

An Analysis of the Use of NFTs in the Marketing Strategies of Selected Czech Football Clubs

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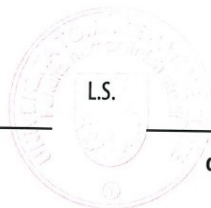
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ABSTRAKT

Cílem této bakalářské práce je analyzovat využití nezaměnitelných tokenů (NFT) v zahraničních fotbalových klubech a následně analyzovat možnosti využití získaných poznatků v marketingových strategiích vybraných českých fotbalových klubů. Tato práce je rozdělena do teoretické a praktické části. Teoretická část popisuje základy blockchainové technologie a NFT, ukazuje různé využití NFT a popisuje marketingovou strategii a sportovní marketing. Praktická část se zaměřuje na analýzu využití NFT v zahraničních fotbalových klubech a aplikování využití NFT ve vybraných českých fotbalových klubech. Dále jsou analyzovány současné marketingové strategie vybraných českých fotbalových klubů, aby bylo možné lépe pochopit souvislosti využívání NFT v nich.

Klíčová slova: NFT, nezaměnitelné tokeny, blockchain, fotbal, sportovní marketing

ABSTRACT

The goal of this bachelor thesis is to analyze the usage of non-fungible tokens (NFTs) in foreign football clubs and then to analyze the potential application of the insights gathered to the marketing strategies of the selected Czech football clubs. This thesis is divided into two parts, theoretical and practical. The theoretical part describes the basics of blockchain technology and NFTs, shows different use cases of NFTs and describes marketing strategy and sports marketing. The practical part focuses on the analysis of the NFT usage in foreign football clubs and the application of the usage of NFTs in the selected Czech football clubs. Moreover, the current marketing strategies of the selected Czech football clubs are analyzed in order to better understand the context of the usage of NFTs in them.

Keywords: NFT, non-fungible tokens, blockchain, football, sports marketing

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I hereby declare that the print version of my Bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

Non-fungible tokens, also known as NFTs, are a part of a huge cryptocurrency world and often have made headlines in the news recently due to the huge profits (and losses) resulting from trading and speculating on the price of some NFT artwork, but there are more things to analyze than its price.

The goal of this bachelor thesis is to analyze the usage of non-fungible tokens (NFTs) in foreign football clubs and then to analyze the potential application of the insights gathered to the marketing strategies of the selected Czech football clubs. For this purpose, the thesis first explores the various use case scenarios of NFTs in foreign football clubs, then

In its theoretical part, the thesis describes the basics of blockchain, NFT and cryptocurrencies and also the concept of “web3”. Furthermore, the usage of NFTs is described, namely in art, sports and video games. Since NFTs are often used in the metaverse, its field is also explored. Moreover, the theory about marketing strategy and sports marketing is laid out.

The practical part analyzes the blockchain and NFT usage in foreign football clubs and uses these findings to analyze the potential use of NFTs in the marketing strategies of the selected football clubs from Czech Republic. The thesis provides information on the current marketing strategies of the selected Czech football clubs since the understanding of these is necessary in order to the context or potential use cases better. The selected Czech football clubs are SK Slavia Praha, AC Sparta Praha and FC Viktoria Plzeň.

I. THEORY

1 NFT AND BLOCKCHAIN

NFT is an abbreviation for Non-Fungible Token. Non-fungible items are those that cannot be freely exchanged or replaced by similar items. (Fortnow et al., 2021, 17) It represents digital ownership of a certain item, such as artwork, video, in-game items, real estate, and so on. Thanks to the smart contracts technology and the blockchain technology that NFTs use, it is possible to prove the ownership of a certain item.

Moreover, the creator of a certain digital asset can earn royalties from the trade of his digital asset. For example, when the creator sells his artwork to person X and person X sells the same artwork to person Y, the creator can get some percentage from the successful trade. It is usually around 5 per cent, but it depends on the creator because they can set the percentage. This is a huge advantage of NFT technology and it could shape the new form of internet space, often referred to as Web3. Most of the NFTs run on the Ethereum blockchain, but some NFTs use Polygon, Solana or Flow blockchain network, which are further explained in 1.3.1. to 1.3.4. Other blockchain networks that could be used for the development of NFTs are for example Cardano, EOS, WAX, or Binance Smart Chain (Fortnow et al., 2021, 16). In order to better assess the use of NFTs, it is necessary to understand the broader context of these pieces of technology as well as the origins of it. The following chapters introduce the major concepts of the blockchain world.

1.1 Blockchain

Blockchain can be thought of as a chain of blocks, each block consists of several transactions made on the blockchain. (Tyagi et. al, 2021, 1-5) Blockchain is a public ledger, that can be accessed on the internet.

Blockchain was introduced to the world by Satoshi Nakamoto, a creator or a group of creators of the first cryptocurrency Bitcoin. (Fortnow et. al, 2021, FutureLearn, 2020, 101 Blockchains, 2020) When someone sends 1 Bitcoin to someone else, the transaction is made public and written in a block and waiting for verification. When the block is filled with a certain amount of cryptocurrency transactions the verification process can begin. (Fortnow et al., 2021) After the verification of the block is completed it is pinned to the blocks that were previously verified, thus forming a chain of blocks. The verification process is conducted by computers that are connected to a blockchain via cryptocurrency mining software. These computers are called nodes and the process of verifying is called Proof of Work (PoW). The node which verifies the block first gets a reward in the form of cryptocurrency, for example, Bitcoin. All nodes possess information about the transactions

and if someone wants to alter the blockchain and the transactions there, they would need to control over 50% of the computing power of a certain blockchain. Because there are lots of nodes connected to the Bitcoin network, it is basically impossible to alter the Bitcoin blockchain, thus making it secure. Moreover, there is no need for a third party to be involved, such as banks that facilitate transactions.

However, according to Tyagi et al. (2022), blockchains of today are not truly decentralized because of the following reasons. For example, if the nodes in a blockchain run the same client software and it has some issues or bugs, then the whole system can be paused. Furthermore, if the majority of the miners, of a certain cryptocurrency, are from the same country, the government of that country could seize their mining machines “on the account of national security”. Similarly, if the mining machines are built by the same company, “the political decentralization” can be compromised. According to the 2018 report of the company CryptoCompare¹, about 16 % of all cryptocurrencies are fully decentralized, whereas 30% are semi-decentralized. According to Tyagi et al., the blockchain could be truly decentralized with the help of artificial intelligence algorithms that “would replace humans to eliminate biases”.

1.2 Smart contract

A smart contract can be thought of as a virtual contract between two parties. (IBM, 2023) It is a technology that is mostly used on the Ethereum blockchain and in Decentralized Finance applications. There is no requirement for a third party to be involved. The idea of a smart contract was first introduced by computer scientist Nick Szabo in the 1990s. (Coinbase, 2023) He compared the smart contract to a vending machine because if a person buys a can of soda from a vending machine, he is basically making a transaction with the owner of the vending machine without the owner being present. (Szabo, 1997)

The smart contract is basically a line of code that executes an action when certain conditions are met. For example, when person X buys something on the internet, the money (cryptocurrency) could be sent after he picks up his package from the delivery company. (IBM, 2023) This would mean that no money would be sent before the arrival of the package, so the money of a customer would be safe from a potential e-shop scam. Another example

¹ CryptoCompare is a company providing cryptocurrency market data. They try to „bridge the gap“ between crypto and traditional finance markets, according to their website.

of the usage of smart contracts could be video games. (Ethereum.org, 2023) When a player defeats an enemy, he would get a reward, such as a special item, cryptocurrency, etc.

1.3 Bitcoin (BTC) and other cryptocurrencies

“Cryptocurrency is a digital currency secured by cryptography and typically used as a medium of exchange within a peer-to-peer (P2P) digital economic system.” (Binance Academy, 2023) The idea of cryptocurrency was first described by Wei Dai in 1998. (Bitcoin.org, 2023) Cryptocurrencies do not require the involvement of third-party institutions, such as banks, in financial transactions. The first cryptocurrency was introduced in 2009 by Satoshi Nakamoto, who published the Bitcoin whitepaper, which describes the cryptocurrency itself, but also other terms such as blockchain, proof of work, and other technical aspects. The Bitcoin code is open to everyone, so any programmer can code his cryptocurrency, which helped in the development of new cryptocurrencies. Nowadays there are thousands of cryptocurrencies. Any cryptocurrency other than Bitcoin is referred to as an altcoin as explained further.

1.3.1 Ether (ETH)

Ether is a cryptocurrency, an example of an altcoin, built on the Ethereum blockchain. The authors of Ethereum are Vitalik Buterin and Gavin Wood. (Wood, 2014). Everyone can build their own cryptocurrencies or decentralized applications (dapps) on the Ethereum blockchain. The fact that Ethereum is programmable is a big advantage for coders. That is why most of the NFTs and decentralized applications are built on Ethereum.

