

**CHELSEA FOOTBALL CLUB FANS' FORUM
2022-23, MERCHANDISING & MARKETING MEETING MINUTES**

Meeting held in the Vialli Suite/ Teams at 6.30pm on Wednesday 11th January 2023

Attendees	Club title/ group represented
Atkinson, Dave	Nike Club Business Director
Beckwith, Gary	65 and over
Broadbent, Dean	Club Chelsea
Brown, Peter	LGBTQI+
Burrage, Adam	Club Stadium Tours & Museum Manager
Craig, Toby	Club Director of Communications and Public Affairs
Evans, Kerrie	Chelsea Women Supporters Group
Finkelstein, Daniel	Club Director
Fortag, Zack	16-21s
Glick, Tom	Club President of Business
Goodbrand, Christine	Female
Jones, Sarah	Club Head of Merchandising
Kirke, Xander	Chelsea Pride
Lewis, John	Access
Middleton, Pamela	UK away scheme
Millham, Richard	Club Head of Global Merchandising
Paton, Matt	Nike Club Senior Merchandiser and Operations Manager
Regan, Andy	Forum Chairman
Rosso, Dominic	Chelsea Supporters Trust ("CST")
Scammell, Jon	Club Global Fan Experience Lead
Smith, Catherine	Club Head of Supporter Relations
Smith, Graham	Club Head of Ticketing
Swyer, Craig	Home season ticket ("ST")
Trenter, Peter	Chelsea Supporters Group ("CSG")
Warner, Mark	UEFA away scheme
Wittich, Margaret	Chelsea Supporters Club ("CSC")
Wolff, Brian	Overseas supporters club
Woodcock, Steve	Member

Apologies for absence

Barrett, Neil	UK supporters club
Daine, Nav	Regional Manager for Retail Operations at Levy
Fatah, Kozhin	Ethnically and culturally diverse
Kingsmore, Paul	Club Director of Operations
Stewart, Shaun	Family

(Action points are underlined.)

Gianluca Vialli

The Club addressed the Forum regarding Gianluca's recent death, not least given we are meeting in the suite named after him. Danny said he had never met Gianluca but still regarded him as a friend despite as he represented a pivot between the Club's history and its future. The excitement of the cup win in 1997 and the following few years were very much entwined with his time at Chelsea. He clearly had huge charisma and we remember the famous champagne toast before his first match. Gianluca represented fun and had great charisma but also real achievement. There has been a huge reaction amongst Chelsea fans and it's fitting we are meeting in the Vialli suite today. We will pay tribute to him at the Palace game by wearing black armbands and further tributes will follow after that.

Introductions by the Club and Nike

Attendees introduced themselves. Cat Smith was welcomed as the Club's new Head of Supporter Relations and commented that she is really looking forward to the role.

Gauging views from outside the Forum

The Chairman said that, given the growth of social media in particular over time, an increasing number of Forum representatives are requesting views and opinions from the fanbase – and in the case of today's meeting receiving many suggestions for merchandising. It was requested that only supporters' groups collate views in this way as our meeting agendas will become unsustainable otherwise. Representatives generally are on the Forum to provide their own opinions.

MERCHANDISING CLUB PRESENTATION

Shirt and other product sales

The Club and Nike gave a presentation on an insight into retail and merchandise at Chelsea FC. This started with an overview of the store and how it's operating. Generally it's been a very positive start to the season, especially given the sanctions last season. During that period Nike didn't provide products as was also the case with some of our licensed producers. Deliveries were also hit. In comparison to 2019/20 – at least up to March that season – we are 16% up in sales. Replica shirts are very popular. Training wear is not performing as well and this was particularly hit by sanctions though we've had a strong December and January. Fashion apparel licensed branding with the lion is selling well. Accessories and gifts are at 5% of total sales with water bottles and footballs being popular. The main stand out is printing on shirts and staffing is now up to optimum level again partly to deal with this. This is 63% up on previously.

