



Sport Marketing

Paul Blakey



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LearningMatters

With special thanks to John Mitchell, University of Chester, for his continued inspiration and critical insight and to Ravi Chavan, Sport und Markt, for his effusive sport marketing spirit.

For Lily

First published in 2011 by Learning Matters Ltd

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British Library Cataloguing in Publication Data

A CIP record for this book is available from the British Library

ISBN: 978 0 85725 090 2

This book is also available in the following ebook formats:

Adobe ebook ISBN: 978 0 85725 092 6

EPUB ebook ISBN: 978 0 85725 091 9

Kindle ebook ISBN: 978 0 85725 093 3

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Cover design by Toucan Design

Text design by Toucan Design

Project Management by Swales & Willis Ltd, Exeter, Devon

Typeset in Garamond Premier Pro by Swales & Willis Ltd, Exeter, Devon

Printed and bound in Great Britain by Short Run Press Ltd, Exeter, Devon

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Chapter 1

Introduction to sport marketing

Learning Objectives

This chapter is designed to help you:

- define sport marketing;
- distinguish between ‘marketing *of* sport’ and ‘marketing *through* sport’;
- appreciate the special nature of sport marketing;
- identify the constituents of the sport marketing industry;
- recognise the key stages of the sport marketing process;
- identify the components of *marketing myopia*.

Introduction

Understanding, and being able to skilfully apply, the principles of sport marketing is an essential part of the professionalism required of organisations operating in the sports industry today. Whether representing a sports star, working for a Premier League football club, engaging with sponsors at a sport events, managing your own sport business, developing merchandising opportunities for national sport governing bodies or producing insightful sport marketing reports for key clients, each role requires the use of practices employed within sport marketing. Increasingly, new technologies are generating new opportunities to engage with the consumers of sport on an individual level, and technological ‘natives’ will be at the forefront of presenting sport to new audiences.

Defining sport marketing

The concept of sport marketing needs clarification. A definition enables clearer thought and a more specific consideration of the key concepts, ideas, principles, tools and techniques of sport marketing. Without determining such a boundary, the study of sport marketing could become unwieldy, confusing and overly complex. This appears to be the intention of many sport marketing, and generic marketing, textbooks written by scholars or sport professionals with a desire to maintain their authority in the business world! This textbook will explode the myths, simplify the concepts, and apply the principles to aid your understanding and appreciation of sport marketing.

Sport marketing or sports marketing

You will note that this textbook uses the term *sport* marketing rather than *sports* marketing. This is because *sport* is viewed as encompassing all activities performed within the world of sport, some of which may not be related to individual sports. So, for example, *sports* refers directly to the organisations whose business relates to the practice of sports, such as England Netball, the FA and so on, whereas *sport* reflects all additional bodies that associate themselves with sport, such as VISA and the Co-operative. Furthermore, 'sports marketing' is a term coined in the United States and is less suitable for a UK-focused text such as this.

Sport marketing as a matching process

Sport marketing is a matching process – the matching of sport products and services to the demands of sport consumers and customers. It helps to bring supply and demand into balance. Sport consumers (i.e. those who use sport services) and customers (i.e. those who buy them) require sport products and services to satisfy the needs and wants they have in life. The need to exercise produces sports clothing and footwear demands; the need for affiliation leads to a need or desire to support and follow a football team or to participate in a five-a-side football league; and the want of fun and excitement may be satisfied by attendance at a motorsport event. Needs and wants lead to demands that the sport industry is able to satisfy. However, many potential consumers and customers of sport are unaware of their own personal needs and wants. There is, therefore, an opportunity for sport marketing to reach out and tap this latent and unexpressed demand by creating demand, e.g. 3D TV, Wii Sports and the option of betting live on the next goal scorer, all from inside your own front room!

