



8 BUSINESS OPERATIONS



BUSINESS OPERATIONS

This new Plan is starting in a period of unprecedented global financial and economic uncertainty. We will, like many other businesses, have to battle to secure and maintain our revenue levels over the next two to three years whilst driving down our cost base. However, we are going into this period of economic uncertainty in a strong position. We have recently renewed our O2 and Nike sponsorship agreements for further four year periods and we have also renewed our Sky broadcasting agreement for a further five years.

The health and development of the game at both a professional and a community level is dependent upon secure income streams so that investment can be made on a long term basis. To secure our income streams the RFU must remain commercially successful. In some years we will lose sponsors as their priorities change. We must therefore ensure that we are always seeking new commercial partnerships. We must look for each and every opportunity, consistent with RFU Policy and our Core Values, to improve our revenue streams.

OBJECTIVES

TWICKENHAM MATCH AND EVENT TICKETS

The demand for international match tickets far outstrips supply. The RFU has obligations to supply tickets to many different stakeholders and commercial partners. Inevitably nobody gets as many tickets as they would like. The current allocation policy of the RFU is about right and has served us well over the last ten years but certain improvements can be made over the Plan period and these are set out below.

Allocate a minimum of 50% of tickets for Grade A matches to member clubs

- 415** The current saleable stadium seating capacity (excluding boxes and reserved seats) is 78,405. If one takes into account restricted and obstructed views the figure reduces to 78,094. Of this total a minimum of 50% or 39,047 tickets will be allocated to member clubs for Grade A matches. The current allocations to clubs are based on an allocation of 7,000 to the Visiting Union which is the reciprocal number for the FFR during the Six Nations.
- 416** We will continue the policy of seeking to increase allocations to member clubs above the 50% minimum level through a combination of the following:
- i) Re-negotiation of reciprocal ticket rights with other Unions;
 - ii) Marginal increases in Stadium capacity;
 - iii) Release of non-renewed long term debentures;
 - iv) Release of unutilised Commercial Pool tickets;
 - v) Continued reduction in the black market.

Introduce an updated and more equitable ticket allocation system between Community clubs aligned to the rugby objectives of this Plan

- 417** The points allocation system has been in use for over ten years and now, as the recent ticket allocation review showed, is out of line with developments in the game. The system gives a significant advantage to those clubs that have developed a thriving mini and youth section. It also rewards clubs with a large non-playing membership.
- 418** A new points allocation system has now been developed and approved by Council for clubs at level 3 downwards which balances the rewards between adult teams and mini/youth teams on a more equitable basis. It also aligns with the objectives for the game set out in this Plan. The new system also removes the uncertainties and anomalies in the definition of 'members' and is based on the following principles:
- i) All member clubs will receive a minimum base allocation of tickets of between 2 and 12 depending on level;
 - ii) All male and female adult teams will be awarded 30 points;
 - iii) All male and female U18 and U19 teams will be awarded 25 points;
 - iv) All male and female U16 and U17 teams will be awarded 20 points;
 - v) All male and female I13, U14 and U15 teams will be awarded 10 points;
 - vi) All registered mini players will be awarded a quarter of a point subject to a club maximum of 75 points;
 - vii) A club will be awarded 3 points for each of the 'Golden Roles' recorded on RugbyFirst;
 - viii) A club will be awarded 1 point for qualified first aider recorded as a club member on RugbyFirst;
 - ix) A club will be awarded 1 point for every referee recorded as a club member on RugbyFirst;
 - x) A club will be awarded points for every coach recorded as a club member on RugbyFirst on the following basis: Level 1 – 1 point, Level 2 – 2 points, Level 3 – 4 points, Level 4 – 8 points.
- 419** The allocation of tickets to clubs, including those in the Premiership and Championship, will be reviewed regularly on the following basis. Every year, initially whilst the new system settles in, then every two years so that changes in the rugby landscape are regularly reviewed and incorporated into ticket allocations.

Review and modify the ticket allocation system for the Premiership and Championship clubs

- 420** With the completion of the review of the ticket allocation system for Community clubs we now need to review the allocation system for Premiership and Championship clubs. It is intended that this is completed in 2009. The ticket allocation system for the Championship needs urgently reviewing as the current system applies to the sixteen club National Division One, whereas the Championship will be a twelve club league. This review will be completed first.
- 421** The Premiership allocation system has not been reviewed since the mid 1990s. We now need to ensure that it aligns with the objectives of this Strategic Plan and the new recently signed agreement between the RFU and PRL to incentivise clubs that produce EQP and have players in the EPS squads.

Allocate a minimum of 60% of Category 1 tickets to CBs, Member Clubs, ERFUSU, SRU and the RFRU

- 422** Clubs and other priority groups are frequently concerned about the location or quality of the tickets they receive. The demand from these groups is heavily biased towards Premium and

Category 1 tickets despite the higher price levels. Premium tickets are allocated to debenture holders and TEL and therefore there is limited availability for clubs and other priority groups. In order to ensure that clubs and other priority groups receive a good standard of ticket, we are proposing to allocate 60% of Category 1 tickets to these groups.

Maintain the maximum number of Long Term debentures at 15,000 tickets

- 423** Long term debentures are those debentures that are always offered for renewal to the existing holder at the end of their term or, in the absence of a renewal request, to individuals on the debenture waiting list. We will continue to need to raise substantial capital sums going forward for new stadium developments, repair and maintenance, upgrading of facilities; improvements and developments in the grounds and for major new capital projects.
- 424** Long term debentures are essential to provide a regular and predictable stream of capital funding to the Union and remain by far and away the most cost effective way of raising such capital. The current cap of 15,000 tickets for these debentures, which has been in place for a number of years, is proposed to remain in place during the Plan period.

Maintain the Commercial Pool at a maximum of 8,300 tickets

- 425** The Commercial Pool was established in the second Strategic Plan approved in 2005 at a maximum level of 8,300 tickets. It is proposed that this limit is maintained at the same level in this Plan. This limit is currently allocated as follows:

TABLE 35

	Number of Tickets
Twickenham Experience (minimum)	4,850
Sponsors	1,200
Premium Use	
– Short Term SSDP debentures	989
– Other Premium Use	1,111
Other commercial uses	150
Total	8,300

When the Short Term SSDP debentures expire they will not be renewed and these tickets will be available for other Premium Use. Short Term Debenture holders wishing to renew at the end of the term will be offered Long Term debentures not taken up on their renewal. If the full Commercial Pool of 8,300 tickets is not utilised at any Grade A match, then the balance available will continue to be offered to member clubs.

Maximise the sale of tickets to all non-Grade A matches

- 426** It is essential that we generate good revenues from non-Grade A matches as these account, in some years, for over half the matches at the stadium. These matches are not well supported by member clubs so an aggressive public sales programme is required. This will be achieved through a combination of the following:
- i) Attractive ticket pricing;
 - ii) Ticket concessions;
 - iii) Going on sale early and at the same time as clubs are offered their allocations;
 - iv) Linked sales to other Grade A matches;
 - v) Other promotional activity.

