Strategic SPORT Marketing
Strategic SPORT Marketing

3RD EDITION

David Shilbury, Hans Westerbeek, Shayne Quick and Daniel Funk
# Contents

Preface xi  
About the authors xiv  
Contributors xvi  

## PART I  INTRODUCTION

1  An overview of sport marketing 3  
   Headline story 4  
   Marketing defined 6  
   Defining the sport marketing mix 6  
   Unique characteristics of sport and sport marketing 8  
   Importance of marketing in sport management 11  
   Sport marketing defined 14  
   Overview of this book 16  

## PART II  IDENTIFICATION OF MARKETING OPPORTUNITIES

2  The strategic sport-marketing planning process 19  
   Headline story 20  
   The strategic sport-marketing planning process 21  
   Step 1: Understanding the environment in which the sport competes 22  
   Step 2: Understanding the internal capabilities of the organisation 27  
   Step 3: Examining market research and utilising information systems 30  
   Step 4: Determining the marketing mission and objectives 31  
   Sportview 2.1 Winning, losing and profits 34  
   Summary 36  
   Case study 37  

3  Understanding the sport consumer 41  
   Headline story 42  
   Sport consumer behaviour 43  
   A model of sport consumer behaviour 44  
   The sport consumption decision-making process 46  
   Sportview 3.1 The Charleville Camel, Donkey and Yabbie Race Festival 54  
   Involvement in the decision-making process 58
Summary
Case study

4  Marketing research: Segmentation, target markets and positioning 62
   Headline story
   Marketing research and strategy
   Developing marketing information systems
   Data sources for a marketing information system
   Marketing research in sporting organisations
   The marketing mission
   The marketing research process
   Sportview 4.1 Marketing research at work: Twenty20 cricket
   Segmenting the sport market
   Sportview 4.2 Market segmentation: Extreme sports
   Target market selection
   Positioning
   Summary
   Case study

PART III  STRATEGY DETERMINATION  83

5  The sport product  85
   Headline story
   The sport product
   Sportview 5.1 Brand new
   Sport as a service
   Service quality
   Positioning the sport product
   Product development
   Sport and television
   Summary
   Case study

6  Pricing strategies  106
   Headline story
   The strategic pricing process in sport
   Step 1: Determine pricing goal(s)
   Step 2: Determine market sensitivity to price
   Sportview 6.1 AFL kicks a goal on marketing strategy
   Step 3: Estimate the cost–volume–profit relationship
   Step 4: Determine pricing strategies of major competitors
   Step 5: Determine constraints on pricing behaviour
   Step 6: Determine constraints of other marketing mix variables
   Sportview 6.2 Hallmark sporting events can make money!
   Step 7: Determine time dependence
   Step 8: Determine final price
7 The place of the sport facility 125
   Headline story 126
   Facility planning 128
   Sportview 7.1 The importance of the servicescape for sport consumers 129
   Physical evidence 131
   Process 133
   People 134
   Blueprinting the sport service delivery system 135
   Marketing channels for sporting goods and services 136
   Summary 138
   Case study 138

8 Customer satisfaction and service quality by Linda van Leeuwen 142
   Headline story 143
   Customer satisfaction and service quality are important 144
   Definitions 145
   Measuring customer satisfaction 147
   Sportview 8.1 India cricket fans incensed 148
   How satisfied should customers be? 148
   Service quality 151
   Sportview 8.2 No aces in this service 152
   Expectations: A better understanding 156
   Sportview 8.3 Let's pump it up! 157
   Summary 158
   Case study 159

9 The sport promotion mix 163
   Headline story 164
   The money-back guarantee 165
   Promotion strategy defined 166
   Sportview 9.1 XBox, football promotional alliance 166
   A response model 168
   Promotion and product demand 169
   Sportview 9.2 ‘Valvoline—you know what I mean!’ 169
   Stages in promotion strategy development 170
   Defining the promotion mix 171
   Sportview 9.3 Lewis Hamilton: The sponsor's dream! 174
   Selecting the promotion mix 177
   Sales promotion, ticketing and participation 177
   Programs and techniques to boost sales 181
   Summary 182
   Case study 183
## Contents

Summary 243  
Case study 243

### 13 How to attract and implement sponsorship 245

- **Headline story** 246  
  - What is sponsorship? 246  
  - Creating win–win situations 251  
- **Sportview 13.1 An AFL event sponsorship opportunity** 253  
- **Sponsoring individual athletes and celebrity marketing** 254  
- **Sportview 13.2 One shining star in the galaxy** 257  
- **The integrated marketing approach** 258  
- **Current research trends in sport sponsorship** 261  
  - Summary 262  
  - Case study 263

### 14 Measuring the effectiveness of sponsorship 267

- **Headline story** 268  
  - Measuring sponsorship effectiveness 269  
- **Sportview 14.1 Case study part 1: The sponsor** 268  
- **Sportview 14.2 Case study part 2: The sponsorship research firms** 271  
- **The sponsorship properties: Events and athletes** 272  
- **Sportview 14.3 Case study part 3: The sponsorship consultants** 273  
- **The SPONSEFFECT model** 274  
- **Sportview 14.4 Sponsorship opportunity makes a cereal killing** 274  
- **Ambush marketing** 276  
- **Sportview 14.5 Ambush marketing at the Olympics** 278  
- **Location dependency of sponsorship** 279  
  - Summary 280  
  - Case study 281

### 15 Public relations 282

- **Headline story** 283  
  - Defining public relations 283  
  - Evaluating public attitudes 284  
- **Sportview 15.1 Case study part 1: Identifying the key ‘players’** 286  
- **Linking policies and procedures to the public interest** 289  
- **Sportview 15.2 Case study part 2: Identifying central publics and target groups** 290  
- **Planning and executing a program of action** 292  
- **Reputation management** 296  
- **Advantages and disadvantages of public relations** 297  
- **Sportview 15.3 Crisis? What crisis?** 298  
  - Summary 300  
  - Case study 300
16 Promotional licensing
   Headline story 306
   Trademark licensing 307
   Sportview 16.1 The rugby union ‘All Blacks/Wallabies/Springboks’ video game 312
   Sportview 16.2 Sport team logos are big business 313
   Building the sporting organisation’s licensing program 314
   Sportview 16.3 Using the established brand to build others 317
   Branding 318
   Summary 323
   Case study 324

PART IV STRATEGY IMPLEMENTATION, EVALUATION AND ADJUSTMENT 329

17 Coordinating and controlling marketing strategy
   Headline story 331
   Controlling the sport marketing function 332
   Measures of success 334
   Coordinating and implementing marketing strategy 338
   Careers in sport marketing 339
   Sport-marketing planning revisited 340

Bibliography 342
Index 357
Preface

The face of sport has changed radically over the last 35 years. What was once just a local Saturday afternoon activity for both participants and spectators now takes place on any night of the week and can be intrastate or interstate, with the fan experience live or mediated. In increasing numbers, supporters are demonstrating their allegiance to sport via the merchandise they buy, the literature they read and the television they watch. Sport in the 2000s is a multifaceted, multimedia industry, with growing appeal to an ever-increasing number of stakeholders and supporters. What was once a clearly defined, stable activity is now a complex technologically oriented and constantly changing industry. This is the environment in which the current generation of sport marketing practitioners must operate.

The sport experience can present a host of problematic consumer preferences for the sport marketer to target—compounded by the fact that sport no longer faces competition merely from within its own ranks. With decreasing amounts of leisure time and discretionary income being judiciously allocated, sport now has to compete for the consumer dollar with a vast array of both sport and non-sport activities. The various branches of the arts, the increasing proclivity toward short-term tourist activities and the growth of passive recreation all provide viable alternatives to the sport experience for the modern consumer. Sport is now just one component—albeit a very important one—of the entertainment milieu.

Given this cluttered environment, sport attracts consumers not through serendipity, but rather through carefully structured planning, creativity and perseverance. Successful sport marketing is the implementation of clearly defined strategies which are rooted in both perspiration and inspiration. The notion ‘if we build it they will come’ is no longer appropriate. Planning processes are now required that view sport not merely as an athletic endeavour, but as an activity in which multiple individuals and groups can engage.

There is little doubt that sport is changing, both on and off the field. While athletes have become fitter, stronger and faster to cope with the demands of the modern game, the management of sport has, at the same time, become a highly professional endeavour. To facilitate this process, and enhance the expertise of those charged with its effective management, education and training are vital components of the sport environment. Increasingly, both the sport industry and educational institutions have realised that sport can no longer be managed by individuals or groups who do not come equipped with certain skills.
It is important to recognise the range of skills required to manage the modern sporting organisation when preparing the educational framework for future sport managers. The growth in sport marketing teaching and practice is accompanied by a growth in sport management education generally. Sport marketing remains a popular area of study, viewed as exciting and attractive to the next generation of sport managers. The challenge of preparing graduates and practitioners for the rigours of sport management lies in balancing the emotion and tribal character of sport with the need for an objective application of business principles. Modern management of sport is more than just a response to traditional actions or present realities. It encompasses a vision for the future, together with the strategies and implementations required for bringing about that vision. This vision is based on a well-rounded curriculum cognisant of the need to integrate sport industry knowledge with the fundamentals of management, marketing, accounting and finance, and other business studies. Texts such as this one play an important part in assisting in this process. They are constructed by individuals and groups who understand the sport experience and what it means to play, spectate and officiate, and who also understand the meaning of management. In many instances, they have moved beyond sport and have appropriated from other fields of endeavour those theories and strategies which, when used appropriately, result in a successful sport experience for all concerned.

The ability to translate theory into effective strategic practice is the result of management education programs that utilise business practice to comprehend contemporary sport while simultaneously remaining cognisant of what sport means to the end consumer or fan. The modern consumer is discerning and needs to be treated as such. This text, through the provision of theory and examples, will result in future generations of sport marketers having the skills critical to the successful promotion of their sport.

*Strategic Sport Marketing* is unique from two perspectives. It is the first sport marketing text to truly integrate international examples. Case studies, sportviews and examples from a myriad of national and international sports and events have been used to reinforce theoretical positions and key points. From Australian rules football to European soccer, from the Sydney Kings to the Chicago Bulls, a concerted effort has been made to include as many popular sports and events as possible.

While this is important, more significant is the fact that there has been a conscious decision to place the text within a framework of strategic decision-making. The three major components of the text underscore this commitment. Part II of *Strategic Sport Marketing* concentrates on identifying market opportunities, focusing on the consumer and the way in which information can be gathered, collated and utilised in order to establish an effective marketing management process. In this edition, Part III delves into determining the best strategies to use when dealing with a particular component of the sport experience. Included in this section is the recognition that sporting organisations provide a service with an emphasis on service provision, service quality and customer satisfaction. In Chapter 8, Linda van Leeuwen focuses on customer satisfaction and service quality. Technology and its implications on the selection of marketing mix variables are also considered in a new chapter entitled Sport and new media, written by Anthony Beaton and Kevin Filo, which explores the role of online and new technologies in marketing and their impact on strategic marketing decisions.
A focus on sponsorship and its importance in the promotions mix has been retained in two chapters: Chapter 13, concentrating on how to attract sponsorship, and Chapter 14, on measuring sponsorship effectiveness. Thus Part III develops in some detail the theoretical and practical significance of marketing the sport service. Finally, Part IV establishes mechanisms for the ongoing evaluation, adjustment and maintenance of the strategic marketing process. Collectively, the three sections provide a seamless comprehension of the integration of consumer, activity and process. In addition, this third edition of Strategic Sport Marketing gathers together a new set of sportviews, case studies and examples to illustrate sport marketing in action.

Strategic Sport Marketing is aimed at senior undergraduates and entry-level graduate sport marketing students. It is also a useful resource for the practitioner engaged in sport marketing. While the case studies provide obvious examples of how the text can be used, we hope that this text will be used by sport marketing teachers and practitioners not only to stimulate the thought processes, but to engage with and improve the sport experience for the benefit of all concerned. Finally, it is hoped that the utility of this text will result in calls for ongoing literary contributions to the field of sport management.

David Shilbury
Hans Westerbeek
Shayne Quick
Daniel Funk
About the authors

**David Shilbury** is the Foundation Professor of Sport Management and a former Head of the School of Management and Marketing at Deakin University. In 1990 he was responsible for the implementation of the first business-based programs in sport management in Australia, establishing the Bachelor of Commerce (Sport Management) and the Master of Business (Sport Management). Prior to commencing at Deakin University, David worked for the Australian Cricket Board in Perth, the City of Stirling and the Western Australian Golf Association. He was a member of the Victorian Sports Council in 1995 and of the AFL Tribunal from 1992 to 2003. In 1999/2000, David won the Eunice Gill Award for Sport Management presented by the Victorian Sports Federation. He was also the Foundation President of the Sport Management Association of Australia and New Zealand between 1995 and 2001.

David is a former editor of *Sport Management Review* and is a member of the editorial board for the *Journal of Sport Management* and *Sport Management Review*. His most recent textbook, *Sport Management in Australia* (2006), serves as the introductory text to many sport management courses in Australia. David has been published widely in various journals and has presented papers at conferences in Australia, New Zealand, North America, Europe, South Korea and India. David received a Diploma of Teaching and a BAppSc (Recreation) from Edith Cowan University in 1976 and 1984 respectively, an MSc (Sport Management) from the University of Massachusetts/Amherst in 1989, and a PhD from Monash University in 1995. His principal research interests lie in the areas of sports development, strategy, marketing and sport governance.

**Hans Westerbeek** is Professor of Sport Management and a former Head of the School of Sport, Tourism and Hospitality Management at La Trobe University in Melbourne, Australia. Prior to being appointed as Head of School, he worked as an academic and consultant in the fields of international marketing and sport business. In addition to a range of 'blue chip' clients, Hans has consulted to a range of professional sport organisations, (inter)national and state sport associations, and local and state governments in multiple countries, such as FIFA, IMG, the Giro d’Italia, Sport Business Group, the government of the United Arab Emirates, PGA Australia, Tennis Australia, the Australian Football League and Cricket Australia. Hans is also an experienced corporate facilitator, and has conducted a range of residential professional development programs for organisations such as Coles Myer, Australia Post, the ANZ Bank, the Australian Football League Level I (elite) coaching program, and cross-cultural management and leadership, and sport governance.
marketing, components in the MBA programs of the University of Groningen (Netherlands), the Free University of Brussels (Belgium) and Sport Knowledge Australia. He is the (co)author of more than ten books in the field of sport business including _Sport Business in the Global Marketplace_, _The Sport Business Future_ and, also published by Allen & Unwin, _Managing Sport Facilities and Major Events_.

Prior to moving to Australia, he was a marketing manager with Freia Science Services BV in the Netherlands and a member of the Sport Management Committee of the European Union’s European network of sport science institutes. Hans was a founding board member of the Dutch Society for Managers in Sport (NVMS), the European Association for Sport Management (EASM) and the Sport Management Association of Australia and New Zealand (SMAANZ). He is also a Past President of the SMAANZ and the Past President of the Netherlands Chamber of Commerce in Australia (NCCA). He is a member of the Editorial Board of Arko Sports Media (Netherlands), sits on the Academic Advisory Council of Sport Knowledge Australia and is a member of the editorial board of _Sport in Society_.

He has received numerous academic and industry awards including outstanding service awards from the Netherlands Chamber of Commerce in Australia and the Sport Management Association of Australia and New Zealand, outstanding achievement awards from Deakin University, and most recently the Henry Fong Award for Contributions to Global Citizenship by the International Network of Universities. Hans holds a Bachelor’s degree in Physical Education, Masters degrees in Human Movement Sciences (MSc) and Business Administration (MBA) and a PhD in International Marketing from Deakin University.

**Shayne Quick** is a Professor of Sport Management at Bond University. He has taught undergraduate and postgraduate subjects in sport management and sport marketing at universities in both Australia and North America, and is an Adjunct Professor at the Democritus University of Thrace in Greece. He is a former President of the Sport Management Association of Australia and New Zealand. Shayne obtained a BAppSci (PE) from Victoria University of Technology, a BEd from Monash University, an MA from the University of Western Ontario, Canada and a PhD from Ohio State University, USA. He has been a consultant to the Houston Rockets, the Sydney Kings, the Australian Motorcycle Grand Prix, the NSW Waratahs and the Australian Rugby Union and has been involved with the Sydney 2000, Athens 2004 and Beijing 2008 Olympic Games. Shayne’s research has focused on the management of professional sporting organisations in Australia, sport and consumer behaviour and international sport management education. He has published and presented widely on these topics.

**Daniel Funk**, PhD is Professor of Sport Marketing with the Griffith Business School, Gold Coast, Australia. Dr Funk has established an international reputation in the area of sport marketing with an emphasis in sport consumer behaviour. His research evaluates psychological, personal and environmental determinants that shape sport consumer involvement through the use of the Psychological Continuum Model. The application of this research provides marketing and management solutions to organisations dedicated to the delivery of sport, tourism and recreation services and products. Professor
Funk has published over 50 referred articles in scientific journals, authored the book *Consumer Behaviour for Sport & Events: Marketing Action*, serves on editorial boards for sport related journals and in 2007 was recognized by the North American Society for Sport Management as a distinguished Research Fellow.

Prior to academia, Funk spent 5 years working as a sport marketing professional developing, implementing and promoting recreational sport programs and special events in the United States. Dr Funk received his PhD from Ohio State University in Columbus, Ohio and has worked on the faculties at the University of Louisville and the University of Texas at Austin. Professor Funk continues to work on various international projects examining marketing practices for professional and collegiate sport teams and participation at sporting events. He has given invited presentations at international conferences and seminars in Australia, Canada, Germany, Greece, Japan, New Zealand, Scotland, South Korea and the United States. In 2007, Dr Funk formed the Sport Tourism Event Research Network (STERN) a collaborative research network of academics working to enhance the economic, social and environmental sustainability of the sport industry and related sectors.

**Contributors**

**Anthony Beaton** is a doctoral student in the Department of Tourism, Leisure, Hotel and Sport Management at Griffith University, writing a thesis on the psychological processes underlying the development of commitment and allegiance to sport. He has a strong management and leadership background in successful SMEs from diverse industry sectors prior to receiving bachelor degrees in sport management and exercise science at Griffith University, where he was awarded the esteemed University Medal for his achievements. His current managerial interests lie in his capacity as a sport marketing and management consultant specialising in continuous quality improvement of professional and community sport.

**Kevin Filo** is a doctoral student in the Department of Tourism, Leisure, Hotel and Sport Management at Griffith University, writing his thesis on the synergy that exists between sport and charity in the event context. Kevin has accepted a position at the University of Massachusetts where he will serve as Assistant Professor of Sport Marketing starting in January 2009. Prior to academia, Kevin worked as Merchandising Coordinator for the Lance Armstrong Foundation (LAF) during the organisation’s highly successful LIVESTRONG wristband campaign.

**Linda Van Leeuwen** was formerly Senior Lecturer at the School of Management and Marketing at Deakin University and is co-author of *Managing Sport Facilities and Major Events*. Linda is currently working as a volunteer at the University of Papua New Guinea’s Lihir Island Business Resource Centre.
Part I

Introduction
1
An overview of sport marketing

CHAPTER OBJECTIVES

After studying this chapter, you should be able to:

1. discuss the role of marketing in organisations;
2. identify the marketing mix;
3. describe the importance of marketing in sport organisations;
4. describe the unique product features of sport and their impact on sport marketing;
5. define sport marketing.
HEADLINE STORY

Twenty20 set to be in big league

If, as Cricket Australia chief executive James Sutherland said yesterday, the credibility of Twenty20 cricket will grow with the size of the spoils, then the most frenetic form of the game is about to get a whole lot more serious with the announcement of a lucrative global champions league next week. As debate rages over whether Twenty20 is entertainment or sport, there is no doubt it is cricket’s hottest new commodity. In the new league, local teams will strive to play off against English counties, South African provinces and Indian franchises for the right to be considered the best domestic team in the world. It is an appealing concept, with the possibility that uniquely marketed teams will be able to complement domestic players with star imports from other countries. The players could share in a prize pool of up to US$5 million, and it will be sanctioned by the International Cricket Council. While Sutherland could not divulge the format of the new UEFA-style competition, which was discussed by Cricket Australia directors at a board meeting yesterday, he said he was excited by Twenty20’s potential… Almost a year on, even the players are still confused about the role of Twenty20 in the future of the game. If it’s entertainment, why are we having a Twenty20 world championship, beginning in South Africa on Tuesday? If it is to be taken seriously, why has it been so often as much about sideshow as strokeplay… Cricket Australia says it is both. ‘We regard ourselves as being in the sport and entertainment industry,’ Sutherland said. (Saltau, 2007: 17)

In the technological world of the 2000s, many sports have emerged via the media to challenge for the position of global dominance. Soccer has long remained unchallenged as the world’s most globalised sport. This competitive advantage has been based on high levels of participation and interest in so many countries throughout the world, resulting in soccer being a highly sought-after broadcast commodity. Cricket, a popular but not global sport, has consistently sought to expand its market by working to develop new markets and by varying its product to better suit the needs of television. The introduction of the 50 over per team One-day International (ODI) format was predicated on the need to expand the market by providing a shortened version of the sport.

Twenty20 cricket presents similar dilemmas to those confronted when ODIs were first mooted as a serious component of international cricket fixturing. The compressed format of the sport often leads to more exciting and intense cricket, and more importantly with a guaranteed result. Strategically, as noted in the opening extract, cricket has been struggling to find the right fit for its newest product offering. Is it a legitimate form of the game that warrants a world cup format? Indeed, the first Twenty20 world cup was played in South Africa in September 2007. Alternatively, is the prime role of Twenty20 cricket to entertain and promote the wider features of the sport of cricket?

This is a classic strategic and competitive positioning question confronted by many sport marketers in many sports. Obviously, the three-hour, 20 over per team format is more attractive to television than the two other longer forms of the sport. In three hours, television executives can expect rapid-fire big hitting, lots of wickets, thrilling catches and run-out
opportunities, as well as constant scampering between the wickets by the batsmen. All this action plus a result without having to hold the viewers’ attention for a whole day or more!

Major changes have occurred to the competitive positions of a variety of sports as a consequence of the media’s ability to show sporting competitions played in all parts of the world. Domestic competitions also have increased in familiarity through the media. For example, the former Victorian Football League (VFL) has expanded from a twelve-team, state-based competition to become a sixteen-team national competition played in five states. Basketball also has capitalised on its increased exposure, creating the National Basketball League (NBL). Television has contributed to the emergence of new and restructured competitions. Changing environmental conditions have forced sport managers to develop marketing strategies for their sports, leading to the creation of sport-marketing departments and the employment of marketing specialists in sporting organisations.

The purpose of this book is to examine the role of marketing within the sport context. More specifically, it will consider the role of marketing from a strategic perspective, highlighting the ways in which marketing contributes to the growth and development of various sports. Marketing assumes greater significance than other management functions in sporting organisations, as it remains the principal means by which sports compete off the field. For instance, large firms such as BHP Billiton, PepsiCo and Pacific Dunlop have the option to pursue acquisition-type strategies to build market share, or to engage in product development or diversification. These strategies are generally not available to sporting organisations, the principal responsibility of which is as national governing bodies, such as the Football Federation of Australia, the Australian Softball Federation or Swimming Australia. In the broader context of the sport industry, major manufacturing firms such as Nike, Adidas, Puma and Spalding are large firms which do have the capacity to pursue acquisition-based strategies. In sport, each governing body is responsible for a specific code, and its charter is to develop and enhance that particular sport. Product diversification may occur, but sport-governing bodies rarely use strategies based on acquisition. This is particularly evident for club-based sport systems.

Cricket Australia’s consideration of the strategic role of Twenty20 cricket is a classic case of product diversification. The possibility of a Twenty20 league involving domestic teams from Australia, England, South African and India has strategic merit. The creation of this league would diversify cricket’s television product offering with obvious financial benefits from rights revenues. Importantly, it would also provide an additional competitive outlet and financial reward for second-tier cricketers worldwide. It also has the benefit of exposing the next generation of cricketers to future forms of international cricket. Indirectly, television is driving this strategy, largely in response to the competitive forces emerging out of India in relation to the creation of a new Indian Cricket League, to be underwritten by an Indian television network. The main product of this new league is Twenty20 cricket. As always, strategic decisions warrant careful considerations of their impact. Saltau (2007: 17) notes, for example, that: ‘In developing the new league, Cricket Australia will be anxious not to cannibalise the traditional forms, which also are lucrative,
and to ensure profits are ploughed back into the game. The importance of marketing strategy in sport management is illustrated by cricket and is discussed further later in this chapter.

