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A “Steph” in The Process:

How The Golden State Warriors Have Hyper-Commercialized Professional Sports

A Senior Capstone Submitted to
The Faculty of the Division of Public Affairs
In Candidacy for the Degree of
Bachelor of Arts in History

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By Danielle Arena
Abstract

This research aims to highlight the significant impact the Golden State Warriors have had on the commercialization of sports. This is especially relevant and corresponds to the Warriors back-to-back championships and their rise from an overlooked team to one of the most popular teams in the National Basketball League (NBA). According to Forbes, the Warriors have gone from NBA obscurity to the third most valuable team in the NBA. The objective of this research is to prove the importance of both physical prowess and business savvy in the sports world to become truly successful as a professional franchise. As the NBA has evolved, the Warriors serve as an ideal case study for hyper-commercialized professional sports. This can be seen through branding tied to their on-court performance, financial ownership strategies, and international market growth, especially in China. Successful branding strategies have allowed the Warriors to corner the retail market with their merchandise (Stephen Curry and Kevin Durant have the #1 and #3 most popular NBA jerseys) and the Warriors also lead the league in team merchandise sales. The Warriors’ skillful financial stewardship has separated itself from other NBA ownership through the creation of the Bridge Club, the use of Silicon Valley precepts, and the cultivation of relationships with both majority and minority shareholders—some tactics that are now being copied elsewhere. Finally, the international market growth, especially in China, is seen through the “China Tour” presenting well known Warriors players in highly promoted preseason games abroad. The Golden State Warriors are pushing professional sports into a new era, where hyper-commercializing maximizes profits well beyond ticket sales and investments become diversified well beyond the arena. Copycats abound, but the Golden State Warriors, thanks in large part to their on-the-court-success, are an ideal case study for this next stage in the history of professional sports.
Acknowledgments

I would like to express my very great appreciation to my parents Jim and Kathy and brother Matt for the countless support and motivation throughout this entire I process. I would especially like to thank my Senior Capstone professor and reader Dr. Jordan Lieser for all the assistance he offered and for showing me that Lil Bow Wow probably plagiarized Kurtis Blow’s song “Basketball.” Finally, I would like to thank my fellow capstone classmates Andy, Kayla, Eddie, and Robert for the continuous support and laughter they brought me this past year. This has been one of the most rewarding processes and cannot express enough gratitude to everyone who helped me through it.
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Introduction

Kurtis Blow in his famous song “Basketball” (re-popularized by rapper Lil Bow Wow in the movie *Like Mike*) states, “Basketball is my favorite sport, I like the way they dribble up and down the court.” For basketball fans this lyric truly resonates. Professional basketball, especially the National Basketball Association (NBA), has become the game of America’s future.¹ The Golden State Warriors have become the most famous name in basketball and are the NBA’s ideal case study for hyper-commercialized sports.

Basketball’s humble beginnings are traced to a harsh winter in 1891-1892 in Springfield, Massachusetts. The restless students at the International YMCA Training School were forced to stay inside during the winter season.² The instructor for this indoor activity time, James Naismith, realized that the students needed an indoor sport that they could participate in during the winter season.³ He developed the sport of basketball by adapting aspects of other sports including “passing from American rugby, the use of a goal from lacrosse, the jump ball from English rugby, and the shape and size of the ball from soccer.”⁴ In 1905 basketball was recognized as a permanent winter sport.⁵ Basketball grew and evolved in sophistication and participation that led to the creation of today’s NBA. Other exhibition teams, such as the Harlem Globetrotters, originating in 1927, were also created after the further legitimacy of basketball as a permanent sport.⁶ Through the years, the NBA progressed in athleticism as well as business aptitude, resulting in countless teams succeeding off the court in commercialization, skill, and

³ Ibid
⁴ Ibid
⁵ Ibid
fame. Memorable teams fitting this characterization include the Boston Celtics in the 1960s-1980s, the Showtime Los Angeles Lakers from 1979-1991, and Michael Jordan’s Chicago Bulls from 1984-1989. With the recent domination in the NBA by the Golden State Warriors, they are defining hyper-commercialization in sports.\(^7\)

Over time, basketball and business have coalesced into what many would consider a commercialization machine. Commercialization is defined as, “the process of managing or running something principally for financial gain.”\(^8\) In the realm of professional basketball, there are five key points that each team must have to be considered hyper-commercialized. The first point of hyper-commercialization is professionalization. Professionalization is necessary for teams in the NBA because it positions the team to deliver a high level of basketball skills and strategy that allow them to successfully compete at the professional level. It is also at the professional level that athletes receive payment. The second point is endorsements, which enable players and teams to make supplemental revenue to their basketball income. Endorsements can also signal the popularity of a team and player. A strongly reputable endorsing company reinforces the popularity of the team and player. Television and media makeup the third point of consideration for hyper-commercialization. Television contracts and broadcasting rights have become a staple element of the NBA’s annual revenue. With a yearly increase in dedicated fans for professional basketball, the price in media rights increases each season. The fourth point is teams’ arenas. The owner of each team’s arena, its location, and the market size of the team factor into the revenue realized from each arena. Finally, the fifth, and arguably most significant


point in the hyper-commercialization process, is the success and attraction of the individual players and team. A basketball team’s profit is heavily reliant on its on-court success. The more likeable and respected a player is, the more popular their team becomes. All NBA teams have professionalization, endorsements, and television and media access. That is the commercialization aspect of each team. Top performing teams have the most desirable arenas, but are still just commercialized. A hyper-commercialized team, such as the Warriors, has that singular player that increases the popularity of their team to the point where the player is recognized worldwide.

