



FC St. Pauli's new merchandising concept

A case study of the German football club FC St. Pauli, its brand image, and the development of its brand equity

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ABSTRACT

Title: FC St. Pauli's new merchandise concept

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Social responsibility and sustainable management practices are currently on everyone's mind - regardless of whether in a private or professional environment.

This research presents an in-depth case study of a German Football club, which is currently the leader in corporate social responsibility in the football industry. The study analyzes the football club brand image and its new brand DIY.

In order to do so, an expert interview with the FC St. Pauli's Managing Director was conducted. Additionally, this work reflects on the concept of general brand development and the impact on the club's brand Identity and Image. The overarching goal is to evaluate the development of the club's Brand Equity taking all of the above factors into consideration.

Keywords: Case Study, Brand Image, Brand Equity, FC St. Pauli, DIY, German Football Industry, Merchandising, Corporate Social Responsibility (CSR), Sustainability

SUMÁRIO

Título: O novo conceito de merchandising do FC St. Pauli

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A responsabilidade social e as práticas de gestão sustentável estão actualmente na mente de todos - independentemente de se tratar de um ambiente privado ou profissional.

Esta investigação apresenta um estudo de caso aprofundado de um clube de futebol alemão, que é actualmente o líder em responsabilidade social empresarial na indústria do futebol. O estudo analisa a imagem de marca dos clubes de futebol e a sua nova marca DIYY.

Para o efeito, foi realizada uma entrevista de peritos com o director-geral do FC St. Pauli. Além disso, este trabalho reflecte sobre o conceito de desenvolvimento geral da marca e o impacto sobre a identidade e imagem de marca dos clubes. O objectivo geral é avaliar o desenvolvimento do Valor da Marca dos Clubes tendo em consideração todos os factores acima referidos.

Palavras-chave: Estudo de caso, Brand Image, Brand Equity, FC St. Pauli, DIYY, Indústria Alemã de Futebol, Merchandising, Responsabilidade Social Empresarial (RSE), Sustentabilidade

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LIST OF ABBREVIATIONS

BSC	Berliner Sport-Club
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DFL	Deutsche Fussball Liga (engl: German Football League)
DFB	Deutscher Fussball-Bund (engl: German Football Association)
DIY	Do it yourself
DIIY	<i>Do It Improve Yourself</i>
DtC	Directly to Customer
e.g.	For Example
Etc.	<i>et cetera</i>
e.V.	eingetragener Verein (engl: registered Club)
FC	Football Club
GOTS	Global Organic Textile Standards
HSV	Hamburger Sportverein
MOQ	Minimum Order Quantity
St.	Saint
SWOT	Strengths, Weaknesses, Opportunities, Threats
USP	Unique Selling Point

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1. Introduction

Social responsibility and sustainability – two terms with a constantly increasing relevance. Companies and brands operating in many different industries show more interest in this topic and have started investing more resources into Corporate Social Responsibilities.

This topic is already quite relevant even in an ever more competitive and highly commercialized environment, such as the football industry. The German FC St. Pauli, a professional football club, currently competing in the 2. Bundesliga is the leading club in social and environmental engagement. This Case Study will take a detailed look at how Hamburg's “small” club has gotten so far.

1.1. Problem Statement and Research Objective

The Importance of corporate social responsibility is increasing steadily due to climate change and the growing demand of customers for companies to make a statement and start committing (Lütge, 2022).

This research aims to introduce FC St. Pauli and its decision to establish a new eco- friendly sports equipment brand, DIIY. It will further analyze the new merchandising concept, including forgoing a partnership with an official kit supplier and sacrificing substantial sponsorship income. Moreover, the influence of this step on brand image and brand equity will be thoroughly evaluated.

The research is demonstrated using a brand-specific case study and a teaching note. Thus, the guiding research question for this dissertation is: How do the improved brand image of FC St. Pauli and the introduction of the DIIY brand influence the overall brand equity value and the ability to monetize for the club?

1.2. Managerial Relevance

Regardless of the industry, all companies and brands should consider Corporate Social Responsibility as an essential factor and influence their values and start to engage socially and environmentally.

More and more companies and brands acknowledge and accept the importance of corporate social responsibility and start to invest time and money into this concept and include the matter into their core brand identity (Müller & Schaltegger, 2008).

Especially in countries like Germany, England and Portugal, football clubs are very present in the media. The high and wide radiance has become unique and brings a high responsibility, which the clubs need to fulfill. By not only focusing on athletic performance on the pitch and the best possible economic performance but also acting socially and ecologically responsible, an increasing number of clubs are taking on the challenge and trying to fulfill this responsibility. Clubs already successfully working on their CSR become Role models and set a good example for every football fan (Heine, 2009).

FC St. Pauli is a German professional football club with a unique and liberal image. Even in today's highly commercialized football industry, the club stuck to its values and identity and has become the leader, considering its social and ecological commitment (St. Pauli, 2009).

1.3. Dissertation Outline

The present dissertation comprises a teaching case in brand management and brand equity. The paper is structured as follows: The first and central part of the work comprises the case study of a German football club, FC St. Pauli that introduced a new merchandising concept in 2020. The club is the only professional football club that has accepted the risk of taking such an entrepreneurial and brave step to become its own kit supplier. The case study focuses specifically on the FC St. Pauli brand, and on its newly created kit performance brand DIYY. During this case study, both the development of the brands' image value and the generated equity will be analyzed and evaluated. Then, the research note presents relevant frameworks and concepts for successfully understanding and processing the case.

The subsequent teaching note constitutes the third part of the paper. It contains the research questions and a detailed outline of the expected responses. The dissertation ends with the practical implications and limitations of this study.

2. Literature Review

2.1. Sports Management

The sports industry has been evolving over the past years. The constant growth and commercialization impact organizers of major sports events, clubs, leagues and federations alike. The massive demand of sports fans for professional sports assets has a significant impact on the consumption of sports events and their management. The sports business industry is thus constantly evolving. Fragmentation of media, the constantly rising demand for sports events and the ever-increasing influence of top sports stars via social media and advertisers bear enormous challenges for today's sports managers. As a matter of fact, most of the world's population follows and therefore watches sports events regularly (Hoye, 2018).

2.1.1. Unique features in the German football industry

Football is the most popular and followed sport in Germany. In 2021 the Allensbacher Markt- und Werbeträger-Analyse (AWA) discovered that 32% of the Germans are mainly interested in football and regularly watch match days (Statista, 2021).

The German football league Bundesliga is one of five of the most significant and relevant football leagues in Europe ("Sponsors", 2019). During the Season 2019/20 the 18 Bundesliga clubs generated total revenue of 3,6 billion €. The 18 clubs of the second Bundesliga made 728 million € in revenue. Although the season had to be paused due to the Covid pandemia, Germany's general enthusiasm for football was not affected significantly (Deutsche Fussball Liga, 2021).

During the season 2019/20 the German Football Association (DFB) registered 7.131.936 members in 24.544 football clubs. This means that Germans do not only like to watch professional football but also enjoy playing it themselves and being club members, thereby becoming part of the wide German "family of football" („Deutscher Fußball Bund DFB - Mitglieder“, 2019).

As in most European countries German professional football clubs usually stand for their city or region and hold a long-standing tradition and carry very specific values. Nevertheless, many professional clubs also try to embody a unique culture or local traditions, values and history for

instance, the 1. Fussball-Club Köln does not only stand for the city of Cologne but also for its carnival tradition (Heine, 2009).

Participation in the main Football Leagues in Germany requires fulfillment of certain athletic and economic obligations. Ever since the induction of the “Ligaverband – DFL” in 1998, the clubs do not need to have the structure of a registered association. However, in order to avoid dominating influence from outside investors the so-called “50+1” rule was introduced. This states that at least 50% of the stocks need to be owned by the club itself, namely its members (Heine, 2009).

The primary product of the football clubs is the match day. The club makes money through the typical match day revenues, such as selling tickets, catering and all kind of marketing inventory. Other core businesses consist of merchandising and sponsoring (Kupfer, 2006).

The following visuals show the revenue of all Bundesliga and 2. Bundesliga clubs generated. The revenues are separated into the categories match-day, advertising, media, player transfers, merchandising and others. The revenue is displayed in billion.

