

Sports Marketing

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Course : Sports Marketing



Sports Marketing

- Sports
 - As a Product/Service
 - Sports Goods
 - Materials/Equipments/Accessories
 - Sports Consumers
- Marketing



Sports Marketing Mix

- *Product*—ensures that product characteristics provide benefits to the consumer (includes identifying the actual product).
- *Price*—ensures that the product is priced at a level that reflects consumer value.
- *Place*—distributes the product to the right place at the right time to allow ease of purchase.
- *Physical evidence*—is the visual and/or tangible clues of the service product, such as the design and construction of the facility, and in general the aesthetic appeal.



Sports Marketing Mix

- • *Process*—represents the convergence of the marketing and operations functions and therefore affects real-time service delivery and quality.
- • *People*—are responsible for delivering the event and are a major distinguishing quality factor in the consumption process.
- • *Promotion*—communicates the product's ability to satisfy the customer through advertising, personal selling, sales promotions, sponsorship, public relations and promotional licensing.

Definition of Sports Marketing:

- Sports marketing has developed two major thrusts:
 - i) the marketing of sports products and services directly to consumer of sports and
 - ii) the marketing of other consumer and industrial products or services through the use of sports promotion.



Marketing Myopia in sport

- A focus on producing and selling goods services rather than identifying and satisfying in the needs and wands of consumers and their markets.
- Confusion between promotions and marking.
- Ignorance of competition inside and outside of sport.
- A short sighted focus on quick-return price hikes or investments like sponsorship rather than long-term investment in research and relationship marketing.



Uniqueness of Spots Marketing:

1) The Sports product

The following are the peculiar elements that distinguish the sport product from other products:

- Playful competition, typically in some game form
- A separation from “normal” space and time
- Regulation by special rules
- Physical prowess and physical training
- Special facilities and special equipments.



Characteristics of Sports Product:

- **An intangible, ephemeral, experiential, and subjective nature:**
- **Strong personal and emotional identification :**
- **Simultaneous production and consumption:**
- **Dependence on social facilitation:**
- **Inconsistency and unpredictability:**



Sports Market

- Many sports organization can exist in isolation.
- Product salience and strong personal identification lead many sport consumers to consider themselves experts.
- Demand tends to fluctuate widely.
- Sport has an almost universal appeal and pervades all elements of life.
- *Eating and drinking*
- *Gender*



Sports Market

- Eating and Drinking
- Gender
- Religion
- Politics



A modal of the sports industry:

- To provide “packaged” event to spectators at the venue or via the mass media
 - Professional team sport franchises
 - Professional tours such as golf and tennis
 - Arenas/ stadiums, coliseums
 - Race tracks

To provide facilities, equipment, and programming to players, who then produce the game form

- College or high school intra murals
- Country clubs, resorts, marinas
- Commercial facilities (e.g racquet clubs and bowling alleys)
- Corporate, industrial or military recreation
- Camps (e.g., racquet clubs and bowling alleys)
- Public and non-profit agencies (e.g., YMCAs), sporting goods companies (Nike, Adidas)
- Board game and video game companies (EA, Sega)



To provide “packaged” games or event for spectators as well as facilities, equipment, and programming for players.

- Intercollegiate athletics
- Interscholastic athletics



To provide general administrative support, control, and publicity to other sport organizations and people.

- Regulatory agencies, leagues or conference
- Sport media
- Sport sponsors
- Agents
- Management, research and consulting group

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The Strategic Sport – Marketing Planning Process



Stage 1: Understanding the Environment in which the Sport Competes

- **External forces**

- **Industry competition**

- 1.the intensity of competition between existing firms within an industry(sports league)

- 2.the bargaining power of buyers (Spectators, Members, Sponsors)

- 3.the threat of substitute products(entertainment)

- 4.the bargaining power of suppliers(Players)

5. the threat of new entrants(New clubs/Leagues)



- **Publics**

- 1. Government Agencies**

- 2. Sponsors**

- 3. Supporters**

- 4. Media**

- 5. Members**

- 6. Other Clubs**

- 7. Other Leagues**



Stage 2: Understanding the Internal Capabilities of the Organization

- **SWOT analysis**

1. **Strengths** are resources, skills or other advantages relative to competitors
2. **Weakness** are limitations or deficiencies in resources, skills and capabilities
3. **Opportunities** are major favorable situations in a sport's environment.
4. **Threats** are major unfavorable situations in a sport's environment



