



Interview with Jim Small, Vice President, Asia; Managing Director, MLB Japan, and Leon Xie, Managing Director, MLB China

David Snyder, Interviews Editor
International Journal of Sports Marketing & Sponsorship
profdsnyder@gmail.com

Jim Small

As Vice President, Asia, Jim Small is responsible for Major League Baseball's business initiatives throughout the Asia-Pacific region, including events, grassroots development and sponsor and broadcasting sales. He also serves as Managing Director of MLB Japan and has been deeply involved in the development and implementation of the World Baseball Classic, baseball's premier international sports competition.

Leon Xie

Leon Xie is responsible for Major League Baseball's business initiatives throughout China, including business development, television broadcasting, public relations, marketing and baseball operations. He previously served as Director of Olympic Sponsorship for Lenovo during the Turin Winter Olympics and the Beijing Olympics.

DS: What are your strategic marketing objectives in Asia?

JS: It is a two-fold strategy. First, we are attempting to continue to grow in mature markets where baseball is popular and MLB is already known, such as Taiwan, South Korea and Japan. In these markets, MLB already has a strong television presence and licensed MLB merchandise is very popular within these countries.

Typically, what MLB is seeking to accomplish in these mature markets is to develop new sponsorable assets. For example, we are attempting to leverage the full potential of virtual advertising during the televised broadcasts of MLB games in Japan. The second part of our overall marketing strategy in Asia is to expand into non-traditional markets where perhaps baseball is not as popular as other sports and the MLB brand is not as well recognised. Examples of these markets include China and India, among others.

DS: That's interesting that you would mention India. Since cricket is so popular there, it would seem like that might present a barrier to potential entry into that market.

JS: Actually, what we have found from previous experience is that cricket-playing nations, like South Africa and Australia, tend to be good candidates for expansion since the game of baseball is a short step for players and fans of cricket. In addition, India presents great potential for growth because our marketing research revealed that more foreign exchange students in the United States come from India than from any other country. The vast majority of these students tend to return to India after graduating, with many of them able to secure good positions in that economy because of their educational backgrounds. Our hypothesis is that while they were exposed to American culture as students in the United States, many of these students



Interview with Jim Small and Leon Xie

developed an interest in baseball and continue to want to follow the game after their return to India. In fact, there is one prospect from India right now who throws in the low 90s. So perhaps one day, there will be a Major League player from India.

DS: From a marketing standpoint, what have been some of the most surprising revelations you have had in your role as Vice President of MLB in Asia?

JS: Among the many things we have the privilege of doing, I would say the one thing I am always the most surprised about, even though I have seen it many times, is how in each country in Asia, there always seems to be someone connected with the game of baseball in a unique way. I am always amazed at the stories of how they became associated with the game.

For example, during a recent trip to China, I visited a high school where they have built an absolutely gorgeous baseball facility that would be the envy of any school in the US. When I asked the school principle why they decided to build this incredible complex for baseball he said that baseball was a global game and their hope in developing this facility was to open the doors of their campus to the global community. There is another individual in India who has devoted a huge amount of not only his money, but his time and effort, to the growth and development of baseball in India. These stories both surprise and humble me.

DS: One of the potential challenges MLB faced when expanding into Japan was the presence of an established professional baseball league, the NPB (Nippon Professional Baseball league). As Managing Director of MLB Japan, what specific issues have you encountered with the NPB and how did you overcome these?

JS: When I first came to Japan in 2003, while the relationship between MLB and NPB was certainly courteous at that time, I think there was a concern among NPB executives that MLB was seeking to take away all their best players. Ten years later, although

there is still some concern on the part of the NPB, I think they have come to understand that MLB can be an ally of theirs in helping to improve Japanese baseball and make it more marketable.

For example, MLB has opened its doors to executives from the NPB by allowing them to come to the United States and showing them how to market their product more effectively. You can see the impact of these efforts in the beautiful new park in Hiroshima, which has basically become a tourist attraction. The Pacific League teams in the NPB have been particularly receptive to exploring more traditional marketing approaches to the sport. Historically, that was not the case in Japan. Teams are corporately owned and were considered part of the advertising budget of the parent corporation. So ownership of a professional baseball team in Japan has been typically viewed as an advertising expense and not a profit-making venture. As a result, the vast majority of teams in Japan have not made a profit. In fact, there is actually a disincentive to Japanese teams to make a profit because under the Japanese tax structure, the parent corporation suffers a penalty if the teams make money. So parent corporations have generally viewed team ownership as a tax write-off as opposed to a for-profit enterprise. This is gradually beginning to change, and I think the relationship between MLB and NPB has helped that process.

