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NHL Must Be Strong on Power Plays of Innovation, Globalization

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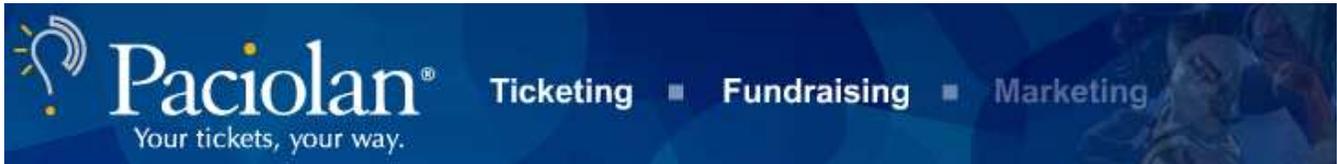
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NHL must be strong on power plays of innovation, globalization

RICK BURTON & NORM O'REILLY

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When the NHL hit bottom a few years back with a painful lockout that cost the league its 2004-05 season, many thought the sport was doomed or, at the very least, in for some very tough times. What followed were NHL attendance levels that not only bounced back (for the second time after a lockout) but surpassed pre-lockout levels (see chart below).



**NORM
O'REILLY**

The league also has two young, electrifying superstars in Washington's Alexander Ovechkin and Pittsburgh's Sidney Crosby, a unique midseason event in the outdoor Winter Classic (most recently held at Fenway Park) and the powerful knowledge that the majority of its elite players are participating in the most anticipated ice hockey tournament in history.

So, let's cut to the chase: Do you know where you'll be on Sunday?

We do.

Watching the men's Olympic gold medal hockey game in Vancouver.

We also think it will be Canada vs. the United States and the game will represent a sports watershed moment that rivals in importance the U.S.-Soviet Union "Miracle on Ice" of 1980 and the epic Canada-Soviet Union battles of the 1970s.

But whether we're right about the teams or the magnitude of the game, the reality is that hockey, particularly the NHL's brand of hockey, is taking center stage at these Vancouver Games. And it's taking that stage as a game once again on the move for two key reasons.

First, Commissioner Gary Bettman, now in his 17th year at the helm of the NHL, has been willing to shut down his league in midseason no less than four times to ensure the Olympics and its many TV networks see hockey at its finest.



GETTY IMAGES

The U.S. team's Zach Parise (in blue) is among the NHL players competing in Vancouver.

Second, and one could insist that this point is a result, in part, of the first, is the rise of the game globally, particularly with the growth of professional hockey leagues in Europe. The Kontinental Hockey League, with 24 teams in Russia, Belarus, Latvia and Kazakhstan, continues to make noise. Teams there now average between 4,000 and 8,000 fans a game, and the KHL has attracted a number of top players, including former NHL MVP Jaromir Jagr.

The NHL, for its part, has seen its total attendance jump, based on data gleaned from the annual NHL Official Guide & Records Book, from an average of 16,616 in the four-year period before the lockout (2000-04) to an average of 17,158 for the four-year period of 2005-09. This represents about a 3 percent increase. And, to boot, 2008-09 was the highest total attendance (nearly 21.5 million) for the league and was the fifth straight year of an increase.

So what does the NHL do from here, you ask? In our view, we would recommend four power plays to the commissioner:

1. Stay the course on the Olympic Games and go to Russia in 2014. We know there is more than meets the eye on this discussion and the coming collective-bargaining agreement discussions with the players association will need to address this matter. We also understand the absolute disruption the Olympics create for a daily business like the NHL.

2. Keep building on innovative and brand-building properties like the Winter Classic. Your staff is undoubtedly creative and we think there are more new events to build that combine sponsor hospitality/benefits and a “made-you-look” nature to the NHL’s 82-game grind.

3. Keep close tabs on the KHL and keep globalization at the top of your 10-year forecast. We know distance and risk are there, but soccer players travel the world and no reward comes without risk taken. Granted, the European stadiums make this economically difficult but our point is driven by the projected visibility the Olympics will continue to provide the NHL.

4. Leverage all of this wonderful hockey attention to increased viewership and a bigger TV deal. We continue to believe digital TV and other digital media platforms (so critical to the communications dialogue with people younger than 30) will continue to give the fastest game the fastest chance to break back into a larger mainstream.

Are we hockey fans? Yes. With our respective Canadian heritages, it is in our DNA. But as observers of the sports business, we also have to holler when we see something notable.

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NHL Attendance (includes playoffs)

Season	Games	Attendance
1993-94	1,182	17,545,699
1994-95*	705	10,563,014
1995-96	1,152	18,581,754
1996-97	1,148	19,135,407
1997-98	1,148	18,722,094
1998-99	1,193	19,511,152
1999-2000	1,231	20,324,768
2000-01	1,316	21,957,390
2001-02	1,320	22,305,787
2002-03	1,319	22,044,824
2003-04	1,319	22,064,890
2004-05**	0	0
2005-06	1,313	22,384,574
2006-07	1,311	22,358,288
2007-08	1,315	22,823,309
2008-09	1,317	23,114,825

* Lockout resulted in the loss of 468 regular-season games
 ** Lockout resulted in cancellation of season

Source: NHL Official Guide & Record Book

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