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FANCAM: A NEW CHANNEL MANAGEMENT STRATEGY

Michael Goldman and Maximillian Duran wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On February 23, 2015, Tinus Le Roux joined the boarding queue at San Francisco International Airport for his flight home to Cape Town, South Africa. As the chief executive officer (CEO) of Fancam Pty Ltd. (Fancam), Le Roux had spent the past month in the United States establishing and strengthening client relationships for his four-year-old business. He had also been having difficult conversations with some of his resellers in the market. Since early 2011, Fancam had sold its innovative high-definition, 360-degree crowd images to a number of major sports leagues and events: the National Football League (NFL), the National Basketball Association (NBA), and the National Collegiate Athletic Association (NCAA) in the United States; the Union of European Football Associations (UEFA) championship; the Emirates Airline Dubai Rugby Sevens tournament; the Association of Tennis Professionals (ATP) World Tour Finals in the United Kingdom; and the Indian Premier League cricket league.

Fancam's growth had been driven in part by its network of resellers around the world. Although these sales agent companies had provided access to exciting sports team brands in markets that Le Roux and his South African colleagues were less familiar with, the existing channel sales structure had reached a breaking point. Le Roux acknowledged that "it was just too difficult to manage all these people, and everyone was always unhappy, and they were not making enough money, and we were not making enough money."

Fancam's sales in 2013 had declined by 60 per cent over the previous year, and 2014 numbers were still down more than 40 per cent from the 2012 results. Le Roux had a 26-hour trip ahead of him, and he needed to make some urgent decisions about Fancam's strategic channel management and sales strategy, including his approach to reseller exclusivity agreements, incentives, and in-house sales capabilities. The perceived entitlement of some resellers had strained relationships: Le Roux suspected that the resellers felt *they* had built the business. At the same time, some clients were frustrated by apparent inconsistencies between Fancam and its resellers. A major American reseller was expecting an answer this month about exclusive rights to this lucrative market, and Le Roux knew how important the United States would be to his 2015 and 2016 targets. The NBA Finals were less than four months away, and the new NFL season kicked off in six months' time. Fancam had experimented with a number of incentives and exclusivity approaches, which Le Roux believed had thus far kept the company ahead of its major competitors. As he took his seat for the flight, he knew changes were required if Fancam was to continue to lead this emerging industry.

ESTABLISHING FANCAM

Fancam was established in mid-2010 in Cape Town, South Africa, by three college friends: Tinus Le Roux, Schalk van der Merwe, and James Taylor. Le Roux had studied civil engineering and then theology, and had been ordained as a minister. His interest was in supporting education in disadvantaged communities, but he struggled to raise the necessary funds. His entrepreneurial spirit led him out of the church to work first in property retail and then in 360-degree photography. Although he knew very little about photography, Le Roux was fascinated by the opportunity afforded by 360-degree pictures for effectively and intuitively communicating spatial information.

In 2005, the partners founded Virtual Africa, a 360-degree imaging company focused on the South African tourism market. Virtual Africa created 360-degree spherical images of safari lodges and other tourism properties to assist these businesses with their online marketing efforts. In late January 2009, Le Roux saw David Bergman's panoramic GigaPan gigapixel, high-definition image of 2 million people at President Obama's inauguration at the United States Capitol. Le Roux recalled being able to zoom in deeper and deeper through multiple levels of this image as "awesome," and he immediately ordered a GigaPan Epic Pro robotic camera mount. On July 1, 2009, he used the camera mount and his existing camera to create a gigapixel image of Cape Town and Table Mountain, which went viral. Le Roux did not like the manufacturer's user interface, so he created the image in a different viewer. Although the image received over 200,000 views in the first month, the partners did not see a repeat business model from images of tourist attractions, and they wondered whether people would be more interested in looking at themselves in high resolution.

