

SPORTS MARKETING



HOWARD SCHLOSSBERG



Sports Marketing

Howard Schlossberg

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Global Marketing Perspectives

Series Foreword

Will marketing be different tomorrow than today? When will this change occur? What does change mean to marketing professors? How can change best be explained to marketing practitioners? Who will be crucial marketing actors? Where will marketing take place? Is marketing global, or global with national sales and distribution practices, or national with global brand names? What is marketing? Answers to these questions range from marketing euphoria to marketing realism.

Tomorrow's marketing promotes dialogues with economics, management strategy, culture and consumer behavior, and international business. Marketing has as its ultimate goal understanding the problems faced by marketers and offering them practical advice on marketing strategy, the 4Ps, sales force behavior, and value marketing. While marketing literature contains a wide variety of paradigms, each with loyal proponents, it cannot sort out which marketing actions achieve long-term competitive advantage over rivals. Nevertheless, individual marketers believe their unique solutions are the real answers to marketing's diverse global problems. That is the dead end of marketing euphoria.

Therefore, marketers must ask two fundamental questions. What marketing actions will create a sustainable advantage for an individual firm? And, under what market conditions are such actions effective? The first question is about practical advice for marketing managers. The second question is about how marketers overcome market imperfections, grow sales, and increase profits. Together, they form the basis of marketing strategy for global, national, and local markets

and discussions about how firms deal with asymmetric shocks, such as, free trade agreements among countries, and computer-based telecommunication technologies within industries. Marketing teamwork begins inside the firm looking out and ends outside the firm looking in. That is the road to marketing realism.

Here is our goal for this series of books. We want marketing professors and practitioners to walk (perhaps run) down the road of marketing realism. When they come to a fork in the road we want them to look at our books on global, sports, and green marketing for signs that show the way towards sustainable competitive advantage for individual firms. If read carefully, marketers find the danger signs that say caution, no entry, or dead end; because, some suggestions do not overcome price and product market imperfections. The purpose of this series is to introduce marketers to some of the marketing challenges for the next century.

Douglas Lamont
Series Editor

Preface

Why would anyone want to write a book about sports marketing?

First of all, you get asked – in my case, by Doug Lamont, the editor of the series of business books of which this text is a part. Doug kindly asked me to write this tome after I spent three years writing a column about same in *Marketing News*, the American Marketing Association's biweekly news magazine for its members.

Why pick the specific topics I did? Simple. To me, after years of observing sports and sports marketing as both participant and literary observer, these were among the hottest trends in the industry at the time I sat down to write this book.

What better entity to exemplify global marketing than the NBA? How much more intrusive does so-called "ambush marketing" have to become before it merits a book of its own? What sport already has more global acceptance than soccer? What sport is attracting sponsors and licensees more rapidly than auto racing? What activity exemplifies the fans' emotional attachments to sports that marketers can leverage better than fantasy sports participation? And what brings sports to everyone? The media, of course.

With the labor strife rampant in the other major sports, focusing individual chapters on them was not merited. Their inclusion in the introductory overview chapter is sufficient. The Olympics has been hammered to death.

It's customary here to thank everyone and anyone who helped out. So let's first thank my wife, Jocelyn, for her support and Doug Lamont, who sought me out to write this book.

Thanks also to Rolf Janke, Mary Riso, Jan Leahy, and the gang at Blackwell; the people at places like International Events Group and

the National Sporting Goods Association who let me attend the conferences where I gleaned so much first-hand information; Ernie Saxton; the one and only and inspirational Tom Amshay at RFTS Productions; Dallas Branch, Tracy Schoenadel, and the crowd at *Sport Marketing Quarterly*; two guys who won't like being mentioned in the same sentence but I'm doing it anyway, Alan Friedman (*Team Marketing Report*) and Dick Lipsey (*Sports Marketplace*); Shelley Ball, late of the American Marketing Association, for her undying support of sports marketing in the face of short-sighted opposition; Kim Lee at Walker, a sports marketing fan who is one of the few people on the planet to never say a discouraging word about me; Mickey Charles at Sports Network; Seth Sylvan and the gang at the NBA; Wood Selig at the University of Virginia; Mark Andrew of the Indiana Pacers; Dennis Sandler and David Shani, the kings of ambush marketing research who kept me in Baruch College glassware; Lois Lazarus; the gang at Robert Morris College's sports management program; Bill Sutton at UMass; the guys in the Cahners Rotisserie Baseball League (CRBL); the crew at Randy Hundley Baseball Camps; and manuscript reviewers Lynn Kahle at the University of Oregon, C. B. Claiborne at James Madison University, and Richard C. Leventhal at Metropolitan State College.

