

Industry Profile

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Brandon Steiner wants hobby to unite

Longtime seller says everybody would gain if companies pulled together

BY ROCKY LANDSVERK

Welcome to the first of a series of interviews with the leaders of the sports card and memorabilia industry. We open with Brandon Steiner, chairman of Steiner Sports, the largest autographed memorabilia company in the industry and partner with the New York Yankees on the groundbreaking Steiner Collectibles arrangement that will bring Yankees memorabilia to the marketplace with the auspices and authentication of Steiner Sports.

Steiner Sports has grown exponentially over the years, and Brandon Steiner sold the company to media giant Omnicom in 2002. But he still runs the company, and he's still calling the shots.

Steiner is an interesting character, and among his attributes are being consistently and sometimes brutally straightforward. Not everybody will agree with his opinions, but success should garner respect for them, and Steiner has been nothing but successful.

Q: You've been vocal that not enough is done as an industry to unite together for common causes, like promoting sports collecting to the masses. What are the fundamental problems that have created that situation?

A: There are a lot of people in this business who, because they know a lot, they think they know everything. There are extremely talented and knowledgeable people in this industry, and they're doing well, but they don't know everything.

Q: What opportunities are the hobby missing?

A: The biggest opportunities are not happening because the word "integration" is extinct in our hobby; nobody's working together. You go to a competitor and ask to do a project, and the reply is, "I can't put my name next to your name." Are you kidding me? The Yankees just put my name next to theirs.

Cooperation is what needs to happen. Everybody thinks that they can just run their own company like an island. It kills the industry and it stops a lot of progress. At some point, the top 10 or 15 companies in this industry need to be able to get together once a year, put some money in the till and think of the hobby more than they think of their own company. If the hobby gets bigger and more people are collecting, those 10 or 15 companies will get bigger. We all have our own distribution, and a lot of it doesn't cross over.

My second big bone of contention is that people need to lighten up on each other in terms of competition. You need competition; you want to beat the competitors, yes, but you need them, you don't want them extinct. They're driving our company and they're growing the industry. Very few industries in this country are monopolies, and that's not how sports collectibles will ever be. Others

on the Record

First in a Series

might not love Steiner Sports, but at least people out there know who we are. What people should look at when they're evaluating competitors is, "Does that company help build the hobby and make it bigger and better? Are they a company that makes more people collect? Do they get people in the hobby excited?" Not, "Did they get that player and I didn't? Did they beat me to creating that card?"

If the other companies keep people in the hobby, you may not have to like them, but you have to give them their respect. I respect the people who figure out ways to get more people collecting.

Q: Do you believe the industry needs an organization, like some failed efforts in the past, to market itself?

A: Yes, we're never going to get the respect until that happens. We have to be on the same page with all of the leagues and the trading card companies. The trading card companies and the collectibles companies (autographs, etc.) are on different highways but they're going in the same direction. Until we all get around the table, we can't be more efficient and more productive. There's no reason we (collectibles companies) shouldn't be trying to drive trading cards – it's a huge part of collecting. We don't do trading cards, so I can say this objectively: I think trading cards are one of the most important parts of sports marketing, with that connection to kids. They're absolutely necessary. But we've all got to be around the same table.

Q: What sorts of projects do you envision would come out of something like this? An ad campaign, or a marketing theme?

A: I think it needs to be put around a convention. We could create our own National convention and our own Super Show. I think there's so much buying going on between all of the collectibles companies that a vendor show could be done, along with a National-like show where we bring in our key athletes for a trading card/signing show. It should be rotated to the top 10 cities, with these companies putting in some money to do a solid PR campaign. You put a PR campaign, a vendor show and a consumer show, all in the same week. It would be like Hawaii (the Hawaii Trade Conference).

Q: Why would there need to be a separate show from the National?