Marketing defined

Marketing, as defined by Kotler et al. (2006: 7), is ‘a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. The identification of consumer needs and wants is a critical aspect of the marketer’s role. Marketing strategies must be based on known consumer needs.

In sport, it has been assumed that the original form of the game is naturally attractive and therefore satisfies consumer needs. An analysis of sporting organisations in Australia shows this to be an outdated view. Many sports have modified rules to make their games more attractive, and in the case of cricket, one-day matches have become an important part of the range of product offerings. One-day international matches played throughout an Australian summer have more readily satisfied consumer need for compressed entertainment and a quick result. At junior levels, many sports have been significantly modified to satisfy the desire of many more young people to participate in the game. Inherent in this change has been the recognition that juniors wish to develop game skills through actual participation, to have fun, and in general to be with their friends through the sport setting.

The sport marketer must identify what needs and wants are being satisfied through the exchange process. Kotler et al. (2006: 10) identify the process of exchange ‘as the act of obtaining a desired object from someone by offering something in return’. What is offered in return for the sport consumer’s membership fees or entry fee may include social interaction, physical activity, an avenue for competition, health and fitness, as well as entertainment. Identifying the needs of various segments of the population is the challenge inherent in the early phase of the marketing process. Obtaining this information will allow the sport product benefits to be communicated in such a way as to define the sport’s positioning. For example, the product attributes of one-day cricket matches and five-day Test match cricket are different, and are likely to attract different segments of the market.

Having established the range of product attributes in relation to needs and wants, the sport marketer embarks on the challenge of effecting the exchange. Sporting organisations must develop a mix of marketing strategies to influence consumers to buy their products, via either attendance or participation. Combined, the four variables of product, price, promotion and place are known as the traditional four Ps of marketing.

Defining the sport marketing mix

Figure 1.1 depicts the seven component strategies of the marketing mix, composed of the traditional 4Ps of marketing plus the 3Ps of service—process, people and physical evidence. These 7Ps form the nucleus of this book, and each will be described in more detail in later chapters. A brief description of the 7Ps is as follows:
• **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.
• **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.

In sport, the combination and implementation of these marketing mix variables change due to the unique characteristics of the sport product. The most notable change from the traditional 4Ps of marketing is not only in its expansion to 7Ps, but in the

---

**FIGURE 1.1**
The marketing mix: The 7Ps
order we recommend in determining marketing strategies for sporting organisations, particularly those reliant on facilities to host the sporting contest. This expansion and reordering also take account of the special features of sport, and are described in the next section.

**Unique characteristics of sport and sport marketing**

In 1980, Mullin identified, for the first time, a series of characteristics of the sport product that affect the marketing process. Mullin argued that sport had progressed from a form of institution that was simply ‘administered’ to a form of organisation that required ‘managing’. In making this distinction, he noted that sport had reached a phase in its development where it was incumbent on the sport manager to be actively seeking ways to expand the revenue base of the organisation. Typically, the administrator is responsible for maintaining the status quo within the sporting organisation. The manager, on the other hand, is responsible for assessing and evaluating environmental trends likely to affect the organisation's survival and, ultimately, its success. The modern sport marketer is charged with one simple responsibility: to increase the sources of revenue for the sport. The tools to achieve this will be discussed in later chapters.

Mullin identified five special characteristics of sport marketing. In examining these characteristics, he noted (1985a: 106):

Almost every element of marketing requires significantly different approaches when the product being marketed is sport. Predictably, the critical differences lie in the unique aspects of the sport product, and the unusual market conditions facing sport marketers.

The five characteristics noted by Mullin are summarised in Table 1.1. Interestingly, some of these characteristics reflect attributes associated with marketing services. It is uncertain whether this was intentional; clearly, sport is a service product. Service-marketing implications for sport marketing will be further developed and integrated throughout this text.

**Consumer involvement**

Perhaps the most readily identifiable characteristic is the ‘expertise’ demonstrated by the sport consumer. On the one hand this is a disadvantage, as every move made by the sport manager and coaching staff is critically examined and dissected. The ‘armchair selector’ syndrome is an issue within sport. It is, however, one reason why sport is so popular. The pervasiveness and universal nature of sport, and the ease with which the consumer identifies with the sport product, compensate for the intensity with which the consumer follows sport. Very few businesses in the world are viewed with such simplicity and such personal identification by the consumer.

**Unpredictability**

As with most service products, the consumer’s interpretation and enjoyment of the sport product are open to considerable subjectivity. Participation in and attendance at sporting contests allow the consumer to gain varying forms of gratification. For example, some
Market for sport products and services
• Sport organisations simultaneously compete and cooperate.
• Partly due to the unpredictability of sport, and partly due to strong personal identification, sport
consumers often consider themselves ‘experts’.

Sport product
• Sport is invariably intangible and subjective.
• Sport is inconsistent and unpredictable.
• Marketing emphasis must be placed on product extensions rather than the core product.
• Sport is generally publicly consumed, and consumer satisfaction is invariably affected by social
facilitation.
• Sport is both a consumer and an industrial product.
• Sport evokes powerful personal identification and emotional attachment.
• Sport has almost universal appeal and pervades all elements of life—that is, geographically,
demographically and socioculturally.

Price of sport
• The price of sport paid by the consumer is invariably quite small in comparison with the total cost.
• Indirect revenues (e.g. from television) are often greater than direct operating revenues (e.g. gate
receipts).
• Sport programs have rarely been required to operate on a for-profit basis.
• Pricing is often decided by what the consumer will bear rather than by full cost recovery.

Promotion of sport
• Widespread exposure afforded to sport by the media has resulted in a low emphasis on sport
marketing and, often, complacency.
• Due to the high visibility of sport, many businesses wish to associate with sport.

Sport distribution system
• Sports generally do not physically distribute their product. Most sport products are produced, delivered
and consumed simultaneously at the one location. The exceptions are sporting goods and retail and
broadcast sport.

Source: Adjusted from Mullin (1985a).

spectators may enjoy the closeness of the game, others the entertainment surrounding
the game, and yet others the inherent strategies of the contest. This makes it difficult
for the sport marketer to ensure a high probability of satisfaction and hence repeat
attendance. The intangibility and subjective nature of sport spectating and sport attending
clearly align sport with the service industry. No tangible product is taken from the
sporting contest—as opposed, for example, to the purchase of a washing machine or
similar goods. These characteristics of the service experience are further examined and
extended in Chapters 5, 7 and 8, which cover service quality, facility management in the
context of service delivery, and customer satisfaction in sport.

Equally unpredictable is the actual sporting contest, which varies from week to week.
This heterogeneity is a feature of sport. It is the unpredictability of the result and the
quality of the contest that consumers find attractive. For the sport marketer this is
problematic, as the quality of the contest cannot be guaranteed, no promises can be
made in relation to the result, and no assurances can be given in respect of the performance
of star players. Unlike consumer products, sport cannot and does not display consistency
as a key feature of marketing strategies. The sport marketer therefore must avoid
marketing strategies based solely on winning, and must focus on developing product extensions rather than on the core product (i.e. the game itself). Product extensions include the facility, parking, merchandise, souvenirs, food and beverages—in general, anything that affects spectators’ enjoyment of the event. In Chapters 5, 7 and 8 we discuss the methods by which sport marketers can develop and improve the quality of product extensions.

**Competition and cooperation**

Another feature of the sportscape is the peculiar economy that dictates, in professional leagues at least, that clubs must both engage in fierce competition and at the same time cooperate. This is necessary to ensure that each club’s contribution to the league enhances the strength of the league. An unusual blend of politics and competition emerges in sports leagues, often amplifying the importance of the public relations function, to be explored further in Chapter 15.

**Sponsorship**

Sponsorship of sport is also a unique feature of the sport economy. While not necessarily specific to sport, sponsorship has provided, and continues to provide, an opportunity for commercial advertising by corporations and businesses. Sponsorship represents the ‘industrial’ component of the sport product, and is manifested through commercial advertising of its industrial aspect.

**Publicity**

Complacency in developing adequate marketing strategies has resulted from an almost unlimited amount of media exposure for sporting clubs, leagues and associations. Sport has traditionally been able to rely on publicity as its principal form of marketing and promotion. The disadvantage of relying on publicity is the amount of negative press that occurs during a season or major event. More recently, major leagues, clubs and associations have become cognisant of the need to develop an effective public relations strategy to counter the issues that typically occur during a season or event. Unfortunately, sporting clubs and athletes must contend with serious issues relating to drug use, gambling and alcohol, and various other misdemeanours that attract the public’s attention. This book views the public relations function as a very important aspect of the promotional mix.

**Distribution**

The final characteristic relates to the distribution system used by sport. As with most service providers, sports participation and spectating revolve around specific facilities for specific sports. To attend a sporting contest, spectators must travel to the venue—usually a major facility within a city. The actual facility becomes an integrated component of the marketing function, as the sport product is produced, consumed and delivered at the same time at the same venue. Many facilities, such as the Melbourne Cricket Ground (MCG), the Royal Melbourne Golf Club, Fenway Park in Boston and Wembley Stadium in London, have developed an aura and mystique as a result of heroic performances on the ground over the years.
As a consequence of developments in technology, the distribution system for sport has undergone radical change during the past decade. It is now possible to distribute a game to all parts of the country and the world via television networks, the internet and other developing technologies such as mobile 3G networks. The introduction of pay television in Australia has further enhanced the distribution network for sport, as well as increasing the number and levels of different sport competitions shown. In general, however, the televised sport product is different from the live event. The mix of benefits is slightly different in each mode of consumption.

Due to the relatively stable nature of distribution (i.e., one major stadium per sport per city), it is vitally important to locate teams and facilities so that they are able to compete effectively in the market. In Australia, product distribution has been the focus of intense debate during the past 20 years. This is particularly evident in the move to expand the Victorian Football League (VFL) to become the Australian Football League (AFL). In the early 1980s, the VFL was a twelve-team, state-based competition primarily located in Melbourne. By 1991 the league had changed its name to the AFL, as it had relocated the South Melbourne Football Club to Sydney and admitted the Brisbane Football Club and West Coast Football Club in 1987, followed by the Adelaide Crows in 1991. By 1995, a second team from Western Australia (Fremantle) had joined the competition, and a second team from South Australia (Port Adelaide) entered in 1997. However, nine teams remain in Melbourne, a city of approximately 3.8 million people. While this is an example of a league reconfiguring its distribution, once established it should remain relatively stable despite obvious over-capacity in Melbourne.

A comparison between the United States and Australia illustrates just how important location of the product is in terms of developing appropriate marketing strategies, particularly in view of the substantial population differences between the two countries. The United States has a population in excess of 300 million, compared with Australia’s 20.5 million. The US national competitions of basketball (National Basketball Association, NBA), football (National Football League, NFL), baseball (Major League Baseball, MLB) and ice hockey (National Hockey League, NHL) have evolved past the point of over-capacity in any one city. Significantly, the three major markets of Greater New York, Los Angeles and Chicago (each with a population of 10–17 million) all host professional franchises. However, not one of these markets hosts more than two teams of any one code. The importance of marketing as a revenue-generating activity for the clubs is important in this issue of location. Over-capacity intensifies competition and reduces the available income for each of the teams located in any one common market.

**Importance of marketing in sport management**

As indicated earlier in this chapter, marketing plays a key role in the sporting organisation’s overall planning efforts. This has not always been the case. The professionalisation of sport during the past 20–30 years has raised the level of importance of the marketing function.

For much of sport history, volunteers have administered organisations in the true spirit of amateur participation. As sport systems founded on club-based models evolved from amateur to professional clubs, leagues and associations, there was a lengthy
transition period between what is described as 'kitchen table' administration and professional management. In Australia, this was the period pre-1970. As Figure 1.2(a) illustrates, during this period of voluntary administration the marketing function was non-existent. The predominant tasks were to ensure the ongoing operation of the club, league or association. Administrators adopted a very narrow view of their organisation, preferring to concentrate on internal operations. Typically, administrators dealt with only half of the accounting and budgetary process: the allocation and control of expenditures. Even as sporting organisations began to professionalise, the administrator ‘culture’ lingered for some years.

Figure 1.2(b) displays the progressive movement away from administration to management of organisations. One of the manager’s main tasks is to monitor environmental trends and plan for the organisation’s ongoing growth. Sport was very reluctant to embrace proactive growth. The Australian Cricket Board’s (ACB) (now Cricket Australia) dispute with Kerry Packer over television rights, and the players’ push for improved remuneration and playing conditions in 1977, are examples of a major sport adopting narrow internal perspectives. The introduction of colour television was an example of a technological change ignored by the ACB. World Series Cricket (WSC) subsequently proved to be the catalyst that forced sporting organisations in Australia to embrace a greater range of business functions. This view is supported by Halbish (1995: 3), who notes that ‘looking back traditional cricket had grown out of touch with the fast emerging professionalism of sport in Australia.’ By 1980, WSC and the ACB had reconciled their differences; however, from that point marketing was to become an important element of business activity in sport. Interestingly, during 2007 the Board of Control for Cricket in India (BCCI) was fighting a similar battle to that fought by the ACB 30 years earlier. In 2007, a privately financed Indian Cricket League (ICL) was being formed with its first tournament held in October 2007 using the lively Twenty20 format, following the officially sanctioned ICC Twenty20 World Cup in South Africa. The ICL had also signalled its intentions to organise traditional 50 over one-day matches in the future.

A myriad of issues arise, not the least being who players are contracted to, and who controls cricket, in India. As was the case in Australia many years before, the plight of the players is central to these issues, with full-time professional athletes requiring financial security. More importantly, the increasing importance of the media and revenues from new and old technologies drives the ICL and the need to fill airtime and boost subscriptions. India is a developing country, with an under-developed sporting infrastructure. These issues and others are certain to surface during this transition to professional sport.

Initially, marketing activities in Australia were outsourced by a number of sports. The ACB, for example, granted marketing rights to a company known as PBL Marketing. Taylor (1984: 13), managing director of PBL at the time, made the following observations about the status of marketing and sponsorship in sport following the reconciliation:

Five years ago the Australian Cricket Board did not have a published program… Last year more than 300 000 copies of the ACB program were sold and this year almost 20 publications will be on sale. Work has also been put into merchandising …it has taken five years to develop 29 licensees, but this season we expect cricket
merchandise to top $5 million in retail turnover and to start producing a satisfactory level of return.

Figure 1.2(c) demonstrates the importance that marketing has gained, despite a long period of resisting the need to promote and nurture new and fertile markets. For the first time, the identification and nurturing of new markets brought recognition that the customer is central to ongoing organisational survival. Sports had to find ways of generating revenue to sustain the growing costs of professional competitions. One-day cricket is an example of modifying the product to increase market share for the sport, as is the recently introduced Twenty20 cricket and its attractiveness as a televised product as exemplified through the ICL BCCI dispute in India. Together with sport operations (i.e. all that surrounds the management of fielding a team), marketing is a sporting organisation’s principal ground for identifying and creating a competitive advantage. Normal acquisitional strategies associated with for-profit firms are not so readily applicable to sport. Internal growth strategies tend to be the major ground on which sport competes. These strategies are further developed in Chapter 2.
Ethical behaviour

Increasingly, commercial pressures create tension for the sport marketer. That is, sport-marketing executives often find themselves caught between an opportunity to generate revenue for their sport and the consequences of changes that might accompany these revenues. Consider, for example, the staging of an Olympic marathon during the middle and hottest part of the day because a television network asks for it to be staged at that time to maximise ratings. What do you do? Clearly, scheduling the marathon at this time will not be in the best interests of the athletes. Alternatively, what do you do if you work with the NRL and the strategic goal is to reduce the number of clubs in the competition? This was a real-life dilemma, as the South Sydney rugby league club was removed from the competition as part of a rationalisation strategy. The club subsequently won the right, through a protracted legal battle, for readmission to the NRL competition from 2002. As a sport-marketing manager, with the goal of maximising revenues for the competition, how do you balance commercial interests against the social and community interests in the South Sydney club? These two examples illustrate ethical dilemmas, which are practical problems requiring solutions—often involving equally compelling reasons to act one way or the other. In essence, the sport manager must determine what is the right thing to do without a definitive ‘rule book’ available to guide decision-making.

Although space precludes a detailed analysis of ethics and corporate social responsibility, sport managers must consider their actions within a broader societal framework. DeSensi and Rosenberg (2003: 127–8) note ‘that recognition of ethics and social responsibility has increased in recent years…as a sport manager, learning to adopt a social consciousness leading to a commitment to being socially responsible is paramount…Questions regarding the nature of the complex relationship between society, sport and the formal organisations of sport are raised within social responsibility.’ Given the significant standing of sport in Australian culture and as a social institution, community expectations in relation to the behaviour of sport managers are often high. There are many examples of sport-marketing decisions that create ethical tensions for individuals, and collectively for organisations, wishing to be good corporate citizens. Some of these are explored in this book—in particular in the chapters on sponsorship, where ambush marketing is a source of considerable ethical frustration for managers.

Sport marketing defined

The term ‘sport marketing’ was first used in the United States by the Advertising Age in 1978. Since then it has been used to describe a variety of activities associated with sport promotion. Two distinct streams exist within the broad concept of sport marketing: marketing ‘of’ sport, and marketing ‘through’ sport.

Marketing ‘of’ sport

This refers to the use of marketing mix variables to communicate the benefits of sport participation and spectatorship to potential consumers. Ultimately, the goal is to
ensure the ongoing survival of the sport in rapidly changing environmental circumstances. This aspect of marketing has only recently developed in sporting organisations. Survival depends largely on the principal purpose of the sporting organisation. National sporting organisations predominantly associated with elite-level professional sporting competitions will be striving to develop their marketing mix to ensure that the sport product is attractive as a form of live entertainment and live broadcast through television, the internet and other mobile outlets. Sports-governing bodies will also be responsible for ensuring that participation in their sport remains healthy. Participants are the lifeblood of sport, as they become the next generation of champions and spectators.

We do not make any notable distinctions in this book between marketing strategies specifically pursued for either spectator or participant sport. The theories posited are equally applicable, regardless of the principal objective of the marketing strategy. As with all marketing strategies, when the objectives change, the actions or strategies used to achieve the objectives also change. The application of the marketing mix does not, although various components of the mix may assume more importance in the two different scenarios. For example, the outlets used to advertise a junior sporting competition would be different from those used to advertise a major sporting event. Students of sport marketing should adapt the concepts of sport marketing to either situation, because each is vital to the ongoing survival and financial well-being of individual sporting organisations.

Marketing ‘through’ sport
Sponsorship of sport by firms is an example of marketing ‘through’ sport. Large corporations use sport as a vehicle to promote and advertise their products, usually to specifically identifiable demographic markets known to follow a particular sport. Sports with significant television time are very attractive to firms seeking to promote their products through an association with sport. Developing licensing programs is another example of marketing through sport. Typically, major companies such as Tip Top (bread) or Coca-Cola pay for the right to use a sport logo to place on their products to stimulate sales.

Although the main emphasis of this book is on marketing ‘of’ sport, the role of corporate sponsorship and licensing in sport marketing is also examined.

Definition
Given these perspectives, and information pertaining to marketing in general, the following definition of sport marketing is offered:

Sport marketing is a social and managerial process by which the sport manager seeks to obtain what sporting organisations need and want through creating and exchanging products and value with others.

The exchange of value with others recognises the importance of the sport consumer. The many different types of sport consumer are discussed in more detail in Part II of this book.
Overview of this book

The ability to recognise the needs and wants of consumers does not necessarily imply action. It is the action associated with the marketing process in sport that is the focus of this text. This is known as the marketing management process, which is described by Kotler et al. (2006: 13) as 'the analysis, planning, implementing and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational objectives.'

This chapter has defined marketing and sport marketing, as well as introducing the unique characteristics of sport and how they impinge on the marketing process. The remainder of this book is divided into three parts:

- Part II examines how the sport marketer identifies marketing opportunities. Chapter 2 examines the place of marketing in the planning process and specifically reviews the strategic sport-marketing planning process; Chapter 3 concentrates on understanding the sport consumer and Chapter 4 focuses on the market research and information systems, and the implications this information has for segmenting the sport marketplace.

- Part III covers the strategy determination stage. It examines the sport marketing mix and the way in which the organisation is positioned in relation to target markets. Selection of the core marketing strategy is significant in this stage, and the contribution of the 7Ps—product, price, place, physical evidence, process, people and promotion—to strategy determination are examined. The issues specific to sport marketing contained in these chapters include the place of the facility in service provision, service quality and customer satisfaction, sponsorship, public relations, television and its impact on sport marketing, and promotional licensing.

- Finally, Part IV returns to the important marketing management process of implementation and evaluation. This part comprises only one chapter, which examines how the sport marketer evaluates the success of marketing strategies and the coordinating function between the sport marketer and the rest of the organisation. Of particular interest to students is a section on careers related to sport marketing.
Part II

Identification of marketing opportunities
The strategic sport-marketing planning process

CHAPTER OBJECTIVES

Chapter 2 identifies three stages comprising the strategic sport-marketing planning process. Within these stages, eight steps are isolated as constituting the marketing planning sequence for sporting organisations. Steps 1–4 are reviewed in this chapter, with the remaining steps covered in Parts III and IV. In sporting organisations, the strategic sport-marketing planning process (SSMPP) assumes great significance because these organisations are often one-product entities, and therefore organisation-wide planning and marketing planning become the same process.

After studying this chapter, you should be able to:

1. understand the strategic sport-marketing planning process;
2. recognise the role of strategic sport-marketing planning in sport;
3. analyse the forces driving industry competition;
4. conduct a SWOT analysis;
5. recognise the principal strategies available in sport marketing.
Money talks in expanding world

The fact that the organisers of the Rugby World Cup are anticipating profits of more than $205 million from this year’s tournament in France amply demonstrates the growing popularity of the sport. In financial terms, it will be the most successful ever, even before Sunday morning’s final between England and South Africa, with the projected surplus about 25 per cent more than that generated in Australia in 2003. The tournament is also basking in the glow of record television audiences of more than four billion and record ticket sales of 2.27 million, which translates into average crowds of 47,000 for each of the 48 matches. (Souster, 2007: 18)

The profits garnered from the 2007 World Cup raise some important strategic questions as well as highlight how successful the sport of rugby union has been in its transition from an amateur code to a professional sport. The most obvious question of strategic importance concerns how the sport will use these funds to support continued growth. The answers are most likely to be found in the marketing strategies that rugby formulates to grow the sport worldwide. For example, the pace of change in rugby is illustrated by Stensholt (2002: 70), who notes that, in relation to the Rugby World Cup final played in Sydney in 2003:

sports lovers will be watching from all across the nation. A decade ago, the event would have produced very little interest outside New South Wales and Queensland. But thanks to the success of the Wallabies, the national rugby union team, which won the world cup for the first time in 1991 and again in 1999, the sport is enjoying a boom. Last year the Australian rugby union (ARU) received its highest-ever net revenue: $75 million, up 25.5% from $42.8 million in 2000 thanks to record crowds at matches, sponsorship revenue and television broadcasting rights.

The ARU’s goal of becoming Australia’s main winter sport is ambitious, but it is also an example of how sporting organisations need to map out their strategies and adopt a systematic approach to achieve their stated goals. Consider the competitive marketplace for the football codes, which includes the AFL, NRL and the relaunched A-League (soccer) which commences in late winter to avoid the competition provided by the AFL, NRL and Super 14s. It is apparent that the ARU will have to know its market. It is clear, however, that rugby’s dream run has commenced. As already indicated, rugby in Australia has made considerable progress. With competition intensifying due to the move by both the NRL and AFL to national competitions during the 1990s, rugby’s response has been to capitalise on its international prominence through the Tri-nations Series and Bledisloe Cup matches against New Zealand. Test matches, with the advent of Stadium Australia and its 80 000-plus capacity, boosted rugby’s ability to stage mega-events. In addition, the advent of the Super 14s has been the key strategy that has lifted the profile and image of rugby in Australia. The Super 14 competition is an alliance between Australia, South Africa and New Zealand that has seen club rugby played internationally. Moreover, it has meant that there exists a constant product for the respective rugby-governing bodies to market, which provides more games to boost attendances, sponsorship revenues and, significantly, revenue from broadcast rights.
The strategies used to move the code from an amateur to a professional structure have been carefully crafted in a way cognisant of the importance of marketing strategy. The ARU’s dream run has continued with the staging of the 2003 World Cup being granted solely to Australia, after New Zealand was not able to fulfil International Rugby Union conditions in relation to the provision of clean stadiums (stadiums free of existing advertising). This hallmark event was an important opportunity to market the game throughout Australia and beyond. Equally, the World Cup held in France during 2007 provided the ARU and rugby worldwide with further opportunities to expose the code and, significantly, a healthy surplus to continue growing the sport.