Le Roux and Taylor considered taking a gigapixel 360-degree image of a crowd at a packed sports stadium: a *fancam*. The partners recognized that the situation of live professional sports games would not allow the two- to three-hour capturing process required by the GigaPan mount, so Le Roux and Taylor re-engineered the mechanical set-up and process to allow an image to be captured in a few minutes. Taylor recalled the process:

> So at that point, we were like, okay cool, we should be able to shoot this whole crowd in high enough resolution using the mechanical set-up in a short enough amount of time. . . . Then I started thinking this would be really cool if we put it in a sphere, because then it would feel like you were standing in the field and were looking around, and you could see and just zoom in to everybody. . . . At that stage, that had never been done; no one had put those two together to create a full spherical, high-resolution image.

Through his background as a big wave surfer, Taylor had built a relationship with Bob Skinstad, a former captain of the South African national Springbok rugby team and later a commentator for the SuperSport broadcasting company. Taylor and Le Roux mentioned the idea to Skinstad at a Cape Town networking event, and Skinstad offered to help them with access. A couple of months later, Skinstad walked Le Roux and Taylor onto the Newlands Stadium rugby field in Cape Town minutes before the kickoff of the May 22, 2010, Super Rugby playoff game between the local Stormers and the New South Wales Waratahs. Taylor described the process that followed:

> We shot a normal, fully spherical image of everything around us—the sky and grass, etc.—and then when the stands were full, we used a 100-millimetre lens at that stage to shoot a bunch of images, went home and started to basically manually put everything together: took a picture and the one to the right of it, found a few points that correlated then stitched them, then the next and the next, level by level.

After a week of trial and error, limited sleep, and some software crashes, the pair successfully combined the low-resolution spherical image with the high-resolution fan images to create "this beautiful spherical

image that we could zoom in and in and see everybody!" The fancam was uploaded and promoted via email and Facebook so that individuals captured in the image could tag themselves: "say they were there and share their position with their buddies." The following weekend, the pair captured a second fancam image of the Super Rugby championship game at Orlando Stadium in Soweto, South Africa. Fancam had created an immersive experience that was beginning to generate high levels of social engagement.

While monitoring the people tagging themselves in the fancam on social media, Le Roux noticed a tag by Pieter Uys, then CEO of Vodacom Group Limited (Vodacom), an African mobile and communications company. Le Roux reached out to Uys via Twitter, suggesting that Vodacom could create fancams for the upcoming Tri-Nations rugby tournament between the national men's teams of South Africa, New Zealand, and Australia. Uys agreed, and a plan was developed for Vodacom to sponsor 10 fancams. The Vodacom fancam deal kicked off on August 21, 2010, in front of 94,713 spectators at the game between South Africa and New Zealand at the iconic First National Bank (FNB) Stadium. Vodacom subsequently decided to withdraw from a number of its rugby sponsorships due to changing business priorities, with the result that the rest of the planned fancams did not happen.

BREAKING INTO THE UNITED STATES MARKET

Because the South African sponsorship and social media marketplace was relatively small at the time, the partners wondered whether their fancam product would be more successful in the United States. Le Roux and Van der Merwe attended the Sports Marketing 2.0 VIP Summit in Atlanta in October 2010, hosted by Pat Coyle, the previous executive director of digital business for the Indianapolis Colts. "Pat was instrumental in getting us connected in the United States," said Le Roux. "Not only did he immediately see the potential, but he was kind enough to open his Rolodex to help us get going."

As a result of the contacts they developed at the conference, the pair presented the product to the Coca-Cola Company and Comcast Corporation immediately after the conference. By January 8, 2011, the Colts had contracted Fancam to create an image for their wild-card playoff game against the New York Jets, after a concept shoot at their American Football Conference (AFC) South conference game against the Tennessee Titans the week before. Three weeks later, the Pittsburgh Steelers invited Fancam to shoot an image of their AFC championship game against the New York Jets, which McDonald's Corporation had agreed to sponsor. The Steelers also provided fans with the opportunity to purchase "one-of-a-kind, panoramic" images from their official photo store; individual fans could have their faces placed on the Heinz Field scoreboard in the images (see Exhibit 1 for a selection of this and other Fancam images). Within another four weeks, Fancam had shot its first U2 concert, on February 13, and its first Daytona 500 race, on February 20.