Ethereum used the proof of work consensus for validating transactions, but on September 15, 2022, after The Merge upgrade, Ethereum transitioned to the proof of stake consensus. (Ethereum.org, 2023) This means that the transactions are verified based on the number of Ether that users staked. Staking means holding a certain cryptocurrency and earning rewards from it (a small portion of Ether). The Merge upgrade also “reduced the energy consumption required to secure Ethereum by 99.95%, creating a more secure network for a much smaller carbon cost.” (Ethereum.org, 2023). When someone wants to send Ether to someone else, the sender must pay gas fees. These fees are in place because it covers the computational power that is required to process the transaction. There are almost 3000 projects built on Ethereum and over 71 million wallets that contain Ether. (Ethereum.org, 2023)

1.3.2 Solana (SOL)

Solana is an alternative blockchain similar to Ethereum. It was launched in 2020 and was sometimes referred to as “The Ethereum Killer”. (Binance, 2023) The Solana network has high scalability, high speed of transactions, and low fees. Solana even outperformed Ethereum in daily transactions in the second quarter of 2022. (Cointelegraph, 2022). The Solana network was co-founded in 2017 by programmer Anatoly Yakovenko and current Solana COO Raj Gokal. (Binance, 2023) Solana uses proof of stake validation consensus, but they also use their innovative consensus called proof of history, which makes validating more efficient and faster. (Solana.com, 2021)

1.3.3 Flow (FLOW)

Flow blockchain was released in 2020 by Dapper Labs, which is a company behind one of the first blockchain games called CryptoKitties. It was created specifically for games and other blockchain apps that possess digital assets. According to Dapper Labs, Flow is unique because of its scalability, smart contracts that are written in an easier and safer programming language, and it is developer-friendly, but at the same time user-friendly. (flow.com, 2023)

1.3.4 Polygon (MATIC)

Polygon is a blockchain build on Ethereum. Its cryptocurrency is called MATIC. Polygon was created because of the high Ethereum gas fees and low scalability. (Coinmarketcap, 2022) Moreover, for other blockchains in the Ethereum world, it is easier to communicate with Polygon blockchain. Polygon uses Proof-of-stake validation consensus. Polygon is often used in the NFT sphere because of the low gas fees and faster transactions. (Zipmex, 2022) What is more, it allows free minting of the NFTs.

1.4 Web3

Web3, also referred to as Web 3.0, is a hypothetical idea of the new form of the internet. The term “Web 3.0” was coined by Gavin Wood in 2014. (Ethereum.org, 2023) Web3 should be an upgrade of the current form of the internet, which is referred to as Web 2.0. It should use blockchain technology and cryptocurrencies in order to make the internet more decentralized, because in the social media driven Web 2.0 a small portion of companies, such as Google, Meta or Apple, has the biggest market share and have the potential to control the user-generated content on the internet. (Cointelegraph, 2023) Web3 should provide content creators with more freedom and control over their creations.

1.5 Wallets

It is needed to own a blockchain wallet in order to store cryptocurrency or NFTs. There are two types of wallets, physical and online. (ethereum.org, 2023) The physical ones are also known as “cold wallets” or hardware wallets and the online ones as “hot wallets”. (Investopedia, 2022) The biggest pro of physical wallets is that they are not connected to the internet, therefore immune to hackers or other malicious attacks. The disadvantage would be the cost of the physical wallet which can range up to \$200. As for the online wallets, most of them are free to use but are exposed to the internet and potential hackers.

The new wallet will always generate a recovery seed phrase, which usually consists of 12 random English words. The owner of the wallet has to either remember or write down these words because they are used when recovering funds from the wallet. (Investopedia, 2022) If the owner forgets or loses the seed phrase, then it is impossible to recover the funds from the wallet. It is not recommended to store the words from the seed phrase in an online form, because they can be hacked and used maliciously. (Ledger, 2021) Some of the well-known producers of physical wallets are the Czech company Trezor and the French company Ledger. As for the online wallets, the MetaMask wallet is widely used, especially for trading with NFTs. MetaMask can be used via a mobile app on iOS or Android or as a browser extension on a PC. Online wallets are usually required in order to connect with web3 sites or web3 applications.

2 USAGE OF NFTS

There are numerous use cases for NFTs, such as artworks, photography, music, properties or games. The general public is probably most familiar with art-related NFTs, such as Bored Ape Yacht Club or CryptoPunks. NFT artworks made headlines on some of the biggest news sites in 2021 and 2022, because of the high prices at which they were sold for. (NBC News, 2022, The New York Times, 2021, BBC, 2022)

With the surge of artificial intelligence (AI), especially ChatGPT made by the company OpenAI, the role of NFT could potentially be bigger. Fake videos made with deepfake technology, where a malicious person can place a face of a known person to someone else's face, have the potential to "undermine journalism, damage reputations or manipulate elections." (CBS News, 2022) It could be harder for people in the future to recognize fake videos on social media, but NFT could be used in order to check the origin of the video. (Rebellion Research, 2021, Adobe Blog, 2021).

It is relatively easy to compose music nowadays with the help of software applications and because it is easy to share it on social media, there can be someone who could copy the whole track or its parts. With the use of NFTs, it could be possible to trace the origin of the sound. (AMT Lab, 2022)

When some AI image generators, like Midjourney, use photography from the internet without the author's consent, it could damage the author and some authors are already angry because their photos are being used without their permission. (Digital Camera World, 2023) It is possible to trace the metadata of pictures and videos, but it is also possible and easy to delete the metadata that could identify the real author of a photo. David Holz, CEO of Midjourney said: "There's no way to find a picture on the Internet, and then automatically trace it to an owner and then have any way of doing anything to authenticate it." (Forbes, 2022) NFTs, especially in the digital world, can be used in order to trace the owner of a photo and moreover, authors could earn royalties if their photo would be used for commercial purposes.

Schools could use NFT degree certificates in order to combat degree forgery. In one case in Florida, 7,600 fake nursing diplomas were issued. (CBS News, 2023) A former worker of the University of West Bohemia in Pilsen was reportedly selling fake diplomas for 4000 Czech crowns. (novinky.cz, 2021) If schools could use NFTs as proof of ownership certificate of a certain diploma, anyone could find all the history of a certain diploma, for example, someone could see who issued that specific NFT and if the blockchain address

would not correspond with the school's blockchain address then it could mean that the diploma is forged. Hoseo University in South Korea issued NFT degree and diploma certificates to 2,830 graduates. (crypto.news, 2022) Sungkyunkwan University in South Korea gave NFTs to people who voluntarily did contribute in community work. Trinity Business School (TBS) in Ireland wrote on their news site as April Fools joke that they plan to offer degree NFTs or as they call them "academic tokens" instead of the classic paper diploma. (Trinity News, 2022) Even though it was meant to be an April Fools joke, Lory Kehoe, who works as a professor at TBS, created a few NFTs on the marketplace OpenSea which actually show a certificate of a certain blockchain course called "Unpacking Crypto & Blockchain" from TBS. (OpenSea, 2023) Lory Kehoe also owns on OpenSea the "Trinity Business School's First NFT", which is a picture of students in front of the class.

NFTs can also be used in NFT-backed loans. (ethereum.org, 2023) For example, if person X owned a piece of NFT art, he could use it as collateral. If person X would not pay back the loan, the NFT art (collateral) would be sent to the lender.

In a study conducted by security.org, 49% of people wouldn't be interested in buying any type of NFT in the future, and 23% of people answered that they would be interested in buying art NFT. 19% would be interested in music-related NFT, and sports memorabilia NFT would be interesting for 11% of people. The same number stands for a charitable cause and video game assets NFTs. (security.org, 2023)

2.1 NFT in Art

NFT could be used as proof of ownership of a certain artwork, digital or physical or both. Alternatively, NFT could be used in a fractional ownership of a famous artwork. (ethereum.org, 2023) For example, Picasso's artwork could be fractionalized into several NFTs each representing a piece of the artwork. This method could make owning an artwork more accessible.

Digital artworks can benefit from the usage of NFT, because of the proof of ownership and the royalties from secondary sales. There are many NFT art collections, but one the most known is the Bored Ape Yacht Club collection as well as the CryptoPunk collection.

2.1.1 Bored Ape Yacht Club

Bored Ape Yacht Club (BAYC) is an NFT art collection of 10,000 pictures of apes created by Yuga Labs. Each picture is unique, meaning that every ape has different clothing, different colour, different colour of the background etc. (boredapeyachtclub.com, 2023)

The ownership of the BAYC NFT grants the owner some benefits of the Bored Ape Yacht Club, such as access to “THE BATHROOM”, which is “a collaborative graffiti board”, where owners can express themselves – each owner can draw one pixel every fifteen minutes (boredapeyachtclub.com, 2023). The most expensive BAYC NFT ever sold is the Bored Ape #8817 with a value of \$3.17 million, which was 819 ETH at the time of the transaction, 26th October 2021. (The Crypto Times, 2023).

2.1.2 Mutant Ape Yacht Club

Mutant Ape Yacht Club (MAYC) is an NFT collection of 20,000 unique pictures of mutant apes created by Yuga Labs. It is an expansion of the Bored Ape Yacht Club universe. Half of the Mutant Apes were sold in a public auction and the other half was created by the holders of BAYC NFTs – they had to “expose their Bored Ape to a vial of airdropped Mutant Serum”. (Kraken, 2023) The public auction of the first 10,000 NFTs raised \$96 million within an hour of the launch. By holding MAYC, owners gain the perks of the Bored Ape Yacht Club.