As regards kits, we are likely to have the strongest sales for home and away we've experienced under Nike. The sesame kit hasn't been as popular.

The Club commented on which players are currently popular for shirt sales.

Replica shirts sales are stronger despite problems with supplies from China and one in seven of shirt sales are replicas. We currently stock 12 replica shirts all of which are popular. 60s and 70s shirts sell well. Shirts that may not have seemed popular from the late 80s and early 90s are in demand too.

For other apparel, pre-match shirts allow more opportunity for imaginative designs and both shirts for children and adults sell well. Other items worn by the players are also stocked.

Women's range

Sales for women's clothing have increased by 32% above our previous best year. Overall, women's apparel represents over 5% of sales for the first time and occupies 15% of the Megastore space. The Nothing Stops Us brand has been introduced as a joint initiative between the Club and Nike. That navy top is our number 1 seller after the replica shirt and we've accessorised the brand too. We sell Champions League shirts for which we hope to expand sales. We want to spread Nothing Stops Us branding.

Other products

The Pride range has been extended including apparel as launched alongside the Rainbow Laces campaign in October. Some items such as water bottles have sold well.

As regards accessories generally, with Covid and sanctions we've had a lot of stock to get through. 60% of items are new including a range of match day scarves. There is a new executive range and watches have been reintroduced. Legends shirts are being trialled with framed pictures and signed shirts in the Megastore. We also offer accessories for children and animals, as well as stationery and chocolate.

We are pleased with the increase in sales and are growing the Megastore alongside online sales.

A representative said the comments aren't in line with feedback their supporters' group has received. There have been complaints about prices, such as the £100+ home shirt, with spending for families being exorbitant to buy shirts for all. The Club said pricing is similar across the market and we are conscious of the price. We offer ST discounts of 10%. Expensive shirts are increasingly popular in comparison to cheaper shirts but we are very aware of market fluctuations and demand.

UK and Europe shirt sales are still very strong with USA sales being our second biggest market. We review costs each season and are largely in line with prices at other clubs. Pro shirt sales were around 2% and have now trebled. A supporter said this bubble will surely change if economic conditions worsen. The Club responded that we used to sell our most popular shirt at £75 but that involved not passing on the costs we have to pay which include manufacturing and shipping. They are manufactured across various countries including China and Turkey. Due to the lack of Chinese factories we have had to look at other locations. Most of the trade for accessories was made in China for us, Manchester United and Liverpool

Shirts tend to be made across markets such as Indonesia, Turkey and Vietnam. If costs are bigger in some places, we absorb that and look at average costs so we have options for production.

It was raised that you could buy kits for children with a discount but adults can't obtain them. The Club said the issue is partly whether an item is Vatable. Sports shirts used to be discounted to entice fans into shops but we hope the ST discount helps alleviate some of those increases.

A representative said that overall there has been a big improvement in the Megastore since the early days when Nike took over. However there are complaints about international shirts being sold there and we have to remember this is a Chelsea shop and not a Nike shop. In response to a question, the Club confirmed that sale percentages per player are from the Megastore only but online sales mirror those figures. We don't have any access to non-Chelsea or non-Nike sale figures.

Another representative agreed there has been great progress in the Megastore. The Club said that given we've had three years of turmoil with Covid and sanctions, with online sales going through the roof during the pandemic, bricks and mortar sales are looking impressive now. Not many retailers can guarantee that up to 27 or 28 times a year we have a mass market who are interested in buying. A representative said that, from his business knowledge, China makes good quality products.

Design process and consultation

It was raised that it would be good to consult supporters at the design stage. The Club explained that not only is next season signed off but so is 2024-25. With the change of ownership, we are reviewing the process and are likely to have focus groups help with the process. The representative added that explaining the designs to fans, such as the lion on the collar or the West Stand on the shirt for what was meant to commemorate our last season before a rebuild, greatly helps. Nike agreed and said there are many aspects included in designs and we will narrate the story about shirts in more detail from next season. We are designing 2025-26 shirts in the coming months. It's always very subjective as to the popularity of each shirt. It added that the designers do a great job but adding the focus groups and consultation with this group will help.