Given that marketing is primarily concerned with consumer needs, it is the responsibility of the company to satisfy these needs. The ARU, for example, must satisfy multiple demands from:

- the players, who need matches and tournaments with attractive financial rewards;
- the sponsors, who require star players and close, quality contests to ensure that their financial investment in rugby attracts maximum exposure via the media; and
- the paying public, who want to see rugby played at the optimum level.

Recognising and satisfying consumer needs ensures maximum market share, market development opportunities and growth. The ARU’s challenge has been to develop its product by identifying opportunities for growth. To some extent there existed latent demand for rugby union, as its former amateur structure did not aim to harness the potential of the sport by maximising playing opportunities. Spectators and players now have ample opportunity to watch or play at the elite level.

In this book, the strategic marketing planning process is specific in its reference to sport and is labelled the strategic sport-marketing planning process (SSMPP). Figure 2.1 illustrates the SSMPP, which includes the eight steps listed below.

**The strategic sport-marketing planning process**

1. Analyse the external environment, the forces driving industry competition and the publics to be served.
2. Analyse the sporting organisation internally, to determine mission, goals and objectives, and to assess strengths, weaknesses, opportunities and threats (SWOT).
3. Examine market intelligence data in relation to the existing product range.
4. Determine the specific marketing mission and objectives for the prescribed period of the plan.
5. Determine the core marketing strategy using marketing mix variables, identifying and selecting the desired competitive position in relation to an identified sustainable competitive advantage.
6. Establish tactics to achieve objectives, and formulate benchmarks to measure progress.
7. Implement and operationalise the planned strategies.
8. Measure the success of core strategies, and adjust strategies where necessary.

This chapter examines Steps 1–4 of the SSMPP. Later chapters deal with individual aspects of the marketing and service mix variables, detailing the factors to consider in selecting a core marketing strategy, and Steps 7 and 8 are encapsulated in the final chapter. First we examine both the external and internal environments and the forces driving competition.

**Step 1: Understanding the environment in which the sport competes**

A marketing program is not delivered in isolation of the organisation-wide planning process. In normal circumstances, the marketing planning process must reflect the overall plans for the organisation. In sport, as indicated by the rugby union example, there is often little difference between organisation-wide planning and the marketing planning process. The ARU’s overall direction and success are based solely on its major product offerings: Test match and club rugby. Determining the difference between organisation-wide planning and marketing planning requires careful attention by sport marketers.
The first step of the SSMPP is equivalent to conducting an inventory. The data collected form the basis of decisions made later in the process.

External forces

Figure 2.2 shows the environmental factors requiring consideration, which are the forces that affect an organisation indirectly. They include government legislation, economic climate, technology, political forces, and demographic and social trends. It is important for sporting organisations to monitor changes in each of these forces. Government legislation, for example, can alter the economic infrastructure of an industry through legislative changes. For instance, when pay TV was introduced to Australia in the 1990s, government legislation dictated that pay TV operators would not be able to sell advertising time for the first five years. This was designed to protect the free-to-air networks and, given the importance of sports programming to television revenues, this policy reduced pay TV’s capacity to generate revenue and, in turn, its capacity to pay for rights to broadcast sport. Technology can also change the way businesses operate. The internet, email and mobile phones have altered the means through which organisations can communicate with members, players, coaches and officials. It is also an important source of information for fans. The role of the new media (the internet, mobile phones, etc.) in the marketing mix, and specifically the promotions mix, is considered in detail in Chapter 12.
Political forces, at a macro level, might involve government policy directly affecting an industry. In Australian sport, the Australian Sports Commission is the agency responsible for implementing government policy. Similar entities exist in other countries, including the Singapore Sports Council, the United Kingdom Sports Council and Sport and Recreation New Zealand. A change of government often leads to new policies. The most obvious and important policy for many sports relates to funding support. Most national and state sporting organisations are non-profit, with limited sources of revenue. Government funding is critical for ongoing development. One simple example of government policy is the focus of funding and programs on the elite or on mass participatory programs. Demographic and social trends refer to the changing population makeup of Australia. For example, the increasingly multicultural composition of Australian communities will affect when, why and how sport marketers communicate with the community. It cannot be assumed that all sports consumers in a diversified society will respond in the same way to all marketing strategies, or that everyone will respond to the same sports. For many years, sporting organisations neglected to examine these forces and the impact that a changing environment might have on their sport. The example of the Australian Cricket Board cited in Chapter 1 indicates this past neglect.

Industry competition

On a more direct level, sporting organisations need to monitor the industry in which they compete. Figure 2.3 incorporates an adapted version of Porter’s (1980) competitive forces driving industry competition.
forces model. Porter described five forces that managers should review when examining the attractiveness of an industry:

1. the intensity of competition between existing firms within an industry;
2. the bargaining power of buyers;
3. the threat of substitute products and services;
4. the bargaining power of suppliers; and
5. the threat of new entrants.

The attractiveness of an industry is typically measured by profitability, which is not always the main goal of non-profit and sporting organisations. Viability and winning games are important outcomes, and become the primary measure of attractiveness for sporting organisations. In professional sports leagues, for example, the number and location of teams in respective markets require the league to assess the attractiveness of a market in terms of viability. Other questions indicative of industry attractiveness may include: Is the economic base of a city or region large enough to sustain just one or more than one team? How many other professional sports already exist in this market? What other recreation and leisure pursuits are potentially competing for disposable income?

A brief review of Porter's five forces follows. Professional leagues for football will be used to illustrate the applicability of Porter's model. The model in this instance assumes that a professional sport league can be considered an industry, although this industry is subject to the broader market and competitive pressures of the entertainment and leisure sectors. The Australian Football League (AFL) and its member clubs, for example, turn over in excess of $600 million, making the AFL a large and significant economic entity.

Force 1: Intensity of competition

The first force is the intensity of competition within the industry. In the case of a sport league, the number of teams and their location are the first indicators of the intensity of competition. Obviously, nine AFL clubs based in Melbourne and ten professional rugby league clubs based in Sydney intensify competition in these markets. This competition is further heightened by the presence of other sporting codes seeking sponsor dollars, spectators and members. In both codes, despite the large number of teams in each market, exit barriers have remained very high. This highlights the peculiar economics associated with leagues. Tradition, emotion and club loyalties often override the economic deficiencies experienced by some clubs, explaining why it has not been so easy to achieve a better geographical balance of teams competing in these national leagues.

Force 2: Bargaining power of buyers

The second force, the buyers or consumers of sport, is finite in relation to the number of teams located in one market—hence the intensity of competition by clubs to attract spectators, members and sponsors. Typically, customers can force prices down, demand higher quality and play competitors off against each other. Too many teams located in one market can exacerbate the leverage of consumers, although sports consumers in some sport leagues have less leverage in this regard, as club membership tends to be price-standardised throughout a league and the cost of attendance

Force 3: Threat of new entrants

The third force is the threat of new entrants. The presence of new teams entering the market can undermine the profitability of existing clubs. The AFL and other professional sports leagues are subject to the threat of new entrants, as evidenced by the entering of new teams in recent years. The entry of new teams can also increase the intensity of competition and lower the profitability of existing teams.

Force 4: Bargaining power of suppliers

The fourth force, the suppliers of sport, is often one-sided in the context of professional sports. The league supplier relationship is typically lopsided, as the league controls most of the revenue-generating aspects of the sport. The league, therefore, has the power to negotiate with suppliers for the best possible deal.

Force 5: Threat of substitute products

The fifth and final force is the threat of substitute products. In the context of professional sports, substitute products include other leisure and entertainment activities that could divert potential customers from attending professional sporting events. This force is often the least significant of the five, as professional sports are often the most popular form of leisure and entertainment in many markets.
common to all games, although there is evidence of change in relation to members and spectators now being able to purchase premium seating at many stadia. Most bargaining power lies with sponsors seeking to choose the best range of benefits from clubs. Sponsor bargaining power strengthens as the number of clubs based in a market increases.

**Force 3: Threat of substitute products**

Another major force comes from the substitutability of products—that is, other recreation and leisure activities offering similar benefits to those provided by participation in sport. It is this force that provides the greatest range of competitive forces for a sport league. Under the broad heading of ‘entertainment,’ a variety of products have the potential to attract the consumer’s money normally available for leisure pursuits. These may include other sports, the movies, videos and the theatre. A major determinant of the strength of these potential substitutes is the switching cost associated with each product. Switching cost refers to the cost of changing brands or products. If the cost is low, both financially and psychologically, then consumers are more likely to switch, and a product becomes susceptible to substitution. This, of course, has the potential to erode profits. A major advantage possessed by various sports is that brand loyalty (to the sport or club) is very high. Psychological association with a sport or club is often far more important than economic considerations. In part, this explains the fanatical support for some sports and clubs, such as for soccer clubs worldwide and for AFL clubs in Australia.

**Force 4: Bargaining power of suppliers**

Suppliers can exert bargaining power on participants in an industry by raising or reducing the quality of purchased goods and services. In a sport league, the major supply required to operate successfully is the players. No one source has exclusive control over player supply and, with the exception of some sports like soccer, it no longer costs clubs to buy players. This is also the area that the sport marketer has least control over in terms of product quality. The bargaining power of the players has the potential to erode industry profits via their salary demands, rather than through what it costs to procure players from specific suppliers. In their quest for the ultimate prize, a premiership or championship, clubs often accede to the demands of high-priced athletes, explaining why the sport economy is often regulated by the use of salary caps.

**Force 5: Threat of new entrants**

New clubs or a new rival league can reduce industry profits and specific market share for the existing clubs and/or league. The commencement of the Superleague competition in rugby league is an example of a rival league’s entry. Superleague, owned by News Ltd, was established to form a breakaway league, enticing existing clubs and players in the Australian Rugby League’s (ARL) New South Wales competition to defect to Superleague. In the process, contractual obligations of both players and clubs were displaced, ultimately creating serious divisions within the league. In attempting to overcome the barriers to entry, the structure and product offerings of the ARL competition were seriously threatened. The gravity of this threat largely depended on the barriers to entry. The major barrier in this case was provided by the established and recognised keeper of the code—the ARL through the New South Wales rugby league competition. A similar scenario was also obvious during 2007 with plans by the International Cricket League
to form a new league in India. Access to a supply of talented players is usually a major barrier to entry.

Publics
Examination of the external environment can be concluded by identifying the publics to which the sport is responsible. To an extent, some of these will have been identified from the competitive analysis conducted using the Porter framework. Kotler and Andreasen (2003: 74) define a public as ‘a distinct group of people, organisations, or both whose actual or potential needs must in some sense be served’. The competitive forces model has already shown that diverse publics exist for a club competing in a professional league. Figure 2.4 illustrates the publics that may exist for a professional sport club.

Another group of publics exists within the organisation. This leads us to consider Step 2 in the SSMPP.

Step 2: Understanding the internal capabilities of the organisation
Sport managers gauge the significance of a sport’s internal competencies on the basis of the opportunities and threats present in the sport’s competitive environment. For example, the arrival of colour television in Australia in 1974 represented an opportunity for sport,
as have the internet and mobile phone technologies more recently. The ACB, as previously discussed, did not possess the internal capabilities at the time to capitalise on this development, but given this experience, and the professionalisation of sport, it was much better placed to cope with the new media in the 1990s and 2000s. Similarly, the globalisation of sporting competitions via the media has opened a window of opportunity for the professionalisation of rugby union.

**SWOT analysis**

An important foundation for understanding the internal capabilities of a sport is the ability of the sport manager or marketer to match strengths and weaknesses with industry opportunities and threats. The international rugby union community clearly identified the threat of being overrun by the larger and more powerful professional football codes. The choice of the ARU to engage in an alliance with New Zealand and South Africa is evidence of a sport recognising an opportunity to share the production and professionalisation of rugby union, rather than be forced to expand the code in limited markets in each country. The strengths, weaknesses, opportunities and threats (SWOT) analysis is a commonly accepted tool used by managers to assess the current capabilities of their organisations. In essence, it provides a structure for their analysis:

- **Strengths** are resources, skills or other advantages relative to competitors.
- **Weaknesses** are limitations or deficiencies in resources, skills and capabilities that inhibit a sport's effectiveness in relation to competitors.
- **Opportunities** are major favourable situations in a sport's environment.
- **Threats** are major unfavourable situations in a sport's environment.

**Mission, objectives and goals**

Having established the internal capabilities, it is necessary to ascertain the mission of the organisation, followed by a review of the organisation's principal goals and objectives. The mission statement provides direction for the sport, defining and clarifying its meaning and reason for existence. To be unambiguous, a mission statement should clearly answer 'What is our business?' For example, the Australian Sports Commission's mission statement is deceptively simple: 'To enrich the lives of all Australians through sport.' The key to defining a mission for a sporting organisation is to ensure that the mission statement is not so narrow that it limits its scope of operations or is simply a list of services provided.

In the context of sport, another factor impinges on formulating mission statements. Most sports are non-profit entities, and as such exist to achieve a common group of objectives by a relatively homogeneous group of people. Non-profits by definition exist to fight a cause. This cause becomes the operating charter, which is generally less flexible than the mission statement of a for-profit firm. If the cause ceases to exist, so too will the organisation. If profits cease to exist, the for-profit firm has the choice of redefining the business it wishes to be in and hence its range of product offerings. If, for instance, the ARU's alliance with other countries is not successful, professional rugby union could disappear, and with it the Super 14s. Defining the mission implicitly defines the broad goals to be pursued by an organisation.
Organisational goals refer to the broad aims that organisations strive to achieve. In sport, these may include ensuring financial viability, increasing participation, raising the number of members, and stimulating public interest in the sport. Examples of organisational goals, or key result areas, are shown in Table 2.1 using the Swimming Australia strategic goals.

| 1 High performance | • Provide elite athletes with strong domestic and international competition  
|• Develop coaches to elite level through well-structured accreditation programs and ongoing learning opportunities  
|• Build a strong network of support services  
|• Provide talent development programs which underpin the national team program  
|• Foster a cooperative relationship between Swimming Australia and its athletes/coaches |

| 2 Sport development | • Develop a cohesive national sports system demonstrating strategic leadership and clear direction  
|• Strengthen the sport’s resources at the grassroots level  
|• Develop a strategy to protect and enhance the sport’s access to pools and training venues  
|• Swimming for all  
|• Improve communication at all levels to ensure optimal outcomes for all individual members  
|• Ensure required services are available to regional areas  
|• Promote swimming as a drug-free sport  
|• Provide a safe environment for all members via a Swimming Australia Member Protection Policy |

| 3 Business development | • Enhance the brand to leverage commercial opportunities  
|• Improve the effectiveness of marketing activities to provide reliable and continuing revenue  
|• Continue to develop the financial management strategy and underpinning financial systems to provide better commercial outcomes  
|• Provide attractive and distinctive returns to our corporate partners while optimising the benefits to the sport  
|• Develop effective relationships at all levels of government and with key partners in Australian sport  
|• Undertake quality research  
|• Event management  
|• Provide world’s best-practice events that deliver excellent competition for Australian athletes and provide exciting entertainment for the general public  
|• Strengthen information and communications technology capabilities  
|• Develop and implement risk-management practices across the organisation |

| 4 People development | • Provide club administrators with development activities and management tools to enhance the performance of their clubs  
|• Support parents of swimmers with relevant information and resources  
|• Provide information and opportunities for all members to access the sport  
|• Establish educational programs and pathways for technical officials  
|• Promote and encourage coach education  
|• Establish a means of streamlining the administrative processes of swimming clubs  
|• Establish sound gender equity policies which reach all levels of the sport  
|• Provide sound leadership and structured development for all staff working within the sport  
|• Promote international relationships |

Source: Swimming Australia (2006).
plan 2006–11. Broad goals become the focus for devising more specific objectives, which are shown also for each key result area. Key result area 3, for example, is important as Swimming Australia aims to establish best practice in event management, which is the vehicle through which it can showcase the sport and its star swimmers. Logically, this initiative aligns closely with the goal to enhance the brand to leverage commercial opportunities and the goal of improving the effectiveness of marketing activities to provide reliable and continuing revenue, mainly in the form of sponsorship. Revenues could also be garnered from broadcast rights, merchandising and gate receipts. Major events are not solely about providing national and international competition for swimmers but, in an increasingly competitive sports marketplace, they are promotional tools for the sport. These organisational objectives should provide the necessary detail to achieving key result areas. Objectives should be SMART, that is:

- **S**—Specific
- **M**—Measurable
- **A**—Achievable
- **R**—Realistic
- **T**—Timebound.

**Step 3: Examining market research and utilising information systems**

Step 3 recognises that the important phase of marketing research is undertaken to ensure that decisions made in relation to marketing missions and objectives are based on a sound understanding of the marketplace. Basically, market research in sporting organisations seeks to answer six questions about consumers in relation to their consumption of the product. Initially, sporting organisations need to know WHO their consumers are, but this is only the tip of the iceberg. WHY they choose the particular sport product and WHEN and WHERE that consumption takes place are equally important. WHAT that consumption entails in terms of pre- and post-event activities, and HOW the product is used also are critical in terms of establishing a complete consumer profile.

To make informed decisions, organisations need information—and lots of it. Yet the collection of this material is only a starting point for the construction of a management information system (MIS). Once compiled, this information must be integrated, analysed and used to guide the direction of the organisation. Stanton et al. (1995: 48) believe that an MIS is an ‘ongoing, organised set of procedures and methods designed to generate, analyse, disseminate, store and later retrieve information for use in decision making’. Nevertheless, they also acknowledge that, for the MIS to be successful, the data should not only be of high quality but must also be used in a realistic manner and adopted as a source of decision-making by the organisation. Information collated through market research and organised into meaningful data sets provides the foundation for sport marketers to determine marketing strategies. In other words, this information helps sport marketers refine and develop their sports, to know where and when to offer them and to what age groups and at what times. These are just a few examples of how this information underpins marketing strategy decisions.
Step 4: Determining the marketing mission and objectives

Marketing must devise its own specific plans complementary to the organisation’s overall mission, goals and objectives. The purpose of the planning process is to establish a competitive advantage over rival firms. The mission of marketing is to develop a range of product offerings that reflects a firm’s organisation-wide mission statement. These products may be in the form of goods or services or both, depending on the nature of the business. In sport, the product offerings tend to be limited, although they are clearly in the service domain. Inherent in the challenge confronting the sport marketer is designing this portfolio of product offerings to achieve a competitive advantage.

Competitive advantage

Porter (1985: 26) describes competitive advantage as ‘the way a firm can choose and implement a generic strategy to achieve and sustain a competitive advantage’. This definition is specific to three generic strategies that he describes, which will be discussed later in this chapter. The concept of competitive advantage, however, is broader than Porter’s direct application to his theories. Implicit in this concept is the notion of sustainability. Without sustainability, a competitive advantage becomes elusive. Coyne (1986: 55) posits three conditions that must be met for a firm to have achieved a sustainable competitive advantage:

- Customers perceive a consistent difference in important attributes between the producer’s products or services and those of competitors.
- That difference is the direct consequence of a capability gap between the producer and competitors.
- Both the difference in important attributes and the capability gap can be expected to endure over time.

The key to sustainability is differentiation among competitor products. Coyne (1986: 55) further notes that:

for a producer to enjoy a competitive advantage in a product/market segment, the difference or differences between him [sic] and his competitors must be felt in the marketplace: that is, they must be reflected in some product/delivery attribute that is the key buying criterion for the market.

Each individual sport has its own unique set of product attributes, via the special nature of each sport. In this regard, some sports are inherently more appealing to some segments of the population. For many years, sports believed that these unique features of their game would remain popular forever. In Australian sport, this was proven not to be the case. The traditional sports of cricket, Australian rules football, netball and softball suddenly found that their competitive advantage was being eroded by changing attitudes towards leisure options. Increasing diversity of recreational and sporting opportunities saw these sports struggling in the late 1970s and early 1980s, and as a consequence they had to re-examine their key buying criterion and look to reposition themselves. One technique that these sports could have used to examine their range of product offerings is covered in the next section.
Product market expansion
Ansoff (1957) devised the product/market expansion grid, shown in Figure 2.5, to help managers to balance their product offerings.

**FIGURE 2.5**
Product/market expansion grid

<table>
<thead>
<tr>
<th>Existing markets</th>
<th>New markets</th>
<th>Existing products</th>
<th>New products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing products</td>
<td>1 Marketing penetration</td>
<td>3 Product development</td>
<td></td>
</tr>
<tr>
<td>New markets</td>
<td>2 Market development</td>
<td>4 Diversification</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adjusted from Ansoff (1957).

*Market penetration*
Market penetration (or concentration) refers to making more sales to existing customers without changing the product. Typically, this involves intensifying the advertising and promotions campaign to attract consumer attention. Often this strategy also involves a price reduction aimed at moving consumers away from competitor products. The former New South Wales Rugby League (NSWRL) advertising and promotional campaign 'Simply the best', featuring Tina Turner, is an example of a market penetration strategy in sport. Although there were some minor adjustments to the game in terms of a crackdown on excessive on-field violence during the 1980s, the game itself remained unchanged. The NSWRL was successful in stimulating interest in the game, which translated into flourishing attendances and television viewership. The 'Simply the best' advertising campaign is considered to be one of the most sophisticated, inspiring, modern promotional campaigns seen in Australian sport. A more recent example, and one related to junior sport, is the AFL's Auskick television advertising campaign, which captures the heart and soul of junior and community sport.

*Market development*
A market development strategy is a relatively inexpensive way of creating new markets for existing products. It typically involves few risks and requires only minor modification to the product. It depends on sound research indicating new segments of the population willing to buy the product.

*Product development*
A product development strategy involves offering a modified or new product to current markets. Australian cricket's introduction of one-day cricket is an example of a sport exhibiting aspects of both market development and product development. One-day cricket can be considered to be the same product as four- and five-day cricket. Notably, the condensed version of the game has attracted a large following among women, which Test match cricket did not. On the other hand, one-day cricket can be considered to be a modified form of the game and may thus better be described as a product development strategy by Cricket Australia. The weakness in this view is that one-day cricket has obviously had the capacity to expand the market interest in cricket. The traditional form of the game was not creating this expansion, although in recent times an exciting brand of cricket has been a feature of Test matches. This has largely been the result of rule changes that allow for extended hours to make up for time lost due to rain and the need...
to bowl a minimum number of overs in a day’s play. Combined with an aggressive and relentless approach by the Australian cricket team, Test match cricket has experienced a resurgence in interest. It also illustrates the impact sport managers can have on the product through rule changes, such as those shown in cricket.

Regardless of the final distinction and product form responsible for growing cricket, it raises an interesting dilemma in sport marketing: namely, the point at which the game has been modified to such an extent that it is in effect a new product offering. In one-day cricket, for example, the basic elements of the game are still apparent: batting, bowling and fielding. The condensed version of the game forces more action, but whether this constitutes a new or different product is debatable, and illustrates the conflict that can exist between the ‘purists’ and those who prefer non-stop excitement in sport. With the introduction of Twenty20 cricket, the same questions can be posed. Does Twenty20 cricket differ so much from the traditional form of the game that it could be considered a new product?

Another example of sports having to modify their range of product offerings has been seen in junior sports. For many years juniors played the adult form of the game, complete with all the rules and traditions associated with that particular sport. As research began to show that this was not providing a satisfactory sport environment for juniors, many sports were modified to make them more attractive to juniors. In essence, sports have been modified to encourage more success in game elements, increasing the likelihood of juniors continuing to participate. Although sports initially did not see this as a marketing-related issue, this has now changed. The long-term fortunes of a sport, from both an elite performance and an ongoing interest and spectatorship perspective, are founded on the success of its junior programs. Market development and product development strategies therefore assume a heightened level of importance, with sports carefully considering their range of sport offerings for juniors in various age groups.