Stage 3: Examining Market Research and utilizing Information Systems

- **Market Research in Sporting organizations seeks to answer six questions about consumers in relation to their consumption of the product.**

1. Who

2. Why

3. When

4. Where

5. What

6. How



Stage 4: Determining the Marketing Mission and Objectives

- **Market penetration:**

It's refers to making more existing customers without changing the Product

- **Market Development:**

A Market development Strategy is a relatively inexpensive way of creating new markets for existing products



- **Product development:**

A Product development strategy involves offering a modified or new product to current markets.

- **Product diversification:**

It requires a firm to develop an entirely new product for a new market

UNIT – II : Sport Consumer

Behaviour

- The study of sport consumer behaviour emerged from a variety of academic disciplines to specifically focus on understanding sport consumption activities.
- the challenge for sport marketers is to understand the complexity of human behaviour to identify key elements of the decision-making process and develop marketing actions to enhance the sport consumption experience

Perspective of Sports Consumer Behaviour

1. Socialization, Involvement, and Commitment:

Socialization is the process by which people assimilate and develop the skill, knowledge, attitude and other “equipment” necessary to perform various social roles. Socialization, in turn, demands some kind of involvement, in the case of sports.

Involvement takes one of three basic forms as described below:



- **Behavioral Involvement:**

It means offering active participation (the hands-on “doing”). This includes playing at practice or in competition. It also includes the activities (watching and listening) of fans at a game (or at home).



- **Cognitive Involvement:**

Developing interest or involvement in a sport is through the acquisition of information and knowledge about a sport.

Magazines, newspaper, game programs, radio, television, and the internet are key media for cognitive involvement by consumers eager to know more about a sport.



- **Affective involvement:**

The attitude, feelings and emotions, a consumer has toward an activity (sport) is called as affective involvement.



Committment

- Basically, involvement is a key for commitment.
- Commitment refers to the frequency, duration, and intensity of involvement in a sport, or the willingness to spend money, time and energy in a pattern of sport involvement.
- The committed player, fan or member thinks more, feels more, and does more. Nurturing the committed consumer is a key goal.

2. Environmental Factors:

- A) **Family, Friends, Peers, Coaches, etc.**
- B) **Cultural Norms and Values:**

Family, Friends, Peers, Coaches, etc. tend to convey the beliefs, attitudes, and behaviours that characterize their own cultural settings.

- c) **Class, Race, Gender Relations, Climatic and geographic conditions**

3. Individual Factors

- **A) Self-concept/ self Esteem:**

All the people hold certain cognitions or beliefs about themselves.

- Self Images (ways we view ourselves)
- Image of how we think other view us (perceived or apparent selves)

- **B) Stage in life or the Family cycle**
- **C) Physical Characteristics:**
 - **1. Learning** - Although some physical characteristics are inherited, many are learnt. *Most people learn to be a competent or skilled athlete despite initial discomfort.*
 - **2. Perception** - Learning requires the consumer to use perception which may be defined as the process by which a person scans, gathers, assesses, and interprets information in the environment. Although perception employs the five senses, it involves far more.

Sports marketers must be particularly sensitive to a number of perceptual issues, including facility cleanliness, exposure to violence, risk of injury or embarrassment and waste of time, money, effort.



- **3) Motivation**

- Environmental stimuli may activate the drive to satisfy as an underlying need.

- **i) Achievement and self-esteem:**

The notion of winning does matter both for player and fans.

- **ii) Craft**

Winning isn't all that count. For many people, developing or enjoying physical skill prompts sport interest. "Learning a new skill" typically ranks high among reasons people list for playing.

- **iii) Health and fitness**

This is an obvious motive for club membership and equipment purchase. Many people play sport simply for maintain their health and fitness.



- **iv) Fun and festival**

Especially, it would be really a fun and festival for highly involved fans to watch their desired sport.

- **v) Affiliation or community.**

To be with friends or family is a common reason people give for any sport involvement, as indicated in studies of tennis participation, athletic club membership, and fan motivations.

- **vi) Risk and gambling**

It is no wonder that sports and gambling have gone hand in hand.