Communication is at the heart of sport marketing. Communication between a sport product/service provider and a sport consumer/customer is a bedrock component of sport marketing when matching supply to demand. Sport marketing, therefore, can be defined as the means by which the demands of consumers/customers are satisfied by sport products and services. Without expressed demand, sport products and services would have no reason to exist. However, we live in commercial times and the necessity to encourage consumption of sport through the development of new sport products/services is as integral to the growth of the sport industry as it is to any other industry sector. Furthermore, sport marketing has applications across all sectors of the economy and is not viewed simply as a transactional, consumption-based concept. This fact is an important consideration in maintaining the integrity of the processes and practices of sport marketing within an ever more critically minded sport consumer marketplace.

Reflection Point 1.1

Consider your most recent sport product/service transaction: what need or want did it satisfy in you?
Could any of these needs or wants have been satisfied in other ways?

Approaches to sport marketing

Sport products and services require the application of marketing principles to communicate their message directly to identified target segments. In recent years, sport has been used by non-sport-related organisations as a vehicle to reach many of the same target segments with messages about their own non-sport-related products and services. This distinction has created two approaches to sport marketing:

- 1 marketing of sport;
- 2 marketing through sport.

Marketing of sport

This approach centres on the efforts to encourage consumption of the products and services of sport. These include competitive contests (e.g. Khan versus Mayweather or Manchester United versus Chelsea); sport events (e.g. London 2012, the Commonwealth Games or the Youth Games); and sports equipment (e.g. Slazenger tennis rackets). Sports teams and clubs of all sizes, at all levels of their sport and in all sectors of the sports industry will engage in marketing activities that present their products and services to the market in a favourable manner – it simply is not an option *not* to!

Marketing through sport

As sport as a business has developed in recent years, we have seen a plethora of non-sport-related companies using sport as a medium to reach out to sport enthusiasts with their products and services. Sponsorship has been the dominant approach to gaining rights to access this market: naming rights to Premier League football stadia (e.g. Arsenal's Emirates stadium), or professional cycling teams (e.g. Team Sky); product endorsement (e.g. Sir Chris Hoy and Kellogg's Bran Flakes); or as official supplier/partner (e.g. BMW or Holiday Inn to the British Olympic Association (BOA)).

A note of caution: sport has encouraged an unquestioning investment from companies that has necessitated changes to UK law in some instances, such as to rid the communication of an unhealthy message through the sponsorship of sports events or sports teams by tobacco companies: what will be next – alcohol, gambling?

Reflection Point 1.2

Identify five non-sport-related products/services that you have purchased which have created an association with sport. Why do you think these products/services chose to ally themselves with sport?

Much of our conscious thought about sport revolves around professional sport. It is carried across so many media platforms that it is difficult not to take note. However, the elite level of sport does pose an

interesting environment for sport marketers to manipulate and use as a context to reach the broader sport market (see Figure 1.1).

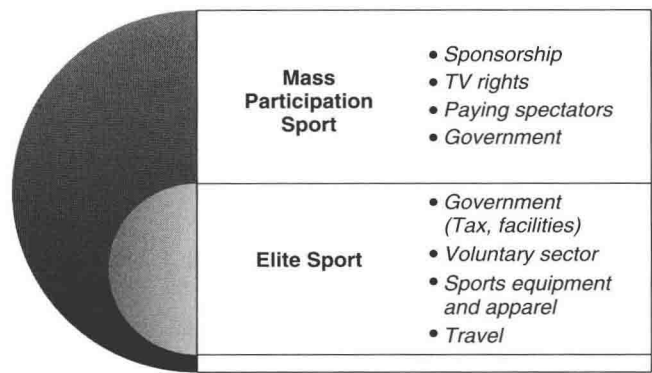


Figure 1.1 The sport market (adapted from Gratton and Taylor, 2000)

The special nature of sport marketing

At the professional level, sport is entertainment; where hard cash and chunks of our time are exchanged for a suspension of our real lives. Consumption of sport at this level is an investment in a special human experience. Professional sport has special characteristics that create unique experiences for each sport spectator, as identified by Mullin et al. (2007):

