

Marketing of Olympic Sport Organisations



Alain Ferrand • Luigigino Torrigiani

Foreword by

Jean-Loup Chappelet



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Foreword

The work you are about to discover is the second in the MEMOS collection following *Strategic and Performance Management of Olympic Sport Organisations*, published in 2004. MEMOS is a high-level training programme for managers of Olympic organisations. It permits them to obtain an executive Masters degree in the management of sport organisations, issued by the University of Lyon, France, and co-organised by a network of European universities and schools of sport*.

In 2005, the MEMOS programme will celebrate its 10th anniversary—and it has come a very long way since the beginning! The original idea, and one that is still highly valid today, was for the Olympic movement and academic institutions to collaborate in creating a form of teaching that established the link between theory and practice within sport management. This idea immediately won the support of the International Olympic Committee (IOC) President at the time, Juan Antonio Samaranch, and the Director of Olympic Solidarity, Pere Miró. It was also backed by the European Olympic Committees, presided at the time by Jacques Rogge, the current IOC President. We take this opportunity to express our sincere thanks to them.

Despite these highly prestigious supporters, success did not come about immediately, as is often the case for original ideas that require

some fine-tuning. I remember one meeting in Lyon with Jean Camy, the founder and first director of MEMOS, and Alain Ferrand, one of the authors of this work. At that meeting, we concluded that we needed to change everything except the name, MEMOS, which was already perceived as a brand, and to use a concept that is developed in the chapters to follow. I took over as the head of MEMOS in 1999 and led it to evolve from a European Masters to an Executive Masters, without changing the French acronym for the title: Executive (European) Masters in the Management of Sport Organisations. In fact, we were already enrolling more and more executives from the national and international sports federations and Olympic Committees from throughout the world. Since the beginning, we have trained more than 200 managers from five continents in the intricacies of Olympic sport management. Today, these graduates constitute a network of expertise and a learning community that are unique. In 2005, the graduates from the eighth edition of MEMOS will join this community—the first course to have benefited from a series of manuals published by Human Kinetics, one of the leading publishers in this field.

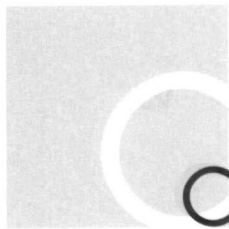
The two authors of this volume symbolise the strategic positioning of MEMOS: the link between theory and practice. They are from the worlds of academia and fieldwork, worlds



Acknowledgments

This book is the result of a friendship and the matching of two complementary experiences within MEMOS. Furthermore, its contents are enriched with the participants' expertise working on five continents. We wish to send special

thanks to two of them, Filippo Bazzanella (Marcialonga CEO) and Damjan Pintar (Slovenian Olympic Committee Marketing Director), for their direct collaboration on this book.



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Introduction

In the first volume, titled *Strategic and Performance Management of Olympic Sport Organisations*, Chappelet and Bayle (2004) define Olympic sport organisations (OSOs) as “organisations that belong to the Olympic system and to the sports movement: clubs, National Sport Federations, International Federations, National Olympic Committees, Organising Committees, etc.”. We notice two opposite trends. Those organisations that are making a profit in order to use it to further the activities they organise, for example professional soccer clubs, appear to want to focus on seeking the values that once reigned only over social organisations, such as the welfare of the individual within society. Inversely, the “social” sport organisations are more and more concerned with the economic effectiveness of their activity. However, by rationalising their management, they wish to preserve a participative culture.

A marketing approach is more and more legitimate in sport organisations. However, the meaning of this term can be misunderstood, particularly because a large number of definitions exist. Of course, each author attempts to bring his or her personal touch. Baumann (2000) proposes a simple, operational definition—marketing is the “operational implementation of its instruments, which creates guidelines for managing the products and services. Its vocation is to respond to the needs of the

potential consumers/buyers in order to guarantee the success of the enterprise in the form of profits”. In this context, we consider that marketing is a process based on the notion of the mutually satisfactory exchange between a sport organisation and its users. Whatever its size and its sphere of influence, an OSO must satisfy its members and inspire their loyalty. It must develop in comparison to the competition and find resources for itself (financial, human, etc.) in order to be able to achieve the objectives that it has set for itself. For an OSO, the marketing approach makes it possible to take into account the political, economic, institutional, technological, and cultural environment in order to determine, with precision, the target groups (members, users, and consumers) it wishes to address. It also enables the organisation to study the tangible and intangible expectations of these groups in order to offer them the products and services that are the most appropriate to satisfy them or to lead them to change their behaviour.