- 4. Attitudes:

One of the long-term results of perceptions, learning and involvement is the growth of attitudes, defined by Kotler as “a person’s enduring favorable or unfavorable cognitive evaluations”.

Some collective attitudes may become dominant in a given culture.

Individual or collective, attitudes often affect sport involvement.

Several studies have demonstrated that fan’s attitudes toward teams, influence their perceptions of enjoyment in watching football games or cricket matches.

Marketers naturally try to cultivate positive attitudes toward their products.

Sports Consumption Process:

- **Step 1: Problem recognition**
- **Step 2: Information search** - A recall of stored knowledge in the memory or seeking additional information
- **Step 3: Information source**
- **Step 4: Evaluation of alternatives**
- **Step 5: Purchase** - The decision to purchase a particular product or service can best be described as:

Choice = Intention + Unanticipated circumstances



Step 6: Post-purchase outcomes/evaluation –

Invariably, there are three major outcomes possible during this stage:

1. The consumer is entirely satisfied with the purchase and no further information is required.
2. The consumer is not entirely satisfied with the decision and may need to reappraise the alternatives gathered,
3. The consumer is totally dissatisfied with the experience

Involvement in the decision-making process

- High-involvement purchases
- Low-involvement purchases

Marketing Research in Sporting

Organizations:

- **General Information**
- **Sport-specific Information**

The Market Research Process:

- Data-collection methods:
 - *Surveys*
 - *Focus groups*
 - *Observation*
 - *Experimentation*

Research Design:

- The research design should be of sufficient scope to provide all necessary information, but short enough to encourage participation in the process.
- Although types of research design are as varied as the sports products and services being researched, there are a number of basic principles that should be adhered to:



Research Design:

- Sport marketers should ask only questions to which they need to know the answer. If responses to perceived personal questions, such as income levels, are not needed, they should not be asked for, as incorrect responses can bias results.
- • For ease of analysis, questions should be closed, mutually exclusive and free of ambiguity.
- • While questions should be thematically linked, each response should provide a unique piece of information. This approach means that a questionnaire or survey can be reduced to sections, which can then be used and manipulated as a stand-alone instrument.



Unit–III: The Sport Product

- The sport product is a complex package of the tangible and the intangible attributes.
- All sports depend on human performance and this makes the marketer's job challenging in several respects.
- In sport, the product is easily visible; however, the quality of the core product is something over which the sport marketer has no control.
- This is a distinctly unique aspect of sport and sport marketing.

Basic elements of sport product:

- The sport product is inconsistent from consumption to consumption.
- The “core” game or performance is just one element of larger collection of players or fans who rarely consume the game, event or content in isolation.
- The sport “experience” includes the atmosphere of the venue, the equipment the apparel, the music the concessions and the pre and post game festival.
- The marketer typically has little control over the core product and consequently must focus efforts on product extensions.



Uniqueness of Sports Product

- Entertainment
- Socialization
- Achievement
- Health

Core Components of Sports Product

- Game Form
- Players
- Equipment and Apparel
- Venue



Sports Product Extensions:

- **The Game Form**
- **Star Power**
- **Equipment and Apparel**

Equipment is part of the “core” product for any sport consumer. No sport is played today without equipment, and much of it is increasingly “high tech”. A glove, a stick, or a hat is a tangible connection to a game or a match for players and fans alike.



Sports Product Extensions:

- **Memories**

One thing is clear in sports. History captivates and motivates consumers.

- **Novelties and Fantasies**

- **The Venue**

- **Personnel and process**

If the core sport product is a performance or an event, then successful marketing depends on the people who process the product



Sports Product Extensions:

- **The Ticket and Other Print Materials**
- **Electronic Product**
- **The organization**

Ultimately, all of the product elements can add value to the individual team, club, league or association. That is the ultimate objective of a careful marketing strategy. Players, equipment venues, merchandise, looks, movies, and web sites can all combine in the consumer's mind as representations of a particular organization.



Sports as a Service

- *Intangibility*
- *Inseparability of production and consumption*
- *Heterogeneity*

Services are potentially variable in their performance. Services can vary greatly depending on who performs them. Many different employees can come into contact with the consumer; therefore, consistency becomes an issue. Few sporting contests are the same from one week to the next, and the consistency of service delivery by people working at such an event can also vary.