And, not to forget, copyeditor Kim Field, he of the astute eye and way with words.

There's more, but they know who they are, and I'm out of time and space. Enjoy. And hold onto your wallet – sports marketers are out for it. There are some sports marketers who merit your dollar, and some who don't – be careful how you spend it.

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Sports Marketing

— An Overview

What is sports marketing, and what do we think of it? How do we react to it? Why does it work? When does it work? When doesn't it?

Sports marketing is how companies separate themselves these days by identifying with athletic heroes and their prowess. We working stiffs think it's just dandy for the most part, or so we say, and it works because of our powerful emotional attachments with teams and athletes. When sports marketing doesn't work, it's usually because someone didn't match up corporate goals with the benefits to be gained of a particular sports sponsorship opportunity.

Yet, public perceptions are positive. In fact, 93 percent of adults "believe that corporate sponsorships are a good thing or are something they are not concerned about,"[1] according to a study by The Roper Organization for the American Coalition for Entertainment and Sports Sponsorship (ACCESS). The study also noted that "76 percent said advertising and sponsorships are a fair price for the entertainment they provide." The study went on to say that "82 percent said corporate sponsorships benefit local communities by presenting events that attract visitors and helping to hold ticket prices down and 76 percent said that corporate sponsorship is a fair price to pay to keep sports on free television and hold down ticket prices." [1]

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Corporations have responded accordingly, as shown in Table 1.1, which displays corporate leaders in number of sports sponsored. And Table 1.2 shows the ever-augmenting number of sponsorship dollars being spent over the years 1990-93.

But just what is this thing we call sports marketing? Try these pertinent examples on for size.

Sports Marketing – All Shapes and Sizes

Sports marketing is . . . being a tobacco company in a sensitive time for cigarette manufacturers. At a time when legislators and public policy groups are applying pressure to not only eliminate and restrict tobacco promotion but to eliminate cigarettes, tobacco marketers march on.

TABLE 1.1. Companies that Sponsor the Most Sports

Company	Number	Company	Number
Coca-Cola	17	JC Penney	10
Budweiser	16	Genuine Draft	10
Gatorade	16	Pizza Hut	10
USAir	16	Toyota	10
Delta Airlines	17	AT&T	9
IBM	13	Avis	9
Pepsi	13	Campbell Soup	9
Kodak	13	Canadian Airlines	9
Bud Light	12	Continental Airlines	9
Fuji	12	Evian	9
Reebok	12	MCI	9
Coors Light	11	Met Life Insurance	9
Ford	11	Nike	9
McDonald's	11	Olive Garden	9
Miller Brewing	11	Panasonic	9
Northwest Airlines	11	United Airlines	9
Sprint	11	Upper Deck	9
Chrysler/Plymouth	10		

Source: Sports Sponsor FactBook/Team Marketing Report, October 1993

TABLE 1.2. Sponsorship Spending in America

	1993	1992	1991	1990
Sports	\$2.447B	\$2.112B	\$1.792B	\$1.700B
Pop Music/Entertainment	\$361M	\$318M	\$364M	\$330M
Festivals, Fairs, Annual Events	\$333M	\$286M	\$280M	\$250M
Causes	\$314M	\$254M	\$196M	\$125M
Arts	\$245M	\$223M	\$168M	\$150M
Totals	\$3.700B	\$3.200B	\$2.800B	\$2.500B

B = billions, M = millions

Source: International Events Group, 1993.

Phillip Morris is one such marketer. The tobacco company, according to Ina Broeman of Phillip Morris USA, uses sponsorship, including sports sponsorship, to increase sales, entertain clients, and – most importantly – interact directly with its customers in the general public, including the building of extensive databases of consumers. How?

It sponsors everything from bowling tournaments to race cars to music festivals. Phillip Morris's sponsorship of the successful Roger Penske race car team includes signage, premiums, sweepstakes, and on-site sale of its cigarettes and licensed merchandise at races. Its Marlboro Racing News Service is the wire service of auto racing.

