi-million dollar franchise without knowing what's there."

Barely a year after acquiring the team, Heisley switched his efforts to selling or moving the team. "I think Heisley got

give us any support, then we can run to the NBA and say 'Let us out of here!'"

Vancouver entrepreneur Ric Carrick also questions Heisley's assertion that there was no corporate support, and lays much of the blame on Versace.

"You couldn't employ a more belligerent individual. He was as confrontational as you can get, and he alienated everyone in the community. He flatly turned down numerous business leaders offering to promote the team and get more support. You couldn't implement more of a recipe for failure."

Carrick, a long-time season ticket holder, was among those who felt alienated. In the summer of 2000, he was asked to provide a testimonial for the Grizzlies season ticket brochure. In the brochure, he endorsed the new management's sense of commitment and pledged to increase the number of season tickets he purchased. But when he actually tried to purchase more tickets, he was refused. "It's pretty ironic that in a building that seats over 19,000, the two fans they used in their season ticket brochure were repeatedly told there was no way they

"Any professional sporting organization knows it has to pay ultimate respect to the people who buy the tickets. Unfortunately, the new group didn't do that," says Starnes.

That's why Carrick and a group of other hard-core fans were particularly riled when Heisley complained that fan support was "disappointing." They whipped together a Save the Grizzlies campaign, launched a website, and filed a class-action lawsuit against Heisley to try and keep the team in Vancouver. The website received more than one million hits and plenty of media attention.

But it was too little, too late. Increasingly alarmed at the media circus and negative publicity, NBA Commissioner Stern finally granted Heisley permission to move the Grizzlies to Memphis.

In the end, there were only 4,700 season ticket holders, even less if you factored out the 11-game Jam Packs. There was no huge public outcry over the team's departure, and the Save the Grizzlies group withdrew its lawsuit. We suspect that Vancouverites wish Memphis fans lots of luck. As of this writing on October 15th, Carrick reports that the Memphis Grizzlies had sold fewer than 7000 season tickets and are begging fans to buy tickets for 'their' team. **B**

"The advertising we produced was major league from a standpoint of production quality—and they didn't run it anywhere. They just used radio."

Phillips claims the Grizzlies had an opportunity to corner the transit market on buses, but management said it was running out of money. He also wanted to use the players in advertising but was told it wasn't written into their contracts. "The most marketable thing they had was the players—and the chance to get those heroes out into

pissed off and impatient when he didn't see an outpouring of corporate charity just to thank him for saving the team," Phillips says.

Some maintain that corporate interest was there. Companies were looking for programs that were mutually beneficial, but Heisley's people were either unable or unwilling to accommodate them.

"When the corporations tried to step up and help, they were basically ignored," says Barnes. "It looks really dubious. 'Don't let these guys

could increase their number of tickets."

It was a complaint echoed by many loyal fans (including, reportedly, former Vancouver mayor Art Phillips), and it was another example of Heisley's failure to deliver.



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to succeed. Each team had to pay \$125 million (US) to enter the league, and the taxes levied on the franchisees were higher than those levied on all US-based NBA teams combined. Then, so that they wouldn't shoot to the top too quickly, they weren't allowed first-round draft choices for the first several years.

So, although their revenue was in Canadian dollars, both teams often paid top US dollar for second-string players. If they could get them to come here at all. Rain, remoteness, customs hassles and high Canadian taxes made Vancouver an undesirable destination for NBA players. For management, the low Canadian dollar was also a continual problem, considering that salaries were also in US funds.

Initially, Canada's top advertisers jumped at the chance to seal partnerships with the Grizzlies. The list read like the Who's Who of the corporate world: Molson, Labatt, Shopper's Drug Mart, Nike and Kellogg signed deals with both the Grizzlies and the Raptors. The Grizzlies also signed such heavyweights as Air Canada, IBM, Coca-Cola, Xerox, McDonald's, BC Tel, Boston Pizza and Future Shop.

Still, suites and box seats were a harder sell in Vancouver than in Toronto, where many major companies have their head offices and the corporate sector is larger. Although one of Orca Bay's advantages was the ability to cross-market the Grizzlies with the more successful Vancouver Canucks, its other team. In some cases, corporate support of the Grizzlies was a

condition of sponsorship deals for the Canucks, with box seats and suites sold as a package for both teams. There was also the challenge of bringing professional basketball to a city steeped in hockey culture; it was even tougher in the middle of an economic slowdown.

