

# The Struggle of the Memphis Grizzlies: NBA Basketball Team Operation Management Strategy Optimization Analysis

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**Abstract.** Recent years have witnessed the continuously growing popularity of NBA, which contributes to the rapid enlargement of NBA basketball teams' marketing size. Nevertheless, among the 30 NBA basketball team, the Memphis Grizzlies has the lowest franchise value, in 2.4 billion dollars in 2023. The reasons why Memphis Grizzlies has the lowest franchise value are diverse and complex, including economic factors, poor team performances, fan base engagement and market. This paper organizes the relevant literature and looks into the factors of the low franchise value of Memphis Grizzlies from the aspects of economy, team performances, fandom and market. Moreover, this paper would also provide some reasonable solutions for Memphis Grizzlies to deal with the challenges they face in the future. The conclusion and solutions provided by this paper might help Memphis Grizzlies reveal and analyse the current situation of them and provide some reasonable ideas for them to get rid of the barriers, promoting them to improve their franchise value and have a prosperous future.

**Keywords:** Global sport fandom, Franchise value, Economy, Memphis Grizzlies.

## 1. Introduction

In recent years, the situation of Memphis Grizzlies is not prosperous, compared with the other NBA basketball team. According to the data from Franchise value of the Memphis Grizzlies (NBA) 2003-2023, the number of Memphis Grizzlies' franchise value in USD is approximately 2.4 billion, which confirms the situation currently is really poor, according to Statista Research Department, 2023 [1].

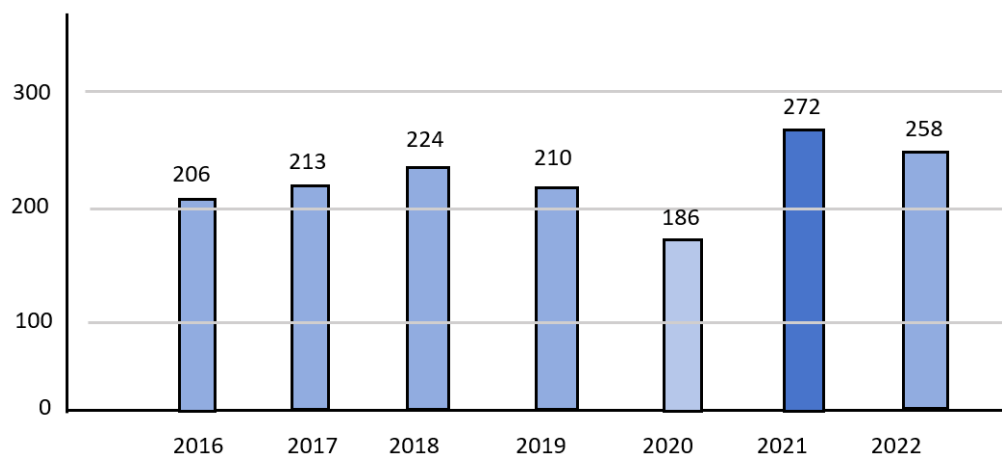
In terms of reasons why Memphis Grizzlies' franchise value is not satisfying, they are literally wide and complicated. Among them, economic factors are the premier, from the teams to the regions. The lack of sufficient fanbase attendance as well as unsatisfying team performance are negatively making impact upon Memphis Grizzlies' franchise value. Furthermore, the pessimism of market size also plays a negatively influential role, which is contributed by unreasonable marketing strategies, basketball history, insufficient star power and co-branded partners.

Based on the analysis and conclusion of the currently situation of Memphis Grizzlies and the reasons for that, this paper gives a range of probably helpful solutions to tackle with the above-mentioned challenges of Memphis Grizzlies' franchise value. The conclusion presented by this paper could help reveal the invisible issues and challenges, helping both Memphis Grizzlies and the society know what are problems and the actual actions they need to adapt. The advisory, guiding and valuable solutions provided by this paper are destined to enlarge Memphis Grizzlies' franchise value, making their future dramatically more prosperous and brighter.

## 2. The Current Situation of Memphis Grizzlies' Franchise Value

### 2.1. Economy

In the aspect of economic situation of Memphis Grizzlies, the primary challenge they are facing is low revenue, compared with other NBA basketball team, like Los Angeles Lakers and Golden State Warriors. As the figure 1 shows the revenue of Memphis Grizzlies indicates, the revenue in the past 7 years is absolutely not high.