Reduce further the number of tickets going into the black market

427 We have run an effective counter black market programme over the last four years and, together with the introduction of the Official Licensed Operators scheme, we have been successful in slowly reducing this problem area. We will continue to pursue a vigorous programme through a combination of the following:

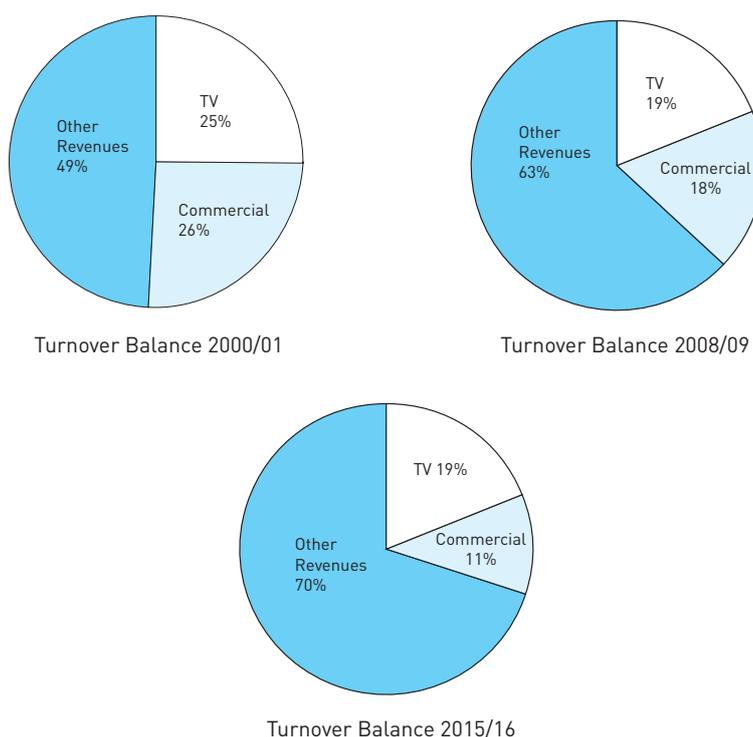
- i) Signing formal ticket reciprocity agreements with our Six Nations partners aimed at preventing their clubs selling our tickets into the unofficial market;
- ii) Liaison with the police;
- iii) 'Mystery Shopping' all unofficial operators;
- iv) Legal action against unofficial operators;
- v) Improving our returns policy;
- vi) Lobbying for Government action/legislation against touting.

TELEVISION

Through revenue diversification and growth, reduce our dependence on TV revenues to 20-25% of total revenues over the Plan period

428 The revenues from the sale of broadcast TV rights are and will remain a major revenue stream for the RFU. There are dangers, however, in becoming over dependent on these revenues as has been apparent from other sports. The TV rights markets can be volatile and depending on the time contracts come up for renewal substantial swings in values can occur. In the last Strategic Plan it was agreed that, as a matter of policy, we should seek to control our exposure to any one revenue stream (including television) through diversification of our commercial activities in order to avoid any major interruptions to our ongoing rugby programmes. We will seek to maintain, through revenue diversification and growth, our exposure to television revenues of between 20% and 25% of total revenues. The pie charts below show the progress we have made since 2000/01 and our targets for the end of the Plan period.

FIGURE 11: REVENUE SPLITS



Maintain a balance of satellite and terrestrial TV coverage

429 The sustainability of good TV revenues balanced with good exposure is crucial to the growth objectives for the game. Contracting solely with terrestrial broadcasters would not deliver the required revenues; contracting solely with satellite broadcasters would not deliver the required exposure. Not all the televising contracts of Twickenham matches are under the control of the RFU. The Six Nations Committee and ERC, for example, negotiate the contracts for broadcast coverage of their tournaments. The table below outlines for all tournament and international matches, the current rights holder and the UK TV channel the property is currently broadcast on.

TABLE 36

Property	Rights Holder	Live	Delayed and Highlights
RWC	IRB	ITV	ITV
Six Nations	Six Nations Committee	BBC	BBC
Heineken Cup	ERC	Sky	Sky
Guinness Premiership	PRL	Sky	Sky/BBC
Guinness Playoffs	PRL	Sky	Sky/BBC
RFU Autumn Int'ls	RFU	Sky	BBC
EDF Energy Cup	RFU	BBC	BBC
IRB 7s	IRB	BBCi/BBC	BBC
Churchill Cup	Churchill Cup	Sky	Sky
England June Tours	SANZAR	Sky	Sky
Varsity match	RFU	Sky	BBC
Lions Tour	SANZAR	Sky	Sky
Middlesex 7s	Middlesex Charity 7s	Sky	Sky

430 The RFU has followed a policy of contracting both with Sky and a terrestrial broadcaster ensuring coverage on both platforms. We believe this remains the right policy to ensure the right balance of revenues and exposure. Whilst Sky's subscriber base continues to grow as does its viewing figures in multi channel homes, terrestrial coverage is still required to ensure the widest exposure for our game. This policy also delivers the political requirements of balanced coverage of major sports events.

Minimise the number of late kick offs and Sunday matches at Twickenham in the Six Nations

431 The Six Nations Committee has contracted Six Nations TV rights exclusively to the BBC which guarantees the game excellent exposure. The BBC has limited channel capacity and the scheduling of matches together with their kick off times will always be an issue. The solution that the Six Nations Committee have agreed with the BBC is that two matches will be shown on a Saturday and one on a Sunday for the first four weekends of the tournament and on the last weekend all three matches will be shown live on the Saturday.

432 An experiment in season 2009 will see a Friday night kick off in Paris which may have a beneficial knock on effect of easing the match congestion on Saturdays and could remove one Sunday fixture although we are currently not helped by Ireland not being able to play on a Sunday at Croke Park. In an ideal world the RFU would like all its matches at Twickenham to be on Saturdays, kicking off at 1430, but this is not deliverable whilst the Six Nations is exclusively contracted to the BBC.

433 This scheduling of matches inevitably has an effect on kick off times and each of the Six Nations countries have to share the burden of early and late KO times as well as Sunday matches. We do understand that these non traditional kick off times do affect the traditionalists who believe that

2.30 or 3 pm kick off times on Saturday should be sacrosanct and also those who live a considerable distance from Twickenham in that late kick offs times do not enable them to make the round trip to Twickenham on the same day. However, there are substantial compensating benefits to the game overall from BBC coverage of the Six Nations.

SPONSORSHIP AND ADVERTISING

Obtain two major new sponsors of similar value to O2 and Nike over the Plan period

434 We have secured a large number of lower value sponsorship deals over the last five years but these tend to eat up available commercial inventory. For the next stage of our commercial development we will target securing an additional two major sponsors over the Plan period each of which will rank in value terms at the same level as O2 and Nike. This will require an innovative approach to generating additional inventory.

Secure IRB agreement to an RWC Affiliation Package for Official Category Sponsors of RWC participant Unions for RWC2011 and 2015

435 It has always been a bone of contention with the major sponsors of RWC participant Unions that they are not allowed any association during the RWC with the teams they have helped fund and develop. We must find ways of giving more value to Unions' sponsors in and around RWC periods as they also lose the exposure of the June and Autumn internationals in RWC years. We will continue to press the IRB to come up with an RWC Affiliation Package for the sponsors of the RWC participant countries to have some association and involvement with their teams in RWC2011 and 2015 without reducing or affecting the value of the RWC sponsor packages.

Secure a significant increase in inventory values by withdrawing from 'lower value' sponsorship deals

436 Our success in selling sponsorship over the last few years has, unfortunately, resulted in a growing lack of inventory to do new deals. The effective value of the inventory also decreases with the size of the deal. We therefore need to revise our sponsorship strategy and withdraw from some of the lower value deals currently in place in order to drive higher margin business and release under valued inventory. Higher margins are driven by increasing the value associated with the use of the rose logo and the England team together whilst limiting the volume of inventory supplied.

