

Dear James

Over the last few months, I have put forward a number of commercial ideas (hopefully profit enhancing) which the Club could potentially benefit from. I have shared these ideas on the WUP forum which has generated a lot of constructive debate and discussion. As a result, some of these ideas have been honed and improved, whilst others have been slept on and ultimately dismissed.

A number of fans have asked me to share these ideas with the Club – which I have decided to do so in a summary form (without the detail that might be required later).

I have tried wherever possible to put forward ideas that would be relatively inexpensive and simple to introduce. Having been in business all my life I realise that ideas are often two a dozen and that implementation is the key and usually a lot more difficult than the formulation. I might be able to help you with some of the more detailed aspects of some of these proposals if deemed necessary.

Obviously, you may already have considered and dismissed some or all of these ideas.

Regards

John Galt

Ideas for Increasing AFCW Profits

1. Saving on Bond Holder Interest

Problem

My understanding is that interest on the outstanding bonds is paid at a rate of between 2%-5% with the average being around 4%. Any interest is then taxable in the hands of the recipient. This currently costs the Club over £400K, which might end up being as little as £220,000 in the hands of the recipient.

Solution

At expiry of the existing bonds – bondholders could be asked if they would like to roll over their bonds for a further period of time, based on 0% interest – but incentivised through a £25 discount on their ticketing account for every £1K rolled over. The club would save on the vat on this discounted proportion of the ticket, and the bondholder would in most cases be better off due to not having to pay any tax on this discount. Overall, the Club could save the equivalent of 50% of its current interest payments. It's a win, win for both parties.

A worked example: I will assume a typical Wimbledon bondholder (Joe Bloggs) who has loaned the Club £20K at an annual gross interest rate of 4%. I will also assume that Joe Bloggs is a 40% tax payer and has already used up his annual tax-free interest allowance elsewhere (45% taxpayers = £0 allowance, 40% taxpayers = £500, and 20% tax payers = 1000). Joe Bloggs is therefore receiving £800 per annum gross upon which he is paying 40% tax – so netting £480. When the bond matures and Joe Bloggs is asked whether he would like to roll over/renew for a further 5 years the “interest” would be restructured as a promotional discount off the cost of his season ticket(s). He would be offered £400 off the net vat cost of his season ticket(s) which would then save him £80 in Vat i.e. a total saving of £480, putting him in exactly the same net position as he was before. My understanding is that promotional discounts or cashback are not taxable provided that they don't exceed the purchase cost of the item in this case the cost of the season ticket(s) The Club has only had to fork out £400 instead of £800 – a saving of 50%. Clearly the above is only my understanding and The Club would need to take some more specific tax advice.

2. Increasing Ticket Revenue

Problem

The Club's total annual ticket revenue stands at just £2,900,000 (across 80+ Men's, Women's & Youth home matches). Of which I have assumed around £2,600,000 is for the Men's. The average cost per bum on seat at Men's matches is therefore around £13 (net vat). My contention is that this average is too low in relation to other football clubs (factoring in a 15% "London Weighting" style uplift). This relatively low-ticket revenue has a significant impact on both the playing budget and the Club's profitability.

The Solution

I'd target increasing this, over the next couple of seasons, by 50% to £4,350,000 (bringing it more into line with the average bum on seat revenue of the highest 6 clubs in our division + a 15% Outer London Weighting uplift). This could be achieved through a combination of the following:

- 1) No offer of concessions in the West Stand;
- 2) Increase OAP concession from the current 65 to the State Retirement Age (applicable from 2026 onwards) of 67 and reduce the concessionary discount to 15%;
- 3) Limit the discount on U/18s to a maximum of 50%;
- 4) Reduce the early bird ST discount by 25%;
- 5) Apply the cumulative RPI or NAE increase since we moved to PL to all Non-Concession tickets (around 20%);
- 6) Better Promote the sale of premium seating i.e. not everyone wants hospitality included and may prefer to pay for food and drinks separately. Perhaps the third floor could be partially used for this purpose.