**Product diversification**

The final category of product diversification requires a firm to develop an entirely new product for a new market. This can be achieved internally through a strong research and development function or via the external acquisition of a new firm with a new range of product offerings. In terms of the core sport product, this strategy is not common in Australian sport, although there are examples of professional clubs purchasing assets such as hotels and social clubs with a view to diversifying income opportunities. Sporting organisations in the main do not seek to buy other sporting organisations, although it remains an option. Internationally, for example, English Premier League clubs and European soccer clubs have been scrambling to acquire a share of the soccer action in China, as the world expects the economic boom in China to also impact on professional sport and soccer. In 2005, for example, Spanish soccer giants Real Madrid purchased a 25 per cent stake in Chinese Super League club Beijing Guan for 200 million yuan (20 million Euros) and Sheffield United acquired a 90 per cent controlling stake in Chengdu Five Bull Football Club in 2006. This is an example of product diversification in sport—in this case, acquiring a related (in terms of sport) product, but in a new market. The marketing objectives could include increased brand recognition for the English and European clubs by building an additional fan base in China, as well as economic benefits
through merchandising and a larger television market. The product/market expansion grid provides a framework for the sport marketer to consider the balance of product offerings. This balance of product offerings should reflect the marketing mission, which in turn should mirror the overall mission, goals and objectives of the organisation.

Sportview 2.1 describes the ARU’s declining competitive position, highlighting the importance of its clubs in the Super 14 competition. Other factors have also conspired to cause the newly returned CEO John O’Neill to signal a more focused strategic approach to all products and competitions managed by the ARU. Sustaining a financial reserve is one means to ensure the capacity to tackle new initiatives with confidence.

**SPORTVIEW 2.1**

**Winning, losing and profits**

ARU boss John O’Neill has put the New South Wales Waratahs on notice that it is essential for Australian rugby that they are successful next year. The powerful message came after O’Neill released details of a hard-hitting review of the 2007 Super 14 season conducted by the ARU marketing team. It provides a stark reality check about the current state of the tournament in Australia. ‘Team performance has had a strong influence on ratings and crowds with an overall decline in both measures,’ O’Neill revealed. ‘It shows the importance of particularly the Reds and the Waratahs doing well and not coming last and second last. You don’t have to be Einstein to work out it’s about winning and playing attractive Rugby.’

The ARU CEO said average crowds in Australia had declined for the second consecutive year at 10.2 per cent. The Waratahs’ home crowds had dropped from 33,739 in 2005 to 21,500 this season when they finished thirteenth. The Force drew crowds of 27,500 in 2007, the Brumbies 17,800 and the Reds 18,000—which was a stunning drop of 15.2 per cent. ‘TV ratings for Australian-based Super 14 matches have declined 9.7 per cent in 2007. It is the second year of rating decline,’ he said. O’Neill said that, in light of the report, none of the stakeholders could afford to stick their heads in the sand and that providing an entertaining product was crucial. ‘Just as the finances need addressing—and that is what we are doing—this needs addressing,’ O’Neill said, pointing to the report. ‘When you look at the size of the market for fans in Sydney, New South Wales, Brisbane and Queensland, we really have to do everything we can to work with the states to get them winning and get them winning attractively.’ Clearly, O’Neill believes that winning teams drive revenues, and he is concerned for good reason.

The Australian Rugby Union will seek to boost its depleted ‘rainy-day’ reserves to $25 million in the aftermath of a predicted loss of $7.4 million in the 2007 financial year.

ARU chief executive John O’Neill said reserves had dropped to below $16 million, short of the $20 million minimum set by the ARU board in April 2004. ‘We are well below the [$20 million] limit, and we need to restore it, and we need to restore it pretty quickly,’ O’Neill said. ‘Unless the ARU remains financially whole and stable, the rest of rugby is at a risk. Many of the smaller states are principally funded by us. If we are not strong financially, then the game could be at risk. It is a painful loss. That means the capital position by the end of this year will move to just under $16 million.’ O’Neill said the ARU board had again ruled that the
minimum reserve be returned to $20 million. He said the forecast blowout to a $7.4 million loss this financial year came down to several factors, which included:

- a $3 million loss forecast for the 2007 financial year, influenced by the 2007 Tri-Nations program being reduced from nine to six Tests to accommodate the World Cup;
- gate takings at domestic Tests being $1.1 million short of estimates because second-string sides toured from Wales and South Africa;
- foreign exchange fluctuations caused by the increased value of the Australian dollar that have cost $1.5 million in receipts from the SANZAR broadcasting deal, which was made in US dollars;
- restructuring costs of $1.5 million at the ARU that include pay settlements to staff who have left, the appointment of a high-performance manager and $300,000 in ancillary costs.

Source: Adapted from Geddes (2007: 86) and Guinness (2007: 36).

Generic strategies
As indicated earlier, Porter (1985) describes three generic strategies that firms can use as an alternative framework to achieve competitive advantage:

- cost leadership;
- differentiation; and
- focus.

Both the cost leadership and differentiation strategies aim to seek a competitive advantage in a broad range of markets. The focus strategy aims to seek a competitive advantage by using either a cost leadership or differentiation strategy in a narrow or niche market segment. Cost leadership is perhaps the simplest of the three options. The organisation’s principal objective is to distribute its products to the widest possible market at a lower cost than that of its competitors. Achieving lower cost may be the result of internal economies of scale, innovative technologies or lower distribution costs. In the end, it is the consumer who decides whether the cost differential is significant enough to warrant the purchase of a product over those of competitors.

Differentiation is typically more expensive. It involves an advantage based on distinctive product attributes. Products may, for instance, offer benefits that others do not, or they might be new and innovative products not currently available. Again, differentiation is seeking to establish its product prominence in as wide a market as possible. In sport, cost leadership strategies are difficult to achieve. In a sporting league, the clubs generally compete on equal terms in terms of cost. Standardised prices for attendance and membership reduce the significance of cost as a source of competitive advantage. For example, in 2007 AFL club memberships cost approximately $125, and ground entry to all matches was $18.50. Although there is league-wide price regulation, the restriction is the same for all competing clubs. There is, however, one exception. Increasingly some clubs find themselves in a position to extract premium pricing for reserved seating. Typically, this is evident with the non-Victorian-based clubs and the...
Geelong Football Club where demand for tickets exceeds supply. For example, at Skilled Stadium in Geelong, reserved seating ranges from $88 to $200. Only a small portion of the ground is available for the standard entry price of $18.50. The capacity to extract premium prices provides important extra revenue for the clubs. As will be examined in Chapter 6, clubs and leagues cannot always achieve full cost recovery on ticket prices. If full cost recovery (in terms of covering event costs) were an objective, most sports would become too expensive for regular attendance.

Differentiation strategy provides scope for application in the sport setting. Although all the clubs in a league appear to be the same in terms of production, they do offer distinct brand images. These are, of course, the clubs themselves—with their distinctive colours, heritage and traditions, with which supporters identify with a good degree of emotional intensity. On a macro-level, each sport is a differentiated product in its own right, each offering similar benefits to consumers. The choice for consumers, in terms of physical activity, competing or spectating, comes down to which of the myriad sports offer the best outlet to satisfy their needs and wants. This is equally applicable for juniors when choosing the sports in which they wish to participate. Some sports, such as cricket, golf, softball, swimming and netball, offer the challenge of special skill development without any excessive body contact. Football codes, basketball and wrestling offer a different range of skills, to be mastered in the context of body contact. The challenge for the sport marketer is to accentuate the differentiated product benefits to potential participants, and this sometimes means changing the fundamental rules and traditions of a sport. Although this is obviously an option, sport managers and marketers need to consider the impact of proposed changes carefully before implementation.

Summary

This chapter introduced the SSMPP and reviewed the first four steps in this process. These four steps constitute the data collection and review phase of the planning process. Organisation-wide data are required to place into context the role that marketing strategy plays in ensuring that a sport creates a sustainable competitive advantage.

In the first instance, a sporting organisation needs to review the external environmental factors impinging on its existence. These factors are best described as the set of societal influences that encroach on all organisations, which include government legislation, economic environment, technology, political forces, and social and demographic trends. A more direct form of analysis involves a review of industry characteristics specific to a sport. Porter’s five-forces model provides sport managers with a structured framework to scan the competitive environment, and is the precursor to a review of the internal capabilities of a sporting organisation. SWOT analysis was described in this chapter as a useful tool to assist with this internal examination.

Review of the external and internal environments is an important precursor to determining the best strategies to create a competitive advantage. In essence, marketing personnel are responsible for developing an array of product offerings that assist an organisation to achieve a competitive advantage. In predominantly single-product organisations such as those in sport, marketing’s contribution to creating a competitive advantage is considerable.
Sport and marketing, in many ways, are still becoming accustomed to each other. For many years, most sport administrators did not believe that the role of marketing was important. However, as the sport landscape became increasingly competitive, sport managers began to adjust their thinking. Most large sporting entities have now created marketing departments, and many smaller sporting organisations are beginning to employ marketing specialists to manage the contribution of marketing in the planning process. As indicated in Chapter 1, sporting organisations have been guilty of complacency in the past in relation to marketing and promoting their sport. This is clearly changing, as exemplified by the case study at the end of this chapter.

This chapter discussed the steps in the SSMPP and specifically outlined four of the eight steps shown in Figure 2.1. Such is the significance of understanding the sport consumer, conducting market research and defining market segments that it is incorporated in Part II of this book. Part III examines in detail the sport marketing mix variables that combine to form the nucleus of a core marketing strategy—a strategy based on the environmental scanning and data intelligence phase described in Steps 1–4 of the SSMPP in this chapter.

**CASE STUDY**

**Going for goal**

With two months to go before Toronto Football Club plays its first home game, the sponsors are signing up and so are the fans. But can the soccer club become more than a novelty on and off the field? The scene at BMO Field on Toronto’s Exhibition grounds at 3:00 p.m. on Saturday, 28 April 2007 should look something like this: the 20,000-seat stadium is almost full, with people still filing in from as far away as Ottawa and Thunder Bay. The pristine new field is ringed by advertising boards—the most expensive of which are camera-visible for the national TV audience—promoting international brands like Pepsi and Gatorade as well as some of Toronto FC’s 20 or so Canadian sponsors like Rogers, Sun Media and Pizza Pizza. The large Carlsberg patio behind the net at the north end of the stadium is abuzz with fans talking soccer over a cold Carlsberg. Up in the stands, members of the Toronto FC fan clubs ‘Red Patch Boys’ and ‘U-Sector’ proclaim their undying love for Toronto FC in song and do their best to create a true ‘football experience’. Those not wearing Toronto FC replica jerseys, made by Adidas, are sporting shirts that say ‘Red or Dead’—a reference to the team colours. And 30 minutes before they kick the first meaningful ball in the city since the demise of the Toronto Blizzard a quarter-century ago, Toronto FC will already have had a winning year.

Or at least that’s the way it’s supposed to work. Maple Leaf Sports and Entertainment has never had to do much to sell its hockey team in Toronto, or its Raptors basketball team. So, naturally, there are some sceptics who wonder about MLSE’s ability to face a tougher challenge like bringing pro soccer back to Canada in the form of its Major League Soccer franchise Toronto FC. The World Cup gets a lot of attention, but the spectacular rise and fall of the old North American Soccer League (NASL) in the 1970s and early 1980s (the Toronto Blizzard, Vancouver Whitecaps and famed New York Cosmos) proved North Americans just
weren’t into soccer. And even though MLS is about to kick off its twelfth season, it’s still a second- or even third-tier proposition in the North American sporting landscape.

But there are reasons to be optimistic about Toronto FC’s chances. By early February, the club had sold nearly 12,000 season tickets, the most in the thirteen-team league, far beyond MLSE’s early goal of 7000 and more than the Raptors sell. True, a lot of those sales came just after David Beckham announced he was joining the league, but the team is still beating expectations. ‘When we made the announcement that MLS was headed to Canada we had major expectations because of the ownership group and the market,’ says Dan Courtemanche, vice-president of marketing for MLS, in New York. ‘But if you said by February 1st they’ll have close to 12,000 tickets sold, I’m not sure a lot of people would have believed you.’

Tom Anselmi, chief operating officer of MLSE, says research shows that pro soccer will do well in Toronto, especially in a new stadium designed for soccer, but he also admits MLSE has been surprised by the sales. ‘The response,’ he says, ‘has been kind of overwhelming, to be honest—and long before the Beckham thing.’ What makes that strong response even more remarkable is that it came with almost no advertising. There were a few ads in the fall in a handful of Toronto ethnic media (Italian, Spanish and Portuguese), plus an in-house produced TV spot featuring a montage of MLS highlights that ran as part of a limited media buy. To get the word out MLSE has mainly relied on public relations and media interest, as well as grassroots marketing that focused on developing personal relationships with ticket buyers.

Any time you launch a new product or a new brand, you have to determine who and where your key market is and then figure out the best way to communicate with them, says César Velasco, manager of marketing, communications and community relations for Toronto FC. So who is that key market? In broad strokes, it breaks into two core groups: the diehard soccer fans, and families who play soccer. That latter group is actually larger than many people suspect. More kids play soccer in Canada today than hockey and Ontario alone boasts more than 500,000 registered soccer players. Plus, for each player there’s another 2.5 people—family or friends—involved with the game, says Velasco.

To connect with kids and their parents, MLSE developed partnerships with youth soccer organisations around the Greater Toronto Area—offering them tickets but sweetening the deal with coaching clinics and player appearances. With season tickets starting at $200, the price is also right for a lot of parents, says Richard Powers, a sports marketing expert and executive director of MBA programs at the Rotman School of Management in Toronto. ‘There will be huge numbers of kids there,’ he says, and that’s going to appeal to a lot of marketers.

The diehard soccer fans, meanwhile, are mostly young men (though MLS says its fan base is 40 per cent female), many of whom are new Canadians or children of immigrants. ‘What you have in Toronto is something unique and that is the diversity and the amount of people that have come to live here from another country,’ says Velasco. Many bring with them a love of soccer and the clubs they supported growing up. But at the same time they want to have a team close to their new home, he says. ‘We are not competing against European clubs,’ says Velasco. ‘We want (the fans) to keep on rooting for their home clubs, but all of those groups that probably would never talk to each other when Manchester United
plays Liverpool will be sitting together in our stadium. They will both dress in red and they will both be supporting Toronto FC.’

Coverage in mainstream sports media is key to gaining credibility with this group, so Toronto FC has tried to roll out a newsworthy story every couple of weeks: the team name, a new coach, the first Canadian player and so on. It has also sent affable coach and general manager Mo Johnston and some players out on pub crawls around the city, meeting with hundreds of fans to talk about the game and the team over a couple of beers. And while the team says it was not a PR stunt, Toronto FC held an open tryout in December that got plenty of media coverage and drew more than 1000 men who, you just know, will tell anyone who will listen that they once had a tryout with Toronto FC.

The goal is to sell 20,000 tickets for every game, says Anselmi. But MLSE will be happy if it can average 15,000 for the fifteen regular season home games. Numbers like that will hold a lot of appeal to marketers, says Andy Harkness, VP of sports with Toronto-based SDI Marketing, which has been working on Toronto FC activation possibilities for its client Pepsi/Gatorade. Certainly Carlsberg and BMO are excited about the prospect of soccer in Toronto. Carlsberg’s target demographic is guys aged 25 to 35 and there’s going to be a lot of them at Toronto FC games, says Preben Ganzhorn, director of marketing at Carlsberg Canada. Both MLSE and Carlsberg were tight-lipped about the scope of the beer company’s sponsorship deal, saying only that it’s for more than five years and worth more than ‘seven figures’ over the length of the contract. Carlsberg’s brew will, of course, be sold at BMO Field and there’ll be signage and some games ‘presented by’ Carlsberg.

As for TV, Anselmi says it’s possible all 30 Toronto FC games will be televised, and many of them shown across the country: ‘We have national rights and the objective is to go national as often as possible.’ Bruce Claassen, CEO of Genesis Media, says there will be a good deal of interest among his clients if the games are televised. ‘I think particularly given the demographics of Toronto, it is going to be a strong property,’ he says. ‘I think it’ll be stronger than people think.’ However, another senior executive at a leading Toronto media agency, who didn’t want to be identified, says he sees little interest in the team as a broadcast property. ‘In general, nobody cares about soccer in Canada unless it’s the World Cup,’ he says. ‘As a media vehicle there is little to no potential there. Forget about a Toronto team. If you put soccer on TV it does nothing outside of the World Cup. No client would actually focus on buying soccer.’ Anselmi disagrees, saying at least five broadcasters have expressed interest. ‘We have had discussions of some type with everyone from CBC to Rogers Sportsnet to the Score to TLN to GolTV, to Omni, to TSN.’ But Anselmi also admits that, even with all those seats sold, sponsor interest and a TV deal, Toronto FC likely won’t make money in 2007. ‘But we are looking at this over the long haul.’

And Ganzhorn admits that for the sponsorship to be truly effective, the team has to be competitive. ‘The product you put on the field is going to make a huge difference,’ he says. ‘And I think the ambition has to be that Toronto FC, within the first three years, has to start being a contender. And within the contract period we have signed, we would like to see them compete for a title.’ So on 28 April, as 20-something guys chug back a Carlsberg and the Red Patch Boys belt out a tune, it really won’t matter much if Toronto FC loses its home opener. But in 2008 that could be a different story.
Banking on soccer

BMO is bearish on soccer in Canada. So much so that the bank signed a ten-year naming rights deal for the new 20,000-seat soccer stadium at Exhibition Place in Toronto. The facility will be used by both Toronto FC and Canada’s national soccer teams. ‘When we looked at soccer as a sport we were really excited by the number of people that are participating,’ says Justine Fedak, BMO’s vice-president, sponsorships, special events and marketing. It’s the fastest growing participation sport in Canada, she adds, one that reaches across all demographics and deep into Canada’s cultural communities. BMO won’t divulge how much it paid for naming rights ($27 million was one reported figure), but Fedak says the bank initially had no intention of naming the field; it simply wanted to get more involved in sponsoring soccer. Though BMO intends to do some advertising to promote its sponsorship, it plans to leverage the sponsorship primarily through grassroots activities in communities across the country. Some will involve the bank’s mascot, BMO the Bear, who auditioned for Toronto FC at an open tryout last year. There will also be clinics and potentially some contests for trips to BMO Field, and the bank is looking into sponsorships with other soccer associations across the country.

Some people questioned the sponsorship when it was announced back in September, says Fedak. ‘People were saying “who is going to go to these games, and soccer has never worked.”’ Toronto FC’s impressive ticket sales (the club had sold roughly 12,000 season tickets by early February) have quelled any doubts. ‘That is a huge indicator of the interest and excitement behind soccer and Toronto FC in this marketplace,’ says Sandy Bourne, VP, advertising and corporate marketing for BMO. ‘And we are going to be linked to that. It brings a lot of extra value to our brand.’


Questions

1. Describe how the strategic marketing planning process is relevant to the start-up of a new team as described in the case study.
2. Describe the challenges confronting team owners in their attempts to establish a professional soccer team in Toronto.
3. What competitive forces exist? Describe the impact of these forces.
4. Describe the two core segments to be targeted by the Toronto Football Club. Identify some strategies, beyond those described in the case, to attract consumers from the two core groups to attend multiple games.
5. List the possible reasons why the BMO Bank has become involved with soccer. Why has the BMO Bank struck a deal with the stadium rather than the team?
Understanding the sport consumer

CHAPTER OBJECTIVES

Chapter 3 is the first of two chapters relating to understanding the sport consumer. It describes how consumer involvement with sport products and services develops. It explores various personal, psychological and environmental factors that make the sport consumption decision-making process special. It explains how the level of involvement influences the development of marketing strategies.

After studying this chapter, you should be able to:

1. describe how sport consumer involvement develops;
2. describe the major phases in the sport consumption decision-making process;
3. identify key inputs in the sport consumption process;
4. understand how involvement level influences the sport consumption process.
Headline story

Understanding consumer behaviour

In the twelve-month period ending June 2006, the Australian Bureau of Statistics determined that nearly 2.4 million people over the age of fifteen had attended an Australian rules match in the preceding twelve months. This figure was up 33,300 on the previous 1999 survey. However, this was not the only sport to illustrate variance in attendance patterns between the two survey periods. Table 3.1 compares the 1999 figures with those of 2005–06 and provides the percentage change (ABS, 2007).

<table>
<thead>
<tr>
<th>Sport</th>
<th>1999</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Rules Football (AFL)</td>
<td>2,330,700</td>
<td>2,364,000</td>
<td>+1.4</td>
</tr>
<tr>
<td>Basketball</td>
<td>461,600</td>
<td>206,800</td>
<td>-55</td>
</tr>
<tr>
<td>Cricket (outdoor)</td>
<td>870,700</td>
<td>694,300</td>
<td>-20</td>
</tr>
<tr>
<td>Dog racing</td>
<td>258,000</td>
<td>208,000</td>
<td>-19</td>
</tr>
<tr>
<td>Harness racing</td>
<td>508,400</td>
<td>431,500</td>
<td>-15</td>
</tr>
<tr>
<td>Horse racing</td>
<td>1,698,800</td>
<td>1,949,800</td>
<td>+13</td>
</tr>
<tr>
<td>Motor sports</td>
<td>1,416,000</td>
<td>1,356,500</td>
<td>-4</td>
</tr>
<tr>
<td>Netball</td>
<td>214,200</td>
<td>162,700</td>
<td>-24</td>
</tr>
<tr>
<td>Rugby league</td>
<td>1,371,900</td>
<td>1,362,000</td>
<td>-1</td>
</tr>
<tr>
<td>Rugby union</td>
<td>417,800</td>
<td>648,200</td>
<td>+36</td>
</tr>
<tr>
<td>Soccer (outdoor)</td>
<td>563,300</td>
<td>563,300</td>
<td>0</td>
</tr>
<tr>
<td>Tennis</td>
<td>404,300</td>
<td>246,600</td>
<td>-39</td>
</tr>
</tbody>
</table>

Source: ABS, 1999 and 2007c.

As Table 3.1 exemplifies, sport attendance and diversity of choice are very important to a large percentage of the Australian public. Hence it is becoming increasingly important to ascertain why fans turn up to the game week in and week out. Is it due to team loyalty, stadium preference, clashes between traditional rivals, star appeal, or reasons we have yet to discern? Over the past decade, an increasing amount of research has been conducted on the sport consumption process, with sport marketers now better prepared than at any stage in the past to make informed decisions based on their understanding of the consumer. Increasingly, sport marketers understand the process and how and at what level distinctive variables interact to influence individual choice. These variables may be person-specific, they may be psychological or they may be social. Furthermore, they may be internal or external to the product or service choice. However, this is an ongoing process. It should never be questioned that the better we know and understand our consumers, the more prepared we will be to deliver a satisfactory product or service.
Sport consumer behaviour

The study of sport consumer behaviour emerged from a variety of academic disciplines to specifically focus on understanding sport consumption activities. Within the last decade, sport consumer behaviourists have utilised theories from marketing, psychology, sociology and communication to examine sport consumption in many forms and contexts. This examination covers a wide range of personal, psychological and environmental factors that influence sport consumer behaviour with increasing attention in the sport marketing literature. Sport consumer behaviour research has built a tradition of testing theories in natural populations to better develop sport marketing practices to increase and sustain consumer demand for sport products and services (Funk et al., 2003). Given the social, economic and political benefits of sport, 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.

The study of human behaviour is important for understanding sport consumers, and adopting an interdisciplinary approach has much to offer marketers. One important principle of psychology is that each individual is different and therefore each individual has a unique personality, different perceptions, life experiences, capabilities and interests, and importantly different attitudes, beliefs and values. In addition, sport consumption has sociological principles, as it is undertaken individually as well as in groups. Participant sports such as running and golf involve individual activity that may also occur in the presence of others through informal recreation and organised events. Recreational sport leagues depend upon a ‘team’ of people to compete against another team. Attendance at professional sporting contests is embedded in the context of large crowds, and the interactions between spectators are a large part of the sport experience. Sport sociologists are interested in determining how these group interactions shape the sport experience, either through physical participation or as spectators.