The Specific Character of OSO Marketing

Olympic sport organisation marketing has a specific character. The association defends a cause, and its marketing goes beyond the immediate demand that is mainly linked to seeking

financial profit. It works towards improving life within society and thus contributes towards changing it. An athletics club does not simply exchange a service (training, organising competitions, etc.) for money (subscription fees). It carries out a social transaction within which its action procures benefits for its members. These benefits are linked to a project for societal development aiming to enable those practising the sport to enjoy a better life.

An OSO is committed to a social and cultural project. It will therefore not change this project in order to adopt a different, more fashionable one. It can orient its marketing around five areas, presented in table 0.1.

The strategy relating to marketing thus consists of different orientations or dimensions. It develops by taking into account two types of factors. On an internal level, such factors as history, the mission, and the objectives must be taken into account. On an external level, competitors, cultural and economic tendencies, and so on must be borne in mind. Marketing is situated within a process that is integrated within the sport organisation's strategy.

What Is Understood By or Perceived As Marketing in Sport Organisations

Marketing is not a question of method alone. Creating and developing a marketing function in sport organisations is influenced by what the term marketing is seen to mean, on the one hand, and by the operational problems it is supposed to resolve on the other. When those managing a sport organisation are asked what they associate with the word 'marketing', in fact, a great many responses are obtained, including the following:

- Sponsoring
- Publicity
- Spending without certainty of profitability
- That's for the executive committee to do
- It's the key to success
- It creates a good image
- Using the "marketing mix"

Table 0.1 **The Five Areas of Sport Organisation Marketing**

Area	Objectives	Target groups
Project pursued by the OSO: → Internal marketing	<ul style="list-style-type: none"> • Conveying the information • Developing membership loyalty • Motivating volunteers and staff 	<ul style="list-style-type: none"> • Members • Volunteers • Paid staff • Board of directors
The OSO itself: → Corporate marketing	<ul style="list-style-type: none"> • Managing its brand equity • Raising funds • Developing its influence • Lobbying 	<ul style="list-style-type: none"> • Mass public • Users • Those in authority • Opinion leaders
Search for private financing: → Fund-raising marketing	<ul style="list-style-type: none"> • Developing sponsorship and fund-raising 	<ul style="list-style-type: none"> • Companies • Public and private institutions
Services offered: → Services marketing	<ul style="list-style-type: none"> • Improving the quality of service in order to satisfy target expectations • Providing incitement to join the OSO 	<ul style="list-style-type: none"> • Members (defensive strategy) • Potential members (offensive strategy)
Incitement or prevention: → Social cause marketing	<ul style="list-style-type: none"> • Convincing target audience of sport practice benefits: health, personal development, social integration, and so on 	<ul style="list-style-type: none"> • Mass public • Public concerned

Analysing the operational dimensions, which corresponds to implementing the strategy drawn up for achieving an objective on the terrain involved, makes it possible to identify the needs regarding marketing.

1. For companies, sport sponsoring is an interesting vector for communication because it enables the company to show the effectiveness of products, to promote values, and so on.
2. The communication objective is to increase the organisation's media presence.
3. Promoting the services of the sport organisation attracts members to join.
4. Analysing the market compared with the organisational mission and the competition helps the company to define a coherent strategy.

These representations are set forth in table 0.2.

Prior to being a set of tools and methods, marketing corresponds to a vision, to a perception, and to a philosophy of the market. It helps the sport organisation succeed in its mission. It is, of course, a perception that is anchored both in the organisation's history and in the way it sees

the operational questions that it must resolve in order to take action in its market.

Operating in an Increasingly Open and Competitive Area

Each OSO can be situated in an area defined by two axes. The first axis concerns its relation with its environment. The organisation can remain closed in on itself. In this case, it communicates little with its environment, and the changes that take place in this environment have little effect on it. In the opposite case, that is, in an open structure, the organisation will seek to adapt itself to the environment and to the existing competition. The other axis concerns the mode of sociability and its objectives. Individuals who are in a "convivial" system favour interpersonal relations based on affinities. For the organisation, the purpose is above all to establish a good climate by ensuring that people get along well together. A rational system becomes organised, specialised, and formalised in order to become more effective regarding its self-appointed objectives (see figure 0.1).

