

# 2007 CFL Gravity Index

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# Introduction

On November 25th, the 95th Grey Cup, the largest one-day sporting event in Canada, was played in Toronto between the Saskatchewan Roughriders and the Winnipeg Blue Bombers. Although, Saskatchewan won the 95th Grey Cup, the BC Lions were 2007's most exciting team according to the 2007 CFL Gravity Index.

The CFL Gravity Index provides an indication of the intrinsic marketability of the teams by measuring the 'excitement' generated based on their on-field performance.

For the 2007 season, BC, Saskatchewan, Toronto, Winnipeg and Montreal all had positive scores indicating that the team's on-field performance had a positive effect on the marketability and value of the team. Sponsors of these teams should notice benefits due to the increase in fan engagement. However, Edmonton, Calgary and especially Hamilton will have to continue to improve their on-field performance in order to deliver value to their stakeholders.

## Growth of the Canadian Football League

The Canadian Football League (CFL) is in the midst of resurgence. The average attendance per game has risen every year since 2001<sup>1</sup> with most games in the 2007 season either being sold-out or playing to near-capacity crowds; in fact, for this year league average attendance was 29,167 per game – the highest since 1983<sup>2</sup>. To capitalize on its growing popularity, the CFL has expanded into the digital domain. In June 2007, CFL launched its redesigned web site to offer fans richer content from searchable statistics to videos and in August, they struck a relationship with YouTube to offer high quality CFL video on the also newly launched CFLtv, a centralized video content forum<sup>3</sup>.

The CFL's growing popularity is not confined only to Canada and the digital space. The 2006 Grey Cup had its widest international broadcast coverage ever; reaching viewers in the U.S., Europe, Australia, New Zealand, Mexico and South America<sup>4</sup>.

All this growing enthusiasm has attracted increased team and league sponsorship. Scotiabank has recently renewed its partnership deal with the CFL through the 2009 season making it the official bank of the CFL and the Grey Cup<sup>5</sup>.

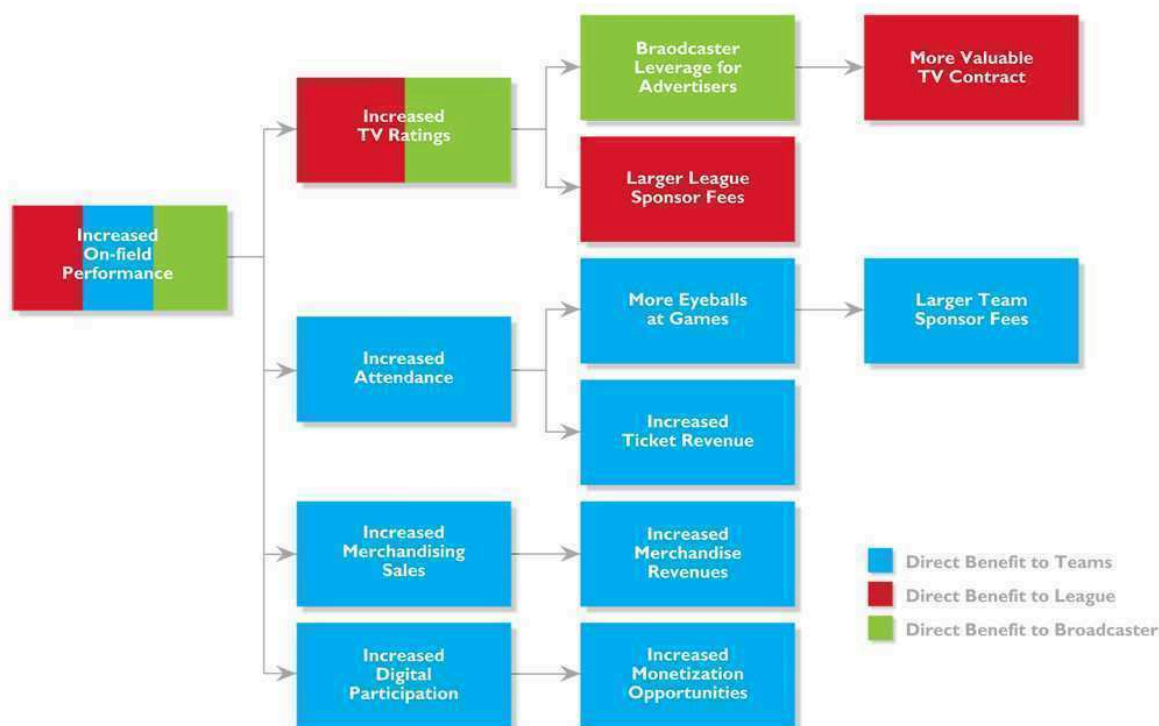
However, as the CFL continues to attract sponsorship and TV dollars, there is a growing need for investment accountability. This is a significant change from just over a decade ago. Then, the question would have been '*Can we attract enough sponsorship dollars to survive?*'; now, the question is '*How can we best leverage the success of the league to maximize sponsorship dollars?*'.