DS: While it is a problem of global proportions, it seems that Asia in particular is a hotbed for trademark piracy. What specific steps has your office taken to address the problems associated with the unauthorised production of items bearing MLB trademarked logos?

JS: It is a problem that is most prevalent in Southeast Asian markets that we really don't have a strong presence in yet, so it really hasn't impacted our licensing operation that much. One of the things that we have done in China is to establish about 75 MLB stores where our official licensed merchandise is marketed as high end products. The Chinese



consumers seem to have responded to that sales pitch because they want the authentic items. Right now, our products are primarily appealing to the more affluent customers who want and can afford the real thing. It may become more of an issue in China when we eventually implement more of a mass marketing campaign, but to be honest, it really isn't a major concern at this time.

DS: How popular is MLB licensed apparel in China?

LX: Many of our customers are local young professionals, local college students and students returning to China after having attended college in the US. They want authentic items and are willing to spend the money for those products. Caps and jerseys are among the most popular items. The most popular teams are the Yankees, Red Sox and Dodgers.

DS: China is a huge potential market that as yet remains largely untapped by MLB. How much investment has MLB made in expanding into the Chinese marketplace and when is a return on this investment realistically expected?

JS: MLB doesn't release the actual numbers, but I can tell you that it is a substantial investment... in the millions of dollars. I think the thing to take away from that is that MLB is committed to developing the market in China. We understand that there is a lot of work to be done there, and MLB is taking a very patient approach in China. We feel we are ahead of where we thought we might be at this stage in terms of our objectives. As one example, the quality of Chinese players has improved dramatically since we actively began operating in China.

DS: What marketing approach has MLB taken in China?

LX: While baseball has existed in China since 1863, it basically disappeared from the landscape during the Cultural Revolution. This left a huge gap. People

were not playing the game. There were no professional leagues. Consequently, there are few coaches now and very few fans of the game in China. Media coverage of baseball was virtually non-existent for a long time. Our primary marketing objective is to build our fan base, which is the cornerstone of the industry. The way we are trying to do this is by getting kids to play the game and creating greater exposure for baseball on television and other media outlets.

JS: The over-arching marketing strategy has been a two-prong approach. Since we view these two components as co-dependent, I like to use the analogy of railroad tracks to describe our marketing strategy in China because we believe these two prongs run parallel to each other and each it necessary for 'the train to be able to run on the tracks'.

The first prong of our marketing plan in China is to increase the visibility of the game of baseball and simultaneously develop brand awareness for MLB. But in terms of branding, the real work in China involves increasing awareness and participation in the game itself. The main way we try to accomplish this is through various grassroots marketing programmes.

There are three basic grassroots efforts we are currently using in China. The first is called The Road Show, which began three years ago. It is basically an interactive baseball festival where people can try on a glove, throw a ball, practice hitting and even get a baseball card of themselves made. We also try to re-educate the Chinese people about baseball's rich heritage in China. The Road Show enables people to connect with the game in a way that is easy to understand. Last year, we reached 2.5 million people with The Road Show and we expect similar numbers this year.

Second, we are trying to get as much television exposure as possible. About half the broadcasts cover this week in Major League Baseball and the other half of the show focuses on the development of baseball in China. We also cover the All-Star Game and the World Series.



Interview with Jim Small and Leon Xie

LX: Currently, we have eight television stations and nine channels that reach sixty major cities and more than 300 million people.

JS: The third grassroots initiative in the Play Ball programme, which is really the lynchpin for everything that MLB is doing in China. Through this programme, we have been able to introduce baseball to the youth in China by infusing the game into the schools and physical education curriculum. As part of this programme, MLB supports the growth of the game in a variety of other ways as well. For example, we are involved in afterschool programmes, supplying teams with uniforms and supporting regional tournaments and championships. Basically, the purpose of the Play Ball programme is to get the kids in China to test drive the product of baseball. It dovetails nicely with a current initiative in China called the Sunshine Programme, which is designed to encourage kids to lead more active lives. MLB supports baseball clubs at approximately sixty of the top universities in China. We supply these teams with everything from equipment to uniforms and practice gear. MLB is directly involved in helping organise college and university championships in China.