To leverage investment in Community Rugby amounting to a minimum 5% of the value of all major deals

437 Critical to our new sponsorship strategy is the aim of continually seeking to leverage all major sponsorship deals to include an investment in Community Rugby. It has proved difficult to attract serious sponsors to our range of Community properties, principally due to lack of TV exposure. The Commercial Department will establish a small group to come up with 'out of the box' solutions to this issue. The principle properties that we will seek to secure commercial support for are as follows:

- i) The Championship;
- ii) The National Leagues;
- iii) England Counties XV;
- iv) England Students XV;
- v) Mini Rugby;
- vi) Schools Rugby.

- 438** Greater control of commercial discussions will be implemented over the Plan period in order to ensure that other parts of the RFU are not, inadvertently, undermining the RFU commercial structure either in value terms or through conflicting categories.

NEW MEDIA AND THE DIGITAL DOMAIN

Generate new revenue streams through exploitation of new media and digital domain developments in particular VOD and mobile platforms

- 439** The number of ways information and video can be delivered electronically to consumers continues to proliferate. The RFU will develop strategies to ensure that we are in the mainstream of developments and able to generate new revenue streams through the provision of information, data and video to our customers and stakeholders in a variety of formats and platforms. Specifically we will undertake the following:
- i) Develop plans to maximise VOD revenue through all available platforms domestically and internationally;
 - ii) Develop a complete mobile strategy.

Both of these will interface with the development of the new RFU website based on latest technologies. VOD is already part of the iRugby project, in that it will contain a system capable of delivering video to our users.

- 440** Through the development of a clear Digital Domain strategy we will seek to maximise revenues and minimise costs through the RFU's e-capabilities. This will require some or all of the following during the course of the Plan period:
- i) Mandatory usage of RugbyFirst;
 - ii) Increased usage of digital marketing;
 - iii) Completion of all phases of the iRugby project;
 - iv) Provision of on-line shop offerings on useful products for member clubs.

MARKETING AND BRAND STRATEGY

Review and revise our branding strategy and produce an RFU Brands Manual

- 441** We need to review our brand strategy in a creative, positional and legal sense. We now have a number of activities and trading brand names using the rose mark. We need to define our policy in this respect and set out the rules clearly in a new RFU Brands Manual which will deal with the following issues:
- i) Who can use the rose and on what terms;
 - ii) Which teams, including deaf, blind and wheelchair groups can use the rose;
 - iii) Should the RFU use the RFU rose?
 - iv) What are the rules on creative use of the rose;
 - v) What are the legal and copyright issues;
 - vi) How can the rose brands be used on stationery items;
 - vii) What is the approvals process.

MERCHANDISE AND LICENSING

Upgrade all Rugby Stores to the new South Stand store design

442 The new South Stand Rugby Store has been designed to deliver an excellent customer experience in a modern setting using state of the art equipment. We will update all the existing stadium stores and the Twickenham York St store using the new design, layout and equipment of the South Stand store.

Introduce new RFU lines to fill gaps in the Nike range and to compete with rogue product

443 Under the new agreement with Nike we have the right, subject to certain conditions, to produce RFU lines to fill in gaps in the Nike product range. We will selectively develop such products over the period of the Plan.

444 There are a number of manufacturers producing product using a differentiated rose emblem usually at the lower end of the market. In addition to any legal rights we may have in this respect, we will develop our own product range, in conjunction with our sponsors and licensees, that is 'official' and will compete in the mid to low price range merchandise categories. This product range will be selectively developed over the first half of the Plan period.

Achieve distribution of merchandise in 300 O2 High Street stores over the next four years

445 The new sponsorship agreement with O2 includes the roll-out of RFU branded merchandise in the 300 O2 High Street stores following the successful conclusion of a trial of a limited range of England merchandise in ten O2 stores. The RFU will sell inventory to O2 for stocking in their stores and the RFU and O2 will share the margin generated by the merchandise sales.

Establish a joint venture arrangement with a major retail partner over the roll out of Rugby Stores in the High Street by the end of the Plan period

446 The retail market is currently experiencing difficult times and although we have looked before at expanding our presence on the High Street we will explore this option once more, although no action will be taken until the recession bottoms out. We will consider working with a retail partner on a joint venture basis and look at other formats that will give The Rugby Store a wider visibility such as 'store in store' concepts.

Increase on line sales to 60% of total merchandise sales over the Plan period

447 Following conclusion of our agreement with our new on-line partner, KitBag, we now have an attractive, state of the art platform to develop our on-line sales together with a commitment to develop their technology to enable fast entry to the market of new ranges and take advantage of topical events. We are setting a target for our on-line sales to account for 60% of our total merchandise sales by the end of the Plan period.

Grow our licensing revenues at a minimum 10% pa over the Plan period

448 Licensees are becoming more comfortable with the strength of the rose brand and a growing number of licences have been signed. We do, however, need to protect our marks in the major

markets around the world in categories that we believe may become relevant to the expansion of our licensed product range such as travel, apparel and electronic games. We will continue to review our existing trade mark registrations and the territories in which we need to protect them. We have started using the new Stadium brand on merchandise and should this be successful we will explore extending this into a licensing range.

WORLD RUGBY MUSEUM

The World Rugby Museum to remain the foremost rugby museum in the world

449 The museum's collection is in the order of 20,000 pieces of memorabilia making it the foremost rugby collection in the world. We propose that it remains RFU policy to maintain the museum and its collection as the foremost in the world and a guardian of the history of rugby and its heritage. The Museum has now been transferred to the RFF and is now a charitable activity. The RFU will fund the RFF to maintain and improve the collection over the course of the Plan period.

450 The Museum also needs to develop the museum offering for the general public. It is planning to make the whole collection available to view on-line by 2009/10 season. It also intends to develop funded tours of exhibitions in order to promote the game, the Museum and visits to Twickenham. The exhibitions will need to be relevant and interesting in order to secure sponsors who will cover the cost. State of the art equipment will also be introduced into the Museum's interactive displays which are key to making any museum attractive to all age groups. Technology partners will be approached to fund this.

Secure a Lottery Grant as a pre-condition of considering any move of the Museum to the South Stand

451 We are currently working towards applying for a grant from the Heritage Lottery Foundation (HLF) to fund a possible move of the Museum from its current location to a new designated space within the South Stand. In order to ensure that we have the best possible access to any grant funding we have transferred the Museum to the RFF. The preliminary work on the grant application has been completed and the application for the grant will be submitted shortly. The new accelerated process at the HLF suggests that we would have a result by September 2009.

452 It should be noted that the HLF funding has shrunk from approximately £220m per year in 2006 to between £140m-£160m in 2009. Should the grant application be turned down or an insufficient award be made, we will have to leave the Museum in its current position and consider other options for the development of the Museum and the re-deployment of the released space in the South Stand to maximize the revenue and financial return from this space.

TWICKENHAM EXPERIENCE

To become the leader in the provision of corporate hospitality and Conference and Banqueting services in a sports environment in the UK

453 Twickenham Experience has been a major success story since its creation in 2001 providing an important funding stream to the RFU for investment in the game. The development and completion of the South stand and the opening of the Marriott Hotel offers TEL a major opportunity to expand the revenues and profitability of the business. This will enable TEL to build further on its position as a leading corporate hospitality and conference and banqueting provider

in a sports environment and move to be the undisputed leader in its field in the UK. TEL's focus is to ensure that Twickenham Stadium is acclaimed as the UK's ultimate destination for business and sport. We will put in place an effective working agreement with the Marriott Hotel management that will ensure a cooperative working structure benefiting both parties.