2.1.3 CryptoPunks

CryptoPunks is an NFT collection of 10,000 24x24 pixel art characters, generated algorithmically, and stored on the Ethereum blockchain created by Larva Labs. (larvalabs.com, 2017) The pictures are mostly “punk-looking guys and girls”, but there are a few rarer types, such as Apes, Zombies and the Alien. The total value of sales of CryptoPunks in 2022 was \$2.61 billion. (Business Insider, 2022)

2.2 NFT Sport Applications

With the Covid-19 crisis, sports leagues had to find a way to connect with fans and because prices of cryptocurrencies and NFTs were increasing at that time it was a great time to connect with blockchain companies in order to make some digital applications that can engage more fans while they were at home. (beincrypto.com, 2022, Analytics Insight, 2021, Cointelegraph, 2022)

Sports NFTs can mean a new source of income for the sports teams. (Binance, 2022, AFR, 2022)

2.2.1 NBA Top Shot

NBA Top Shot is an NFT marketplace created by Dapper Labs and sponsored by National Basketball Association (NBA). Users can purchase an NFT video, called Moment, which

displays the greatest moments of the NBA. There are numerous sets of Moments and also types, such as “Common” or “Legendary”. There are always fewer of the legendary Moments, therefore these are more valuable. The most expensive Moment is a LeBron James one, from the 2020 NBA Finals set. It was sold for \$230,023 on August 26, 2021. (nbatopshot.com, 2023) The serial number of this particular moment was #23/79 and because LeBron James’ jersey number is 23, it probably helped increase the price.

2.2.2 UFC Strike

UFC Strike is an NFT marketplace created by Dapper Labs, where users can buy UFC Strike Moments, similar to NBA Top Shot Moments. Ultimate Fighting Championship (UFC) is the biggest mixed martial arts (MMA) competition in the world. (Bleacher Report, 2014, Yahoo, 2016)

2.2.3 MLB Champions

MLB Champions is a free-to-play NFT baseball game created by the company Sorare. Major League Baseball (MLB) is the most prestigious baseball league in the world. Users of these games can trade officially licensed NFT baseball cards between themselves. (Sorare.com, 2023) The price of these cards can fluctuate depending on the rarity of the card and also on the baseball player himself. If a baseball player does something extraordinary on the field, the price of the card can potentially increase.

2.3 NFT in Games

NFT Games, also known as blockchain games, are video games, which use blockchain technology in their mechanisms. (Binance Academy, 2023) These games are also sometimes referred to as “Play-to-Earn” (P2E) games (Golden Gate University, 2023), because players can earn cryptocurrencies or NFTs as a form of a reward.

Online video games, such as Counter-Strike: Global Offensive or World of Warcraft, contain digital items and in-game currencies that are part of the user’s account which is often stored on the servers of the game creators. (Shen, 2010) Thanks to blockchain gaming, gamers can truly own in-game items in the form of NFT stored in their personal wallets. (Delfabbro and Delic, 2022) Players then can trade in-game items more safely via blockchain and they can also see the history of the item because it would be written in the blockchain.

According to Forbes, some blockchain game developers and investors said that it is important to focus on gameplay and not only on the earning of cryptocurrencies. If the game itself is boring, it cannot maintain the player base, this statement also supports the survey

made by Crypto.com² and Newzoo³, where most of the gamers answered that they play blockchain for fun rather than for earnings, although Indonesian players were an exception as they were more interested in earnings than the fun. That may be because people there have a lower salary, than people in the US or UK, so blockchain gaming could be viewed as a form of a side income. Some people in the Philippines actually played a blockchain game called Axie Infinity (explained in 2.3.1) in order to earn money during the Covid crisis. (CNBC, 2021, Rest of World, 2021)

2.3.1 Axie Infinity

Axie Infinity is a Vietnamese blockchain game made by the company Sky Mavis. (Decrypt, 2022, Investopedia, 2022) Players can collect and own virtual pets, called Axies, which are unique and they are used to fight other players, but also players also have to breed them and take care of them. The game runs on the Ethereum blockchain and Ronin⁴ sidechain and the virtual pets Axies are a form of an NFT. (Decrypt, 2022)

The official website of Axie Infinity says “Play for free”, but in reality, players need an upfront investment in order to start – they have to buy at least 3 Axies. (Investopedia, 2022) In March 2023, the cheapest Axie NFTs were worth around \$1.8 according to the official Axie Infinity marketplace.

Axie Infinity is also notoriously known for losing assets worth \$620 million due to a hacker attack. (Techtarget, 2022, CNET, 2022, Bleeping Computer, 2022) Some well-known news websites, like Washington Post, NBC News, Al Jazeera or France24 reported, that hacker groups tied to North Korea are responsible for the heist. FBI released an official statement, which says that hacker groups Lazarus Group and APT38, which are connected to North Korea, did really steal Ethereum worth \$620 million. Around \$5.8 million was seized by the Norwegian authorities with the help of the FBI and the U.S. Department of Justice. (Bitcoin.com, 2023, Økokrim, 2023)

2.3.2 CryptoKitties

CryptoKitties is one of the first blockchain games, created in 2017 by Dapper Labs, formerly known as Axiom Zen. (Kraken, 2023, Decrypt, 2020) Players can buy, trade and breed cats, which are in a form of an NFT. Each has their unique abilities and looks. It was built on the

² Crypto.com is one of the biggest crypto exchanges in the world. (CoinGecko, 2023)

³ Newzoo is a company specializing in gamer data research. (Newzoo, 2023)

⁴ Ronin sidechain is a type of a blockchain, made by Sky Mavis, that is linked to Ethereum, but is less costly than the Ethereum network. (Whitepaper of Axie Infinity, 2023)

Ethereum blockchain, but the limited scalability of the network was one of the reasons why Dapper Labs made their own blockchain network Flow and moved CryptoKitties there. (Decrypt, 2020)

The game attracted a lot of players, because of the news in the media, but then the player base declined, because creators oversupplied the market with too many cats, therefore decreasing the income for the players from the trades of the Kitties. (Xiao Fan, Xin-Jian, 2021)

2.4 Metaverse

Metaverse is a digital space where virtual reality (VR), augmented reality (AR) and real world fuse, (Shi et. al, 2023) creating a 3D virtual world. (Huynh-The et. al, 2023). The metaverse is still in its early stage, but Facebook changed its name to Meta in 2021 and since then the company is trying to build the future of the digital space and the internet. (CNN, 2022) Meta has created their virtual reality headset too. (Meta, 2023)

Since the metaverse is a digital space, NFTs could potentially be used as proof of ownership of digital items in the metaverse. (Belk, 2022) But according to other research (Vidal-Tomás, 2023), the metaverse is too hyped and the cryptocurrencies used in metaverse are not as stable as fiat currency or stablecoins.

Decentraland and The Sandbox are virtual worlds, that use the technology of cryptocurrencies and NFTs. It is possible to attend a concert in these virtual worlds. (E15, 2022) Well-known people, such as Snoop Dogg, Paris Hilton or Justin Bieber (CNBC, 2022), and big companies, such as Atari, Samsung or Adidas (The Motley Fool, 2022) paid millions of dollars for the virtual properties in Decentraland and The Sandbox platforms. (CNBC, 2022)

Some tech news websites informed that Decentraland has a really small number of players, ranging from 19 to 810 players per day. (TheGamer.com, 2022, CoinDesk, 2022, Yahoo Finance, 2022) Official Decentraland blog stated that 8,000 daily players are active on their platform, but according to research from Yahoo Finance, it should only be about 810 because lots of players can be away from the keyboard and not be active. Since Decentraland's valuation is over \$1 billion (TheVerge, 2022, Yahoo Finance, 2022), the player base is really low compared to Microsoft's Minecraft⁵ player base, which has millions of daily players, according to data from March 2023. (activeplayer.io, 2023)

⁵ Minecraft is a survival/building game and one of the most successful games ever. (DigitalTrends, 2021)

3 MARKETING

Since this thesis aims to analyze the usage of NFTs in the marketing strategies of the selected Czech football clubs, this chapter will lay out a theory about marketing. The following chapters also cover sports marketing in order to see the value of marketing for sports teams. Moreover, the marketing mix, also known as the 4 Ps, is covered.

According to the definition of American Marketing Association⁶, marketing is viewed as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” According to The Chartered Institute of Marketing (CIM), marketing is a management process which goal is to find and satisfy “customer requirements profitably”. (Baines et. al, 2019)

3.1 Marketing strategy

A marketing strategy refers to a business’s plan or “integrated pattern of decisions” (Varadarajan, 2010) which aims to target and reach the right consumers and turn them into a customers of their product or service. (Investopedia, 2022, AMA, 2022) Moreover, a marketing strategy is an effort to properly allocate resources of the organization in order to increase sales and gain competitive advantage in the market. (Baker, 2008) One of the aspects of marketing strategy can be the marketing mix (4 Ps) which is further explained in 3.4. (Investopedia, 2022) We can think of marketing strategy as an organization’s bundle which includes the understanding of their customer, analysis of the market and the competition, definition of the marketing mix, determination of the market position, the budget for marketing and the “execution plan”. (Market Business News, 2023) In this thesis, the marketing strategies of the selected Czech football clubs, which are covered in later chapters, includes the marketing activities of the clubs, the channels of communication of the clubs (promotion and place), the products and its prices.

3.2 Sports Marketing and Football Marketing

Sports marketing is a “dynamic and complex” industry because of the nature of sports themselves. (Shank and Lyberger, 2022) According to Chanavat et al. (2017, 24), the goal of the sports marketing is to “promote sports products and services to sports consumers”. Shank and Lyberger (2022) suggest that there can be lots of scenarios of marketing decisions

⁶ According to JSTOR, American Marketing Association (AMA) is one of the largest association of marketers, which consist of more than 38,000 members and provide relevant marketing information.

that would fit into sports marketing, such as when a mother of a young footballer tries to persuade a cleaning lady that the sponsorship of the team of the young footballer would benefit her cleaning business, or when the marketing team of a sports club decide on the best pricing of their tickets for a match, or another scenario of sports marketing is when someone has to decide which sports products will satisfy customers needs.