**Figure 1.** the revenue of Memghis Grizzlies

Revenue is composed of a range of economic factors. Among them, the ticket sales is one big part contributing to the low overall revenue. According to the data from Visual Capitalist, the gate receipts of Memphis Grizzlies is only 34 million in USD, which ranked 30th among the 30 NBA basketball teams [2]. Moreover, Niccolo also made a data collection relating to the 30 NBA teams' tickets sales revenue in one season, indicating that in 2022-2023 season, the overall income of tickets sales of the NBA is 105.9 billion in USD that means the average income of gate receipts of each NBA team is 35.3 million in USD [2]. From this comparison, it is evident that Memphis Grizzlies really need to improve their situation of gate receipts.

Apart from the gate receipts, the sales revenue from sports merchandise is unsatisfying, especially the sales of jersey. Jordan Greer has collected the date of all NBA teams' jersey sales revenue and shown the highest 10 teams. However, Memphis Grizzlies are not among them [3]. In Memphis Grizzlies, only their franchise player Ja Morant has a satisfying and relatively high sales in jersey.

The low television rights cannot be neglected. Television broadcasting rights account for the majority of NBA revenue, which reached its peak in 2023 [4]. In 2023, teams earn an equal share of the league's television revenue, which is estimated to be around \$2.6 billion per team [4]. As for Memphis Grizzlies, their television rights revenue is not competitive with other NBA teams, especially Los Angeles Lakers and Houston Rockets, whose TV rating is the highest as well [5].

## 2.2. Team Performance

Improvable team performance is undoubtedly a significant part of Memphis Grizzlies' current state. 2019-2020 Season: The Grizzlies' record was 34 wins and 39 losses, ranking 9th in the NBA's Western Conference. In fact, the Grizzlies have shown an overall trend of gradual improvement over the recent seasons, particularly achieving significant results in the 2021-2022 season. However, their performance in the Playoffs still needs improvement. As the data collected by REAL.GM, Memphis Grizzlies only got the access to the Playoffs for 6 times in the past 10 years.

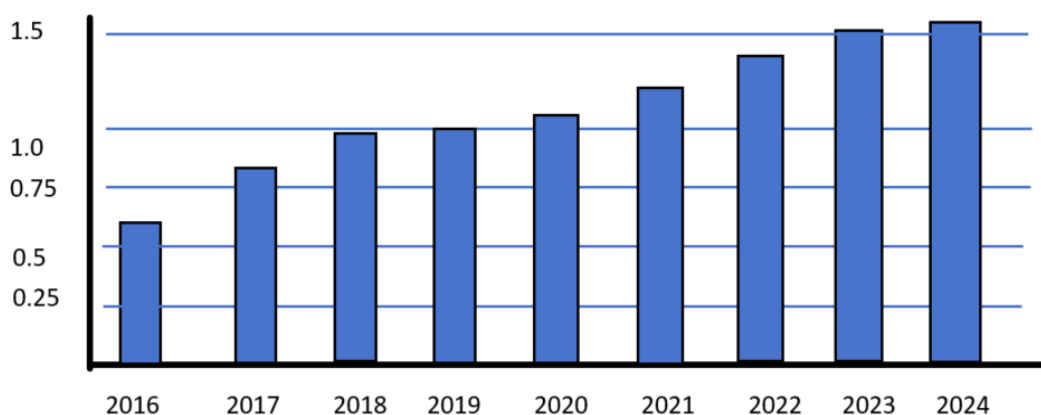
According to multiple studies and analyses, the team's performance directly impacts its commercial value and revenue. The Playoff is the part which gains greatest popularity in the NBA. Entering the conference finals, NBA Playoffs viewership is at the highest level in nearly a decade [6]. As a result, Memphis Grizzlies' improvable Playoff performance is something really pose a threat to their franchise value, including TV viewship and the sales of tickets.

## 2.3. Fanbase Engagement

Fanbase engagement is another important factor relating to the franchise value of Memphis Grizzlies.

Because of the short history of Memphis Grizzlies, they do not possess a large number of fanbase. As of April 2024, the Memphis Grizzlies have the following numbers of followers and likes on social media: The Facebook page has 18.9 million likes, while the official X (formerly Twitter) page has

16.4 million followers. These figures can serve as a reference for measuring the number of fans of the team. In comparison, the Los Angeles Lakers' social media fan and follower numbers has approximately 21.81 million likes on the Facebook page, while the official Twitter page has approximately 12.06 million followers in 2024. In figure 2, the domestic changes of total number of Memphis Grizzlies' fanbase really shows an unpromising state.