Sports as a Service

- *Perishability:*

Services cannot be stored. Hotel rooms not occupied, airline seats not purchased or tickets to a sporting contest not sold cannot be reclaimed.

Key Issues in Sport Product Strategy

- **Differentiation**

If consumers don't recognize the club, the team, the player, the event or the equipment as meeting their needs, then marketing becomes a one way drive to void.

- **Product Development**
- **Product positioning**
- **Brands and Branding**



Brand Equity

- Brand equity is a relatively simple concept: the added value or equity that a certain product has by virtue of its brand name.
- When a sports organization is able to achieve a strong image in the consumer's mind, it realizes brand equity.
- Coca-Cola, Disney and ESPN are good examples.
- Put their name or image on a product and it is worth more than a generic product of similar quality. Why because, coke, Disney and ESPN have spent a great deal of time and money in building brands equity.



Brand Equity

- According to David Aaker, a leading expert on branding, brand equity is a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers.
- Strong positive emotional connections formed between the fan and a team is an example of the assets to which Aaker refers.



Components of brand equity

- Name recognition or awareness
- Strong mental or emotional associations
- Perceived brand quality
- Strong customer loyalty



Benefits of Brand Equity

- When a team such as Manchester United or Barcelona or Chennai Super Kings is able to generate a wealth of assets linked to its brand, the team is thought to have high brand equity.
- Achieving high levels of brand loyalty allows the sport marketer to realize increase in revenue through ticket and merchandise sales.
- Brand loyalty also typically results in a larger viewing audience for events, which in turn allows the sports organization to realize higher broadcast fees for the rights to televise their games or events and attract more sponsors looking for widespread television exposure in a sponsorship.



Benefits of Brand Equity

- **Less Drastic Revenue Declines when the Team Loses**
- **Ability to Charge Price premiums**
- **More Corporate Interests**
- **Licensing and merchandising opportunities**



UNIT–IV: PRICING STRATEGIES

Sport Product Elements that Require Pricing:

- Hard or soft goods (equipment or apparel)
- Tickets
- Memberships
- Concessions (food, novelties)
- Information (magazine, cable subscriptions)
- Access for corporate entities (entitlement space, signage, banner ads)
- Image (Photo)



Criteria to be considered while fixing Price for Sports Product Elements:

- Location (seat or parking),
- time (match or court) and
- quality and quantity.

Why price is a critical element in the marketing mix?

- . First, price can be readily changed.
- Second, in certain market conditions (specifically where demand is elastic), price is one of the most effective marketing tools.
- Third, price is highly visible. Therefore, changes are easily communicated resulting in possible changes in consumer perceptions.
- Finally, price is never far from the consumer's mind.

Core Issues in Pricing of Sports Goods

- The core issue in any pricing situation are cost, value, and objectives. The central equation in pricing is:

$$\textit{Satisfaction} = \textit{Benefit} - \textit{Cost}$$

- Cost is the most visible and often most compelling part of the equation.

Goods

- **Cost versus Price: Developing a Cost Index**

The difference between a marketer's sense of price and a consumer sense of "cost" holds true in most forms of sport involvement. For instance, the real "cost" of golfing includes at least the purchase or rental of clubs, bag, and shoes, balls, gloves and post golf refreshment.

Goods

- **Value and Price**

Consumers often perceive a higher price to indicate higher quality, conversely lower prices often suggest lower quality. Consumer perceptions somehow link price (and total cost) with value. Product values may include the following elements:

- Quality (including a sense of rivalry, competitiveness, and star power)
- Convenience (including proximity to venue and parking)
- Aesthetics
- Cleanliness, comfort, security
- Availability (of tea times, of good seats)
- Durability

These are just a few of the elements of value. Like total cost, value lives in the mind of the consumer.



Pricing Objectives:

- Efficient use of resources (personnel, space)
- Fairness (consumer's ability to pay)
- Maximum participation opportunities
- Positive user attitudes or image
- Maximum product exposure and distribution
- Profits
- Survival



Standard Approaches to Pricing:

There are several standard approaches to pricing that operate to varying degrees in the sport industry. In most cases, a common set of factors comes into play. These factors include the following:

- Production costs, including salaries and facilities.
- Market conditions
- Competitors' prices
- Organizational objectives, including profit and distribution targets.
- Product or event frequency.
- Brand Strength- that is, team record, sales and advertising image.