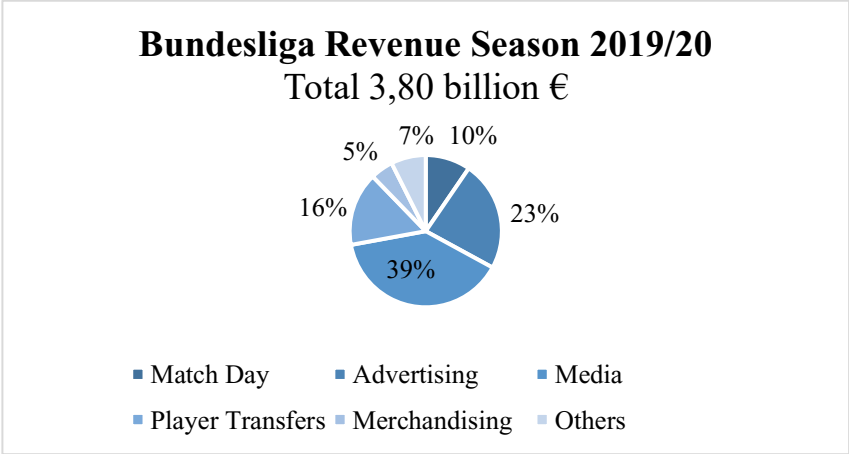


Figure 1: Bundesliga Revenue Season 2019/20

Source: Own illustration. Information retrieved from Deutsche Fussball Liga, 2021 page 18

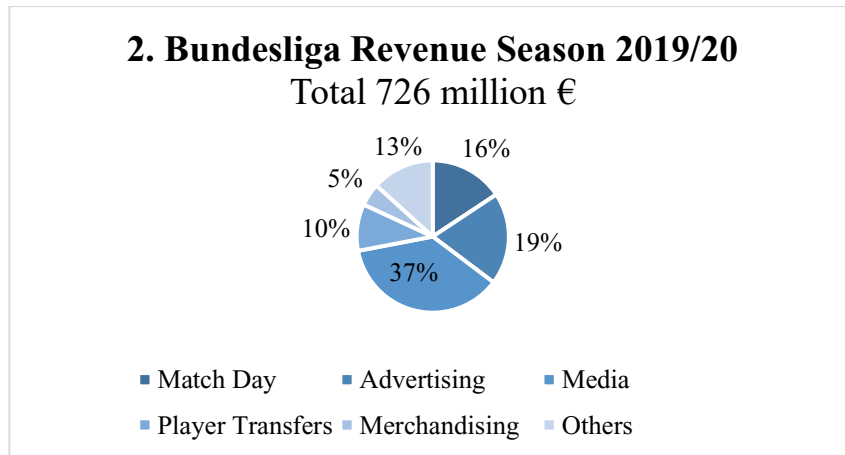


Figure 2: 2. Bundesliga Revenue Season 2019/20

Source: Own illustration. Information retrieved from Deutsche Fussball Liga, 2021 page 126

2.2. Brand

What is a brand? Lawfully a brand is a legally protected mark of origin and name (Sattler & Völckner, 2013). But the term brand is composed of much more than just the legal background. A brand also consists of its identity and customers' subjective perceptions and emotional relationships. A brand or a company can influence this perception by positioning itself, thereby creating a brand image. By developing and communicating an unmistakable and unique brand image, companies or brands can establish a sustainable competitive advantage (Rapp, 2006, pp. 67–76).

2.2.1. Brand Identity

Brand Identity is the fundamental framework of a brand. It describes a company's target stage or ideal image and consists of all its values, strategic orientations, and distinguishing characteristics (Burmann & Meffert, 2005). These values need to be considered during every strategic decision to stay credible to consumers. When defining brand identity, the company's philosophy and vision are the foundation.

Entering a market as a new brand, such as a start-up, usually implies a significant effort to define the brand's identity and to position it. On the other side, for older traditional brands, it is quite hard to redefine the brand identity. Customers usually already make up their image and opinion of a brand very quickly and changing this perception takes some time and a lot of effort. Therefore, it is essential to take some time and have an evident vision when deciding on brand identity. The brand identity builds the foundation of the brand image (Esch, Langner, & Rempel, 2005, pp. 103–129).

2.2.2. Brand Image

Communicating and living the brand identity is the foundation for a brand's image. Showing its values and origin to potential customers creates an image for everyone to see and forms the basis for the individual brand perception. This is the brand image everyone has of a company. As soon as customers perceive a brand a certain way and believe their message and individual features, a company has successfully communicated its identity and can start building brand equity. Stating and expressing this image and influencing brand equity is called brand management (Burmamann & Meffert, 2005).

2.2.3. Brand Equity

Brand Equity is about the value attached to a brand or a product due to the robust relationship between customers and the brand itself. The brand develops this relationship. Brand equity has a positive influence not only on the brand itself but also on the customers. By increasing marketing efficiency, building customer loyalty and gaining more market power compared to the competition, brand equity creates value for a company. On the other side, brand equity creates value for consumers by building confidence in decision-making and trust in a brand (Park & Srinivasan, 1994, p. 271).

2.2.4. A Football club as a brand

Professional football clubs are seen as powerful and international brands already. Big clubs competing internationally like FC Bayern Munich, Manchester City or Benfica Lisbon are globally known and have a considerable radiance. Even smaller clubs only competing domestically like FC St. Pauli or Leicester City, are well known and still reach a wide range of people. Considering every club's individual feature, such as tradition, athletes, coaches, or stadium, each reaches a different supporter's group. The only difference between a traditional brand and a football club is the intensity of the relationship with their customers. The target group of a professional football club consists mainly of their fans, who usually have a very intense and emotional connection with their club. Therefore, brand loyalty in the football industry is much higher than in many other sectors (Rapp, 2006, pp. 67–76).

2.3. Co-Branding

Co-Branding describes merging two individual brands to design and distribute a new service or product. However, each brand needs to be labelled and apparent, so the customers realize each company typically acts as an autonomous brand. To differentiate Co-Branding from licensing or product placements, the following characteristics need to be fulfilled:

- Before and after the collaboration, the brands act autonomously.
- The cooperation is visible for external companies or customers.
- The companies have a joint brand policy during the cooperation.
- The Co-Branding is for a defined time spectrum, the product is designed together, and each brand label/image is displayed.

(Charlton & Cornwell, 2019, pp. 279–298)

Marvel is the leading company producing superhero books and movies, and they invented characters like Spiderman, Iron Man and Captain America. They have been successfully using all the benefits of these characters by many partnerships. Marvel licenses its superheroes with co-branded clothing, school supplies and toys (Michel & Willing, 2020).

Not every brand cooperation works successfully because several factors need to work and fit. Firstly, the brands need to match. This includes the products, particularly the brand identities and the communicated values. Also, the brands should be complementary; thus, they benefit from the partnership.

Additionally, the new product should fit into the existing product range of each company. Therefore, the brands should adequately know each other to communicate and act similarly. Otherwise, customers will probably be skeptical, and the new product will fail. In the end, the product itself influences the success of the market and the advertising and positioning (Michel & Willing, 2020).

2.4. Sustainability

Due to the increasing importance of environmental problems, the term sustainability has become very popular. Today there are many different definitions for the term. The most common and probably officially accepted definition is from the UN Commission on Environment and Development. According to the UN Commission, development is sustainable

as soon as it satisfies the needs of the society but does not take any risks of threatening the satisfaction of future needs of coming generations (Hauff, 1987).

Initially, sustainability stood for ecological acting, but nowadays, acting socially responsible and sustainable has increasing relevance. The UN Commission defined the three columns model of Corporate Social Responsibility (CSR) regarding the official definition and current trends and issues. The model is about the successful cooperation between economic, environmental, and social goals in the long term. Thus, it implies that a company should always consider each of these goals to act responsibly and work efficiently (Matten & Crane, 2005, pp. 166–179).

2.4.2. Corporate Social Responsibility (CSR)

The term Corporate Social Responsibility (CSR) describes a company's or brand's responsibility towards society. Moreover, CSR combines a company's economic success and sustainable management with different kinds of resources. However, CSR only concerns activities within the core business of a company (Müller & Schaltegger, 2008).

A key element for a successful CSR-Management is communication. A company needs to convey its measurements and goals credibly and efficiently to potential customers. A company has several options to position itself and reach every possible target group by means of communication. According to the IMB Institute of Management Berlin, nowadays, personal communication via different channels is the best way to reach a diverse and widespread target group. Additionally, it is the best way to control the statements and facts being advertised. Different channels are suitable for various target groups. Thus, the younger generation is accessible through online communication, such as different Social Media platforms, Podcasts or videos. On the other hand, older generations usually prefer newsletters, PR advertisements or statements in newspapers or reports by the company itself.