The Warriors are pushing professional sports into a new era, where investments become diversified well beyond the arena and hyper-commercializing maximizes profits well beyond ticket sales. The formation of this championship team has also led the Golden State Warriors to becoming the best representation of hyper-commercialization in sports. This is best epitomized through their branding tied to their on-court performance, financial ownership strategies, and international market growth, especially in China.
Historiography

Are sport competitions for entertainment or a form of free-market capitalism? Although the early days of sports were focused on determining the stronger athletic team, professional sports challenges are part of a complex and high stakes business operation with an intertwined commercialized component. Team franchise leadership now requires advanced financial and strategic management in addition to athletic performance management. Select individuals and events have transformed sports, and an analysis of these instances helps to set the context for the hyper-commercialization impact of the Golden State Warriors. The evolution and progression of sports into prosperous businesses has been intricately linked to the branding, analytics, and financial prowess of key competitors.

Sports teams and players have become sophisticated in the use of branding to grow their businesses. According to Walter LaFeber’s book, *Michael Jordan and The New Global Capitalism*, “sports have become the dominant entertainment of the world.”9 No longer a small industry, sports have become an integral part of the big money entertainment industry. Only a fraction of the money earned comes from game tickets. Teams are now brands and they have expanded into restaurants, concert venues, retail outlets, and audio and visual streaming for out-of-state fans.10 The most successful NBA player so far, both on the court and in the global market, was Michael Jordan. Jordan was the, “ultimate role model for young and old alike” during his time with the Chicago Bulls.11 While he was, and still is, considered the best player in

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NBA history, Jordan’s success in the global market set him apart from other NBA superstars.\textsuperscript{12} During his career Jordan was most notably sponsored by Nike, Wheaties, Hanes underwear, Coca-Cola, and Gatorade.\textsuperscript{13} In fact, Jordan was the first basketball player to be featured on a Wheaties box.\textsuperscript{14} Jordan’s ability to profit both locally and globally was praised by then NBA commissioner David Stern. Stern believed that the NBA should be promoted globally and that it was similar to other business conglomerates. During an interview Stern was quoted comparing the NBA to Disney, “They have theme parks, and we have theme parks. Only we call them arenas. They have characters: Mickey and Goofy. Our characters are named Magic (Johnson) and Michael (Jordan). Disney sells apparel; we sell apparel. They make home videos; we made home videos.”\textsuperscript{15} With this clear endorsement from the commissioner, Jordan was even more motivated to become a household name in the global market.

Analytics and politics were key business elements in play during the December 1976 creation of the College Football Association (CFA). The CFA’s goal was to have their control outside the National Collegiate Athletic Association’s (NCAA) domain. The CFA included the Southeastern, Southwest, Big Eight Conferences, the Atlantic Coast Conference, and the Western Athletic Conference. One of the major issues the CFA battled the NCAA over was television rights. In 1981 the NCAA blocked the CFA from signing a contract with the National Broadcasting Company (NBC). The CFA responded by backing an anti-trust lawsuit filed by the University of Georgia and the University of Oklahoma.\textsuperscript{16} This case was taken all the way to the Supreme Court where they ruled in favor of the CFA on June 27, 1984.\textsuperscript{17} After the ruling, the

\begin{itemize}
\item \textsuperscript{13} Ibid
\item \textsuperscript{14} Ibid
\item \textsuperscript{15} Ibid
\item \textsuperscript{16} Michael Oriard, \textit{The NCAA: Monopoly: Revenue, Reform, and Exploitation}, Stamford, CT, USA: Cengage Learning, 2015, 426-435.
\item \textsuperscript{17} Ibid
\end{itemize}
CFA went on to sign contracts with ABC, CBS, and ESPN. Now that there were two competing associations, there were three times as many college football games being televised in 1984 then there had been in 1983. However, due to the increase of games being televised, teams began to receive less revenue. In 1983 a televised game was worth $700,000 to each team. After the CFA’s contract with various sports channels, the worth of a televised game dropped to $300,000. This drop in profits from televised games led to teams dropping out of the league. Notre Dame was the first team to break off from the CFA in 1990, causing a ripple effect for the rest of the league. The CFA officially disbanded in the summer of 1997. This competition that developed between the CFA and NCAA changed the structure of college football. Murray Sperber, a professor at Indiana University, wrote, “intercollegiate athletics has become College Sports Inc., a huge commercial entertainment conglomerate, with operating methods and objects totally separate from, and mainly opposed to, the educations aims of the schools that house its franchises.” With the analytics and politics that became involved, college football transitioned from being a game to a business.

