



Miami HEAT



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The logo for HEAT, featuring the word "HEAT" in a bold, italicized, sans-serif font. The letter "T" has a stylized flame or heat wave extending from its top right corner.

Introduction

Mission Statement

The Miami HEAT are dedicated to delivering a championship experience to our fans, staff, and including our partners. Our pursuit and passion are to perform exceptionally in the arena, workplace, and in the community. We strive at this through premier customer and community service as we cultivate a spirit of innovation, integrity, and teamwork. Lastly, we stand as a cornerstone of pride and inspiration to Miami and the Southeast.



Background Information

- NBA Team based in Miami, Florida
- Season runs from October - April (till May for playoffs)
- Plays 82 regular season (41 home, 41 away)
- Arena: American Airlines Arena
- Southeast Division in Eastern Conference



Brief History

- The Miami HEAT were founded in 1988 along with three other expansion teams (Hornets, Timberwolves, Magic)
- Miami was assisted on acquiring an expansion bid by Miami Sports and Exhibition Authority
 - ◆ Billy Cunningham and Lewis Schaffel
 - ◆ Received financial help from Carnival Cruise Lines founder, Ted Arison
- Hornets and HEAT debuted on 1988-89 NBA Season
- First Victory: December 14, 1988 vs Los Angeles Clippers 89-88
- Have won three championships (2006, 2012, 2013)



Timeline

- **1988:** Miami HEAT is founded
- **1995:** Hires Pat Riley
- **2000:** Moves into arena
- **2003:** Drafts Dwight Howard
- **2005:** HC Pat Riley leaves HEAT
NBA History (5 Time)
- **2006:** First Championship
- **2010:** HEAT retreats to second place
acquires LeBron James
- **2012:** Second Championship
LeBron James and Dwyane Wade
Win Streak / Third
Chris Bosh leaves HEAT
Chris Bosh, Jose Winslow and Josh
Smith
LeBron James gets sidelined and never
returns
Dwyane Wade leaves HEAT
Dwyane Wade returns to HEAT
LeBron James and Dwyane Wade
and Bosh announce they
will not play at the end of the season