Nike added that designers were previously based in Portland but are now in London as its European hub, so the intention is for them to obtain a better understanding of Club culture. When designing team shirts, it firstly runs insight sessions highlighting the history and culture of the Club. Those ideas are presented to the Club including the board. There may be a couple of options provided. It then provides samples and all along the way there are adjustments. More samples are produced and eventually there is a sign off.

It was raised that, from consultation, Nike must know that some colours are not welcome. It confirmed it takes this into account and, if unpopular colours are included, the Club will step in. Nike tries to be innovative and it's always a balance. There have been some unusual designs,

such as last season's third kit which ended up selling out by Christmas, but we weren't sure about it in the lead up. It shows that popularity or lack of it is often difficult to spot. Across the kits we try and cover our core fan base groupings. The Club added that from the start with Nike we've made clear we want the same blue for continuity. We have to try and anticipate what will sell in three years' time. We have had red in some of our kits historically and yellow doesn't sell as well as black shirts generally. The tangerine and graphite shirt from the 90s is more popular than it was originally. The Camo shirt is popular but it's all subjective. Even the red Commodore shirt from the 1990's sells well but some newer fans question why we have red in our kit. The Club and Nike will work on developing stories to accompany designs.

Nike added that it used to carry out the shirt launch but now the Club is doing that in partnership which gives the club more opportunity to input in the launch.

Representatives were invited to send in any further suggestions regarding products.

MERCHANDISING AGENDA TOPICS

Women's clothing and accessories

It was raised that, though we have limited space in the Megastore, there aren't enough products provided for larger women, above size 16 in particular. Nike and the Club said it will be introducing bigger sizes with 18 and possibly 20 and 22 brought in. More training clothes will be introduced and in a wider range of sizes. Nike's number one focus is increasing girls' and women's access to sport and this is highlighted in its branding. Marketing will be very apparent for this area.

Women's team products

Another representative said there was a lack of letters available for printing on the day of the Spurs match. The Club said it has its mobile unit and is looking for more space for this facility. It added that it took 18 months to have a new font introduced and now offers WSL printing.

First team kits

The Club confirmed there are three men's kits and three women's kits. The academy has two main kits and a backup kit if there is a clash.

Nike apparel licensing

The Club was asked how we generate revenue from our Nike contract. We were clearly affected by the sanctions issue, such as the request to remove '3' from our shirts.

It responded that it recently announced Nike is our most important partner, involving not just global reach but also their level of innovation. The investment Nike is making in the Club is competitive in comparison to other big clubs. The relationship is interdependent and we sell

more of our products in the UK and Europe than elsewhere. The US market is growing substantially and we are also targeting Asia and the Middle East. We have potential to work with them in other areas such as commerce. It's a major strength of the Club.

The growth in the women's game and Nike's strategy for female involvement in sport is allied to our aims. We want to see how we can better align with our fan base generally.

Supporter-created shirts

Nike was asked its view on supporter-designed shirts and whether there may be a pathway for such a design to be adopted. It responded that it is very aware of suggestions on social media for designs and considers the best of those ideas. However it doesn't copy designs and we have to look a few years ahead, but it can be an influence. Social media responses can be for or against our designs.

Some other brands have had fan-designed shirts but we would rather involve fans more in our focus groups.

Club badge

The Club was asked if it could just have the lion on some shirts instead of the badge. It commented that the Cup Final retro shirt was very popular and we launched the Pride of London collection with a gold lion that sold well. We are considering having simpler branding on a kit and added we wouldn't change all kits as the lion would lose its impact. You may see mono-branded products this winter too.