It is becoming increasingly difficult for large organisations such as the national and international sport federations to develop while

Table 0.2 **The Perceptions of Marketing in Sport Organisations**

Phase	Objectives for the sport organisation	Competitive advantages
Focus: sponsoring	Finding financial partners	Sport makes it possible to reveal the effectiveness of products, to promote values.
Focus: media coverage	Increasing the presence of sport and events in the media (notably television) in order to promote the sport and make it more attractive for the sponsors	Sport is a cultural phenomenon that involves an increasing number of people.
Focus: market	Increasing the number of members	Individuals exist who have not been actively prospected and who could practice the sports and become members of the sport organisations.
Focus: demand	Analysing and managing all relations linking the consumers, the product, the competition, and the sport organisation in order to create a competitive advantage and to establish positioning	Here, this means taking into account the expectations of individuals in a way that satisfies them more than offers by the competition.

remaining in a convivial/closed configuration. The marketing approach contributes towards rationalising the organisation's approach, from both an internal and an external point of view. This approach is not neutral, however, and provokes tensions within the organisation that take the form of a dilemma whose elements are presented in figure 0.2.

The organisation becomes a place where services corresponding to the expectations of its members are provided, within a competitive context. In order to provide a satisfactory service, the structure develops professional services (including those related to market-

ing), and it must face up to an ever-increasing pressure linked to the quality of services. This situation incites us to interrelate professional competencies, notably in the area of marketing and the organisation's situation.

Finding a Balance Between Societal and Economic Profitability

Marketing is thus not a universal approach. There are, however, several conceptions of marketing that portray the same state of mind, as defined by Vernet (1998): "Marketing is the methodical, ongoing conquest of a profitable market, implying the conception and commercialisation of a product or service that is in line with the expectations of the consumers targeted". All marketing definitions refer to clients, consumers, and profit and are not in line with the approach of OSOs. Chappelet (2004) stressed that OSOs as "non-profit organisations have members and stakeholders rather than customers and clients; they depend on many volunteers; they have usually a two-level governance made up of elected officials and hired managers; they also are more open to public opinion scrutiny ("Publicness") than the for-profit commercial companies". Figure 0.3 presents International Olympic Committee stakeholders, organised according to two axes: their situation (internal or external) and the length of their relationship (medium term or long term). Nevertheless, depending on the

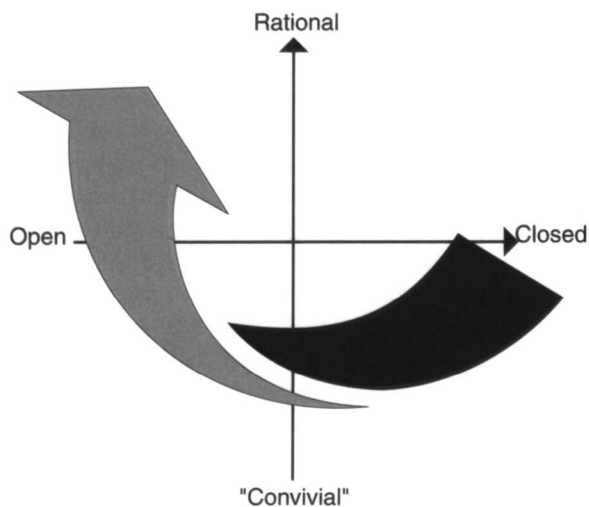


Figure 0.1 From a natural and closed sector to a rational and open one.