Additionally, it is fundamentally important to be consistent in communication and actual measures. This means the company or brand always needs to remember their responsibility and communicated values and act according to them no matter in what area. Companies need to ensure these statements and commitments would not remain hollow words but become actual deeds; otherwise, their credibility might suffer (Heinrich, 2018).

2.4.3. Corporate Social Responsibility`s importance in football

By now, professional football clubs, independent of being successful or playing internationally, can be compared with mid-size companies, according to their sales volume and legal entities (Keller, 2010).

Football clubs, that are already successfully working on their CSR are becoming role models for football fans.

However, engaging in CSR also positively impacts the clubs themselves. By engaging and exemplifying these values, their brand image improves and more people, who are enthusiastic for such engagement, follow and support the club (Heine, 2009).

Considering the German Football industry, exclusively the first and the second Bundesliga, an increasing number of football clubs show a significant interest in CSR. The clubs have been researching, developing, and implementing more sustainable strategies for the last years. But the football industry is still at the start of its engagement, especially match days, either at home or away, and regular training camps have an enormous ecological footprint and are hard to be conducted more sustainably (Deloitte, 2019).

2.5. Customer Loyalty

Customer loyalty has great importance for every company and its marketing activities. Convincing potential customers to buy a product is just one part of marketing. Moreover, maintaining customers and making them rebuy a product is crucial. In theory, customer loyalty can be described as consumers sticking to a particular purchasing behavior towards the same brand in the future. This behavior is based on a pleasant brand image and a high satisfaction rate during previous experiences with the product and the brand (Zhang, 2015).

Customer Loyalty and recurring customers, with a particular attachment towards the brand, is a critical asset for companies. Not only because maintaining and satisfying existing customers is cheaper than acquiring new customers, but also because they help companies increase their market shares and build up the majority of their buyers. Building high-quality relationships with customers should therefore be the goal for every company (Aaker, 1996).

The three main determinants influencing customer loyalty are:

Service quality, customer satisfaction and customer value.

The service quality includes the company's general performance during every touchpoint the customer had with the brand. Customer satisfaction is about the overall evaluation of the product and the service post-purchase. The third component, customer value, includes the customer relationship management of a company - thus, all financial and personal resources invested in the customer's satisfaction before, during and after any interaction with the brand (Cronin Jr, Brady, & Hult, 2000).

When talking about customer loyalty, customer value also needs to be defined. Customer value is a very complex concept. Buyers always determine the value and the quality of a product or service. Thus, to gain customers' trust and loyalty, their perception and experience of the product or service need to be convincing (Vargo & Lusch, 2004).

2.5.1. The role of Brand Image on Customer Loyalty

Brand Image plays a crucial role in customer loyalty. A likable and unique brand image is not only appealing to new potential customers but also makes existing customers more loyal. Therefore, a favorable image supports building a solid brand position, strengthens the general performance and even protects the brand from the competition by becoming its unique selling proposition (USP) (Aaker, 1996).

A brand or company that has modern and relevant values and actually acts alongside them attracts people with similar interests and can influence their purchase decision. When gaining certain credibility for the image, customers become proud of being part of this message and stick to the brand longer (Wang & Yang, 2010).

2.5.2. Customer Loyalty in the sports industry

The sports industry is unique and very different from other industries in loyalty. One can distinguish two main target groups in the sports industry: Casual spectators and fans.

The casual spectators don't consume the sports event intentionally and don't have considerable know-how regarding the sport. They usually only consume the service product occasionally. Thus, they are not very loyal towards a sport or a particular club.

On the other side, Sports fans are known for their extreme loyalty. The fans usually have an emotional attachment with one club. They tend to identify with the club's name, traditions,

values and even the athletes and coaches. Successful fan management works with these attributes and is based on regular interaction between the club, its athletes and employees and the sports fans (Bauer, Stokburger-Sauer, & Exler, 2008).

Especially the German football clubs are known for their extremely loyal fans and the outstanding support in- and outside the football stadium (Decrop & Derbaix, 2010).

Considering the vast importance of customer loyalty, sports clubs should develop and manage their community, especially in the sports industry. A stable fanbase might become a competitive advantage compared to other sports clubs. Especially in the case of athletic failures, customer loyalty, or better still, fan loyalty, is put to the test and becomes even more critical (Bauer, Stokburger-Sauer, & Exler, 2008).

3. Methodology: Expert Interview

In order to get inside information of the football club and brand St. Pauli and their second brand DIYY, this Case Study is based on an expert interview with Bernd von Geldern. Presently, Bernd von Geldern is the head of marketing and Sales for the FC St. Pauli and is one of the most important brains behind developing and implementing the new Merchandise strategy. He started working for the club in 2016 and since then, he has influenced St. Pauli's marketing strategy and brand image immensely. As already mentioned, in 2016 the fans began requesting a more sustainable production of St. Pauli's team-sport line. Additionally, they expected the club to act more responsible when choosing their partners and cooperation. After this proposal, the club promised the fans to take the challenge and started working on this project. However, this Case Study is not supposed to provide information on St. Pauli's past journey and the procedures but to illustrate their long-term plan and explain the design of their identity and branding. Bernd von Geldern is the perfect match to clarify these questions.

3.1. Justification of the methodology

Before performing an expert interview following questions need to be clarified:

What kind of information is required to answer the study's research questions?

- How can I get this information? Who do I need to speak to?
- What interview-style fits the situation and goals the best?

- What is the best way to structure the expert Interview to get as many relevant details as possible?

Now that the goals and the structure are clear, the Interviewer can start formulating the questions that need to be asked (Froschauer & Lueger, 2020).

During the Interview for this Case Study, the Interviewer acts as an accomplice. Usually, the talking style of both parties becomes quite personal and direct. However, to function as an accomplice, the Interviewer already needs a solid knowledge about the topic. Then they will be able to interact with the expert at a professional level. Reaching a professional level enables the Interviewer to ask very detailed and concrete questions, which will give the expert a good feeling and motivate him to disclose very complex and confidential information (Bogner, Littig, & Menz, 2013, pp. 60–62).

The Interview generated for this Case Study will be dialogue-oriented. In this interview style, the Interviewer takes on the lead and asks relevant questions, but the expert can also ask questions or bring new aspects and issues to the conversation. There are three main advantages for this approach:

- The professional standard will be high.
- The main topics can be discussed very detailed and intensely.
- And the Interview, regarding the subjects and duration, can be controlled by the Interviewer easily.

(Bogner, Littig, & Menz, 2013, pp. 61–66)

By this approach the relevant information, to fill the research gap and answer the research question, will be generated.

3.2. Interview Structure

Due to time restrictions, an organized and clear interview design is needed. Therefore, the expert interview was split up into the three main topics this Case Study is dealing with:

1. Brand Image
2. Monetization
3. Response Capacity/Time

3.2.1. Brand Image

This Case Study does not only talk/expose about the brand FC St. Pauli and the newly founded brand DIYY but also their correlation and influence on each other. During the academic research, no clear definition, whether DIYY is defined as an individual brand or as a sub-brand of FC St. Pauli, was to be found. Therefore, the investigator asked questions about the structure of each brand. Moreover, Bernd von Geldern was asked whether the separate brands have an individual brand identity, or they are supposed to stand for the same values. Certainly, the brands planned future and potential to grow individually and unitedly needed to be discussed. After discussing the growth potential, general long-term goals and visions regarding the brand image and equity of FC St. Pauli and DIYY were addressed.

3.2.2. Monetization

FC St. Pauli still is a company like any other professional football club. Thus, athletic success and monetization always need to be the primary goals to stay in the market and compete with other clubs and brands.

How does FC St. Pauli's brand development and DIYY's brand positioning influence the clubs brand equity?

By renouncing the outfitter partnership with Under Armour, the football club St. Pauli is losing a lot of money. Will they balance out this loss with new and different cooperations?

FC St. Pauli has always been known for its alternative values. Is this fact relevant for their credibility when engaging in topics like sustainability and diversity? How did established and potential, new business partners react to Pauli's latest initiative?

3.2.3. Response Capacity/Time

As the number one consumer in the football business, fans play a massive role for every club, league, and even the athletes. They have high expectations towards their clubs and bring many emotions into the business.