LX: There were about 500 fans at the college final for the 2012 MLB Beijing University Baseball League. In years past, there weren't any spectators at baseball games. Also, those fans who attended were really into the game. That is a significant change.

JS: We even show baseball movies to the players to encourage their passion for the game. So our goal is to promote not just our brand, but the sport as well. Those are the three major grassroots initiatives that make up that first prong of our strategic marketing plan in China.

LX: Another indicator of the increasing popularity of the game in China can be seen in the demand for baseball facilities. For example, in Beijing, there are five baseball fields that have to be booked about a week in advance because of the demand. The same is true in other big cities.

JS: The second prong of our strategic marketing plan in China is it to improve the level of play among Chinese baseball players. We attempt to accomplish this objective by making baseball popular and creating new players. For example, MLB supports the Chinese national team with top flight instructors. This has really paid off, as evidenced by several victories China has had over Taiwan in recent international competitions.

We have also created several baseball academies where we bring kids with strong academic backgrounds to play against the other top players with the goal of improving the overall quality of play. Lots of the participants in the baseball academies are coming out of the Play Ball programmes. While most of them may not eventually be able to make a living playing baseball, by participating in the programme, they are exposed to English, which will enable them to fit in better if they go to the United States at some point in the future. So the training centres are really designed to function as life skills management training facilities, more so than baseball.

DS: In the United States, listening to baseball on the radio is an almost communal experience for many fans. Is it popular in China as well?

LX: Listening to sport on the radio is quite popular in China, so we are trying to tap into that as well, but we are not on the radio yet.

DS: Prior to serving as Director of MLB China, you helped lead Lenovo's highly successful sponsorship efforts of the Beijing Olympics. How has that experience helped you in your current role and in what ways are the two positions different?

LX: It helps in virtually every aspect of my current business, particularly in the procedures and approach I take towards my job and my work. But there are some obvious differences. For example, the network is very different and the stakeholders are different. With Lenovo, I was representing a sponsor and with MLB, I am representing a rights holder. Also, with Lenovo, our task was to take a local brand and use the



Olympics as a vehicle to launch our company's efforts to establish itself on the global stage. In my role with MLB, our goal is to create a presence for the game of baseball and MLB brand within a local market.

DS: If you had to pick one project or accomplishment that you are particularly proud of, what would it be and why?

JS: I am really inspired by the work that is done at our development centres in China. To see the kids progress so fast and then to see the kind of people they are and how they carry themselves is truly uplifting. Probably none of them will ever see a Major League field, but they will return to Chinese society well educated, with the lifeskills they need to be successful. I am really, really happy with that.

LX: The thing I am most satisfied with is the fact that we have built a solid team here in China. Now that our strategy is clearly defined, it is equally important that we have the right people to carry out that strategy. It is not enough to just have first class, professional people who are on the same page and working long hours every day. What we needed was a group of enthusiastic, entrepreneurial people who would take ownership of this initiative. Now that we have that, I am confident we will accomplish our goals in China.

DS: Are there any major marketing campaigns on the horizon and if so, could you give our readers an idea of what we can expect?

JS: One of the things we are focusing on in Japan right now is to raise the profile of non-Japanese players. There is great awareness of the Japanese players who are in the Major Leagues, but the majority of people in Japan are not familiar with players like Prince Fielder. From a marketing perspective, that is one issue we are trying to address right now.

LX: Our main focus right now in China is not so much on new marketing initiatives, but rather on solidifying the gains we have made by fine tuning our current programmes and strengthening our position. While we have made tremendous strides, there is still much room for improvement. For example, The Road Show is, in my opinion, one of the best around. But that is not enough. We want to be *the* best and I feel there is still lots of room to improve. I have been in this role now for going on four years and every day I become more and more convinced that baseball will fit into our local culture and that the approach we are taking is the right one.

© 2012 International Marketing Reports 