**Figure 2.** The domestic changes of total number of Memphis Grizzlies' fanbase

### 3. The Reasons of Memphis Grizzlies' Franchise Value Failure

#### 3.1. The Reasons of Unsatisfying Revenue

The reasons why Memphis Grizzlies' revenue is a failure are numerous and complicated, including the impact from low ticket sales, poor game attraction and insufficient sponsor.

According to Roald Larsen, ticket sales and stadium revenue are significant income sources for the NBA [7]. This really proves that the unsatisfying income of Memphis Grizzlies' revenue in recent years is caused by the lowest tickets selling in the NBA. This paper looks into the root of low stadium revenue, poor game attraction plays a critical role.

In terms of the impact of poor game attraction, according to Research on the Marketing Strategy for Ticket Sales of Major Domestic Sports Events, Wang utilizes methods such as a review of the literature, rational analysis, consultations with industry experts and field research, concluding that the greater the appeal of the event, the higher the probability of a rise in attendance figures [8]. From this paper written by Wang, the current situation of Memphis Grizzlies' low franchise value could be credited to their low appeal of their games, especially their Playoffs ones. As most NBA audiences announce, the Playoffs games are more competitive and attractive. For Memphis Grizzlies, the biggest issue lies in their infrequent engagement in Playoffs, which greatly contributes to their weakness of attracting audiences to purchase their tickets. On the contrary, just as Jack Nicholson praised, he was a regular at the Lakers' spectator stands, a lot of famous people all over the world think Lakers' games are attractive, which leads to Lakers high revenue of ticket sales. Moreover, high quality games are indirectly related to the team's popularity. Popularity is a premier factor of television revenue. Most people prefer watching the games of popular teams, because watching a popular team's game could provide audience more opportunities to communicate with their partners.

Turning to insufficient sponsor, this is something cannot be neglected. On the one hand, the presence of high-profile sponsors can increase the value of a sports team's broadcast rights. Because of the assistance from sponsors, networks and streaming platforms are willing to pay more for the rights to broadcast games featuring well-sponsored teams, thus, these teams tend to attract larger audiences. The revenue from broadcast rights is a significant source of income. Copyright and related rights, especially for broadcast organizations, underpin the relationship between sport and television. Television and media are likely to pay huge sums of capital for the exclusive right to broadcast top sporting events live.

On the other hand, Memphis Grizzlies do not sign cooperation agreements with enough sports product brands. Among Memphis Grizzlies' basketball players, only Ja Morant and David Robby have cooperated with famous sports brand--Nike. The impact of sports brands on team revenue is significant, especially in professional basketball and football. Taking the Los Angeles Lakers as an example, the team was valued at \$4.6 billion in 2021. This valuation not only reflects the team's brand value and commercial value but is also closely related to the team's partnerships with various brands.

As a result of the insufficient sponsor from the society, Memphis Grizzlies do not boast enough rights for broadcast, which makes their spectators' access to watching their games is limited and less possible to gain more devotion from their spectators. Moreover, due to the insufficiency of famous brands' sponsors, Memphis Grizzlies is meeting the challenge of enlarging their impact on the marketing of sports products, which is negative to their future of increasing overall revenue.

Furthermore, the low fanbase engagement is literally a big deal. According to the article *How to Drive Fan Engagement in Sports*, fanbase engagement is really important to a development of a particular sport team and has a direct connection with the success of the team. According to Erik Winell, John Armbrrecht et al, a strong, dedicated fan base contributes significantly to the value of a franchise [9]. The two papers above both prove that fanbase engagement is crucial for sports teams' financial health, as well as consistent future development. Whereas Memphis Grizzlies do not have enough fanbase engagement, with the official Twitter account on X having only 16.4 million followers [10]. Consequently, low fanbase engagement is a significant factor which makes a huge impact upon Memphis Grizzlies' low revenue.

### **3.2. The Reasons of Poor Game Performances**

First and foremost, Memphis Grizzlies do not enough strong basketball players who can lead the team to beat against other NBA teams. Based on the player lineup of the Memphis Grizzlies in recent seasons, Ja Morant is the only superstar among them and the only player to have participated in the NBA All-Star Game. In a basketball game, a player's ability, which encompasses their skill level, is a fundamental determinant of their performance in a game. Skilled players are generally more effective in executing game strategies, scoring, defending, and making plays [11]. Additionally, the physical condition of an athlete, encompassing their muscular power, quickness, nimbleness, and stamina, has a direct bearing on their capacity to excel in competition. Athletes in good shape tend to sustain peak performance throughout the match and maintain their power [12].

