



sports **marketing**

A PRACTICAL APPROACH

LARRY DEGARIS

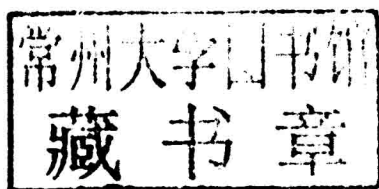




Sports Marketing

A practical approach

Larry DeGaris



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Sports Marketing

Any sports marketing student or prospective sports marketer has to understand in detail genuine industry trends and be able to recognize solutions to real-world scenarios. *Sports Marketing: A practical approach* is the first textbook to offer a comprehensive, engaging, and practice-focused bridge between academic theory and real-life, industry-based research and practice. Defining the primary role of the sports marketer as revenue generation, the book is structured around the three main channels through which this can be achieved – ticket sales, media, and sponsorship – and explores key topics such as:

- Sports markets and business markets (B2B)
- Fan development
- Brand management
- Media audiences, rights, and revenue
- Live sports events
- Sponsorship
- Merchandise and retail.

Integrating real industry-generated research into every chapter, the book also includes analyses of industry job descriptions and guidance for developing and preparing for a career in sports marketing. It goes further than any other sports marketing textbook in surveying the international sports market, including international cases and detailed profiles of international consumer and business markets throughout. A companion website offers multiple choice questions for students, editable short answer and essay questions, and lecture slides for instructors.

No other textbook offers such a relevant, practice-focused overview of contemporary sports marketing. It is the ideal companion to any sports marketing course.

Larry DeGaris is a leading research consultant to the sponsorship and sports marketing industries, and Professor of Marketing at the University of Indianapolis, USA. He has personally conducted over 100 research studies for sports organizations funded to well over \$3 million, and is a sought after expert for the media.

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Aim high. You're better than you think you are.

In memory of...

Don “Sonny Boy Hinko” Hinchey. The best wingman ever, in and out of the office.

And dedicated to...

Lani, both a distraction from writing and an inspiration for finishing.



Figures

2.1	Global revenues by source	25
2.2	Global sports revenues by region	27
2.3	Revenue distribution by region	28
2.4	Nike revenue distribution	32
2.5	Real Madrid revenue model	34
2.6	AS Roma revenue model	37
3.1	Lek mating arena	45
3.2	Cricket formation	46
5.1	How important are the following reasons in your decision to attend Washington Freedom games?	90
5.2	Average importance for purchasing a season ticket plan versus individual game tickets	90
8.1	Premier League revenue mix	127
9.1	Average weekly media consumption	145
9.2	Users and usage	147
9.3	ESPN TV minutes and Internet usage	151
10.1	Advertising trust	158
10.2	Who really won the Tour de France?	167
11.1	2011 global ad spending by media type	171
11.2	Sports fans' attitudes toward advertising	177
13.1	The sponsorship funnel	201
13.2	Sports Americans "hate"	213
13.3	MLB points of attachment	218
13.4	Location of favorite MLB team	218
15.1	Likelihood to participate in promotion if related to NASCAR by fan avidity	244
15.2	Indirect relationship between awareness, brand, and purchase intent	249



Tables

1.1	Sponsors' use of research	5
1.2	Research-related duties for sports marketers	6
1.3	The purchase funnel	12
1.4	Developing situation-based goals	13
1.5	Sports marketing strategies	14
1.6	Baltimore Ravens media summit	15
2.1	Sports interest in the US	30
2.2	Worldwide interest in soccer	31
2.3	Where does the money come from?	35
2.4	Matchday revenue as a percentage of total revenue	38
3.1	Average age of viewers 2011	41
3.2	Growth matrix	48
4.1	Jordan and James Q-scores	70
4.2	Michael Jordan sports Q demographic profile	71
4.3	LeBron James sports Q demographic profile	72
5.1	Number of ticket buyers needed for consistent sell-outs	78
5.2	Chicago Bulls season ticket benefits	84
5.3	Radio behaviors for non-attending Galaxy fans	87
5.4	Top gameday promotions in MLB	88
5.5	Washington Freedom demographics	92
6.1	Consumer group sales categories	100
7.1	Top 10 premium seating industry categories	113
7.2	ROI worksheet for corporate ticket sales	120
8.1	Top 10 sports media rights	127
8.2	Out-of-market fans more likely to have satellite television	134
9.1	Attending in person or watching on TV	139
9.2	Live attendance or remote viewing preference	139
9.3	BCS average viewership	144
9.4	Most important media devices	145
9.5	Time shifted television viewing among 18–49-year-old Americans	146
9.6	ESPN media measures	147
9.7	NFL TV viewership 2011	147
9.8	2012 most-watched sports events	148
9.9	2006 sports event viewership	148