# The Accelteon Sports Gravity Index

In order to fulfill this growing need, Accelteon has created the CFL Gravity Index, a benchmarking and measurement tool able to track the underlying drivers of revenues; thus, providing key stakeholders the needed clarity and accountability concerning their investment in either the league or its individual teams.

The Gravity Index tracks a team's performance during the game; thus, providing a measure of the fan's engagement both during and in-between games. Attendance figures and TV ratings provide indications of the *volume* of people watching. Behavioural studies and fan surveys provide *subjective* information, but can often provide skewed data. The Gravity Index is designed to *objectively* estimate the degree of engagement a fan has.

While die-hard fans may not be swayed by the performance of their favourite team, it is the casual fans, who make up a significant portion of the fan base, who are more likely to follow teams and games that are capable of generating a high level of excitement. This in turn affects the revenues of both the CFL and the individual teams. The spheres of influence for revenues include: ticket sales, television, merchandising, digital media and sponsors (See Figure 1). The more excitement a team can generate, the more fans, both loyal and casual, will be engaged with the team - resulting in higher attendance at the stadium, larger television audience, increased merchandise sales, higher degree of interaction with digital assets and a stronger affinity for sponsor products and services.



**Figure 1:** Relationship between increased on-field performance and revenues

Furthermore, a higher level of team excitement will also warrant more detailed coverage from the sports media and encourage fans to partake in events related to the games. This excitement and increased fan following gives sponsors and advertisers more product exposure creating an increase in ROI.

The CFL Gravity Index considers a large variety of unique in-game factors to determine an overall Gravity Score. The key categories include factors such as number wins, losses, ties, score differentials at different points in the game and playoff success. Different weights are applied for each factor. For example, a home win is worth more than a road win. Also, a team's progress during the playoffs contributes towards (but does not guarantee) a higher Gravity Score. Therefore, a team could win the Grey Cup (e.g. Edmonton Eskimos, 2005) but still not rank 1st at the end of the season. In fact, a team could win a game but still end up losing points due to their performance during the game (i.e. ugly wins are not good for fan engagement).

The Gravity Index tracks the amount of excitement a team generates throughout the season. A positive Gravity Score indicates that the team will likely appeal to casual fans due to strong on-field performances. This will have a positive effect on the five major sources of revenue and viewership. Similarly, a negative score indicates that a team's on-field performance could potentially have a negative effect. Finally, a score close to zero indicates that there is a negligible effect. These scores are tracked cumulatively week by week, functioning to link the on-field performance of each team with its intrinsic marketability and ultimately a component of its value. The Index is not intended to be used in isolation, but rather in conjunction with other information such as TV viewership data, actual attendance and size of market.

## Who Needs the Sports Gravity Index?

With the surging popularity of the CFL, the Gravity Index is a powerful tool for any business involved with the league because it links a team's on-field team performance with its marketability. This provides accountability for the sponsor and a measure for the return on investment. The data it generates can be used in a variety of ways from making strategic decisions to providing negotiating leverage.

### Marketers

Advertisers and marketers can use the Gravity Index to decide which game to buy air-time for. Sponsors can use it to gauge whether or not they are generating the expected level of brand awareness and it can also provide them with the necessary negotiating leverage concerning fees, promotions and product placement with team management if their team is outperforming or underperforming according to the Gravity Index.

### Broadcasters

Starting with the 2008 season, TSN will be the sole broadcaster of the league – thus ending CBC's 55-year involvement with the game. TSN can use the Index to select the most exciting match-ups and potentially try to secure more advertising dollars for those events.

### League

The CFL can use the Index for scheduling purposes; i.e. to schedule marquee match-ups and games during showcase times such as Friday Night Football and towards the end of the season to maximize fan engagement. It should be noted that an exciting match-up means the two teams will generally be competitive when they face each other.