Le Roux was a massive U2 fan. He had shared lead singer Bono's approach to social gospel and had followed the Irish band's 360-degree tour plans with interest. He had also reached out unsuccessfully to the band's South African promoters, Big Concerts, in late 2010. However, a week before U2's concert in Johannesburg on February 13, 2011, Craig Evans, head of global operations for the band's international promoters, Live Nation, requested a meeting and a proof of concept. Taylor, who was capturing the NCAA men's basketball game between Duke and North Carolina, flew back to South Africa on February 9 because no other photographers had yet been trained in the capture process. U2 wanted Fancam to shoot the Johannesburg concert that weekend and the Cape Town concert the following weekend, but Taylor needed to be back in the United States to shoot the Daytona 500 the following weekend. Taylor captured the Johannesburg concert photograph, and Taylor and Le Roux worked non-stop for four days to deliver the image. Taylor was on a plane to the United States when Le Roux received a call from Evans, as U2 was expecting them to shoot the Cape Town concert. Le Roux recalled:

I ended up doing that one with a fever of 105° Fahrenheit, reverse-engineering what James had done, having never before even held a DSLR camera in my life—no less using one to capture 70,000 fans. It wasn't the best picture, but we got it done! And I think they saw we could operate and that our hearts were in the right place. Soon after, we got a call for 26 shows in the United States—and the rest is history.

The partners recognized that, to take advantage of these opportunities, they needed to recruit and train photographers. Taylor searched the Internet for sports photographers and invited an initial group for three days of Fancam-specific training. By June 2011, the company had contracted 10 photographers as part of the business; they each brought their own minimal set of camera equipment to each shoot along with a Fancam-supplied panoramic head.

Back in Cape Town, Le Roux focused on building the rest of the organization, including a chief financial officer, chief operations officer, and web interface design and fancam image production teams. By the end of 2011, Fancam employed 20 people in South Africa and had contracted a number of students to check image stitching. The production team worked odd hours to process images that photographers uploaded within hours of shoots in Europe, Asia, Australia, or the United States. Le Roux also facilitated a US$75,000[1] investment from an angel investor, which Fancam would use to acquire the computing power required to produce high-quality images. An international live entertainment production company offered to acquire Fancam and, although the founders declined the offer, the company became both a client and a minority shareholder.

THE INDUSTRY AND COMPETITORS

The sports ecosystem consisted of at least five components, including clubs or teams, leagues, media, brands, and fans. The clubs, including the players, generated the excitement for most fans and received direct revenues from fans and sponsoring brands. The clubs also benefited from indirect revenues distributed by organized leagues, which they earned mainly through media and sponsorship deals. Many of these deals were initiated, negotiated, and managed by advertising, marketing, and sponsorship agencies, which facilitated the commercialization of the industry.[2]

By 2014, the global sports events market—defined by A. T. Kearney as all ticketing, media rights, and sponsorships for major sports—delivered total revenues of $76 billion; it had grown from $46 billion in 2005 and was expected to reach $91 billion by 2017.[3] In 2013, the Europe, Middle East and Africa region contributed $33 billion and was closely followed by North America, which contributed $29 billion.[4] A recent IEG sponsorship report suggested that sponsorship spending made up most of this market, with North America dominating (see Exhibit 2).[5] South Africa's total sports market reached $1.5 billion in 2013, with sponsorship spending contributing over $600 million.[6]