The “new NFL” that emerged in the 1990s was built on three cornerstones: labor peace, television contracts, and stadium revenue, all parts of a business’ financial prowess. The largest change under the “new NFL” was a new free agency plan that was agreed upon in 1993. Free agency is defined as, “any player in professional football who is not under any contractual agreements.”

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19 Ibid
20 Ibid
21 Ibid
22 Ibid
23 Ibid
24 Ibid
obligations to a particular team.” 25 The NFL’s new free agency plan guaranteed money if players changed teams or re-signed with their current team. The average salary of free agents doubled from $517,000 to $1.044 million.26 This salary increase for players was due in large part to the size of television contracts, which increased 35% in 2008.27 Every player in the NFL has an opportunity to become a free agent after playing four seasons, however, half of NFL players will last fewer than three seasons.28 While these new free agency guarantees were smart business moves on the owners’ part, they also led to players feeling protected by their team. While it is television contracts that fill NFL owners’ pockets, the NFL has many components that fund their league. These components include: television, ticket sales, luxury boxes, club seats, seat licenses, naming rights, sponsorships, merchandise, media rights and local advertisements.29 One of the factors that have made the NFL so unique is its design to prevent teams from becoming dominant for multiple years. However, there are exceptions to this design, most recently Tom Brady and the New England Patriots winning six Super Bowls in nine appearances. In the last 14 seasons, 20 different teams have played in the Super Bowl.30 This design allows for multiple teams to have success, with the goal of increasing revenue from fans. The NFL makes this design work because of the size and unpredictability of teams. Each NFL team has 53 players. Taking in to consideration possible injuries, peak or lack of performance, and team dynamics, there is rarely an opportunity for the same NFL team to continue making the playoffs or Super Bowl. The mechanics of the competition is driven by the savvy business decisions of the NFL leadership.

26 Ibid
27 Ibid
28 Ibid
29 Ibid
30 Ibid
Analytics, financial prowess, and the mechanics of competition are necessary elements in the success of sports business. Michael Jordan’s career on the court and in the market demonstrated the importance of branding for professional athletes. Analytics were a defining factor for the rise and demise of the CFA and shaped the current system of college football. Financial prowess is an essential component to the “new NFL’s” structure and lucrative operations. The experiences of past sports teams and athletes have contributed to sports evolving into a fierce marketplace business competitor. Along with excellent athletic capabilities, sophisticated business management techniques are essential to successful sports endeavors.
Branding Tied to On-Court Performance

The Golden State Warriors had a turbulent path to earn the unique position of influencing the hyper-commercialization of the NBA. The professional basketball team was founded in 1946 as the Philadelphia Warriors. During the team’s sixteen years in Philadelphia they won two championships, in 1947 and 1956. In 1962 the Warriors moved to San Francisco and were renamed the San Francisco Warriors. The San Francisco Warriors were best known for drafting future hall of famers Nate Thurmond and Rick Barry. In 1971 the team relocated to their current residence in Oakland, California and officially became the Golden State Warriors. Within four years of this logistical move, the Warriors had won their third championship in 1975. The Warriors then entered a series of tumultuous years from 1976-2009. While the team had numerous all-star players and top-notch coaches, they were unable to win another championship. Entering the 2006-2007 season, the Warriors held the record for most consecutive seasons without a playoff appearance with 12 disappointing seasons.

The turning point for the Warriors came in 2010 when current owners Joe Lacob and Peter Guber purchased the team. With budding superstar Stephen Curry just finishing his rookie year with the team, Lacob and Guber went on to draft other talented and well-fitting players such as Klay Thompson (drafted in 2011), Draymond Green (drafted in 2012), and Andre Iguodala (drafted in 2013) over the next three years, followed by the current head coach Steve Kerr in 2014. The team had not only begun building momentum on the court, they were also building momentum in their fan base and in their style of game that focused on team effort over individual success. Lacob and Guber’s gamble purchasing the Warriors paid off when the

32 Ibid
33 Ibid
Warriors defeated the Cleveland Cavaliers to claim the championship in 2015, the Warriors’ first championship in 30 years.\textsuperscript{34} The Warriors went on to win championships in both 2017 and 2018. The Warriors have entered a new division of influence in the marketplace and have applied their brand in ingenious and lucrative ways. The Warriors unique characterization has allowed for hyper-commercialization in branding through examples of Curry signing with Under Armour over Nike, “Strength in Numbers” and the importance of team logos, televiding events, social media marketing, and the “ideal fan experience”.