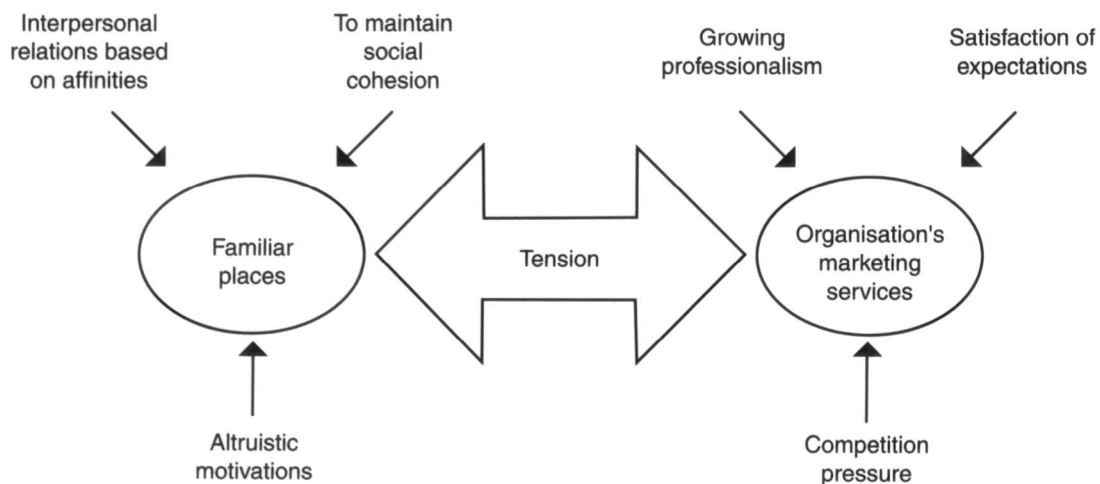


Figure 0.2 The dilemma of sport organisations seeking to open up to their environment.

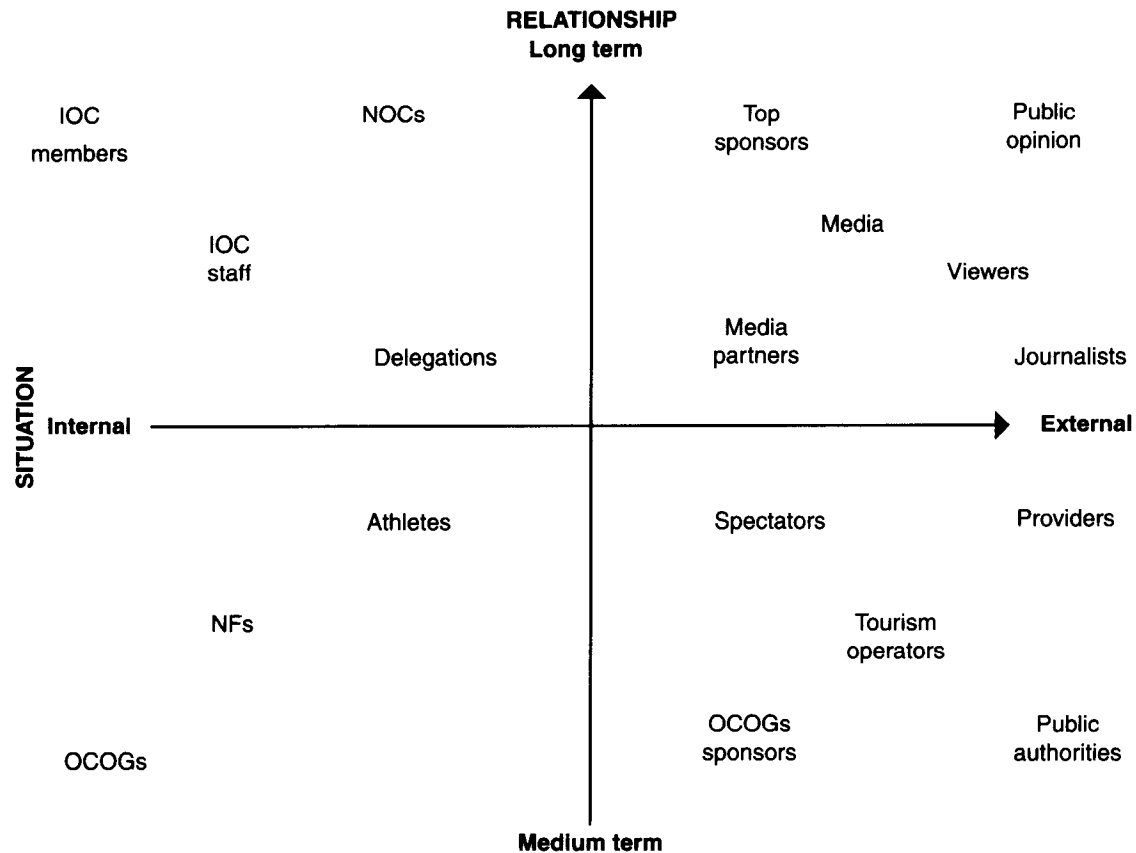


Figure 0.3 International Olympic Committee stakeholders.

situation, we will use the generic terms: clients, consumers, partners, members, and stakeholders. They all have different expectations, and marketing helps an OSO to develop services aimed at satisfying them. These services must be consistent with its mission.

