

Chicago Daily Law Bulletin®

Volume 164, No. 241

Serving Chicago's legal community for 164 years

Fanatics teams with others as merchandising pioneer

A licensed sports merchandise manufacturer and distributor is making real strides toward world domination in the merchandise industry. This year alone, Fanatics has partnered with both traditional and emerging sports leagues, reaching agreements in the United States, Europe and Asia and has launched a groundbreaking sports merchandise deal with Ticketmaster.

In terms of sheer numbers, Fanatics is already a leading global sports merchandise company. The company behind the Fanatics, FansEdge, Kitbag and Majestic brands, it retails merchandise for the major U.S. professional sports leagues, major media brands and more than 200 collegiate and professional teams through more than 300 online and brick-and-mortar stores.

But its recent innovative, first-of-its-kind partnerships and dominating, strategic moves indicate Fanatics intends to take leadership to an entirely different level.

Fanatics made its first foray into the exploding e-sports industry by joining forces with one of its biggest names.

The Overwatch League, a professional e-sports league with city-based teams in North America, Europe and Asia created by Blizzard Entertainment, announced on Dec. 3 that it entered into a multi-year agreement with Fanatics to sell the league licensed merchandise to fans.

Not only is the deal Fanatics' first in the e-sports industry, but it's the first of its kind between a major retailer and an official e-sports league, according to Overwatch.

Fanatics now has the U.S. and international rights to make Overwatch League jerseys, fan apparel and other items to be sold at retail and wholesale, for both league events and championships.

Fanatics plans to launch a new e-commerce platform with Overwatch and will operate retail locations at league events starting with the 2019 season, starting in February. In rolling out the new partnership, Overwatch will also

SPORTS MARKETING PLAYBOOK



DOUGLAS N. MASTERS AND SETH A. ROSE

Douglas N. Masters is a partner at Loeb & Loeb LLP, where he litigates and counsels clients primarily in intellectual property, advertising and unfair competition. He is co-chair of the firm's intellectual property protection group and he can be reached at dmasters@loeb.com. Seth A. Rose is a partner at the firm, where he counsels clients on programs and initiatives in advertising, marketing, promotions, media, sponsorships, entertainment, branded and integrated marketing, and social media. He can be reached at srose@loeb.com.

sell Fanatics-made merchandise on websites dedicated to the league's new expansion teams in Atlanta, Chengdu, Guangzhou, Hangzhou, Paris, Toronto, Vancouver and Washington, D.C.

At the same time, Fanatics is also building on a strategic partnership model it first introduced two years ago.

Earlier this year, Fanatics unveiled its latest partnership utilizing an innovative, three-party licensed sports merchandise model. Fanatics, the National Football League and sports apparel giant Nike announced in May that they are launching a 10-year partnership that will divvy up certain licensing rights and responsibilities.

Under the arrangement, starting in 2020, Fanatics gets exclusive consumer product licensing rights to make and distribute all of Nike's NFL products for adults, including jerseys, sideline apparel and fan gear, which will be sold online and in stores, according to Fanatics.

Nike will continue to be the exclusive on-field supplier for uniforms, base layer and sideline apparel for the NFL's 32 teams, except for headwear. Fanatics launched a similar three-way partnership model in a deal with Major League Baseball and Under Armour in 2016.

The partnership, which also commences in 2020, gives Fanatics the licensing rights to make and distribute Under Armour and Fanatics fan gear, including jerseys.

Under Armour will become the

MLB's exclusive provider of all on-field uniforms, including jerseys featuring Under Armour branding, as well as training apparel, for all 30 MLB teams.

The partnership model brings Fanatics' on-demand manufacturing capabilities to two of the U.S. Big Four professional sports leagues and their already established partnerships with two of the biggest sports apparel makers in the world.

The agreements leave plenty of room for the partners to leverage their respective resources and customer bases.

At the international level, Fanatics continues to pursue a variety of opportunities.

In October, it announced a retail merchandise partnership with the German football (soccer) association, Deutscher Fussball-Bund. Fanatics said it will create a new global e-commerce platform for the DFB and run on-site stores at home games, adding to its European presence.

The company already works with major football clubs in Spain and the United Kingdom.

Also, in October, the Fukuoka SoftBank Hawks, a Japanese baseball team in Fukuoka owned by SoftBank Corp., agreed to make Fanatics its merchandise manufacturer and distributor. The 10-year deal with the celebrated team, the 2017 Nippon Professional Baseball Series Champions, is a first for Fanatics in Asia, according to the company.

Fanatics' most eye-opening deal this year, however, isn't with a league or team.

The fan merchandise company joined forces with Ticketmaster — the biggest name in ticketing for sports events and the official partner of the NFL, the National Basketball Association, the National Hockey League, the College Football Playoffs, the PGA Tour as well as individual teams, bowl games and universities.

The deal between these two heavyweights in the sports world allows each partner to leverage the other's considerable customer database, giving Fanatics unprecedented access to fans buying tickets to sports events.

Sports fans will be able to buy tickets to events via links on Fanatics websites and online stores run by teams and leagues. Fanatics will be able to direct special merchandise offers to previous and new ticket purchasers.

In addition, the partners are also creating a unique rewards program that gives fans currency they can redeem for jerseys and other apparel and items across Fanatics' online stores.

Amid Fanatics' aggressive expansion, however, it's pulling back in at least one sport. It decided to end its agreement with NASCAR to sell merchandise on-site at the tracks, just four years into the 10-year deal, Sports Business Journal reported in November.

The reason cited for the move was NASCAR's falling race-day attendance. Fanatics will continue to sell NASCAR merchandise online.

With many of its deals spanning the next decade, Fanatics is making serious commitments to its partners and to fans of a wide variety of sports.

In return it gets access to the resources and customer bases of the biggest and most lucrative sports organizations on the planet.

The number of partnerships Fanatics has entered into this year alone indicates the company has no intention of slowing down. As its existing agreements mature and evolve, Fanatics is likely to continue to be a trailblazer on multiple fronts.