**Curry signs with Under Armour over Nike**

In 2013 Stephen Curry shocked the basketball shoe world by choosing to part ways with Nike and sign on as a representative for Under Armour. Three-fourths of NBA players sign with Nike and at the beginning of his career, Curry was just another one of their athletes.\textsuperscript{35} When Curry’s Nike contract ended in 2013, he was unimpressed with the lack of initiative the company was taking to help him promote his brand.\textsuperscript{36} Instead of staying with the most recognizable brand in professional sports, Curry decided to take a leap of faith and sign with Under Armour. This risk paid off immensely. The sales of Curry’s shoes are higher than any other signature Nike shoe (except the Air Jordans), and revenue at Under Armour rose 57\% in 2015 and then 64\% in 2016.\textsuperscript{37} Since launching the Curry One during the 2015 All-Star Game, Curry has launched more signature shoes, the most recent being the Curry 6 in January of 2019.\textsuperscript{38} Under Armour’s strategy

\textsuperscript{36} Ibid
\textsuperscript{38} Ibid
was to capitalize on Curry’s charm, showmanship, and likeability while marketing his shoes. By closely working with Curry and inviting him to collaborate on the design of the shoe, Under Armour has been able to create a shoe that represents Curry’s story and continually draws customers to the latest Curry branded shoe.

“Strength in Numbers” and The Importance of Team Logos

The performance benefit of a team’s logo is often seen when an upgraded logo is presented because, “sports logos have a profound effect on teams.” Being the defending NBA champions makes the Warriors the most popular team in merchandise sales. In 2015, 2017, and 2018 (the years the Warriors won the NBA championship) the Warriors were #1 in the selling of merchandise. Stephen Curry held the #1 selling jersey those years while Kevin Durant had the #3 highest selling jersey the past two seasons. A reason the Warriors have success could be credited to their team logo. There has been correlation between a team changing their team logo and then accomplishing more. Major league baseball’s Baltimore Ravens, “endured 14 straight losing seasons before they switched from a realistic oriole to the cartoon bird of their heyday. The very next season, they returned to the playoffs for the first time since 1997.” Similarly, the National Football League’s Tampa Bay Buccaneers stumbled through 14 straight losing seasons, then they changed the logo they’d had since their inception. Five years later, they were Super

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41 Ibid
42 Ibid
43 Ibid
44 Ibid
The Warriors have undergone a similar transformation through the transformation of their logo. During the early years the Warriors’ logos featured Native American symbols. It was not until after their move from Philadelphia to San Francisco that the current logo began to take shape. However, the Warriors continued to not make the playoffs or find much success. Finally, after the logo change in 2010, the Warriors started to look like a contending team. Their slogan “The City” first began in San Francisco and continued with the team as they moved to Oakland. As the team evolved during their time at Oakland their logo needed to evolve with them because, “…a thorough change of brand identity can be a powerful source of inspiration and a winning spirit” When it became time for the Warriors to welcome a new sponsor for their uniforms, the Japanese electronic company Rakuten signed a three year $60 million deal in 2017 to have their company’s logo featured on the Warriors’ uniforms. When the Golden State Warriors began competing in the 2015-2016 post-season, the team decided it was time to create a new brand campaign logo for their fans to relate to. When the Warriors had made the 2006-2007 post-season as the 8th seed, the team’s slogan was “We Believe,” alluding to their underdog status. Because the Warriors did not make it to the post-season again until 2015, there had been no reason to capitalize on another slogan. This changed, however, when the Warriors were heading into the 2016 post-season as the returning champions. The Warriors entrusted the company Goodby Silverstein & Partners to turn their slogan

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46 Ibid
48 Ibid
“Strength in Numbers” into their new logo.\textsuperscript{50} Goodby Silverstein & Partners took their task seriously, inventing a logo that could be spread worldwide. Instead of just creating a recognizable logo, Goodby Silverstein & Partners decided to include messages within the logo. The “M” in numbers is a tally mark for the number five because the Warriors were looking to win their fifth championship.\textsuperscript{51} The designers decided to use tally marks to represent and celebrate other Warriors’ accomplishments from the season. Ads displayed 73 tally marks to represent the team’s 73 regular-season wins, 402 tally marks to represent the amount of three-pointers Stephen Curry has made during the regular-season, and 120 tally marks to represent the 120-decibel noise level at Oracle Arena—the loudest in the NBA!\textsuperscript{52} Finally, Goodby Silverstein & Partners included a style that was reminiscent of the Bay Bridge in the Warriors’ logo. The cross mark in the tally mark for the number five is slightly curved, which resembles the slight curve of the Bay Bridge.\textsuperscript{53} This new Strength in Numbers logo was advertised everywhere; apparel, billboards, commercials, interactive social media elements, and more.\textsuperscript{54} The Warriors successfully rebranded their post-season logo that represented their team and got fans exciting for upcoming games. The Strength in Numbers logo has continued to be representative of the Warriors up to the present.

**Televising Events**

As the popularity of basketball has progressed so has the popularity of televising events.