- *An intangible, ephemeral, experiential, and subjective nature:* sport is live not bottled; sport is open to interpretation and debated; sport trades on memories; the benefits of sport are difficult to consume.
- *Strong personal and emotional identification:* sport fosters high levels of passion and commitment from its supporters. Team and player attachment emerges once a passion for sport takes hold.
- *Simultaneous production and consumption:* seats that are not sold for a live sport event are lost forever, so pre-sales are very important. This perishability means that creative ways to ‘sell out the stadium’ are vital to generating revenues.
- *Dependence on social facilitation:* how frequently do you practise sport or go to a sport event alone? Sport brings people together in a public setting and generates interaction which enhances enjoyment of the activity.
- *Inconsistency and predictability:* the outcome of the game is always in doubt right up until the end of the game (well almost). Competitive sports leagues try to engineer this element, but weather, rivalries, crowd response, injuries, refereeing decisions and form can all create uncertain outcomes which result in an enhanced level of excitement for the crowd.
- *Core-product control beyond sport marketer’s hands:* sport creates winners and losers, but who wants to see a losing team perform each week? Making rule/safety changes to sports shows a minimal level of control if it results in excitement gains, but it is a major challenge to present an entertainment experience in an activity where there can only be one winner.

The special nature of professional sport provides the focus for most sporting output that is viewed through the variety of media channels that exist today. Sport can consume people's lives and much of it feeds from professional sport. Sport enthusiasts (just one of several sport consumer segments) want to emulate their heroes as well as to participate for health and social reasons. Participation sports now align themselves with elite performers. For example, mass-start running events such as the Virgin London Marathon include both elite professionals and amateur enthusiasts. The sport marketing industry has developed as a result of these factors and to cater for these needs.

Case Study

The Virgin London Marathon

The 2010 Virgin London Marathon received over 120,000 applications for the 45,000 places on offer. Runners of all standards from elite performers through club runners to those running for charity, many in fancy dress, all line up to tackle the 26.2 miles distance. Sir Richard Branson has called the London Marathon 'an epic and inspirational event ... the single biggest fundraising day on the planet'. In fact the London Marathon has raised over £400 million since its inception in 1981, but its key objectives include:

- *to improve the overall standard and status of British marathon running by providing a fast course and strong international competition;*
- *to show mankind that, on occasions, the Family of Man can be united;*
- *to raise money for the provision of recreational facilities in London;*
- *to help London tourism;*
- *to prove that when it comes to organising major events, 'Britain is best';*
- *to have fun and provide happiness and sense of achievement in a troubled world.*

(www.virginlondonmarathon.com)

Learning Activity 1.1

Visit the website of the Virgin London Marathon to identify ten different sport/non-sport/participant groups or organisations who have some input into the event.

For one of these groups/organisations, explain how you think they attain one or more of the objectives of the sport event. In particular, consider the benefit(s) they receive from the media coverage available.

The sport marketing industry

Shank's (2009) simplified model of the consumer–supplier relationship in the sports industry (see Figure 1.2) outlines the key sub-sectors of producers of sports goods and services in the sport marketing

industry. This helps us to appreciate the range of sport organisations engaged in the practices of sport marketing. It also helps to signpost career options available in sport marketing-related organisations.

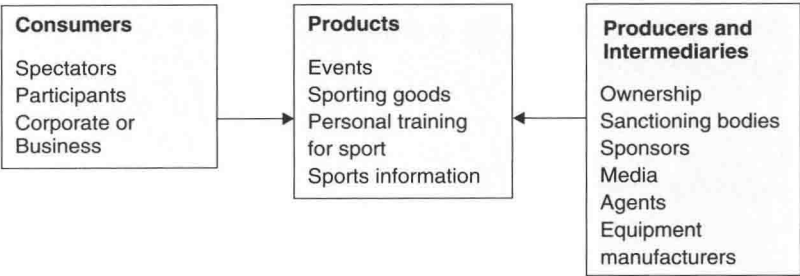


Figure 1.2 Simplified model of the consumer–supplier relationship in the sports industry (Shank, 2009)

