

Final Analysis & Assessment Report
Jaki Bass, Manal Duah, Rachel Redeker, Ainsley Shird

Executive Summary

We conducted a risk analysis regarding the acquisition of Wrexham AFC by Ryan Reynolds and Rob McElhenney in 2020. The analysis focused on how Wrexham has mitigated risks, what risks are still prevalent, and what new ones have arisen, as well as the measures needed to minimize or mitigate them. Since Reynolds and McElhenney had no prior experience in football club ownership, there are inherent uncertainties and potential pitfalls, not only financial but also intricately linked to the local community. This analysis underlines the significance of creating a comprehensive risk mitigation strategy that addresses these challenges. The analysis includes present, continued, and future risks as well as recommendations for diversifying revenue streams and sponsorships to ensure the club's financial stability and a successful and sustainable future under the new ownership of Wrexham AFC.

Methodology

We collected data for our project by gathering primary and secondary data. Our primary data is our qualitative data, which is mainly interviews. Our secondary data was collected prior to the interviews and included historical and numerical data about Wrexham AFC and is explained in the data section below. With this data, we created time series graphs to show change over time and ran linear regressions to prove that most graphs have a positive increase as the documentary came out. We also used a text analysis word cloud to compare the sponsors of Wrexham AFC and Fulham FC.

Data

Our project includes both quantitative and qualitative data to help answer our question surrounding the risks Reynolds and McElhenney faced when purchasing Wrexham AFC as well as new risks that rose because of two celebrities purchasing the team. For the quantitative data, we used multiple different sources to find data on social media engagement for Wrexham AFC and trends in popularity of STōK Cold Brew Coffee. Since our project deals with risk, we focused heavily on the qualitative which we collected by conducting three separate interviews. We first talked with

Bree Ryan and Annie Fennell from Danone who work in the STōK Cold Brew Coffee division and developed the idea to partner with Wrexham AFC. Next, we met with Wayne Jones owner of the Turf in Wrexham, Wales where we received insight into how his business and world has changed since the purchase. Lastly, we met with Humphrey Ker who is the Executive Director of Wrexham AFC and is involved in all aspects of the club.

Table 1: Data Dictionary

Objective for Using Variable	Variable Name	Description	Data Type	Acceptable Values
Growth in social media	Instagram	Instagram audience count between 2019-2023	num	numerical value
Growth in social media	TikTok	TikTok audience count between 2019-2023	num	numerical value
Change in home attendance	Attendance	Home attendance count between 2019-2023	num	numerical value
Qualitative data	Humphrey Ker	Executive Director of Wrexham AFC	text	string
Qualitative data	Wayne Jones	Owner of The Turf	text	string
Change in trends	SToK Cold Brew Coffee	Change in Google Trends Worldwide	num	numerical value

Results & Findings

1. How Wrexham AFC has Mitigated Risks

One risk Wrexham AFC has mitigated with the help of their new owners is by acquiring Phil Parkinson to their coaching staff and Paul Mullin as a star player. By bringing in Paul Mullin, other players took the chance on Wrexham AFC as they saw Mullin's do it and the potential in the team. A good example of this is with Ollie Palmer, Steven Fletcher and Paul Mullin which created the dynamic trio that we see in Wrexham AFC matches today.

A second mitigated risk was solved on June 29, 2022 when Wrexham AFC took ownership of The Racecourse Ground once again after the stadium had been sold to Wrexham University in 2011 to help bring in funds for the struggling team (Wrexham University, n.d.). Owning The Racecourse Ground allowed the team to renovate the stadium to fit their needs as well as the community's.

One example of this is with the plans for the new Kop stand that will allow for expanded seating capacity along with upgraded seats. The increase in seat capacity allowed for more community members and international fans to be part of a true underdog story.

Aside from mitigating risks for the club itself, Reynolds and McElhenney’s purchase of the club has helped mitigate various risks in the Wrexham community as well. One example of this is Wayne Jones, owner of The Turf, which is a pub located next to the stadium. When talking with Jones he mentioned that prior to the documentary, The Turf only saw a profit during game days which was not a sustainable business model when the team only plays around twenty-six home games per season. However, since the release of the documentary, the team itself has seen growth in fans as well as The Turf. Jones talked about how on non-busy and non-game days, The Turf will still see around fifty visitors. Now that The Turf sees a steady flow of visitors every day of the year, Jones no longer needs to worry about owning an unsustainable business. Therefore, the purchase of the football club was not only about profit but for community as well. Figure 1 shows Wrexham AFC’s growth on Instagram and TikTok while Figure 2 shows Wrexham AFC’s home game attendance. Both graphs begin prior to the acquisition to present day to demonstrate the team’s growth that has positively impacted Jones’s business.

