

Introduction

St. Louis has always had soccer in its veins despite its difficult political past. Locals have responded extremely positively to St. Louis City Soccer Club's (SLCSC) formation and first season. A large part of this success is due to the trust in the ownership group – the Taylor family. The Taylor family has a long-standing reputation of serving St. Louis city's community and driving sustainable economic growth. Their vision is to develop the economy of St. Louis city by working with the city's residents and building on its unique history and culture.

Like other Major League Soccer (MLS) expansion teams in economically challenged areas, such as FC Cincinnati and Orlando City SC, both St. Louisans and SLCSC management are likely to face major challenges. We intend to support SLCSC in proactively overcoming these challenges to maintain the strong bond shared by the club and the residents.

SLCSC has exceeded performance expectations in its first season without overspending on player salaries, which is a testament to the management's effective strategy in laying the foundations of success. Recently however, MLS clubs have started recruiting some of the top players in the world, and so SLCSC must identify a reliable source of potential new players to remain competitive. We present our analysis on whether they should source players through acquisitions or through players development. Finally, we present our plan to allocate resources across the club's sporting, community, and business objectives to achieve the club ownership's vision.

Looking beyond 2023, three major global soccer tournaments will be hosted in the US over the next three years. Leveraging this unique opportunity, our five-year plan aims to accelerate SLCSC's growth momentum, solidifying the club's presence in the US soccer industry and advancing the ownership's vision for the city's development. In our analysis, we consider how each of our recommendations balances optimal financial performance, athletic performance, and community development.

SWOT Analysis of St Louis City Soccer Club^{F1}

The City Park stadium project has helped create jobs for St. Louis locals and stimulated the economy, fostering positive public sentiment on their side. The Apple TV+ deal will broaden the club's exposure. However, the club faces threats in the competitive landscape of talent acquisition, with potential strains on financial resources. Another threat is competition from established baseball and hockey teams with higher followings in St. Louis⁵. On top of that, St. Louis city's perceived high crime rates continues to hinder the Greater St. Louis community's willingness to visit downtown to attend games, despite genuine improvements in public safety. Thankfully, strategic partnerships with entities like the Great River Greenway and St. Louis city administration have resulted in good first steps in community development⁶, and we foresee more opportunities for collaborative initiatives to enhance the club's community impact.

Recommendations^{F2}

To achieve the objectives outlined, we have three main recommendations that are built on top of each other to amplify the intended results:

1. Develop new players through Youth Academy
2. Sign and deliver on a Community Benefits Agreement
3. Grow SLCSC's fanbase and revenue

Below we discuss each recommendation in detail:

1. Develop new players through Youth Academy

St. Louis City SC should make their youth academy (Academy) the primary source of player recruitment. We identify North and South American youth to be the best target for the Academy because of the untapped talent pool and its geographical proximity. Based on the current U15, U16, U17 and U19 (UPSL) categories of the Academy, we expect that within 5 years, graduates from the youth academy can be promoted to the senior team or traded to other clubs globally to generate revenue for the club. Rather than competing for talent with European clubs, SLCSC should position itself as the hub for soccer player

development in the US. St Louis City Academy will have market acceptance on its side due to the legacy of every world cup playing US national soccer team having a St Louisan.

Until the first players are ready to be promoted from the Academy, SLCSC should stay the course in running the club in SLCSC sporting director Lutz Pfannenstiel's lean and teamwork-focused manner instead of recruiting expensive talented senior players. Pfannenstiel's strategy is sound, and one that has worked with many clubs around the world, both on-the-pitch and financially.

We recommend foregoing Designated Player allocations and reinvesting the savings in the Academy by hiring the best young prospects from the Americas with the help of a stellar scouting team. The organic development of young stars from the Academy will provide better return-on-investment (ROI) than acquiring star players or even acquiring youth academy graduates from Europe.

Another benefit of focusing on the Americas for Youth Academy player sourcing is when Latin American players earn acclaim for their MLS performance, SLCSC fanbase will spread to Latin America. Leveraging Latin American soccer fandom and the continent's proximity to the US market, soccer tourism dollars will start flowing into the St Louis economy as foreign fans start attending games at City Park.