The advent of the sport marketing sector is usually dated from a handshake between the American sports lawyer Mark McCormack and the golfer Arnold Palmer in 1960. The resultant creation of International Management Group (IMG) fathered modern approaches to athlete representation, event and TV production, and sponsorship negotiation, initially in tennis and golf. The corporate acceptance of the potential of sport as a commercial platform emerged from the Los Angeles Olympic Games in 1984 when brands such as McDonald’s and Coca-Cola were pleased with the return on their sponsorship investment in the event (Sports Marketing, 2009). Latterly, the creation of superbrands such as Real Madrid and Manchester United, a sports sponsorship market in the UK worth £486 million in 2008 (Picasso Enterprises, 2010), the need to feed 24-hour sports news channels and a voracious internet market has meant the development of a sport marketing sector in its own right.

Sport Business (2009) broadly concur with the *producers* and *intermediaries* categories identified by Shank (2009), but also offer additional insight with more specific sub-categories of the sport marketing sector by listing names of companies for each one as shown in Table 1.1.

The categories in Table 1.1 simply give a flavour of the spread of organisations operating within the sport marketing sector. As is the case in the broader sport industry, networks of relationships exist between companies to connect producers of sport products and services to sport consumers. In most circumstances, national or international federations are the rights holders of sports properties, such as leagues and competitions, and of the associated commercial and broadcast rights for individual sports. However, in order to bring the excitement of a sport to the consumer, a host of intermediary companies are required. These are organisations such as those which broadcast images (e.g. the BBC), provide corporate hospitality packages (e.g. Sportsworld), provide sport event tickets (e.g. Keith Prowse), bring sponsors into sport (e.g. Synergy) and are licensed (plus some who are not) to sell branded merchandise (e.g. Kitbag Limited, through its F1 Store). Additionally, the athletes, teams, administrators, venues, travel operators and so on all play a role in synchronising the sport we consume.

Category	Exemplar organisation
Advertising, PR and sales promotion	WPP www.wpp.com
Brands	Castrol www.castrol.com Ford www.ford.co.uk
Conference, exhibitions and venues	Wembley Stadium www.wembleystadium.com
Consultancy	IMG www.imgworld.com
Data and information supplier	Sportsmedia Broadcasting Ltd www.sportsmedia.co.uk TV Sports Markets www.tvsportsmarkets.com
Event management and corporate hospitality	Olympic Delivery Authority (ODA) www.london-2012.co.uk/ODA IMG www.imgworld.com
International federations	Association of Tennis Professionals (ATP) www.atpworldtour.com International Automobile Federation (FIA) www.fia.com Union Cycliste Internationale (UCI) www.uci.ch
Leagues	English Premier League (EPL) www.premierleague.com
Local government	Wigan Leisure and Culture Trust www.wlct.org
Media owners	Dateam Publishing Ltd www.dateam.co.uk
New media	Octopus Media Technology www.octopusmt.com
Sponsorship	Generate www.generatesponsorship.com Sport Driven www.sportdriven.co.uk