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[1] All currency amounts are shown in US$ unless otherwise indicated.
[2] Herve Collingnon, *Winning in the Business of Sports*, A. T. Kearney, November 2014, accessed November 5, 2018, www.atkearney.ca/communications-media-technology/winning-in-the-business-of-sports/full-report.
[3] Statista, "Global Sports Market—Total Revenue from 2005 to 2017 (in Billion US Dollars)," November, 2014, accessed November 5, 2018, www.statista.com/statistics/370560/worldwide-sports-market-revenue.
[4] Statista, "Global Sporting Events Market Revenue by Region and Sport in 2013 (in Billion US Dollars)," November, 2014, accessed November 5, 2018, www.statista.com/statistics/370604/worldwide-sports-market-revenue-by-region-and-sport.
[5] IEG, "As Sponsorship Borders Fall, Spending Rises," IEG Sponsorship Report, January 5, 2016, accessed November 5, 2018, www.sponsorship.com/IEGSR/2016/01/05/As-Sponsorship-Borders-Fall,-Spending-Rises.aspx.
[6] PricewaterhouseCoopers, *South Africa Entertainment and Media Outlook: 2013–2017*, 260, September 2013, accessed November 5, 2018, www.pwc.co.za/en/assets/pdf/entertainment-and-media-outlook-2013-2017.pdf.

Sport sponsors typically spent as much on activating their sponsorships as they did on the initial rights fees. *Activation* referred to marketing activities directly linked to individual sponsorships and aimed at increasing the awareness, engagement, trial, purchase, and advocacy a sponsor set out to achieve through the sponsorships. In 2013, sponsors spent an average of $1.50 for every $1.00 they invested in rights, and 14 per cent of the respondents in one study spent at least three times as much.[7] Public relations (used by 89 per cent of respondents) and social media (used by 88 per cent) were the most common activation channels, followed by internal communication (86 per cent), hospitality (81 per cent), and traditional advertising (77 per cent). The same study found that the most important metrics for sponsors were awareness of the sponsorship (indicated by 94 per cent of those surveyed) and awareness of the products, service, or brand (indicated by 90 per cent)—ahead of attitudes toward the brand (indicated by 84 per cent). Lucien Boyer, president and CEO of Havas Sports & Entertainment, explained:

> Sponsorship continues to change. Today it is all about taking a fan-centric approach to creating engagement, and that means understanding that all fans are different and that engagement needs to be personalised. Of course, the real breakthrough is understanding how to use technology to achieve those goals on behalf of clients. Activation today needs to empower people to interact and enable them to fulfill the experiences they crave. The key is to produce content that is accessible anywhere and at any time, not just during an event itself. Through social media, that content can engage a whole community because, after all, social media is now mass media and as powerful as broadcast has been before. Sport has become a social currency, and if a sponsor's activation is engaging enough, it will lead to an audience that really becomes involved and doesn't just read the story. That requires content that is relevant, not random, and creative enough to hook people into participation.[8]

Fancam found that a number of competitors in the marketplace were providing similar gigapixel images. Most of these were photographers operating as individuals, who consequently struggled with production time and scale. Following Fancam's success in 2011, a number of similar companies, such as Huggity Ltd. (Huggity) and Blakeway Gigapixel, emerged as potential competitors.

Since October 2011, Ireland-based Huggity had worked across five continents with over 100 brands, including the New Zealand All Blacks, Manchester United, and Ultimate Fighting Championship (UFC). One of Fancam's first interactions with Huggity occurred in November 2011 in Dublin, where Fancam was shooting a Westlife concert. As Taylor was leaving the arena after the high-definition crowd shot, the team from Huggity intercepted him. According to Taylor, the Huggity team expressed surprise at "how simple the process was," and noted that they couldn't come up with that themselves. In May 2013, Huggity received an equity investment from Ireland-based Enterprise Equity Venture Capital of over $800,000, part of which would be used to fund 16 additional sales support and relationship management positions in Dublin. By then, Huggity was selling through partners in the United States, Brazil, Australia, Norway, Poland, Turkey, and Belgium.[9] Recently, Taylor had noticed that Huggity was producing partial spherical images, rather than full spherical images—perhaps because the partial images were "a lot easier, quicker, and a bit cheaper to kick out." Le Roux noted that Huggity seemed less active in the market and might have scaled back its sales approach.