A: Because the National is run by completely biased people that are for profit only. The control of the National, and what it represents and stands for, is so far

UP CLOSE

- Name: Brandon Steiner
- Title: Chairman, Steiner Sports
- Career/Personal Tidbits: Started Steiner Sports in 1987. Company has grown from a marketing company to also be a seller of autographed memorabilia, and a retail store operation (Last Licks ice cream and memorabilia shops). The company also represents athletes for appearances and signings. Shown is Steiner's book, published in 2003.



gone, there's no credibility there. To me, I'd rather go completely objective, put an executive board together, move around to different cities, and participate in the profits and investments.

Q: Moving to price points, many collectors can't believe, and can't stand, how high price points have reached, Steiner getting some of that flack for its Mark McGwire prices, for instance. But at the same time, Steiner products on its Web site and on MLB.com are fetching amazing money, primarily from non-hobby purchasers. The Terry Francona signed baseball auctioned for more than \$500 is one example. Are you concerned about the disconnect with what collectors are comfortably paying vs. the fans in the marketplace at large?

A: We're struggling with that, it's one of the biggest problems we have. With our buying power and our distribution, we're working hard try to create lower price points on items. Some athletes are flexible, some are not.

We're trying to create products the way that trading card companies do. We look at the 8-by-10 photo as a hobby product – at least one product that's more affordable. The problem is the athletes are not as (price) sensitive as we'd like them to be. We have to come up with some other ideas and products so the autographs are affordable. We need a lot more autographs of top players that can sell at retail for under \$100.

We have a contradiction, though, because part of collecting is value-based – you don't want items you buy to be worth the same price or lower. You're buying things with the intent of them going up in value. But then when they go up in price, collectors get mad. Derek Jeter signed bats are now selling for \$800. Somebody

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who bought that in 1996 for \$200 or \$300 is really happy.

People complained when Mickey Mantle baseballs were \$20 and then he signed with Upper Deck and his balls went up to \$30, and then up to \$80 or \$100, and people were flipping out. But the people who invested at \$15 or \$20 were really happy that day, and today they're even happier. So sometimes people get hypocritical – if prices and values don't go up, people won't be as excited about collecting.

Q: What's it like to be owned by Omnicom (the media giant purchased Steiner Sports a couple years ago)?

A: When I think of my career and my purpose at Steiner, I always want that to be making the hobby bigger and better. One of the things I hadn't done was to work collectibles into corporate America. I was one of the first to do it, and Steiner Sports is certainly one of the best to do it. Look at the American Express program (Steiner has an extensive program for AmEx users to use their "points" to get memorabilia) and you look at 180 million Dannon yogurt lids (Steiner Sports had a promotion with Dannon that offered memorabilia), and when you see all of the collectibles being used as premiums (gifts to employees or clients) by corporate America and some of the top companies in the world, that's what Omnicom was about. We were salivating about the opportunity to work with companies of this size. I don't think the Yankees Steiner relationship would have happened without having Omnicom behind me, because that's one of the things that intrigued the Yankees, having access to these companies.

There are so many calls that we get from big companies from Omnicom agencies that use our products that we never would have got. That's what it's about. It's not about whether I sign Johnny Damon or Johnny Depp; they trust that we're using the same judgement and running things the same way as we did before.

Q: What has you the most excited going into 2005?

A: What a lot of people don't realize is that the Yankees agreement is going to set a tone – not only for all of the teams in baseball, but in all of the leagues, who need to think about organizing their collectibles business. One of the better aspects of it are the "experiences." We were the first ones to formalize the experiences. If you're going to come and buy an autograph, why not have an experience with the athlete – the cocktail parties and meet and greets? Because we spend about \$20 million a year with athletes, we're able to get them to do things they haven't done before – get a pitching lesson with Mariano Rivera in the bullpen, go to an Atlanta Braves game and meet Hank Aaron before the game, go to a suite with Yogi Berra and watching the game. Collecting "experiences" is equally as valuable as collecting memorabilia. They're hard to execute, but it really puts value into the whole process.

Almost all of our deals now include fantasy meet and greet experiences, clinics, things that take people over the top. It puts fans head over heels into the collectibles industry.