The four major channels that show and promote the NBA are: ABC, TNT, ESPN, and NBA


\textsuperscript{51} Ibid
\textsuperscript{52} Ibid
\textsuperscript{53} Ibid
\textsuperscript{54} Ibid
TV. These four channels pay upwards of $2.66 billion per year to broadcast games and often engage in bidding wars to broadcast the playoffs. The most recent draw to these channels over the last few years has been the NBA finals, specifically the Golden State Warriors competing against the Cleveland Cavaliers for four consecutive years. Before this battle between the Warriors and Cavaliers emerged, the NBA finals were barely reaching 15 million viewers. The finals preceding the first Warriors and Cavaliers matchup, the San Antonio Spurs versus the Miami Heat in 2014, was the lowest viewed finals in five years. Once the Warriors and the Cavaliers kicked off their longstanding rivalry in 2015, viewership spiked. The Warriors versus Cavaliers finals have drawn more viewers than any other United States league’s sports championship, even the National Football League’s (NFL) Super Bowl and the Major League Baseball’s (MLB) World Series. The 2017 NBA Playoffs was the most watched finals since the 1998 playoffs (Chicago Bulls versus the Utah Jazz), which had 20.4 million viewers. The four major channels have also reported that their average total of viewers increased during the 2017-2018 NBA season. ABC’s average total of viewers increased by 17%, TNT increased by 13%, ESPN increased by 4%, and NBA TV increased by 1%.

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56 Ibid
57 Ibid
58 Ibid
59 Ibid
61 Ibid
62 Ibid
63 Ibid
64 Ibid
The Warriors are a large factor in the increase of viewership. During the 2016-2017 season, the Warriors averaged more viewers per game than any other NBA team with 2.72 million viewers.65

Social Media Marketing

The Golden State Warriors have become masters at branding. One area they have excelled at in particular is social media marketing. By using A/B testing, which is a randomized experiment with two variants, the Warriors have found the combination of the right content and the right channel to drive sales.66 Currently the Warriors have two revenue pillars: ticket sales and merchandise.67 They worked on optimizing their social channels to support conversions with purchasing tickets or merchandise.68 The Warriors use the A/B test to test which video content worked best—the conversion to tickets or the conversion to merchandise.69 This test showed double the amount of conversions in video content for merchandise compared to tickets.70 This data changed the content in their videos to become more merchandise based because they knew that fans were more likely to buy merchandise after watching the videos. Another A/B test the Warriors did was to see what would work best for a thumbnail (reduced-sized versions of pictures or videos used to help in recognizing and organizing them) an advertisement or a picture.71

67 Ibid
68 Ibid
69 Ibid
70 Ibid
71 Ibid
Their testing showed that a picture was a better thumbnail, so the Warriors have since only used pictures for their thumbnails. Finally, the Warriors had to decide which content perspective would be more beneficial in selling tickets. There are two primary categories when displaying content: hype and storytelling. Hype would be portrayed with a picture of Stephen Curry hitting a three pointer or Kevin Durant doing a dunk. Storytelling takes a deeper dive in to how a player got to where they currently are and the successes and struggles they faced along the way. After testing, the Warriors discovered that hype was more successful for selling tickets. The Warriors have learned to use their marketing strategy to their advantage, especially when connecting with fans. By creating their mobile application (app), the Warriors have allowed their fans access to the team, even when a game is not being played. The app allows for users to watch and listen to live broadcasting; offers live statistics, scores, and standings; has interactive box scores with players stats, sortable play-by-play, shot tracking, roster breakdowns, player bios, photos, and push notifications based on breaking news, the start of a game, end of a quarter, and final score. The Warriors are unique with the connections they build with their fans. They worked closely with Google on their product for Google Glass, a brand of smart glasses that display information in hands-free and smartphone-like format. The Warriors were one of the first teams to build a Google Glass app so fans could have an augmented game experience while not being present at the game. The Warriors marketing strategies, using mobile, social, and

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73 Ibid
74 Ibid
75 Ibid
78 Ibid
other technologies, have created a better experience for their fans and have continued to close the
gap between teams and their fans. These connections help to deepen the level of engagement and
investment between the fan and the team.

The “Ideal Fan Experience”

With the finishing touches being placed on the Warriors’ new San Francisco based home,
The Chase Center, their Chief Marketing Officer, Chip Bowers, is looking forward to the
increased digital power that The Chase Center will offer. Due to Oracle Arena’s dated
infrastructure the Warriors have had to limit their digital engagement with fans. Bowers’ goal
at The Chase Center is to set a “new reality” for fan engagement. This centers around the main
point that Bowers wants to engage with fans at all times, not just during games. Bowers
describes what he believes is the “ideal fan experience” to be expected in the 2019-2020 season,