Sport marketers use sport consumer behaviour research to determine how to position the marketing mix. Research helps a sport organisation identify how a sport product or service provides the opportunity to achieve desirable outcomes and develop effective marketing strategies that communicate these positive features. In general, the study of sport consumer behaviour examines attitudes and behaviours of the individual relative to sport products and services. As such, a general definition that adopts an interdisciplinary approach to study consumer behaviour is instructive to specifically define sport consumer behaviour (e.g. Schiffman and Kanuk, 2000).

Sport consumer behaviour can be defined as:

A process involved through which individuals select, purchase, use, and dispose of sport-related products and services.

This definition views sport consumer behaviour as a holistic process that describes how individuals devote available resources of time and money toward sport consumption activities. This definition also informs the development of a sport marketing approach that positions a product or services to better provide benefits and satisfy needs through the sport marketing exchange process.
A model of sport consumer behaviour

Funk et al. (2000) explored the nexus between sport marketing and consumer behaviour. Delving into the social psychology literature, they determined that understanding attitude formation enables the sport marketer to better determine factors that contribute to consumer loyalty. Funk and James (2001) extended this perspective by establishing the Psychological Continuum Model (PCM), a framework to organise literature from various academic disciplines to understand sport consumer behaviour. The PCM uses a vertical framework to characterise various psychological connections that individuals form with sport objects that progress along four general boundaries of awareness, attraction, attachment and allegiance. The framework explains the role of attitude formation that directs behaviours across a variety of sport consumption activities. The framework is instructive to understand how psychological involvement with a sport object develops.

**Figure 3.1**
The Psychological Continuum Model (PCM)

- **Awareness stage:** Knowledge and realisation that a sport object exists
  - *I know about the Brisbane Lions*
- **Attraction stage:** Satisfy needs and receive benefits through sport object
  - *I like the Brisbane Lions*
- **Attachment stage:** Collective functional, emotional and symbolic meaning of sport object
  - *I am a Brisbane Lion*
- **Allegiance stage:** Stability and impact of loyalty and devotion to a sport object
  - *I live for the Brisbane Lions*

Figure 3.1 illustrates the PCM framework. It may be helpful to imagine a four-storey building with an elevator to understand the developmental progression of involvement. Each floor represents a unique psychological connection that a person forms with a sport object (e.g. sport, team, player, event, recreational activity). As the individual
progresses upwards to a higher floor, the psychological connection becomes incrementally stronger. The double-sided arrows between floors also illustrate that downward movement may occur. The ground floor is the awareness stage where a consumer enters the elevator. The awareness stage reflects a psychological connection based upon knowledge and realisation that a sport object exists. Awareness reflects the statement ‘I know about the Brisbane Lions’, indicating that an initial connection with the team has formed. The attraction stage represents the formation of a psychological connection based on whether a sport object provides opportunities to satisfy needs and receive desirable benefits. This is reflected by the statement ‘I like the Brisbane Lions’, indicating that movement upward has occurred. Although the connection in the attraction stage is stronger than in awareness, it is still relatively weak and unstable.

The attachment stage suggests the psychological connection with a sport object has become stronger and more meaningful. Attachment indicates an individual now places functional, emotional and symbolic meaning on the sport object. This is reflected by the statement ‘I am a Brisbane Lion’, and illustrates that the sport object is part of the self-concept and aligned with important values. The final stage of allegiance represents the strongest psychological connection that creates loyalty and devotion to the sport object. Allegiance indicates a level of formation that is stable and impacts the individual as reflected by the statement ‘I live for the Brisbane Lions’. Allegiance represents a connection that is enduring in terms of persistence and resistance, and has greater impact on cognitive processing activities and is consistent with behaviour.

Models such as the PCM are important for the sport marketer as they allow for tracking of sport consumers, both upwards and downwards, as well as determining the threshold limit. As Mullin et al. (2000) suggest, models of consumer behaviour should represent a process rather than a prescriptive formula. In other words, the sport consumption experience evokes varied levels of psychological involvement, and understanding the process that creates different connections assists marketing activities. The PCM framework is unique in that it focuses on the psychological connection process and is alternatively called the Psychological Connection Model due to its stage-based developmental progression. A person may move upwards or downwards, or stay at a certain floor. Although a person may not skip a floor, the amount of time spent on a specific floor or the speed of movement between floors depends upon the mechanism called internal processing.

The box labelled ‘Internal processing’ in Figure 3.1 denotes the internal mechanism that governs movement within the PCM framework. In other words, internal processing is the lever that controls movement of the elevator between floors. Movement is based on the outcome of individual and social situational factors that work independently and collectively to form various psychological connections. Internal processing represents an evaluation procedure of need and benefit recognition, pre-activity and information search, comparing alternatives, and intended and actual behaviour. As a result, internal processing influences the formation of the psychological connection and directs the type and frequency of behaviour. In summary, internal processing represents the internal mechanism that controls movement of the elevator between the four stages of awareness, attraction, attachment and allegiance.
The PCM is considered theoretically sound for understanding active and passive forms of sport consumer behaviour (Beaton and Funk, 2008; Stewart et al., 2003). Funk and colleagues have used the framework to examine sport spectators, participants, general consumers and internet sites in Australia, Greece, Japan and the United States (Funk, 2002; Filo and Funk, 2005; Funk and James, 2006; Funk et al., 2006; Funk et al., 2007; Neal and Funk, 2006). Other models explaining consumer behaviour, such as Awareness, Interest, Desire, Action (AIDA), are also premised on first being aware of the product, being interested enough to focus on product benefits and having a desire to purchase. The AIDA model will be developed further in subsequent chapters, and it is useful to note that Funk and James (2006) consider that the PCM concentrates on internal processes that account for different psychological connections. These internal processes are found to play key operating roles within the sport consumption decision-making process.

**The sport consumption decision-making process**

The PCM was revised to clarify movement within the vertical framework. Funk and James (2006) introduced a series of inputs, processes and outputs aligned with different stages in order to better explain how the psychological connection progressively forms. This revision integrates the sport consumption decision-making process into the larger PCM framework to address why some individuals engage more frequently in sport consumption activities and form stronger psychological connections than others. The box labelled ‘Internal processing’ is expanded in Figure 3.2 to illustrate the major steps in the decision-making process that contribute to the internal mechanism controlling movement.

![Figure 3.2](image)

Figure 3.2 illustrates a simplistic view of how sport consumption decision-making occurs within three major phases: inputs, processes and outcomes. The input phase represents a number of internal and external factors that influence the evaluation of the sport object in the second phase. The second phase is actually a collection of unobservable cognitive processes. These cognitive processes are the internal mechanism that shapes the evaluation of the sport object by determining the relative meaning of inputs. This evaluation utilises a number of processes, including motivation, perception, learning and memory to influence the outcome phase. The outcome phase represents psychological and behavioural outcomes. Psychological outcomes indicate the level of attitude formation towards a sport object, such as awareness, attraction, attachment and allegiance. Behavioural outcomes represent the frequency and type of behaviour. Within the PCM framework, behaviour increases from non-existent to simple and sporadic in the awareness stage to complex and consistent in the allegiance stage.
As depicted by the double-headed arrow, outcomes can also feedback to operate as inputs to influence subsequent internal processing and future decision-making. For example, the evaluation of inputs in the awareness stage contributes to the processing of inputs in the attraction stage, but the ways the inputs and the evaluation occur are different between stages. As a result, internal processing builds upon previous outcomes but produces different evaluations. The PCM framework suggests that inputs play different roles in the consumer decision-making process, depending upon the level of psychological involvement. In other words, the processing of internal and external inputs changes as a person moves up the elevator. The following section provides a discussion of these inputs.

Inputs

The input phase in the sport consumption decision-making process represents various internal and external forces. Internal forces can be person-specific factors and psychological influences that stem from emotional needs and experiential benefits that a person desires from a sport product or service. External forces represent environmental factors which are often utilitarian and represent the functional and tangible attributes of a sport product or service desired by an individual. Both internal and external forces play a part in constructing the context from which the decision to purchase or engage in a behaviour is made. Hence the evaluation of inputs produces the movement or developmental progression within the PCM stages. These inputs work individually and collectively to influence evaluation that ultimately produces the level of psychological connection and directs behaviour.

These inputs are important for sport marketing in terms of positioning the marketing mix for different consumers. Sport marketing activities for awareness and attraction focus mainly on promotion. Marketing activities often communicate desirable inputs (i.e. functional attributes and intangible benefits) to new and casual spectators and participants. However, as the individual moves upwards to attachment and allegiance, the evaluation is based more on the collective meaning of inputs and on the strength of this meaning to the self-concept and important values. Sport marketing activities focus on using the marketing mix in conjunction with relationship marketing strategies to strengthen the functional, symbolic and emotional meaning of a product and service. Within the PCM framework, sport consumer behaviour is viewed as the product of personal, psychological and environmental inputs germane to all consumer decision-making processes. A discussion of psychological, personal and environmental inputs is now provided to highlight their role in the sport consumption decision-making process. After this discussion, Sportview 3.1 provides an example of these inputs at the Charleville Camel, Donkey and Yabbie Race Festival.

Psychological inputs

Psychological inputs are internal to the consumer. They are the set of beliefs and feelings held in relation to outcomes provided by a particular sport product or service. Psychological inputs are the intrinsic motivators to consume and create a desire to seek out a sport consumption experience to achieve positive outcomes. In general, motives to consume reflect desires to satisfy internal needs or receive intangible benefits through acquisition.
Sport motives often reflect unique desires for experiential and emotional benefits. Sport consumer researchers have uncovered a number of motives that drive sport consumer behaviour. Attempts to ascertain motives applicable to specific sport settings have created a proliferation of different scales.

Prior research has identified a number of discrete motives for both spectators and participants. Wann (1995) examined eight motives for spectators: eustress, self-esteem, escape, entertainment, economic (gambling), aesthetic, group affiliation and family. Trail and James (2001) examined similar motives of achievement, acquisition of knowledge, aesthetics, drama, escape, family, physical attraction, physical skills of players and social interaction. Others have examined interest-related factors, including marquee player, specific team, head coach, entertainment value, success, players as role models, service quality, use of technology, management practices, community pride, logo design, promotions and price (Beech et al., 2000b; Gladden and Funk, 2002; Hansen and Gauthier, 1989; Hill and Green, 2000; Mahony et al., 2002; Zhang et al., 1995). Madrigal (2006) examined a spectator’s desire for fantasy, flow, aesthetics, camaraderie, vicarious achievement, performance evaluation, physical attraction and celebrity attraction.

McDonald et al. (2002) examined both spectator and participant motives related to risk-taking, stress reduction, aggression, affiliation, social facilitation, self-esteem, competition, achievement, skill mastery, aesthetics, value development and self-actualisation. Sport participant researchers have explored motives related to getting away from everyday demands, facilitation of social interaction, the prestige of visiting and reporting upon a destination others want to visit, resting physically and emotionally while on vacation, the desire to experience the culture of a foreign destination, desire for knowledge and to explore, and the desire to learn specific aspects of a foreign destination culture (Funk et al., 2007).

The literature has provided a number of scales to understand psychological inputs. However, sport marketers need a more parsimonious measurement tool capable of distinguishing between general motives for attending and participating in sport events. James et al. (2006) brought parsimony to the study of sport consumer motivation by developing five main psychological motives of socialisation, performance, excitement, esteem and diversion called the Big 5 Sport Motives. The Big 5 were further examined and validated in Australia as valuable measures of sport consumers’ motivation for professional team sports in three codes (AFL, rugby league and soccer) and successfully distinguishes between those who attend events and those who do not (Beaton et al., 2007). Taken together, this research suggests there are five main psychological benefits that sport consumers desire from a sport experience. The Big 5 Sport Motives are listed below with an explanation of each motive.

- **Social interaction** represents a desire for sociability as individuals are motivated to seek a sport event experience due to opportunities for the enhancement of human relationships through external interaction with other spectators, participants, friends and family.
- **Performance** represents a desire for aesthetic and physical pleasure as individuals are motivated to seek a sport event experience due to opportunities to enjoy the grace, skill and artistry of athletic movement and physiological movement.
• **Excitement** represents a desire for intellectual stimulation as individuals are motivated to seek a sport event experience due to opportunities for mental action and exploration from the atmospheric conditions created by the uncertainty of participation and competition and the spectacle of associated activities.

• **Esteem** represents a desire for competency as individuals are motivated to seek a sport event experience due to opportunities for achievement and challenge that produce a sense of mastery and heighten a sense of personal and collective self-esteem.

• **Diversion** represents a desire for mental well-being as individuals are motivated to seek a sport event experience due to opportunities to escape and remove themselves from daily work and life routines that create stress.

The Big 5 Sport Motives represent both a comprehensive and parsimonious view of the major psychological inputs that influence the second phase of the sport consumer decision-making process. These inputs represent core psychological benefits received by an individual from engaging in a sport consumption activity. From a marketing perspective, these benefits should be taken into account when constructing marketing content to communicate the benefits of consuming a sport product or service. In addition, the various motives uncovered for a specific sport setting can also provide a more specific level of analysis and augment core inputs. The psychological inputs operate independently or in conjunction with personal inputs to influence the evaluation process.

**Personal inputs**

Personal inputs represent person-specific factors or dispositional characteristics that influence the sport consumption decision-making process. Sport consumption can allow for the expression of important individual characteristics (Funk and James, 2004). An important consideration in the pursuit of any sport or consumption-related activity is an individual’s physical characteristics. Individual factors related to gender, body and personality characteristics and ethnicity influence the evaluation of a sport object.

Female participation in sport and exercise tends to be motivated more by socialisation, enjoyment and body-related concerns. In contrast, male participation is driven more by competition and ego-related concerns (Recours et al. 2004). Dietz-Uhler et al. (2000) determined that women were more likely to think of themselves as sport fans if they attended events with family and friends, while men more usually considered themselves fans if they played the sport. In spectator sport, Ridinger and Funk (2006) explored common assumptions about the intrinsic differences between men and women consumers attending college basketball games. They observed a number of differences and similarities related to Spectator-Gender and Team-Gender. However, female spectators, regardless of team, rated motives such as pride in the university, the fact that games were affordable and provided a good opportunity to socialise with other spectators, family and/or friends, the appeal of escaping from daily routines, and vicarious achievement through the success of the team as more attractive than did male spectators.

Body and personality characteristics are important personal inputs. An individual weighing 65 kilograms may find contact or strength sports—especially those that do not have weight divisions—less enjoyable than sports or activities in which lightness is an attribute. Likewise, potential consumers whose centre of gravity is closer to the ground
may be at an advantage where balance is a prerequisite, such as in gymnastics and skating. Conversely, physically disadvantaged individuals may find particular sports and activities a challenge to be negotiated and overcome. Sport experiences and objects allow for the expression of important individual traits. Hawkins et al. (1992: 307) suggest that ‘consumers tend to purchase products that most closely match their own [personality] or that strengthen an area they feel deficient in’. In most cases, personalities are individual, constant and enduring. They can change, of course, but this is usually due to the impact of a major life event. The two most common approaches to understanding personality are individual learning theories and social learning theories, more commonly referred to as trait vs state theories of personality.

Individual learning theory argues that personality traits are usually formed in the early stages of an individual’s development and remain relatively constant into and through adulthood. The most common traits are extraversion, openness, agreeableness and conscientiousness, with noticeable characteristics of being reserved, quiet, shy, extroverted, relaxed or confident. This explains why certain individuals prefer the cinema to day/night cricket, bushwalking to basketball, or golf to aerobics based on their individual personality characteristics.

Social learning theory argues that environment is an extremely important determinant of human behaviour. In such cases, the personality of the individual may alter depending on the situation. For example, Mahony et al. (1999) observed that high self-monitors used public association with athletic teams to enhance self-representation within a group. An introvert in one instance can be an extrovert in the next, whereas an assertive, aggressive individual can very quickly become timid when faced with a particular fear or phobia. Bungy jumping is a good example: bravado and confidence disappear in the moments before the leap.

In marketing sport and related activities, it is necessary to cater for all personality types. For every fan who wants to stand in the outer among ‘like-minded supporters’ and cheer him or herself hoarse for a favourite team or athlete, there is another fan who wants to watch the action unfold while seated and in a less emotionally charged environment. For every consumer who wants the latest, brightest and most expensive athletic apparel, there is another who is more than comfortable in a nondescript tracksuit and functional footwear. It is important for the product to fit the consumer’s personality and vice versa. An understanding of basic personality types ensures that as wide a range of consumers as possible is being catered for in the marketplace.

Ethnicity is another personal input capable of shaping the evaluation of a sport object. Armstrong’s (2001b) study on the participation of black women in sport and fitness, and its implications for sport marketing, posited that, as a natural progression from the acknowledgment of women as viable sport consumers, ethic consumers should be the focus of increased awareness. McCarthy (1998) had already examined marketing sport in the Hispanic community, but Armstrong’s study was unique as she segmented it along the lines of both gender and ethnicity. Armstrong (2001b: 18) concluded that ‘marketing strategies designed for the mainstream market may not be effective in reaching ethnically diverse sections of the population’.

Arguably, in a country as multicultural as Australia, it makes sense to explore strategies for marketing to ethnically diverse groups. Moreover, a sport fan who is a recent
immigrant to Australia will most probably follow a sport that resonates with their nationality before sampling more indigenous offerings. The ethnic association of many of the A-League clubs, formerly the National Soccer League, provides an opportunity for the sport fan to bridge the gap between the old and the new sport experience.

Direct experience is an important personal input. Direct experience relates to an individual’s prior exposure to the product or service. Past experience influences the internal mechanism on which future decisions to consume are based. The role of direct personal experience is a key predictor of loyalty for professional sport teams (Funk and Pastore, 2000), and creating positive experiences in the initial stages of awareness and attraction is an important and necessary step in upward movement. Fans of the Collingwood Football Club, Arsenal and the Canterbury Bulldogs continue to watch their teams play because of their past experiences as fans of the particular club or code. If prior exposure had been less than satisfactory, spectators would have explored alternative avenues to fulfil their needs and expectations. Past experience contributes to the incremental development of the psychological connection and, for fans of many teams who are at the allegiance stage, past experience contributes to a connective bond that is rarely broken.

The preceding discussion of personal and psychological inputs illustrates their potential role in the consumer decision-making process. These internal inputs can create different needs and desires for intangible benefits through acquisition that influences the evaluation of a sport consumption activity. However, these inputs and the resulting evaluation must also consider environmental factors.

Environmental inputs
Environmental inputs are external to the actual consumer. Having recognised that internal needs and benefits are desired, the individual explores potential solutions to the problem via attractive attributes of a sport experience. Funk and James (2004) suggest that social situational factors labelled endearing features pull an individual towards sport as well as a specific sport situation. Endearing features provide the environment or pathway to satisfy internal needs and received benefits. Hence personal and psychological inputs create the push while environmental inputs provide the pull that directs the individual towards evaluating sport consumption activities.

Family is a particularly influential environmental factor. In many instances, successive generations follow the same codes, clubs and practices (James, 2001). Nevertheless, there is anecdotal evidence on every sports field and at every venue of the impact of family on the decision to be a sport participant or spectator. If one family member plays golf, netball, soccer or volleyball, there is a higher possibility that children or siblings of the same gender (in gender-specific sports) will adopt that activity. In Australian V8 motor car racing, the Richards father-and-son combination is legendary. Similarly, while Tommy Smith is regarded as one of the greatest horse trainers Australia has produced, his daughter Gai Waterhouse has built a similar profile in this very competitive industry. There is little doubt that if a parent is an avid fan of the National Rugby League (NRL) or the Australian Football League (AFL), it would be rare for a family member to support an alternative code of football. Even more significantly, a family divided by club loyalties—Carlton vs
Collingwood, Manchester United vs Arsenal or Parramatta vs Canterbury—would be a source of interesting dinner conversations whenever the opposing teams met.

Peers are also an important environmental factor. The behaviour and choices of companions often stimulate an individual to develop an interest or to act. If a particular group is heavily involved in the consumption of basketball through playing, watching and reading, the pressure to conform to the group is strong. Individuals can either conform to the behaviour of the group or seek other groups whose interests are more in keeping with their own.

Other significant environmental factors may include clubs with which an individual is affiliated, or schools or universities attended. The values and beliefs of Scouts and Guides organisations, or the local Surf Lifesaving Club, will be incorporated into the individual’s set of beliefs and influence the decision-making process. Similarly, a private school that provides a variety of extra-curricular sport activities, such as rowing, skiing and mountain climbing, offers very different possibilities from a state-funded, inner-urban high school that is cramped for space and perhaps lacking the level of resources to purchase large-scale capital equipment. In such instances, the academic focus may be on other areas of the curriculum, such as music, drama or visual arts—an environment providing a very different set of experiences.

Geographical location is important. The sport offerings of country or coastal schools and universities can be very different from those of their city cousins. Furthermore, climate cannot be ignored. Differences in sport consumption between the Gold Coast and Hobart would be expected to exist, based on climatic differences. The emergence of terrorism and travel for international sport events have also become important environmental considerations.

Economic consideration also exists. Many Australians believe that they live in an egalitarian society, but differences based on class—predominantly linked to economic considerations—do exist. While individual wealth will enable the purchase of the equipment to undertake a particular sport or activity, membership may be restricted for a variety of reasons. It may be easier to join a local golf club than to sign up to Royal Sydney or Royal Melbourne, even though the same equipment will serve at all venues. Moreover, unless you are a prime minister, the wait to join the Royal Canberra Golf Club may be very long indeed.

Mass media and marketing are also recognised as important environmental factors that influence behaviour. Products, events and media provide information to consumers in a manner that it is believed will encourage them to buy. An incident on a sporting field may be downplayed by the organisation concerned as it does not want adverse publicity, which could result in reduced attendance or a lessening of participation. Conversely, the media may play up the event, in the belief that graphic pictures or salacious commentary will sell additional newspapers or that television consumers will view other components of the host program or indeed other programming. In most cases, media sources suggest that they are engaging in responsible journalism by presenting the product in total. Equally, the ongoing discussion associated with an incident may prove a boon to talkback radio and discussion-type sport shows.

Political, religious, cultural and service groups are influential inputs. Often these groups use sport to place their organisation in a positive light or to piggyback on the
popularity of a particular sport or activity. A local Rotary Club's support of a community fun run is conceptually not very different from the entry of various church groups into a debate concerning the sporting use of religious holidays. In such instances, both groups are trying to establish a positive community profile. By linking themselves to sport and leisure, they are endeavouring to position themselves as a similar product for consumption purposes.

An interesting aspect of our political leaders has been their willingness to be seen at a variety of sporting events, to be photographed wearing a particular team's jersey or to stand in the winner's circle with the victors. It is an attempt on the part of politicians to be seen to be just like 'the person in the street'. Here sport is being used as a fundamental link or lure to encourage the individual to consume a particular ideology. Although most senior politicians in Australia align themselves with one or other sport code or team, the connection has usually been ephemeral at best. Yet there is no doubt that former Prime Minister John Howard is one of the nation's great sport fans. Whether at the 2000 Olympics, where he was a regular attendee at all sports—not just the high-profile ones—attending rugby league or union games or watching perhaps his greatest sporting passion, cricket, his unabashed zeal for viewing sporting contests is legendary.

Environmental issues also play important roles. Issues such as global warming, pollution, rainforest destruction, over-population, urban sprawl and the general degradation of land and ocean are at the forefront of public consciousness. However, while society's relationship with the physical environment is usually viewed from a negative perspective, judiciously utilised changes in technology have the potential to provide the modern sport consumer with great benefits. Computer technologies and land management have allowed golf courses and resorts to exist side by side with rainforests and sensitive wetlands; sensible urban planning and council by-laws have allowed the establishment of new stadiums or facilities that are sympathetic to local architecture and demographics; and government legislation has been enacted to protect both the rights of individual consumers and the collective good. It is important that the views of all categories of consumers, whether long-term, new, emerging or potential, be taken into account when sport promotion takes place.