Furthermore, like the NFL, the CFL can adopt a system of flex scheduling by moving kick-off times of late season games where possible. By scheduling exciting games during these key periods, the CFL will have its own negotiating leverage with advertisers and sponsors.

### 3 Most Exciting Match-ups

- 1 Montreal vs. Toronto
- 2 Hamilton vs. Edmonton
- 3 Edmonton vs. Winnipeg

### 3 Least Exciting Match-ups

- 1 Hamilton vs. Saskatchewan
- 2 Hamilton vs. Toronto
- 3 Edmonton vs. Montreal

## Teams

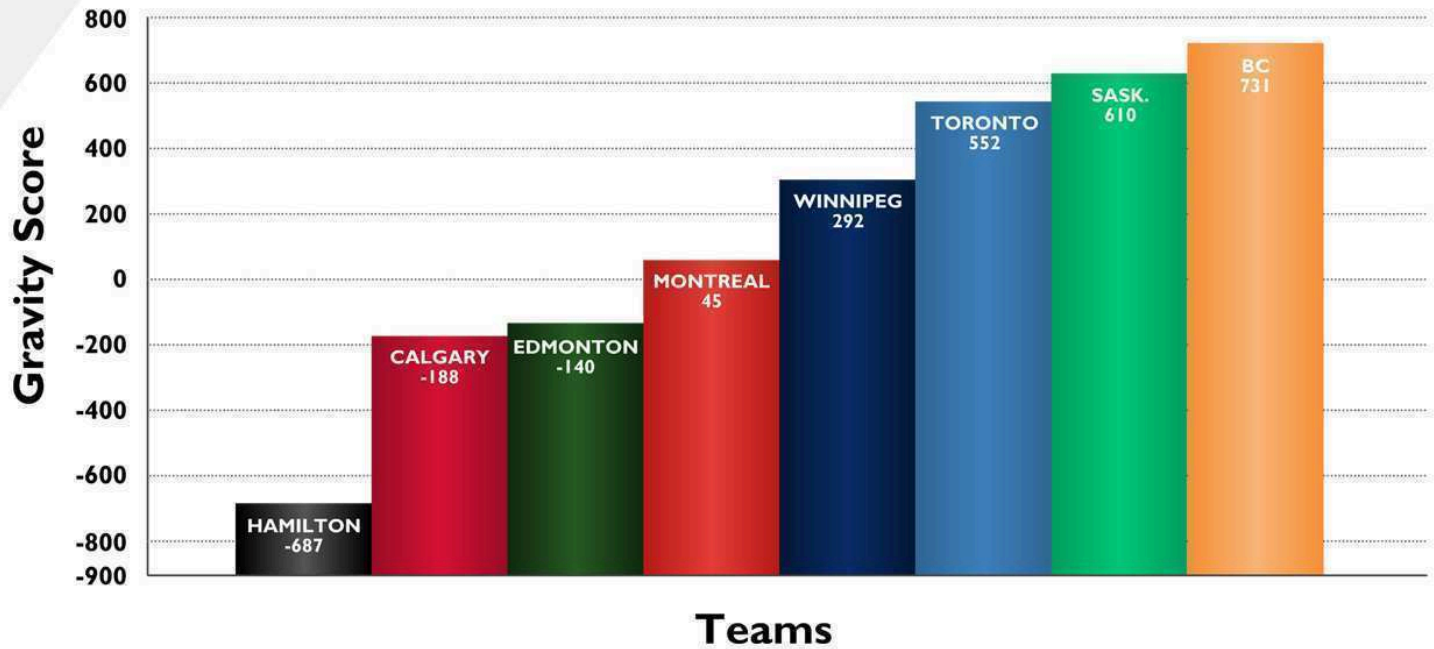
The Index is not only for corporate sponsors, advertisers and broadcasters, but the teams can also use the information generated by the Index to make strategic decisions. If a team has a negative score, it could indicate to management that the team's sales and marketing department should increase efforts and put in extra resources to retain the interest of the sponsors and the fans. Alternatively, a positive score means that the team's on-field performance will help generate interest from the sponsors and fans, therefore the sales and marketing department should strategize on how to capitalize on the expected upsurge; including having the option of commanding higher ticket prices and sponsorship fees.