Current Status

Company Overview

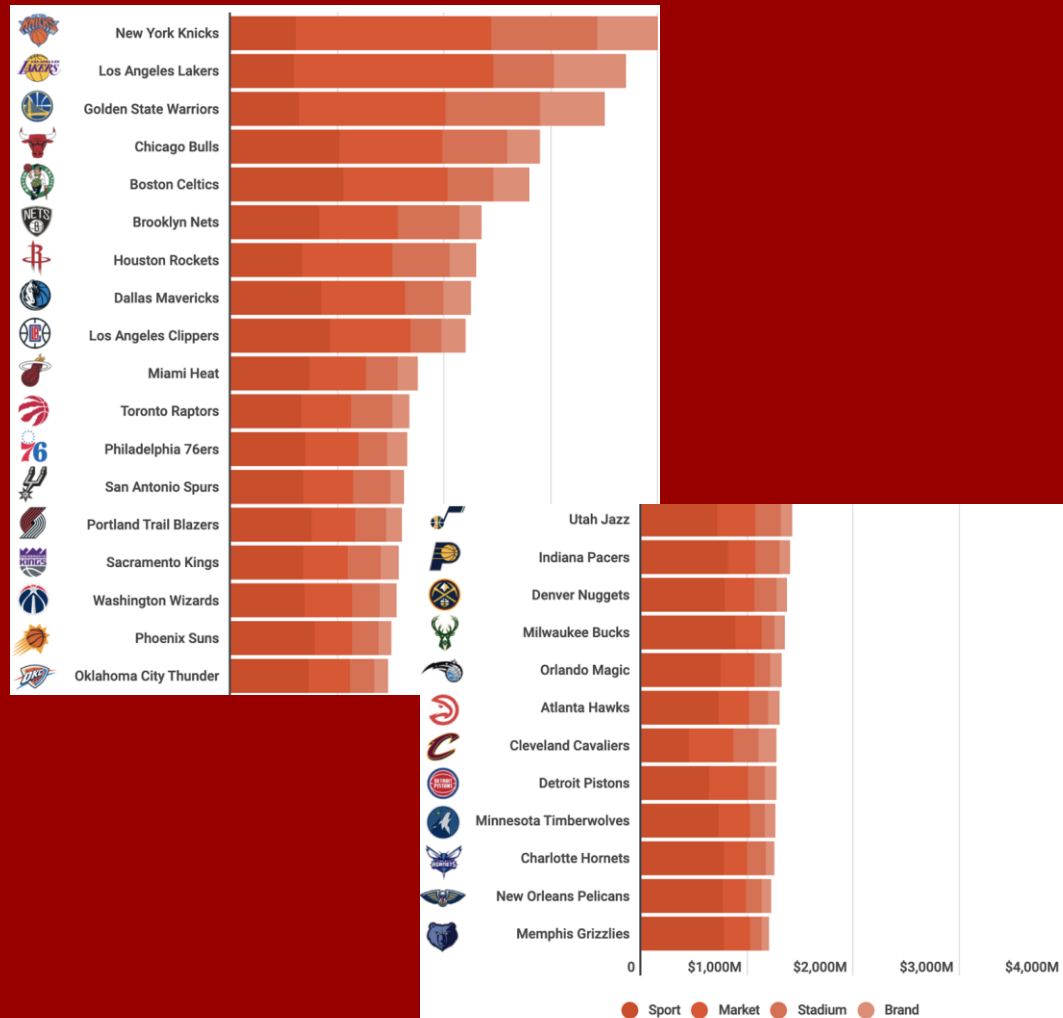
→ Miami Heat Limited Partnership

- ◆ Private Company
- ◆ Founded: 1986 | Incorporated: 1987
- ◆ NAICS: 711211 Sports Teams and Clubs
- ◆ 64 employees

→ Revenue: \$259M

→ Operating Income: \$40M

→ Team Value: \$1.75B (10th in Forbes
NBA Team Valuations 2019)



Players



Coaching Staff and Executives

- **Head Coach** - Erik Spoelstra
- **Assistant Coaches** - Juwan Howard, Dan Craig
- **Assistant Coach for Player Development** - Chris Quinn

- **Owner & Managing General Partner** - Micky Arison
- **Chief Executive Officer** - Nick Arison
- **President** - Pat Riley



American Airlines Arena

- Downtown Miami along Biscayne Bay
- Holds 19,600 people at maximum capacity
 - ◆ 18,000 for concerts
- Waterfront Theater can seat between 3,000 and 5,800 people
- Opened on December 31, 1999, Construction cost was \$213M
- HEAT started playing in AAA on January 2, 2000
- Approximately 120 events per year (HEAT Games, Concerts, Family Shows)
- 20-YR sponsorship deal; ends in 2019
 - ◆ American Airlines pays HEAT \$2.1M annually



Promotions

- Pride Night
- Hispanic Heritage Night
- Miami Heat Family Festival
- Chinese Heritage Night
- Road Rally
- University Night
- Pop-A-Shot Challenge with
- Holiday Plan
- First Responders Night
- [Vice Nights](#)



Stakeholders and Sponsors

→ Financial Stakeholders / Suppliers

- ◆ American Airlines, Coca-Cola, Papa Johns, Nike, Kia Motors, Carnival Cruise Line

→ Sponsors

- ◆ Ultimate Software
- ◆ Tissot
- ◆ Bacardi
- ◆ Fox Sun Sports
- ◆ T-Mobile
- ◆ Alienware
- ◆ Court Culture
- ◆ Moët & Chandon
- ◆ Hyde