**Constraints**

The above discussion illustrates the role personal, psychological and environmental inputs have in the sport consumption decision-making process. In addition, these inputs are important in creating the psychological connection within the PCM framework. However, there are a number of situational, personal or interpersonal costs involved in creating and maintaining a connection in any relationship (Patterson, 2004). Hence inputs can also serve a negative role and create 'obstacles' or 'barriers' that prevent or dampen the connection and behaviour within each stage (Funk and James, 2006). In other words, inputs can facilitate and constrain movement within the PCM elevator (e.g. no movement, downward movement, slow movement). Lepisto and Hannaford (1980) identified five barriers to repeat purchase behaviour: *marketing constraints*, the failed fit between product and consumer; *cultural constraints*, prevailing cultural norms and values that might inhibit patronage; *social constraints*, the influence of reference groups and social expectations on action; *personal constraints* of the consumer's lifestyle or pattern
of living on use; and finally structural constraints, which curtail patronage as a result of certain physical, temporal or spatial challenges.

Within sport, Pritchard et al. (2009) report that individuals without constraints consistently attend more games and use media more frequently compared with individuals who have internal and external constraints. External constraints represent environmental inputs such as financial (the cost of tickets and concessions, etc.), schedule conflict (work and social obligations), limited access (to tickets and good seats), travel (parking and transportation to stadiums) and diminished appeal (weather or visiting team). Internal constraint represents personal and psychological inputs including physical, being tired and in poor health, and low priority, no personal interest and family priorities. Within Super 14 rugby union, environmental inputs such as weather, competition, lack of player quality and rain on match day also have been reported as reducing attendance (Owen and Weatherston, 2004).

**SPORTVIEW 3.1**

The Charleville Camel, Donkey and Yabbie Race Festival

The Charleville Camel, Donkey and Yabbie Race Festival represents a sport event that allows for the satisfaction of psychological, personal and environmental inputs. The event takes place each August, and is described as a way for participants and spectators to experience ‘the true Australian Outback culture’. The event kicks off with the Bush Ball, a night of beer drinking, barbecue and country music. From there, the camel races begin, renowned for their chaos and often reluctant participants. Donkey races are next, and spectators are encouraged to participate as jockeys. Finally, the yabbie races feature yabbies (small freshwater crustaceans with a hard shell); these are auctioned off, named and labelled with numbers for identification. The owner of the yabbie is eligible for the prizemoney if their yabbie wins the race. The yabbies are just as likely to curl up and sleep, making for some rather long races. However long it takes, all yabbie races must come to an end before the next batch is auctioned off for the next race. At the conclusion of the yabbie races, all yabbies are thrown on the barbecue. The festival concludes with a bull-riding competition and another country music concert. Throughout the festival, spectators are encouraged to participate in a variety of competitions and Australian activities, including wood chopping, beer drinking and the continuous barbecue.

Psychological inputs are satisfied through this event by the social interaction, excitement and diversion provided. Through the continuous party atmosphere and numerous ongoing social activities, enhancement of human relationships is an integral aspect of this event. In addition, the races—and the gambling that goes along with the races—invoke constant stimulation and competition. Furthermore, like all events and festivals, the Charleville Camel, Donkey and Yabbie Race Festival represents an opportunity to break away from one’s daily routine.

Personal inputs can be satisfied through the self-expression and personality afforded by the event. The event markets itself as an ‘authentic Australian experience’, allowing sport event tourists to get a taste of Australian culture while bringing locals together to further
celebrate and portray their way of life. In addition, adventurous personalities are encouraged to participate in the event by taking part in the donkey races and bull-riding competition.

Environmental inputs may also drive attendance, in that factors such as family, peers, geography and culture can contribute to an individual’s decision to participate and attend. Families are encouraged to attend together. Individuals raised in and around the outback may be more likely to attend to celebrate their way of life, while individuals removed from this area may attend to learn more and experience it for the first time.

The Charleville Camel, Donkey and Yabbie Race Festival is a sport event celebrating a unique aspect of Australian life. The distinctive combination of culture, excitement, socialisation and family fun demonstrates psychological, personal and environmental inputs as factors driving event participation.

Given that sport consumption is a product of psychological, personal and environmental inputs, the potential starting point for a specific decision-making process is almost indiscernible. However, the following six steps shown in Figure 3.3 represent the major components in the way the sport consumption process unfolds. To exemplify this process,
an individual's decision to ultimately attend Australia's premier tennis event, the Australian Open, is used. The Open is held each January in Melbourne, Victoria.

**Step 1: Problem recognition**

Problem recognition is usually a result of the depletion of existing goods or services. There are a number of ways that a problem may be recognised. For example, Pat is feeling bored while sitting in the apartment and believes there are very few entertainment options in late January. Pat's motivation may have changed as a previous desire for movies is less appealing because the cinema does not allow the opportunity to chat with friends. Pat may have changed reference groups or family situation, and now begins to hang out with new friends from the sport marketing course at university. New information from word-of-mouth or mass media may now be available for Pat. Judging by the amount of television and newspaper advertising regarding sporting events in Melbourne, attending an outdoor event may be a lot of fun. The recognition of a problem for Pat creates a desire to find a new form of entertainment that will accommodate particular social needs. This recognition leads to the search for the information needed to make the decision.

**Step 2: Information search**

The information search can take either of two forms: a recall of stored knowledge in the memory; or seeking additional information. Some goods and services are bought solely on the basis of an internal search (recalled memory), and are usually related to habitual or routine decision-making. Here, the evaluation of alternatives is limited and based on what is remembered. Pat knows there is a range of entertainment options available, such as going to the movies, going out to dinner, seeing a show at the theatre or attending a sporting event. With an external search, Pat is seeking information not contained in memory. The adoption of an external search is usually a response to two factors: recognising that there is a risk involved in making the purchase (price and negative consequences of poor choice); and believing that this type of search will greatly increase the chances of making a correct choice. For example, Pat may find out the cost of the tickets, catering or the packages available, and see what some of his friends feel like doing. This leads Pat to source the information. At this stage, general information about the range of entertainment options available, complemented by more specific information about critical product characteristics (Can I go with my friends? Can I chat during the event?), is collected.

**Step 3: Information source**

Some sources of information are more powerful than others. For the sport marketer, it is important to identify which information sources are most powerful when preaching the sales gospel. For example, a major source of information is via ‘word-of-mouth’ through family, friends and opinion leaders. Pat’s parents go to the theatre regularly, so that might not be seen as the coolest option for him and his friends. Another source of information is through general media forms, which include magazine and newspaper articles, new product reviews, and television coverage of events where the product is used. In the sport industry, the wide media coverage received by most sport organisations allows for great opportunities to present sporting events as the preferred entertainment options to customers. Pat certainly sees a lot of information about tennis in the papers.
and on television during the Australian Open. Finally, information can be obtained through promotion media, which include myriad forms of advertising. Pat recalls seeing an Australian Open insert in the latest edition of *Inside Sport*. It can be seen that the information that is available, combined with the source of the information, will allow certain providers to position themselves favourably while the potential consumers are evaluating the alternatives available to them.

**Step 4: Evaluation of alternatives**

An evaluation of alternatives is conducted according to a set of product selection criteria that may include the product benefits, the image of the product and/or the company, and the importance weighting of the range of product attributes according to the different groups of buyers. For Pat, the theatre is for old people; during the movies one is not supposed to talk; going out for dinner is too expensive. Going to a sporting event offers scope on all those issues. But Melbourne can be very hot in January; it might be better to attend either indoor events or night matches at an outdoor venue. Here, the Australian Open tennis is very much part of the considered set of entertainment options. The evaluation of alternatives is also affected by the belief held about a certain product, the purchaser's attitude towards it and the intention to buy. Pat believes Centre Court tickets are a bit expensive and really does not know how much fun it will be to sit in the one place all day. Perhaps Pat will just buy the ground pass, to move around more. Then Pat does not have to worry about getting his ticket in advance. Only after evaluation does the decision to buy take place. Pat has now decided that to attend the Australian Open will satisfy the range of needs identified during the problem recognition stage.

**Step 5: Purchase**

The decision to purchase a particular product or service can best be described as:

\[ \text{Choice} = \text{Intention} + \text{Unanticipated circumstances}. \]

Having made the decision to buy, Pat proceeds with that intent in mind. However, at the last moment Pat may find that the event is sold out or has been postponed. Here a decision has to be made about whether to consume an alternative offering or wait for the selected item to become available. Everyone in the city must have turned up today, as all the ground passes are gone. However, it does not matter much, as Pat is on holidays. Pat decides to buy a ticket for tomorrow just to be sure. Future product consumption is the result of post-purchase outcomes and evaluation.

**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. Pat feels attending the Open was the most fun ever at a sporting event in quite a long time. It was great action for an affordable price. Pat got to see some budding stars of the game, and had a great time with friends.
2. The consumer is not entirely satisfied with the decision and may need to reappraise the alternatives gathered through the initial information search, or indeed may seek
out new information. Pat feels the day was a bit ordinary and would probably not rush back. Too many people, all the good matches were on Centre Court and the price of food and drinks was a bit over the top.

3 The consumer is totally dissatisfied with the experience, may decide that the resolution to the initial problem may not be forthcoming from the sport/exercise experience, and may look outside this domain for satisfaction. Pat feels the Open was no fun. Perhaps he should just spend his summers at the beach!!

Establishment of the process by which individuals arrive at the decision to buy a particular sport product or service does not necessarily imply that each step in the process is always followed. Depending on the type and nature of the purchase, an individual may devote a significant amount of time and effort to the decision-making process, or may make a snap or ‘spur-of-the-moment’ decision. The latter usually occurs when the adverse consequence of a poor choice is minimal or the purchase has become habitual behaviour. If a person purchases a ground pass each year for the early rounds of the Australian Open, then the purchase has become habitual with the outcome of the experience essentially known in advance.

Involvement in the decision-making process

The amount of effort devoted to a purchase decision can vary considerably, depending upon the product and the level of involvement. The purchase of new laces for running shoes requires little involvement compared with the original purchase of the running shoes that required a far more protracted process. The cost of a club membership has to be weighed against a series of competing forces for disposable income, yet an individual may make the decision to attend a single game at the last moment. The membership or expensive running shoes represent a high-involvement purchase; the single game and laces are low-involvement purchases. Hence price represents an environmental input that influences the decision-making process.

Internal inputs also play an important role in sport consumption. Psychological and person-specific factors influence the level of psychological involvement. Funk and Pritchard (2006) report that committed sport fans put forth more mental effort to read and evaluate newspaper articles about a favourite sport team than non-committed individuals. This research suggests allegiance operates similarly to high involvement in its ability to cue internal processing and prompt elaboration of information related to media and advertising. The level of involvement can be gauged within the PCM framework as awareness and attraction stages reflect low involvement while attachment and allegiance reflect high involvement. Hence the level of involvement generally directs attention to a product while price and other environmental inputs direct the consideration of alternatives within the decision-making process.

High-involvement purchases

High-involvement purchases make full and extended use of the decision-making process. Any number of internal and external inputs will be considered. Expensive, complex and high-risk purchases fall into this category. In these cases, the consumer will invariably
undertake a thorough information search and carefully and selectively examine comparable services or products. The consumer may assess value for money, although cost may not be the major factor where special features, status or functionality are required. Finally, time will be allocated to the decision-making process and the positives and negatives of the purchase weighed. Once a tentative decision to buy has been made, affirmation may be sought from an expert in the field or from a significant other. Yachts, golf clubs, snow skis and club membership may fall into this category.

Sport-marketing strategies aimed at consumers with high involvement should adopt an approach designed to increase greater elaboration of marketing communication. Individuals highly involved with a sport object will exert greater mental effort, processing the persuasive appeal by evaluating the applicability and credibility of the information. This may include the provision of maximum technical or personal support for the service's or product's use, and reinforcing the wisdom of the purchase choice. For example, marketing content advertising a marathon should utilise race-specific information that includes characteristics of the race course, climate conditions and technical aspects of the timing systems utilised for the event (Funk and Bruun, 2007). Advertising should be selective and target appropriate market segments, as well as affirm lifestyle and connote quality and excellence.

Sport marketing strategies can leverage high involvement with a club, league or sporting event to attract corporate partners. Sport sponsorship is a communication vehicle used by corporations to increase the threshold of purchasing high-involvement products and services such as cars, banks, insurance and mobile phones that often require long-term commitment through contracts. For example, in 2007 the Brisbane Lions had major partners such as Vodafone, AAMI and the Bank of Queensland. In addition, Toyota was the premier partner for the AFL. The Melbourne Marathon had Samsung as its naming right sponsor. Using sport in the sponsorship communications mix, the threshold of purchasing high-involvement products—at least theoretically—should be lowered by offering attractiveness, recognisability and credibility. Hence the corporate partner can manage the decision-making process of high-involvement purchases by linking with a sport organisation with which the consumer is familiar and trusts and places personal meaning on.

**Low-involvement purchases**

Evans and Berman (1987) define low-involvement purchases as the decision-making process undertaken when the products or services to be consumed are socially or psychologically unimportant. The sport marketplace is filled with various entertainment alternatives, and the majority of general consumers fit a low-involvement profile (Robertson, 1976). Hence information is acquired passively, and the decision to act is made with limited evaluation. The level of prior experience with the product is low, and the consequences of poor choice are minimal. Less-involved consumers also focus on general product level evaluation, including benefits of the Big 5 Sport Motives as well as attributes of marquee players, logo, success and opposition (Gladden and Funk, 2002; Warrington and Shim, 2000).

The use of advertising and media among the less involved is important. The purchase of a weekly sports magazine can be thought of as a low-involvement decision. In
establishing a strategy aimed at consumers exhibiting low involvement in the purchase process, sport marketers need to provide repetitive advertising and information, encourage familiarity, offer a variety of inducements, create attention-grabbing point-of-purchase (POP) displays and, if possible, distribute in multiple outlets. Funk and Pritchard (2006) also suggest that negative publicity creates a threat to a sport organisation’s low-involvement market base by affecting not only attendance but also sponsorship. The substantial media exposure sport receives, and its link to sponsorship revenue, raise concerns over how a sport franchise is viewed by the general public. Building strong relationships with local media is critical, and sport organisations should take a proactive stance to media relations (Nichols et al., 2002).

Sport marketing strategies can leverage corporate sponsorship opportunities for the general public. Sport sponsorship provides the opportunity to market products that require a less involved decision-making process. Sport selectively targets and segments audiences for sponsors, thus the connection between the sponsor’s product and the sport creates a quick evaluation situation. The Brisbane Lions have 1st Choice for liquor, Carlton Mid for beer, Four’n Twenty as their official pie, and Cadbury for non-alcoholic beverages and confectionary. The AFL has the Coca-Cola Zero AFL Dream Team. The Melbourne Marathon has Power Bar as its nutritional partner and the Coffee Club 10K. The sport team or event provides a strategic platform to market low-involvement products.

Summary

Understanding the sport consumer is not a simple task. The Psychological Continuum Model provides the sport marketer with a framework to understand the psychological, personal and environmental factors that influence consumer decision-making. The PCM framework also provides a basic guide to understand how internal processes serve as the mechanism that accounts for various levels of involvement. The level of involvement is important in the decision to initially buy or consume a sport product or service, as well as subsequent repeat behaviour. While comprehending the complexity of the sport consumer’s decision-making process is one of the more intricate tasks facing the sport marketer, unquestionably it has become a critical part of marketing management strategy. Although it is not always possible to fully understand how this process takes place, assiduous attention to the unique characteristics of specific consumers, coupled with a broad awareness of how decisions are reached, will provide the sport marketer with a solid framework within which marketing strategies can be developed.

CASE STUDY

The impact and consumption of the Australian Tennis Open

There is no doubt that sport events are one of the fastest-growing sectors of today’s leisure and tourism industry, and Australia has capitalised on this with the Formula One Grand Prix, the MotoGP, the Indy Car Series, the 2000 Olympic Games in Sydney and the 2006 Commonwealth Games in Melbourne. However, one stand-out international event that returns
to Australia annually is the first Tennis Grand Slam of the year, the Australian Open. The Australian Tennis Open dates back to 1905, when the Australasian Championships was held at what is now the Albert Ground on St Kilda Road, Melbourne. Since 1905, the event has been held every year, except during the world wars and in 1986, when the date was shifted from December to January. In 1972 the event found a permanent home at Kooyong Courts, but when it became obvious that this venue was too small the Victorian state government began the construction of what is now known as Melbourne Park. The first event was held at the new facility in 1988 and was an instant success, with a more than 80 per cent increase in attendance over the previous staging at Kooyong. The Australian Open is a world-class competitive tennis event, and is one of the four international tennis events that constitute the Grand Slam (the other three being the US Open, the French Open and Wimbledon).

In 2004, a total of 521 691 spectators passed through the gates of Melbourne Park, the fifth consecutive year attendance had exceeded 500 000. Forty-three per cent of patrons came from outside Melbourne, with 7.4 per cent from overseas, 20.4 per cent interstate, and 15.2 per cent from elsewhere in Victoria. The number of overseas visitors was up 43 per cent from 1999, while the number of interstate visitors rose 83 per cent from 1999. International visitors were also found to be staying increasingly longer—an average of 15.8 nights as opposed to fourteen in 2002. Amongst international and interstate patrons, the Australian Open was often the primary motivation for coming to Australia. Sixty-five per cent of interstate visitors and 35 per cent of overseas attendees indicated that they had come to Melbourne primarily for the purpose of attending the Australian Open. The 2004 tournament brought a gross economic benefit of over $203 million to the Victorian economy, up from 97.1 million in 1999. In addition, the event generated 325 000 additional visitor nights, which represents a 49 per cent increase from 1999. Furthermore, the event created 3760 permanent employment positions, up 79 per cent from 1999.

The point is well made that the Australian Open is an event which serves as a destination promoter and enhances the image of a host place. As such, the acquisition of special events should be a policy of cities which are trying to enhance the domestic and international profile of their location.

Source: Adapted from www.victoria.org.au

Questions

1. Explore a potential reason for the strong increase in sport tourism and provide a brief explanation as to why you think it is the result of psychological, personal and environmental factors.
2. What are some of the potential downsides to hosting a hallmark sport event?
3. Are the psychological, personal and environmental factors the same for a decision to attend the Australian Tennis Open vs participating in the Gold Coast Airport Marathon? What are some of the differences?
4. When a new professional sport team or hallmark event enters the market, how does this change the sport consumption decision-making process?
MARKET RESEARCH: SEGMENTATION, TARGET MARKETS AND POSITIONING

CHAPTER OBJECTIVES

Chapter 4 examines the development of marketing research and its use in segmentation, the selection of target markets and positioning. It demonstrates how marketing missions are created, objectives established and target markets selected. Furthermore, it highlights how positioning is used to effectively locate a product or service within that target market.

After studying this chapter, you should be able to:

1. create a basic marketing information system;
2. articulate the components of small-scale market research;
3. comprehend the market segmentation process;
4. understand the rationale for the selection of target markets;
5. appreciate the concept of positioning.

STAGE 1—IDENTIFICATION OF MARKETING OPPORTUNITIES

Step 1—Analyse external environment (forces, competition, publics)
Step 2—Analyse organisation (mission, objectives, SWOT)
Step 3—Examine market research and marketing information systems
Step 4—Determine marketing mission and objectives

STAGE 2—STRATEGY DETERMINATION

STAGE 3—STRATEGY IMPLEMENTATION, EVALUATION AND ADJUSTMENT
The diversity of sport consumption

A recent study conducted by the Roy Morgan Research Centre revealed that soccer is Australia’s most popular team sport with almost 1.1 million Australians indicating that they played soccer regularly or occasionally during the twelve-month period from July 2004 to June 2005. Cricket ranked second with over 1 million participants, while basketball and netball came in third and fourth respectively. Australian Rules Football (AFL), volleyball, rugby union and rugby league round out the top eight.

This research complements the ABS figures, which indicate that AFL was the most frequently attended sport in Australia in 2005–06. It was followed in order of popularity by horse racing, motor sports, rugby league and cricket. What these numbers reveal is that there is a great deal of diversity in the consumption patterns of Australian sport consumers. Sport participation figures were significantly influenced by factors such as gender (e.g. netball has far more female participants than male participants), geography (e.g. rugby union is much more popular along the eastern seaboard than in the rest of the country) and age (e.g. rugby league and AFL are most popular among the 14–17 and 18–24 age groups).

In addition, sport attendance is equally influenced by these factors. An individual may not attend a specific sport because this sport does not have a team in their region. Likewise, an individual may not attend a sport because the local team does not feature their favourite player. Quality of sport facilities and overall service, peer group socialisation, community pride and stage in the life cycle are further factors that impact sport attendance. The diversity in sport consumption patterns amongst Australians underlies the importance of effective market research, segmentation, target marketing and positioning of the different facets of the sport product.

Information is power—the power to make informed decisions. Sport market research consists of activities designed to make good business decisions. These activities attempt to match needs and wants of consumers with sport products and services to build and sustain volume. Developing a marketing approach that strategically positions the marketing mix requires an understanding of the sport consumer. Chapter 3’s study of sport consumer behaviour provides the necessary foundation from which to develop a successful market research strategy.

Market research and strategy

There is little doubt that, in order to make informed decisions, organisations need information—and lots of it. Mullin et al. (2000: 99) suggest that:

the most critical factor in marketing success is the marketers’ ability to collect accurate and timely information about consumers and potential consumers and to use this data to create marketing plans that are specifically targeted to meet the needs of the specific consumer groups.
However, the collection of this material is only a starting point for the construction of a Marketing Information System (MIS). Once compiled, this information must be integrated, analysed and used to guide the direction of the organisation. Time spent on its assembly, maintenance and development can be the most effective marketing tool at an organisation’s disposal.

**Developing marketing information systems**

Stanton et al. (1995: 48) suggest that an MIS is an ‘ongoing, organised set of procedures and methods designed to generate, analyse, disseminate, store and later retrieve information for use in decision making’. Nevertheless, they also acknowledge that for the MIS to be successful the data should be of high quality, used in a realistic manner and adopted as a source of decision-making by the organisation. Figure 4.1 provides a basic design for the construction of an effective MIS. In this instance, the population is divided into consumers and non-consumers, and relevant information is obtained using appropriate data-collection methods. The information is then collated and integrated. The MIS represents an information resource to develop marketing strategies along with mechanisms for monitoring effectiveness.

![FIGURE 4.1](image)

The current need for ongoing market research and the establishment of increasingly sophisticated MISs are the result of a dynamic, constantly changing sport environment. With less time for deliberation, increased accountability, growing consumer expectations, rising financial costs and the ever-expanding scope of marketing activities, sporting organisations need rapid access to reliable information that will result in clear, appropriate decision-making. Fortunately for sport, the quantity and quality of available information are constantly expanding.

How such information is used is the real key to organisational success. In 2002, Matthews reported that an additional two golf courses were being added ‘to what was becoming a crammed precinct on the Mornington Peninsula in Victoria’. However, the
director of the Melbourne-based golf club properties was not concerned with the over-supply, stating that ‘market research shows it’s viable and we have had lots of talks with Tourism Victoria. The predictions are that this will become a mecca for golfers.’ (2002: 75). In order to develop an extensive MIS, sport marketers need to collect information from three sources: general market data; data on individual consumers; and data on competitors and their participants.

General market data include all the information which relates to the broad environment in which the sport operates. Within its area of operation—most commonly referred to as its critical trading radius—the organisation needs to establish size, demographics, the consumer habits of residents and workers, the way such individuals choose to spend their leisure time, and any specific trends that will affect the sport positively or negatively. This information is particularly important for sports hoping to expand nationally and become very successful. The profile of the specific sport consumer needs to be well represented in the new market for the sport to have any hope of success. For example, sport codes are continually expanding into new markets or reorganising into existing ones (e.g. Australian Football Association, National Basketball League, National Rugby League, Super 14s). The Gold Coast Titans believe that there is a potential NRL base of supporters in southeast Queensland beyond the current fans for the Brisbane Broncos. In addition, the AFL’s Kangaroos examined the possibility of relocating to the Gold Coast. The number of potential corporate sponsors and media outlets that can support a professional sport or sporting event should be gauged as well.

A second source of information is derived from individual consumers, regarding their attitudes and behaviours related to a specific sport product or service. Once individual consumer data have been collected and entered on the appropriate database, the sport marketer has a multitude of information available with which to establish marketing strategies. Name, address, phone number, gender, age, occupation or student type, purchase patterns and payment methods are a small representation of the types of information that can easily be collected by sporting organisations. This information can be collected from registrations at sporting events, membership forms or from more detailed survey instruments. Surveys can be used with inducements to get spectators and fans to supply names, addresses and phone numbers (Quick, 1998, 1999). Information collected through these surveys can also be used to determine the individual consumer’s level of involvement with a sport object using the Psychological Continuum Model (Funk and James, 2006) to develop divergent marketing communication strategies.