Furthermore, profitability can be defined on the basis of economic criteria and of those related to the mission. An OSO exists in relation to the mission as stated in its statutes. Generally speaking, this mission is to promote the practice of a specific sport in all its forms, while permitting individuals to live a better life within society. An OSO develops societal marketing that aims to improve the well-being of consumers and of society. Economic profitability must also be assured. An OSO exists within an economic system with income (subscriptions, sponsors, subsidies, etc.) and expenditure that must be balanced. We thus gain a better grasp of the term “profitable market”. This is illustrated by the objectives of “Olympic marketing”:

- “To ensure the future of sport by contributing to Olympic athletes from every nation and by providing for the staging of the Olympic Games
- To preserve the special character of the Olympic Games, to protect and promote the Olympic image and ideals throughout the world, and to work with all marketing partners to enhance Olympism
- To create continuing long-term marketing programmes and to build on and support the successful activities developed by each Organising Committee, thus ensuring the financial stability of the Olympic Movement
- To ensure appropriate distribution of revenue throughout the Olympic Movement, including future Organising Committees, National Olympic Committees, International Federations and other recognised organisations

- To ensure that the whole world can view and experience the Olympic Games via free-to-air television" (IOC¹)

Focus and Structure of the Book

This book is addressed to managers from OSOs, their stakeholders, and the organisations in relation to this system. All of these have to deal with issues linked to strategic or to operational marketing. We develop these concepts in this book. Strategic marketing analyses the resources and competences in relation to the environment in which the organisation evolves in order to react to threats (economic, legislative, competition, etc.) and to benefit from opportunities. Operational marketing testifies to a voluntarist approach. It aims at exploiting in the short run existing opportunities of the market.

Within the framework of this book we privilege the strategic approach, taking into account the fact that it directs OSO action and that it engages its resources in a medium- or long-term perspective. Furthermore, it is a critical issue that allows an adaptation of the organisation in its environment. In this context, we have retained four critical topics that an OSO has to master. Each is developed in a specific chapter, illustrated by a case study.

The first chapter focuses on OSO brand equity management. Each organisation possesses a brand, which is a source of value

both for the OSO and for its stakeholders. We present a framework aiming at assessing and managing assets, for example awareness, image, perceived quality, loyalty, and protection. This chapter presents the Marcialonga—the largest Italian cross-country ski race and a part of the Worldloppet.

The second chapter provides tools and methods in order to analyse stakeholders' expectations and their decision-making processes. This will allow OSO marketers to better understand these stakeholder characteristics. Stakeholders are both rational and emotional. Nevertheless, in a sport area they are looking for an emotional experience. We illustrate this experiential marketing approach with the FIVB Beach Volleyball World Tour.

The third chapter tackles the strategic marketing issue. Strategy is an ongoing process aimed at getting into an attractive position in your marketplace and developing resources and competences that are superior to those of the competitors. An offering will not build values unless these two requirements are simultaneously met. This analysis is illustrated by the case of a French professional soccer club: Olympique Lyonnais.

The fourth chapter relates to strategic sponsorship management. This chapter enabled us to specify the sponsoring persuasive impact in order to develop a model that makes it possible to work out strategic choices relating to sponsorship. This sensitive topic is developed with the Slovenian Olympic Committee.

¹ www.olympic.org

Developing the Olympic Sport Organisation's Brand Equity

The title of this chapter may appear surprising, given the association of the terms "Olympic sport organisation" and "brand". This seems to be an indicator that business marketing developed by organisations is moving towards lucrative commercial activity. Every sport organisation possesses a brand, and our aim is to show that it is in the interests of all sport organisations to develop their brand equity through a marketing approach. First, we define the concept of a brand, and then we show that a brand is valuable for both the sport organisation and its members and partners. Finally, we deal with the evaluation and management of the brand's assets.

Within the framework of this chapter, we develop in particular the case of Marcialonga.¹ This is the biggest Italian country ski race. It is one of 14 Worldloppet² events throughout the world.