Situational Analysis

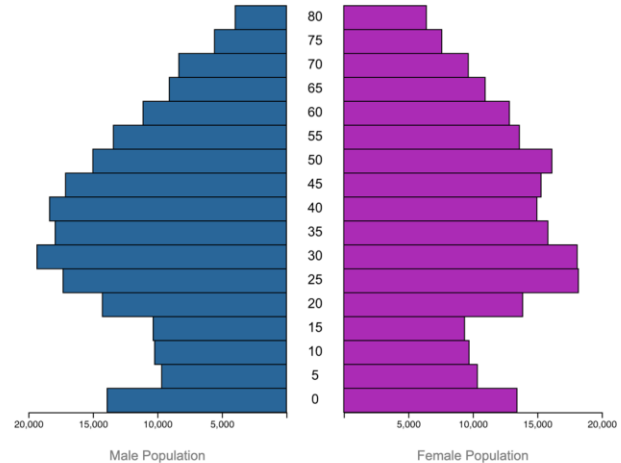
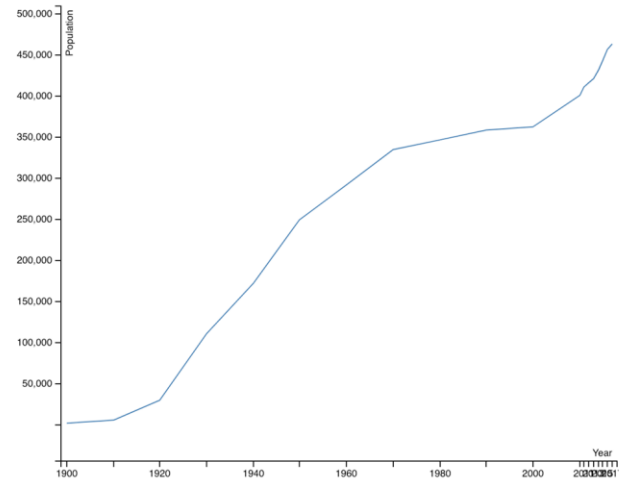
City Demographics

→ *AS OF 2017* - 463,347 individuals living in Miami

◆ Gender Breakdown: 50.56% Female, 49.44% Male

◆ Ethnic Breakdown:

- 75.4% White (89.9% are of Hispanic descent)
- 18.4% Black or African-American (3.6% are of Hispanic descent)
- 3.3% Other Race
- 1.7% Two or more Races
- 0.9% Asian
- 0.3% American Indian or Alaskan native



Fan Demographics

- Address: 601 Biscayne Blvd, Miami, FL 33132
- *AS OF 2015*
 - ◆ Gender Breakdown: 55% Male, 45% Female
 - ◆ Geographic Breakdown: 58% Miami-Dade, 24% Broward, 9% Palm Beach
 - ◆ Ethnic Breakdown: 69% Hispanic, 19% Caucasian, 13% African-American
- #2 among NBA teams in Hispanic attendance at 54.7%
- The average age of an adult HEAT fan is 42, and 40 for HEAT attendees – younger than any other professional sports team in South Florida