A guest wakes up in the morning, checks his calendar, and realizes that it's game day. As he
gets ready for the day, he receives a push notification via an app offering him a free cup of
coffee from a participating partner. The Warriors later detect that this fan is also a season ticket
holder. So, the brand sends him a push notification offering to make reservations at one of the
Chase Center's restaurants—ensuring that the reservations are made early enough so that the
fan doesn't miss tip-off. Once the fan arrives at the restaurant, he's greeted by a host and asked
if he wants his regular entree or something else—all centered on getting him to the game as
quickly as possible. After dinner, the fan starts walking to his seat and pulls up his ticket on his
smartphone to be scanned. The fan is then escorted to his seat where a staff member thanks
him for being a season ticket holder and informs him that there is a Stephen Curry jersey, the
jersey of his favorite player, available in his size for purchase, which he can have brought to
his seat or pick up at the stadium's retail center. And because this fan is a season ticket holder,
the staff member offers him 20% off. Once the game starts, the Warriors flash the fan's name
on the mega screen and thank him for being a season ticket holder. After the third quarter rolls
around, the Warriors send him a push notification for a free Bud Light, which the brand knows
he purchases around this time. Once the game ends, the Warriors send another push
notification telling the fan that his arranged car service is here or letting him know the San

marketing/article/13035328/the-golden-state-warriors-shoot-for-immersive-fan-experiences-with-new-
arena

80 Ibid
81 Ibid
Francisco Bay Ferry's schedule. The brand can then use a combination of demographic and behavioral information to send the fan information for future events.\(^{82}\)

While Bowers realizes that his “ideal fan experience” is most beneficial to season ticket holders, he wants to continue engaging all fans.\(^{83}\) Bowers and the Warriors have also created a Fannovate program that, “allows fans to share their ideas for the ‘ultimate fan experience’ via Twitter.”\(^{84}\) With the opening of The Chase Center just around the corner, the Warriors are prepared to engage their fans in new and more extravagant ways.

**Financial Ownership Strategies**

The Warriors have been able to strongly impact the commercialization and business direction of the NBA through strategic financial management strategies. Through views of the venture capitalist turned Warriors’ owner and team value, it becomes evident why the Warriors have made large strides in the hyper-commercialization of the NBA.

**Venture Capitalist Turned Warriors’ Owner**

Owners of professional basketball teams have two main goals: winning games and making money. Joe Lacob, the majority owner of the Golden State Warriors, worked in venture capital for 30 years before purchasing the team.\(^{85}\) His venture capital background influenced his decision to transform the Warriors from a team who had not won a title in forty years to a team

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83 Ibid

84 Ibid

that has won three championships in four years. When Lacob and minority owner Peter Gruber bought the Warriors in 2010, people thought they were crazy. Lacob and Gruber spent $450 million to purchase the Warriors from Chris Cohen, outbidding one of the ten richest people in the world.\textsuperscript{86} Acquiring a struggling team at such a high price tag made Lacob and Gruber’s purchase seem laughable. Lacob credits his Silicon Valley background with helping him develop precepts that he uses to run the Warriors. These precepts include: “nimble management, open communication, and integrating the wisdom of outside advisors and continuous re-revaluation of what companies do and how they do it.”\textsuperscript{87} One of Lacob’s clearest venture capitalist inspired changes was the creation of the Bridge Club.\textsuperscript{88} Before Lacob and Gruber owned the Warriors, the Bridge Club was a place that former owner Chris Cohen had entertained friends and family during games.\textsuperscript{89} Now the owners have, “opened [The Bridge Club] to the team’s minority shareholders and their guests.”\textsuperscript{90} Lacob employed his knowledge from working in venture capitalism to create a location for networking where he is available to talk and listen to the minority shareholders.\textsuperscript{91} Lacob’s time with the Warriors has continued to push the limits of their success every year. The ability to transform this team proves Lacob’s ability to use the business architecture he learned in venture capital and apply that to owning a professional sports team.

\textsuperscript{87} Ibid
\textsuperscript{88} Ibid
\textsuperscript{89} Ibid
\textsuperscript{90} Ibid
\textsuperscript{91} Ibid
The Value of NBA Teams

In 2019 the average NBA team is valued at $1.9 billion, a 13% increase from the previous 2017-2018 season. The Golden State Warriors are valued as a large market team, which has a set salary cap at $101,869 million. This salary cap is divided into six parts: player’s salaries, business operating expenses, team non-staff costs, luxury tax, team staff costs, and revenue sharing. Player’s salaries command 52% of the overall salary cap, with the next highest chunk being business-operating expenses that cover 18% of the salary cap. Owners and teams also have to consider the price of hotels for away games, aviation, food, beverage, insurance, and practice facilities. Further expenses are the salaries of coaches, basketball operations staff, and medical staff. NBA players receive $129 per day on the road, which is the highest amount paid on the road among the four major team sports (The National Basketball Association (NBA), Major League Baseball (MLB), The National Football League (NFL), and The National Hockey League (NHL)). The Golden State Warriors are currently valued at $3.5 billion. The only teams that are valued higher than the Warriors are the Los Angeles Lakers and New York Knicks, valued at $3.7 billion and $4 billion respectively. The Warriors are estimated to surpass the Lakers and Knicks within the next few years. The Warriors have already generated $2 billion alone from ticket sales, sponsorships, and corporate facilities for the