In order to be successful in sports marketing decisions, one has to “understand both the sports industry and the specific application of marketing principles and processes to sports contexts.” (Shank and Lyberger, 2022)

There are three types of consumers in the sports industry, whose needs are needed to be satisfied: spectators, participants and sponsors. Spectators usually attend the event or watch it through television or internet streams and they “benefit from the observation of the event”. (Shank and Lyberger, 2022) Moreover, when a television company buys the rights to televise a certain sports event it becomes an intermediary that can control how individual spectators can experience that particular event. Participants are people that do some form of the sport activity not depending on the competitive level of that activity. The more participants do a certain sport activity, the higher level of the sports marketing expertise is needed. Sponsors, in sports mostly businesses, are consumers who exchange money or product “for the right to associate its name or product with a sporting event, creating a commercial competitive advantage for both parties.” (Shank and Lyberger, 2022) Sponsorships can “increase public awareness, reach target markets or enhance ad campaigns.” (Shank and Lyberger, 2022)

Shank and Lyberger, 2022, classify sports products into four main categories: sporting events (plus athletes and arenas), sporting goods (licensed merchandies, collectibles and memorabilia), sports training (personal trainers, sports camps, fitness centers and health services) and sports information (news, statistics, schedules and sport stories).

According to Chanavat et al. (2017, 24), football marketing encompasses “all of the marketing strategies, techniques and marketing operationalizations applied to football entities.” Moreover, the right decisions the marketing decisions in football marketing allows clubs to generate resources and properly allocate them. What is more, clubs must take into account all the stakeholders of the football club and all the brands that are connected with the club when making marketing and strategic decisions.

3.2.1 History of Sports Marketing

The origin of sports marketing could be tracked in the first ancient Olympic Games in 776 BC, because the marketers for the Olympic Games knew that supporting a successful

sportsman could potentially be lucrative. (Shank and Lyberger, 2022) Which is basically what brands do nowadays with athletes. They often connect their products with famous sportsmen of sportswomen in order to gain more attention to their product and also to more engage with the sports fan personas.

Examples of such successful marketing campaigns could be the Michael Jordan and Nike collaboration. Nike signed the contract with young Michael Jordan in 1984. At that time Nike wasn't as well-known company as it is today and Michael Jordan was an emerging star in the NBA. This contract made Michael Jordan at least \$1.3 billion and made Nike one of the biggest shoe companies in the world. (Forbes, 2020) Nike would later sign contracts with more players from the NBA like Kobe Bryant and LeBron James, one the best basketball players of all time, who helped with the expansion of Nike.

But this success of Nike would not be possible without the television, which was essential in sports marketing in the US in the 20th century. (Shank and Lyberger, 2022) The revenues from live broadcasts of matches became very important for sports teams, because they needed a lot of money to afford the salaries of the best players. Television was a really great medium for sports team because they could engage with fans even when they were not playing a match. Before television was adopted across the US, radio was the main medium between the 1920s and 1940s. Moreover, even before radio, in the 1850s, tobacco companies partnered with the US baseball teams and packed photographs of the teams and players and into the cigarette packs in order to boost engagement with customers. This was the beginning of the card collecting and trading market that exists today. This suggests that collecting items related to sports is popular and seems to have some value to the customer.

3.3 Marketing Mix – 4 Ps

The marketing mix was created in order to describe the responsibilities of the marketing manager. (Baines et al., 2019) The idea came from Harvard professor Neil Borden – marketing managers were seen as “mixers of ingredients”, someone who puts together the right recipe that fits the customers' needs.

There are “quite a few variations” of the Ps of marketing, such as 7 Ps or 8 Ps, but the “core” 4 Ps of marketing refer to product, price, place and promotion. (Kingsnorth, 2019)

The product can be a physical product or a service and it is important to develop something that people actually want to buy (Kingsnorth, 2019) and choose the right packaging and labelling. (Baines et al., 2019) In football, a product can be a team jersey or a match ticket.

The “key factor” of pricing is to choose the price that people are “willing to pay”. (Kingsnorth, 2019) There are several factors why people are willing to pay a certain price, such as brand value or online reviews, but there are some tactics, such as discounts, cashback or special offers, that can increase the will of people to pay. In football, match tickets for a first-division match are usually priced higher than tickets for a third-division match, because people are willing to pay a higher price for a well-known team.

Place, or distribution (Baines et al., 2019), refers to the location, where the product is offered, which can be a physical store or, in terms of digital marketing, an online shop. (Kingsnorth, 2019) The right displaying of a product in a physical store or an easy way to find an online shop is also a part of “place”. Places of distribution in football are often physical fan shops located in or near the home stadium, and the official website of the club.

The main goal of a promotion is to transport the “benefits and features” to the potential buyers. (Baines et al., 2019) These benefits and features are usually transported via Internet, TV, radio, e-mails and so on. Nowadays, football clubs use social media, local radio stations or outdoor advertisements to promote their club.

II. ANALYSIS

4 BLOCKCHAIN TECHNOLOGY AND NFTS IN FOOTBALL

The adoption of blockchain technology in football increased in recent years. Football clubs issued fan tokens for their fans collaborated with crypto companies and participated in the making process of digital collectables.

A cryptocurrencies were first used during the player transfer in a Turkish amateur club Harunustaspor when a player, who joined the club, was rewarded with 2,500 Turkish lira and 0.0524 Bitcoin. (BBC, 2018) Spanish football club Internacional de Madrid, which plays in the third Spanish division, is the first club that paid for a transfer of a player via cryptocurrency only, according to their Twitter post. This transaction was made possible via sponsorship with the crypto company Criptan, which is a cryptocurrency fintech company.

The UEFA used blockchain system in its mobile application for tickets during the European Championship 2020, which was played in 2021 because of the COVID situation. Around 1 million tickets were distributed through the app and 60 % of the tickets were downloaded in the app after just one hour of distribution. (TheTicketingBusiness, 2021) According to SecuTix Solutions, the company which helped with the development of the app, blockchain system helped against counterfeiting of tickets.

The tokens that some football clubs promote are called “fan tokens”, which are mostly sold on the platform Socios.com, which is further explained in 4.3.1. Fan tokens grant the owners certain utility because it allows them to take some of the club decisions, such as what song should be played after scoring a goal, what shirt should be sold in the fan shop or what jerseys should players wear. (Sharnowski, 2022)

Since the cryptocurrency sphere is not regulated in the world, some football clubs can have problems with certain laws. In December 2021 the Advertising Standards Authority, which is an organization that overviews advertising practices in the UK, published a ruling against the London football club Arsenal describing marketing of the tokens as “irresponsible”. (Beth, 2022) Some fans think that Arsenal (and also other clubs) should not be allowed to use football's popularity to push an “inherently high-risk product”. (BBC, 2021) Another London club, called West Ham, had to end the partnership with Socios.com, after the West Ham United Independent Supporters' Association insisted that the club should not monetise fan engagement because “the leagues and clubs have committed to doing that for free.” (The FSA, 2020)

4.1 NFT Football Collections

Since football is the most followed sport in the world, many blockchain platforms try to collaborate with famous football players, clubs or leagues to attract more customers. There are many collections nowadays, and for the purpose of this thesis only a few are covered to give a hint of how the collections work and if they have some real-life utility.

4.1.1 Cristiano Ronaldo and Binance NFT Collection

Cristiano Ronaldo, one of the best football players of all time who played for clubs like Manchester United, Real Madrid or Juventus, launched his first NFT collection in collaboration with Binance in November 2022. (Binance, 2022) According to Binance NFT Market, where the collection is, the set of NFTs should represent seven of Ronaldo's iconic moments, which are designed into a statue. The total volume of sales is around \$585,500 and the royalty fee is set at 1%. Owners of the NFT from this collection can get a personal message from Cristiano Ronaldo, signed merchandise or guaranteed access to future NFT drops from Cristiano Ronaldo.

Binance created a TV spot with Cristiano Ronaldo and the dubbed Czech version of the spot was played in the Czech television space when the 2022 Football World Cup was broadcasted. It was the first Binance TV advertisement in the Czech Republic. (mediaguru.cz, 2022)

4.1.2 LaLiga and Dapper Labs

LaLiga, the first football division in Spain, collaborated with the NBA TopShot creators Dapper Labs and made a platform called LaLiga Golazos, where football fans can buy NFTs, called Moments, which show iconic moments of the top Spanish league in the form of a video highlight. (LaLiga, 2022) The ownership of an NFT from this platform has a real-life utility since the owner can join a challenge and win prizes, like tickets to a match or a signed jersey. Moments can serve also as a collectible that can be stored or sold on the marketplace.

4.1.3 Lionel Messi and Ethernity

Seven times winner of Ballon d'Or⁷ and Barcelona's legend, Lionel Messi, has several NFT collections on the platform Ethernity, which sells authenticated sports and entertainment NFTs. One of his NFT was sold in a public auction for over \$1 million, which is the highest

⁷ Ballon d'Or, translated as Golden Ball, is the most prestigious football award in the world.

selling price of a football related NFT ever. (One37PM, 2023) This particular NFT serves just as a collectible item and does not have a further real-life use case.