Blakeway Gigapixel was an offering of Blakeway Worldwide Panoramas, a panoramic art print business founded by American James Blakeway in 1991. Blakeway positioned its gigapixel images as add-ons to

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[7] IEG, "Survey: Sponsors Require More Agency Support, Spend Less on Activation," IEG Sponsorship Report, April 22, 2013, accessed November 5, 2018, www.sponsorship.com/iegsr/2013/04/22/Survey--Sponsors-Require-More-Agency-Support,-Spen.aspx.
[8] "The Art of Activation," SportBusiness, February 20, 2015, accessed November 5, 2018, www.sportbusiness.com/2015/02/the-art-of-activation.
[9] TechCentral, "Huggity Wins €600,000 Investment," May 24, 2013, accessed November 5, 2018, www.techcentral.ie/huggity-wins-e600000-investment.

existing panoramic products, offering the gigapixel images for free as long as the sport team or business agreed to promote the gigapixel and panorama, noting on its website that "Our business is selling panoramas. The gigapixel is a marketing tool."[10] Blakeway was officially licensed with the NFL, the National Hockey League (NHL), the National Association for Stock Car Auto Racing (NASCAR), and the NCAA, and it had recently taken gigapixel images of the NHL Winter Classic in Michigan, the Coupe de la Ligue Final in Paris, and the Cy-Hawk Series football game between Iowa State University and the University of Iowa.

Average commissions to industry sales agents or resellers varied widely. Technology firms typically paid 10 per cent of a contract's value to their field sales teams,[11] while broader service-based firms reported paying between 20 and 50 per cent of revenues.[12]

Fancam's clients were mostly team or event sponsors, such as Anheuser-Busch InBev SA/NV, GEICO, and JP Morgan Chase & Co., which used branded fancams to strengthen their brands' associations with teams or events. IEG reported that Anheuser-Busch InBev was the most active sponsor of the Major League Baseball (MLB) league and teams, followed by insurance and food brands. Within the NFL, PepsiCo Inc. was the most active sponsor, and insurance and quick-service restaurants dominated the active categories. GEICO and Spalding were the most active NBA sponsors, followed by telecommunications and quick-service restaurant brands.[13]

By 2015, while the average fancam was delivering 40,000 page views (130 per cent of attendance), and each person spent an average of five minutes on the page, Le Roux noted that many of the company's clients struggled to interpret the value of such high levels of engagement. Many clients bought Fancam's product "because it was cool and digital and social." Clients signed off on custom fancam website designs, which were typically completed a week before each actual shoot. Most clients trusted Fancam with the final images and did not review them before they were made live. By 2015, Fancam generally delivered live images within 24 hours of shooting events, although some clients requested the images within 12 hours or sooner. Le Roux argued that these clients, who "asked for a real-time version," came to understand that "in the memory business, real time doesn't give them more exposure or engagement than next day." Taylor explained:

> From the beginning, my priority has been that there needs to be a very, very good user experience. If you look at our competitors' pictures, you will see a lot of them have got what we call stitching errors. . . . If you have people cut in half, it is not always a good user experience, so our images have to be perfect.

Spectators buying tickets for public events in the United States agreed to a set of terms and conditions, which included granting permission to the event owners to utilize their

> name, image, likeness, acts, poses, plays, appearance, movements, and statements in any live or recorded audio, video, or photographic display or other transmission, exhibition, publication or reproduction made of, or at, the event (regardless of whether before, during or after play or performance) for any purpose, in any manner, in any medium or context now known or hereafter developed, without further authorization from, or compensation to, you or anyone acting on your behalf.[14]

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[10] Blakeway Worldwide Panoramas, "Benefits," Blakeway Gigapixel, accessed November 5, 2018, http://blakewaygigapixel.com/benefits.

[11] David Skok, "2015 Pacific Crest SaaS Survey – Part 1," *For Entrepreneurs* (blog), accessed November 5, 2018, www.forentrepreneurs.com/2015-saas-survey-part-1.