EXHIBIT 1.1 MARCIALONGA: ONE YEAR FOR ONE DAY

The idea of the Marcialonga goes back a long way, the result of the fascination exerted for years by the Swedish Vasaloppet, the undisputed leader in the field of international cross-country skiing competi-

tions. The four founders wanted to create something similar, adding typically Italian warmth and enthusiasm, seasoned with lots of imagination, to the challenge of covering such long distances (70 km).

On February 7, 1971, the Fiemme and Fassa valleys heard the echo of the cannon shot, which signalled the start of the first Marcialonga, destined to revolutionise the history and traditions of skiing enthusiasts.

It is the track that forms the most important part of Marcialonga. Metre after metre, it measures out the heart of a mountain landscape, with its unequalled qualities and great traditions. Through the Marcialonga, the Fiemme and Fassa valleys open up their history, culture, and traditions to the world, revealing people who are reserved but who maintain their true identity in this rapidly changing world.

Competing in the Marcialonga and skiing through the villages, athletes breathe in the charm of a world that brims with real values, and the genuineness of people who are still refreshingly spontaneous.

For more than 30 years, Marcialonga has been an extraordinary event in human and emotional terms, creating friendship and entertainment. It attracts hundreds of volunteers working together, motivated solely by the appeal of the competition. Mass participation beyond comparison is shown continuously throughout the event, whether in technical assistance or competitiveness or in

¹ www.marcialonga.it/

² Worldloppet Ski Federation (Worldloppet) is an international sport federation of cross-country skiing marathons. The federation was founded in 1978 in Uppsala, Sweden. The aim of Worldloppet is to promote the sport of cross-country skiing through various ski races around the world. www.worldloppet.com

terms of a great welcome. Over 150,000 participants have taken part in Marcialonga over a period of 30 years. Of these, only 65,000 are Italian, and 85,000 are foreign skiers coming from more than 30 nations from all over the world. These figures clearly illustrate the importance of Marcialonga at an international level.

Filippo Bazzanella, Marcialonga CEO

1.1 What Is a Brand?

The American Marketing Association (AMA) defines a brand as “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers”. Usually brands are registered (trademarked) with a regulatory authority and so cannot be used freely by other parties. Lehu (1996) develops these two dimensions: “A brand is a semantic factor of distinctive designation of products offered on a market by a producer or a distributor. It can be a name of one or more words, geographical or otherwise, a patronym, a pseudonym, a name used as an acronym or in the form of an abbreviation, to which can be associated a symbol, a colour, a font and a character size. A genuine right to ownership, a precious asset that a company must constantly capitalise upon, the brand plays a strategic role and can be the subject of a transfer of ownership or an agreement concerning user rights under licence”.

From the point of view of Marcialonga, which constitutes our reference brand, this definition permits us to specify its features in table 1.1.

It is acknowledged and emphasised that the majority of sporting organisations do not wish or are not able to sell their brand; this is subject

to the rules of commercial rights. The legal term for a brand is a trademark. “A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name” (AMA).

The Brand As a Source of Value for the Organisation and Its Stakeholders

This approach to the brand remains descriptive. The dynamic approach to the brand takes into account its value for both the organisation and the consumer. We have stressed the importance of loyalty: Kapferer and Laurent (1993) revealed that consumers were, to varying degrees, sensitive to the brand and that brands were taken into account in cases of perceived risk (of making the wrong choice in terms of financial or security aspects, etc.). A brand is reassuring when it offers a guarantee of quality and security. People prefer, for instance, to call upon the Mountain Guide Company in Chamonix if they are not able to handle high-altitude mountaineering alone. In the area of sport, sensitivity to a brand is measured for professional teams. Spectators do not go to see a football match, but to see “their” team. This fact reveals the relation that exists between the club and its supporters.

Kapferer (1998) draws up an exhaustive list of the functions of brands for consumers. Analysis shows that Marcialonga participant interview content is in line with eight functions.

1. Situating: For example, “Marcialonga is a international cross-country ski race organised in the Fassa and Fiemme valleys (Italy)” provides a clear view to participants and situates the offer in a product category.


2. Practicality: For example, “Every year I am not bothering about the race I want to be part of: It is Marcialonga. Skiers are saving time and energy”.

3. Guarantee: “Marcialonga is a well-organised event by competent people”. Participants are sure of finding a stable quality everywhere, whatever the place and time.