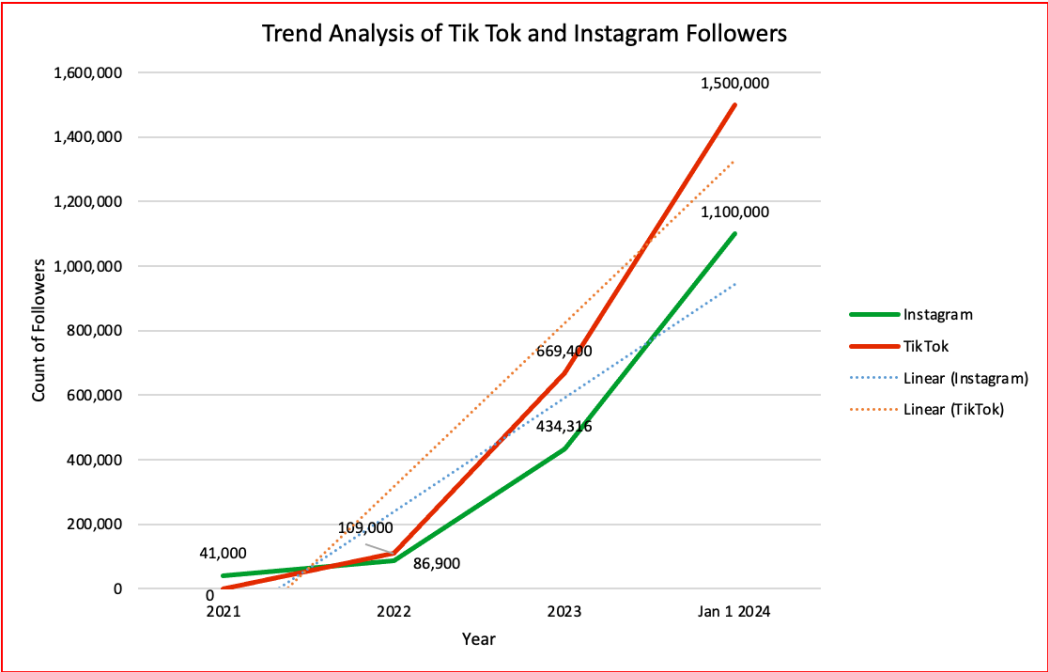


Figure 1: Trend Analysis of TikTok and Instagram Followers

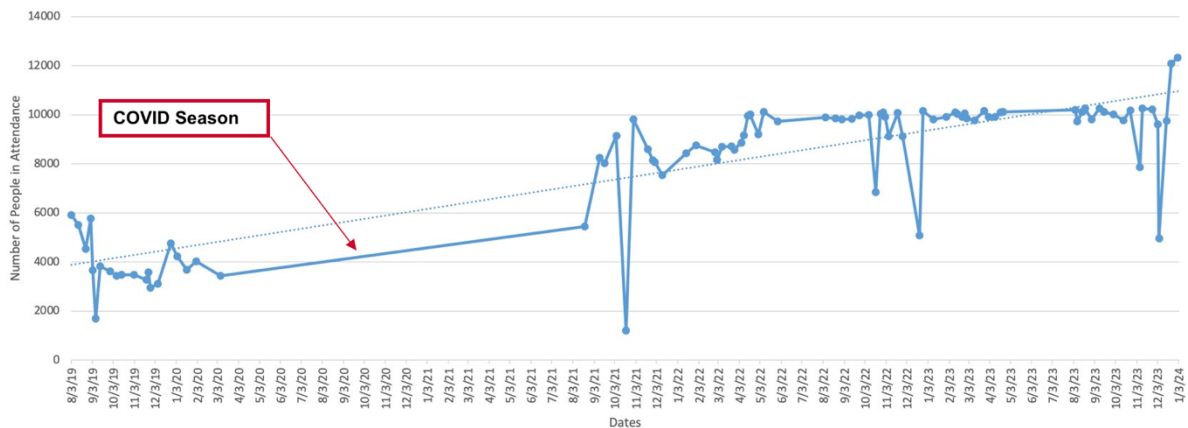


Figure 2: Wrexham Home Game Attendance

2. Continued Risks for Wrexham AFC

TV rights are a continued risk for Wrexham AFC as the team and documentary are currently experiencing high attraction and growth in viewership. However, since the fan base is largely international, Wrexham AFC could turn into a fad that disappears after a while if fans cannot watch the team's games.

A second continued risk is if the team receives funding from the Welsh government for any of the planned renovations and/or upgrades to the Cae Ras. There are plans in the work to build a new Kop stand to allow for expanded seating capacity. Originally, the club applied for the UK Government's Levelling Up Fund, but their application was rejected. However, it was later announced that twenty-five million pounds will be given to the project through a Welsh Government grant and pledged by the Wrexham council (Whilding, 2023). The new Kop stand is part of a greater development project, the Wrexham Gateway project, that will impact other parts of the community as it will regenerate transportation infrastructure. However, utilizing taxpayer money through government grants is a risk by the club as many people in the community don't believe millionaires who purchased a football club should be utilizing taxpayer money to upgrade the Cae Ras. When talking with Jones, he was happy that the funding for the new Kop stand fell through as Wrexham is a working class town that doesn't want help from the government. As stated, the community's argument is that Reynolds and McElhenney are millionaires who purchased the team so it looks poor asking the government for taxpayer money. It would also lead

to shame by other teams as the Wrexham community would be known as the team who used taxpayer money for a fancy, new stadium when the have millionaire celebrity owners.

