The Charlotte Bobcats: (Re) Launching a New (Old) NBA Franchise

Dallas Branch, Jr.

Abstract
In 2002, the NBA’s Charlotte Hornets exited the Queen City for greener pastures in New Orleans, thus closing the book on a tumultuous 14-year relationship with their host city and fans. Their tenure in Charlotte was characterized by an NBA record for sold-out attendance from 1988-1996, a lengthy and nasty “divorce” with ownership starting in 1996, and a near complete falling-out with fans from 1997-2002 (“Losing the buzz,” 2002). In that span, average game attendance dropped from 23,000 in 1996 to 11,000 in 2002, even though the franchise made the NBA playoffs for the second straight year (“2002 NBA playoffs,” 2002; “Losing the buzz,” 2002; “Hornets history,” 2005).

Professional basketball in Charlotte got a revival in fall 2003, as the NBA awarded the city an expansion team and named Robert Johnson, founder and CEO of Black Entertainment Television (BET), as professional sports’ first sole minority owner (Schoenfeld, 2002). This newest NBA franchise, armed with new ownership, a new name (Charlotte Bobcats), new team colors (blue & orange), a privately owned television network, and corporate and civic funding for a new, state-of-the-art downtown arena, would attempt to rekindle the magic again in Charlotte for professional basketball fans. This descriptive and historical marketing case study presents the positioning strategies utilized by this new NBA franchise to rekindle professional basketball fans’ interest in and the market’s support for the Charlotte Bobcats. Specifically, this case study examines the Bobcats’ and market consumer analyses vis-à-vis the prescribed Marketing Management Process (MMP) that sport organizations should utilize in developing market positioning strategies to target consumers (Mullin, Hardy, & Sutton, 2000).

This case study provides insight into the strengths and weakness of the franchise’s initial efforts in assessing and evaluating the Charlotte market and the professional basketball consumer. Did the Bobcats engage in proper “due diligence” while launching their new product in the Charlotte Demographic Marketing Area (DMA)? What performance metrics were used to assess the product’s launch? Finally, given the existing market conditions and consumer attitudes, was the Bobcats’ initial “product position or concept” viable?

The Charlotte Hornets: From Riches to Rags
The first NBA franchise welcomed to the Queen City was the Charlotte Hornets in 1988. Under the direction of GM Carl Sheer, the Hornets sold out their arena—for the season (“Losing the buzz,” 2002). Playing in the newly constructed Charlotte Coliseum, the Hornets were very well-received by their individual and corporate fans and supporters. Indeed, a true bond was formed between Charlotte and their new NBA franchise. Commencing with the 1988 season, the Hornets sustained fan support without a break through 1996, selling out 364 consecutive games and establishing a new longevity average attendance record in the NBA (“Bobcats start,” 2004; Lombardo, 2002a). During this amazing attendance run, the Hornets never promised too much on the court and never delivered any more than they promised, only twice making the NBA playoffs (1992-93 and 1994-95) during that eight-year span (“Hornets history,” 2005).

Fans, businesses, and the city’s leaders seemed solidly behind their Hornets. Fan interest, loyalty, commitment, and support were also identified as hallmarks of the franchise. If ever an upstart NBA team and its host city could be characterized as prosperous, Charlotte was one of them.