4. Optimisation: “Marcialonga is the best cross-country marathon race in Italy”. Participants are sure of buying the best product in the category, the best performance for this specific use.

5. Personalisation: “I consider that participating to Marcialonga is expressing my person-

Table 1.1 **Marcialonga Features**

Characteristics	Marcialonga
Brand is a distinctive sign	
Mission, activity	<ul style="list-style-type: none"> • Cross-country ski racing • Italy and world • Unique experience through Fiemme and Fassa valleys in Trentino
Brand owners	<ul style="list-style-type: none"> • Marcialonga S.c.a.r.l. • Ski Club Marcialonga (non-profit-making organisation)

Marcialonga logo courtesy of MARCIALONGA S.C.A.R.L.

ality". The Marcialonga brand is in line with skiers' self-image as projected to others.

6. Permanence: "This is the third time I am participating in Marcialonga and I am promoting this event among my friends". This testifies to satisfaction born of the familiarity and intimacy of links to Marcialonga.

7. Hedonism: "I am rather satisfied to be part of Marcialonga because of the friendly atmosphere, the scenery, and the authenticity of the race". Pleasure is related to satisfaction linked to the brand's experience, aesthetics, design, and communications.

8. Ethics: "Marcialonga organisation does care about ecology and sport ethics". Participant satisfaction is related to the responsible behaviour of the brand in its relationship with society.

Although not all functions are equally useful to a sport organisation, it remains true that the consumer benefits mentioned express the existence of a relation between the brand and the people who use it. The importance of these benefits and the brand's capacity to satisfy them express the value of the brand for the consumer.

This essential point leads us to define the brand as an entity that possesses a relation with the sport organisation's stakeholders. Stakeholders are those who have an interest in a particular decision, either as individuals or as representatives of a group. This includes people who influence a decision, or *can* influence it, as well as those affected by it. Freeman's (1984) seminal conception was that stakeholders included all *affecters* and *affectees* of corporate policies and activities (i.e., all relevant interests). The distinction means that stakeholdership implies the union of influence (i.e., affecters) and impact (i.e., affectees). Depending on its position (sport governing body vs. club) and its geographical area (international vs. national), an OSO has various kinds of stakeholders: staff, members, clubs, national federations, media, sponsors, government, and so on. This relation is defined by the type of benefits the brand is providing to the stakeholder (functional, symbolic, socio-cultural, emotional) and their influence on the OSO's decisions or impact on them. Chappelet (2004) analyses the new "Olympic system" as presented in figure 1.1.