4.1.4 Manchester City and PUMA

Manchester City football club, winners of six Premier League titles, collaborated with the company PUMA and artist Musketon, who created three 1/1 NFT pictures, which celebrated the 10th anniversary of the first Manchester City FC Premier League title. (Manchester City FC, 2022) PUMA's football boot and some sort of clockwork are depicted in the NFTs. Each NFT has a different background colour, which describes the edition of the NFT and each edition grants the owner rewards, like a signed jersey, matchday experience which include tickets, or an opportunity to see players arriving to the stadium. This means that these NFTs have some kind of real-life utility.

4.1.5 Liverpool's LFC Heroes Club NFT

Liverpool FC, one the most successful Premier League football clubs, sold their NFT collection via Sotheby's, which is one of the oldest and biggest art auction house in the world. The name of the NFT collection was LFC Heroes Club and 171,072 NFTs were in this collection, but only 9,721 NFTs were sold in the opening auction. (Cryptoslate, 2022) The pictures depicted the players and the coach of Liverpool FC in a cartoon-like style. The holders of the NFTs could join competitions, virtual hang-outs with players or discounts in the fan shop. Some fans did not like the idea of the club joining the NFT space, probably because of the bad communication with the fans of the club and the bad branding of the collection, according to NFT expert Tim Mangnall. (Off The Pitch, 2022) Even though only about 6 % of the collection was sold, it made approximately £1,125 million for the club. (Liverpool Echo, 2022)

4.2 NFT Football Games

Since NFT football-themed game is a relatively new genre, not too many people know about these games, with an exception of Sorare, in which many big foreign clubs appeared. Moreover, FlipFam is covered in the following chapter, because of the rewards that can be won with NFTs and the collaboration with two Bundesliga clubs.

4.2.1 Sorare

Sorare is a blockchain version of a fantasy football game. In a fantasy football game, players have to build a team of players and then the players will get a certain rating after their match,

if they play well, their rating increases and vice versa. Sorare is a French company and according to Crunchbase, they raised \$739.2 million from their investors.

Players can begin to play for free as they pick some players for the in-game money they are given in the beginning. (Sorare, 2023) Then they are eligible to play beginners' tournaments and earn more in-game money. If the players want to earn real-life prizes, such as merchandise, or cryptocurrencies, they have to use the marketplace to buy NFT cards of players that are from Limited, Rare, Super Rare or Unique editions. Unique editions only consist of 1 card and therefore are viewed as more valuable because of their scarcity. The most expensive card sold on the Sorare marketplace is a Unique card from the season 21/22 with Norwegian wonderkid Erling Haaland, which was sold for almost \$610.000. (insideNFTs, 2022)

Since Sorare signed, in 2023, a partnership with the best league in the world, the English Premier League, all cards from this league are officially licensed. (TechCrunch, 2023)

4.2.2 FlipFam

FlipFam is an NFT football game, available on smartphones, where players “flip through predictions and trivia” about football matches or football players. (FlipFam, 2023) For example, players vote, either true or false, whether a certain player will score a goal in an upcoming match. Each player starts with 300 points and if a player votes on a prediction, at least three points are “invested” in that prediction and if the player voted correctly, then he wins some points back from the players that vote incorrectly – usually three points or more depending how many people voted.

Every 30th prediction rewards the player with an NFT football picture, which is sent to the player's blockchain wallet connected to the app. More points, means a higher level of a player and therefore more rare NFTs. These NFTs can be used in competitions, which are in the app, in order to win real-life prizes such as VIP or classic football tickets, signed jerseys or money in form of USDC, which is a cryptocurrency pegged to the US dollar.

FlipFam collaborates with two German Bundesliga teams Borussia Dortmund and VfL Wolfsburg. These teams provides the tickets for their matches and jerseys, which can be won in the competitions mentioned above. Also, one of the Borussia Dortmund competition allows to win a meet and greet with Jude Bellingham, one of the Dortmund's young player.

Players can also sell their NFTs through OpenSea and potentially make money from playing FlipFam – some Legendary or Unique FlipFam NFTs can be sold for 10 to 100 dollars, according to the OpenSea market.

4.3 NFT Football Platforms

There are only few NFT football platforms, through which fans can win or buy football-related NFTs, such as FIFA+ Collect, where everyone can buy NFT videos of some famous Football World Cup moments, or Panini, one the most famous producer of football collectible cards, made available to scan certain physical collectible cards in order to get some special NFTs from their collection, thus connecting the real world with the digital NFT world. But probably the most known NFT football platform is Socios, further explained below.

4.3.1 Socios

Socios is a blockchain platform for football fans around the world accessible on computers and smartphones. It was launched in 2018 by Alexandre Dreyfus, founder of the company Chiliz. (Medium, 2022) The company' "brand ambassador" is Lionel Messi, one the best players of all time, who signed a three-year deal worth \$20 million. (Reuters, 2022)

Football fans can buy or get as a reward "fan tokens" via the Socios platform. Fan tokens are cryptocurrencies often named after a football club, like PSG Fan Token or FC Barcelona Fan Token. Owners of the fan tokens are eligible to vote on certain decision of the club, such as picking a goal celebration song, picking a message featured in the dressing room or choosing a team bus design etc. (Socios.com, 2023)

Users of Socios can buy fan tokens during the initial offering of tokens or then on the secondary market, such as Chiliz Marketplace or Binance, for the price set by the market. (Sharnowski et al., 2022) The price of the tokens during the initial offering is usually around \$2 or €2.

Some people can view fan tokens as an investment since wins of the football club, which has its fan tokens on the platform Socios, can increase the price of the club's fan tokens. (Demir et al., 2022) Lost matches of the club, especially in the UEFA Champions League, can decrease the price of its fan tokens and "in absolute terms, losses have a larger impact" than wins. (Demir et al., 2022)

Arsenal and West Ham United problems mentioned in chapter 4 are not the only controversial situations connected to Socios. The founder of Socios was accused by journalists from Off The Pitch because he failed to pay the staff in cryptocurrency (TheVerge, 2022), but Chiliz, the company behind Socios, wrote a post on Medium stating that the information from Off The Pitch is not true. The original post from Off The Pitch is probably deleted because it is not available online.

In another case, Crystal Palace FC fans held up a banner during a match that said: “Morally bankrupt parasites, Socios not welcome.” (Currency.com, 2021, SD Europe, 2022) This, and the West Ham and Arsenal issues, implies that football fans in the UK are not happy with clubs involved in fan tokens.

No evidence exists whether all holders of fan tokens are really football fans, Socios have claimed that 50% of users hold two or more fan tokens. (Currency.com, 2021) Because fan tokens can be sold on the secondary marketplace, crypto speculators can exploit this and buy the fan tokens just for the potential resell value.

5 AN ANALYSIS OF THE USE OF NFTS IN MARKETING STRATEGIES IN SELECTED CZECH FOOTBALL CLUBS

5.1 Selected Czech Football Clubs

According to FIFA world rankings, the Czech football association is the 38th best in the world and 15th in the UEFA rankings. This rating of the Czech football association means that the league is an average one among all of the leagues around the world.

Only two Czech football clubs are in the top 100 in UEFA ratings of all European clubs, namely Slavia Praha located in 32nd place and Viktoria Plzeň located in 74th place. The 109th place belongs to Sparta Praha. These three clubs are also the ones with the biggest budgets of all the budgets in the first Czech football division. (Seznam Zprávy, 2019, eFotbal.cz, 2020) Moreover, these three clubs fight every year in European tournaments, such as UEFA Champions League and UEFA Europa League, which means they are clubs with an international reach.

Therefore, Slavia Praha, Viktoria Plzeň and Sparta Praha are the selected Czech football clubs for the purpose of this thesis.

5.2 The Case for the use of NFTs in the Selected Football Clubs

Because younger generations tend to use modern digital technologies (smartphones, tablets, computers) more than the older generations, football clubs around the world will likely have to come up with new ways of interacting with fans - according to a 2019 study done by Otto Beisheim School of Management in Germany (DFL, 2019), German people born between 1997-2009 (Gen Z) are less likely to watch an entire football match. Moreover, German Gen Zers like to watch highlights of a football match based on their personal interests – for example, highlights of players from one certain country or goalkeeper highlights only. Also, one out of every three Gen Zers uses a second screen when watching a football match.

Another study, which surveyed Americans, done by the Morning Consult, says that Gen Zers are less likely than other generations to identify as a sports fan. Also, Gen Z is about half as likely as Millennials to watch sports often and twice as likely to never watch. Gen Z is also less interested than the older generations in sports leagues like the NFL, NBA, MLB, NHL or NASCAR, on the other hand, Gen Z is more interested than the older generations in eSports. Moreover, this study shows that watching live games is not as important for Gen Z as for the older generations. Also, for Gen Z, individual athletes or players are very

important, they often follow the player and then they become the fan of the club which the player plays for.

A study done by LaLiga Tech and Nielsen revealed that younger fans are “still interested in sports but consume it differently” and that nearly half of GenZ and Millennials prefer to use the phone for watching sports matches, although television is still used as a primary method of watching live sports games. (SportsPro, 2022)

NFTs could be used in order to engage with fans, since younger generations are often more into new technologies, such as virtual reality or metaverse. (Outlook, 2022) NFTs should be viewed as a new form of a media that through which clubs can attract new fans or interact with current fans. Since no Czech football clubs integrated NFTs (or any form of blockchain technology) into their marketing strategy as of March 2023, the first that will do it can have a considerable competitive advantage.

Scams of the NFT sphere, like the one mentioned in 2.3.1., can be viewed as the downside of using the NFTs. Moreover, some people may view NFTs as something which is hard to understand due to lack of education of the society about the topic of blockchain and web3.