Attendance started slipping and the Hornets’ good fortune began to turn to misfortune after trading fan-favorite Alonzo Mourning to the Miami Heat in November 1995 (“Losing the buzz,” 2002). In addition, The Charlotte Observer revealed publicly that the Hornets’ principal owner, George Shinn, was alleged to have committed sexual assault and battery on a 30-year-old North Carolina woman in an extramarital affair at his home in September 1997 (“NBA team owner,” 2005). The resulting civil suit and trial set the stage for daily and detailed accounts of the incident. This revelation was a shock to Hornets’ fans and it hit the city of Charlotte, self-proclaimed bulwark of the Bible Belt, particularly hard, as Shinn proclaimed himself a devoted Christian, one who wrote “devotional...
books and made speeches about his Christian beliefs...crediting his financial success to his religious devotion” (“NBA team owner,” 2005, p. 3). Fan support began to wane precipitously after the 1997-98 season, as attendance dropped from 23,000+ to just over 18,000 in one year (“Losing the buzz,” 2002). Attendance, support, and loyalty seemed to suffer commensurately with each new revelation of the owner’s alleged, yet publicly detailed indiscretion. Although eventually acquitted on all charges, the public relations damage to Shinn personally and to the franchise’s image and character seemed to persist and get stronger. Also, in July 1998, a minority interest in the Hornets was sold to Ray Wooldridge, a non-Charlotte resident (“Losing the buzz,” 2002). The fact that Wooldridge was not from Charlotte (or North Carolina) and didn’t reside in the city (or state) seemed another source of discontent for fans. Attendance hit rock-bottom from 2000-02, with regular season—and even NBA playoff attendance—sagging to just over 11,000 per game, down 25% in 2002 from 2001 alone, even though the Hornets made the playoffs in each of these last two seasons in Charlotte (“2002 NBA playoff,” 2002; “Losing the buzz,” 2002), thus discounting poor on-court performance as a plausible rationale for the drop. A further manifestation of non-support was evident in the media, as the Hornets’ local TV (WAXN) and regional cable TV (FSN South) ratings were down 20% and 39%, respectively, from 2001 to 2002 (“NBA franchise directory,” 2002). Fans “tuned out the NBA” and turned off the Hornets, and when they eventually left, “many rejoiced” (“Bobcats start,” 2004, p. 7-B).

The catalytic incident that may have sealed the Hornets’ fate happened in June 2001. Owners Shinn and Wooldridge sought public funding for a new basketball arena in Charlotte that would provide luxury suite and premium seat marketing opportunities unavailable in the Charlotte Coliseum. (“Losing the buzz,” 2002). As the arena referendum failed overwhelmingly, and with this significant additional manifestation of non-support, the Hornets filed with the NBA to relocate to New Orleans in January 2002 (“Losing the buzz,” 2002). After the Hornet’s 2001-02 season, one in which they made the NBA’s Eastern Conference Semifinals for the fourth time in their 14-year history, the move to New Orleans was finally made in May 2002 (“Hornets history,” 2005; Lombardo, 2002a). The Hornet’s left Charlotte and their fans by all accounts amid ill feelings, extreme distrust, and a tarnished image. There was “a hangover from the bitter divorce from the Hornets leaving” (Lombardo, 2002a, p. 6), and the “acrimony between the city of Charlotte and these two executives (Shinn and Wooldridge) has been well documented” (Genzale, 2003, p. 22). The owners moved the team after losing the support of Charlotte fans, as “attendance had plummeted faster than reputations, and the public refused to build the Hornets a new arena” (Lombardo, 2002a, p. 6).

Out with the Old and In with the New

With the old ownership and franchise sent packing to New Orleans, civic and corporate leaders rallied support to fund a $265 million state-of-the-art, multi-purpose basketball arena in the heart of the city (Lombardo, 2002a). With this commitment in place, the NBA awarded an expansion franchise to Charlotte and the search began immediately for the new team owner. Robert Johnson, founder and CEO of Black Entertainment Television (BET), was awarded ownership of the NBA’s 30th franchise in December 2002 (Lombardo, 2002a). The new team would begin play in 2004 in the existing, but renovated, Charlotte Coliseum, with plans to move into the new arena scheduled for completion in time for the 2005-2006 season (Lombardo, 2002a). Robert Johnson competed for the franchise with no less than four other ownership groups, one including Boston Celtic basketball legends Larry Bird and M.L. Carr (“Return engagement,” 2002). As the NBA set an expansion fee of $300 million for the new franchise, potential owners who did not have the financial power of Johnson were eliminated from ownership consideration (Lombardo, 2002a).

With the Charlotte Sting (WNBA) remaining in Charlotte as part of the ownership deal and with their scheduled 2003 season opener a few months away, Robert Johnson’s first order of business was to hastily assemble a highly professional and talented staff of “about 130 people divided among five locations in and around the city” (Nethery, 2004, p. 26), who would work at a frenetic pace to open the Sting’s 2003 WNBA season, as well as planning for their inaugural NBA season in fall 2004.