Secondly, the coaching quality is another contributor. Shao in Beijing Sport University uses Expert interview method and data analysis method to collect information of Chinese basketball coaches, analyzing their information and making comparison with the foreign ones. Shao concluded that the role of coaches in the training of athletes and sports teams is beyond doubt [13]. The regular training of athletes, the improvement of technical levels, and the performance in competitions cannot be separated from the coaches' training methods, careful guidance, and their intellectual structure. This topic aligns with the policy points of the national system, the grand view of sports, the grand perspective on talent, and the overall quality. Memphis Grizzlies has some good staff, but their general group of coaching is not competitive, compared with the other NBA basketball teams. So, enlarging and upgrading their coaches is really worth considering.

Thirdly, the role adaptability plays could not be neglected. A player's ability to adapt to different game situations, styles of play, and opponents is crucial for consistent performance. As Dyani Sabin writes, players who can quickly adjust their game are more likely to perform well [14]. Absolutely, adaptability is really important in a large number of aspects, especially in the aspect of team sports competition. Playing in the NBA requires players cooperating with their teammates, coaches and even leadership well. Having a good knowledge of team's game strategies, players' characteristic just like an accelerator, making him or her much more possible to perform well during the game. On the contrary, if a player does not boast the capacity of adapting to a new team in a rapid pace, that would make his poor game performances continue for quite a long time. With regard to Memphis Grizzlies'

past, because of low adaptability, Dillon Brooks' tenure with the Grizzlies was described as a roller coaster ride that ultimately ended with a highly controversial low. He failed to effectively continue his provoking behavior against the Los Angeles Lakers during the 2023 playoffs, which led to him seemingly being made the scapegoat for the Grizzlies' failures. Due to the incompatibility with the team's tactics or disharmonious sports coordination, Dillon Brooks has been traded to the Houston Rockets. Nevertheless, after leaving the Grizzlies, Brooks joined the Houston Rockets for the 2023-2024 season and gained recognition during this period, because of his adaptability to Rockets. Dillon's performance with the Rockets helped the team make significant progress throughout the season. Similarly, Brandon Boston Jr., Trey Murphy III, and Jonas Valančiūnas have been traded to the New Orleans Pelicans, as well as Tyler Harvey being traded to the Charlotte Hornets.

### **3.3. The Reasons of Low Fanbase Engagement**

Low fanbase engagement is one of the major contributors to Memphis Grizzlies' low franchise value, as well as a challenge they are facing currently.

For one thing, fanbase engagement often translates into brand loyalty. When fans are actively engaged with a franchise, whether it's a sports team, a movie series, or a brand, they are more likely to become loyal supporters. This loyalty can lead to repeated business, positive word-of-mouth, and a strong brand identity, all of which contribute to the franchise's value. The current state of Memphis Grizzlies is lacking of enough fanbase, which has already been written above. Due to the significant connection between revenue and fanbase, Memphis Grizzlies really need to consider and improve their situation of low fanbase engagement.

For another thing, in the sports and entertainment industry, fan engagement can directly affect box office numbers and television ratings. Engaged fans are more likely to watch a series premiere, go to the cinema on opening weekend, or stream a new release, all of which contribute to the franchise's financial success and value. Consistently strong ratings indicate a large and engaged audience, which can enhance the team's brand value and popularity. This can lead to more merchandise sales and a stronger fan base. Thus, the fanbase can make an impact on a sport team's revenue through their impact on TV or broadcast rating. Given Memphis Grizzlies' low fanbase engagement, their TV and broadcast rating is really negatively influenced.

Moreover, if a particular team has a large group of fans, it is more probable that more sports products like jersey and basketball shoes of its brand would be sold, giving the team more revenue.

Last but not least, the location of Memphis Grizzlies' stadium location also poses a threat. Given Memphis Grizzlies' location is downtown Memphis, the stadium can be subject to traffic congestion, especially during peak hours or when there are multiple events happening in the area. Moreover, downtown areas can sometimes have higher crime rates. Fans may be concerned about their safety when attending games, especially at night. Furthermore, for fans coming from outside the city center, accessibility to the stadium might be challenging, potentially deterring some from attending games due to the inconvenience. As a result of the inconvenience of Memphis Grizzlies' stadium location, the fan who come to the stadium to watch the games would be decreased.

## **4. The Solutions to Improve Memphis Grizzlies' Franchise Value**

### **4.1. The Solutions to Improve Memphis Grizzlies' Revenue**

As the paper above indicates, the revenue plays a critical role in Memphis Grizzlies' revenue. As a result, improving their revenue is at the top of their agenda.