[12] "What Is Sales Commission and How to Calculate Commission Rates?," CommissionCrowd, accessed November 5, 2018, www.commissioncrowd.com/faq/companies/what-is-sales-commission-and-how-to-calculate-commission-rates.

[13] IEG, "The Most Active Companies and Categories Sponsoring Pro Sports," IEG Sponsorship Report, November 4, 2013, accessed November 5, 2018, www.sponsorship.com/iegsr/2013/11/04/The-Most-Active-Companies-and-Categories-Sponsorin.aspx.

[14] Ticketmaster, "Ticketmaster Purchase Policy," accessed November 5, 2018, www.ticketmaster.com/h/purchase.html.

INTERNATIONAL CHANNEL MANAGEMENT

Fancam's participation in the 2010 Atlanta conference had caught the attention of not only prospective clients but also sales agent companies from Europe and the United States. Le Roux acknowledged that the company initially worked with everyone who enquired to see who could deliver: "We used gut feel knowledge of people to make decisions on these things, and for the most part we made good decisions, but it was a hell of a lot of hard work."

After a year of operations, Fancam had resellers in 11 countries. Over the years, Fancam's resellers sold a varying number of fancy images (see Exhibit 3). Many of these resellers contacted Fancam, promising access to appealing sporting venues and teams with which Le Roux and his team did not have existing relationships. Le Roux recalled an early example:

> We had an agency from Spain contact us saying that they knew some people at Real Madrid who would like to buy it. We said, "Fine." We were not in contact with anyone at Real Madrid and were just trying to stitch these images together, get them out, learn about service or things like that, so, "Go for it."

Le Roux was also aware that the team initially lacked confidence: "If someone phoned and said, 'I know the guys at the Packers,' I had to go and look on a map where the Packers were! So, how am I going to get to the Packers with this accent?" With most of the company's potential U.S. clients operating at least six hours behind Cape Town time, sales calls often occurred late at night in South Africa.

Fancam attracted two main types of resellers: The first type typically had strong relationships with sport teams, perhaps due to existing contracts managing their digital print stores or social media accounts. These resellers often sold fancams for special marquee events such as championship or annual rivalry games. The second type of reseller viewed exclusive Fancam rights as a competitive advantage to becoming the agency of record for a corporate brand. The focus of this kind of reseller was therefore on helping brands develop new ways of engaging with customers—with a fancam being one of a range of tools that could be used.

Fancam developed training documents and workshops for resellers after those in different markets began to have similar queries and some resellers struggled to follow the agreed procedures. The training included a focus on Fancam's customer relationship management system, which defined a sales cycle workflow to capture and manage prospects, needs analysis, quotations, and sales. The Fancam team in Cape Town hosted weekly status calls and regular strategy discussions with resellers, while Le Roux travelled to attend some client sales meetings in person. The head office also collaborated on quotations, sales collateral, and tailored proposals and pitches for the resellers to use; these included fancam mock-ups and live demonstrations. The training documents also highlighted additional value proposition dimensions that resellers could integrate into their prospecting and needs analysis conversations in the market.

Given the uncertainty of market demand, Fancam initially allowed resellers to set prices and developed a payment and commission structure to support this. A base rate of $6,500 per fancam would go to Fancam, and the reseller was able to earn an 80 per cent sales commission on any price above the base rate. No limits were placed on reseller commissions, and the reseller was paid after the final client invoice was issued and the project was successfully completed. After a few months, the average actual price paid became the new benchmark for other agents. After Fancam missed out on a Super Bowl shoot because a reseller had quoted a price almost 10 times the market rate, Le Roux replaced the 20/80 split with 25 per cent straight sales commissions on new deals.