Yet, amid all the hoopla surrounding the “second coming” of an NBA franchise to Charlotte, Johnson was made well aware by area businessmen, who were key to the Hornets’ early financial success, that he would face not only a disillusioned fan base but also a saturated corporate sponsorship market (Lombardo, 2002a). By all accounts, Johnson’s first priority was to “assemble a front office that is talented enough to win over Charlotte fans, who were burned by the departure of the Hornets” (“People to watch,” 2003, p. 119). It became apparent early on that the public relations/marketing strategy was not to recognize, appeal to, or deal with the fans’ “old” concerns or feelings, as Johnson admitted that he “hadn’t taken the
temperature of the community” (Lombardo, 2002b, p. 6). Instead, the management team and new owner would opt to present to their public all that was “new” about this second NBA franchise (Lombardo, 2002b). How this decision would affect the franchise in the long run was yet to be determined; however, one thing was certain—there would be “no ticker-tape parade,” nothing like Charlotte’s celebration with the Hornets after their first 20-win season in 1988-89 (“Bobcats start,” 2004; Nethery, 2004, p. 26). Clearly, the positioning strategy was to present a franchise where the Bobcats’ public image was shaped with purely positive messages, with the public seeing “the façade of a near perfect organization” (Nethery, 2004, p. 26).

The Marketing Management Process (MMP) is a “prescriptive” guide to making marketing mix (price, product, promotion, place, public relations) decisions. As such, it is a logical, sequential, and interdependent flowchart of marketing thought that serves as the cornerstone of effective marketing. The process is driven by market and consumer data that permits “informed” decision-making. Without this data, marketing mix decisions are made “rule of thumb” (Mullin, Hardy, & Sutton, 1993; 2000). The Charlotte Bobcats “descriptive” marketing management (decision-making) process (i.e., what was decided and how these decisions were actually made), appears to be a significant departure from the prescribed information-based MMP.

In one of team’s early planning meetings, President and COO Ed Tapscott shared a (then) recent study conducted by the Seattle SuperSonics titled “Why Customers Leave” (Nethery, 2004). Findings from this secondary market research study revealed that the primary reason fans left was “attitude or indifference” (p. 26). The study became required reading for the entire staff and identified the importance of attending to fans’ needs. As Tapscott indicated, “We don’t have a lot of impact on some of the other categories, but when it comes to attitude, we’ve got a lot of impact” (p. 26). This introspective look at their marketing planning process indicated that the Bobcats “were carefully taking pains to send a positive message every day to the city that still feels burned by the Charlotte Hornets’ departure for New Orleans” (Nethery, 2004, p. 26). In short, the new team was “trying to make a fresh start in a city with the lingering bad taste the Hornets left behind” (“Bobcats start,” 2004, p. 7B).

There may be no better example of the staff’s strategic thinking on this point than one provided by Robert Johnson himself. Shortly after being awarded the franchise, Johnson was interviewed by the Sports Business Journal and asked the following question: The ownership problems with the Hornets have been well-documented and led to a nasty divorce that caused the team to flee to New Orleans. What do you plan to do to re-establish the relationship between the city of Charlotte and the NBA? Mr. Johnson responded,

I don’t buy that. That was the old organization and this is a new team that doesn’t have a name, logo, or team colors. What the people in Charlotte will be getting is a brand new team. I’m looking forward to bringing a new product to the market and creating new excitement. (Lombardo, 2002b, p. 6)

In a separate and later interview after the team had (two) new logos, new team colors, and a new name (Bobcats), Johnson was questioned why he would want to bring a team back to Charlotte without first knowing if fans would support a second NBA franchise. He responded by stating,

I’ve never felt that the Hornets leaving was going to be a drag on the Bobcats. The Bobcats are a brand new organization with a new owner and new players. The city was committed to having the NBA here as much as the NBA wanted to be here and as much as I wanted to own the team. (“Bobcats start,” 2004, p. 7-B)