Phillip Morris's Virginia Slims tennis tour is a staple of American sports. For 25 years, this sponsorship has built goodwill, supported charities with funds from tournaments, boosted awareness through clinics for customers with top stars, and boosted sales through retail tie-in programs.

Phillip Morris's Merit brand bowling sponsorship is even more impressive. It attracts 800,000 people to its national tournament and holds qualifying events nationwide. A pro-am event in Reno tops off the tournament, with qualifying local winners getting to roll with the top pros. All told, Broeman claims, 40 million people are reached through Phillip Morris's sponsorship programs annually. In Broeman's words, this sponsorship "strengthens the relationship between Phillip Morris brands and the consumers who use them," and it's as easy to

do right as matching up consumer demographics, psychographics, and lifestyles with each brand's objectives. It reinforces positionings, boosts awareness, builds databases, increases sales, and generates trial. For example, if a Phillip Morris brand wants to build awareness, it will be the title sponsor of an event. If just generating trial is the goal, associate sponsorship fits the bill.

Merit rolls to success in bowling, Broeman notes, reaching an audience split equally between men and women who have an annual income of \$30,000, some college education, an awareness of sports and recreation, and – most importantly – a smoking habit. Bowling is a “smoker-friendly” environment, Broeman notes, and Merit holds its national roll-off in 2,500 bowling centers around the country. Forty-five regional winners advance to the national pro-am in Reno for the trip and thrill of a lifetime. National free-standing insert (FSI) support and a sweepstakes to generate database names provide promotional support. Eight hundred thousand names were added to the database from the tournament in 1993. Broeman calls this a “unique platform to talk to, in a direct way, our Merit consumers.” Cigarette makers haven't been allowed to advertise on television for some two decades now, but with sports promotions like this, who needs to buy ad time on television?

Auto racing attracts American men in the 24-to-38 age bracket who like sports and music, Broeman told the International Events Group sponsorship marketing conference in March of 1994. For Marlboro, whose goals are to build sales volume, maintain and increase awareness, and build consumer databases to support all that, sponsoring the Roger Penske racing team was the answer. Penske teams give Marlboro exposure at 13 of 16 Indy car events. (See Chapter 6 for the impressive numerical parameters of auto racing.) At these races, a Marlboro trailer is parked along trailer row to sell product and licensed merchandise. Marlboro signage is everywhere. Retailers are given incentives to feature Phillip Morris brands. National advertising hammers home the sponsorship relationship. The race cars and drivers eventually make trade show appearances on Phillip Morris's behalf. In race-venue bars and taverns, Phillip Morris bar nights, including race car simulators to help consumers have a good time and build the awareness of the sponsorship association, celebrate the race.

All this comes in an atmosphere and time when the American Medical Association is asking Major League Baseball (MLB) to have its teams remove tobacco company signage in stadiums, when stadiums and arenas are increasingly outlawing smoking, and when similar actions are being taken in sporting venues around the country. And sports franchises need the sponsorship money. Virginia Slims is under severe pressure to be removed as a tennis sponsor. But Phillip Morris keeps on rolling. So do others.

Sports marketing is . . . General Mills selling its famous Wheaties brand cereal through its “He didn’t have his Wheaties” campaign, which began in 1970 with a baseball slugger named Hank Aaron and continued with the great contemporary sports legend, Michael Jordan.

Sports marketing is . . . Coors sponsoring the Silver Bullets, a women’s semipro baseball team that traveled the country in 1994 and 1995 playing men’s teams. This was the first time a women’s team played men’s squads. Silver Bullet is the marketing slogan Coors uses to sell its silver-canned Coors Light.

Sports marketing is . . . Bike Athletic Company, makers of athletic supporters, among other personal equipment, providing souvenir athletic supporters to players in college football’s Cotton, Sugar, Orange, Rose, and Fiesta bowls.