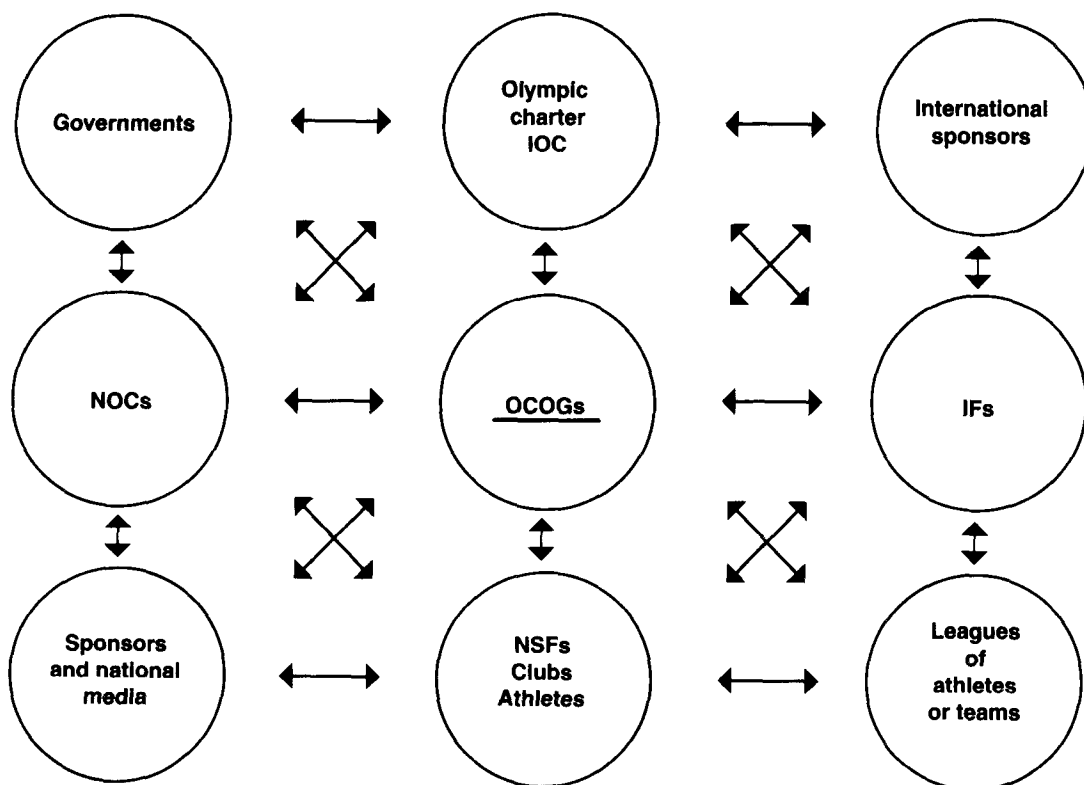


Figure 1.1 The new actors encircling the Olympic system (Chappelet, 2004).

The Brand As a Source of Value for the Sport Organisation

The brand falls within a logic of differentiated offering. According to Kapferer (1998), the organisation wishes to better satisfy the expectations of a segment of the clientele by supplying it, in a “constant and repeated way, with the ideal combination of tangible and intangible, functional and hedonistic attributes . . . in conditions that are economically viable for it”. The sport organisation thus marks its sector by putting its stamp on the product. When thinking of athletics in Italy, for example, we think of FIDAL (Federazione Italiana di Atletica Leggera).³ For the federation, this means

- associating the benefits linked to the practice of athletics in clubs,
- associating the factors of the services, and
- demonstrating competitive advantages in comparison with other sports (direct competition) and with a nonstructured personal type of practice (running).

Earlier we saw that sport is in a competitive situation when the question is one of satisfying motives such as relaxing and making friends. Certain sport organisations find themselves in direct competition with commercial structures that propose similar sport services, or within the context of sponsoring for events. Moreover, the brand permits the sport organisation to create sponsorship opportunities for itself. We shall devote chapter 4 to this area, whose strategic importance is increasing. Sponsoring also opens up possibilities for brand extensions. This is the case of merchandising for a sport organisation and the events it controls. Some of these can give rise to licensing contracts.

Sport Organisation Brand Equity

Today’s understanding of brand takes it far beyond the AMA definition. Brand is now more commonly defined as a set of expectations and associations evoked from experience with a sport organisation or a service that it provides (e.g., an event). It’s all about how stakeholders think and feel about what the organisation and

its services actually deliver across the board. If the expectations, associations, and experiences are positive, negative, and neutral, these combine to create the brand’s equity. Brand equity has been conceptualised in a variety of ways. Cooper and Simons (1997) consider brand equity as the strength, currency, and value of the brand; the description, and assessment of the appeal, of a brand to all target audiences who interact with it. As noted authority David Aaker (1991) defines brand equity; it is the set of assets and liabilities that connects “a brand to its name or its symbols and that brings something to the enterprise and to its clients because they give an added value or a lesser value to the products and to the services”. The assets and the liability that the brand entity includes must be linked to the brand’s name, its symbols (logo, packaging, etc.), or both. If the name or logo is changed, all or part of these assets are perturbed or even lost even if certain factors can be transferred to the brand’s new name or its new visual symbols. As Aaker detailed in his classic *Managing Brand Equity*, creating a brand equity profile involves the identification of the various customer associations with a brand, as well as levels of customer awareness and loyalty that set it apart from competitors.

According to this definition, brand equity is created in the mind of consumers in the marketplace (taking into account the competitors). It can add to or remove value from an OSO service or product. Kohli and Leuthesser (2001) synthesised these two aspects: Brand equity is defined as “the differential effect of brand knowledge on customer response”. Three elements of this definition need to be emphasised.

- Differential (e.g., differentiation) is the most critical, because a brand must be perceived as different from the others (competitors).
- Brand knowledge—your customers should know about the differentiation and should appreciate that the differentiation is meaningful for them.
- Customer response—customers should respond favourably to this differentiation, for example with loyalty or with

³ www.fidal.it