2. Sign and deliver on a Community Benefits Agreement (CBA)

Activities directed towards community development are deemed the most important by the club ownership. A CBA will not only serve as SLCSC's beacon for community development initiatives, but also communicate to all stakeholders the seriousness with which the club will prioritize these activities. We propose including the following action items in the Community Benefits Agreement:

- i. Issue a scoping study to gauge the present and future needs of the community. Results of the study will determine the optimal financial commitment that SLCSC will make to the city's development in the next five years. Making an insufficient commitment may put the club at jeopardy of lawsuits by the residents as in the case of FC Cincinnati.
- ii. Commit to award merchandise production contracts to St. Louis based merchandise producers. The ownership will agree to higher cost of goods sold if needed, prioritizing creation of local jobs over low production cost. SLCSC should brand them "Made in St. Louis" to foster regional pride, which the customers will be happy to pay a premium for. To remain profitable, sale prices of merchandise may be increased by adding on other values like player signatures. A portion of the profits from the sale of merchandise should be donated to a Fund for the city's development.
- iii. Organize a public forum to ratify a joint initiative between SLCSC, St Louis city and a non-profit partner (potentially Great River Greenway with which SLCSC has pre-existing relationship) to replicate the successful model utilized by Orlando City SC⁷. The non-profit led project will buy property, renovate it, and rent it out to locals at affordable rates to prevent displacement.
- iv. Affirmative Action hiring for St. Louisans for all jobs created by the club, including construction, maintenance, operations, and skilled-labor jobs. This will incentivize educated St Louisans to reside within St. Louis. Over time, this will prevent and revert brain drain. Median income will go up and economic growth will follow.
- v. Commit to investing in community improvements such as parks, recreation centers, and schools that will improve reputation and quality-of-life in the city.
- vi. Launch a 'Public Safety Aid'⁸ scholarship program for students in Greater St Louis to engage the local youth in making their neighborhoods safer. As opposed to increasing police presence, this initiative will be appreciated by locals and visitors alike. Public Safety Aids will staff different positions at City Park during game days and events to ensure guests' convenience and safety. The youth will receive valuable opportunities to pursue education, making it an integrated approach that strengthens the bond between the club and the St. Louis community.

3. Fan engagement strategies to drive up revenue

The five main sources of revenue for MLS teams are: ticket sales, sponsorship, food & beverages, merchandise, and other events hosted at the stadium. SLCSC has already been selling out stadium seats and

pre-sale of merchandise in the city i.e., they have been maximizing revenue from St Louis City. The Apple TV+ deal will expand viewership in other market segments, so SLCSC should focus on activities aimed at increasing customer lifetime value. Also, as fan engagement and therefore the club's brand value increases, revenue from broadcast rights and sponsorships will increase. Hence, we recommend allocating resources over the next five years to increase brand value by gaining new fans and further engaging existing fans. Our action plan is as follows:

