

Global strategic alliances are working partnerships between companies across national boundaries and increasingly across industries. Strategic alliances are the easiest entry into becoming an international company. Global strategic alliances may become full global partnerships, where two companies, while maintaining their national identities, develop a common, long-term strategy aimed at world leadership (Rosensweig, p.142-144). In today's highly competitive environment, alliances present a faster and less risky route to globalization. One such global alliance is the marketing agreement formed by the parent companies of the Manchester United English football (soccer) team and New York Yankees US baseball team.

On Wednesday, February 7, 2001 a press conference was held in Manhattan to announce the joining of two of the biggest forces in world sports. Manchester United, the richest football club in the world, and the New York Yankees, the most popular sports team in the US, formed a strategic alliance of the most powerful brands in sports. Through this joint-marketing deal, the teams will share market information, develop sponsorship and joint promotional programs and sell each other's licensed goods (Sandomir, p. D1, D5). "I believe we have a lot to offer each other in terms of synergy and cross-promotion," YankeeNets, the company that owns the Yankees, chairman Harvey Shiller said at the news conference to announce the deal (Sandomir, p. D1, D5). Neither money nor equity is changing hands, just expertise.

What are the motivations and benefits to such an agreement? Companies typically form global alliances to avoid import barriers, licensing requirements, and other protectionist legislation. Companies come together to share costs and risks of the

research and development, and marketing of new products and ideas. International firms join together to gain access to specific markets; particularly in places where laws favor local companies. Other reasons include the hope that political risk may be reduced while making inroads in a new market, and to help facilitate rapid entry into a new or consolidating industry while taking advantage of synergies (Bartlett, p.24-27).

What exactly are the reasons for the Manchester United-Yankees alliance, and how exactly will each side benefit from such an alliance? As Bobby Charlton, United Manchester's director and one of their greatest players of all times says, "We don't want to for one moment think that Manchester United is going to produce baseball teams. We don't expect the New York Yankees to produce soccer teams." (bbc.co.uk) But, the two sides think working together with sponsors, selling each other's licensed goods and promoting Manchester United's upcoming tour of North America is a start. By the year 2002, the network owned by the YankeeNets organization, the YES network began showing United's games taped delay to their audience. Eventually the two sides hope to be able to pave the way for their partners to be highly marketable entities in their respected regions. Clearly, what the clubs are trying to do is promote each other in markets where the other has a relatively smaller fan base. "It is an alliance that links the greatest franchises in the world," says Man U CEO Peter Kenyon in a meeting with reporters in New York (Harman, pA1, A3).

One area that the clubs are particularly interested in exploiting is the Internet, and in particular, the e-commerce potential. Kenyon also suggested the alliance would allow the clubs to explore the development of proprietary sports programming that could be repackaged for the internet or other digital media and sold to sponsors (Grant, p. A2, A7).

"We are looking for technology to deliver more content to more people in more countries," Kenyon says. "Quite honestly, that's what our fans want." (Grant, p. A2, A7)

It appears that Manchester United has the most to gain from the alliance, primarily access to the richest market in the world, the US. The Yankees have won four of the last five World Series Championships, and United hopes to capitalize on the Yankees glory to gain a foothold in the vast American market, where soccer is growing in popularity at school level but remains relatively untapped commercially. "Their executive staff knows North American markets better than anyone. Soccer has developed dramatically in the US over the last 10 years and we believe there is a market for Manchester United among football fans of all ages," says Kenyon (Sandomir, p. D1, D5). In the United States football remains primarily of interest to young women and Latin Americans, the latter forming the biggest minority population in New York City, the prime viewing area of the YES network, where Manchester United games are televised.

While there appears to be very little interest in American baseball in the UK, there is still much to be gained by the Yankees from this alliance. The soccer team also owns its own television network, MUTV, which can begin to show Yankee games after working out an agreement with Major League Baseball front offices. This will help to lead to increased interest in the American game. And though baseball can never hope to reach the popularity of football in England, just being connected to the Manchester United brand will spark curiosity in the fans.

One area that the Yankees hope to target is Manchester United immense popularity in the Far East. According to private research the United brand has 79% name

awareness in China (www.le.ac.uk). Evidence of this can be found in the fact that the Thai language edition of the United Magazine sells 20,000 copies a month (ww.le.ac.uk). Baseball is an extremely popular sport in the Far East, as noted by the tremendous influx of Asian players in Major League Baseball. The Yankees see Manchester United's merchandising network that is already established there, as their inroads to their own marketing success in the Far East.

What the Yankees truly hope to come away with in this deal is how better to market their brand. As much as we here in the states feel that the Yankee image is over hyped, it is in just a small dose compared to the vast brand building that Manchester United has accomplished. United has put its label on almost anything it can including ketchup, teddy bears and radios, and it has fostered outlets filled with Red Devils paraphernalia in South Africa, Ireland, Singapore and Malaysia (bbc.co.uk). Manchester United is much more than a football team, even going so far as to remove the words "football club" from its logo in 2001 prior to this deal. "They have done a masterful job of marketing their team and their players on a global basis," says John Krinsky, YankeeNets' chief marketing officer. "There are many things we can learn." (Sandomir, p. D1, D5)

Even though it is early in their relationship, Manchester United and the Yankees have many of the ingredients of a successful global strategic alliance. They chose partners (each other) with compatible strategic goals and objectives with which synergies can be achieved when joined together. Each side brings complimentary skills, products and markets, while having a similar but distinct goal. All too often, cross-border allies have difficulty in collaborating effectively, especially in competitively sensitive areas.

The difficulty that they are dealing with is the dual nature of the strategic alliance- the benefits of cooperation versus the dangers of sharing knowledge and expertise that each hold as their own competitive advantage (Bartlett, p. 117-121). While each firm wants a global dominance in the sport arena, Manchester United's market is football while the Yankees market is baseball. This distinction will reduce direct competition while their common goals will help to produce effective and efficient collaboration.

Is the alliance of Manchester United and the Yankees a successful one? It is probably much too early to tell. Manchester United, a publicly held company, saw its stock price increase 13 percent to \$1.65 the day the deal was announced (Hoebom, A2, A6). Today the stock price is \$2.40. It is difficult to say to what degree, if any, this alliance has on the increased stock price, but obviously, this immediate increase was due to the incredible excitement in England the day the deal was announced. While today the agreement appears to be little more than an opportunity for each side to get its foot in the door in terms of international business, both sides hold out hope for greater things.

Effective global alliances are usually very slow in the making but can be among the best mechanisms to implement strategies in global markets (Bartlett, p. 222). With what each of these organizations have accomplished both on the playing field and in the boardroom, it would be difficult to bet against this global strategic alliance being a great success for both. As Oliver Butler, editor at Soccer Investor said, "People are talking about it as if it's a massive deal. It's not. It's a very small deal between two very big clubs though it could be the beginning of a beautiful friendship." (bbc.co.uk)