Income

→ The average income of a Miami resident is

\$26,282

◆ US average is \$28,555

→ The median household income of a Miami

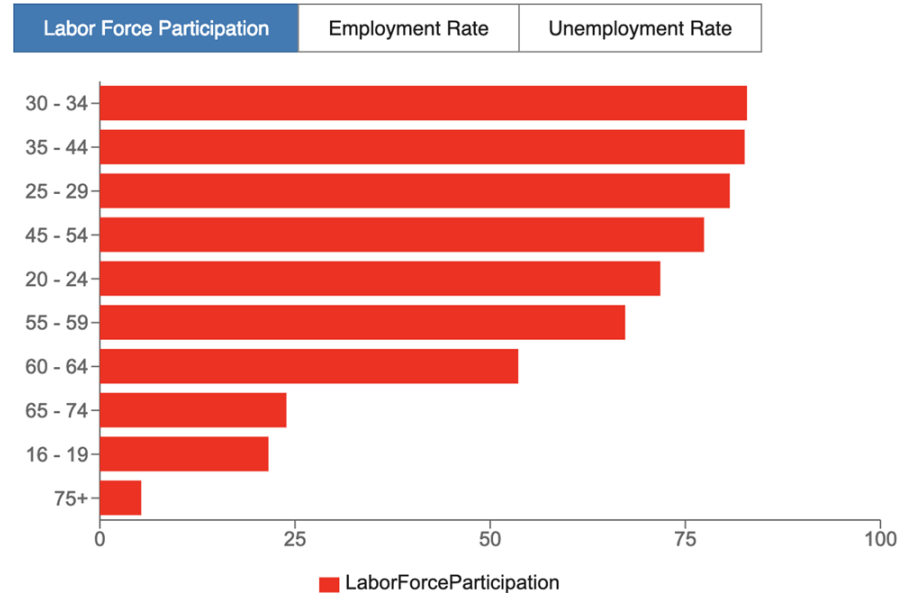
resident is \$33,999/year

◆ US average is \$53,482/year

→ Unemployment Rate: 8.1%

◆ US average is 5.2%

Miami Employment by Age

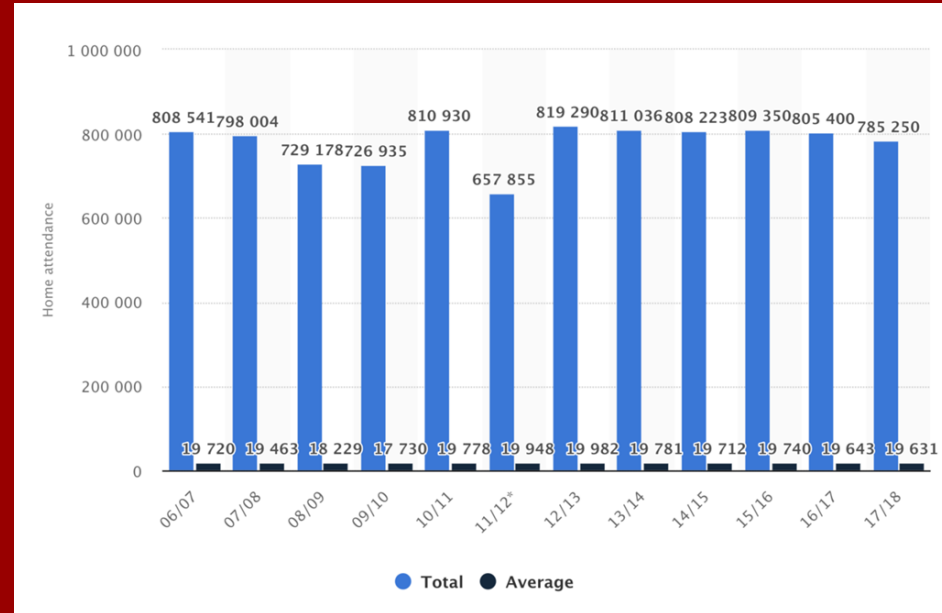


Attendance

→ 2018-19 Season (still ongoing)

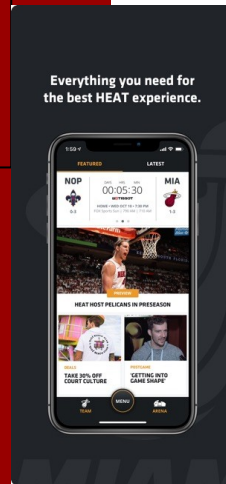
- ◆ Total Attendance: 666,852
- ◆ Average Attendance per game: 19,613
- ◆ 5th in the NBA (more than the Warriors!!)

→ Past Attendances on graph shown

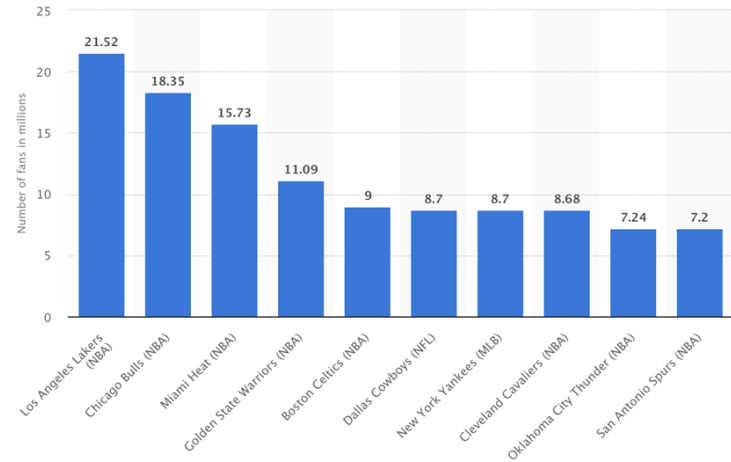


Social Media

- Instagram: 3.2M Followers
 - ◆ NBA is top leading brand in USA on Instagram user engagement
- HEAT partnered with BeyondCurious and Built.io to create team's mobile app
- Delivers a more user-friendly, personalized experience pre-game, in-game and post-game