5.3 NFT in Czech Football

For the purposes of this thesis, it is essential to identify what NFT projects are present in the Czech football space.

The only Czech football-related NFT project is called Football Time, where football fans can, as of March 2023, buy NFT pictures (limited 233 pieces) or NFT animation (limited 55 pieces) depicting Martin Fenin’s goal in 2007. Owners of the NFT animation can receive a real-life painting of the goal. This project is in its early stage and is unknown since nobody bought the NFT picture, which price is 550 Czech crowns (or 30 MATIC⁸), nor the animation, priced at 1100 Czech crowns (or 60 MATIC). The Facebook page of this project follow 106 people and the Instagram page follow 20 users, including the Czech football club from the first division FK Mladá Boleslav.

According to the Football Time website, owners of their NFT can join a competition to win a signed jersey of the Czech national football team. Football Time wants to support non-profit organizations, that are connected to sports, and buying one of their NFTs can also support those non-profits - according to their website when the money from selling Football

⁸ MATIC is a cryptocurrency of the Polygon blockchain

Time NFTs reaches at least 20,000 Czech crowns, the selected non-profit project, called “6 hodin”, will be financially supported.

Rewarding the owner of an NFT with football merchandise and supporting sports-related non-profit organizations are relatively good real-life utilities of these NFTs because the NFT becomes more than a simple collectible.

5.4 Usage of NFT in the Selected Czech football clubs

For the Czech football clubs, I would recommend that the NFTs of the selected clubs would have some real-life utility, such as club merchandise rewards, match (VIP) tickets, meeting with a famous footballer or financial support of a non-profit organization connected to the football club, as they are mentioned in the third segment of this thesis.

The issued Czech football NFTs should be used to nurture the community around the football clubs and the money made from the NFTs should be used responsibly, for example as a donation to the youth teams of the selected clubs or non-profit organizations.

Since the process of buying an NFT is not relatively user-friendly for laypeople, who do not understand cryptocurrencies or NFTs, selected football clubs must prepare step-by-step guide on how to buy their NFTs.

Selected football clubs have to inform potential buyers of the NFTs of the risks of crypto-assets, so there would not be any misunderstanding or a clash with the laws like in the London clubs, Arsenal and West Ham United, mentioned in Chapter 4.

I would not recommend for the Czech clubs to issue fan tokens via Socios.com, because of the fluctuating price of the fan tokens and the controversial reputation of the platform. A better option is to issue NFTs pictures or videos of the greatest moments of the clubs, such as Manchester City NFT explained in 4.1.4.

5.5 Analysis of the Marketing Strategy of SK Slavia Praha and the Usage of NFTs

This chapter will cover the marketing strategy of SK Slavia Praha and the usage of NFTs in the marketing strategy of the club.

5.5.1 Marketing Strategy of SK Slavia Praha

The main products of SK Slavia Praha are the match tickets, permanent tickets, jerseys and other merchandise from the fan shop. The price of the tickets are ranged from 100 Czech crowns (for disabled people) up to 990 Czech crowns depending on the category of the seat

and the age of the owner. The price of the permanent ticket ranges from 750 Czech crowns (for disabled people) up to 4,200 Czech crowns depending on the category of the ticket and the age of the owner. The jersey of Slavia can be bought in the online fanshop for 3,599 Czech crowns. (proslavisty.cz, 2023) Moreover, Slavia sells a pack of 41 cards of the Slavia's A-Team squad (including coaches) for the 22/23 season for 169 Czech crowns, also, the pack of 6 cards which includes new spring signings is being sold for 39 Czech crowns.

SK Slavia is owned by the Chinese company CITIC Europe Holdings, thanks to the company Slavia have the biggest budget of all the Czech football clubs. (Seznam Zprávy, 2019)

Fortuna Arena is the home stadium of SK Slavia Praha. This stadium is the most modern one in the Czech Republic and its capacity is 19,370 seats.

The general partners of the club are CITIC Group and the investment platform eToro. Premium partners are Fortuna, PUMA, and Sportisimo Pro and the main partners are Nexen Tire, PRE and Mototechna the general media partner is the media group MAFRA.

According to the website of SK Slavia Praha (Slavia.cz, 2023), the club collaborates with several fan organizations. The most important is Tribuna Sever, an organization that is behind “catchy chants”, the creation of choreographies and bus tours on away games. Tribuna Sever has its own Facebook page with over 21,000 followers. Another fan organization is Odbor přátel, which creates educational materials and does social activities for fans. In March 2023, Odbor přátel together with SK Slavia Praha the created Foundation Fund of Slavia (Nadační fond Slavie), which should support patients with cancer, educate kids, help with the environment and support people during natural disasters or emergencies. (Odbor Přátel, 2023) The last and newest fan organization mentioned on the official SK Slavia Praha website is Fanklub, which organizes bus tours to away games.

The club publishes two magazines for its fans, both written in Czech, one called Poločas a the second one Halftime. Poločas has about 30 pages and is available for free in electronic version on the club's website. Halftime is about 100 pages and the yearly subscription costs 399 Czech crowns. Both magazines contain interviews with players and some “behind the scenes” information and pictures.

SK Slavia Praha has its own radio station called Radio Slavia, which is available on the club's website and on Android smartphones. Fans can listen to interviews with players and live coverages of Slavia's matches.

The club created an esports team in the Spring of 2020, which competes in EA Sports FIFA games on consoles.

The video production of Slavia TV, the official YouTube channel of SK Slavia Praha, created two documentary series, which show exclusive behind-the-scenes footage. The first one is called TOTÁLN! SEZONA, which covers the season of 2018/2019, in which the club won the Czech League and Czech Cup and fought with Chelsea the in Europa League quarterfinals. The last episode covers the beginning of the next season, in which the club advanced into the group stage of the Champions League after 12 years. The second series is called TOTÁLN! HATTRICK covering the season 2020/2021 and the club's third Czech league title in a row and the first place in the Czech Cup. Episodes of these series are one the most viewed YouTube videos on the club's channel. The fourth episode of TOTÁLN! SEZONA is the most viewed video on the channel with over 604,000 views.

Besides the YouTube channel with over 60,500 subscribers, the club has a Facebook page with over 158,000 followers, Instagram account with 173,000 followers and TikTok account with over 33,700 followers. Slavia is also active on Twitter.

5.5.2 Usage of NFTs in the Marketing Strategies of SK Slavia Praha

This chapter will cover, step by step, the potential usage of NFTs in the marketing strategies of SK Slavia Praha.

The first NFT collection of SK Slavia Praha would be a set of 50 NFT pictures. Every picture in the set would depict the pitch of Fortuna Arena and SK Slavia Praha logo and each picture would have its number from 1 to 50.

Every NFT from the first collection would be free, the main objective of this collection is to introduce Slavia fans to the web3 world and show them the utilities of NFTs.

The competition for the NFTs would be promoted through the official website of the club and the social media. Those who want to get the NFT will have to join the competition and send their email plus their blockchain address. The competition will be held for two weeks and after that the club will randomly select 50 blockchain addresses to which the NFT will be sent, each address can win 1 NFT only.

The owner of the NFT would be eligible to use a promo code which would be tied to each NFT. The promo code can be viewed on OpenSea once the owner connects his wallet and owns the Slavia NFT from the collection. The promo code could be redeemed in the online Slavia fan shop and would grant the user 20 % off his purchase (up to 10,000 Czech crowns).

The second NFT collection could be named "Hattrick titulů" (Hattrick of titles), referring to titles from seasons 2018/2019, 2019/2020 and 2020/2021. The collection would

be a set of 100 unique one-out-of-one never-seen pictures from the mentioned seasons. The pictures would be from dressing room celebrations, training or something else that the fans have never seen before. I would recommend building the collection on Polygon because of the less costly gas fees.

The analysis of the marketing strategy of SK Slavia Praha revealed that a smartphone application for fans has not been developed, therefore the NFTs should be offered through the club's official website. The club could make NFTs via OpenSea, which is relatively easy and user-friendly, similar to uploading a picture on Instagram. The link to the collection of Slavia NFTs on OpenSea could be placed on the club's website in the news section and shared through social media Facebook and Instagram. The collection should be offered worldwide, so fans from abroad can buy the NFTs.

Each NFT from the first collection should be priced at 500 Czech crowns (around 21,65 MATIC as of 27th March 2023). I have chosen this price because of the price that ŠKODA AUTO set for their ice-hockey-related NFT campaign in 2022 – the price was 1000 Czech crowns, and each owner of their NFT got a special ice-hockey puck and the proceeds used to support youth hockey in the Czech Republic. (ŠKODA, 2022) Also, the price I have chosen is half the price of the ŠKODA because the first Slavia NFT collection is made of 100 pieces and the price would be fixed in contrast to ŠKODA's 30 pieces which were offered in an auction (1,000 Czech crowns was the starting price).

Every owner of the NFT from the first collection could join a competition for prizes. There would be 3 prizes, the first one would be a VIP Ticket for a selected match, the second one a home jersey signed by the whole team and the third one would be a stadium tour of Fortuna Arena including the dressing room tour.

The proceeds from the second collection of SK Slavia Praha NFTs would be sent to the new Foundation Fund of Slavia. This would give the buyers of the NFTs extra motivation since they could join the competition for prizes and also send the money to a good cause.