# The Results

## 2007 Final Rankings

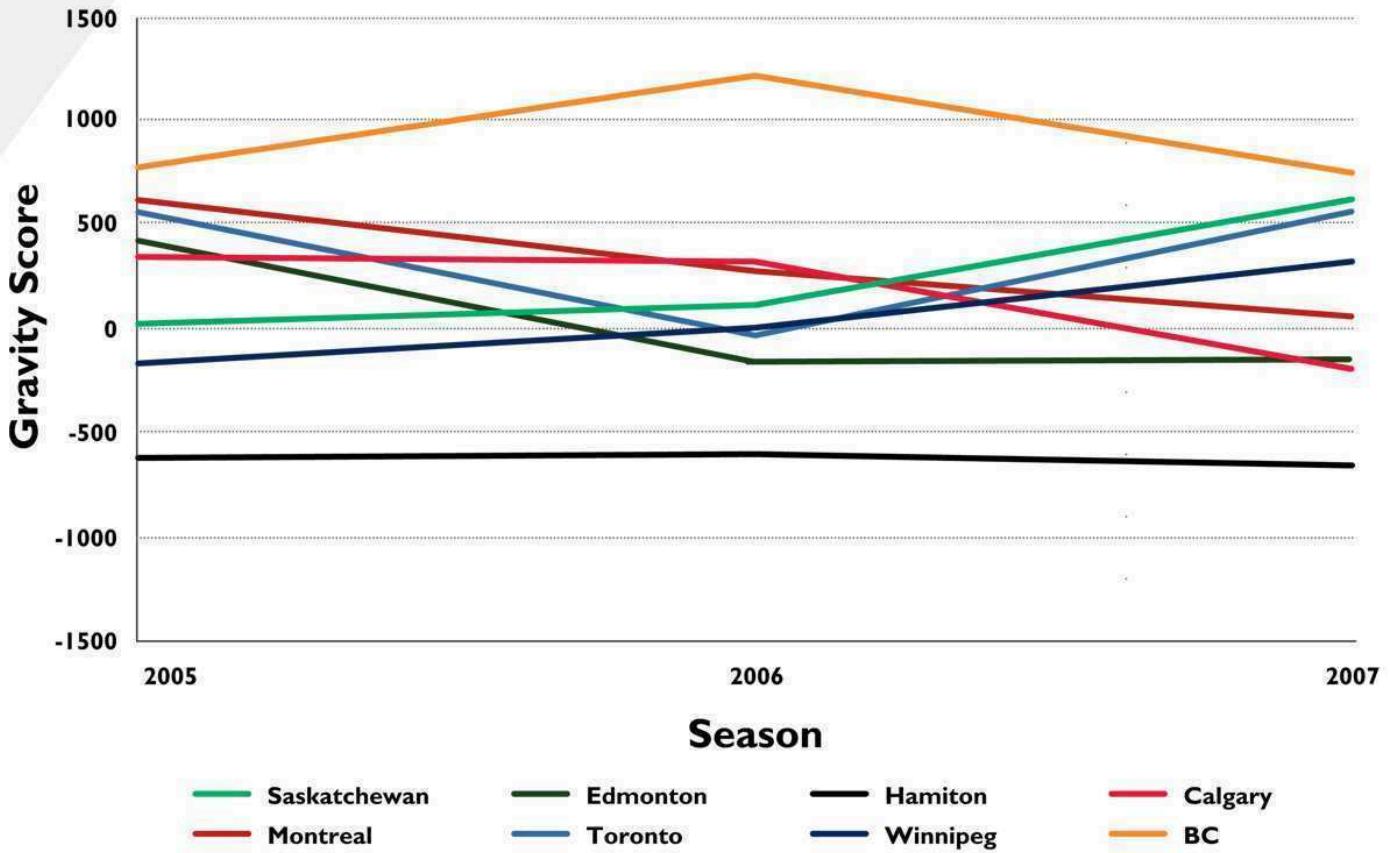
### 2007 Team Gravity Scores



For the 2007 season, the final Gravity Index scores had BC in the lead with a score of 731 while Hamilton was the least exciting team with a score of -687.

Although Hamilton had only two fewer wins than Edmonton, it ranked significantly lower in the Gravity Index. Also, Calgary actually won two more games than Edmonton, but their final Gravity Score was lower. The main reason behind the differential is the manner in which these teams lost games.