After a big sports event, which in the case of FC St. Pauli could be a move up/promotion to the first Bundesliga, the demand for their team-sport or other fan articles could explode. Prominent players in the business, such as Adidas, Under Armour or marketplaces like 11teamsports or Fanatics, can answer this huge demand quickly and easily. Being responsible for every step of

their operational business, FC St. Pauli will probably not be able to react as quickly. How will they handle this issue? Considering producing and selling too many textiles is not very sustainable, do they even want to sell as many jerseys, hoodies, and socks as possible? And if they do want to, how would they be able to answer such a huge demand? Furthermore, what is Pauli's goal in the e-commerce business?

4. Case Study

4.1. FC St. Pauli

FC St. Pauli von 1910 e.V. is a German professional football club with a long tradition. The club is one of two big football clubs in Hamburg, next to the Hamburger Sport-Verein (HSV). St. Pauli was founded in 1910, has 30.400 members and plays its home games in the Millerntor Stadium, which offers space for 29.546 spectators (state February 2022). The stadium is located directly in Hamburg's nightlife - and red-light - district, next to the world-famous "Reeperbahn", and close to Europe's 2nd largest industrial port ("FC St. Pauli - Steckbrief," n.d.).

The football club St. Pauli is currently (season 2021/22) competing in the 2. Bundesliga. The season has been quite successful so far (75% of games played), which means they can aspire to become promoted to the 1. Bundesliga for the following season.

FC St. Pauli has a unique history. For most of the time, the club played in Germany's lower leagues and attracted a smaller crowd than its city rival HSV. The football club St. Pauli became bigger and grew extensively in the 1980s, when HSV began drawing right-wing hooligans and was battling a very radical supporters' group. FC St. Pauli, located next to the red-light district, quickly developed a cult status by standing for complete opposite values and welcoming everyone who disagreed with the right-winged HSV supporters. FC St. Pauli until today is still known for its anti-fascist, diverse and rather left-wing/liberal values which is the cornerstone of its brand perception.

In the early 1990s more money began to flood into German football, from television contracts and sponsors. However, FC St. Pauli was always trying to keep its unique and anti-commercial values but sold itself as much more than just another football club. They were always very keen on holding up their rebellious and politically active image (Dunne, 2017).

Up to this day, FC St. Pauli is very proud of the club's guidelines, which employers, leaders and supporters defined in 2009 during a general assembly. The policies include political and

social values and the club's responsibility always to act sustainably and choose their partners according to their values. Moreover, the club states its non-commercial values and tries to distance itself from the highly commercial football industry (St. Pauli, 2009).

4.1.1. Fans - Supporter Scene

The FC St. Pauli supporter scene describes itself as a very diverse, anti-fascist and modern thinking group. They stand for sustainable and left-wing initiatives like "Fridays for Future", "Refugees Welcome" and many other environmentally friendly issues. All in all, they are very proud of the club's values and rebel image.

The club is also known for its heterogenous fans, which means the active supporter scene includes a wide variety of people with different backgrounds and jobs, but always shares the same values, interests, and passion for football. Thus, a successful businessperson stands next to an anti-fascist activist in the stadium celebrating their most beloved football club (Grösser, 2016). The club considers the interests and needs of the fans relevant and reacts to them (Ultra Sankt Pauli (USP), n.d.).

The most significant example of this relationship is probably the current merchandise strategy of FC St. Pauli. During a general assembly, open to every club member, the supporter scene addressed sustainability and asked the club to act more responsibly regarding the social and ecological footprint. FC St. Pauli already tried to act sustainably and focused on partners with similar values, but after this assembly, the topic was prioritized and approached. During this assembly, the football club and fans worked together and defined clear guidelines for potential businesses and partnerships. These policies expel all companies that have anything to do with weapons or violence are linked in any way with homophobic or sexist messages or child labor (Oediger, 2020).

This fan-driven and ethical approach has had not only positive affects on the club. Having many substantial guidelines and rules for signing new sponsors and partners makes it difficult to find a good fit and to stay commercially competitive with other clubs as sometimes, potential partnerships that would offer good money must be abandoned. Martin Drust, the managing director for the brand, talked about this matter with the Sportsbusiness International Newspaper in 2017. He said:

“When it comes to bigger sponsorships, we talk to the fan base before agreeing to a deal. We explain what kind of brand it is, what kind of sponsorship it will be, how much money

is involved. We discuss whether it fits the club and its values. Sometimes we tell the sponsor we will not do it because we don't think it would be a good partnership for St. Pauli. We don't make it easy to be part of the St. Pauli cosmos." (Dunne, 2017)

Drust also talks about making the club younger again. The club and the fans are growing up and evolving. The original supporter groups, consisting of people from all kinds of subcultures and passionate about activism, grew up. Subcultures are nowadays the new mainstream. Defying all these trends and labels, St. Pauli wants to present itself as an independent brand and club, that tries to stay unique in its values, follows its guidelines and stays close to its fans (Dunne, 2017).

4.1.2. The Paradox of FC St. Pauli

By now, FC St. Pauli is known by everyone, especially its fans, for its anti-fascist, left-wing, anti-commercialization beliefs. The fans are proud of their club for these statements and criticize every other German or international football club for not supporting the same values and for making the football industry more and more commercialized. Nevertheless, there is a paradox here. FC St. Pauli has become very attractive to many different potential partners by establishing this brand image. Almost every match in the stadium is sold out, every game is live on TV, and supporters can purchase their merchandise worldwide. All this sounds like a typical commercialized football club - and even though they always display themselves as the opposite, FC St. Pauli is just as much a company or brand as any other German club, be it city-rival HSV, Bayern Munich or Hertha BSC Berlin. In the end, FC St. Pauli will monetize its rebellious brand image (Dunne, 2017).

The club is regularly criticized for this message by the media or other fans, but FC St. Pauli is doing things differently and this case study will prove it.

However, FC St. Pauli is still a football club. Thus, the main focus must be on their athletic performance on the pitch and their achievements. Winning as many matches as possible and ending a season successfully should still be their primary goal (Dunne, 2017). Do they sometimes forget this themselves? This is a question that has been asked quite frequently and will also be answered in another chapter in this study.

4.1.3. DIIY Brand

In December 2020, FC St. Pauli introduced their new in-house designed and produced jersey under the brand name DIIY. The brand name DIIY stands for "Do It Improve Yourself". The Chief Marketing and Sales Officer Bernd von Geldern explains and justifies the brand's naming in an interview with the German Sports Business newspaper Sponsors directly after releasing the new self-made jersey in December 2020. He explains that DIIY refers to the commonly used term DIY, which stands for "Do It Yourself". The football club needed a plain brand name, that displays the background of producing their entire merchandise assortment themselves straightforwardly - they "do it themselves". Additionally, the label is supposed to motivate people to become active and feel responsible for acting sustainable as well. (Oediger, 2020)

On the official Website, FC St. Pauli labels the brand as "ultra fair sportswear made by FC St. Pauli". All products of the line are presented by different models, who do not confirm the stereotype of a typical model. Thereby FC St. Pauli is showing off their interest in diversity and subcultures. (St. Pauli, n.d.-a) Moreover the club exclusively uses the official Global Organic Textile Standards (GOTS), which is a globally accepted certificate regarding every production step of textiles. This partnership has already been quite successful, and the club wants to expand it further in the foreseeable future (Global Standard gGmbH, 2021).

4.1.4. The new Merchandise Concept

According to Bernd von Geldern FC St. Pauli had a very profitable partnership with American sports equipment brand Under Armour (2016-20) as official kit supplier. Under Armour provided not only financial stability but also highest quality equipment for all performance teams of the club. Nevertheless, after the company was connected with the US gun and hunting lobby, the club and its fans started questioning the partnership. Under Armour did not represent FC St. Pauli's values and mission at all. Thus, for the club this partnership had no future.

Going the step of becoming "your own kit partner" was a very brave entrepreneurial decision - above all, it was extremely risky. Looking at it from a brand perspective only a club with a unique, subcultural and very manifested identity, like FC St. Pauli, could have made this move and be believable and successful.

By now, FC St. Pauli is the only German football club ever that is without an external kit partnership/sponsorship.

The following graphic displays the challenges and traits of either having a kit partnership, or not having a kit partnership, like FC St. Pauli.