Pricing Methods

- **Break-Even Analysis**
- **Cost-plus pricing**
- **Capitation pricing – ‘Price Per Head’ concept**
- **What the Market Will Bear**



Special Pricing Factors

- Market Demand
- **Lead Time**
- **User Segmentation**
- **To discount or Not to Discount**
- **Responding to Competitors**

Advertising Media for Sports

- **Signage**
- **Endorsements** - A celebrity athlete endorser is defined as a well known celebrity athlete who uses his or her fame to help a company sell or enhance the image of the company, products, or brands.
- **Print Media**
- **Broadcast (Electronic) Media – Television, Radio, etc.**

Promotional Concepts and Practices

- **The Hall Mark Event**

According to Ritchie, a 'hallmark event' is a major one-time event (or recurring events) of limited duration, developed primarily to enhance the awareness, appeal, and profitability of a tourism destination in the short term, the long term, or both.

Promotional Concepts and Practices

- **Internet Sites, Web pages, Blogs and More**
- Organizational history
- Schedule of events, games, activities
- Biographical information on players or performers
- Links to related Web sites or pages (in the case of a league, links to sites of all member teams)
- Ticket- purchasing options

Promotional Concepts and Practices

- Merchandise sales opportunities (cyber stores)
- Chat rooms and the e-mail addresses of players, broadcasters, management, or front office personnel to facilitate communication
- Statistics
- Fan Pages
- Newspapers or other publications
- Video or audio clips of game action or highlights
- Special pages devoted to dance teams, mascots, or other organizational features and other means to provide feedback

Promotional Concepts and Practices

- **Sales Promotions**
- **The Theme**
- **Product Sampling**
- **The Open House**
- **Coupons**
- **Bundling**
- **Contests**
- **Premiums and Redemption**
- **Street Promotion**



Sponsorship

- The main goal of sponsorship is to encourage more favourable attitudes towards the sponsoring company or its products within a relevant target audience, such as consumers, trade customers, employees or the community in which it operates.
- Sponsorship is a business relationship between a provider of funds, resources or services and an individual, event or organisation which offers in return some rights and association that may be used for commercial advantage.
- In other words, the term sponsorship refers to the acquisition of right to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association or association.

Provisions and benefits of Sponsorship

- The right to use a logo, a name, a trademark and graphic representations signifying the purchaser's connection with the product or event. These rights can be used in advertising, promotion, publicity or other communication activities employed by the purchaser.
- The right to exclusive association within a product or service category.
- The right of entitlement to an event or facility.
- The right to use various designations or phrases in connection with the product, event or facility use as official sponsor, official supplier official product or presented by.

Provisions and benefits of Sponsorship

- The right of service (use of the product or exclusive use of the product) or the right to use the purchaser's product or service in conjunction with the event or facility.
- The right to conduct certain promotional activities, such as contests, advertising campaigns or sales-driven activities in conjunction with the sponsorship agreement.

Evaluating and Ensuring sponsorship Effectiveness:

- **Why sponsorships Work-Affinity Marketing**

Affinity marketing refers to an “individual’s level of cohesiveness, social bonding, identification and standards of a particular reference group”.

The reference group, depending on its size and characteristics can be an attractive market for sponsors.

Evaluating and Ensuring sponsorship Effectiveness:


- **Why sponsorships Don't Always Work-Ambush Marketing?**

In other words, ambush marketing is a problem for the sponsor in that funds or services are invested in an association with a sporting organisation of which non-investing organisations reap the benefits.

The Six-Step Sponsorship Sales

Process:

- Schedule a meeting with the sponsorship decision maker. Meet only if the decision maker is present.
- At the first meeting, listen 80 percent of the time and sell only when you have to. You are there to observe and learn.
- Arrange a follow-up meeting for the presentation of your proposal before leaving this initial meeting. Try to schedule it within one week of this first meeting.
- Create a marketing partnership proposal. Give the potential sponsor something unique (creative handles, program elements, or ownership).

- 
- Present the proposal as a “draft” that you will gladly modify to meet the organization’s needs. Custom-tailored proposals are much more likely to succeed than generic proposals.
 - Negotiate the final deal and get a signed agreement. Close the deal when you have the opportunity; ensure that the final signed deal has agreed-on deliverables, payment terms and a mutually agreed-on timetable.



Thank you!