As John Genzale (2003) was quick to point out, “…Charlotte…neither forgives or forgets” (p. 22).
The forewarnings given to Bobcats’ management regarding their (potential) consumers (fans) extended to the business community and corporate market as well. The NFL Carolina Panthers and Lowe’s Motor Speedway had unsold premium suites at their venues (Lombardo, 2002a). In addition, the two corporate financial giants in the city, Wachovia Corporation and Bank of America, had moved on to other sport sponsorship opportunities in the two years since the Hornets left town in 2002. Wachovia secured a $7 million a year title sponsorship to a PGA Tour event, the Wachovia Classic, and Bank of America purchased naming rights to the NFL’s Carolina Panther’s home, formerly Ericsson Stadium, inking a naming rights deal worth $140 million, at $7 million per year for 20 years (“Naming rights deals,” 2003; Lombardo, 2002a).

When confronted with these corporate market conditions, Johnson again offered an upbeat assessment without acknowledging market realities by saying, “I don’t see any problem winning friends and influencing people” (Lombardo, 2002, p. 1).

Another strategic positioning decision was the launching of a new digital cable network for the Carolinas to telesicast Bobcats games and other regional sports events (Shain, 2004). The Carolinas Sports Entertainment Television (C-SET) network would be offered only through a digital subscription service provided by TimeWarner (Shain, 2004). Digital cable was only available to approximately 700,000 digital subscribers in North and South Carolina, approximately 40% of the total Time-Warner Cable household subscribers (“Charlotte Bobcats,” 2004; Shain, 2004). In addition, those subscribers would be required to pay a $15 price premium each month over regular cable subscribers to receive the digital service (Shain, 2004). The move to broadcast 70% of Bobcats games via digital cable was considered an industry first and what some media experts considered the future of cable TV (Shain, 2004).

In the chat room of the Charlotte Observer’s Web site sport forum, Bobcats fans’ reactions to C-SET ranged from outrage, complaining bitterly about the additional subscription fee if digital cable access is available, to dismay, because digital service was likely unavailable in their area. An exchange between two of the Web site’s visitors, whose screen names were PantherCat and Rabid, may have best articulated many fans’ reactions to the Bobcats attempt to rekindle their interest and support. As PantherCat stated, “Talking on the Penner and Mack show (610 AM radio)…they said that about half of the calls they get about the Bobcats are about C-SET and not the team…the Bobcats have gotten a huge response from fans bitching about it…” Rabid responded, “I agree with Penner and Mack …about the Bobcats not realizing the amount of bitterness that exists in this town towards the NBA. True the Hornets are old news, but like it or not they are still the Bobcats problem” (“Charlotte Bobcats,” 2005, p. 1). The choice to anchor C-SET on a marginally subscribed digital network at a price premium instead of basic cable may have been another questionable strategic marketing mix (place) decision made by Johnson. Again, management was cautioned about the wisdom of C-SET, as Leo Hindery, who started New York’s YES network, said, “I would not have done it this way. When you do something this different, you’re either very smart or you’re taking some big risks” (Shain, 2004, p 2).

The Charlotte Observer’s Web site sport forum conducted two polls asking, “Are you a supporter of the Charlotte Bobcats?” and “Are you excited about the Charlotte Bobcats?” Results from the 844 responders to the first poll question indicated mixed “support” for the Bobcats, as 51% indicated “no”, while 49% indicated “yes.” According to results from the 903 responders to the second poll question, 51% are “excited,” while 49% are “not excited” about the Bobcats (“Charlotte Bobcats,” 2004).