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94 Ibid
95 Ibid
96 Ibid
97 Ibid
98 Ibid
99 Ibid
100 Ibid
new Chase Center.\textsuperscript{101} Another reason the Warriors are estimated to increase their monetary value is through their $60 million sponsorship with Rakuten. Within the past 12 months the value of the Warriors has increased by $400 million, with Warriors’ owners profiting $4.3 billion.\textsuperscript{102} For reference, the team was purchased in 2010 for $450 million.\textsuperscript{103}

**International Market Growth**

The Warriors closely aligned with the NBA’s expansion into the China market and then leveraged their charisma and business sense to make it a stimulus to the commercialization of the NBA. Through the descriptions of Curry’s first Asia tour and then second Asia tour, then growing the China business; it is clear that the attraction and business movements of the Warriors were globally successful.

**The NBA in China**

The National Basketball Association in China is unchallenged in popularity to other professional sports teams.\textsuperscript{104} Due to the fact that NBA games are rarely played in China, Chinese fans are arguably more passionate about their favorite players and favorite teams.\textsuperscript{105} When NBA teams or players do visit China, fans are known to line up outside their hotels for days prior just hoping to see their favorite player and maybe even get a high-five or autograph from them.\textsuperscript{106}

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\textsuperscript{102} Ibid
\textsuperscript{103} Ibid
\textsuperscript{105} Ibid
\textsuperscript{106} Ibid
In June of 2018, the NBA hired Derek Chang as the CEO of NBA China. His duties include, “increasing the league’s engagement with fans as well as fostering community involvement.” Chang recognizes the popularity of the NBA players when visiting China and works with the city they are visiting to host a variety of events to connect the team with their fans. When teams visit they are not just playing a basketball game, they are participating in a variety of events including fan appreciation events, receptions, and community outreach programs. In China NBA players are viewed as more than great players, they are also seen as goodwill ambassadors. Chang rationalizes that basketball’s popularity is linked to many factors. He speaks of the deep roots the sport of basketball has within Chinese culture. There is also the standpoint that the NBA is linked to pop culture, which has increased their popularity in China. Finally, Chang speaks about when teams visit China their Chinese fans are getting that glimpse in to who their favorite players truly are. Seeing their favorite teams and players play in front of their eyes instead of just on a television screen present the game in a way that is encouraging to all Chinese viewers and fans. The NBA, NBA China, and the Chinese Government have also expanded the visual and physical presence of the NBA in China. There are currently over 200 NBA apparel stores in China and the Chinese have also built three NBA play zones which are used as kids’ entertainment centers and have three basketball academies.

108 Ibid
109 Ibid
110 Ibid
111 Ibid
112 Ibid
113 Ibid
114 Ibid
115 Ibid
116 Ibid
Finally, the most known outreach between the NBA and China has been the Jr. NBA program.\textsuperscript{117} Currently in over 4,000 Chinese schools, the Jr. NBA program is the “premier source for youth basketball players, parents, coaches, and league administrators.”\textsuperscript{118} Chang’s main goal within the NBA China program is to make the best experience for fans, both young and old.

\textbf{Curry’s first Asian Tour}

In the summer of 2015, Under Armour announced their upcoming “UA Roadshow featuring Stephen Curry.”\textsuperscript{119} To celebrate the Warriors’ defeating the Cleveland Cavaliers and winning their first NBA championship in over 30 years, Under Armour planned an Asian tour with visits to Tokyo, Japan, Beijing, Chongqing, and Shanghai, China.\textsuperscript{120} While technically Curry’s second visit to Asia, it was his first time with Under Armour and his first time as an NBA champion. While visiting, Curry participated in 3-point shootouts against fans, meet and greets, and experiencing what each city had to offer.\textsuperscript{121} When asked about why these cities were chosen for his first Asian tour with Under Armour, Curry responded, “China has a rich cultural connection to basketball and I’ve heard the game is becoming more popular in Japan by the day.”\textsuperscript{122} It was also on this trip that Curry globally launched his second signature shoe-The Curry Two.\textsuperscript{123} This fruitful trip to Asia was just the beginning of an Asia’s obsession with Stephen Curry, leading to more trips in the future.