	Ownership of Kit Brand	External Kit Partnership
Design	<ul style="list-style-type: none"> - Highly individualized - Very much according to intended brand image and current campaigns. 	<ul style="list-style-type: none"> - Only color-code given by club. Designs of kit are not very individual. - Clubs have very little/no influence on general design features.
Production	<ul style="list-style-type: none"> - The production and distribution are 100% self-determined. - Product range by demand. - Requirements (such as materials, garments, labor conditions, etc.) for sustainable production can be defined and followed. 	<ul style="list-style-type: none"> - There is a high minimum order quantities (MOQ) to produce and get in stock. - Given product range. - Club has no control or influence over the degree of sustainable production.
Distribution	<ul style="list-style-type: none"> - The value chain is shortened by skipping a supplier. This results in increased margins. - The football club has more direct touchpoints with fans through a direct-to-consumer distribution. 	<ul style="list-style-type: none"> - Football clubs have no control over distribution locations. The products are also sold in wholesale and are more available to everyone.
Brand Image	<ul style="list-style-type: none"> - Mission, vision, and values are determined by the club's brand. This implies more control over the brand image. 	<ul style="list-style-type: none"> - Partner brand might have a negative or positive impact on the club brand.
Monetization	<ul style="list-style-type: none"> - The supply chain involves a lot of management attention. - Extensive direct costs (warehouse, logistics, fulfillment, IT, etc.). 	<ul style="list-style-type: none"> - Clubs have a safe income through fixed sponsorship fees and potential bonuses in case of sportive success.

Figure 3: Comparison of two different merchandise Strategies

Source: Own illustration.

The table above compares the two merchandise strategies based on design, production, distribution, brand image, and monetization attributes. To fully understand how FC St. Pauli will benefit from its new strategy, we also must analyze the value chain of each strategy. Cooperating with an official kit supplier always results in one additional step within the value chain. In the following figure each Value Chain is displayed and explained based on an example of a jersey. Please consider that all numbers are imaginary.



Figure 4: Value Chain for merchandising in football

Source: Own illustration.

4.1.5. FC St. Pauli's Brand Equity

Sports brands are highly attractive and growing. Big brands like Adidas, Fila, Supreme and Jordan, which initially started as purely sports brands, have established themselves as lifestyle brands. This positioning is also FC St. Pauli's goal. FC St. Pauli now owns three brands - the word brand FC St. Pauli, the Skull & Bone Logo and DIY. The Skull & Bone Logo is already an established lifestyle brand. Taking the step to create an additional brand is a very entrepreneurial step that will create value on various layers. A clear mission, identity and

transparent communication will build the foundation of a lifestyle brand and equity, which is the vision of DIIY.

Brand equity describes the influence of a brand name and its image on potential customers. By creating a positive image and good experiences with the brand, companies create brand equity. Therefore, brand perception, customer experience, perceived quality of the service or product, and customer preference are vital components of brand equity.

FC St. Pauli is unique in the German football industry. They have a clear brand identity and have successfully communicated this with fans and other customers. Thereby, they have created good brand recognition and brand awareness within their relevant target group, consisting of football fans and people sharing the same values as the Club.

As already mentioned, the football industry's customer loyalty, particularly for FC St. Pauli, is high. Thus, the retention rate of customers is also high.

FC St. Pauli merchandising is currently only available in their own online and offline fan shops. According to Bernd von Geldern, the club is trying to create scarcity and only sell the merchandising at a carefully chosen location. This exclusivity gives the club power over its brand name and image and creates value.

By working with the official GOTS Certificate, the Club ensures a good customer experience regarding the sustainability of their products. Additionally, they follow globally accepted textile standards and thereby increase their credibility.

DIIY is still a sports brand. However, the Skull & Bone brand of FC St. Pauli has already become a lifestyle brand. The goal of DIIY is to position itself as a different sustainable, and eco-friendly lifestyle brand. With each step towards this goal, the brand's value will increase and influence the main brand FC St. Pauli. This brand value will have an immense effect on the brand equity, which will be accountable in the end. Even though it is not the goal for the football club to sell one of their lifestyle brands, this might become an option as soon as the brand image is strong, and equity is high enough.

Their vision of accelerating the development of the clubs brand architecture could pay off because, through systematic asset-building, the new brand will create value and equity for DIIY and FC St. Pauli's wordmark.

4.3. SWOT-Analysis

In the following chapter, a SWOT-Analysis regarding the merchandise model of FC St. Pauli will be performed.

4.3.1. Strengths

As already mentioned, FC St. Pauli has always been a solid and well recognized brand. They are not only known for their football team, but also for their skull-head merchandising. Many people (who are not even interested in football) wear these skull-head hoodies as fashion items. The Skull Head range of products by this means represents the football club itself, its values and its rebel/outlaw image. FC St. Pauli is not a typical commercialized football club but a true lifestyle brand for many. Furthermore, the club is keeping up that image strong. Due to the consistency and strength of the image, FC St. Pauli has high credibility amongst its fans but also well outside the football community. The club has always been known for its values and has always been the leading German club when it comes to environmental and social engagement. Especially the younger generations, who are interested in political issues and like to participate themselves, are supporting this engagement and tend to identify themselves with the club. Even though the new merchandise strategy was proposed by the fans, the club always had an intrinsic motivation to engage and improve in any terms of sustainability.

FC St. Pauli knows precisely who they are and who they want to become in the future. It is fair to say that no other football club can claim to have such a clear vision and high credibility. Therefore, this is FC St. Pauli's biggest strength.

Next to the fact that FC St. Pauli is already a strong brand, the unique characteristics of the football industry need to be taken into account when performing this SWOT-Analysis. The football industry is highly emotional for the consumers - better to call fans. This holds potential for strong customer identification and loyalty.

Establishing a new (sub-)brand on the market is usually the most challenging part after introducing a new brand, but this is much easier for a football club. Fans identify with the image and logo of their club. Moreover, they identify with the athletes and coaches and want to come as close as possible to their heroes. Consequently, the club already has its own platform and brand ambassadors for promotion.

By letting the FC St. Pauli athletes, or other „club ambassadors“, wear the new brand (DIY), the fans' attention will be drawn towards the new logo, and they will ultimately want to follow and copy their heroes and their looks.

Full control over their multi-differentiated brand is another significant strength. By creating a new brand and taking on every responsibility in the design, production and distribution process, FC St. Pauli owns the brand and its image to 100%. Thus, they have full control over every decision and process regarding the design and the usage of the brand name and image (Compare with figure 3).

Nevertheless DIY, as the additional brand, will grow and create value in itself. In the long-term this value will have an influence on the brand equity of FC ST. Pauli itself. Thus, the new brand will further leverage FC St. Pauli's brand image and create significant brand equity.

Lastly the direct-to-consumer distribution (DtC) is another significant strength. FC St. Pauli states they want to sell their merchandise for fair prices and (produce) under good conditions. By skipping the step where FC St. Pauli must buy the merchandise from the kit supplier, they significantly shorten the value chain, and that allows FC St. Pauli to generate a much higher margin when selling the merchandising directly to their fans (DtC) (Compare with figure 4).

4.3.2. Weaknesses

Next to all the strengths, there are several weaknesses as well.

On the one hand, FCSP owns control over the supply chain, but its management is also a huge challenge and a new project for FC St. Pauli. The entire process is fragile and therefore extremely risky. Professional management of such undertaking is costly and needs an extensive and wide range of know-how.

Even though FC St. Pauli tackled this risk by starting a partnership with German team sport distributor 11teamsports, who already has a lot of know-how and experience in Supply-Chain-Management and online and offline distribution, the football club itself is still mostly responsible for every step during production and distribution.

A professional football club typically has two independent merchandising lines.

- Performance gear: This includes jerseys and all performance clothes that are worn by the athletes during training sessions and match games.
- Official team sport line: This is available to everyone and usually worn by the fans.

As already mentioned, FC St. Pauli is 100% self-responsible for the operational business for both lines. Daily operational business includes many small steps, but the main challenges are the correct production and the warehouse fulfillment.

Optimum and efficient warehouse fulfillment can become tricky in every industry, but it is even more challenging in a highly emotional and not plannable industry, such as football. Even after considering previous experiences, a football club cannot plan its sales numbers due to unpredictable performances on the football pitch. One year they might be surprisingly good, and the demand explodes, and the following year they might lose every match, and even the fans do not purchase their merchandising anymore.

On the other side, the correct production is a challenge for FC St. Pauli. This does include not only the outcome of a product but also the overall process. Of course, there will always be the risk of scrap goods.

Producing sportswear environmentally and socially sustainable is a big challenge. It challenges even big players such as Adidas or Nike. FC St. Pauli wants to meet external and internal requirements, regarding responsible and fair production. However, meeting both standards is a significant challenge and might become a weakness due to the high expenses and responsibility.