Achieve capacity corporate hospitality sales at all Grade A matches

- 454** In the Six Nations we will target achieving capacity sales of 4,850 for the matches against France, Scotland, Wales and Ireland and achieve 2,000 covers for each match against Italy. For the autumn internationals we will target securing in excess of 10,000 covers in total for each 3 match series and 12,000 covers for a 4 match series.

Create a 'wow!' factor for the new South Stand hospitality facilities

- 455** TEL will have extensive new hospitality and C&B facilities in the completed South Stand and it is important that we create a real 'wow!' factor in these facilities. This is important because the River Suites, which have been replaced, became very popular and provided a new corporate hospitality experience. Creating a 'wow!' factor for the new South Stand facilities will generate the appropriate passion, intensity and excitement for the corporate hospitality customer.

To become a major player in the C&B business in West London with target C&B sales of £13m pa by the end of the Plan period

- 456** The extensive new South Stand facilities have an inventory of 25 function rooms and 50,000 sq ft of conference and exhibition space all in a flexibly designed format. Located as we are in a thriving business area and within 30 minutes travel time of Heathrow Airport, we intend to use these new facilities to drive our C&B sales from the current level of £1m p.a. to £6m by 2011/12 and £13m p.a. by the end of the Plan period.

Increase the return from public catering from £4 per head to £10 per head by the end of the Plan period

- 457** TEL will target an increased spend per head from public catering through an improved quality and range of products that are effectively marketed assisted by investment in improved customer flow facilities. The programme will include the following initiatives:
- i) **Bars:** Analyse and improve bar efficiencies to reduce average queuing times;
 - ii) **EPOS development:** Implement an EPOS system to improve stock control, speed up transaction times, increase public revenue and enable cashless transactions;
 - iii) **Service Training:** Develop a training programme for casual bar staff who may only work occasional events. Ensure that staff are fully briefed to deliver service to a quality standard throughout the stadium;
 - iv) **Manage the conversion of concessions from gas to electric:** Achieve full conversion from gas to electric at a date agreed with the Stadium Department and the London Borough of Richmond upon Thames.

ENGLAND RUGBY TRAVEL

ERT to become the leading provider of rugby related holiday and tour packages in the world

- 458** ERT has got off to a solid start with the Rugby World Cup 2007 and Lions tour in 2009. These two major events will generate significant revenues in two out the four year RWC cycle. The focus now

will be to develop ERT's business in the years between. This will be achieved in business layers: Six Nations, England tours, sevens events, club tours and Business travel. We will also explore the possibilities of securing business with the Super 14 and SANZAR International matches.

TWICKENHAM MARRIOTT HOTEL

To become one of the leading four star hotels in the west London market within three years of launch

459 The Twickenham Marriott Hotel is being fitted out with the latest Marriott design packages and will benefit from state of the art technical and other facilities. Its proximity to Heathrow airport will enable it to have a large potential catchment area which will be targeted through use of the Marriott global on line booking facility. With access to the Virgin Active Classic Health and Leisure club we believe there is every opportunity to become one of the leading four star hotels in our area over the first three years of operation.

Deliver a quality four star plus product offer with outstanding cuisine and service levels

460 The design of the hotel with the latest Marriott design concepts and state of the art electronic and communications facilities will enable a four star plus product offer to be generated. We will aim for the highest culinary experience whether in the hotel or the C&B facilities.

Deliver the hotel element of the Stadium objective of becoming London's ultimate destination for business and sport

461 The opening of the Twickenham Marriott Hotel will transform the overall business model within the Stadium and make it unique amongst international stadia. The provision of accommodation is a key driver of conference business and vice versa. It will also transform the Stadium into a 365 day a year venue delivering expanded business opportunities to the other entities at the Stadium. On match days it is an offering that will make Twickenham very special, particularly with the opening of the six VIP suites.

VIRGIN ACTIVE CLASSIC HEALTH AND LEISURE CLUB

To become the leading health and leisure club business in west London within three years of launch

462 The Virgin Active club will be branded Classic and benefit from the new branding, design and facilities that this top of the range product encompasses. The Classic concept was developed in South Africa and has now been successfully extended to the new Virgin Active Club in Broadgate in the City. The range of facilities available with the Classic product will make our club the leading product in the west London market and will enable the Twickenham Virgin Active Classic to become the leading health and leisure club in west London within three years of launch.

Secure 7,000 club members for the Virgin Active Classic club by 2012

463 The objective for the Virgin Active Classic club is to achieve 7,000 club members by 2012 through an innovative and persuasive marketing and sales programme. Whilst there are a number of other offerings in the area, we believe that we have a unique package of benefits and attractions that will give us a marketing edge.

Deliver the health and leisure club element of the Stadium objective of becoming London's ultimate destination for business and sport

- 464** The Virgin Active Classic Health and Leisure club is a key component in development the business complex established with the South Stand development. It will assist the Marriott Hotel and deliver a customer base to the Stadium on a 365 day a year basis.

ENGLAND RUGBY SUPPORTERS CLUB

To grow ERSC adult membership to 30,000 by the end of the Plan period

- 465** The England Rugby Supporters Club is now established and has a solid core of members. We are targeting a further growth in membership over the Plan period with an objective of having 30,000 members by the end of the Plan period. This will be achieved through an effective marketing programme supported by a continual improvement in the benefits offered to members.

To grow ERSC junior membership to 10,000 by the end of the Plan period

- 466** The Junior section of the England Rugby Supporters Club is a more recent development and has secured a growing membership. We are targeting continued growth in membership with an objective of having 10,000 Junior members by the end of the Plan period. This will be achieved through a continued differentiation of the product offer with benefits aimed at the younger audience.

STRATEGIES AND PLANS

TWICKENHAM MATCH AND EVENT TICKETS

Review of all non-member clubs ticket allocations

467 The RFU has inherited arrangements developed over many years whereby there are a wide range of entitlements for Grade A match tickets. These have been periodically pruned in recent years but we propose to undertake a more radical review during the Plan period.

Review all reciprocity agreements with touring Unions

468 The major area where more tickets for Grade A matches could be released is from touring Unions in the autumn windows. We have historically allocated up to 4,000 tickets to SANZAR Unions, a significant proportion of which have been used by these Unions in their commercial programmes sometimes in competition with the RFU's. We will therefore be requiring all touring Unions to enter into formal reciprocity agreements with the RFU over ticket allocations. The objective of these reciprocity agreements will be to limit the allocation of tickets to genuine supporters of the touring teams and to prohibit the use of tickets in commercial programmes. We have already revised the SANZAR Unions allocation to 2,000 tickets which we believe to be fair and equitable. We will also seek to enter into reciprocity agreements with these Unions so that the RFU received an allocation of 2,000 tickets for away test matches in their countries.

Seek ways to make incremental increases in Stadium capacity

469 We have been successful since the last Strategic Plan was produced in finding ways to increase marginally the seating capacity of the stadium. We will continue to seek ways in which incremental increases in stadium capacity can be achieved over the course of the Plan period which do not require significant capital expenditure or major structural works.

Define the categories of Twickenham match and event tickets

470 It is important to ensure that clubs are always given the opportunity to take up their entitlements and if possible to ensure they receive more than the basic 50% of tickets. We also need to generate the maximum revenue possible from the stadium if clubs do not take up their allocations and (if there is further spare capacity) that tickets are used in a controlled way either to the benefit of volunteers or to attract new customers by way of promotional usage.