\textbf{Curry’s Second Asian Tour}

\textsuperscript{118} Ibid
\textsuperscript{120} Ibid
\textsuperscript{121} Ibid
\textsuperscript{122} Ibid
\textsuperscript{123} Ibid
After the Warriors’ third championship in four years, Under Armour decided to celebrate by sending Curry on his second Asian tour. From September 6-12, Curry would visit Manila, Philippines, Wuhan, China, and Tokyo, Japan. Curry kicked off his tour in the Philippines. While visiting his activities included a tour around Manila in the iconic Filipino jeepney, leading the student athletes at University Athletic Association of the Philippines in their sportsmanship oath, and participating in the Under Armour Southeast Asia 3x3 competition with his father Dell Curry. Curry continued his tour with a stop in Wuhan, China where he participated in a 3-point contest against a robot. Not surprisingly, Curry beat the robot with a final total of 22 3-pointers to the robot’s 16. Curry wrapped up his tour in Tokyo, Japan where he visited local sights like the Tokyo Tower and The Ginza District, led training sessions at the Toyo-Eiwa Girls’ School, and threw out the ceremonial first pitch at the Yomiuri Giants Game. During this tour, Curry released new colorways (the scheme of two or more colors in which a design is available) for his Curry 5 shoes.

Growing in China

In 1979 the Washington Bullets became the first United States professional sport team to visit China, just mere months after President Jimmy Carter had normalized relations with the country.

125 Ibid
126 Ibid
127 Ibid
Since then the NBA has hosted 24 preseason games in China starting in 2004. The expansion of the NBA brand beyond the United States has led to basketball becoming the most popular sport in China with more than 700 million residents watching. The Warriors have become the most successful expanding in to the Chinese market. NBA China’s former CEO, David Shoemaker, spoke highly of the Warriors before their 2017 trip to China. Shoemaker said, “I expect the reaction of our fans and partners to be as great as we’ve ever seen for a team traveling to China.” During the preseason of the 2017-2018 season, the Warriors and the Minnesota Timberwolves traveled to China to play two games, one in Shenzhen and one in Shanghai. The excitement for the visiting teams was contagious. Tickets to these once-in-a-lifetime games sold out in under an hour. During their time in China the Warriors held open practices, clinics, promotional appearances, and a team-sanctioned trip to Hong Kong. “We want to be China’s team in the NBA,” Warriors’ President Rick Welts was quoted saying during a promotional appearance. The Warriors have been able to achieve Welts’ goal throughout their capitalization of the Chinese market. The Warriors have surpassed the Lakers in top-selling merchandise as well as Curry’s jersey surpassing Kobe Bryant’s jersey as top selling in China.

Members of the Warriors team have put in the effort to continue the positive relationship

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132 Ibid
133 Ibid
135 Ibid
136 Ibid
between them and their Chinese fans. In 2014, Klay Thompson signed with the Chinese sportswear company Anta and most recently signed a 10-year extension with the company.\footnote{Connor Letourneau, "How the Warriors Became China's Favorite Team," San Francisco Chronicle, September 30, 2017, Accessed February 07, 2019, \url{https://www.sfchronicle.com/warriors/article/How-the-Warriors-became-China-s-favorite-team-12243736.php}} Steph Curry has made many visits to China over the years to promote the United States sportswear company Under Armour. While visiting, Curry participated in basketball clinics, a tai chi performance, and multiple autograph signings.\footnote{Ibid} The relationship between the NBA and China will continue to grow stronger, specifically through the deal between the NBA and China’s internet giant Tencent Holdings Ltd., which purchased exclusive streaming rights to every NBA Game.\footnote{Ibid} This continued growth between the NBA and China has allowed the Warriors to be at the forefront of capitalizing on the Chinese market.

**Conclusion**

The Golden State Warriors have been champions on the court, as well as champions in the marketplace, and are making a lasting impact through the hyper-commercialization in sports. The team has heroically pulled the complex masterpiece together through their branding tied to their on-court performance, financial ownership strategies, and international market growth, especially in China. The Warriors’ management has used their brand in innovative and profitable ways in multiple marketing avenues, including fan experiences, logos, social media, and sponsorships. The use of financial management techniques borrowed from the venture capitalist field was a strategic addition to the Warriors tool kit, trailblazing for a more economically aggressive NBA. With the NBA’s expansion into the international market, especially in China,
the Warriors leveraged the entry into a new market to gain global traction and expand their fan base with profitable returns. The Warriors’ strategic plays in branding, financial management, and global expansion have been enormously successful and set them apart from other sports teams. They have transformed sports from a professional athletic endeavor to a sophisticated business venture. They have left a mark of hyper-commercialization on all sports teams because they have been able to ignite in worldwide fans the recognition and attraction of the team and players thus fulfilling the definition of hyper-commercialization. Warriors have also used the hyper-commercialization achievement to have a broader impact on society. They have dedicated programs through the Warriors Community Foundation as well as individual players participating in philanthropic missions such as supporting community programs for education and youth development. The Warriors’ efforts are especially directed towards underserved neighborhoods and youth. Another way that the team has made a societal impact has been in the demonstration of successful teamwork and leadership style that is inclusive and orchestrated toward strategies that are best for the team instead of any one individual. This philosophy underlies the “Strength in Numbers” logo and has been applied to teams, organizations, and groups in a broad range of situations. With the Warriors success’ being shared through community programs as well as leadership models it is clear that the “golden” ball continues to “bounce” in beneficial ways.

Bibliography


