

# Case 2B

## Type: Market Entry



# PROBLEM STATEMENT

**Your Client is a Football club owner. They are planning to enter China. Help identify whether it should enter or not.**

SCRIPT KEY	
Interviewee/Candidate	
Interviewer	

<p><b>Your Client is a Football club owner. They are planning to enter China. Help identify whether it should enter or not.</b></p>	<p><b>China has recently allowed entry of foreign clubs and the sports industry in booming in China. Also no major difference in perception of players exist in China and the technology is compatible to US standards. However, the club is owned by the same client which has a legal case pending in China.</b></p>
<p>Could I know more about the client? Where is it based out of, which other geographies does the club has its presence in and why does it want to enter China?</p>	
<p><b>The client is based out of USA. It has previously participated in the European Premier League and Singapore Premier League. It wants to enter China because it thinks the market in China is lucrative and untapped. It wants to gain broadcasting rights, look for new players and earn through ticket and merchandise sales.</b></p>	<p>This is a potential risk. Is the client willing to take such a risk?</p> <p><b>As of now, consider the client is willing to proceed. Let's move ahead.</b></p>
<p>What are the timelines and are there any financial constraints?</p>	<p>Next, I would like to look at the football industry, starting with the competitors both direct and indirect. Direct would include International and Domestic teams along with their USPs. Indirect would include local clubs. Next, we need to analyze the availability of Chinese football players and club's own players. Also, the possibility of other sports such as Table Tennis substituting interest in football should be considered. Football stadiums and merchandise suppliers are important complements along with the people's interest in football as compared to other sports.</p>
<p><b>The Chinese premier league is scheduled within the next 6 months and our client wants to participate in it. There are no major financial constraints.</b></p>	<p><b>The client's players are used to playing on synthetic grounds. However, in China grass grounds exist.</b></p>
<p>I would first like to analyze the country level macro factors, then the sports industry particularly Football in China, then estimate the market size and if everything is suitable, I would further delve into the team specific dynamics, potential risks and mode of entry.</p>	<p>This might affect the performance of US players in China and raise safety concerns as well. However, this can be overcome by practice as we still have 6 months before Chinese Premier League.</p>
<p><b>Sounds good. Go ahead.</b></p>	<p><b>Good. Now estimate the market size.</b></p>
<p>So first I would like to analyze whether China, being a closed economy, is open to foreign clubs entering their country. Also, the FDI options along with legal requirements need to be considered.</p> <p>Next, the overall GDP of China and growth in the sports industry would be important. Also, how US players are treated in China, the perception of US clubs in China and the performance of Chinese players needs to be considered. Suitable technology and infrastructure for broadcasting, compatibility with US standards are a few other factors.</p>	<p>The market size can be estimated as the total number of football viewers in China. Do we have any data on the percentage viewership?</p>

**It is estimated that a total 35% viewership exists out of potential 1.5 cry people.**

As such the total market size comes to be approximately 50 lacs. What is the clients international benchmark in terms of market size?

**The client has entered where the market size is greater than 40 lacs.**

So, it is feasible to enter. Next, we can consider the team dynamics such as number of Chinese and US players in a team, coaches and practice sessions in Chinese grounds.

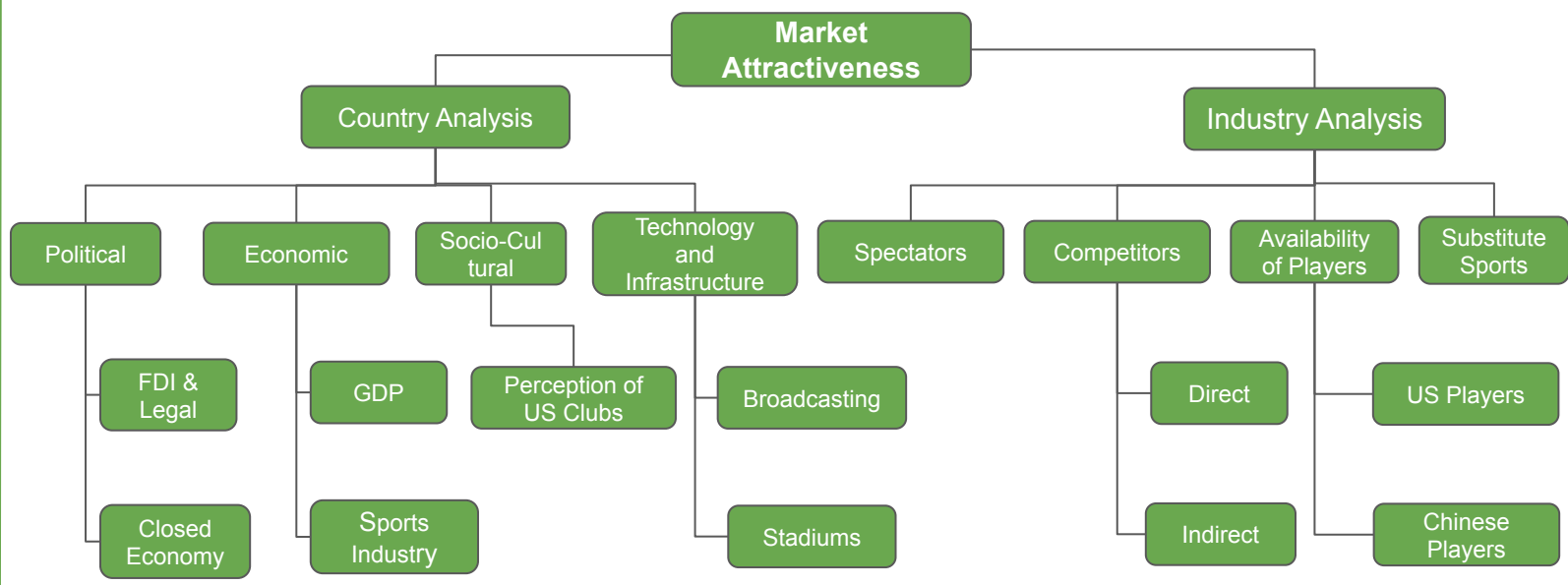
**That is sufficient. We can end here. Thanks**

# MARKET ENTRY CASE STRUCTURE

Your Client is a Football club owner. They are planning to enter China. Help identify whether it should enter or not.

**Case background:**  
US based football  
Club wants to enter  
China

- Case facts:**
- Prominent club of US
  - Wants to look for new players apart from earning revenues
  - Major competitors are 3 International teams and 5 Domestic teams.



## PROBLEMS

Problems: a) The club is owned by the same client who has a legal case pending in China. b) The client's players are used to playing on synthetic grounds. However, in China grass grounds exist.

## RECOMMENDATIONS

- Since a lot of factors are to be analyzed in Market Entry case, always list the various factors and ask then the interviewer which area to focus .