A third source of information for sporting organisations relates to competitors and their participants. It is critical that sporting organisations not only be aware of who their competitors are but also know the consumers of a rival’s products or services. For example, running, biking, swimming and triathlon events may attract similar participants. A number of sports and sporting events can successfully operate in the same area when their consumers are dissimilar. Basketball, tennis, soccer and netball appear to be quite different in their support bases. So, apart from observing general promotional strategies, these sports would best be served by focusing on information that is internal to the organisation and sport-specific. Nevertheless, if a sport is jockeying for position in the marketplace, competitor pricing, promotion, and product breadth and depth need to be noted. This is particularly important when junior competitions and leagues are involved.
Juniors will invariably gravitate to those sports which provide them with opportunities at the local level.

**Data sources for a marketing information system**

There are two major sources of data for any MIS: external and internal. External data may be primary or secondary, and have been collected by the sporting organisation or an external agency. Internal data include all the information, such as basic inquiries, that the organisation collects during the day-to-day operation of its business.

**External secondary data**

There are numerous sources of secondary data that sporting organisations can use to assist in the formation of a strategic marketing plan. The most obvious starting point is government agencies, such as the Australian Bureau of Statistics (ABS). *Participation in Sport and Physical Activities, Australia* and *Australians Less Active* are two potential information sources from the ABS. ABS statistics show the demographic characteristics of persons over the age of fifteen involved in sport during a twelve-month period. For example, the 2004 ABS data suggest that men (31 per cent) had a higher participation rate in organised sport than women (23 per cent) and that Australian-born people or those living in capital cities were more likely to engage in sport than their overseas-born or rural-domiciled fellow citizens. The ABS statistics reveal that over 44 per cent, or 7.1 million, had attended at least one sporting event during the twelve months, and the highest attendance rates were reported for Australian rules football (16 per cent), horse racing (12 per cent), rugby league and motor sports (both 9 per cent). These are just two sources that provide potentially useful basic information for a number of sporting bodies (such information is readily accessible on the ABS website: www.abs.gov.au).

Libraries and chambers of commerce are other useful sources of information, especially at the local level. Data relating to trends and uses of local events and facilities should be held there, as well as the various municipal rules and regulations governing the conduct of sport events. Larger community libraries, along with those attached to institutes of higher education, often contain much of the government or commercial data that have been collected in relation to sport. Chambers of commerce will hold data relating to the income and expenditure patterns of local industry, which can assist sport marketers in establishing profiles that may match their organisation.

An increasing amount of data is being gathered in various research units in Australian universities. While much of this information is proprietary, some of the findings are being presented at conferences and appearing in academic journals. Likewise, a growing number of sport-marketing academics are being used as market research consultants and are bringing an ever-increasing repository of skills and knowledge to their task.

Advertising media are constantly engaged in the collection of secondary data. While it may not be specific to the focus of the sport marketer, information relating to demographics and psychographics may be useful for sponsorship or advertising. This is particularly the case when the characteristics of the media information match a particular sport's own data. The Australian advertising industry uses OzTAM data, which is the official source of television audience measurement covering the five city metropolitan...
areas and nationally for subscription TV. Regional areas are serviced by commercial television networks and Nielsen Media Research Australia.

A final source of secondary data is private organisations such as Brian Sweeney and Associates, which annually surveys 1500 people over the age of sixteen in Australian capital cities. Its publication, *Australians and Sport*, examines sport participation, attendance, and television viewing and sponsorship awareness. The 2005–06 summer edition of the *Sweeney Sports Report* reveals Nike, Billabong and Nutri-Grain are among the 25 most recognised Australian sponsors of sports. Similarly, Roy Morgan Research, most commonly associated with the Morgan Gallup Poll, has established a variety of services and products that can provide sporting organisations with significant data. The June 2004 report which interviewed people aged fourteen years and over indicates that, while team sports in general have declined in Australia since 2003, soccer has been rated the nation’s most popular team sport. In the twelve months to March 2004, national participation in soccer was 1 169 000, ahead of cricket (1 020 000) and basketball (820 000). The *Roy Morgan Monitor* covers areas such as tourism, entertainment and leisure, and the organisation annually conducts more than 60 000 personal interviews. The collection of such data provides wide-ranging information on consumer behaviour and media usage, and as such can be an invaluable secondary source for the sport marketer. For more specific data, it is even possible in some instances for organisations to contract for an industry-related question to be included in a survey.

**Primary data**

Primary data may be internal or external, and are a product of collection methods and purpose. The most common type of internal data is collected from inquiries, letters and telephone calls. These may be in the form of complaints or praise. Accounts, credit card purchases and general sales can also provide a wealth of information, indicating consumer trends in relation to a sporting organisation’s product or service. Promotions and sweepstakes that require a consumer to provide personal information for a chance to win a prize are useful means to collect primary data. Other sources of internal information can include an organisation’s employees, contractors, suppliers and sponsors. All can offer the sport marketer useful advice, and any such comments should be heeded. However, there is little doubt that the best data available to the sport marketer are those which are purpose-driven by the organisation. In this way, direct answers to specific questions can be obtained about the habits and consumption patterns of sport participants and consumers. Moreover, the collection of primary data through market research is not difficult. All that is required is access to the information source, time, energy and good questions.

**Marketing research in sporting organisations**

Basically, marketing research in sporting organisations seeks to answer six questions about consumers in relation to their consumption of the product. Initially, sporting organisations need to know WHO their consumers are, but this is only the tip of the iceberg. WHY they choose the particular sport product and WHEN and WHERE that consumption takes place are equally important. WHAT that consumption entails in
terms of pre- and post-event activities, and HOW the product is used, are also critical in terms of establishing a complete consumer profile. The potential use of sport marketing research generally can have numerous outcomes. Fundamentally, it attempts to collect information to make informed marketing decisions to build and sustain volume through the sport exchange process. It can enhance the flow of communication between the organisation and the customer. It can facilitate the creation of promotional strategies or the development of sponsorship proposals. It should assist in general decision-making and programming. In no particular order, the information requested generally falls into the categories of general and sport-specific.

General information

Usually, the general information requested focuses on demographics, psychographics and product usage. Demographics are personal characteristics such as gender, age, occupation, income, household size, education level, place of residence and methods of transport. Psychographic information conveys data on attitudes, interest and opinions regarding social, political, economic and environmental topics. Behavioural information includes data on how many times in a given period a person visits a particular establishment (e.g. a restaurant, hotel or facility), the number and type of vehicles in the household and the various electronic items they use. This last issue is becoming more and more important as sporting organisations endeavour to ascertain how many of their consumers not only use personal computers but also have access to the internet. With many sporting organisations establishing interactive home pages, new opportunities for establishing enhanced databases are plentiful. Professional sport franchises, sporting events and community recreation programs can communicate with members and users on a regular basis via the internet.

An equally important general question relates to where consumers get information. Frequency and type of newspapers read, radio stations listened to, television stations and programs viewed and magazines read—both general and specific—are crucial factors in determining promotional strategy. Results from a fan survey conducted for the New South Wales Rugby Union at Waratahs home matches indicated that 48 per cent of all people listened to radio at breakfast time, Channel 9 was by far the most watched TV station, and 68 per cent indicated that they read *The Sydney Morning Herald*. The most popular radio station for these rugby fans was the commercial-free ABC station 2BL (Quick, 1999). Research has generally indicated that television is the major source of event information, with radio rating poorly. The Waratahs scenario does little to disprove this belief. However, there are two other issues that need to be considered: word-of-mouth and gender.

The word-of-mouth variable is a constant response, and a market research strategy needs to be developed to control this. Moreover, although general questions about magazines read almost invariably result in a sport-specific magazine response, magazines targeted at women often feature strongly. With the increasing female acceptance of and adherence to many sports and recreational activities, perhaps it is time that sport marketers allocated a portion of their advertising budget to this expanding market segment.
Sport-specific information

Sport- or activity-specific questions often relate to attendance patterns, influences to buy or consume, and levels of satisfaction with various aspects of the event. This information relates to sport-specific personal, psychological and environmental inputs discussed in Chapter 3 as part of the sport consumption decision-making process. In relation to attendance, organisations need to be aware of both the depth of product or service use and the breadth of use. Obviously, years of membership or season ticket holding is an example of depth, but the range of single-match buyback programs, offering incentives to members who do not attend a particular match to place their seat/ticket back in the pool for general sale, is an increasingly popular example of the latter.

Likewise, organisations need to know what influences the consumer’s decision to buy this particular product when faced with the diverse and ever-expanding range of options in the sport or entertainment marketplace. Sport-specific information provides an understanding of how participating and playing sport satisfy individual needs and provide benefits. Finally, organisations need to be apprised of customers’ levels of satisfaction—that is, their perceptions of the range and quality of the merchandise and concessions sold, or the scope and type of services offered, and of the way in which the organisation conducts its business. By asking such questions of sport consumers, organisations can establish comprehensive profiles of their customers, which in turn allow the organisation to strategically market its products or services in a diverse marketplace. As Huggins (1992: 40) notes:

the principal focus of the marketing function in sport is not so much to be skilful in making sport fans or participants do what suits the interest of sport as to be skilful in conceiving or doing what suits the interest of the fans or participants without changing the sport itself.

The marketing mission

Before identifying the components of the market research process, it is useful to consider the benefit of determining the marketing mission. The mission of the whole organisation, in many ways, will also assist managers in setting direction for their respective departments, one of which can be the marketing department. Cheverton (2000) suggests that good mission statements actually guide the organisation with some consistency through the marketing decision-making process in a way that minimises conjecture or misunderstanding. Moreover, he argues that there are five key aspects to a mission statement. These are:

1. acknowledging the business the organisation is in;
2. knowing the aspirational position;
3. being aware of the core competencies that are needed to guide the organisation towards that vision;
4. knowing which consumers or target market will best assist in reaching the position; and
5. understanding how an organisation knows when it has arrived—in other words, what are the measurements of success?
Baker (2000) concludes that the mission statement is more than just a strategic plan: it is the ‘cultural glue’ that enables a collective engagement in the marketing process. This approach is most appropriate to the sport-marketing environment. There is no doubting the importance of strategy in sport marketing, but given that sport organisations are diverse organisations, the over-arching mission or vision is the focal point around which such diverse units can congregate.

The Australian Sports Commission (ASC) has a very simple mission, and that is ‘to enrich the lives of all Australians through sport’. This mission is to be achieved through the development and maintenance of an effective national sports infrastructure, increased sport participation and enhanced sport performance. The ASC works towards this mission by developing a national policy framework, coordinating and contributing to the national delivery network, and via the development and dissemination of quality services, programs and products.

Inherent in such strategic plans, stated visions or marketing missions are the objectives by which the desired outcomes might be realised. Once again in keeping with this text, such objectives are strategic in that they carefully elucidate the manner in which the organisation reaches its stated goal. There are numerous types of organisational objectives, but in the main they fall into either of two major categories: sales or communication. Furthermore, there are a number of acronyms in existence (e.g. SMART = Smart, Measurable, Achievable, Realistic and Timely) which guide the objectives construction process. But the fundamental underpinning in the selection and creation of strategic objectives remains their evaluative benefit.

The success of the marketing mission is determined via the ongoing monitoring and evaluation of the stated objectives. The ongoing scrutiny of results against the framework of organisational objectives is necessary because of their basically organic nature. Organisational objectives will change as intermediate goals are obtained, or with the realisation that a structured strategy is not delivering the desired results, or if an external trigger necessitates an internal change. Quality market research further enables the sport organisation to collect the information that is necessary to keep the organisation on the right strategic course.

### The market research process

Sport organisations can no longer rely on general sport market research to inform decision-making. Sport organisations can conduct their own market research, engage a specialist to assist in questionnaire construction, data analysis or interpretation, or contract a consultant to deliver product-specific information. Organisational decisions should be based on the needs and expectations of the consumer, and the only way they can be ascertained is to ask about them. While the phrase ‘use it or lose it’ is a sport cliché, when applied to market research there is not a more appropriate sentiment.

The market research process principally consists of five distinct phases. In order to guide the complete process, and to achieve maximum results with limited resources and time, the first step in the process is to clearly define the research problem and set a number of measurable objectives. The research problem and objectives often are a direct derivative of the marketing mission of the organisation—for example, increase new
participation for a marathon event by 20 per cent or increase membership renewals by 10 per cent. The second step in the process is to develop a research method—that is, to determine which data sources are needed (primary or secondary), and which methods of data collection (see below) are best used in the context of the research. The third step then involves the research planning and data collection, who collects the data, when and where. When all data are collected, they need to be analysed. Data analysis, as the fourth step in the process, can involve the crunching of quantitative data with the help of statistical analysis software programs or the interpretation of more qualitative (e.g. interviews) research data. The final step in the research process is the presentation of the findings in a report so that the research objectives are achieved and the research problem is answered as accurately as possible.

Funk et al. (2003) suggest a seven-step sequence to help sport marketing professionals present their findings in a marketing report. This sequence is designed to expedite the research process by helping determine the type of information required for a report. Step 1 is to determine how findings presented in the report will be implemented within the organisation; Step 2 is to test market the contents of the final report on key stakeholders; Step 3 is to specify information requirements needed to create the content; Step 4 is to determine the kind of information needed to carry out the analysis; Step 5 is to search for existing secondary data, or to discover whether none exist; Step 6 is to design a plan to collect primary research data; and the final Step 7 is to actually conduct the primary research. Primary research depends upon information that utilises some method of data collection.

Data-collection methods

Surveys
The personal survey remains a useful research method, as it allows the sport marketer to source first-hand information on the purchase and consumption patterns of sport consumers. These data can be collected at the event, by going door to door in a defined geographical area, at a shopping centre (mall intercepts), via direct mail or the telephone (telemarketing) and increasingly over the internet. As discussed in Chapter 3, sport consumer behaviour researchers have developed a number of surveys which are useful for collecting information from spectators and participants. Most sport organisations serious about providing services to their constituency regularly engage in this type of research. Moreover, a serious sport organisation is not just a professional or semi-professional franchise. Local clubs, events and groups can often use the survey format to gain consumer and participant feedback. Obviously, the more professional an organisation is, and the larger its stakeholder base, the more sophisticated the survey and its accompanying tools of analysis will become. Nevertheless, the underlying philosophy remains constant, and that is the collection of quality information that will assist in decision-making and guide the running of a successful club.

Focus groups
A focus group is a small group of interested individuals gathered together to talk about the issues that an organisation and its consumers believe are important. For example, a sport team may invite eight existing club members in for a one-hour discussion before
a game to explore current and potential benefits and levels of membership for next year. Usually the size of the focus group is less than ten, which provides everyone present with an opportunity to contribute. This method encourages individuals to engage freely in dialogue with each other, with the data collector in this instance prompting, guiding and recording. Trends and issues emanating from focus groups are often the catalyst for more structured follow-up research. Professional sport teams and sport event organisations often use focus groups to assist in the creation and refinement of marketing strategies, as well as collecting operational information.

**Observation**

Although not always undertaken in a formal manner, the observation technique should be used by the sport marketer on an ongoing basis. This can entail walking through the stands at a game or among participants at a race. Technology can also be used to monitor behaviour during an event. From Bill Veeck with baseball during the 1940s, to Kerry Packer and World Series Cricket in the 1970s, to Michael Wrubleski and the National Basketball League (NBL) in the 1990s, to Lamar Hunt with the Kansas City Chiefs in the 2000s, good sport owners and marketers have recognised the value of getting out and both talking to the spectators and watching their behaviour. This simple act can inform sport marketers about which aspects of their market strategies are having the desired result and which need some work. During observation, many sport marketers will single out and interview a spectator or participant at the event on any number of topics. Ideally, the observation will lead to the focus group, which could lead to the structured survey, which should then lead to action based on rigorous data-collection.

**Experimentation**

Experimentation can be useful to the sport marketer in specific circumstances. Here the researcher or promoter manipulates one marketing mix variable while holding all the others constant. Changing the venue, time or day of an event or altering uniforms are just a few of the variables that professional sport clubs manipulate during a pre-season competition in order to gauge reaction to such changes. If the changes prove popular, they may be adopted for the regular season. If not, the previous *modus operandi* is utilised. This type of research is particularly useful for evaluating the persuasive impact of media, advertising and internet content on the general public and consumers (Filo and Funk, 2005; Funk and Pritchard, 2006).

**Research design**

The research design should be of sufficient scope to provide all necessary information, but short enough to encourage participation in the process. For example, qualitative approaches using focus groups, interviews and observations are useful for developing new and in-depth information that can be used to modify one or more elements of the marketing mix (e.g. ticket and membership prices, advertising content, location). Quantitative approaches are useful for assessing whether modification to the marketing mix is a good idea, or judging the success of implemented changes. Mullin et al. (2000) suggest that the sport marketer needs to have a feel for the kind of answers expected. While it could be argued that this may introduce bias into the project design, most research is initiated through some type of intuitive 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:

- 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.

Sportview 4.1 illustrates how market research can impact sport marketing and development.

**SPORTVIEW 4.1**

**Market research at work: Twenty20 cricket**

Twenty20 cricket originated in the United Kingdom in 2003. The game involves both teams having a single innings and batting for no more than twenty overs. An average game is completed in roughly three hours, putting the game on par with other popular team sports such as AFL and soccer. It was created with the intent of providing both game attendees and at-home viewers with a lively and entertaining version of cricket. Most notably, the game is a product of market research. Focus groups were conducted with individuals who did not consider themselves fans of cricket. Focus group participants were asked to explain what could persuade them to watch cricket. In terms of drawing interest and spectators, it has been incredibly successful. The first matches in England drew an average of more than 5000 spectators, and attendance continues to increase steadily. The game has spread all over the world to Pakistan, South Africa, Sri Lanka, Australia, New Zealand, the West Indies and India, and most Test-playing nations now have a Twenty20 domestic cup competition.

Long-time cricket fans are divided on the game. Twenty20 loses the slow pace and reflectiveness inherent to established cricket. In addition, many contend that some of the skills required for Test cricket (e.g. taking wickets, defence and overall concentration) are de-emphasised, or even eliminated, by Twenty20 cricket. Michael Holding, a former West Indies fast bowler, described the game as ‘rubbish’ and added: ‘There is nothing good about Twenty20 cricket.’ Despite these criticisms, Twenty20 cricket has brought new energy to the sport, embodied in the enthusiastic fans who have packed arenas to see matches. Furthermore, many believe that Twenty20 has introduced the sport of cricket to an audience that otherwise never would have shown interest. Twenty20 cricket continues to enjoy popularity and attention. The inaugural ICC Twenty20 World Cup was held in South Africa in August and September 2007, with India defeating Pakistan in the final. The development and emergence of Twenty20 cricket demonstrates the influence of market research on major sport.
Segmenting the sport market

On any given weekend, Australian sport attracts millions of spectators and participants who are involved for myriad reasons. Stanton et al. (1995) suggest that market segmentation is the process of dividing the total, heterogeneous market for a product or service into several segments, each of which tends to be homogeneous in all similar aspects. Segmentation creates a smaller group of consumers from the overall customer base of a sport organisation who share a common interest. In other words, certain segments of consumers share similar personal, psychological and environmental reasons for involvement. In an attempt to encourage such groups to initiate or maintain their involvement in the sport or activity, different marketing strategies must be developed which are specifically aimed or targeted at such groups or market segments.

Market segmentation is a consumer-oriented philosophy, and endeavours to satisfy as many needs and wants in the marketplace as possible. Moreover, by segmenting the marketplace an organisation can more judiciously allocate marketing resources, and this should result in greater returns on the investment, or 'more bang for the bucks'.

Mullin et al. (2000) further suggest that segmentation is central to an understanding of consumers as it recognises differences in consumer behaviour, which directly informs marketing strategies. Consequently, the task facing sport marketers is first to determine how consumers use sport products or services to meet individual needs and provide benefits, and then to determine which factors are common. This allows the sport marketer to categorise or group customers according to the type of people they are, the way they use the product or service, and finally their expectations of it.

Although the segmentation possibilities are endless, there are a number of broad-based variables that provide an effective starting point for segmentation strategy. Commonly, consumers are segmented on the basis of demographics, psychographics and behaviour towards the product. This psychographic category is further divided into the benefits wanted from the product and product usage, or how the product is used. Figure 4.2 represents such variables schematically.

The market segmentation process

**Demographic segmentation**

Demographic segmentation is the most common form of segmentation, with important demographic determinants being gender, age, religion, income, occupation, education level, marital status, geography and life cycle stage. The shifting demographic in society, from Baby Boomers, to Generation X and Y, to the new ‘E’ Generation, impacts the demand for sport products and services. All demographic variables are potentially important, especially when considering an individual’s life cycle. Traditional life cycle stages include young singles, married couples with and without children, ‘DINKs’, ‘empty nesters’ and elderly singles. However, single parents, older childless couples, older singles and divorced individuals are increasingly representing alternative stages in the life cycle. The life cycle stage of an individual has considerable impact on the amount of time and financial resources that can be devoted to sport. Stages in the life cycle directly affect consumer behaviour, and it is essential for sport marketers to provide mechanisms that encourage customers to remain loyal from childhood to senior years.
Market segmentation

Geographic issues such as regions, city size, the urban–rural dichotomy and climate can also influence strategic sport marketing. While it may appear safe to assume that spectator expectations in country and regional areas are quite different from expectations in the city, even the cities cannot be treated as homogeneous for the sport marketer. While ease of event access, parking and travel time are often important to the suburban commuter, public transport and additional entertainment possibilities may be far more important to the inner-city dweller.

**Psychographic segmentation**

While demographic information can inform the sport marketer about who the consumers are, this information alone does not tell why they consume. To partially answer this question, consumers need to be further categorised according to psychographics. Psychographics divide the market into segments based on attitudes, lifestyles or values. Psychographics can be more important than demographics in the consumer decision-making process; however, they can be more difficult to quantify. Psychographic segmentation is generally based on attitudes, interest and opinions that guide behaviour. This approach attempts to explain consumer behaviour in terms of needs satisfied from a sport product or service. For example, strategies to differentiate fitness gym clients can include a ‘fitness-driven’ segment motivated exclusively by fitness reasons versus a ‘health-conscious social’ segment that seeks activities which are healthy but also provide more social facilitation.

Psychographic segments can also be derived from an individual’s desire for risk-taking, stress-reduction, aggression, self-esteem, competition, achievement and skill mastery. Other psychographic segments can be developed based on core values, personality type and lifestyles (e.g. outer-directed, inner-directed and need-driven, socially aware,
visible achievement, traditional family life, young and optimistic) (Mullin et al., 2000; Stanton et al., 1995), attributes associated with a sport team brand (e.g. star player, head coach, sport types, logo design, community pride and managerial decisions) (Gladden and Funk, 2002), sportscape aspects and customer satisfaction (Hill and Green, 2001). Psychographic segments are particularly useful for benefit segmentation approaches.

**Benefit segmentation**

Benefit segmentation refers to the benefits attributed to the consumption of the product. Stotlar (1993) comments that benefit segmentation is based on the unique benefits of a product or service that motivate a consumer to purchase. Different consumers can expect different benefits from the same product or service. An important feature of this concept is that the consumer is purchasing the benefit, not the physical product or service. A person may choose to attend a basketball game not because they like the sport, but because a friend is going. Here the benefit inherent in going to the game is the opportunity for social interaction. If the friend were going to the zoo, the idea of attending the basketball game would be moot. In this instance the chance for social interaction is just one benefit that the sport promoter provides. Similar benefit segmentation strategies can focus on the entertainment aspect of the event or the opportunity to escape from the rigours of the daily grind and indulge in a sport activity, to be involved in the production and presentation of an event or activity, or simply to be seen at an event. These benefits are highlighted in Chapter 3’s discussion of the Big 5 Sport Motives. Benefit segments can be created from a desire for socialisation, performance, entertainment, esteem and diversion from participating in or watching a sporting event.