Later, when some resellers "starting selling stuff below rate card," Le Roux introduced a discounted sliding scale sales commission for exceptional cases, which was based on the market conditions and good faith negotiations. Le Roux was seen by his team as a very logical problem solver who considered all sides and was a strong believer in good ethics. A reseller who sold a fancam at a discount greater than the maximum 20 per cent discount available for a package of 10 events would earn a proportionally lower sales commission. For example, a 25 per cent discount to the client would result in a 20 per cent commission to the reseller, which would reduce to a 10 per cent commission for a 50 per cent discount. An additional volume commission structure was also put in place: resellers who achieved more than $120,000 cumulative sales value per quarter received 5 per cent of that value 30 days after the end of the relevant quarter. At the time, Fancam formalized a two-tier rate card: first, it offered a fancam—which the rights holder could onsell to a sponsor—to a team, event, or federation at $10,000; second, it offered a fancam to a sponsor directly at $20,000. A 40 per cent discount on these rates was available for events with fewer than 20,000 spectators, while bulk discounts for multiple events ranged between 10 and 20 per cent. During the initial contracting period with resellers, quarterly minimums were negotiated. Le Roux recalled:

> I would say, "Look guys what do you think you can sell?" They would say they think they can sell 10 fancams per quarter, so I would say, "Okay let's make your minimum four. Do you agree that something must have gone completely wrong if you can't deliver four fancams?" And they'd agreed to that as a minimum.

The quotas provided the resellers with exclusivity in their country markets. Resellers who failed to achieve their agreed minimums were allowed to continue selling fancams but lost their exclusivity. Any resellers who continued to miss quotas had their representation contract cancelled. For projects or clients that were referred to Fancam outside of a formal authorized reseller agreement, Fancam offered a referral commission equal to 5 per cent of the price charged for the fancam.

As a global business, Fancam included a provision in its reseller contract to manage situations where a client of a reseller in one market expanded its use of fancams to sponsored events in other markets, perhaps through a larger deal in its international head office. In spite of the provision and requirement to communicate possible conflicts, a recent deal with an international airline client had significantly damaged relationships. The client, which was being managed by Fancam's Australian reseller, had purchased a number of fancams in that market and was also considering purchasing a fancam through its Australian reseller for a major United States event it was sponsoring. At the same time, Fancam's American reseller proposed that the event could offer a fancam to the airline sponsor at an inflated rate, allowing the event to generate additional sponsorship revenues. When the client responded that it was already planning an event fancam and would be buying it for almost five times less than was being offered in the United States, the event executives "had egg on their face, were obviously not happy with the Fancam reseller in the United States, which in turn reflected badly on us," recalled Le Roux.

STRATEGIC ALTERNATIVES

By early 2015, Le Roux needed to decide on Fancam's channel management approach. Although the resellers had delivered strong revenue growth and a solid "land grab" market position, contributing to the sale of over 350 fancams since 2011, Le Roux was concerned that the growing difficulty of managing resellers was negatively affecting the business. Various strategic alternatives were being considered.

Fancam had ended the agreement with its primary reseller in the United States and discovered that the reseller had been subcontracting a second agency to sell fancams at a higher rate. Le Roux had come away

from meeting the second agency feeling confident about the senior executive's ability to deliver, and he wondered whether he should offer that agency exclusive rights to the American market. Le Roux was aware of a few other agencies in the United States and wondered whether Fancam should try non-exclusive resellers for this substantial market.

Fancam's reseller commission experiments had delivered mixed results. Although the appealing incentives had grown overall revenues beyond expectations, the resellers often earned almost as much as Fancam. Le Roux was "fine not making as much money as I could for a while," but was growing uncomfortable with the sense that resellers were "chasing commission," resulting in an inconsistent value proposition in the market. He also wondered how sustainable this approach would be, as some resellers focused on the biggest individual deals possible to the detriment of regular fancams and relationships with clients. Le Roux needed to decide on the most appropriate incentive structure for the single or multiple resellers in each country.