First and foremost, offering dynamic pricing to adjust ticket costs based on demand is highly suggested. Dynamic pricing has a wide range of advantages, as it could enhance demand responsiveness, boost the seating capacity utilization, improve price flexibility and increase average tickets' price. These are all the factors inflecting the income of a team's revenue. To adopt dynamic pricing effectively, Memphis Grizzlies need to have a good financial management to use algorithms to monitor demand changes in real-time and adjust prices accordingly. In addition, segmenting the

market based on consumers' purchase history, preferences, and willingness to pay, and then offering different prices for different market segments is essential and significant. Moreover, they also need to adapt their price given the change of the other NBA teams' tickets price.

Secondly, renovating or building a new stadium to increase capacity and improve the fan experience would probably make sense. Due to the low availability of Memphis Grizzlies' stadium location, moving it to the city centre Downtown Memphis, which is a vibrant area including some of the city's most iconic and recognizable landmarks, could greatly increase their tickets sales, as well as increase the number of their fanbase.

Thirdly, it is also significant to strengthen digital and social media. For Memphis Grizzlies, creating more official social media accounts, sharing more videos are good ways to attract their fans, letting them have a deeper understanding of the teams' history and culture and know Grizzlies' players and staff's hard-working.

#### **4.2. The Solutions to Improve Memphis Grizzlies' Game Performance**

Memphis Grizzlies' game performance really need to be improved, as poor team performance could make a negative impact on the franchise value of Memphis Grizzlies. Most importantly, Memphis Grizzlies need to bolstering the team's lineup. Due to Morant's injury woes, the Grizzlies should consider bringing in a backup point guard who can step in and replace Morant in key moments, to prevent dropping the ball at Playoffs. Moreover, introducing more experienced NBA stars is probably making sense. Because the Grizzlies' players are generally young, and experienced stars usually perform better and are more resilient under pressure in major competitions. Furthermore, Memphis Grizzlies do not have an advantage on rebounding. As a consequence, inviting a stronger centre is something at the top of the agenda.

Apart from inviting new players and strengthen their players, strengthen their current players is also very important. Memphis Grizzlies also need to enhance players' physical fitness to improve endurance, explosive power, and jumping ability, as all of these are the basic skills of a basketball. Using practice to improve the power of Memphis Grizzlies is a high cost-performance ratio and efficient way.

In addition, inviting some talented and experienced professionals in the aspect of physical training is worth considering. Because their methods of practice is probably more effective and personalised to players.

#### **4.3. The Solutions to Improve Memphis Grizzlies' Fanbase Engagement**

First and foremost, Memphis Grizzlies should increase their interaction with their fans and audiences on the social media. Developing E-sports and virtual engagement can greatly boost the number of their fans. E-sport and virtual engagement could give people a sense of belonging, increasing the possibility of transforming spectators into fans. So, investing in e-sports teams or tournaments should be considered by Memphis Grizzlies.

Moreover, encouraging players to engage with fans on social media or organizing player appearances and autograph sessions are highly suggested. Due to the star power of NBA basketball players, people would rapidly be engaged in the atmosphere of a sport team, feeling the pride and pleasure of interacting with NBA players face-to-face. If Memphis Grizzlies want to increase the number of fans in a short period, making their players such as Ja Morant be frequently appeared on social media or player appearances can make a difference.

Merchandise and branding are what cannot be neglected. Memphis Grizzlies should make more efforts on their sports products such as jersey. Offering a wide range of merchandise that fans want to purchase is essential, which can make sure their brand is appealing enough to attract their fans and audience. For Memphis Grizzlies, making their jersey prettier and more attractive is bound to appeal their fans.

## 5. Conclusion

This paper conducts a thorough and in-depth analysis of the current situation of the Memphis Grizzlies based on the summary and organization of relevant data and literature. It identifies the team's current status, as well as the main issues and challenges it faces: low team value. Additionally, this paper delves into a comprehensive study and analysis of the Memphis Grizzlies, examining the team's market revenue, regular season and playoff performance, and fan engagement. It infers the reasons behind the team's current low value. Based on the above research and actual circumstances, this paper also proposes reasonable countermeasures for the Memphis Grizzlies, aiming to help the team overcome challenges and secure a prosperous future.

The suggestions presented in this article would offer the Memphis Grizzlies a new perspective for development, aiding them in achieving a significant increase in team value in the future and becoming a formidable competitor in the NBA and sports market. At the same time, it is hoped that other scholars and professionals will analyze and study the current situation and challenges of the Memphis Grizzlies, providing new development perspectives and recommendations to ensure a prosperous future for the team.

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