Wrexham Supporters Trust (WST) is a third continued risk as when talking with Ker he mentioned that there are many different groups as they started as one but have divided over time. Since feedback is still cherished from these groups it will be important for Wrexham AFC not to prioritize or unintentionally favorite one group over another as that could cause problems and alienation.

STōK Cold Brew is a fourth continued risk as they are the main sponsor of the Cae Ras. STōK reached out to Wrexham AFC as the documentary was increasing in popularity; however, Wrexham AFC has grown tremendously since the second season was premiered. STōK is a continued risk as they are a cold brew coffee company that does not sell their products in the United Kingdom. As of now, STōK only has one product, and as Wrexham AFC grows, STōK also needs to grow its audience in order to keep sponsoring the team.

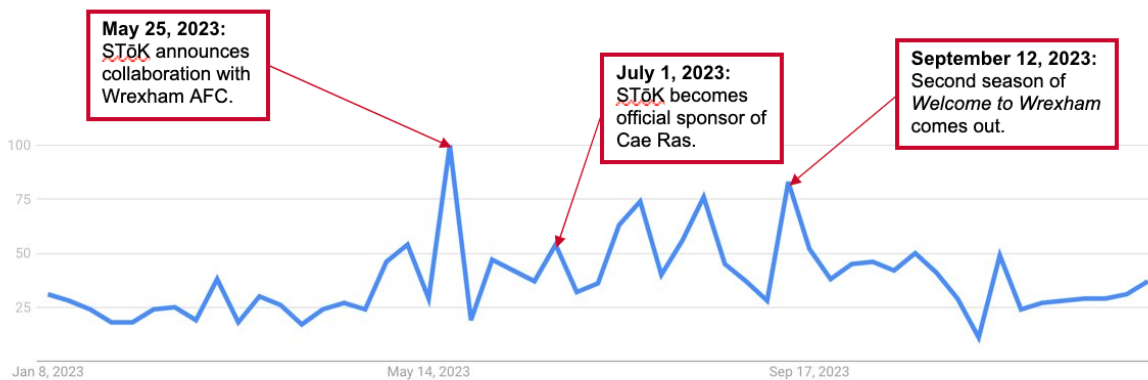


Figure 3: STōK Cold Brew Coffee Google Trends Worldwide

3. Future Risk for Wrexham AFC

Reputation is a future risk that the team faces and one that is hard to prepare for. While we don't currently see Reynolds and/or McElhenney involved in any scandalous events now or in the future, we also can't predict to know for sure. If Reynolds or McElhenney receive negative publicity that will affect the team since the two are directly correlated. On the flip side, if something negative happens with the team that can also affect the image and reputation of Reynolds and McElhenney.

For example, if an employee gets injured at work or a player has an off day and takes it out during media, those things will reflect negatively on Reynolds and McElhenney. As Ker said during our interview, there would be more headlines around the incident than other clubs would typically receive due to the Reynolds and McElhenney being the owners.

Recommendations

As avid supporters and enthusiasts of Wrexham AFC, we offer the following strategic recommendations to further elevate the club's financial standing and propel its growth trajectory. By implementing these initiatives, we believe that Wrexham AFC can unlock new revenue streams and enhance its overall financial resilience.

1. Pursue TV Rights in the United States

Expanding the club's reach internationally can be a game-changer for revenue. We strongly recommend exploring opportunities to secure TV rights in the United States. The American market presents a vast audience, and with the increasing popularity of soccer (football) in the States, this move could significantly boost Wrexham AFC's global visibility. Negotiating broadcast deals with major sports networks or streaming platforms can lead to increased sponsorship interest, merchandise sales, and a broader fan base. We can compare this to American college football and how their main revenue is from TV rights. We understand that this could be a risk due to the longevity of the club but we think it is a risk that needs to be taken so that the club can bring in more international revenue.

2. Merchandise Revenue Optimization through Pre-Orders

To maximize merchandise revenue, we suggest implementing a pre-order system. By allowing fans to pre-order club merchandise, Wrexham AFC can gauge the demand for different sizes and items, minimizing excess inventory costs. This approach not only ensures that fans get the sizes they want but also provides the club with valuable insights for strategic inventory management. Moreover, a well-executed pre-order campaign can generate buzz and anticipation among the fan base, leading to increased sales.

3. Align Sponsorship with Audience Size and Aspirations

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Contact Us:

bassjacqueline@gmail.com

duahmanal@gmail.com

redekerrachel@gmail.com

ainsleyshird@gmail.com