During the past four years, Le Roux had learned how clients differed across the world. In Europe, sports teams typically bought fancams as spectator engagement activations, and sponsors in Europe expected the teams to pay for the activations. In the United States, teams were able to sell fancam activation on to new or existing sponsors, which meant that Fancam and its reseller needed to deal with both the teams and the sponsors. One MLB team had recently suggested that spectator engagement was less of a priority for the team than being able to generate additional sponsorship revenue by including a fancam for a big game in an annual sponsorship deal. Le Roux wondered about the implications of his channel management decision on the brand positioning of Fancam in the market—especially given the hype about data analytics, content marketing, and the possibility of using Fancam's technology to more deeply understand spectator behaviour through regular fancams, rather than one-off event shoots. Mobile technology innovations, including augmented and virtual reality, were also attracting attention, adding to a more challenging sales environment.

After operating through resellers internationally for more than three years, Le Roux sometimes felt that he "could sell it better than anyone else." He wondered whether the time had come to build a stronger internal capacity to take on the sales role directly:

> We felt that many of these international partners, specifically in the Western markets, underestimated us because we were from South Africa, and felt we couldn't do business development without them. There was arrogance. . . . We felt disrespected in some of the relationships.

As he had a young family in Cape Town, Le Roux did not see himself spending most of the year travelling internationally, but he did not have anyone else in his team who could play that role. He was also nervous about whether people who did not live every day in the American sports context might miss the social nuances and shifts in fan behaviour and client strategies. He had no doubt, however, that the current approach to channel management needed to change and that he needed to respond to the potential exclusive reseller in the coming week.

EXHIBIT 1: SELECTION OF FANCAM IMAGES

Date	Event	Venue	URL
October 2011	National Football League (NFL), Steelers versus Patriots	Heinz Field	http://steelers.fancam.com/20111030
January 2012	English Premier League (EPL), Manchester City versus Tottenham	Etihad Stadium	https://mancity.fancam.com/20120122
October 2013	College football, University of Southern California versus Notre Dame	Notre Dame Stadium	https://cokezero.in3sixty.com/20131019
January 2014	Top 14 rugby, Toulon versus Castres	Stade de France	https://aveclexv.in3sixty.com/20140531

Source: Fancam internal documents.

EXHIBIT 2: REGIONAL SPONSORSHIP SPENDING IN 2014 (IN US$)

Region	Value
North America	$20.6 billion
Europe	$14.8 billion
Asia Pacific	$13.3 billion
Central/South America	$4.2 billion
All other countries	$2.4 billion

Source: Adapted from IEG, "As Sponsorship Borders Fall, Spending Rises," IEG Sponsorship Report, January 5, 2016, accessed November 5, 2018, www.sponsorship.com/IEGSR/2016/01/05/As-Sponsorship-Borders-Fall,-Spending-Rises.aspx.

EXHIBIT 3: SUMMARY OF NUMBER OF FANCAM IMAGES SOLD PER RESELLER PER YEAR, 2011–2014

Reseller	Contract Date	Region	2011	2012	2013	2014
Fast Track	Jan 2011	Europe	2	2	1	0
Modo	Jan 2011	S. America	2	2	0	0
Maarten Borges	April 2011	Europe	4	0	3	2
Replay Photos	June 2011	USA	36	29	4	0
Great Big Events	Sept 2011	Australia	3	14	2	0
Pat Coyle	Nov 2011	USA	6	0	0	0
Sports Entertainment Intelligence	Dec 2011	Europe	2	19	4	0
Elemento	Jan 2012	S. America	0	1	0	0
ProSport	Jan 2012	Europe	0	2	1	1
Ryoma Machida	Jan 2012	Japan	0	1	1	0
Graffiti	April 2012	Australia	0	2	0	0
Ashok Karanth	July 2013	India	0	0	0	21
Thomas Lavenant	July 2013	Europe	0	0	8	4
Winstar Interactive	Dec 2013	USA	0	0	4	25
In-house Fancam		All	52	71	30	28
TOTAL			107	143	58	81

Source: Fancam internal documents.