The Bobcats’ performance metrics used to assess the viability of their positioning strategies and their marketing management decision-making process may best be gleaned from their inaugural season ticketing, premium seating, and arena naming-rights campaigns. Season ticket, premium seat sales for the new arena, and attendance figures for the inaugural 2004-2005 season indicate that only 9,000 season tickets were sold in the 23,000-seat Charlotte Coliseum, less than half those sold each year from 1988-1996 during the Hornets’ heyday (S. Leightman, personal communication, 2004). In addition, approximately 65% of the premium seats were sold for the new arena’s opening in 2005, while attendance in the Coliseum averaged 14,000/game in 2004-05, or 63% of the Coliseum’s capacity, ranking the franchise third worst in attendance in the NBA that season (“Turnstile tracker,” 2005; S. Leightman, personal communication, 2005). Tying the year’s season tickets to the 2005-2006 season and new arena opening and “free for life” personal seat licenses (five-year renewal commitment) were other strategies to publicize and promote the new franchise and arena (“All you need,” 2004; “Charlotte Bobcats: Fan relations,” 2004; “The hunt is on,” 2004). Significant price increases from 25-100% for tickets in the new arena caused one of the Bobcats’ target customers, affluent young professionals who are avid sports fans, to balk at renewing season tickets (Bonnell, 2005). Mark Thompson, a Charlotte-based money manager, saw his near-court season tickets double in price, prompting him to state, “I was braced for some kind of price increase, but when
it doubled, I wasn’t interested,” concluding the cost exceeded the value (Bonnell, p. 21A).

The new arena, which opened for the 2005-2006 season, was promised to be one of the finest basketball venues in the NBA, and has created excitement among the Bobcats’ management team, the city of Charlotte, and basketball fans. Thus, the “buzz” surrounding the opening of the new arena appears to be a central marketing strategy to accentuate another “new” franchise positive. Yet, the temporal benefits of a new facility, the “honeymoon effect,” are well documented for other sports franchises (“Ballparks,” 2005; King, 2002; “Turnstile tracker,” 2005).

Another performance indicator for the new franchise was the ability to attract a naming-rights partner for the new arena. Terms of the deal call for a commitment of a minimum of 10 years at $4 million a year (Spanberg, 2004). Industry experts give their proposal mixed reviews, some estimating the promotional and advertising value of the deal at $17+ million per year, while others believe a naming rights deal in the comparably sized markets that would indicate a $2.5 million asking price is more realistic (Spanberg, 2004).

Dockery Clark, sponsorship expert and former Bank of America sponsorship head stated, “Obviously it’s a challenge or it would be sold by now...this market is limited in terms of corporate citizens...There are some question marks” (Spanberg, 2004, p. 7).

The Charlotte Bobcats were near the bottom of the league in season ticket sales for its first two seasons, prompting Robert Johnson to make significant personnel changes in their ownership and front office management groups. Several top executives have left or been removed from the front office. Tom Ward, former Vice President of Sponsorship and Premium Seat Sales and Hornet’s holdover, resigned in 2004 (Spanberg, 2004). President and COO Ed Tapscott resigned in May 2006 and was immediately replaced by Fred Whitfield, a close personal friend of Michael Jordan, who signed on as a new minority owner who will direct basketball operations and player personnel (Bonnell, 2006a, 2006b). This move is clearly designed to improve the “core product”—the team’s performance. However, the effect on the business side of the operation is still in question.

Even now, questions remain whether the Bobcats are engaged in the proper “due diligence” in understanding fans’ attitudes, the city’s business and corporate climate, the potential short-term marketing benefits of their new arena, the decision to air games on a marginally subscribed digital cable network while charging a price premium, and other market and consumer conditions. It seems at the very least, a comprehensive situational analysis of the Charlotte corporate market and their fans’ or potential fans’ dispositions and attitudes is in order (Mullin, Hardy, & Sutton, 1993). Toward that end, this case is designed to challenge one to develop a marketing management plan to assist the Bobcats in moving forward. Specifically, the case study reviewer should detail specific strategies to provide market and consumer (fan) data for the staff to make informed marketing mix decisions.

References


All you need is an appetite for action. Charlotte Bobcats 2005-2006 premium seat and season ticket promotional brochure.


Bobcats start from scratch. (2004, November 1). The Dominion Post, p. 7-B.

Boeck, G. (2005, September 13). Winning friends and influencing ticket buyers. USA Today, p. 3C.


Bonnell, R. (2006b, June 23). Jordan says winning team is a priority. The Charlotte Observer, pp. 1A, 7A.


Volume 17 • Number 1 • 2008 • Sport Marketing Quarterly 61


The hunt is on for season tickets. Charlotte Bobcats 2004-2005 season ticket promotional brochure.
