

401MAN CW2

THE BUSINESS ENVIRONMENT



Study Objective:

This study aims to examine the internal operations and external environment of the International Management Group (IMG) to evaluate the impact of various external factors on its business activities. The primary goal is to deliver strategic insights and actionable recommendations to enhance IMG's operational efficiency and strengthen its market position.

Abstract:

The quote, *"Sports do not build character; they reveal it,"* aptly reflects the essence of sports as a unifying and character-defining force. Sports transcend cultural and geographic boundaries, serving as a powerful platform for inspiration and global connection. Athletes, as symbols of perseverance and excellence, not only influence personal development but also drive significant commercial impact.

Behind the global success of these athletes are influential organizations like the International Management Group (IMG), which play a crucial role in shaping the sports business landscape. IMG is instrumental in managing athletes' careers and elevating their commercial potential, highlighting its strategic importance within the industry.

Established by Mark McCormack in 1960, IMG was among the first to recognize the commercial value of athletes beyond competition, pioneering the sports marketing and endorsement industry (Smith, 2020). Today, it stands as a global leader in talent management, sponsorship negotiation, event organization—including prestigious tournaments like Wimbledon and PGA—and the production of premium sports media content.

This report, presented from the perspective of a junior analyst at a sports consultancy, explores IMG's internal alignment within the global sports sector and outlines its key business functions and revenue sources. It further analyzes the external business environment through a comprehensive PESTLE framework. The study concludes with an evaluation of IMG's stakeholders and offers strategic recommendations for future business development.

Contents

Introduction:4

Overview of International Management Group (IMG):4

Organizational types in the sports industry:5

Revenue Streams in Sports Event Management6

External Environment Analysis of IMG:6

Building and maintaining engagement:10

Strategic Recommendations for IMG:10

Conclusion:11

References:.....13

"VAH Sample Question Library"

Introduction:

On average, professional athletes earn approximately \$25 million annually through brand endorsements, with elite figures such as football icon Cristiano Ronaldo earning up to \$45 million from endorsements in 2023 alone. The global sports endorsement industry continues to thrive, experiencing a compound annual growth rate (CAGR) of 5.6% and is projected to reach a market value of \$3.13 billion by the end of the decade (2025 Global Sports Industry Outlook, 2025).

The origins of this lucrative industry can be traced back to 1960 when Mark McCormack, an American lawyer and amateur golfer, recognized the untapped commercial potential of athlete endorsements. This insight led to the founding of the International Management Group (IMG), which has since become a dominant force in the global sports and entertainment industry.

Today, IMG is instrumental in securing endorsements, sponsorships, and public appearances for world-renowned athletes and fashion icons. It also organizes high-profile live events across sports and fashion, while managing all aspects of production, marketing, and sponsorship sales. Furthermore, IMG serves as a key independent producer and distributor of sports and entertainment content. Its diversified operations allow the company to maximize talent exposure and enhance the commercial success of its clients (INTERNATIONAL MANAGEMENT GROUP (IMG) | Encyclopedia of Cleveland History | Case Western Reserve University, 2018).

This report will analyze IMG's organizational structure and strategic operations, along with a detailed assessment of its external environment. The goal is to evaluate how external factors influence the company's performance and to offer strategic recommendations that will support IMG's continued growth and leadership in the evolving sports industry.

Overview of International Management Group (IMG):

The global sports industry is driven by event management companies that facilitate the commercialization, organization, and strategic execution of sporting events. These entities serve as vital intermediaries connecting athletes, sponsors, broadcasters, and fans—

generating revenue through diverse operations. IMG exemplifies such a company, playing a central role in the sports event management ecosystem.

IMG's origins trace back to its early days as a boutique agency representing golf legends Arnold Palmer, Gary Player, and Jack Nicklaus—collectively known as the “Big Three” (Smith, 2020). Recognizing the emerging commercial opportunities in televised sports, founder Mark McCormack revolutionized the industry by negotiating media rights and athlete endorsements. Under McCormack's leadership, Palmer's earnings surged from \$59,000 in 1959 to nearly \$500,000 by 1962, marking a dramatic increase in revenue generation (Thorpe, 2013).

Throughout the 1960s and 1970s, IMG expanded its portfolio to include event management, acquiring television rights and representing prestigious events such as Wimbledon. The company also played a key role in distributing televised sports content, further cementing its influence.

By the 1980s, IMG had grown beyond its initial focus on golf and athlete representation. With a client base exceeding 1,000 and annual revenues surpassing \$300 million, it demonstrated both scale and strategic reach. Entering the 21st century, IMG diversified into fashion, classical music, and corporate consulting, establishing a robust global presence with operations in 33 countries and over 85 offices worldwide. This expansion highlighted IMG's adaptability in an ever-evolving industry.