9.10	NASCAR Sprint Cup viewership	149
9.11	Regional sports ratings	149
9.12	October 2013 top 10 sports websites	150
9.13	NASCAR media consumption	152
10.1	Paid, owned, and earned media	154
11.1	2011 TV advertising spending on sports	172
11.2	2012 Internet advertising revenues	173
11.3	Strengths and weaknesses of advertising media	175
11.4	Hispanic Red Bull drinkers	180
11.5	Fidelity investments consumer profile	180
12.1	Traditional advertising v. sponsorship	188
12.2	The sponsorship funnel	191
13.1	The greatest threat to sponsorships	207
13.2	Interest levels in US pro sports leagues by age	209
13.3	Estimated 18–34-year-old attendees	210
13.4	Beer consumption and sports	210
13.5	Quick service restaurants visited in the last 30 days	211
13.6	Percent more likely to consider trying a product or service because it is a sponsor	212
13.7	MLB team popularity	219
13.8	MLB team popularity in and out of local market area	219
14.1	Sponsorship as an advertising catalyst	230
14.2	Sponsorship-linked sales promotions' need for awareness	231
14.3	Reasons why fans participate in sponsors' promotions	234
14.4	Sweepstakes prize preference	234
15.1	Daytona 500 sponsor exposure estimates	242
15.2	2010 Sprint Cup sponsor exposure	242
15.3	Average weekly soft drink servings consumed	251
16.1	Sponsorship features and benefits	259
16.2	Proving the links between sponsorship features, advantages, and benefits: audience characteristics	265
16.3	Proving the links between sponsorship features, advantages, and benefits: exposure	266
16.4	Proving the links between sponsorship features, advantages, and benefits: promotional rights	266
16.5	Proving the links between sponsorship features, advantages, and benefits: tickets/events	267



Preface

I learned marketing on the job. The first marketing class I was ever in was one that I taught. In reading leading sports marketing textbooks, I found little resemblance to my experiences working in sports marketing. This book is an attempt to bridge that gap.

I thank my editors at Routledge for providing the impetus for putting this book together. After criticizing sports marketing textbook proposals because they largely fail to reflect sports marketing practice, my editors at Routledge, Simon Whitmore in particular, provided me with the opportunity to do something different. That proved to be more of a challenge than I had anticipated. Most sports marketing textbooks follow the template set by leading marketing textbooks and apply marketing principles to sports examples, with a focus on the principles not the practice.

Marketing practice is more goal-driven than process-oriented. Therefore, this book attempts to focus on how sports marketing can be tied to larger business goals, especially sales and profits. In organizing the book, I “followed the money.” This book tries to “follow the money” by (1) structuring chapters around revenue generation; and (2) emphasizing areas in which there are employment opportunities.

First, I look at revenue opportunities in sports marketing. Globally, the sports industry generates revenues from (1) live events, (2) media, and (3) commercial (e.g., sponsorship and licensing/merchandising). The first part of the book discusses marketing goals and strategies. The remaining three parts of the book discuss specific marketing tactics to generate revenue in each of the three revenue domains.

