

teaching note

RB Leipzig—A Novel Approach to Sport Stadium Hospitality

Summary of the Case

The case examines a German league football club's process of procuring the stadium hospitality and public catering rights and the activation of those rights in the club's own capacity. The case discusses the club's approach of organizing a tender process and selecting service providers based on the analysis of the responses received with the help of external consultants. The decision to separately award the catering and hospitality lots to two different bidders is examined together with innovations in the service providers' event delivery processes and match day organization. The impact of the close co-operation between the club and its main sponsor, energy drink company Red Bull, on catering and hospitality operations is reviewed.

This case study is directed at students on courses in Hospitality and/or Business Management with a focus on Hospitality Management and/or Marketing Management. Whilst we initially targeted the case study at postgraduate courses, it can also be used for undergraduate hospitality- and tourism-related courses.

Teaching Objective and Target Audience

This case study is directed at students on courses in Hospitality and/or Business Management with a focus on Hospitality Management and/or Marketing Management. In addition, specialisations such as events, sports and club management could benefit from the case. Whilst we initially targeted the case study at postgraduate courses, it can also be used for undergraduate hospitality- and tourism-related courses (on more senior levels).

The teaching objectives are:

- To describe food and beverage as part of both an overall sports marketing strategy as well as an integral part of the fans' (consumers') match day experience.
- To evaluate the process of appointing service providers by means of a call-for-tender process.
- To analyse the challenges of catering operations for the general public and for VIP's in a same football stadium.
- To evaluate the role of sponsors in a football club's match day food and beverage operation.
- To analyse the challenges of staffing for the catering operations in a football stadium and to evaluate strategies to meet them.
- To describe the roles and responsibilities of different actors involved in a complex stadium operation.

Teaching Approach and Strategy

Students should read the case text in preparation for the session. After allocating students in groups, they should be given ten minutes time to re-read, clarify issues and align as a team. Thereafter, the case study questions are to be randomly allocated to groups (one question per group). Student groups should be briefed to prepare their answers in form of a short presentation. They can make use of media to increase the effectiveness of their presentations. Presentations can be held in the same session. In addition, case study questions can be answered in written form as an assignment either separately, or as a part of oral presentations.

Re-reading, clarifying of case:	10 minutes
Discussion and preparation of case:	30 minutes
Presentations:	5 minutes per group
Discussion and wrap-up:	50 minutes

ANALYSIS

Possible answers to the case study questions are discussed in this section of the teaching note.

7. The team at RB Leipzig decided to procure the rights for catering and hospitality from the stadium operator and activate those rights in the club's own capacity. Critically evaluate this decision in light of the club's branding and marketing strategy. Discuss related advantages and disadvantages.

The club's marketing and branding activities are closely related to the main sponsor Red Bull. Related advantages include increased consumers' awareness of the football club and its offerings. New fans and spectators can be recruited through the affiliation with the well-known energy drink brand.

Whilst the club (or the appointed caterers) may have hope to receive better conditions for the procurement of beverages from the main sponsor Red Bull, the sponsor has a say in the product offering. It is likely that Red Bull will not allow for any of its competitors' products to be on sale in the stadium. The club and the caterer may thus lose potential beverage sales due to the relatively narrow product offering.

In addition, the sponsor's brand image might also take damage in case the football club is not playing successfully.

8. Although it is somewhat common to have one F&B operator for stadia the size of Leipzig, the team at RB Leipzig decided to appoint two catering companies for the public and hospitality sectors. Critically evaluate the reasoning behind this decision.

The decision to award the lots separately can be related to the club's strategic objective of offering Germany's best stadium catering.

As can be seen, the two catering areas for Public Catering and for Hospitality are very specific and require specialist knowledge and experience. Reasons may also include the objective to maximize the resources available for each of the areas. However, the co-ordination of two service providers also has an increased complexity over handling only one supplier. Appointing two companies that both have no stadium experience is a risk, which however is minimized by splitting the lots.

9. For hospitality areas, the team at RB Leipzig introduced the position of a 'host', taking on responsibilities of both hosts and F&B service personnel. Although employed by the host agency, the hosts report to the caterer on match day. Discuss the benefits and risks of creating such a position and related effects on the organizational structure.

The creation of the position of the host brings about a number of advantages. Staff can work in a more cost-efficient way, covering both functions. This results in a decreased overall amount of staff needed to cover the services on a match day. However, the increased responsibilities may also result in increased levels of pressure and stress for the employees.

The organizational set-up has certain benefits to it. The host company has access to larger numbers of candidates and brings expertise in selecting and managing them. On the other side, the split responsibilities between caterer and host agency may lead to a loss of control when it comes to staff training and management of skills. The set-up may even lead to a lack of organizational culture, as well as a lack of feeling of 'belonging' to an organization on the employees' side. Moreover, replies could include advantages/disadvantages of hosts' training.