471 We are introducing a grading system for all rugby matches at Twickenham and the grading of a match will determine the allocation and sales policy for that match. This grading system will be periodically reviewed by the Business Operations Director and the ITPSC. The current match gradings are as follows:

TABLE 37

GRADES	MATCH TYPES
Grade A	All England v SANZAR matches All Six Nations matches
Grade B	Other Autumn tests Barbarians v England matches Barbarians v SANZAR matches Premiership Final Premiership Double Header Heineken Cup Final
Grade C	Other Barbarians matches Heineken Cup Ties Anglo-Welsh Cup Final Varsity Match Army and Navy Match IRB World Series Sevens Middlesex Sevens
Grade D	All other matches

472 The proposed allocation and sales policy rules that would apply to each match grade and type are set out in the table below in order that ticket sales are maximised within the overall parameters of our pricing strategy:

TABLE 38

	Match Grade	Ticket Sales Policy				
		50% Rule	Club Pref	Public Sale	Alloc Only	Other
England Internationals						
- Autumn Tests - SANZAR	A	✓				
- Autumn Tests - Others	B		✓	✓		
- Six Nations	A	✓				
- Barbarians v SANZAR	B		✓	✓		
Other Internationals						
- Barbarians v England	B		✓	✓		
Club Matches						
- Heineken Cup Final	B			✓	✓	
- Premiership Final	B			✓	✓	
- Premiership Double Header	B			✓	✓	
- Anglo-Welsh Cup Final	C		✓	✓		
Other Rugby Matches						
- Other Barbarians matches	C		✓	✓		
- Varsity Match	C			✓		✓
- Army and Navy	C			✓		
- County Championship	D			✓		
- Daily Mail Schools Cup	D			✓		
- IRB World Series Sevens	C			✓		✓
- Middlesex Sevens	C			✓		
Day Sharing Matches and Events						
- England Women	D					✓
- England Students	D					✓
- England Counties XV	D					✓
- Gullivers Sevens	D					✓
- 10s, Touch and Tag	D					✓

Develop a long term ticket pricing strategy for Grade A and other matches

473 Consistent with the definition of the different categories of Stadium events we intend to follow a long term pricing strategy for Grade A matches based on five categories of tickets as set out in the table below. This is based on raising the price of the Premium category to market levels over time, increasing categories 1, 2 and 3 in line with inflation (subject to overall market conditions) and category 4 at less than the rate of inflation:

TABLE 39

GRADE 'A' MATCHES			
	'On Sale' Capacity	2008 Prices – £	Proposed Pricing strategy
Premium	10,932	85	Maintain at the perceived market rate for premium position tickets at a major sporting/entertainment event
Category 1	41,776	71	Increase broadly in line with inflation
Category 2	14,656	60	Increase broadly in line with inflation
Category 3	6,839	52	Increase broadly in line with inflation
Category 4	4,202	41	Increase at less than rate of inflation
Total Saleable	78,405		

474 We will also investigate the feasibility of introducing a discounts plan for member clubs that will enable ticket prices in Categories 1 and 2 to be raised in line with the increase in Premium tickets, should market conditions allow, by offering clubs a discount that reduces the impact to inflationary only increases for those clubs.

475 We need to develop a range of pricing and distribution formats by match grades. Club allocations for autumn matches, for example, are rarely taken up fully particularly for the Grade B matches. A structured and timely public release of tickets for these matches is therefore required in parallel to the club distribution to ensure that we meet our revenue targets. We should also consider again the introduction of a group sales proposal for the autumn matches.

476 Linked sales ticketing has worked well in Wales and Scotland in order to sell less popular matches. It is proposed that a linked sales model to support non- Grade A matches be developed for the consideration and approval of Council during the Plan period probably following a trial to be undertaken in 2009 to link the Fiji, Argentina and New Zealand matches in the autumn block which would offer a discounted package for all these matches aimed at ensuring a sell out for the three matches.

477 We will also introduce attractive pricing strategies for all non-Grade A matches to maximise attendance levels. These strategies will include concessions, linked sales incentives to member clubs and a cash back scheme for member clubs on selected matches in agreement with the match organisers.

Further develop our counter black market strategies

478 We have been successful over the last few years in reducing the size and scope of the black market through implementation of a number of strategic initiatives as follows:

- i) Establishment of the Official Licensed Operators Scheme;
- ii) Introduction of revised Ticket Terms and Conditions;
- iii) Enforcing these Terms and Conditions through 'mystery shopping', internet monitoring and general policing;
- iv) Close liaison with the Metropolitan Police on match days;
- v) Taking action against unofficial operators in the courts when necessary;
- vi) Sanctioning members who are in breach of the Terms and Conditions.

We propose that the above existing measures are continued. In addition we propose to develop an Official Licensed Secondary Market Operator scheme in line with our Official Licensed Hospitality Operators scheme and to devise an ongoing programme of anti-black market activities for the period of the Plan.

- 479** Visibility of the ticket end user by the RFU prior to a match is essential to increase the effectiveness of our policing scheme. This would enable action to be taken against the individual and reduce the need to take action in all cases against clubs who risk the loss of some or all their allocations as a result of the actions of individuals. A further review of ticket terms and conditions would be required to accommodate any changes to our distribution policy. The use of technology referred to below will also be key to maintaining pressure on the black market.
- 480** We have also been active in working with the 5 Sports in lobbying the Government to introduce legislation – or extend current legislation used for the Olympics and soccer – to outlaw the activity of touts. We will continue to press Government through our Public Affairs programme to take action in this area.

Continue with the renewal process for Long Term Debentures

- 481** We will continue with the established policy on the renewal process for Long Term Debentures. There are a number of renewals coming up and these are set out in the table below:

TABLE 40

Renewal Year	Number
2009/10	1,690
2010/11	1,280
2011/12	900
2012/13	3,890
2013/14	1,080
2014/15	2,370
2015/16	3,290
2016/17	1,000

All Long Term Debenture holders will be given the right to renew their expiring debentures at the new offer price and on the new terms. The running rate of renewals is around 75% so there is always a pool of debentures available to offer to others. We will continue the policy of offering any debentures not so taken up firstly to individuals on the debenture waiting list; secondly to any Short Term SSDP debenture holders who wish to renew at the end of their term and thirdly to new holders.

- 482** During any season there are always debenture holders who do not take up their ticket entitlements for particular matches. We will continue to offer any such tickets not taken up to member clubs to increase their allocations.

Move to a fully electronic system of ticket allocation over the Plan period

- 483** We intend to move to a fully electronic ticket allocation system during the Plan period to speed up the process and make it equitable and fair as between clubs when additional tickets become available. When such a system is introduced, the current paper based system will be kept running in parallel for a period of two years to give member clubs sufficient time to adjust to the electronic system.

- 484** In addition to the introduction of an electronic allocation system, we propose to develop mobile ticketing, e-ticketing and virtual ticketing using current technologies. We will invite a number of member clubs to pilot these technologies and, should the trials be successful, they will then be rolled out across the game.