Sports marketing is . . . Ocean Spray reaching women through its support of Women’s Athletes’ Voice of Encouragement (WAVE) by providing scholarships for student athletes and funds for financially strapped athletic programs, helping women’s sports reach a new level of esteem, and by using spokespersons like Olympic medal-winning swimmer Summer Sanders to support the program. Ocean Spray’s primary consumers are 18- to 44-year-old women.[2]

Sports marketing is . . . the PSP sports marketing promotion agency packaging 25,000 Fan Paks full of major consumer brand samples and coupons for free distribution at major college football games – a surefire way to get beyond just plain old premium distribution.

Sports marketing is . . . Jostens, maker of student recognition products such as class rings, awarding the NCAA Division III Football Coach of the Year award.

Sports marketing is . . . AT&T (and it should come as no surprise) sponsoring NCAA football Long Distance Awards for individual leaders in rushing, passing, receiving, kickoff and punt returns, and punting.

Sports marketing is . . . Refrigeration contractor York International engineering and building a refrigeration system for luge and bobsled tracks for the 1994 Winter Olympics, part of a long history of such refrigeration systems York has supplied to build a better sales environment for itself in its commercial relations.

Sports marketing is . . . how all these companies – and many more – use the emotional attachment of the fans to their sports heroes and teams to position themselves to sell more of their products and services, to increase their awareness and goodwill as the conduit to sports for the average fan (who is increasingly being priced out of the game), and to be sure trade customers feature and promote their products and services.

Sports has become a marketing medium in and of itself, with the ability to target, segment, promote, and cast products and services in heroic lights. More and more companies you'd never think of being remotely attached to sports are using athletics to enhance and embellish their marketing.

Companies like VISA and Coca-Cola that already enjoy universal recognition and sales use sports to reinforce those positionings and to cement their position as the supplier of sports heroics for fans hungry for such and willing to plunk down their plastic to prove it. Only VISA can buy you Olympic tickets, for instance, and only Coca-Cola brings you basketball's Dream Teams. How do some of them do it? How do they tap into consumers' lifestyles and leverage the emotional attachment consumers have as fans to their favorite sports and sports heroes?

McCall's and Stratton Mountain

When the New York Times Company's Women's Magazine group wants to promote itself, it goes to the golf course. No, it doesn't necessarily take prospective clients golfing, and it couldn't possibly help its 4-million-plus readership to tee up. But it can take them to the golf course, get them closer to the golf players they worship, and get other corporations to help them do it. The Times's sponsorship of the LPGA Stratton Mountain Classic brings fans and clients together with premier women golfers for a week of fun and excitement – and a pretty good golf tournament, too. In its magazines (*McCall's*, *Snow Country*, *Golf Digest*), players are profiled, and their personal fitness,

nutrition, and fashion habits are scrutinized. Associate sponsors were offered 30-second ad spots in the television broadcast of the tournament. A tie-in with a sweepstakes promoted by the 308 Grand Union grocery stores in the Northeast (Stratton Mountain is in Vermont) gave the tournament exposure in a busy retail environment. Twenty-five thousand fans were expected to attend the tournament. Billboards that would be easily viewable during the telecast were made available to associate sponsors.

For *McCall's*, a leading women's magazine, serving as title sponsor allowed it to celebrate women's achievements. One million of its female readers already play golf, a figure that represents 17 percent of all women golfers. Attracting associate sponsors wasn't difficult for *McCall's*, as it already features many of America's leading consumer marketers on its advertiser roster. Being part of the media empire of the *New York Times* made it even easier to leverage that exposure and offer it to associate sponsors. On-site sampling, trade entertainment, and coupon offerings created an opportunity to make cash registers ring at retail.

CIT Financial and Getting in the Door

The CIT Group of financial services wanted to make headway with business prospects and get their business. But how to open the door? Signatures. Signatures of famous baseball players – Willie Mays, Mickey Mantle, and Stan Musial. Targeted executives, decision-makers at prospect companies, received baseballs autographed by Willie Mays along with invitations to inquire about more CIT information. The ball came in a display box with room for two more. A request for more information got the inquirer another autographed baseball. An appointment with a CIT representative filled out the display case – the third ball was delivered by the CIT rep at the meeting. More than 92 percent of targeted respondents requested more information, and CIT garnered \$60 million in revenue from the "Signature Series" campaign as well as a Direct Marketing Association Diamond Echo Award.

The University of Virginia Goes to School

The University of Virginia needed to attract sponsors for its increasingly successful football program. To do so, it had to attract fans and profile