

BUDDLE FINDLAY NEGOTIATION COMPETITION 2007

NATIONAL ROUND 1

Common facts for all negotiators

A New Zealand league club "The Worriers" and their major sponsor Bogaphone (a telecommunications mobile phone service provider) are trying to reach an agreement regarding extra sponsorship for the club. In return for the extra sponsorship Bogaphone wants to film exclusive behind the scenes footage of the Worriers for a new reality show "Worrier Street". The episodes of "Worrier Street" will be sent to subscribers of Bogaphone mobile phone TV content in 30-60 second clips, 2 - 3 times a week, depending on the amount of trainings, games and social events the Worriers have scheduled for that week. The show will track the team as they progress through the league season, and feature star players such as Fatty Aloafa (who has already gained notoriety by featuring on a billboard in downtown Auckland advertising a brand of men's underwear).

In 2002, the Worriers attracted \$12 million in sponsorship and ticket sales overall. That year was the first year that Bogaphone sponsored the Worriers and it contributed 50% of the sponsorship that year. Bogaphone have continued to contribute similar amounts in the following years.

An average week for the Worriers consists of 4 to 5 training sessions, which last about 4 hours each, 1 game (either in Auckland or in Australia), various social events such as post-match functions, and dinner and drinks on a Wednesday night after training. The players also participate in team bonding activities such as movie nights and theme park days, as well as various media events.

Professional league teams have recently been the centre of a great deal of bad publicity in relation to post-match antics where players have caused trouble while drinking and going out on the town. However, the Worriers have not been associated with these media reports.

Bogaphone's main competitor "Bellycom" has recently signed a deal with TBNZ to broadcast on its mobile network special 30 second episodes of New Zealand's favourite soap "Shortbread Street" every weekday. This was reported to have cost Bellycom \$1 million. Bellycom was said to have justified the high price on the basis that "Shortbread Street" is an established show and the special episodes are guaranteed to increase the number of subscribers to Bellycom's mobile network.

Bellycom was the dominant mobile phone service provider in New Zealand until 2003, when Bogaphone became the market leader. There are approximately 3.8 million mobile phone subscribers in New Zealand and Bogaphone currently has 55% of the market. As the New Zealand mobile phone market is fast approaching saturation, subscriber growth is expected to taper off significantly in 2007 and 2008. Bogaphone is trying to convince existing Bellycom subscribers that they should move to Bogaphone, while preventing current subscribers from moving to Bellycom.

The parties have arranged a meeting for their legal representatives to negotiate the terms of the sponsorship arrangement for 2008.