TELEVISION

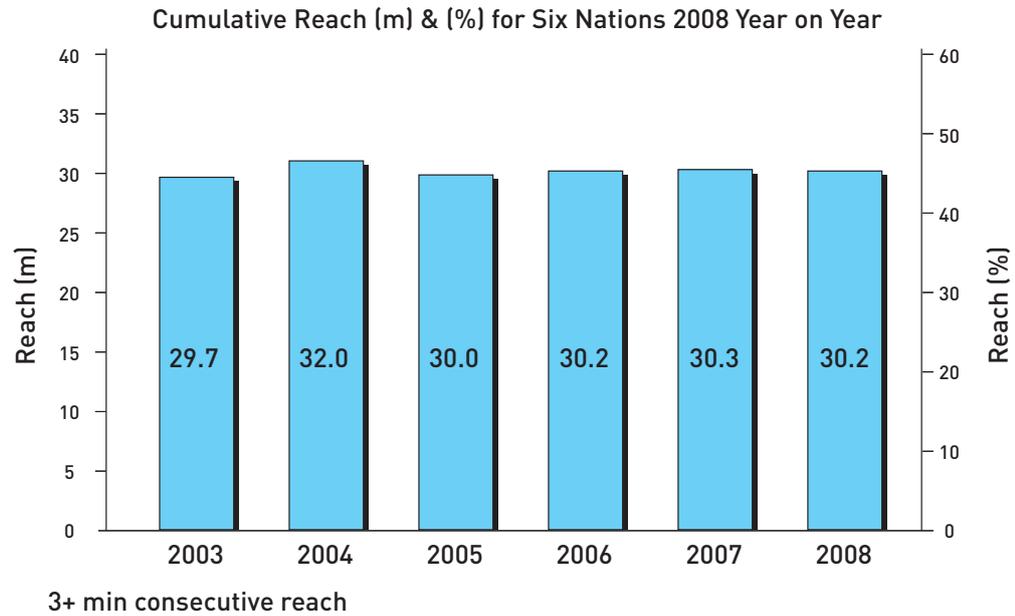
Renew our terrestrial TV contracts following the recent renewal of our Sky TV contract

- 485** Under the terms of the new RFU/PRL agreement, the RFU and PRL commercial and television rights will be sold separately so that each party can secure the coverage that is most appropriate to their own properties. The RFU has recently renewed its agreement with Sky for a further five years from 2010/11 on favourable terms. We will now seek to renew our agreement with the BBC to provide terrestrial coverage of our autumn internationals and also certain other properties for a further five years in line with our policy of securing a balance of satellite and terrestrial coverage.

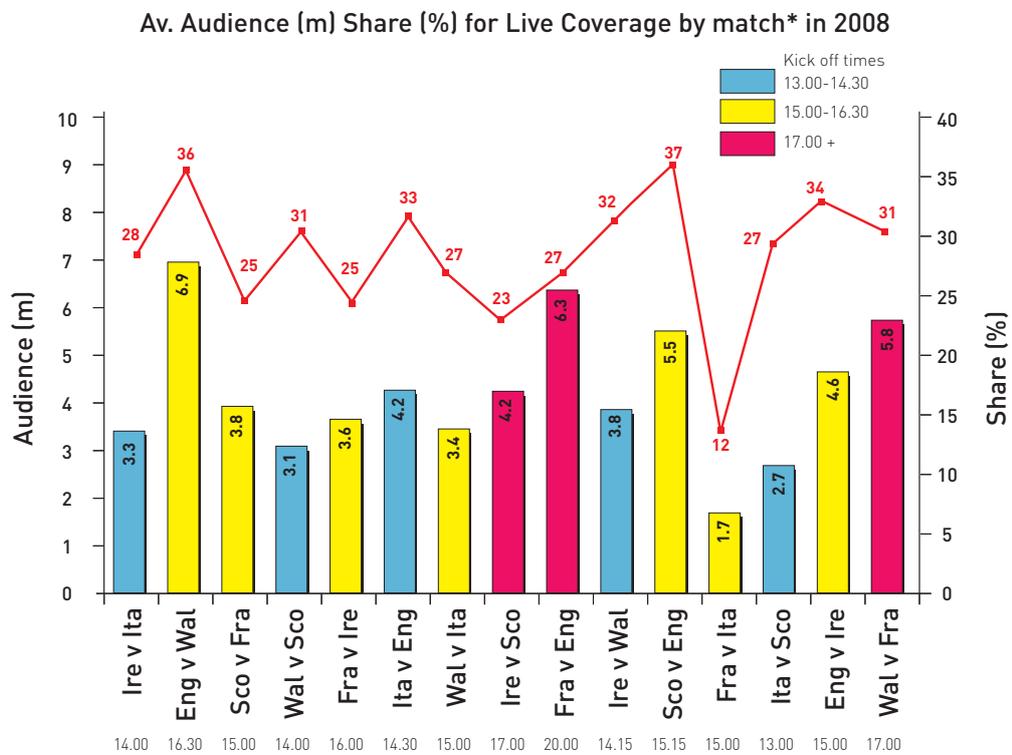
- 486** We will continue to monitor developments in the fast changing television and digital media markets. The UK television market has changed significantly since the date of signature of our current contracts. Sky now has a total of 8.9m television customers in the UK and Ireland, up from 7.2m homes when the last Strategic Plan was produced, an increase of 23.4% and still growing. Sky also has 1.4m broadband subscribers. Setanta has emerged as a major new player and is growing towards becoming a viable channel with 1 million subscribers using a different business model to Sky. Virgin Media have also grown their cable customer base and may become a player in the sports channel market as will the new broadband television services. ESPN (the largest cable sports channel in the USA), who recently bought www.scrum.com may also become a player in our market.

Conduct an annual quantitative/qualitative survey of members and spectators attitudes to kick off times and TV coverage of rugby

- 487** Achieving the right balance between Saturday kick off times and Sunday matches is the target, but the RFU and the Six Nations Committee will inevitably never be able to satisfy everyone's needs all the time. We will continue to monitor the situation and we are well aware of the concern of some CBs and member clubs over this issue. We therefore propose to undertake a qualitative/quantitative survey each year of the views of members and spectators as to their thoughts, wishes and concerns regarding kick off times and TV coverage of rugby to assist us in making sound and reasonable judgments going forward.
- 488** However, it should always be remembered that there are benefits from the new arrangements regarding kick off times and TV coverage to other rugby stakeholders. Rugby is certainly benefiting from larger TV audiences resulting from BBC exposure as the tables opposite shows and there is evidence that Community clubs can boost revenues across the bar on days when England matches kick off late in the afternoon.



Source: BARB/TRP



*Match dayparts are based on kick-off times + 105 minutes. All matches were shown on BBC1, except for Fra v Ita, which was on BBC2

Source: BARB/TRP

SPONSORSHIP AND ADVERTISING

Maintain the right environment to maximise the generation of commercial revenues

- 489** It is important that we strive to maintain the best environment to attract and maintain sponsors and commercial partners. The key areas in the professional game that are essential to creating this environment to ensure delivery to sponsors and to maximise our commercial revenues are:
- i) The success of the England senior team;
 - ii) A single point of sale for all RFU properties;
 - iii) The full co-operation of the EPS players and team management in the professional delivery of our rights to sponsors and commercial partners;
 - iv) Ease of access to the EPS players and team management close to London as per our agreements with the players and sponsors;
 - v) The maintenance of an outward looking and professional account management structure that proactively delivers the rights that a sponsor has bought;
 - vi) Ensuring that sponsors are embraced by senior elected members of the RFU as well as by directors and executive staff.

Consider Stadium naming rights as a source of new capital

- 490** An area of significant potential revenue, which we have consciously not exploited, is the sale of Stadium naming rights. Sale of these rights has been in existence in the USA for over 50 years but is relatively new in Europe and has often been used as a method of stadium development financing. Major stadium brands such as Wimbledon, Lords and Ascot have not gone down this route and it may not be appropriate for Twickenham. We should explore the potential value of naming rights for Twickenham with a number of blue chip companies so we are aware of latent values but should also consider the negative effects on the RFU, Twickenham stadium and the potential devaluation of other sponsorship rights.