Brandon Steiner, third from left, would like to see the industry think outside of the box to create more opportunities like Yankees Steiner Collectibles.

Q: You're an important part of the MLB authentication program (autographs, game-used memorabilia authenticated by Deloitte & Touche for MLB). How well is that working? Should the other leagues follow suit?

A: It's a process. I'm not sure if its direction is perfectly clear yet, but the process is a good one and it has a lot of people thinking about collectibles and authenticity. I would like to see the other leagues follow suit.

Q: What would you tweak with the program?

A: I don't like the number of companies that are in. I'd like to see fewer; I don't know how much our competitors are committed to the program, rather than just hanging on to the gravy train. Move ahead or get off the train. We're probably the largest autographed memorabilia company in the world right now, and our No. 1 sport is baseball, so obviously we're an important part of the program. I don't believe other people who dabble in baseball are as fully committed to the product and the process as we are.

Q: Do the dealers and the hobby in general know everything that Steiner Sports does and what the companies products and services can do for them?

A: Our biggest challenge is that we've been a moving target; our company has changed so much. The people in the hobby are out there working, getting new people in, getting people to collect. We recognize that we're not going anywhere without them. Our biggest problem with people in the hobby is that some people call us the Evil Empire, or people won't deal with us because of something that happened eight years ago. When you're growing, a company on the rise – we only started the collectibles company in 1995 – a lot of things change. At the end of the day, there are so many things that we've done, or services we have, that people in the hobby don't know about. When people get mad or angry, it's usually because you don't know. If you have an understanding

of what's going on, there's no reason to be upset. I think a lot of people in the hobby get upset with us over things because they're not in the loop.

So our biggest challenge is to communicate to those people, with respect for them and with efficiency, how and why we're doing all of the things we're doing, and how it can benefit those people. How do we get their feedback and their opinion? That can be difficult to do.

Q: Is there a way to get the casual fan to become a collector, or at least turn on as many people with the "collecting gene" onto collecting as possible?

A: When you take our category and break it out for people who aren't in it, it's expensive. It takes a lot of money to pull people into your category, whatever category that may be. That's my biggest problem with the category and the National in particular is that they don't take into consideration the hard road that you have to take to get to people. Shows don't have advertising that's out of the box.

For us, we have the Last Licks ice cream stores (that are full of collectibles and games, think of it as a "sports bar for kids") and we've taken a lot of time to get into schools for kids ages 5-10, who are very impressionable. We need them to know the hobby, get stuff in their hands. We do autograph signings in the stores for free. Things like that don't bring a lot of profit in, but it does make a lot of people happy.

Q: How do we get more kids interested and knowledgeable about collectibles?

A: Well we made a big mistake when we jacked the prices so high on trading cards, and to some extent autographs, and we took those kids out of the mix. Combine that with the fact that you can't stay up to watch a baseball game, which is such a huge part of collecting and sports, and that doesn't help. If we're going to take a serious look at kids and getting them and other fans into collecting, we have to realize that a lot of people are saying no because they don't know. Instead of trying to get them to "yes," we need to get them to "know." That's true in most areas of sales – most people say "no" when they don't know. Right now, we have a handle on the fraudulent problem, with the FBI stepping in, the MLB authentication program, some solid companies. Now it's time to educate people and share information. A lot of our companies have small-time thinking. We have to get this information out there, to make collecting more fun and more knowledgeable.

I don't see price as the biggest roadblock; I see it as fear. People are buying Mercedes; if they understand the quality of autographs, they'll buy them. If you're serious about getting kids and more collectors, deal with the fear factor. They're saying no because they don't know. There are too many companies that have no initiatives that are outside the box and growing this industry. Upper Deck, for instance, has done a great job of getting people excited (with programs for Little League, Pop Warner, TV ads, etc.). That's what we should all be trying to do. Put 10 or 15 major companies together and put them together on a project and you've got something. ♦