The book is also structured around revenue opportunities for readers of the book, i.e., jobs. Not surprisingly, the greatest number of job opportunities in sports marketing can be found in the areas which generate the greatest revenue. One of the features of this book is that it links strategies and tactics to job descriptions from actual job ads.

The sports business is a sales-based industry. “Sell or die” is the common mantra among sports executives. Consequently, the book is very sales-oriented, with four chapters devoted exclusively to the sales process as applied to specific sports domains.

One of the unique features of this book is its emphasis on sports’ use in business-to-business marketing. The contribution of client entertainment and corporate hospitality is substantial with respect both to ticket sales and sponsorships. Both academics and practitioners have paid far too little attention to the B2B component of sports marketing. With this book, I hope to promote a more rigorous approach to this part of the business.

At the very least, I hope this book helps to further the conversation between academics and practitioners. I hope academics can use the books to better understand what practitioners are looking for; and I hope practitioners will start to look toward academia as a potential resource.

I’d also like to say a few words about “learning objectives” for the book. The main goal of this book is to provide readers with enough of a framework to think about sports marketing,

and enough interesting examples to spur thought. Readers will notice that I used a lot of examples from reports in the *SportsBusiness Journal*. I highly recommend a subscription to the SBJ as a companion to the book. Sports marketing is a rapidly evolving discipline. As readers will note, there is a premium placed on innovation and creativity in sports marketing, especially with respect to identifying new sources of revenue. Rather than reaching conclusions, I hope this book helps readers formulate some good questions.



Acknowledgments

I've been lucky.

I've had great teachers and coaches. They taught me both to love sports and to love school.

I've had great bosses. I'm grateful for the opportunity to have worked in the industry full-time. For that, I thank Tracy Schoenadel for taking a chance on a grad student in sport sociology and giving me my start with ROI Research at the Interpublic Group. Tim Taylor at the Bonham Group took a chance on hiring me despite concerns about my work being "too theoretical," and was gracious enough to provide me with opportunities to manage client projects, sharing successes when things went well and blame when they didn't. Marjorie White gave me the opportunity to work in areas beyond sports and gain exposure to public relations at Ogilvy Public Relations Worldwide. Thanks for the opportunity.

I've had great colleagues. Don Hinchey, in whose memory this book was written and who was taken from us too soon, was an enthusiastic advocate and a great sparring partner in internal strategy sessions. Don's genuine desire to see other people succeed continues to be humbling. I miss you, Donnie. Corrie West, my longtime colleague, business partner, and friend afforded me the luxury of having time to think about research design and results. I'm delighted to have had the opportunity to work together, grateful for her diligence and hard work, and proud of the work we've done. Thanks, CJ.

I've had great clients. I've had the privilege of working with clients across the sports marketing spectrum: properties/brands, big/small. I've worked with well over a hundred different clients in the sports industry who have provided collegiality, guidance, and funding. Thanks for the business and let me know if you need anything else!

I've had great students. Thanks for taking my classes. I hope you got as much out of them as I have.

Most importantly, I have great family and friends, and a special "special someone." Like I said, I'm lucky.



Contents

<i>List of figures</i>	ix
<i>List of tables</i>	x
<i>Preface</i>	xii
<i>Acknowledgments</i>	xiv

PART I 1

Strategy

1 A practical approach to sports marketing	3
2 Sports markets	23
3 Fan development	40
4 Brand management	57

PART II 75

Gate revenue

5 Gate revenue marketing mix	77
6 Consumer ticket sales	94
7 Corporate ticket sales	107

PART III 123

Media

8 Sports media	125
9 Sports media audiences	138
10 Sports publicity	154
11 Sports advertising sales	170

PART IV	183
Sponsorship	
12 Sponsorship: What it is and how it works	185
13 Sponsorship goals and strategies	198
14 Sponsorship activation	222
15 Sponsorship measurement	240
16 Sponsorship sales	253
<i>Index</i>	270