The third use case of NFT would be inspired by the Panini's physical collectible cards of footballers which have a QR code from behind that contains an NFT form of the collectible card. Since Slavia sells their own collectible cards of players, they could make 47 special packs each containing 47 collectible cards that are currently being sold on the fanshop. Also, in each special pack, one card (out of the 47 cards from one pack) would contain a special randomized password and a QR code which will lead the user to a Slavia's website with contact form. This means that there will be 47 NFTs in total and one player will be represented by exactly one NFT. In order to get the NFT version of the card user has

to scan the QR code and enter the special randomized password to the contact form and also include their blockchain address.

These pack would be promoted through all Slavia's social media and on the official website of the club and the fan shop.

The price of one special pack would be 399 Czech crowns. I have chosen this price based on the prices of the packs that are currently on the fan shop and because these special packs containing the NFT are limited, the price is higher than the sum of the price of the two packs that are currently on the fan shop.

The owner of the NFT from the pack would get the opportunity to physically meet the player who is depicted on the NFT. For example, if someone bought a pack and got a card with Ondřej Kolář⁹ with QR code and redeemed the NFT from the QR code then they would get the opportunity to meet Ondřej Kolář in person. This grants the NFT an extra utility which can motivate fans to buy the special pack.

The proceeds from this collection would be sent to the new Foundation Fund of Slavia.

5.6 Analysis of the Marketing Strategy of AC Sparta Praha and the Usage of NFTs

This chapter will cover the marketing strategy of AC Sparta Praha and the usage of NFTs in the marketing strategy of the club.

5.6.1 Marketing Strategy of AC Sparta Praha

The primary products of AC Sparta Praha are match tickets, permanent tickets (called memberships) and jerseys and other merchandise. The prices of match tickets vary from 250 to 750 Czech crowns depending on the category of the seat. The price of the Sparta jersey is 1,799 Czech crowns. Also, a jersey signed by many A-Team Sparta players is being sold for 4,990 Czech crowns. Moreover, a collectible card of Sparta's Jakub Jankto is being sold for 99 Czech crowns, it is from a limited edition of 133 pieces.

The owner of AC Sparta Praha is the company 1890s holdings a.s. that controls 99,9 % of shares. 1890 holdings a.s. is owned and controlled by J&T CAPITAL PARTNERS, a.s. and EP Sport Holdings a.s. – the companies owned by Patrik Tkáč and Daniel Křetínský. The latter is the Chairman of the Board of AC Sparta Praha.

⁹ Ondřej Kolář is the goalkeeper of SK Slavia Praha.

The home stadium of AC Sparta Praha is called “epet ARENA” and is located in the Prague district Letná, which is why the English version of the official website refers to the stadium as “Letná Stadium”. The total capacity of the stadium is 18,887 places.

General partners of Sparta are Tipsport and T-Mobile, main partners are epet, adidas and Fortuna. There are also 7 official partners, such as ČSOB and Alexandria. Media partners are Evropa 2, iDNES, Impuls, iSport.cz and Radiožurnál.

Every Spartan fan can join Sparta Club, which is a paid membership for fans with some exclusive stuff. According to the official website, there are 5 types of membership – Basic, Classic, Premium, Junior+ and Junior. The Basic membership costs 990 Czech crowns and the owner gets a welcome letter with a certificate and a membership card, priority purchase of match tickets, discounts for European tournaments tickets and access to special Spartan events, such as stadium opening day or meeting with players. Moreover, Basic members get a 50 % discount on stadium tours and 10 % off in the fan shop and snacks shop. Sparta Club Classic, priced at 1,590 Czech crowns, grants owners all exclusivities mentioned above plus a welcome package, which is not described. The stadium discount tour is the same as above, but the fan shop and snacks discounts are set at 15 %. The most valuable membership is Sparta Club Premium, priced at 12,990 Czech crowns, which includes all exclusivities of the previous memberships plus a jersey signed by a favorite player, guaranteed tickets for home games against SK Slavia Praha and FC Viktoria Plzeň and access to “Special premium events”, which are not described further. The Stadium tour discount is 100 % and the fan shop and snacks ones are set at 20 %. This membership is limited to 40 fans. Junior and Junior+ memberships are for kids under sixteen and grant owners similar benefits as Basic and Classic memberships, but Juniors have discounts on match tickets and permanent tickets, Junior+ members can join a raffle for tickets against Plzeň and Slavia. Juniors also have a 100 % discount on stadium tours and 20 % off on Sparta football school for kids aged three to six.

The official website of AC Sparta Praha offers fans a registration and creation of “Sparta iD” through which fans can access their memberships and tickets. As of March 2023, users of Sparta iD can also join a T-Mobile competition in order to win 2 VIP tickets, own a Sparta jersey and meet & greet with someone from Sparta. The only rule to join the competition is that the users need to have a mobile number from T-Mobile and insert it in the Sparta iD interface.

AC Sparta Praha also developed an application for fans available on iOS and Android phones. Fans can access team news and interviews or vote for the best goal of a certain

period of time in the app. In order to access all information and full articles, fans have to sign in via Sparta iD.

Sparta also publishes a club magazine, called “Sparta do toho!” that has digital and printed versions. The digital one is free and available on the club’s website and the printed one costs 25 Czech crowns and is available on matchday when Sparta plays at home. The digital one has some animations and advertisements whereas the printed one is ad-free. In the magazine, fans can find interviews with Spartan players, a description of the rival club playing against Sparta on the matchday and some other statistics and news.

On the audio streaming platforms, Spotify and SoundCloud, are podcasts from AC Sparta Praha. One is called “Srdce ze železa”, in which famous Spartan people are interviewed and the second is called “Z TRIBUNY.”, where celebrities, who are at the same time fans of Sparta, are interviewed.

In September 2018, AC Sparta Praha, as the first professional sports club, created its own eSports team, which plays the football videogame FIFA. The eSports team consists of four players. Since October 2022 the team is part of an eSports organization ENTERPRISE.

The official YouTube channel of AC Sparta Praha subscribe over 67,500 people. The channel contains videos from the dressing room, academy challenges, where young players do football challenges or video versions of podcasts. One of the most viewed videos of recent times is a documentary film about Adam Hložek, one the recent biggest talents of Czech football, called “Předurčen k úspěchu” (Destined for success).

Sparta is also active on social media, the Facebook page is followed by over 270,000 people, the Instagram page follow over 189,000 and the TikTok page follow over 174,300 people. The club also owns a Twitter account that has over 62,000 followers.

5.6.2 Usage of NFTs in the Marketing Strategies of AC Sparta Praha

The theme of the first NFT collection of Sparta would be the wins in the Derby “S”, which are the matches against their rival SK Slavia Praha. Sparta won 136 derbies against Slavia (as of March 2023), therefore 136 NFTs would be offered. Each NFT would be a picture connected to one derby match.

Sparta iD could be used for offering of the NFTs, therefore it would be available on the official website as well as on the smartphone application. In the Sparta iD interface, there could be a button named “NFT”, which would lead to the Sparta collection on OpenSea, where the user could buy the NFTs.

The price of one NFT would be 200 Czech crowns. The price of the first collection should be lower so more people would be willing to pay for it. For the same reasons as in 5.4.3. the NFTs should be built on the Polygon blockchain.

Every owner of the Sparta NFT that would enter a competition, similar to the T-Mobile one mentioned in 5.5.1., would get one extra entry, therefore a higher chance of winning. Alternatively, there could be competition in Sparta iD for NFT owners only – the prizes could be a signed jersey, match tickets, discounts in the fan shop or one of the Sparta Club memberships (Basic or Classic).

The proceeds from NFTs should be sent to the Foundation Fund of AC Sparta Praha which helps former players of the club who find themselves in a difficult life situation. Therefore, owners of the NFTs would have the benefit for the competitions mentioned above and they would support the good cause.

The theme of the second collection of NFTs would be the Sparta's 2003/2004 UEFA Champions League appearance which was the last time Sparta advanced into the play-offs of the Champions League. There would be 11 video NFTs of all the goals Sparta scored in the Champions League, including the qualifying round. Moreover, 100 NFT pictures of Spartan players from the games they played during that Champions League season would be in the collection.

The price of one video NFT from this collection would be 500 Czech crowns, which is a price higher than the packs of video NFTs from FIFA+ Collect, (9.99 dollars) but in Sparta's collection, the buyers would know what video NFT of the goal they buy contrary to FIFA+ Collect packs where buyers get random video NFT of a goal. The price of one NFT picture from this collection would be 250 Czech crowns.

Each owner of the video NFTs from this collection would get two free tickets for the next New Years Derby ("Silvestrovské derby") which is a charity match between retired players of AC Sparta Prague and SK Slavia Praha. Every owner of the NFT pictures from this collection would be eligible to join a competition via Sparta iD in order to win one free ticket for the New Years Derby. In this competition, there would be only one winner.

This collection would be promoted through Sparta's Instagram and Facebook and through the official website of Sparta as well as the official smartphone application.

The proceeds from this collection would be sent to the same charity that will be supported during the 2023 New Years Derby.

The third usage of the NFTs in AC Sparta Praha would be the NFT tickets. The NFT tickets would be like the normal tickets bought from the official website, but owners of the

NFT ticket would have one free drink and one free meal during the match. There would be 100 NFT tickets and they would be all equal to the first category of normal tickets.

The NFT tickets could be bought via the online fan shop of AC Sparta Praha. The buyer would have to write down his blockchain address during the payment process, so Sparta could send the NFT ticket.

Each ticket would be sold for 800 Czech crowns which is a price slightly higher than the price of the first category tickets (750 Czech crowns), but owners can benefit from the one free drink and meal.