Despite these hurdles, inventive marketing made for strong attendance, initially. A 'Drive for Five' media campaign, which was intended to secure 5,000 season ticket holders, helped push the Grizzlies over the minimum 12,500 season ticket purchase required to secure an NBA franchise. Orca Bay built on that with mini-season ticket packages, 11-game Jam Packs, and seven-game Seventh Heaven packages, a stroke of genius that combined Vancouverites' love of skiing with the love of basketball—people who bought seven-game Grizzlies packages also received a one-day ski pass at Blackcomb Mountain.

Though the team was losing, Orca Bay had a winning formula in its entertainment and promotional initiatives, which capitalized on the novelty of pro basketball in Vancouver. "They did an unbelievable show," recalls Stammes. "The spectacle was great—even if people didn't understand basketball."

Fans were treated to a unique entertainment experience in a gleaming new arena, the 19,193-seat GM Place, with a state-of-the-art music and video system, bears dunking basketballs, prizes shooting out of cannons, free T-shirts and a crack dance team during breaks in court action.

Kids loved it. People felt they were getting their money's worth, despite the team's lacklustre performance.

Strong community-based programs, such as a name-the-team contest, school programs and the junior Grizzlies basketball league, also helped generate interest and breed young basketball fans. These programs, perhaps the only Grizzlies success story, have continued after the team's departure. "The thing was building," continues Stammes. "It was moving. You had kids excited about basketball, you had communities involved. It's sad to see the Grizzlies gone because there were so many positive things outside of the NBA that were happening in Vancouver, at schools and at the amateur sport level."

"There are now 10,000 kids playing organized basketball," says Jay Triano, the Grizzlies' director of community relations and radio colour commentator, who co-ordinated many of the youth initiatives. "We're pretty proud of that program."

Though the Grizzlies players were involved in the youth programs, they were never strongly connected to the city. This was a sticking point in marketing efforts.

"The key thing that people didn't like was that none of the players lived here during the off-season," notes Triano, now Head Coach of the Canadian Men's National Basketball team. "It was difficult to get

hold of them and get them to do things during the summer—and keep basketball in the sports section during the summer months."

Leveraging personalities is a key component of sports marketing. And, in a city accustomed to regularly seeing hockey heroes, the Grizzlies players' lack of commitment didn't wash well.

"People never felt like the Grizzlies were part of the city," says Global BC sports anchor Squire Barnes. "It always seemed like the players didn't want to be here—you had this feeling that they were mercenaries who somehow got this bad job in Vancouver and really wanted out."

Barnes argues that Stu Jackson, the Grizzlies' General Manager, made bad drafting decisions, most notably when he failed to acquire Steve Nash on two separate occasions.

"How many other kids in the NBA are from BC? Even if you don't think he can play, which he can, from a marketing standpoint you've got this local guy."

Barnes feels that Nash could have turned the Grizzlies into a winning team on all levels. "When Mario Lemieux got to Pittsburgh the '80s, the Penguins were on the verge of collapse. One player can make a huge difference—in the locker room, on the floor, in the stands, in the corporate offices."

What the Grizzlies really needed was a hero, a superstar. There were great players, like Shareef Abdur-Rahim and Bryant 'Big Country' Reeves, but none that made good spokesmen or galvanized the team.

"Steve Francis was the big one," insists Triano. "Had he come here and played, he might have been a super-

star." But when, in 1999, Francis was drafted and then refused to play in Vancouver, it was a slap in the face. "That sent a message around the league and to the other players. The purchasing public saw arrogant players who didn't want to come here."

Awash in red ink, Orca Bay put the Grizzlies up for sale. That's when things really started to unravel.

"It was an ominous sign," says Barnes. "Orca Bay owns the arena. If anybody was going to make money on the team, it would be Orca Bay. So the writing was on the wall. Whoever bought the team was going to have to pay rent. Their daily expenditures were going to be higher."

Fans and corporate sponsors began to lose confidence. There was a brief scare, when Bill Laurie and his wife Nancy, daughter of Wal-Mart co-founder Bud Walton, purchased the team with the intention of moving it to St. Louis. Determined to hold on to his global

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