U.S. sports teams with the most Facebook fans as of April 2018



DOWNLOAD

PNG

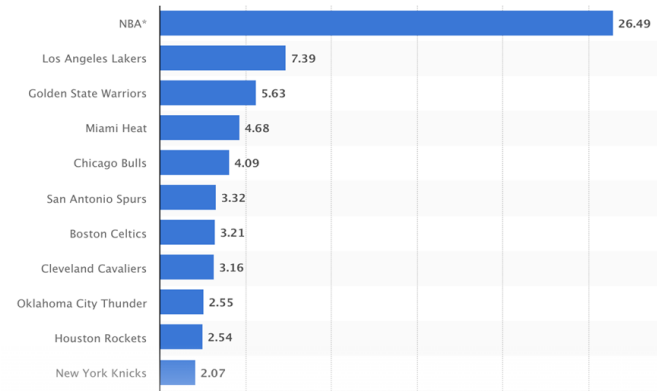
CITATION (FAQ)

Select citation

DESCRIPTION

This statistics shows the number of Facebook fans for various U.S. sports teams as of April 2018. The Los Angeles Lakers have the most Facebook fans, with over 21 million.

Twitter followers of NBA teams in March 2018 (in millions)



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Employees

“Through our doors walk the hardest-working, most talented, professional, innovative, and creative people in the sports and entertainment business. We're a championship-level organization from the front office to the back of house – and everywhere in between.” (<https://www.nba.com/heat/miami-heat-careers>)

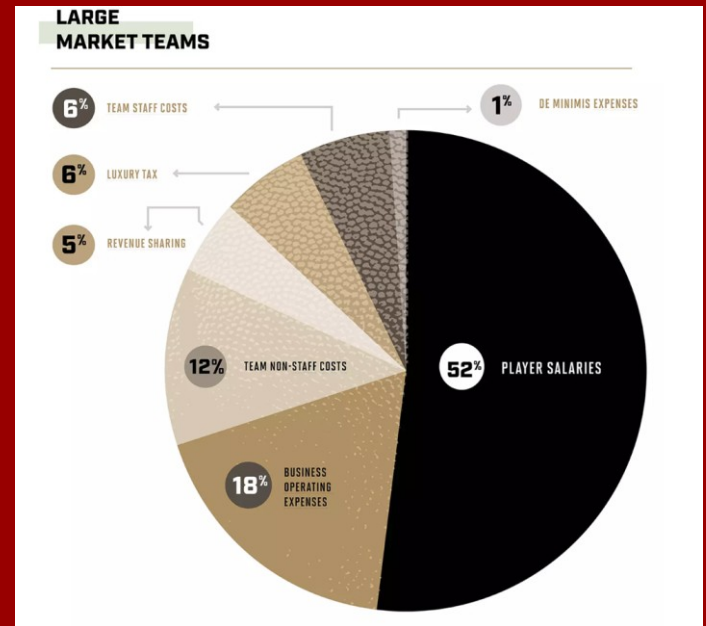
→ Competitive Industry; Employees are very dedicated



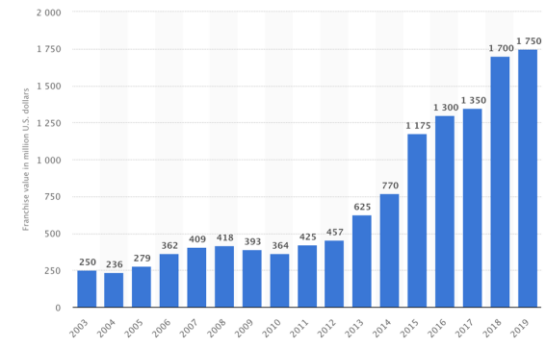
Budget and Finances

- Team Value: \$1.75B (3% increase = \$50M)
 - ◆ Each NBA teams are now valued at least \$1B, thanks to the league's growing economy and booming international exposure
- 2018-19 Player Expenses: \$131M
- Team Revenue: \$259M
- Revenue Per Fan: \$24
- HEAT have the NBA's highest-paid payroll at \$158M (includes arena debts)
 - ◆ Team gets \$14M in insurance for Chris Bosh's contract

numbers are according to Forbes and NBA Executives



Miami Heat franchise value from 2003 to 2019 (in million)