10. During the call for tender, the team at RB Leipzig employed external consultants for the evaluation of the offers. Identify advantages and disadvantages of working with external specialists in this situation.

The advantages of working with external consultants include: They can more easily be hired and fired than regular employees, leading to an increased flexibility for the organization. Being experts in their field, consultants bring new skills, as well as up-to date knowledge. They can help analyse a situation from a different perspective. More experience and handling situations better based on that.

The disadvantages of working with external consultants are increased expenses, since consultants usually come at a higher cost than employees. It may also be more difficult for the organization to monitor the consultant's work and the progress of

the project, depending on the terms of the co-operation.

Finally, further reading and/or research by students can be done on sports management and external consulting to integrate aspects related to each into discussion and strengthen replies.

11. 5. The club is closely related to its sponsor, the energy drink manufacturer Red Bull. Discuss advantages and disadvantages of such a relationship in light of the provision of catering and hospitality services.

Advantages: Red Bull is very well known company with a very strong brand and image. As such, the football club can benefit from the brand itself, as well as from Red Bull's advertising and marketing activities.

In return, Red Bull can use match tickets for raffles, promotions, etc. which also results in higher exposure for the club. Red Bull furthermore has a wealth of experience in special events management and could also help the club improve the processes.

On the other side, a close relationship with the main sponsor also brings certain disadvantages: Being closely related with the brand may result in higher pressure and expectations on the success of the football team. On the marketing and operations side, there is potential for conflict with other existing sponsors. RB Leipzig has close to no flexibility to change sponsors, given the strong influence of Red Bull. Caterers might not want to use Red Bull products, which may lead to further conflicts. Since the relationship also limits the choice of non-alcoholic beverages on offer, beverage sales may decrease overall, should spectators not like the Red Bull range. The main sponsor might furthermore interfere with decision making and innovative processes within the catering companies, thus potentially limiting creativity in the development of new food and beverage offerings.

12. 6. Contract managers are intermediaries with outsourced companies and their services. Discuss the benefits and challenges of this situation.

Contract managers have to manage the relationship between the club and its operational departments and the service providers. Unlike heads of departments with own operational resources, however, the contract managers have limited power over the service providers factual actions. In case of disagreement, the service provider ultimately has the final say in such situations. At the same time, contract managers serve as point of contact for the internal departments and external stakeholders for all project-related queries. As such, the role can include conflict potential.

Feedback

The case study was tested on two occasions with international hospitality management students in a class setting. Using the case study for group based presentations worked very well since it offered the students an opportunity to share learning and experience and disseminate their findings to their peers.

Date	Number of students, location	Session length
16.10.2014	42, BIB/BA in Hotel & Tourism Management	100 minutes
21.10.2014	14, BSc. in Management	100 minutes

Positive aspects of classroom pilots:

- Students reacted positively to the case topic and writing style.
- Students understood the objectives of the case and had a general understanding of the situation.
- Offering time to clarify and re-read (10 minutes) in-class to review items and ask any questions, was appreciated.
- Group work revealed that international students could bring in cultural aspects into discussions.
- Case context provided a good basis for a balance of technical-related knowledge and reflection in replies.
- Students gained a firmer grasp of the difference between generalisation versus specialisation as case study discussions progressed in-class.
- Human resource-related aspects that emerged in discussions based on the case, in-class, include: employee engagement and its links to motivation, unpredictable demand's effects on hiring practices, the need for training and development.
- Case study discussion in-class offered the opportunity to discuss roles of consultants and how they are managed at the hiring organisation.
- Students were challenged when asked to discuss contract management functions, since they are implicit in the case. This is not necessarily a weakness – students commented that they enjoyed not having all replies easy-to-locate, but rather were motivated to find supporting evidence on their own to support class discussions. This also was an opportunity to have a rich exchange with the instructor and reflect on how contracts are managed in business practice.
- Discussion with instructor allowed students to express their ideas and provide insight on the case issues.
- There appeared to be a strong interest from students to understand this type of operation – it is uncommon for them to look at this sector (based on feedback from students in the classroom).
- This case study revealed another dimension of human resources linked to contract management – particularly interesting to introduce in the classroom through the case study discussion.

Aspects to improve, based on experiences during classroom pilots:

- Take more time to review the specifics of stadium hospitality with students and discuss.
- Give more time to present the study context and familiarise students with the food and beverage environment of stadium-based operation.
- More extensive discussion on all concepts is important to make students comfortable with the call for tender process and features of contract management.
- Introduce students to sports stadia and how food and beverage services are offered – especially in a European (German) context – some students are not familiar with this.

Note

This case was made possible through the generous co-operation of RB Leipzig e.V. The case is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of management situations. The authors would like to express their gratitude to the anonymous reviewers for their valuable recommendations.

References

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