- i. Collaborate with local hospitality businesses to offer attractive tourism packages to game ticket holders to extend stay at St. Louis before/after the game. Additional perks like discount rates for group tickets, exclusive access to pre- and post-game activities, as well as local dining services and accommodation. Not only does the city's economy gain from extended stays, but also the fan experience is improved because they deeply interact with St. Louis' culture.
- ii. Facilitate partnership between major hotel chains in Greater St. Louis and local hotels, Bed-and-breakfasts and Airbnb through a joint initiative surrounding the City Park games and events. The full potential of the existing infrastructure can be utilized to serve the city's best interest by sharing expertise and resources and maximizing guest capacity. Local enterprises can benefit from the resources provided by larger non-local corporations. This initiative not only creates new job opportunities for locals but also empowers local businesses to expand beyond the city's borders.
- iii. Expand the STL CITY SC app's capabilities to cater to fans beyond the stadium experience such as a Loyalty Rewards program. This program will reward fans with points for their active engagement, game attendance, and support of local vendors through a gamified experience. The app will become the hub for all fan activities including planning stay and St. Louis tourism. Fans will be able to cash their exclusive rewards at participating organizations in Greater St. Louis. This initiative fosters fan loyalty, promotes local businesses, and boosts community engagement.
- iv. Soccer viewership does not stop at the limited stadium seats. Fans watch the games at sports bars, restaurants, and tailgates. The club can help cater for an elevated experience by organizing special events through the CITY MOVES⁴ program at local businesses where fans can interact with the players.
- v. The club must take advantage of the higher attention surrounding soccer during 2024-26 to promote soccer tourism, enticing visitors to experience the city's vibrant soccer culture. The club will organize a soccer festival in St Louis comprised of spectacular parties, exhibition matches and fan activities during the 2026 FIFA World Cup in association with local businesses. St. Louis will be positioned as a pit stop between Kansas City Stadium and Philadelphia Stadium which are the two nearest World Cup venues.
- vi. Leveraging the existing relationship with Apple TV+, produce and release a sports documentary show akin to "Welcome to Wrexham"³ chronicling SLCSC's formation, fandom, and rise. As evidenced by the Wrexham example, this TV show will create a lot of new fans of SLCSC, and it will also serve as a source of revenue. Each MLS season will be a season of the show, and this will increase fan engagement during the off-season and boost merchandise sales.
- vii. Since the Taylor family has sponsorship deals and minority ownerships in other sports franchises in St Louis city, the club should leverage those connections and build an interconnected sports experience for sports tourists and St Louisans. The shared publicity from Cardinals (baseball), Blues (hockey) and SLCSC will turn the threat of competition from other sports franchises into a strength for the club.

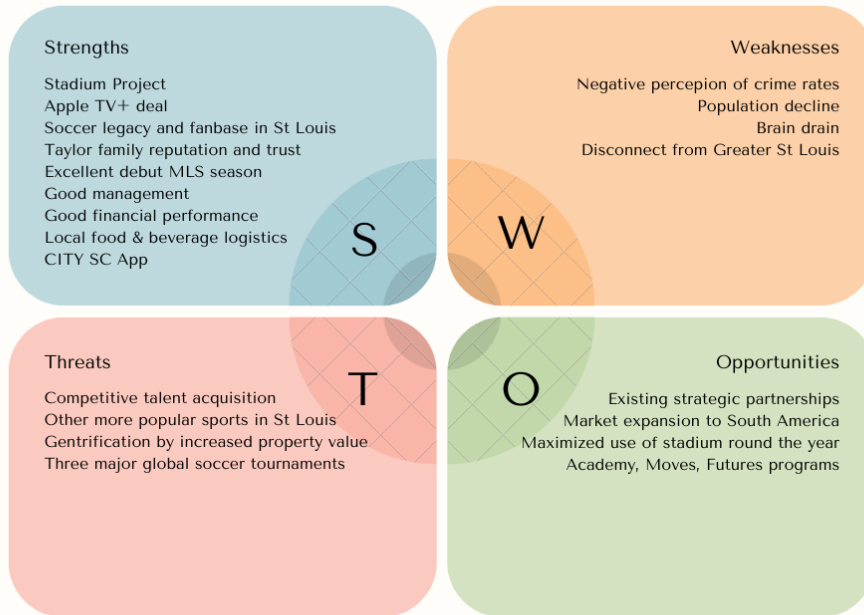
Conclusion

Based on our analysis, the five-year plan will maximize ROI while serving the community and propelling the club to the top of the MLS standings consistently. Our plan prioritizes feasibility and long-term goals while taking advantage of short-term boosts like the three major global soccer tournaments in the next three years. With a strong player development pipeline and a larger passionate fanbase, the club will be on a steady path to realizing the ownership's vision and becoming a club deserving of the St. Louis soccer legacy.

Appendix

Figures

F1. SWOT Analysis of St Louis City Soccer Club



F2. Kogod FC 5-year plan



References

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