Tickets

- Average Ticket Price: \$85
 - ◆ NBA Average ~ \$56
- Season Tickets: ?
 - ◆ Benefits: Private event with players, exclusive in-game experiences, discounts at team store and concessions, etc.
- When LeBron James left in 2014, demand for tickets to see the Heat on the road dropped by 196% relative to the league average
- One of the least affordable teams to watch in person



SWOT Analysis

Internal and External Strengths

- Marketing [Dwyane Wade's #OneLastDance](#)
- Young core of Justise Winslow, Josh Richardson, Bam Adebayo
- Derrick Jones Jr's resurgence
- Top Management is world-class and has been with organization for many years
- Company's value continues to increase despite mediocrity since LeBron James left in 2014
- Vice jerseys ... mostly everybody loves them
- Social Media Presence and Engagement



Internal and External Weaknesses

- Lacking elite talent (Dragic's old age, Whiteside's decline)
- Have not been a playoff contender since 2014
- Currently not a big free agent destination due to second weakness
- High Payroll (Chris Bosh's contract, overpaid players)
- Relatively high prices for tickets



Internal and External Opportunities

- Acquire superstar talent in free agency (Kyrie Irving, Kemba Walker, Klay Thompson)
- Trade Goran Dragic and Hassan Whiteside for other key players
- Solidify Justise Winslow's PG role
- Lower ticket prices for more fans to attend
- Attract more customers - whole state of Florida, not just city of Miami
- Increase brand awareness - expand Miami Vice Jerseys



Internal and External Threats

- One word. Injuries.
- Dwyane Wade's departure could lead to lower fan attendance and more mediocrity
- Trading Wayne Ellington and Tyler Johnson
- One year left on American Airlines' sponsorship deal with the team
- Pat Riley has traded a lot of future draft picks
- Other professional teams in the area: Magic, Dolphins, Marlins, Panthers, etc.



SWOT Analysis: Orlando Magic



- Strengths: Solid young core of Mo Bamba, Aaron Gordon, Jonathan Isaac / Currently 9th Seed in Eastern Conference / Sponsorship with Disney
- Weaknesses: Last playoff appearance in 2009 / Have missed playoffs for 7 years / Management does not really stand out / 6 Different Head Coaches in past 7 years / Most people go to Orlando for their Theme Parks
- Opportunities: Hire a better Head Coach (van Gundy, Thibodeau) / Free Agency this summer / Capitalize on sponsorship with Disney
- Threats: Miami HEAT is main competitor / Orlando City SC / Potential departure of key players because Orlando is not a good player destination

SWOT Analysis: Miami Dolphins



- Strengths: Passionate and loyal fanbase / Young players with high ceiling (Minkah Fitzpatrick, Albert Wilson, Xavien Howard) / Brian Flores / 2019 Case Study: Miami is sixth best city for football fans and spectators
- Weaknesses: Only four playoff berths since 1999 and two in the past 10 years / Tourist Location / Smaller stadium than other NFL teams (26th by seating capacity)
- Opportunities: 13th Pick in 2019 NFL Draft / Capitalize when Tom Brady retires / Attract more Hispanic fans and young kids to further improve fanbase
- Threats: Other Miami teams have been more successful recently / Ryan Tannehill trade and Ryan Fitzpatrick signing

SWOT Analysis: Miami Marlins



- **Strengths:** Young players to build around / New and improved ownership by CEO Derek Jeter / Team puts more emphasis on building a young farm system that can compete in a few years
- **Weaknesses:** Only good hitter and player is Starlin Castro: most of team is mediocre / Paying \$30M in sunk costs to NYY for Giancarlo Stanton / Rumored to be around \$400M in debit with new ownership
- **Opportunities:** Improve their farm system for a better future / New logo this season can provide better revenue sales from jerseys / Reach more Hispanic fans
- **Threats:** Team does not have a star player like Bryce Harper / Every other team in their division as well as Tampa team is better / Marlins have a slight refusal to make operational decisions based on player performance analytics