Even though the final product and its high sustainability standards are a strength, the extensive production process, and the high risks the club must take on are significant weaknesses they need to compensate for.

4.3.3. Opportunities

FC St. Pauli is already a solid and well-known brand in the German football industry. However, their step to introducing a new sustainable team sports brand, DIYY, to the market and producing a fully sustainable team sport line independently holds many opportunities for the brand to become even stronger and to further grow in market visibility and revenue.

Who is DIYY again: DIYY is a sustainable and comparable cheap team sports brand created by the German football club St. Pauli. Its long-term goal is to create and produce the most sustainable team sports collection worldwide. Firstly, the new brand DIYY creates opportunities for the brand itself and for the main brand FC St. Pauli. After developing DIYY and positioning it, the brand creates value.

These values and goals underline the brand image of the umbrella brand FC St. Pauli; thus, the brand DIIY can have an immense impact on FC St. Pauli's brand image. Moreover, by emphasizing Pauli's sustainable background and mission, DIIY might strengthen Pauli's brand equity in the long term.

Next to the influence on Pauli's Brand image, the long-term goals of DIIY could also impact the general credibility of FC St. Pauli. The club has always described itself as a very sustainable and engaged company, but a partnership such as Under Armour contradicted this message. Nevertheless, now the club suits the actions to their promises. Therefore, DIIY will also support Pauli's position regarding sustainability and generally underline its brand identity. This will make Pauli's positioning much more believable to the fans.

Secondly, the new brand DIIY and its engagement might also positively impact FC St. Pauli's fans. The possible impact on customers or fans needs to be separated into two aspects: Fan-engagement and fan-loyalty.

Fan engagement is about the active interaction between fans and the club. Brands and football clubs often act as role models. FC St. Pauli has accepted this role and is trying to fulfill this responsibility. The football club states its vision very clearly. The fans are invited to support Pauli further and inspired to act according to these values by acting responsible and sustainable.

Next to general engagement, fan loyalty and a high retention rate are crucial for long-term success. By satisfying the fan's needs and acting according to their values, they will probably stick to the club and stay loyal. For customer loyalty, the final product and service need to work well, and the brand's image must match. Thus, through FC St. Pauli's engagement, the club can further strengthen its connection with the fans and have a high retention rate.

4.3.4. Threats

Threats include trends or conditions which might threaten FC St. Pauli and its merchandising; thus, this is only about external factors. During the interview, Bernd von Geldern mentioned that FC St. Pauli could always go back to a kit partnership at any time even though the conditions might not be as good as they were with Under Armour. FC St. Pauli is still a well-known club, and many outfitters would probably like to work with them. Generally, FC St.

Pauli has no real competition, because their positioning in the market is unique and definitely irreplaceable within the football industry.

As already mentioned, a football business is very hard to forecast, therefore the athletic performance and the general demand based on that might become a threat regarding the order and warehouse management. However, this is not a business threatening risk, and is eased by the very strong brand. This brand image secures that there will always be a consistent and by this means plannable demand.

FC St. Pauli organizes every production step independently, but they are dependent on the manufacturer. Considering the sustainable background of the brand DIYY the relationship between the brand and the manufacturer is essential. Thus, the football club has one dependency in this whole process, which could become the only significant threat in this value chain. Even when working together very closely, it can still happen that the manufacturer delivers the wrong products, bad quality or does not deliver at all. In that case, FC St. Pauli would not be able to answer the demand and are not able to react to this issue as quickly and suitable as a big brand, like Adidas or Nike could. This malfunction of the Supply-Chain would probably result in FC St. Pauli making a loss.

While talking to Bernd von Geldern it became clear that FC St. Pauli is very proud and quite confident being responsible for their own merchandising. They do not see any significant threats and consider their strategy “bulletproof”, due to the solid brand image and high credibility. Also, because they could stop this project and go back to a partnership at any time they might want to.

5. Teaching Note

5.1. Case Synopsis

The case introduces the German football club FC St. Pauli, its new brand DIYY, and the unique and strong brand image of these brands. Additionally, the case describes the club's new merchandise concept. FC St. Pauli is the first professional football club with no external kit partner, but that is owning a kit brand itself.

The case touches upon the importance of a clear brand identity, communication of these values and the emerging brand image from this. Moreover, the management and the possibility to monetize a strong brand image is analyzed in this case.

5.2. Teaching Objectives

The Hamburg football club St. Pauli is already a globally known brand - their trademark: the brown hoodie with a big Skull & Bone. People wearing this logo can be spotted all around the world. This is a tremendous achievement for a football club, which does not play internationally and has only 30.400 members. However, this is not the only remarkable aspect of the club: FC St. Pauli has a unique merchandise strategy. The club is entirely self-responsible for designing, producing, and distributing its team sports line, jerseys and equipment. That means St. Pauli has no official, so-called kit partnership deal with a sports brand, like Adidas or Nike, which is the standard case in the football industry.

Since season 2021/22 St. Pauli has been producing their merchandise independently. In order to do so, they founded a new brand with the name DIYY.

This case study can be used in a wide range of courses, varying from corporate social responsibility to business ethics, from strategic marketing to brand management, and from responsible leadership to sports management.

Depending on how the course is used, it may focus on one or more of the following instructional objectives:

- Discussing and analyzing the special features in the football industry
- Examining the importance of brand image to build brand equity
- Understanding the concept of merchandising in the sports industry
- Understanding and reviewing the typical value chain of a professional football club
- Understanding and reviewing potential new value chain models of a professional football club

- Suggest changes and evaluate the efficiency of FC St. Pauli's new merchandise concept

5.3. Assignment Questions

After investigating the current branding and merchandise strategy of FC St. Pauli, especially regarding the current brand image of DIYY, its long-term strategy and how the football club is planning to monetize it students working with this case should be able to answer several questions:

1. Is FC St. Pauli losing sight of its actual purpose?
2. To what extent is FC St. Pauli capable of reacting to an extreme demand after a big sports event or success with its new strategy?
3. Regarding the renunciation of having an external kit partner, are they losing too much money if they cannot supply the market adequately?
4. Does FC St. Pauli ever compare itself with other clubs, suppliers, or brands?
5. How will FC St. Pauli measure the success of its new strategy?
6. How does the improved brand image of FC St. Pauli and the introduction of the DIYY brand influence the overall brand equity value and the ability to monetize, for the club?

5.4. Teaching Plan

To prepare students for the analysis and discussion of the case study, it is recommended to first read the literature review to get a basic knowledge of the concepts of branding, regarding brand image, positioning and equity. Afterwards every student should carefully read through the case study, to get to know the FC St. Pauli, its unique brand image and communication and the concept, considering marketing management, generating margins and the value chain management, of owning a kit brand in the German football industry.

Nevertheless, all given information should give students the possibility to answer all assignment questions properly.

5.5. Case Analysis & Class Discussion

1. Is FC St. Pauli losing sight of its actual purpose?

Teaching objectives:

- Understanding how FC St. Pauli can focus as much on other topics and issues than their core business: football
- Discussing and understanding the importance of corporate social responsibility

Professional football clubs are seen as individual brands and act as middle-class companies, just as FC St. Pauli does. However, as Bernd von Geldern states, their most significant goal for each season is still to perform as well as possible on the football pitch. They are aware that sometimes it may look like they are losing sight of their sportive success, but as he states, acting according to their values and being different to other German football clubs makes them unique and so likeable. Therefore, the statement of "becoming better and better every year" works for their sportive success and their environmental and social engagement.

As we have seen in this Case Study, through every step towards a more sustainable football club and establishing a lifestyle brand on the market, they create brand value. The Club is constantly working on the image and the brand equity their name, FC St. Pauli, has. This is not only creating emotional value but also financial value.

2. To what extent is FC St. Pauli capable of reacting to an extreme demand after a big sports event or success with its new strategy?

Teaching objectives:

- Understanding the production capacities and the club's scope of reaction towards a change in demand
- Understanding and properly managing an agile supply chain
- Understanding their ability to scale demand by creating improved margins

As one would think, FC St. Pauli's main goal with the brand DIY is to make the maximum profit, but after talking to Bernd von Geldern, it became clear that this is not their primary intention. He clarifies that monetizing the brand DIY is an important part, yett the main goal

is to become the most sustainable team sports line and making a brand statement that stands out. Being and acting as sustainable as possible includes not producing an overwhelmingly enormous amount of merchandise but only as much as needed. Therefore, Bernd von Geldern explains that they do not want to be able to react to a "hot market" demand situation. In his eyes, this would not be sustainable and would not match their brand identity and convictions. They are willing to forego the extra profit they might be able to generate. During the interview, we often came back to the following statement "We are not perfect yet, but this is not what we want to be right now. We just want to become better every day.". The football club is not striving for perfection yet, but they are heading in the right direction and acting 100% in line with their strategic intentions through this approach.