Table 1.1

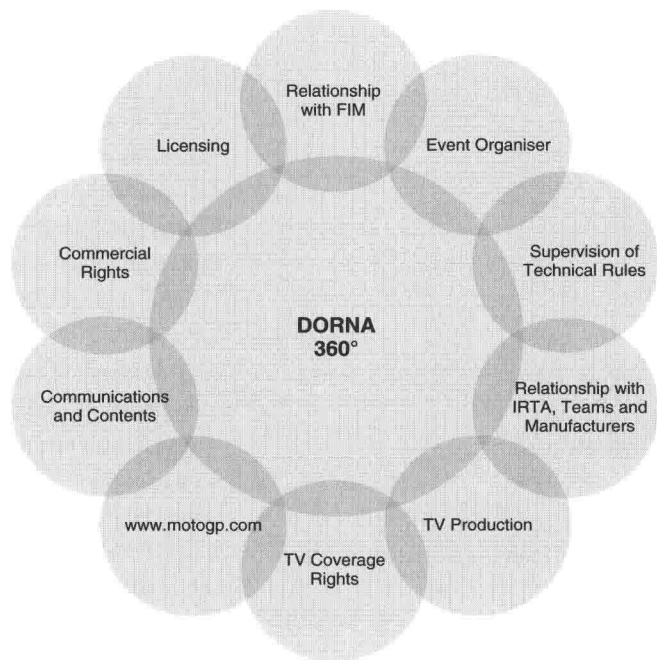
Case Study
Dorna Sports

Dorna Sports is the exclusive holder of all commercial and TV rights of the MotoGP World Championship. This private company also participates in the management, marketing and

distribution of other motorsports properties. Dorna provides a vast array of products: advertising exposure, promotional and corporate activities, merchandising, commercial rights, corporate hospitality, overseas freight, TV rights, TV production, live feeds, post-produced programmes, OnBoard technology, graphics for live broadcast, internet webcasts, online results and video streaming amongst them.

These services require the use of the latest technology and a permanent concern for quality and evolution, fulfilling the extreme demands of a highly competitive environment. Dorna uses a multinational team of professionals with knowledge and expertise in advertising, sports TV, media, technology, information technology and law. Currently around 150 full-time employees work for the company, with a further 200 part-time contracted professionals operational during racing peaks.

The company also markets 'Ad-Time', a rotating advertising system for sports events, in several countries.



Adapted from Dorna Sports, 2010

Dorna Sports is an example of a sport organisation that provides a range of services to the governing body of motorcycle racing, the Federation Internationale de Motocyclisme (FIM). Their expertise enables the thrills and spills of MotoGP to be consumed live at the racetrack or on TV. Companies such as these are omnipresent in the sports world, acting as key links in the chain between production and consumption of elite level sport. Other companies that provide a similar function include IMG with the World Matchplay Golf Championship and as commercial rights holders to the Wimbledon tennis tournament and Nova International with their Great Run and Swim series.

So, having provided an insight into the sport marketing industry, and having hinted earlier at some of the concepts and ideas used in sport marketing, the fundamental components that constitute the sport marketing process will now be considered.

The sport marketing process

Sport marketing may be thought of as a philosophy that should permeate through the entire sport organisation. The marketing function of any sport organisation (in the public, private or voluntary sector) cannot be separated from other business functions such as financial planning and human resources management, but its principle of identifying and satisfying the needs and wants of sport consumers must run throughout the business. The ‘public face’ of the sport organisation is represented through the sport marketing function as it communicates its sport products and services to its target markets.

Sport marketing comprises a logical, structured process that considers the environment within which the sport organisation operates to help it make decisions and move forwards. In its simplest form, the sport marketing process has four phases: 1) analysis; 2) planning; 3) implementation; and 4) control (see Figure 1.3).

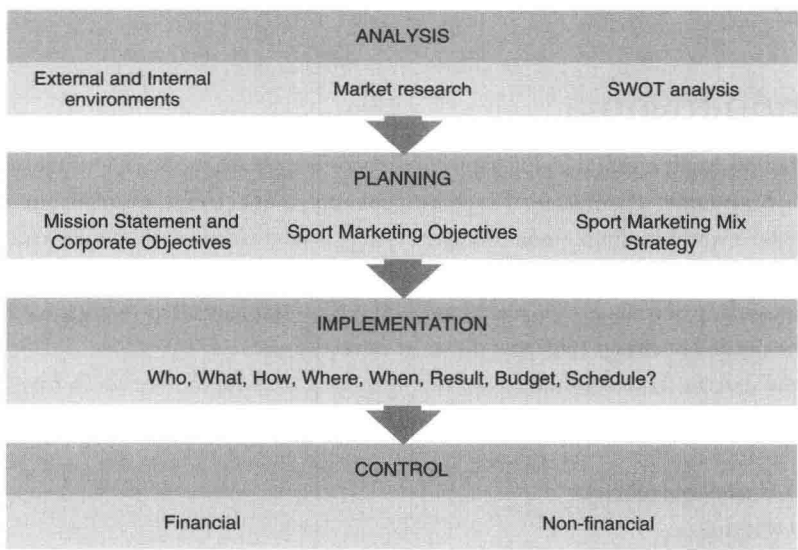


Figure 1.3 The sport marketing process

Information is the bedrock of any sport organisation, and the analysis stage gathers the data necessary for the later phases – information relating to the external business environment, internal organisational performance, and market research. The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis condenses, summarises and enables identification of key issues for the sport organisation to address in the planning phase of the process.