SWOT Analysis: Florida Panthers



- Strengths: Young great talent = Aleksander Barkov is a top 20 player / Team has improved over the past decade to contend for playoffs every year / Geographic Location is north of Miami and west of Ft. Lauderdale
- Weaknesses: Hockey is not as popular in Florida / Small fanbase / Has never won the Stanley Cup / Has only made playoffs twice this decade / Shaky coaches in the past few years (5 in 8 yr)
- Opportunities: Team looks more appealing to free agents due to better team performance / Team leadership of Barkov, Aaron Ekblad, etc. can also be used to attract other players
- Threats: Tampa Bay Lightning is main competitor = they would be the NHL team to watch in Florida / Other entertainment destinations are better than to watch a Panthers game / Other NHL teams are more marketable

Marketing Objectives

Action Plan

- Lower the costs of tickets for increased overall attendance
- Take advantage of a female-majority demographic
- Have kids turn into fans and also invite parents to games
- More Hispanic-themed promotions
- Utilize tropical surroundings to maintain fans
- Attract more customers outside Miami
- Enhance overall fan experience



Target Audience

- Female Spectators
- People traveling to beaches near Miami for Spring Break
- Hispanic Fans
- Kids and parents
- HEAT Fans who have not attended games due to high ticket price



Ladies Night

- 40% off tickets for women
- HEAT Cheerleaders get to bring their moms for free
- Free hat for first 200 women that enter the game
- Women's T-Shirt giveaway
- Ladies get discounts for food and beer
- Players get to meet with those who bought a special post-game pass (only for women)



¡Noche de Comida Hispano!

- HEAT players wear EL HEAT jerseys
- Mariachi music played throughout the whole night
- National Anthem will be played by a Hispanic artist
- Halftime entertainment will feature Pitbull
- New Hispanic food concession stands in the arena
- Hispanic food trucks outside the arena
- Select fans aged 21 and older will receive a voucher for special edition margaritas



Family Night

- HEAT players will show up to select schools in Miami-Dade County
- The players will do autographs and give out free tickets to some kids

ALTERNATIVE

- Ticket Bundle: Family 4-Pack
- 4 Tickets, 4 Sodas, 4 Hot-Dogs starting at \$99
- Halftime: Select families participate in a Pop-A-Shot Challenge with other families ; Winner gets Papa Johns' Gift Card



Spring Break Accommodations

- Most March games will have tickets that have complimentary accommodations to select Spring Break destinations near Miami
- South Beach, Ft. Lauderdale, Punta Cana, Cancun
- Ticket holders must provide their own transportation
- This tactic could also be used to retain season ticket holders



#HEATthrowbackNight

- Players will wear Black Hardwood Classics Jerseys
- Have old HEAT players like Alonzo Mourning, Gary Payton, and Jason Williams in attendance for the game
- Will encourage fans to dress in throwback HEAT attire:
Post on social media #HEATthrowbackNight
- Retro Shirt Giveaway
- Flo Rida concert after the game; free for those who attended the game



Conclusion

Goals

→ Short-Term

- ◆ Increase sales, profitability, and membership
- ◆ Utilize sponsors and surroundings more effectively
- ◆ Increase attendance and customer satisfaction

→ Long-Term

- ◆ Acquire new fans and customers
- ◆ Have HEAT fans experience an excellent gameday experience for every game
- ◆ Create an advantage in sales, marketing, etc. over competitors
- ◆ Further improve team's annual income

Executive Summary

The Miami HEAT continue to be a little below average team in the NBA while the departure of Dwyane Wade is imminent. For that, they are in need of retaining and growing their casual fans while acquiring new ones. They must lower ticket prices and do more promotions that coordinate with the team's specific fan and city demographics in order to complete all of these objectives.

The organization is doing mostly well financially with their budget and finances, but the team's current payroll is a problem. They must avoid to overpay players and get a star free agent for the right price so they avoid the same problem next season.

Lastly, their employees as well as coaching staff and executives are top-notch. These individuals should continue doing their respective jobs as efficient and organized as possible while constantly listening to fans and their feedback.

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