Selected distribution

The Club was asked why some products aren't provided across the Megastore and online automatically, and why others such as the Vapor net drill top aren't available. Items such as the tech fleece appear to be only in the Megastore whilst some products are online only. It responded that the drill top is not currently available but is in the order book. It was meant to be offered before sanctions intervened. The only reason the Nike range may not be offered across the board is if it's sold out on a particular platform or if we're awaiting delivery. This season, for instance the drill top was not ready for pre-season training, even for players.

We are trying to expand the range but it's also down to the cost in some cases. As some items are "tech-special" they can retail for up to £250 and we know there is a ceiling for pricing. We will look to increase availability generally though. The representative said the black and gold stripe top is only available on the US version of fanatics.com rather than at the Megastore, which is the opposite of most offerings. The Club will look into this. It may be due to the effect of sanctions and the aftermath of the pandemic. Also we have four markets – Europe, USA, China and APLA (Asia Pacific and Latin America). Each area may have different products to some extent.

Logo subtlety

A representative said that some women may want more subtlety than having the badge prominent on items, such as on the coat. A small lion, for instance, would be more appealing and avoids aggressive comments from other fans. Nike responded that there is room for both obvious and subtle products in the market. It wouldn't want to offer the badge as a separate optional accessory as some fans would just add it to all their clothing.

The Club added there are no plans to bring back the two star logo as that was a celebration at the time of the win in Porto and we now want more stars. It sold well but we couldn't rebuy. The sesame seed track suit sold out in two days and then sanctions started.

We have the 25th anniversary of Stockholm in May so there will be a lot to celebrate.

ST discount

It was mentioned that the claim of giving a 10% discount only to ST holders is inaccurate as the Club gives 10% discounts to other fans at times, such as the beginning of the season. The Club said the discount is not available through non-Club outlets and is consistently available for ST holders all season. It was introduced as a response to a request at the equivalent meeting a few years ago for fans to have a loyalty reward.

MARKETING CLUB PRESENTATION

The Club addressed issues raised by supporters for this meeting.

Women's team

The women's team is a huge priority, as it has been for several years. We are looking to market it far more going forward. We have grown by 29% in attendances for Kingsmeadow and 62% for Champions League matches. We have the second highest attendances after Manchester United and hosted 38,000 for the Spurs match with a Champions League match scheduled to be played here in March. We have sold 1,500 tickets for Arsenal away which is impressive as we have a men's match at a similar time on Sunday, and could have sold a lot more.

Objectives include a new attendance record for the March match, with a sell out hopefully. We want to continue our current growth rate. The aim is to pivot around major dates for women as regards marketing, such as international women's day. At any given time our publications and media will focus on the women's game at the same time. We will also increase marketing to our men's team supporters which hasn't necessarily been the case previously and also to increase awareness around the Kingsmeadow area. All ages and sections are going to be targeted in our fanbase.

Academy

There has been a 55% growth in attendance and we average over 1,000. The team are doing better this season which helps. We use email marketing and social media as well as targeting our main supporter base. It's not as big a priority as the men's and women's first team.

Supporters' clubs

We relaunched the programme in 2019 when we had about 100 clubs and now have 850 clubs with 250,000 members over 100 + countries. This is the largest programme in the Premier League. Barcelona and Real Madrid have 99% of their clubs in their vicinities whereas 99% of ours are not in our vicinity. We have had 12 focused events with those in the USA scheduled around the tour with the Champions League trophy, plus events in India and Abu Dhabi. We are rolling out a global clubs' programme. Last summer we had a Trivago-linked event on the pitch for UK clubs. We have handed over the Instagram handle to clubs around the world on occasion for them to tell us about their club and events.

We have successfully set up the network and from 2019 we had a new loyalty system for clubs worldwide. We are integrating an App into the system and have a suite of assets such as imagery and logos to help publicise their clubs. There has been less of a link with ticketing since 2019 and we are looking to connect those processes more closely. Again due to sanctions we couldn't roll out our rewards programme and the web and App are now being re-platformed. Rewards packs will be distributed towards the end of the season. Play Predictor will be relaunched, intended for April.