A close look at their supply chain demands is also necessary to answer this question.

By carving out the external, official kit Supplier, FC St. Pauli created a shorter, more agile supply chain for their merchandising. As a result, they are independently responsible for distribution and pricing. Thus, they can generate higher margins, but it also needs to be seen that they are in full responsibility of their supply chain management which is a huge challenge.

3. Regarding the renunciation of having an external kit partner, are they losing too much money if they cannot supply the market adequately?

Teaching objectives:

- Understanding their mission and the reason behind the renunciation of a possible profit
- Understanding how this renunciation influences their brand image and brand equity

FC St. Pauli has a long-term collection, so some of their merchandise, such as the Skull & Bone hoodie, is always for sale and generally in stock. Thus, their primary lifestyle collection does not change regularly. Due to FC St. Pauli's branding, the public demand for their merchandising is relatively high among football fans. This means they have a broad target group of various customers. Many people like the image or the brand and think it generally stands for Hamburg, particularly for the districts around the Reeperbahn and Altona.

Nevertheless, the fact that they prefer being more sustainable to make a higher profit might sound crazy to many. FC St. Pauli has already seen overwhelmingly positive responses to its new merchandise strategy. Other football clubs, companies from all industries and football fans, even from different German clubs, are reacting positively. After introducing DIYY, the brand

FC St. Pauli has experienced acceptance and respect for its actions. The credibility of their sub-cultural image has already, after only 1,5 years, increased immensely. FC St. Pauli is proud of its engagement and its positive feedback. In their opinion, they have gained trust and set an important example in the football industry. These factors strengthen their brand image further and lead to evolving brand equity.

However, in the long-term, they do plan with increasing revenues.

4. Does FC St. Pauli ever compare itself with other clubs, suppliers, or brands?

Teaching Objective

- Discussing and understanding the background of FC St. Pauli's decision better
- Understanding the fact, that the origin of a decision also influences the brand image

FC St. Pauli does not compare itself with other professional football clubs, sports brands, or lifestyle brands, and in Bernd von Geldern's opinion, they do not need to do so. FC St. Pauli is a unique brand. Even though their most known logo, the Skull & Bone, can be copied by others, the football club still is a unique brand. Its name, identity and brand image, which build the foundation for its whole brand equity, cannot be copied.

Additionally, the club's relationship with its fans and their immense loyalty is not comparable to any other brand. Bernd von Geldern always says they want to become better than last year. Thus, they constantly want to grow and only compare their evolution with their past self. The club does want to state an example and act as a role model regarding sustainability, but they do not look down on other clubs, brands and suppliers and compare themselves with them.

5. How will FC St. Pauli measure the success of its new strategy?

Teaching Objectives:

- Understanding how the success can be measured

During the interview with FC St. Pauli, it becomes evident that the club primarily bases its success not on sales numbers but on the increased brand equity of both brands, FC St. Pauli and DIYY. Especially the improved perception of the brand image by fans, other clubs, and potential partners is essential to the club. FC St. Pauli does not only want to increase awareness but also tries to teach, motivate, and inspire the fans and other consumer groups regarding their

engagement. Therefore, an increased demand for the brand FC St. Pauli, especially in the form of potential partners sharing a similar system of values, is an essential indicator of success. Additionally, the club believes that deepened customer loyalty is another good indicator of successfully establishing DIIY as an environmentally friendly lifestyle brand.

Next, the club will also look at the elevated margins of their merchandising and the revenue generated. Moreover, in the opinion of one of FC St. Pauli's Leaders, the improvement of their engagement and every production and distribution step, considering mainly the ecological footprint is the best and most important measurement for the club's success.

6. How does the improved brand image of FC St. Pauli and the introduction of the DIIY brand influence the overall brand equity value and the ability to monetize, for the club?

Teaching Objectives:

- Understanding how the values and its communication influence a brands performance
- Understanding how the brand image of FC St. Pauli improved by owning a sustainable and eco-friendly kit brand
- Assessing and understanding how FC St. Pauli will be able to monetize the increased brand equity

By introducing and establishing the new brand DIIY to the market, the general brand perception and brand awareness were improved. People became more interested in each brand, and the feedback on the communicated values and the new concept was mainly positive. Thus, the brand image was enhanced, and the demand for DIIY and FC St. Pauli products increased. This increased demand does not only include merchandising but also other areas of business, such as ticketing. By purchasing an FC St. Pauli Hoody or going to a home match in the Millerntor stadium, fans or customers generally state their interest in the club. They want to be associated with Pauli's image and values.

FC St. Pauli has always been very consistent in its identity and has always tried to let deeds follow words. Moreover, with this new merchandise concept, FC St. Pauli upgraded the club's credibility once again.

By further increasing the value of each brand, FC St. Pauli and DIIY, the club becomes more attractive to new partners with similar values and interests. Potential partners want to be associated with FC St. Pauli and profit from the positive spill-over effect. Therefore, the club will potentially be able to monetize its enhanced brand equity.

Moreover, FC St. Pauli is building its unique selling proposition of an "activist image" and can further differentiate itself from other German and international football clubs.

6. Concluding Remarks

This research aimed to identify possible challenges and the potential of the new merchandising strategy of FC St. Pauli. It also analyses what role the club's brand image plays in this new concept. Moreover, this study is supposed to help students understand the concept of brand image and brand equity in any business context, particularly in the football industry.

The purpose of this study was to engage students in a real-world scenario of a unique brand image, sports management, corporate social responsibility, and the introduction of new business concepts. Demand for the football industry is growing, and the industry is commercializing more and more - FC St. Pauli tries to go against the mainstream, stick to its origin and values, and become a leader in social and environmental engagement.

The football club St. Pauli describes its goal for the new merchandise strategy to create the "most sustainable team-sport collection in the world" and inspire other clubs to follow them.

FC St. Pauli now has two own brands imprinted on their jersey, both part of the football club.

Commercialism in the football industry is constantly evolving. Football clubs act as businesses, just as in any other industry. Thus, they need to be profitable to have success.

that, their focus is on sportive success. At the end of each season, the most important result is a club's ranking in the domestic and/or international Leagues (Hoye, 2018).

FC St. Pauli differs from this goal. The club does not aim for the best possible outcome on the football pitch, and its fans do not expect the club to achieve outstanding performance. However, FC St. Pauli considers following and acting according to its beliefs and mission as a more important goal, which makes the club unique and results in such a solid fan base (Oediger, 2020).

FC St. Pauli is probably the only club that can go such an entrepreneurial step due to its uniqueness. Other clubs are not even interested in following FC St. Pauli and it would not make sense for them. Therefore, the traditional concept of working with an external kit supplier will prevail. Nevertheless, FC St. Pauli makes a very strong statement and sets an outstanding example regarding CSR in the German football industry.

6.1. Limitations

When analyzing the case, several limitations need to be considered. Firstly, only one case of a football club forgoing a kit partnership with a big brand was assessed. This is because this merchandising strategy is the only one done so far in international football. Also, only one extensive expert interview was generated while selecting all the data on brand partnerships and the FC St. Pauli. Again, this is since currently there are not many experts on this topic in the football industry. This concept is still very new. Therefore, not much information and experiences can be collected. Secondly, the geographical distance to the business of interest, the German football club St. Pauli, probably also significantly influenced the communication and data collection processes. For further studies the perception of the brands DIYY and FC St. Pauli should be assessed more closely from the point of view of football fans. For instance, a survey with FC St. Pauli fans and fans or supporter of other German clubs could be conducted. Hereby a much wider perspective of the brand perception and the success of FC St. Pauli's new concept can be analyzed.

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8. Appendices

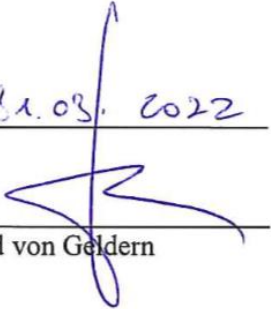
Appendix I: Signed Permission for Use and Publication Bernd von Geldern

Permission for Use and Publication

I, Bernd von Geldern, hereby permit Lotta Christina Hilke to use and the given input I gave her during our interview on the 08. February 2022 about the FC St. Pauli and the club's merchandise concept in her Master Thesis.