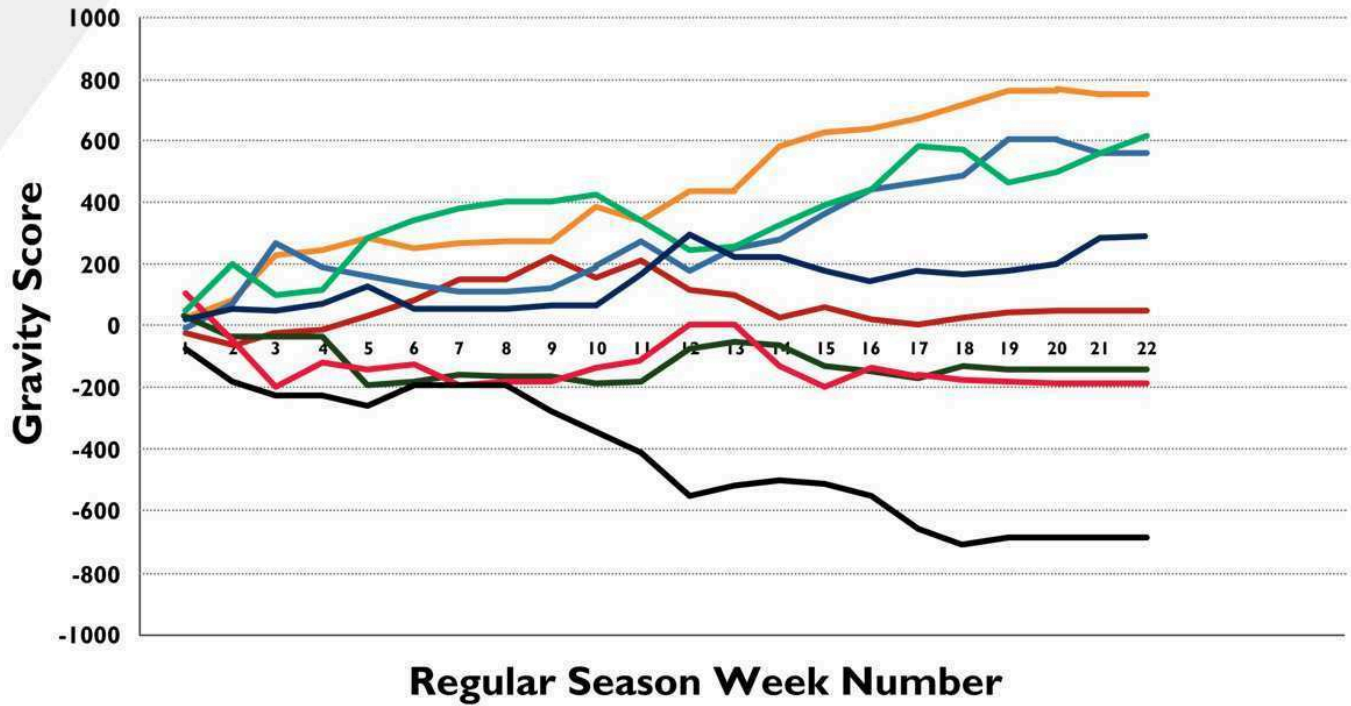
### Team Gravity Scores



Even though Edmonton won the Grey Cup in 2005, they placed 4th on the Gravity Index with a final score of 592. Saskatchewan and Winnipeg have consistently improved over the last three years. Calgary, Montreal and Edmonton have been consistently declining. The 2005 Ottawa Renegades (now defunct) data has been excluded. If included, they would have been higher than the Tiger-Cats who have consistently been an uncompetitive team.

If current trends continue, Toronto, Saskatchewan and Winnipeg may pass BC in 2008. Sponsors of these three teams will likely notice a higher return on their investment due to increased fan engagement.