Linkage of Matchday Ticket Revenue to Playing Budget - I think that any increases in the price of, season tickets, match day tickets and premium hospitality seating would be accepted more palatably if fans knew that there was a direct link between the revenue from tickets and the size of the playing budget.

Currently fans see their ticket money going into some black hole (as with the NHS) and therefore can't see a transparent correlation.

3. Season Ticket Holder Differentiating Non-Monetary Benefits

Rather than providing such a big discount on the price of a season ticket – the club could look at providing access to a Wimbledon branded Customer/Fan discount platform – through a third-party provider such as Perk Box or My Staff Shop.

These types of platforms provide discounts at most major physical and online retailers, cinemas and chains of pubs and restaurants. For example, discounts of between 4%-6% would be available at most major supermarkets (inc: Tesco, Sainsbury, M&S, Morrisons, Aldi, Waitrose and Asda), so someone spending £500 per month would save a minimum of £240. Access to such a platform would provide high perceived value at a relatively low cost to the Club.

I'd envisage 3 uses of this platform – each with slightly different branding:

1. An Employee Platform for the 130+ Club employees
2. A Season Ticket Fan Platform
3. A Wimbledon in the Community Foundation Platform

One could probably negotiate a 5000-6000 user platform license for around £7000-£8000 per annum, which would cover all of the above three categories.

I could definitely assist in this area if required.

4. Season Ticket Check-In

Through the introduction of a Season Ticket airline/cinema type match check-in, the Club could increase the number of available saleable seats by at least 10%-15%. The implementation of a check-in would also facilitate Up Sales and Cross Sales of items including: food & beverage digital vouchers, digital gift cards, programme tokens, competition entries, cycle storage, hospitality and seat upgrades etc.

It would also have the knock-on benefit of ensuring that the stadium was fuller – thereby improving the atmosphere for all.

Similar to Airlines and the “Unlimited” Cinema propositions offered by Cineworld and the Everyman - a season ticket would give the holder the right to attend every match, but a “Check-in” confirmation/acknowledgement of attendance would be required within a period of 3-28 days preceding each match. In practice this would require no more than logging into one's ticketing account and ticking a confirmation of attendance box and then downloading the match specific digital ticket.

Like airlines, the introduction of a Match “Check-in” would provide the ability to oversell tickets i.e. if the capacity of PL is 9000, the Club would be able to sell in advance an additional 10%-15% i.e. 10,000-11,000 tickets based on the statistical prior history analysis of existing Season ticket holder attendance.

As a Season ticket-holder I simply ask myself the following questions:

- 1) If I had to complete a simple check-in process to confirm attendance for our next home game against Tranmere – would I have any objection? My answer would be No – I don't have any objection;
- 2) Would there be any direct positives for me? My answer would be Yes – having checked-in and downloaded my digital match day ticket I would then be able if needed, at the last minute, to transfer it electronically to a friend or one of my seat neighbours;
- 3) At the point of the check-in would I be more or less likely to purchase any of the following upsells/cross sells: a) Purchase a Club digital gift card (at perhaps a 5% discount) to spend on matchday food and beverages? More likely – I suspect I would purchase a £25 digital card each match; b) Purchase a Club token for a programme? More likely – I don't currently purchase a programme but offered one at check-in, for say a discounted £2.50, I suspect I would – certainly 50/50 chance; c) Purchase a £2 entry into the "guess the crowd" & a £1 entry into "guess the minute of the first 3 goals" competitions? More likely – I suspect I would on every occasion purchase both; d) Upgrade my seat or purchase hospitality? More likely – possibly a couple of times a season; e) Purchase additional tickets for friends and family? More likely – I often purchase additional tickets but being prompted/nudged in such a way would definitely increase the times I did so.