Moreover, every owner of the NFT ticket could join a competition where they could win one Sparta's home jersey signed by the A-Team. To join the competition, owners must show their NFT ticket in their blockchain wallet (via phone) to a person from Sparta Prague (namely, worker in the fan shop) who will be responsible for checking the NFT.

The NFT tickets would be promoted via Instagram, Facebook and the Sparta iD interface. Also, a news article about the NFT ticket would be written on the official website of Sparta.

The proceeds from NFT tickets would be used to support the youth academy of AC Sparta Praha – training camps, new sports equipment or financial support of youth coaches.

5.7 Analysis of Marketing Strategies of FC Viktoria Plzeň and the Usage of NFTs

This chapter will cover the marketing strategy of FC Viktoria Plzeň and the usage of NFTs in the marketing strategy of the club.

5.7.1 Marketing Strategies of FC Viktoria Plzeň

The main products of FC Viktoria Plzeň are match tickets, permanent tickets, jerseys and other merchandise. The price of the match tickets range from 100 Czech crowns to 999 Czech crowns, depending on the age of the ticket owner and the category of the seating.

Fans who buy permanent tickets get some benefits and discounts in several shops. Holders could attend a special stadium tour or they went with players to the cinema. The price of the permanent tickets vary from 1,900 up to 5,300 Czech crowns, depending on the category of the seats.

The sole owner of all FC Viktoria Plzeň shares is Adolf Šádek, who is at the same time General Manager of the club. Adolf Šádek is, according to Seznam Zprávy's report from

September 2022, the most influential person in Czech football. Šádek plans to sell the club to the new owners who should be known by June 2023. (Sport.cz, 2023)

The home ground of FC Viktoria Plzeň is Doosan Arena with a capacity of 11,700 people. Restaurant Klubovka is a part of the Arena. According to the official website of the club, Doosan Arena was voted the best stadium in the Czech Republic in 2015.

The general partner of the club is Doosan Škoda Power, the premium partner is a betting company Betano, main partners are Gambrinus, Macron, the city of Pilsen, Keramika Soukup, Rosso Steel and Fortuna. Media partners are Hitradio FM Plus, Deník.cz, Radio Blaník, Český rozhlas Plzeň, PlzeňTV, Rock Radio, zak.tv and Plzen.cz.

The club also works with several non-profit organizations, such as Centrum Hájek which helps disabled children or Foundation fund Propojení which helps wheelchair users, and other organizations. Moreover, Viktoria Plzeň, with the help from other European clubs, offered football jerseys of teams that played in the UEFA Champions League in an auction in order to raise money for the Czech Bone marrow transplant foundation (NTKD) – people in the auction raised around 500,000 Czech crowns.

“Viktorka do škol” (Viktorka to schools) is a special project of the club that supports the learning process of children in primary school. On the official website of the club, everyone can access worksheets for children in the first to fifth grades. In 2016, children could learn how to cheer for the club in the event called “Škola fandění” (School of Cheering), which was led by older fans.

Fans can also download the official smartphone application of the club, where they can find news about the club, information and statistics about Viktoria Plzeň’s matches or it is possible to buy a match ticket for home matches. It is also possible to sign up on the app and add a permanent ticket to the profile.

RED&BLUE is a podcast made by the club and available for free on the streaming platforms, the podcast includes interviews with former or current Viktoria Plzeň players.

The club also offers a magazine called “Viktorián”, which is sold for 19 Czech crowns before and during every home match. It is also available online on the official website of the club. By buying the printed version of the magazine, the owner can win some prizes from partners because there is a competition during halftime in each home match.

FC Viktoria Plzeň also has an eSports team that plays the videogame series FIFA on consoles.

The YouTube channel of the club subscribe over 24,700 people and the videos, which are usually interviews with players before or after the match, are usually around two to five

minutes long. O2 TV Sport and VDN Film Production are preparing a documentary series about Viktoria Plzeň which will be released on 24th April 2023 on O2 TV Sport.

In terms of other social media, the Facebook page is followed by over 136,000 people, the Instagram page follow over 77,200 people and the Twitter page has over 33,100 followers. The club also has its own Twitch channel.

5.7.2 Usage of NFTs in the Marketing Strategies of FC Viktoria Plzeň

In the first collection of Viktoria Plzeň's NFT, there would be 6 NFTs, build on Polygon, each commemorating the Plzeň's Czech League title. Each NFT would have a photo of the team lifting the Czech League title trophy.

The NFTs would be offered via OpenSea and the link to the collection could be accessed through the club smartphone app or the official website of the club.

Each NFT would be sold via auction on OpenSea, so everyone could participate in it. The starting price would be 1000 Czech crowns (or the equivalent in MATIC) which is the exact same price as ŠKODA used in their NFT campaign, mentioned in 5.5.2., where every NFT was sold.

The owner of the NFT would automatically get a permanent ticket for the next season and a jersey from the particular season - for example, when someone wins NFT number 1, they would get the Viktoria Plzeň's jersey from the season 2010/2011 (the first Czech League title of FC Viktoria Plzeň).

The proceeds would be sent to the non-profit organization Centrum Hájek, which would encourage people to buy the NFT in order to support a good cause, therefore creating more utility for the NFT.

The second NFT collection would depict every goal of Pavel Horváth, one the most known players who played for Viktoria Plzeň. The collection would have 36 video NFTs each showing a goal that Pavel Horváth scored during his time in FC Viktoria Plzeň.

Each video NFT would be sold via auction on OpenSea. The reason why the video NFTs would be sold via auction is because each goal is different and each goal can have different value depending on the beauty of the goal or the opponent who Horváth scored against. Also, the link to OpenSea would be available in the smartphone application and the official website of FC Viktoria Plzeň.

The starting price of one video NFT would be 300 Czech crowns which is a smaller price than in the previous collection so more people would be encouraged to bid in the auction and enter the web3 world.

The owner of the video NFT from this collection would be eligible to pick one free meal, up to 300 Czech crowns, and five free beers from the Klubovka restaurant in Doosan Arena.

The proceeds from this collection would be sent to Klubovka restaurant in order to buy new equipment or somehow innovate the restaurant. This could potentially motivate the bidders to bid more money because Klubovka is part of the Doosan Arena and therefore part of the club.

The theme of the third NFT collection of Viktoria Plzeň would be the players of FC Viktoria Plzeň that play for the club now. The collection would have 1000 NFT pictures, build on Polygon blockchain, of Viktoria Plzeň's players. The pictures could be similar to pictures used in various football collectible cards – during match, before match or celebrating a goal.

The collection would be sold via OpenSea and promoted through Facebook and Instagram. Also, the official smartphone app and the official website of the club would promote this collection.

The price of one NFT picture from this collection would be 100 Czech crowns. This relatively low price is chosen so even more people would join the web3 world and Viktoria Plzeň could make more collections for more people in the future, provided this collection will sell out.

The owners of the NFTs from the third collection would get certain voting rights. For example, the owners could decide what song will play after scoring a goal, what beer will be available during match day in snacks shops or which player would they want for a meet and greet. In order to get the voting rights, owners would have to use the Viktoria Plzeň's smartphone app where the poll would take place.

The proceeds from this collection would be used for the development of the youth academy teams of FC Viktoria Plzeň.

CONCLUSION

The goal of this thesis was to analyze the usage of non-fungible tokens (NFTs) in foreign football clubs and then to analyze the potential application of the insights gathered to the marketing strategies of the selected Czech football clubs. The thesis was divided into theoretical and practical part. The practical part firstly described the usage of NFTs in foreign football clubs and then the findings were used in the potential usage of NFTs in the marketing strategies of the selected Czech football clubs, namely SK Slavia Praha, AC Sparta Praha and FC Viktoria Plzeň. The marketing strategies of the selected Czech football clubs were described in order to better understand the context of the potential usage of the NFTs in these clubs.

The practical part described some of the pros NFTs from the foreign football clubs, like the utilities that NFTs can grant the owner – competitions for signed merchandise of the club or cash in form of cryptocurrency, meet and greets with players or special discounts in the fan shops of the clubs. Also, the cons of using the NFTs were described – the fans that were not happy because of the bad communication of the football club, the restricted access to web3 due lack of education in the field or due to scams that surround this field. Moreover, it was revealed that there is only one football related NFT project, called Football Time, in the Czech republic which is not connected to any football club. This means that the selected Czech football clubs have the opportunity to have the first NFT collection tied to a football club in the Czech republic. Moreover, the selected clubs have way more followers on the social media than Football Time, which suggest they could appeal to more customers.

A description of NFT products for each of the selected Czech football club were presented in the analyses of the usage of NFTs in the Czech clubs. Also, the prices for the NFTs products were proposed, the place where the NFTs should be offered and through which channels should the product be promoted. The selected Czech football clubs can use NFTs in the form of the NFT pictures collection, depicting something related to the each club or its history. Alternatively, NFT videos of goals can be used, so fans that like some particular goal can own it, similarly to owning a physical collectible card. Also an NFT match tickets were suggested in the analysis of the usage of NFTs in AC Sparta Prague, since Sparta has the Sparta iD interface which is user friendly and can be used both in smartphone app and computer.

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LIST OF ABBREVIATIONS

FC – Football Club

FIFA – Fédération Internationale de Football Association

MLB – Major League Baseball

MMA – Mixed Martial Arts

NBA – National Basketball Association

NFL – National Football League

NFT – Non-fungible token

UEFA – Union of European Football Associations

UFC - Ultimate Fighting Championship