I additionally give her the permission to publish the Thesis mentioning my name and the information I gave her.

Hamburg, 31.03. 2022


Signature Bernd von Geldern

Appendix II: Expert Interview Guidelines

<p>BRAND</p>	<p>1. Brand Building</p> <ul style="list-style-type: none"> - Is DIYY a sub-brand of FC St. Pauli? Or is DIYY supposed to be an independent brand? How are you planning to position yourself and the new brand? Why is your focus still so much on FC St. Pauli, considering branding? - DIYY name (origin and meaning) - Who/what do you want to be and become? - Do you have any role models? - Do you compare yourself with other brands, companies or clubs? - Why go the risky and entrepreneurial step and not go the easy way, like any other club? <p>2. Potential Brand Growth</p> <ul style="list-style-type: none"> - Growth potential What is your goal? - Where do you want to be in the future? How do you want to be perceived in the future?
<p>MONETIZATION</p>	<ul style="list-style-type: none"> - Is your brand establishment of DIYY influencing your brand value of FC St. Pauli? → if yes: How? - Can you potentially make up the missing monetization of an external kit partner? - FC St. Pauli has always been known for its values and unique image in the football industry, has this changed since you established DIYY? Business to Business Business to Consumer (fan)
<p>RESPONSE CAPACITY/ TIME</p>	<ul style="list-style-type: none"> - How do you plan to be able to react to a big sportive success and the following increased demand? Technical infrastructure Operating business

Appendix III: Expert Interview Transcript

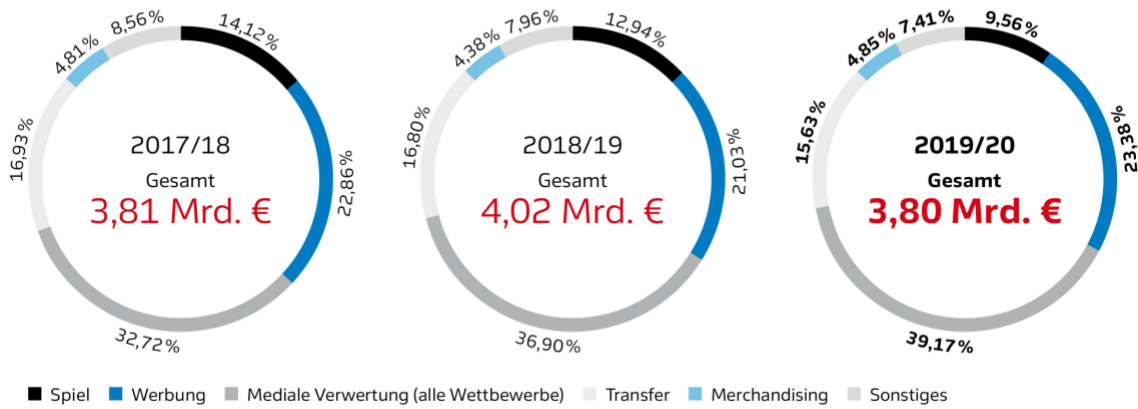
Due to confidentiality reasons with the represented company, the transcripts cannot be displayed in the appendix but will be provided upon request.

Appendix IV: SWOT-Analysis of FC St. Pauli's new merchandise concept

<p>Strengths</p> <ul style="list-style-type: none"> - Each brand can have a positive impact on the other and therefore increase the brand equity - 100% control over distribution & Brand name - High Credibility for a German Football Club. - Direct-to-consumer-distribution means a shortened value-added chain. Thus, the margin for FC St. Pauli increases. (See figure 4) - There is no direct competition due to a strong brand name and image. 	<p>Weaknesses</p> <ul style="list-style-type: none"> - FC St. Pauli takes on production risks – including the operational business. - Investment/Cash Flow intensive (Capital Employed) - FC St. Pauli needs to fulfil external and internal sustainable requirements. - Supply Chain Management is extensive, costly and needs Know-How.
<p>Opportunities</p> <ul style="list-style-type: none"> - New brand (DIYY) creates brand equity. - New brand (DIYY) supports FC St. Paulis position regarding sustainability. - New brand (DIYY) leverages FC St. Paulis brand image and brand equity. - Due to engagement active fan-engagement increases. - Fan loyalty is boosted, and retention rate increases in the long-term. 	<p>Threats</p> <ul style="list-style-type: none"> - The sport is not plannable. FC St. Pauli is dependent on the athletic performance of the team. - Supplier might make a mistake and delivers wrong products or does not deliver at all.

Appendix V: Bundesliga Revenue per Season

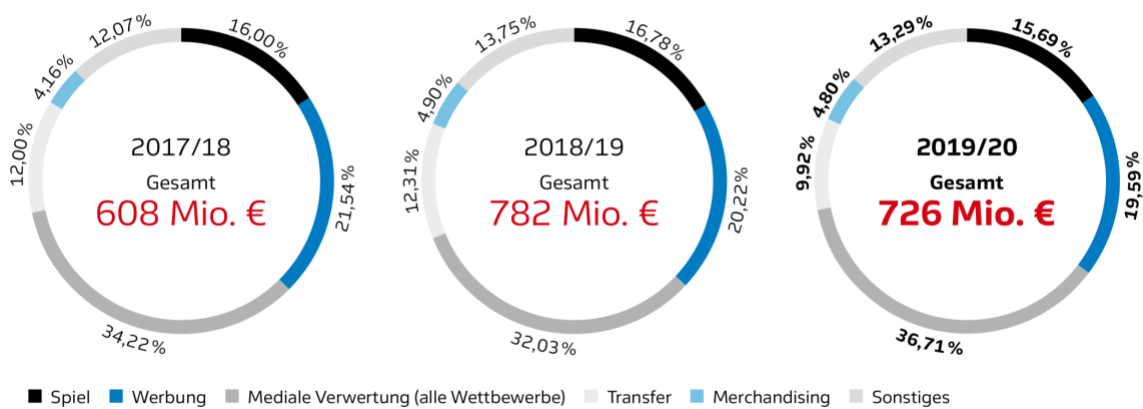
BUNDESLIGA ERLÖS



Source: Deutsche Fussball Liga, 2021 page 18

Appendix VI: 2. Bundesliga Revenue per Season

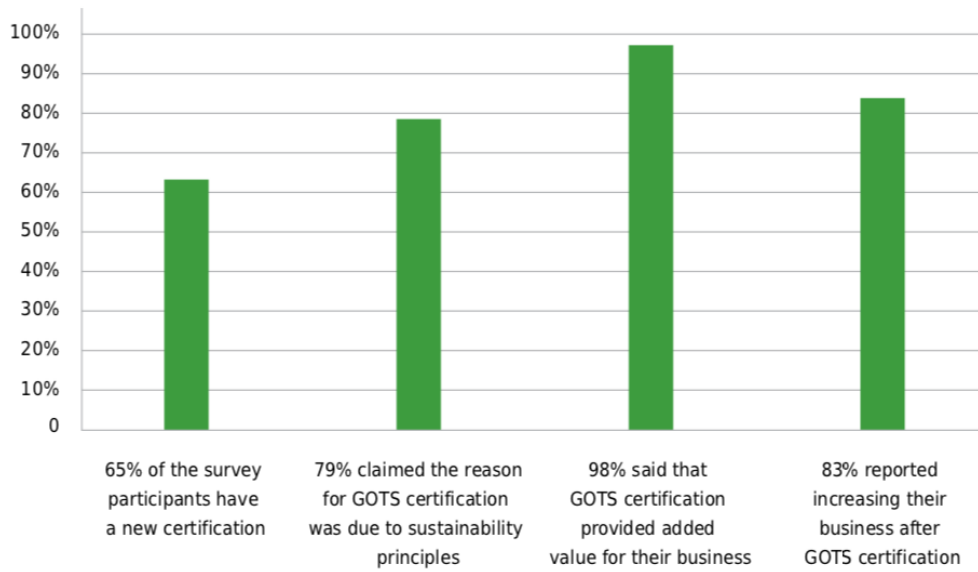
2. BUNDESLIGA ERLÖS



Source: Deutsche Fussball Liga, 2021 page 126

Appendix VII: Feedback regarding sustainability impact of GOTS

The responses to the survey show:



Source: Global Standard gGmbH, 2021, page 4