We are looking to relaunch the programme generally later this season in order to better reward more engaged clubs rather than those who just build up total numbers. Clubs will be involved in planning that process.

Legends matches

The Club has reviewed this recently. We have 12 ambassadors and a large roster of former players who we want to involve more. There is an intention for a legends match to take place in September due to timetabling problems this season. We would generally like two matches per year, one home and one away, with the former played at Stamford Bridge. The March game is being rescheduled partly because of the women's Champions League match here.

We would like to recognise our ex-players through a hall of fame programme.

MARKETING AGENDA TOPICS

Academy publicity

A representative said we have one of the best academies in Europe but matches are only publicised just before and after each game. We had a home match for the men's first team last week which included an advert for the women's Champions League match but not for the

Academy youth cup match. Less than three hundred attended which is disappointing given the importance of the game.

Pictures outside Kingsmeadow are of the women's team only and not the academy team. It's great that we make the women's team feel at home but it's meant to be a shared ground.

Teams are not read out so fans don't know who they're watching. There is a great family atmosphere for the women's matches including flags, Bridget appearing and chocolate provided on one occasion. The prices for women's matches can be very low but families should have the academy marketed to as well, perhaps with free tickets handed out. We could have a separate Twitter youth handle. Also playing on a regular day would help. As regards the women's academy the Club was told there is little publicity unless they win a trophy.

The Club responded that it has no control over kick-off times. It added that a member of the marketing team is now dedicated to Kingsmeadow so you should start to see improvements to both the academy marketing campaign and that for the women's game via both digital and social media.

Revenue plan and commercial sponsorship

It was commented on by a representative that our turnover in 2011 was about £250 million and is now £500 million with a goal of £1 billion. Part of the strategy appears to be greater television income and the Club was asked how it will achieve this. The Club said it's a realistic target by increasing all sources of revenue. Domestic and international TV revenue will grow and we will be proactive regarding that within the Premier League and European competitions, as well as via our own activities.

There is huge opportunity as we currently have fewer partners bringing in less overall revenue than some clubs and we are looking for a more global reach. We are in discussions looking at various sectors and want more deals with partners but it has to be the perfect partner in each area so fans can clearly be informed as to the benefits for them directly, either digitally or in person. This will be a big part of the criteria by which we judge partnerships. Our own media channels will be a sizable part of publicising each partner message and we are developing new content for our fans.

It was raised that we have 13 partners, Manchester United has 25 and Spurs has 16. The Club said there is more focus on us now than even a few years ago and the more revenue we receive, the more we can invest in our team and activities. We want to move ahead of our competitors on this.

Museum plans

The Club announced it's looking to increase the size of the museum including a hall of fame and wants more exhibits on display. There are a lot of opportunities and we are having our best year for 7 years overall, with 70% of our visitors from overseas and 30% from the UK. We

have less than 5% of members and ST holders visiting so want to increase this and are looking at how to have a larger footprint.

Airline partner

The Club was asked if it has a prospective airline partner in mind to assist with fans using or accruing loyalty points linked to the Club. It responded that this is an example of what we want to grow.

External real estate

It was raised that some local pubs are closing and the Club was asked if it would consider taking these over for hospitality and fan use to increase revenue. It responded that it welcomes these ideas.

Kingston shop

In response to a question, the Club said there are no plans to reopen this store or the Guildford store. At present we are focusing on the Megastore and online sales whilst still gauging how purchasers want to buy products. Footfall in some shopping centres continues to decline. Kingston cost us money at the time and one of the incentives was to sell tickets from there.

5th Stand App

The Club stated that it is looking to improve functionality over the summer.

Product suggestions

The Forum Chairman concluded that specific suggestions for products as submitted but not addressed in the meeting will be considered by the Club.

The meeting finished at 8.20pm.