IMG's mission is centered on managing, supporting, and implementing cooperative programs and initiatives that benefit host nations. This mission not only reflects its leadership in sports management but also emphasizes its broader commitment to contributing to the socio-economic development of host countries through sport.

Organizational Types in the Sports Industry:

The global sports industry is composed of a broad spectrum of organizations that collectively contribute to its development and sustainability. At the international level, key governing bodies such as the International Olympic Committee (IOC), the International Paralympic Committee (IPC), and major sports federations like FIFA, Wimbledon, and the World Cup oversee and coordinate global sporting competitions (Forster, 2006).

Supporting these international entities are national governing bodies (NGBs), which are established within individual countries to promote and regulate sports domestically. In addition to these regulatory organizations, media companies play a significant role by delivering news coverage and entertainment content related to sports. Furthermore, marketing agencies support the industry by addressing branding and promotional needs, while other sectors such as merchandising and athlete management contribute to the commercial ecosystem of sports.

Revenue Streams in Sports Event Management:

IMG's business model is underpinned by five key revenue streams, each vital to its financial health and strategic operations:

1. Media Rights Distribution:

IMG secured \$352 million in revenue during the first half of 2023 by brokering broadcasting rights for high-profile leagues and tournaments including Serie A, La Liga, and the FA Cup.

2. Sponsorship Activation:

Corporate sponsorships constitute 30–40% of revenue for premium events, with

brands investing heavily for visibility at globally recognized IMG-managed occasions.

3. **Ticket and Hospitality Sales:**

Revenue is also driven by ticket sales and premium hospitality packages, particularly for marquee events such as major golf tournaments, enhancing profit margins.

4. **Content Licensing:**

IMG monetizes its extensive content library through licensing agreements for archival footage and live streaming services, including offerings via platforms like Sport 24 (targeting airlines) and IMG Arena (serving bookmakers).

5. **Consulting Fees:**

The company also earns revenue by providing specialized consulting services, including operational planning, risk assessments, and fan engagement analytics.

This diversified income strategy enables IMG to maintain financial resilience despite the high costs associated with acquiring media rights and producing world-class content.

External Environment Analysis of IMG:

As a multinational enterprise operating within a highly dynamic and competitive landscape, IMG is subject to a wide range of external influences. To assess these factors comprehensively, the report applies a **PESTLE analysis**, examining political, economic, social, technological, legal, and environmental dimensions.

Political Factors:

With operations in over 25 countries and 100 cities, IMG is directly impacted by shifting geopolitical landscapes, policy changes, and regulatory frameworks. Managing high-profile

events like Wimbledon requires strict compliance with international standards—including visa regulations, anti-doping policies, and national security protocols. Governments also increasingly utilize sports as instruments of soft power diplomacy, as seen in Qatar's FIFA World Cup. However, geopolitical tensions, such as trade disputes between the U.S. and China, can constrain IMG's ability to secure sponsorships or host events in certain regions.

Economic Factors:

Economic trends significantly influence IMG's revenue streams, particularly in areas such as ticketing, sponsorship, media rights, and merchandising. By 2004, IMG's annual revenue exceeded \$1 billion, fueled by athlete endorsements and event management. Representing high-profile clients like Tiger Woods and Maria Sharapova, IMG has pioneered appearance fees in sports, transforming how athletes are compensated globally. However, macroeconomic fluctuations—such as recessions—can reduce discretionary consumer spending and corporate advertising budgets, while economic booms tend to enhance sponsorship and media revenues.

Social Factors:

Operating across 35 countries, IMG emphasizes diversity, inclusivity, and cultural adaptability in its operations. Social movements advocating for gender equity and culturally relevant engagement have influenced the organization's approach to event management and talent representation. Additionally, the rise of social media has elevated fan expectations for interactive and immersive experiences. For example, Wimbledon now features user-generated content and live fan voting, showcasing IMG's responsiveness to evolving consumer preferences.

Technological Factors:

Technological innovation plays a pivotal role in IMG's operational strategy. The company

has been a frontrunner in digital broadcasting, partnering with platforms like ESPN+ and DAZN to distribute content globally. Its subsidiary, Trans World International (TWI), produces over 240 sports programs annually, leveraging 4K technology and AI-driven analytics across 200 countries (Van Reeth, 2024). IMG also integrates virtual reality experiences and real-time data for enhanced fan engagement, including services provided to betting platforms through IMG Arena. These digital tools not only enrich audience interaction but also open new revenue channels through e-commerce and targeted advertising.