The planning phase considers the direction of the whole sport organisation when determining its specific marketing objectives – the desired achievements of the marketing function within the sport organisation. Sport marketing strategy outlines the broad approach towards the fulfilment of each sport marketing objective, both in the short-term (up to 12 months) and longer term (two to three years). It is the implementation phase which puts the components of the sport marketing mix into action, and the control phase which ensures that the sport marketing activities being used ultimately achieve the sport marketing objectives as stated. If discrepancies occur, then the control phase can assess where remedial action is required and what actions should be implemented.

Learning Activity 1.2

Each phase of the sport marketing process will be outlined in much greater detail in Chapter 4. However, two authors worth investigating are McDonald, M. (2007) *Marketing Plans: How to Prepare Them, How to Write Them*, 6th edition, Oxford: Butterworth-Heinemann, and Shank, M. (2009) *Sports Marketing: A Strategic Perspective*, 4th edition, Upper Saddle River, NJ: Prentice Hall. See (a) what differences you can find in the way they present sport marketing diagrammatically and (b) what underlying similarities there are in the way they conceptualise the process.

Marketing myopia

A sport organisation might accept the philosophy of the sport marketing process, but there will be little benefit if its *implementation* is hampered. If a sport organisation is not careful, it can fall into the trap of *marketing myopia*. A world-leading community sport system needs marketers who understand how to attract customers, change consumer behaviour, manage stakeholder relationships and generate further investment, sponsorship or revenue (Sport England, 2009). This is true of all sport organisations, but unfortunately many do not engage fully with the sport marketing process.

Levitt (1960) described this condition as *marketing myopia*, the symptoms of which have been identified in sport marketing (Mullin et al., 2007) as follows:

- focus on producing and selling;
- reliance on winning;
- confusion between promotions and marketing;
- short-term focus;
- lack of research.

These factors lead to organisations failing either to understand the key characteristics of sport target groups or to focus on the desire to satisfy the needs and wants of sport consumers. Furthermore, any hope of retaining sport customers is compromised by an inability to utilise the full range of sport marketing tools and techniques available. The passion and excitement enabled through sport can be lost if there exists such

a fundamental oversight of the sport marketing process. The knock-on effect for sport organisations can be serious with the need for strategy re-alignment, resource re-distribution, and product and service re-positioning. Sport organisations beware!

Chapter Review

This chapter has established the basis of sport marketing as a process designed to facilitate the successful communication between the products and services offered by a sport organisation and the consumers/customers most likely to satisfy their sporting wants and needs. The overview presented in this chapter is designed to provide a foundation knowledge upon which the remaining chapters will broaden and deepen. By engaging with the learning activities and the wider reading a further exploration of the principles of sport marketing becomes possible.

Further Reading

Beech, J. and Chadwick, S. (2007) *The Marketing of Sport*, Harlow: Prentice Hall/Financial Times.

A particularly insightful textbook that provides both depth and breadth to the study of sport marketing. Authoritatively constructed, well written and good cases used throughout.

Mullin, B.J., Hardy, S. and Sutton, W.A. (2007) *Sport Marketing*, 3rd edition, Champaign, IL: Human Kinetics.

A US-based text, but covers the fundamentals of sport marketing and more complex components such as branding, public relations and legal aspects of sport marketing.

Smith, A.C.T. (2008) *Introduction to Sport Marketing*, Oxford: Butterworth-Heinemann.