5. Wimbledon Digital & Physical Gift Card

This could be used to purchase season or match day tickets, merchandise from the club shop and food and beverages from around the ground. It could be extended to include participating street food outlets (and in this instance could be used as a way to monetarise their takings).

These could be marketed in a number of different ways for varying markets – from the straight forward monetary gift card to gift cards which could be promoted as 2 match or 6 match cards.

The introduction of a gift card would be designed to capture a number of potentially new and untapped markets:

1. Birthday & Xmas Gifting
2. Corporate Reward & Recognition Schemes inc: Long Service Awards (Employers are able to give up to £1000 tax free to employees in the form of a gift card i.e. not cash)
3. Corporate Xmas Gifts – utilising the Trivial Benefits tax-free allowance Employers can provide up to £55 as a gift which with local employers could take the form of giving all of their employees a Xmas gift a 2 match ticket.

The club will make around 10% of gift card sales in the form of non-redemptions.

6. Increasing Supporter Base

6a) Promotion of Children's Match Day & Non-Match Day Birthday Parties

From research and my own experience, there appear to be two trigger points in life when fans are most likely to align to a particular club:

- 1) From the age of 7-13
- 2) As students (see below).

New young supporters are clearly crucial for the long-term survival and growth and I think the promotion of match day and non-match day birthday parties could play a big part in this – whilst also contributing additional revenue.

The Match Day Parties could involve the use of a room for games & party food. Parents would organise and take responsibility, but the club could provide (within the package) kids birthday type food, a Wimbledon birthday cake and soft drinks. The club could also look at providing a range of prizes for pass the parcel and/or going home presents. Clearly the guests would then get to watch the match.

The Non-Match Day parties would be similar to the above but perhaps instead of watching the match could involve a stadium tour.

I think there would need to be a small range of options to cater for different price points from £15-£35 per child guest.

6b) Promotion of a Group Student Match Day Package

As a kid I had supported Leeds United, but as a student in the mid-80s I turned my allegiance to Wimbledon. This all came about because a Bolton fan who was living in my student house suggested that a group of us go to a Wimbledon match.

The concept would be a very simple package for 6 or more students - involving a matchday ticket and a pint for perhaps the heavily discounted and promotional price of just £12. For such groups the Club could even look at sectioning off a small area of the fan zone with rope & posts and a couple of high bar tables – for exclusive use of each student group.

7. Matchday Programmes

Problem

My understanding is that match day programmes make little or no profit. Sales have been diminishing year on year and unit print costs have inevitably therefore increased. This seems likely to continue.

I believe that the club has toyed with the idea of a digital programme but this would seem difficult to profitably monetarise.

Solution

Replace individual match day programmes with a monthly “Wimbledon in the Community” A4 magazine – effectively combining match profiles for the forthcoming home and away matches (Men’s, Women’s & Youth); details of other planned events at the stadium – promoting its use and hire for functions and as a “community” space etc; with lots of local advertising.

Price it at £3-£4 and sell it though out the entire month at all home matches; in the club shop; and at selected local newsagents; as well as making it available through the post by annual subscription. It could also potentially be offered for sale by some of the local Big Issue street-sellers.

Because it would be a monthly publication the time spent collating and editing it would be significantly less and the print run much larger. The price per unit would, as a result, be significantly reduced.

8. Matchday Monetarised Competitions

I think the Club should introduce two monetarised matchday competitions:

1. “Guess the Crowd”
2. “Guess the time of the first 3 goals”

A Competition QR Code would be incorporated and promoted within the Matchday Guide (home and away), published in the programme, on the scoreboard, on the Dons livestream, via tannoy announcements and in strategic places around the ground.

Once scanned it would open up both competitions: “Guess the Crowd” would cost £2, but for just an extra £1 (i.e. £3 in total) you would be able to enter “Guess the minute of the first 3 goals” as well. Based on a prize fund statistically equating to 25% of the revenue, the prize for the “Guess the Crowd” could be £150 (a signed shirt or future hospitality); the prize for the “Guess the minute of the first 3 goals would be as follows: 1st goal = £10; 1st & 2nd goal = £250; and 1st, 2nd & 3rd = £2500.