Part I

Strategy

A practical approach to sports marketing

CHAPTER OUTLINE

- 1 Bridging theory and practice
- 2 A practical approach to sports marketing
 - a Goals
 - i Organizational goals
 - ii Marketing goals
 - b Strategies
 - c Tactics
- 3 Data and measurement
 - a Goals
 - i Marketing intelligence
 - ii Customer analytics
 - iii Market research

BRIDGING THEORY AND PRACTICE

The relationship between the academic study of sports business and sports business practitioners historically has not been close or productive, more often ranging from distant to downright adversarial. The *Wall Street Journal* (WSJ) gave college sport management programs a “failing” grade in preparing students for work in the sports business.¹ The WSJ article recounted a speech to an association of academics by Andy Dolich in 2004, in which Dolich sharply criticized academic sports business programs for their lack of relevant course offerings.² The WSJ article recommends that students look for a program which offers “real-world experience” provided by faculty who are “real-life practitioners.”

The dilemma of the academic study pitted against practical relevance is not limited to the sports business but extends to the broader fields of marketing and business. The gap between academic marketers and the needs of marketing executives has been described as “alarming” and “growing.”³ The WSJ does not place the blame on the gap between academics and practitioners solely on academia, noting that the sports industry has not invested in or nurtured sport management programs.

One of practitioners' main criticisms of the academic study of sports marketing is that it is "too theoretical." But what does it mean to be "too theoretical" and what would it mean to have a "practical" approach to sports marketing? In the common use, the term "theoretical" is meant as something which is abstract, which may or may not be relevant to a real-world situation. Practical, on the other hand, means performing or doing something. In this sense, a theoretical approach to sports marketing means looking at abstract principles or processes which may or may not be actively practiced. A theoretical approach focuses on *what sports marketing "is."* In contrast, a *practical approach to sports marketing focuses on what sports marketers do.*

In general, academic research and textbooks tend to take a more theoretical approach to sports marketing, focusing on marketing principles and providing examples from the sports business. Academics and practitioners even differ with respect to the name of the field: academics study "sport" marketing; practitioners do "sports" marketing. The terminologies represent different approaches: "sport" marketing as a field of academic study attempts to create a "general theory of sport marketing," which can be applied across industry segments.⁴ One of the main criticisms of the academic approach to marketing is that it lacks context: what works in one research study might not work under different circumstances.⁵ Practitioners are more concerned with what works than finding a unifying theory of the field, and they are concerned that what might work in one situation might not work in another.

Understandably, sports marketing practitioners' primary concern is with marketing problems which are "here and now,"⁶ but by focusing on relevant practical problems, sports marketers often fail to take a systematic, rigorous approach. The academic study of "sport" marketing is characterized by a rigorous, systematic approach. Rigor can be both conceptual, or well thought out, and methodological, systematically analyzing empirical data. Academic research tends to focus on rigor to the exclusion of relevance. In contrast, sports marketing practice tends to maintain a laser-like focus on relevance, often at the expense of rigor.

Critics of the "academic" or "theoretical" approach to sports marketing overlook the benefits of a more rigorous approach which is informed by data. Practice-oriented sports marketers also tend to overlook a big weakness in the sports industry relative to other industries: as an industry, sports lags woefully behind other industries in its use of research and data. According to a recent industry study,⁷ sponsors give properties (e.g., teams, leagues, and events) a failing grade for measurement and research. Table 1.1 provides some results from the study: nearly two-thirds (67%) of sponsors say properties are not meeting their expectations in delivering return-on-investment (ROI) measurement or research information; more than half (55%) do not have a standardized measurement process; nearly half (45%) spend 0% of their sponsorship budgets on pre-selection research; and about a third (32%) spend nothing on concurrent/post-event research. Sponsors are more likely to rely on their guts than hard data as "internal feedback" is considered to be a more important type of sponsorship analysis than "primary consumer research." The numbers are not good to begin with and might be worse, as respondents might be prone to overestimating their use of research because that would be the more desirable response. Most marketing practitioners would not like to admit that they make decisions about million dollar deals without rigorous, fact-based support.