Legal Factors

IMG's core operations—negotiating broadcasting rights and managing athlete contracts—require navigating a complex legal framework. Long-term agreements, such as its multi-decade partnership with Wimbledon, involve negotiating high-value media deals, including ESPN's \$400 million contract, all while ensuring global compliance with intellectual property laws. Legal challenges, including disputes over copyright or athlete contract breaches, underscore the need for a robust legal team capable of safeguarding IMG's global interests. Furthermore, the company's operations must align with the governance and regulatory standards set by international sports bodies to uphold integrity and fairness in competition.

Environmental Factors

Sustainability is an increasingly critical concern in the sports event management sector. IMG faces growing expectations to implement environmentally responsible practices. At events like the PGA Tour, this includes minimizing waste, conducting environmental impact assessments, facilitating carbon-neutral travel, and using sustainable venues. Additionally, the effects of climate change—such as rising temperatures—complicate the scheduling and safety of outdoor events like marathons

and golf tournaments. IMG must therefore invest in contingency planning and partner with green initiatives to remain viable and appealing to eco-conscious sponsors and spectators.

Stakeholders in IMG's Business

IMG's global success is driven by a diverse network of stakeholders, each playing a vital role in its ecosystem:

1. **Athletes:**

IMG manages more than 1,000 high-profile clients (IMG, n.d.). From managing endorsements to career development, the company exemplifies its athlete-first philosophy, as demonstrated by Arnold Palmer, whose earnings surged dramatically under IMG's representation.

2. **Sponsors and Commercial Partners:**

Leading brands such as Rolex and Nike rely on IMG's expertise to access and optimize their presence at premier events like Wimbledon and the PGA Tour.

3. **Fans:**

With a global audience, IMG treats fans as central stakeholders. The company leverages big data analytics to understand fan preferences, delivering immersive digital experiences, personalized content, real-time updates, and premium hospitality services.

4. **Government and Regulatory Agencies:**

IMG collaborates with host country governments and regulators, particularly regarding logistics, health protocols, and event compliance, as seen during the COVID-19 pandemic.

5. **Media and Broadcasters:**

Major outlets like ESPN and DAZN partner with IMG to distribute its sports programming

across 200+ countries. Through its subsidiary, Trans World International (TWI), IMG produces over 240 sports shows annually.

6. Sports Organizations:

IMG works with institutions like the All-England Lawn Tennis Club and the U.S. Olympic Committee to deliver event management, production, media rights coordination, and commercial outcomes.

Stakeholder Engagement Strategy:

IMG uses a collaborative and data-informed approach to engage stakeholders. Its 12-year partnership with Rugby League was shaped by extensive consultations, including surveys of nearly 20,000 fans. High-profile clients receive personalized service through dedicated agents who oversee career development and contract negotiations. Operating in over 35 countries and 100 cities, IMG customizes services regionally while maintaining a consistent global presence. An example of this is the World Series of Women's Golf in Cleveland, where the company implemented culturally sensitive programs emphasizing gender equality and social inclusion (Ratten, 2011). Though not a leader in sustainability yet (Moon et al., 2022), IMG faces increasing pressure to adopt environmentally conscious practices.

Strategic Recommendations for IMG

Based on internal and external analysis, IMG should pursue a **twin transformation strategy**—simultaneously advancing digital integration and sustainable development. Automation can enhance internal efficiency, while investments in digital sports platforms (e.g., Super League+) can increase fan engagement and allow personalized content distribution (Ratten, 2011b). Publicly committing to sustainability goals could improve stakeholder trust and attract environmentally conscious partners (Cury et al., 2022).

Despite its industry stature, IMG lacks the global recognition of institutions like the International Olympic Committee. Its limited visibility at the grassroots level also presents a growth opportunity. To expand its influence and secure long-term relevance, IMG should invest in youth talent development. For example, AI-enabled skill-assessment kiosks in schools or public spaces could evaluate young athletes and provide personalized training insights—offering an innovative, scalable solution where traditional infrastructure is lacking. This initiative would boost IMG’s grassroots engagement, brand awareness, and future talent pipeline.

Conclusion

The sports event industry is intrinsically tied to external forces, and this report evaluated its current state through the lens of IMG. Founded with a vision to commercialize athlete potential, IMG has become a transformative force in global sports marketing and event management. Its resilient five-pronged business model—spanning media rights, sponsorship, ticketing, content licensing, and consulting—demonstrates adaptability amid high operational costs.

The PESTLE analysis reveals that IMG must continually respond to evolving political, economic, social, technological, legal, and environmental challenges. Effective stakeholder engagement—spanning athletes, brands, fans, regulators, and broadcasters—remains central to its success. Through data-driven decision-making, tailored services, and strategic collaboration, IMG fosters relationships that drive mutual value.

Looking ahead, IMG must deepen its digital capabilities, expand its sustainability agenda, forge strategic partnerships, and tap into emerging markets. By doing so, the company can further strengthen its global leadership and remain a driving force in the future of international sports.