All payments and prize payouts would be via the QR code access point – so no need for physical sellers and therefore minimal cost attached to running it. On the basis that home gates total around 200,000 per season and away support around 15,000, this gives a matchday target market of 215,000 (but obviously non matchday attendees could also participate). If we assumed that 15,000 (i.e. less than 7.5% of matchday attendees entered both competitions this would generate an additional £45,000 of revenue and £32,000+ of profit per season.

9. Increasing Match Day Food & Beverage Spend

The Problem

“A pint of winter warmer in the Alex next to a real fire is many times more preferable than a pint in a plastic cup under the stands at Plough lane.”

“I'm similar to JG - typically getting to Earlsfield an hour and a half before a game but stopping in pub/restaurant for meal and drinks before getting to ground in time for one last drink before KO. Club easily miss out on £25+ revenue from me a match because there isn't a reliable way of getting warm seating. I think I'd also end up buying more from the shop as I often intend to go look at what's available but run out of time”.

“I'm put off arriving early by the lack of tables and chairs to have a drink with my family and friends”.

Some Solutions:

9a) Match Day Happy Hour

I assume there is a direct correlation between the average fan time spent within the stadium and total food & beverage spend. The sooner fans arrive pre-match and the longer they stay post-match the more the spend. Not only are fans likely to spend more money at the bars and street food outlets but the demand will be spread over a longer period – thereby reducing the queues.

To encourage fans to do so the Club could look at introducing a “Happy Hour” in the Fan Zone – where all drink and food from participating outlets is discounted by 25% in the periods up to an hour before kick-off and then immediately after the final whistle.

9b) Stadium Buskers

To improve the atmosphere, entertainment value and overall matchday experience – The Club could create a number of marked out busking spot(s) within the Fan Zone - inviting varied selected buskers, DJs etc.

I am aware that there has been a busker outside The Phoenix on a couple of occasions this season – but 80% of the people in the Fan Zone wouldn't have been aware or heard them. Perhaps they need to be moved more centre stage within the Fan Zone (possibly under a Gazebo), or have the volume increased or we need more than one busking zone.

9c) Fan Zone Sponsorship

Sponsorship of the Fan Zone should be relatively easy. Possibly a Brewery or Soft Drinks Company. The Fan Zone would then become known as the “Peroni Fan Zone” – with all of the appropriate and commensurate promotional/sponsor signage.

9d) More Outdoor Picnic Benches, Tables & Chairs

Should be relatively easy to get the Fan Zone sponsor to pay.

9e) More Themed Fan Zone Match Days

For example, once a season the Club could ordain a match as a Retro Match Day – encouraging fans to come in retro club wear. This would promote the sale of retro shirts and scarfs and the Club could even re-introduce a small range of retro rosettes. Another example could be enhancing the Overseas Supporters Clubs Day – possibly giving each Overseas Club a themed area within the Fan Zone. In addition, each Overseas Club could potentially be given a dedicated Match around which the Fan Zone could be themed – with the availability Country specific food, drink and maybe live music.

Other ideas might include themed food & drink festivals or Whole Day festivals of Football with the Women playing in the morning 11am-1pm.

9f) Pitch Side Sales

The Club misses out on a revenue opportunity from pre-match and half-time pitch side sales. The obvious candidate for this would be the programme (or the new proposed Monthly magazine). Currently we are not very proactive in the sale of the programme – it’s very much sold on a come and buy it basis. I’m convinced that sales would increase significantly if it was sold pitch side by proactive vendors (possibly on commission).

However, pitch side sales could be extended to gloves, scarfs and hats in the winter and even ice creams and bags of popcorn in the warmer months (i.e. seasonal merchandise).

The message is sell, sell & sell – take the merchandise to the people. On Match Days the Club has a 7000+ captivated market.