NEW MEDIA AND THE DIGITAL DOMAIN

Work with our commercial and broadcast partners in JV projects

- 491** We have tested the sale of mobile clip rights from Twickenham matches through a project combining the production capability of ITN On, the distribution of Vodacom SA in South Africa and the sponsorship of Investec. The results will be available in early 2009, but the principle is to seize opportunities in markets that are not restricted by our existing television distribution agreements and where there is a possibility of driving new revenues.
- 492** Dependant upon the final results of the mobile clip rights project we would intend to extend this into other global markets through the use of third parties that have the expertise. We would then potentially expand this delivery to other platforms and consider producing material other than match footage.

Use VOD to add value to our web site and negotiate JV arrangements with our broadcast partners over exclusive content

- 493** The uniqueness of the content and the inability to access this content via other media and channels create the value in the VOD market. The prevalence of video sharing websites means

that it will be difficult to ensure mass market adoption of the product as only dedicated fans will pay for videos from the RFU that they can get from other sources.

- 494** VOD should be a key part of our content offering, but the feasibility of rendering this as a commercially lucrative offering is highly questionable due to the increasing prevalence of platform neutral broadcast deals. We would therefore intend developing a joint venture collaboration with our broadcast partners to offer exclusive product through which we can both commercially benefit.

MARKETING AND BRAND STRATEGY

Increase our investment in marketing and advertising in selected media

- 495** We need to increase our investment in marketing and advertising activity as the markets in which we operate become more discerning. This activity will be focussed on maximising sales for non-Grade A matches and supporting product sales. In particular we should seek to:
- i) Spread our above the line marketing spend into digital media in addition to conventional media to take advantage of the growth in on-line access, measurable conversion rates and the ultimate lower cost of retaining new customers;
 - ii) In addition to the standard use of taking space on quality web sites, we will need to explore the use of social networking sites such as Facebook and Bebo;
 - iii) Explore marketing partnerships that will allow us to connect with third party customer bases such as Marriott, Virgin Active, Nectar, and our retail partners;
 - iv) Focus marketing spend on the attractive non-Grade A matches such as the Army v Navy and the Varsity match.

Invest in tracking consumer and media research

- 496** Our commercial partners are all becoming far more focussed on measuring returns from their investment in the RFU and its properties. In pitching to new customers we have to be able to justify our product values on quantifiable data. We therefore need to establish regular market research exercises that will measure and track the effectiveness of our product delivery. We will invest money in the following areas:
- i) Quality consumer research. We will conduct a minimum of one wave per year to determine and track attitudes to rugby and the propensity of customers to play and support the game;
 - ii) The tracking of supporters views on kick off times of international and Premiership matches and on the TV scheduling of these;
 - iii) Quality media value research. In addition to the advertising board valuations that we carry out, we have to determine the value of sponsor media rights on a territory by territory basis. This will strengthen our sponsorship negotiating position.

MERCHANDISING AND LICENSING

Prepare an investment plan to upgrade the East Stand store and all satellite stores

- 497** We will prepare an investment plan to deliver the upgraded store fit out to the East Stand store and all satellite Stadium stores and mobile units with a view to complete the process within two years. The decisions on timing will be based on the expected returns and the available capital expenditure based on a priority ranking.

Identify a retail partner to joint venture the opening of Rugby Stores in the High Street

- 498** We propose to complete our market research into the viability of Rugby Stores in the High Street. Should such research show positive results we intend to open discussions with potential retail partners to explore the options open to us to extend the Rugby Store Brand to the High Street. Our intention is to have the first venture, in the appropriate format, open by season 2011 to take advantage of the expected upswing in rugby interest before and after the RWC 2011. No risks will be taken if the market is not receptive or the economy has not recovered.

WORLD OF RUGBY MUSEUM

Produce a viable plan, with firm cost and grant money estimates, prior to taking a decision to move the Museum to the South Stand

- 499** It will be important that we are working to accurate projected costs in order to ensure that our grant application is soundly based and that the net amount that the RFU will be required to fund is reasonable and capable of being justified within the context of our objectives and the need to generate financial returns on the overall South Stand development.
- 500** We intend to seek a sponsor for the Museum that will provide the investment for developing the "virtual museum" and enable the introduction of state of the art equipment that will deliver interactivity. In turn this will enhance our standing when applying for the grants to enable a move to the South Stand by giving a wider public greater access to the Museum.
- 501** We will also explore ways in which we stand a greater chance of being awarded a grant and in particular we will seek greater links with the local community, especially within schools that will use the Museum for curriculum based education, to deliver a greater connection with the Government's health and fitness objectives.
- 502** With the deepening recession and the associated difficulties with the public finances it is becoming less likely that sufficient funding will be available to enable the Museum to move to the South Stand. In the event that insufficient grant money is available or the financial projections do not justify a move we will invest in an upgraded facility in the Museum's current location in the East Stand.

TWICKENHAM EXPERIENCE

Manage the balance between trade and retail sales to drive revenues and margin

- 503** TEL will continue to look at ways and means to reduce its dependence on sub agents (trade) and therefore reduce its commission payments. TEL will revise its method of managing and motivating its appointed sales agents while maintaining sell out status at Grade A matches and maximising the sales opportunities at the Autumn Internationals, particularly against SANZAR countries.

Develop further the complete Customer Experience

- 504** We will, through qualitative and quantitative research, develop the complete customer experience and review and improve the customer journey before, during and after the event day to ensure customer satisfaction and repeat business.

505 To enhance our reputation in the corporate hospitality field we will focus on culinary excellence, service delivery and operational efficiency while being cognisant of the challenges within the transient nature of our match day labour force. We will also maintain a focus on training for all staff to deliver our goals.

506 We will review appropriate offers to be made to Box Holders to enable a high level of service to be consistently achieved. Consideration will be given to the feasibility of providing a number of options including a plated service and a range of quality buffets.

Improve the quality of variable labour force over the Plan period

507 We will target improving the quality and training of the temporary and casual match day staff to improve service levels as a pre-requisite of achieving our stated goal of providing outstanding customer service and delivering the 'complete' product offering. This will be achieved through the following means:

- i) **Recruitment:** We will target local labour markets and build a more regular and reliable work force. Steps will be taken to reduce agency staff and spend;
- ii) **Training:** We will work with the Compass Group and key suppliers to create a bespoke training programme for our temporary staff and ensure greater retention of operatives via SMART, an IT based labour resourcing and management system.

Increase hospitality sales at non-Grade A matches

508 We will increase our focus on non-Grade A matches and develop a sales programme, in conjunction with our sales agent, Keith Prowse, and associated sub agents which will cover the following areas:

- i) **Pricing:** We will review pricing and packaging in order to maximise gross profit, an example of this being the Sports Bar package. We will look to partner sub agents to promote and sell jointly such less formal packages on a shared risk basis. In addition we will negotiate terms with selected sub agents, who are best able to focus and strategically sell the supply, as opposed to the demand led matches;
- ii) **Quality of match ticket:** We will work closely with the RFU to ensure a primary allocation of quality tickets for Grade B matches to improve their attractiveness and marketability;
- iii) **Expand the package beyond a meal and ticket:** With the advent of the South Stand development, TEL will devise a Grade B match day/conference package to attract a wider business audience adding something extra;
- iv) **Linkage to sell out matches:** Where we are able to, we will negotiate contracts with sub agents which will require them to commit to supporting an amount of Grade B matches when purchasing their Grade A match allocation;
- v) **Target audience analysis:** We are undertaking customer research to enable more strategic targeting of the Grade B match audience which, we believe, is more orientated to middle management (as opposed to senior executives/directors), SME and private individuals/family members.