This textbook gives a solid foundation to students of sport marketing by covering all the main principles and concepts in an applied manner. Examples are provided from a broad range of international sport contexts, and further study options assist the interactivity with the subject matter.

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Chapter 2

Research for sport marketing

Learning Objectives

This chapter is designed to help you:

- appreciate the importance of information collection as a basis for decision-making in sport marketing;
- recognise the environments from which information can be derived;
- identify the factors that impact upon decision-making in sport marketing;
- identify key conceptual components for research in sport marketing.

Introduction

Information is the basis of sound evidence-based sport marketing decision-making. Sport organisations require information about sport consumers, their competitors and the sport market so that they can understand and consider the factors that influence behaviour in their marketplace. Sport marketers talk about ‘environments’, the internal environment and the external environment, the macro environment and the micro environment; all they are really doing is investigating different places from which any organisation needs to collect information. This is a research task. However, the information derived also must be synthesised into a coherent form, analysed and utilised in a systematic and logical manner. This process of research helps to provide reliable information that acts as the heartbeat of sensible decision-making in all situations. It is the fundamental component of all sport marketing decisions.

Analysis stage of the sport marketing process

The sport marketing process gives structure and direction to the collection, synthesis, analysis and utilisation of sport marketing research information (refer back to Figure 1.3). Sport organisations need to enable this process by focusing upon their internal activities and on external conditions that impact upon their business. Knowledge of the wider business environment is crucial in order to appreciate likely implications for the sport industry and all sport organisations operating within it. For a sport organisation to satisfy the demands of its customers, the formal stage of analysis begins with an environmental analysis (often also referred to as a situational analysis). This constitutes the external environment (both macro and micro, including PESTEL (political, economic, sociological, technological, environmental and legal), competitor and stakeholder analysis) and the internal environment of the organisation. Market research captures specific information about sport consumers, their desires and expectations as well as their

responses to communication stimuli. All information derived is distilled down to manageable proportions through the SWOT analysis. The key findings of the SWOT analysis can then guide the next phase of the sport marketing process – planning.

Environment/situational analysis

The collection of information upon which decisions about how sport products/services are presented to the marketplace starts here. The environment/situational analysis considers potential options available to a sport organisation in the sport marketplace, the positives and benefits that can be brought into the sport marketplace by a sport organisation, the activities of competitors, and the real desires of sport consumers. All aspects of the analysis are inter-related and should be brought together to consider their impact(s). In effect the environmental/situational analysis considers the controllable and uncontrollable factors that affect a sport organisation during the delivery of its marketing function as part of its business operation. The uncontrollable factors relate to those variables that influence the marketing practice of a sport organisation and form the external environment analysis. Subsequently, the internal environment of the sport organisation is investigated to determine the benefits it is likely able to bring to the sport marketplace, and its limitations. These are the controllable factors; those variables that the sport organisation has some influence over and form the internal environment analysis of the sport organisation. The internal environment analysis is often referred to as the internal marketing audit.

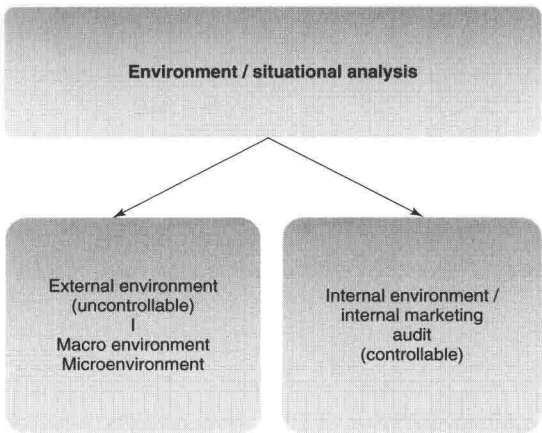


Figure 2.1 Environments in sport marketing

External environment – the macro

Sport organisations need to be aware of events in their own sport sector, the sport industry more generally, and the wider business and societal contexts. Each of these contexts must also be considered from a local/ regional, national and international perspective. Such spheres of influence can have important effects upon