## 2007 - Weekly Progress



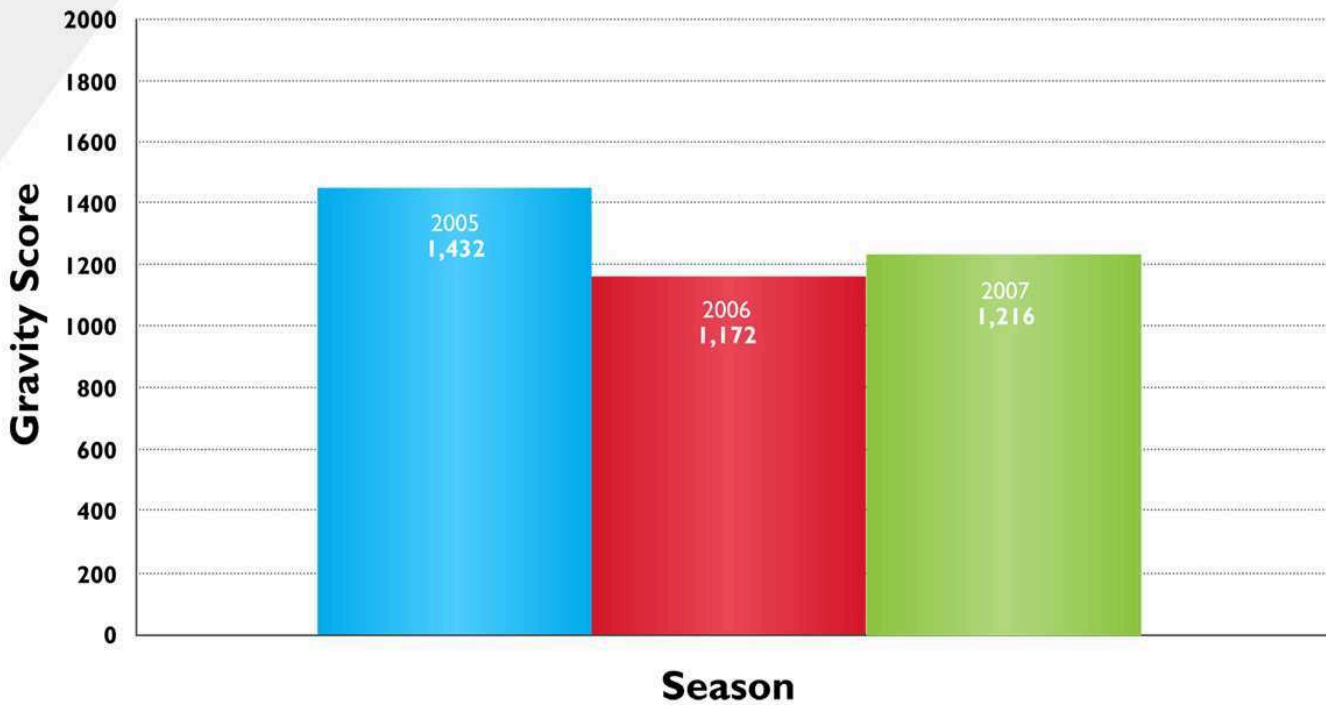
- Saskatchewan Cumulative
- Edmonton Cumulative
- Hamilton Cumulative
- Calgary Cumulative
- Montreal Cumulative
- Toronto Cumulative
- Winnipeg Cumulative
- BC Cumulative

During 2007, Montreal, Calgary and Edmonton all had consistently mediocre performances throughout the season; although Montreal did show some promise before Labour Day (week 10). Hamilton’s season began to unravel when it lost several games by large margins between week 9 and 12.

Toronto and Saskatchewan had similar performances between week 11 and the end of the regular season. Saskatchewan’s Grey Cup win, coupled with Toronto’s playoff home loss vaulted them into second place.

Interestingly, in the 2005, 2006 and 2007 seasons, the fate of each particular team is determined around week 9 to 11. This suggests that sponsors may want to closely monitor the progress of their teams and make necessary adjustments for games later in the season.

## Annual League Gravity Scores



2007 saw an increase in aggregate excitement partly due to the rule changes the CFL implemented for the 2007 season. Specifically, punting a ball out of bounds outside of the 20-yard line is a penalty. This led to six more (nine vs. three) special team touchdowns between the 2006 and 2007 seasons. Accelteon encourages the CFL to consider other rule & regulation modifications to ensure the games continue to be exciting.

Overall, sponsors should be satisfied that the CFL is moving the right direction to ensure its games are exciting for the fans resulting in increased brand engagement.

## Our Offering

Amid rising fan interest in the CFL, the Gravity Index provides a much needed benchmarking and measurement tool to enable sponsors, teams, the CFL and other interested parties to track their return on investment.

Starting with the 2008 season, Accelteon plans on providing in-depth insights and strategies based on the Gravity Index.

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