Develop a comprehensive C&B Sales and Marketing plan

509 A C&B sales and marketing plan will be developed to achieve the key objectives for our C&B business following the opening of the new South Stand facilities. The plan will have a clear

marketing position, a focused sales strategy including the launch plan and our unique selling propositions, and an analysis of our key customer targets and our competitors. It will detail the specific actions required to deliver our objectives, together with allocated responsibilities. We will focus on the market opportunity of being the best venue in West London and develop the messages associated with assets such as car parking, volume and choice of space. We will also look to use our green credentials once the project is firmly underway.

- 510** Creative solutions will be identified using a variety of rooms and the functionality of the different spaces. We have unique sales propositions such as The Live Room and the Rose Suite as well as a range of pitch overlooking hospitality boxes.
- 511** Events to be targeted include conferences, meetings, exhibitions, product launches, lunches, dinners and banquets including Christmas parties.

Develop the TEL management and culinary team

- 512** In response to the opportunities and challenges of the South Stand development, TEL will constantly look to improve the calibre of its senior management team, especially in the sales and marketing, product delivery and culinary functions. A strong team will be needed to meet the challenges expected over the Plan period in respect of rising food and drink costs but maintaining the best culinary experience and our operating profit margins.

Develop appropriate green and environmental policies

- 513** TEL will continue to work closely with the Stadium Department as well as the Stadium's contracted cleaning and waste disposal provider to develop an environmentally economic waste management plan in the following areas;
- i) **Reduction:** overall waste reduction via appropriate procurement of products through redesign of the current packaging and waste infrastructure;
 - ii) **Recycling:** controlling the design and composition of the food and beverage packaging, providing waste infrastructure, ensuring the recyclable waste is demand driven and implementing procurement strategies giving preference to products made of recycled materials;
 - iii) **Landfill Prevention/Avoidance:** where possible further reduction of waste sent to landfill shall be investigated and where appropriate implemented for the on-processing of organic food waste by composting or investigating opportunities for the use of suitable waste to energy facilities.

ENGLAND RUGBY TRAVEL

Negotiate a reciprocal commercial allocation of Six Nations away tickets

- 514** The key to developing a solid business in non-RWC and Lions Tour years is to have access to tickets for Six Nations away matches on a planned basis. We intend to negotiate new allocations of tickets at face value from other Unions on a reciprocal commercial basis. This will be in addition to the reciprocal allocations that are ring fenced for member clubs.

Develop a club tours travel service and the inbound SANZAR market

- 515** There is a large potential market in arranging club tours that is currently being supplied by competitor brands. We intend to develop our own club tours travel service which will take into account that the planning of club tours tends to be long term in nature and involves fund raising as a large element particularly for the long haul destinations.
- 516** We will also explore the in bound market to matches at Twickenham. The largest opportunities are in the autumn window where there is an availability of tickets within the Commercial Pool. This may involve trying to attract the ground handling on behalf of the inbound travel agents if we are unable to market effectively in SANZAR countries.

TWICKENHAM MARRIOTT HOTEL

Establish a sales and marketing plan to deal with both match weeks and non-match weeks

- 517** Occupancy levels and room rates are the key drivers in the hotel business. The Twickenham Marriott will also benefit from match weekends where entirely different market drivers appear. The sales and marketing plan will differentiate between match and non-match periods but there are opportunities to cross promote and sell between the two. The strong connection with the Stadium, its history and the England team will be a key marketing theme aligned with exceptional C&B facilities, a world class Virgin Active Classic Health and Leisure club and proximity to Heathrow Airport and the high class shopping facilities in Richmond. The brand signature of the hotel will be the six luxury VIP suites overlooking the pitch with their own balconies all underpinned by outstanding food and beverage offers for residents and non residents alike.
- 518** The management of the hotel is under contract to Marriott for a period of 15 years and they are solely responsible for the sales and marketing of the hotel. The RFU has reserved the right to block book the hotel (other than for a small block of rooms) on match weekends. TEL and Marriott will jointly sell the C&B facilities whilst TEL will service them. The RFU will make an introduction to Marriott with its key sponsors, box holders, debenture holders and rugby supporters.

Establish a pricing model to maximise yield

- 519** Room pricing will be worked on the differential between a standard room, a superior room, a junior suite and a VIP suite and will need to be flexed to take account of moving market conditions. Major match weekend pricing for 2008/09 has been set at £295, £325, £375 and £500 respectively, per night plus VAT. A minimum of 2 nights per booking will be required for match weekends. We will track the bookings and reaction to pricing in order to make adjustments either upwards or downwards. A discount scheme for RFU members bookings outside of match weekends will be developed.

VIRGIN ACTIVE CLASSIC HEALTH AND LEISURE CLUB

Establish a sales and marketing plan that that incorporates the Marriott Hotel and utilises the England Rugby connection

- 520** We will develop a sales and marketing plan that encompasses the strength of the Virgin Active brand (now the leading fitness brand in the UK) with the unique association with the Stadium,

the Marriott Hotel and the England Rugby team. The leisure club business is extremely competitive and in the immediate area surrounding Twickenham there are a number of other offerings. Our unique positioning will, we believe, provide a strong and attractive sales proposition.

- 521** In the first three years of its launch we will allocate a block of match tickets from the Commercial Pool to give early members access to Grade A matches at the stadium. This will add a significant new and attractive sales benefit for new members and encourage switching from competitive clubs in the neighbourhood.
- 522** Membership pricing is the key to ensuring a full complement of members and we plan to undertake a flexible pricing policy that will remain attractive to new and existing members. Marketing the club will be based on our unique positioning set out above and our points of differentiation such as the unique climbing wall and the range of treatments and therapies available. The England team will use some aspects of the club such as the swimming pool but the West Stand gym will remain the team's main base.

Development of the gym in the West Stand into a truly elite complex for sports science/medicine

- 523** The opening of the Virgin Active Classic club will enable all non-elite gym usage to move from the West Stand facility to the Virgin Active Classic club. This will enable us to develop the West Stand facility into a truly elite complex for fitness and sports science/medicine usage. Detailed proposals for this development will be drawn up over the Plan period.

ENGLAND RUGBY SUPPORTERS CLUB

Continually refresh the ERSC marketing and benefits package

- 524** To achieve our ERSC membership growth targets we will need to continually update, refresh and add value to our marketing and benefits offering. This will include the following elements:
- i) Further access to Grade A England match tickets from the Commercial Pool;
 - ii) Securing the involvement of our commercial partners to add value to the ERSC offering. The support of O2 has been secured for the 2008/09 season;
 - iii) Further access to the England team for a training session at Twickenham once per year;
 - iv) Preferential treatment for attendance at any open sessions with the England team;
 - v) Provide an increase range of gifts in conjunction with a retail partner.
- 525** The target of growing ERSC junior membership to 10,000 over the Plan period will be achieved through the following additional initiatives:
- i) Development of plentiful and meaningful on line content that is exclusive to Junior ERSC members;
 - ii) Promotion of the Junior ERSC club through the Schools Union, especially the emerging schools;
 - iii) Development of cross over activity with Community Rugby programmes such as mini festivals.