The purchase of sport equipment and apparel can also be segmented according to benefit. An athlete may buy an electrolyte-replacement drink not because they are thirsty or like the taste, but because they believe that it will replace essential elements the body has lost during intensive exercise. Hence the athlete is purchasing the benefit—a more rapid recovery—rather than the product—a sport drink. Another example of benefit segmentation in sport relates to the purchase of the potential benefits of athletic footwear. Some individuals will purchase a running shoe because it offers a wide toe box, controls supination, and provides arch support and stability. Others will purchase the same shoe because it looks fashionable, glows in the dark and a celebrity sport start wears the same shoe.

Sportview 4.2 provides an overview of effective market segmentation in the extreme sports context.

**SPORTVIEW 4.2**

**Market segmentation: Extreme sports**

Perhaps no sport industry uses market segmentation, and in particular psychographic segmentation, more effectively than extreme sports. Extreme sports encompass the high-risk, high-adrenalin activities that provide participants with a chance of injury or danger. These activities include base jumping, kite surfing, paragliding, mountaineering, snowboarding, surfing and canyoning, which are attracting a consistently increasing body of participants.
As the market continues to grow, the equipment and media offerings available to these consumers expand. State-of-the-art 'extreme' equipment such as gloves, sunglasses, helmets, t-shirts, sandals, protective padding, bikes, karabiners and surf wax are all on sale in a variety of styles and models. In addition, a variety of publications exists promoting each sport, and each reflects the language and risk inherent to the activities. *On The Edge, Thrasher, Slam, Rip Tide, Powder Hound and Ballistic* are a few examples of magazines that cover various extreme sports and—as is apparent from their respective titles—reflect the image and lifestyle of the different activities.

Extreme sports are currently thriving because of an understanding and awareness of the different demographics and psychographics drawn to the activities, as well as the benefits sought by participants. While predominantly youth-oriented, extreme sports are not exclusively targeting Generation Y. Extreme sport tourism packages are now tailored for singles and honeymooners, as well as middle-aged couples and divorcees. In terms of psychographics extreme sports flourish, marketing the attitude, lifestyle and values inherent to their activities. Accordingly, risk-taking, achievement, extroversion, non-conformity, fun and excitement are crucial elements promoted as part of the extreme sport experience. Doug Spong, founder and CEO of Gold Coast-based Cult Industries Surfwear label, openly talks about how the key to his organisation’s success is ‘all a matter of cracking the “psychographic” of a very tribal market’. With regard to benefit segmentation, many of the benefits sought through mainstream sport consumption also relate to extreme sports, including socialisation, entertainment, esteem and diversion. Extreme sports represent a booming sector of the sport industry that relies heavily on effective market segmentation, utilising demographics, psychographics and benefits.

**Behavioural segmentation**

Understanding behavioural patterns is critical in sport marketing. Generally, it is much easier and cheaper to get a customer to repurchase a product or service than to get a customer to initially try a product. Behavioural segmentation refers to frequency and complexity of product usage. Usage segmentation can be the frequency in terms of repetition for using a product or service (i.e. how many times a consumer participates in or watches a sporting event). The complexity of usage represents the different types of behaviour related to the product or service. For a sport team, does a person attend a sporting event, purchase licensed merchandise, wear team-logoed clothing, pay for memberships and subscriptions, or watch games via TV, radio or internet broadcast? Hence behavioural segmentation can have depth (frequency) and breadth (complexity).

In attempting to define the consumer in respect to usage patterns, broad categories are established including non-user, light user, medium user and heavy user. While it is often desirable to encourage consumers to elevate their level of consumption, this is not always possible or even desirable. For example, Spolestra (1991) believes that, in terms of the consumption of professional sport, the season ticket or membership is not for everyone. The notion of perceived constraints is important and, whether it is due to lack of finance, time or even interest, consumers often find that attending every game is not
possible. Hence he argues that the concept of seat-sharing, whether corporate or with friends, results in maximum use of a particular seat. By adopting an approach called full-menu marketing, the organisation provides numerous packages that allow fans to consume at a level with which they are comfortable. Here the market has been segmented based on usage patterns.

**Multiple segmentation**

The establishment of a segmentation strategy depends on a number of features such as size, reachability and receptiveness of the target market. As such, multiple segment strategies are often developed, which enable the sport marketer to construct different yet coordinated strategies for delivering a product or service. The combination of various benefit segments with demographic segments is an instructive approach for sport marketing professionals. For example, Chapter 3 briefly discussed behavioural usage patterns based on the level of involvement: awareness, attraction, attachment and allegiance within the PCM framework; frequency and complexity of behaviour increases with the stage of involvement. Combining multiple segments provides new insight into the demand and allows for customisation of products and services to unique consumer groups. Other examples of sport spectator segments are illustrated below.

Cricket segments might include:

- the *purist*, who understood the nuances of the game and often had a history of active participation in the sport;
- the *sport enthusiast*, who followed a wider range of activities;
- the *follower*, who, while unlikely to attend matches, avidly followed the game via the media; and
- the *entertainment seeker*, who sought action and excitement.

Each segment is important for distinct reasons. While purists were perceived as essential for Test match cricket longevity, enthusiasts were important for their current level of interest. Similarly, while followers were important because of their desire for cricket information, entertainment-seekers provided an important segue into the female and youth market. These segments are certainly appropriate given the popularity of the new Twenty20 matches in Australia and England. Similar segments can be created for team sports.

Team-sports spectator segments might include:

- the *passionate partisan*, who displays undiminished loyalty to a team over time and identifies closely with winning and losing;
- the *champ follower*, whose loyalty is essentially a function of team success;
- the *reclusive partisan*, who displays strong identification which does not necessarily translate into actual support;
- the *theatregoer*, who seeks a close encounter and wishes to be entertained; and
- the *aficionado*, whose loyalty is to the game rather than the team. (Smith and Stewart, 1999)

In many instances—especially related to sport consumer behaviour in the context of seasonal sport competitions—the passionate partisan is an important target market. Each
of the other target markets requires different marketing strategies aimed at the specific orientation of potential consumers held by the market. As we saw with the product market grid, discussed in Chapter 2, each distinct market segment may require a separate product offering or variation. The establishment and maintenance of, and ongoing addition to, an organisation's MIS will assist sporting organisations to become increasingly discerning and creative in their target market segmentation strategies. Hence segmentation strategies basically provide the ability to customise the marketing mix to keep pace with the shifting demand for sport products and services. When we decide that a particular market segment is going to be the focus, we have selected a target market.

**Target market selection**

The selection of the appropriate target market follows the process of segmentation. Having identified the segmentation variables and developed profiles, the next step is to identify the attractiveness of each of the segments. To enable the sport marketer to identify attractiveness:

- market segments must be substantial enough to justify consideration;
- their size and attractiveness in terms of financial resources must be measurable;
- the sport organisation must have access to the segment, and must have the resources enabling the organisation to approach the segment;
- and the segments must enable differentiation from other segments.

When these criteria are fulfilled, the sport marketer can assess the segment's size and growth potential, the segment's structural attractiveness, and whether the segment offers scope to achieve the organisation's strategic objectives and generate vital resources. Based on this information, the sport marketer is in a position to select a (number of) target market(s). Target market selection strategies include the selection of a single segment, a number of unrelated segments, a number of segments that are selected on the ability of the sport organisation to deliver a particular product (e.g. football spectator services), a number of segments that are based on the ability of the sport organisation to effectively serve a particular market (e.g. the Melbourne metropolitan football market), or a full market coverage strategy, targeting the market as a whole.

The growth of snowboarding since the 1980s serves as an interesting example for understanding segmentation. Capitalising on the popularity of skateboarding and surfing and the growth in extreme sports, snowboard promoters identified a target market that was young, had discretionary income, eschewed the normal alpine skiing activities of their parents, and wanted to be seen at the leading edge of a new recreational activity. While initially the alpine industry examined ways to ban the sport from many resort areas, snowboarding quickly gained a foothold and debuted as an Olympic sport in 1998. A sport once considered fringe is now at the forefront of winter activity. Moreover, resorts that had previously turned their back on this particular segment now aggressively market to this segment and establish areas on the slopes where enthusiasts can pursue their sport to the full. Some resorts even try to position their location as the place for snowboarding. Hence it can reasonably be concluded that snowboarding—initially positioned as a cult activity with a clearly defined non-mainstream target market—rapidly progressed
through stages of development (which included alpine resorts endeavouring to position themselves as snowboard-friendly) to a point where it is now a mainstream sport.

Positioning

The final piece in the puzzle of preparing a marketing action is the identification of positioning strategies for segments. This process basically involves the customisation of the marketing mix for selected target markets. In this process, it is important to remember that the key to successful positioning lies in the sport marketer's ability to differentiate the product offering from segment competitors. Whatever is different in the offering of the sport organisation needs to be important and distinctive in order for the consumers to consider the (alternative) offering. For example, positioning can focus on bundling benefits that consumers seek in consuming the product; quality or price can be used to set the offering apart from others; or the image of the product or organisation can sway consumers to purchase a trendy 'brand' rather than a non-branded product.

Companies which provide products and services to a broad spectrum of consumers often target sport. Hence sport consumers represent a diverse but identifiable segment within the general population to customise the marketing mix. Soft drinks, fast food, telecommunication, insurance and banking are examples of products that are omnipresent in the sport environment. Furthermore, athletes are often used to promote basic everyday purchases. The Australian cricket team has promoted breakfast cereal, Kieran Perkins has promoted the virtues of milk and Grant Hackett has been seen chomping on Uncle Toby’s muesli bars. Manufacturers believe that using athletes to market their products makes them stand out in a cluttered environment. Chapter 13 examines this concept at length.

Ries and Trout (1986: 5) suggest that ‘the basic approach of positioning is not to create something new and different, but to manipulate what’s already in the mind’. In other words, positioning is really about what the marketer does in the mind of the consumer. In reality, there are probably two ways in which sport can be positioned in the mind of the consumer. As Ries and Trout indicate, the best option is to be first—but if you can't be first, be different. When it comes to sport, marketers and promoters constantly try to effectively position their product or service in the mind of an increasingly discerning consumer. Furthermore, given that consumer preferences are in a constant state of flux, the positioning process demands creativity, responsiveness and perspicacity.

Given that the sport marketplace is so dynamic and constantly in a state of change, sport marketers must not only recognise change but also be strategically ready to respond to it quickly. Moreover, the speed at which change occurs will only increase in the future, and sporting organisations—already sensitive to market share (if mergers and franchise relocations are any indication)—will need to be increasingly creative in their segmentation strategy. Defining product position and its application are considered in more detail in Chapter 5.

Summary

Sport market research consists of activities designed to collect information to make informed decisions. Ongoing data collection is essential if an organisation is to adapt to a
volatile and changing marketplace. Moreover, such data need to be collected in a systematic
ongoing manner, and stored in a marketing information system (MIS). The MIS should
not only allow for ready accessibility but also enable ongoing decision-making and strategy-
selection. The major sources of information for an MIS include both external and internal
data. External data may be classified as primary or secondary, and include data that have
been collected by the sporting organisation or an external agency. It should be understood,
however, that while some general market and sport market research may have universal
applicability, the sporting organisation cannot do better than collect its own data.

Market research in sporting organisations seeks to answer the questions of who,
when, where, what, how and why. While the survey is the most popular mechanism for
gathering sport-related data, mall or shopping centre intercepts, focus groups, observation
and even experimentation are becoming increasingly popular. Collected data should
explore general market conditions, individual consumers and competitors. Internal data
consist of information that the organisation collects while conducting its business. A
major advantage of solid market research is that it allows the sport marketer to divide
the total market into several segments. Commonly, consumers are segmented on the
basis of demographics, psychographics and behaviour. The psychographic category is
further divided into the benefits wanted from the product and product usage. Finally,
the sport marketplace is in a constant state of change. Sport marketers must place themselves in a position not just to respond to change, but
even to anticipate it.

**CASE STUDY**

**The Lexmark Indy 300 and market segmentation**

The Lexmark Indy 300 is an auto racing event which takes place annually on the Gold Coast
each October. The event attracts over 100,000 spectators each year and markets itself under
the slogan ‘Power On. Party On.’ The event includes a variety of competitions, balls, galas,
cocktail parties and motor shows comprising over 35 different off-track activities in addition
to the races.

The Psychological Continuum Model (PCM) outlines how an individual relates to a sport
event such as the Lexmark Indy 300 through awareness, attraction, attachment and allegiance
processes and outcomes. During the awareness process, a potential attendee first hears
about the Lexmark Indy 300 from their friends or advertisements, and this process leads to
the realisation that the event exists, as well as when and where it will be taking place. Next,
the attraction process involves potential Indy attendees evaluating the benefits, motives and
needs that could be satisfied through purchasing tickets and attending, leading to attraction
outcomes. Attraction outcomes include the Lexmark Indy 300 becoming an individual’s
favourite sport or auto racing event, along with the satisfaction core benefits related to the
leisure and recreation aspects of the event (e.g. socialising with friends, excitement of the
races) as well as contextual factors related to secondary aspects of the event, such as the
energetic atmosphere and the Gold Coast as a destination. For instance, an individual may
intend to party for four days and nights, or to spend time near the beach.
These factors can take on greater meaning for an Indy attendee, while interacting with the individual’s self-concept and personal values such as fun and enjoyment in life, excitement, sense of belonging, warm relationships with others, and self-fulfilment as part of the attachment process. This process leads to enhanced importance for the event in the attendee’s life, reflected in Indy becoming a part of the individual’s annual routine. In addition, the event takes on emotional, symbolic and functional meaning. Finally, these attachment outcomes can grow stronger and feed back into the attachment process, leading to loyalty to the event or allegiance. Once allegiant, an Indy attendee will demonstrate consistent commitment to the event and attend each year. Each stage, or outcome, of the PCM framework lends itself to market segmentation and targeting for the managers and marketers promoting the Lexmark Indy 300.

Questions

1. By what types of factors can event participants at the four outcome levels within the PCM framework be segmented?
2. How can each marketing research method discussed within this chapter (surveys, focus groups, observation and experimentation) be applied to event participants to further explore the different levels of the PCM framework?
3. How can managers of a sport event benefiting a charitable cause position their event to showcase the social responsibility inherent in the event as a means to foster meaning and commitment from participants?
Part III

Strategy determination
CHAPTER OBJECTIVES

Chapter 5 introduces the first variable in the marketing mix: the sport product. This chapter also moves to Stage 2 of the strategic sport-marketing planning process (SSMPP): strategy determination. During this stage, marketing mix variables are reviewed and combined in such a way as to determine the core marketing strategy. It is important to first identify and understand the product and its attributes. Key tools to assist in determining the core marketing strategy are introduced, including perceptual mapping and the product life cycle.

After studying this chapter, you should be able to:

1. identify the difference between core and product extensions in sport;
2. describe the characteristics of a service;
3. understand why sport is classified as a service product;
4. identify the dimensions of quality service;
5. understand the strategic importance of product positioning;
6. understand the strategic significance of the product life cycle.
Basketball is arguably the second-most popular sport in the world. But did you know that there is a top-level professional team playing right here on these shores? That's right—the Singapore Slingers of Australia's National Basketball League (NBL) are in our own backyard. Slingers managing director Bob Turner is determined to increase the level of awareness as the team tips off its second season in the NBL on 19 September at Singapore Indoor Stadium, with a tough match against last year’s beaten finalists, the Melbourne Tigers. ‘The product is very good,’ Turner says. ‘It’s an entertainment package as much as it is a sport. We put on an NBA-style show, with cheerleaders, the JumboTron [a TV screen for replays and stats], a mascot, music, dancing and singing. Plus the basketball.’ And in case he missed anything, Turner adds: ‘It’s one of the few sports where a businessman can bring his wife and kids, with 47 per cent of the crowd female. It’s safe, wholesome and fun.’ The Slingers will play fifteen home games this season, with the schedule split between Sundays (tip-off 5.00 p.m.) and Wednesdays (7.30 p.m.). Single ticket options range from lucrative $50 courtside seats to general admission tickets which cost just $6 but limit fans to the upper echelons of the stadium. There are also 35 corporate boxes, where businesses can entertain clients and employees with courtside seats and hospitality. Turner points out that the Slingers are not just a transplanted Australian team. At least two members (guard Koh Meng Koon and forward Pathman Matialakan) of the playing squad of twelve are Singaporeans, and Neo Beng Siang is the first assistant to head coach Gordon McLeod. So there are some local players for fans to follow and aspire to. And of course the cheerleaders, the sexy Slingers Girls, are all Singaporean. (Grant, 2007)

The Singapore Slingers, who are the relocated Hunter Pirates (from Newcastle), struggled in their first year in the Singapore market. Aiming for average attendances of around 3000 to break even, crowds averaged 1700. Consequently, going into year two there was doubt about the ongoing viability of the club. The decision by the NBL to relocate an existing club north into one of the world’s most populated regions is an interesting strategy. It is also an interesting exercise in product and market development, as the NBL could not be sure that an NBL team would be popular in Singapore. This strategy has the potential to expand and build the NBL product in new markets as well as promoting basketball generally in Singapore. Strategically, the NBL is searching for financially viable markets to sustain its ailing competition. Although Singapore is a commercially rich hub in Asia it does not have a strong sports culture, and it is less clear how a predominantly Caucasian team would be received.

Turner is careful to highlight all the product features of NBL entertainment, hoping to promote interest in the team. Family values feature prominently in the communications message emanating from his office, and he is careful to promote the two local Singaporean players in the squad of twelve, as well as the local assistant coach. The composition of the squad, in this instance, could be considered an important part of the product mix, as the NBL would be relying not only on the local expatriate community, but also on Singaporeans developing a long-term interest in the sport and team to ensure longevity. On the eve of the
team's second season, the Slingers announced that CLSA Asia Pacific Markets would sponsor the club for the next twelve months, with an option for an additional year. Although not a long-term deal of substance, it does provide a lifeline for the club and time to establish itself in Singapore. CLSA is a leading independent brokerage and investment group in Asia focused on delivering investment banking, capital markets, equity broking and alternative investment services. Whether the ‘fit’ is right between club and sponsor is an issue that can be explored in more detail after having read Chapters 13 and 14. The Singapore Slingers was, potentially, an excellent case study in product development, from a club and NBL perspective as well the development of the sport of basketball in Singapore. The Singapore Slingers subsequently withdrew from the NBL competition just prior to the 2008/09 season.

The purpose of this chapter is to examine the place of the sport product in the marketing mix, and illustrate the importance of service provision of the sport product. As can be seen from the headline story, the sport product comes in many sizes, shapes and configurations, complicating the capacity to apply standard solutions.

The sport product

Kotler et al. (2006: 386) describe a product as being ‘anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need’. Moreover, a product is a problem-solver in that it is purchased because of the benefits provided. Essentially, consumers buy benefits, not the product.

Quality is another feature of perceived product benefits. Perreault and McCarthy (2002: 249) define quality, from a marketing perspective, as ‘the ability of a product to satisfy a consumer’s needs or requirements’. As the authors point out, this definition focuses on the consumer’s view of what quality may mean, or of a product’s suitability for some specific purpose. In sport, the product is easily discernible; 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. For this reason, it is important to recognise a broader definition of the product than simply the game.

Mullin (1985a) identifies the playing of the game as the core product, and all the related activities—such as food and beverage, merchandise, half-time entertainment, video screens and the facility itself—as product extensions. For example, the Australian Tennis Open and the Melbourne Park facility, and all the services provided within and during the tournament, are crucial in measuring the overall success of the event. Ultimately, once players have agreed to play in the Australian Open, there is little organisers can do to ensure quality matches. Even matches receiving ‘top billing’, such as Federer vs Nadal or Ivanovic vs Sharapova, do not always guarantee quality contests. The quality of the supporting product extensions, however, can be guaranteed. It is at this point that similarities are observed between the importance of quality service provision and quality product extensions. Often, most product extensions possess an element of service provision, and hence quality is important. As a consequence, product extensions have the capacity to ensure that spectators at the tennis have an enjoyable day irrespective of on-court results.
The importance of winning, team loyalty and emotion are critical ingredients in professional sport. How important, for example, is on-field success in terms of team loyalty, and what is the impact of winning on the emotional attachment of sports fans? These questions have been the subject of research in recent years, and exemplify how the sport product has its own unique features that warrant deeper investigation in terms of marketing implications. Gladden et al. (2001: 298), for example, state ‘that 2000 to 2010 will be the decade in which team management activities evolve from a focus on winning as a means of realizing short-terms profits to a focus on strategic management of the team brand as a means of realizing long-term appreciation in franchise value’. Traditionally, the value of a sport brand (team) has relied on its winning percentage, which is usually reflected in its image. However, in a business in which ultimately only one team can be the ‘winner’ each year, our thinking in terms of how we position our team for long-term financial viability and a resource-rich environment to provide a competitive edge on the field is challenged. There is evidence of this change in thinking within the AFL. Prominent AFL clubs Collingwood and Essendon have, in recent years, focused on building brand recognition to reduce the reliance on winning as the basis for revenue generation. The move to a national competition during the 1990s also provided a vehicle for these clubs to position their brand nationally to leverage sources of revenue beyond Victoria.

What, then, is branding? ‘Branding means the use of a name, term, symbol, or design—or a combination of these—to identify a product’ (Perreault and McCarthy 2002: 260). The Collingwood and Essendon football clubs represent a brand within the AFL competition, as do the Melbourne Storm and the Newcastle Knights in the NRL. Brands are important to their owners/members, as they help consumers to recognise a company’s products. If brand recognition and acceptance are high, the potential for high brand loyalty exists. In sport, teams and clubs such as the Melbourne Storm are examples of a brand, and it is through team and club loyalty that prominent brand recognition is achieved. Typically, there are four forms of brand development, two of which are more directly relevant to the sport product:

- **Line extensions**: existing brand names extended to new forms, sizes and flavours of an existing product category—for example, Coca-Cola’s versions of its soft drinks: regular, diet, caffeine, caffeine free and Zero Coke. In sport, Test match cricket, one-day cricket and Twenty20 cricket, or indoor volleyball and beach volleyball could be considered line extensions.
- **Brand extensions**: existing brand names extended to new product categories—for example, Sony uses its company name to cover such different products as its televisions, DVD and Blue Ray players, cameras, laptop computers, radios, Bluetooth audio and data projectors. In sport, AFL Shops, AFL World, AFL Auctions and AFL Travel are all examples of brand extensions.

The issue of branding is considered in more detail in Chapter 16, where the role and purpose of promotional licensing are reviewed. Developing highly recognisable brands as trademarks and logos is an important source of revenue and promotion for sporting organisations and athletes. These trademarks form the basis of merchandise and licensing programs; these represent an important form of product extensions, the importance of
which is noted in Sportview 5.1 and the focus on the Toronto Blue Jays baseball club. Sportview 5.1 raises the vexed question of the value of winning versus the value of building brand equity through a sound marketing strategy. Perhaps you might like to do some research to ascertain how the Blue Jays brand equity project is progressing.

**SPORTVIEW 5.1**

### Brand new

It’s no surprise that otherwise sane adults paint their faces in their favourite team’s colours or plaster their cars with team logos—in much the same way livestock owners brand their cattle. After all, the word ‘brand’ comes from the Old Norse word ‘brandr’, meaning ‘to burn’. It’s part of the tribal experience of sports—my team against your team—and explains why clubs such as the New York Yankees and Detroit Red Wings hang on to their popular logos for decades. What to do if fans find your logo tired and passé? If you’re baseball’s Toronto Blue Jays, you take a quarter-million dollar gamble and change it. But if there were any lingering doubts that sports is more business than play, team CEO Paul Godfrey’s unveiling of the new Jays logo—a stylised (and angry-looking) blue jay next to three-dimensional metallic letters spelling out ‘Jays’ in graphite and silver with black-and-blue edging—should dispel them.

It’s a no-nonsense logo, in keeping with the new approach of these fowl-ballers—including relatively new owner Rogers Communications Inc. (which also owns Canadian Business), second-season general manager J.P. Ricciardi and a bunch of young players. The Jays on and off the field, says Lisa Novak, senior vice-president of business affairs, no longer resemble their past soft, cartoon-like image. So two years ago the team turned to Toronto design firm Brandid to come up with an edgier emblem—something the firm knows a little bit about, having created the macabre Grim Reaper logo for the Toronto Phantoms indoor football club (RIP 2002). Shunning the current fad for retro sports brands, Brandid went contemporary. ‘They wanted a little more energy, to make the mark a little hipper and a little younger,’ says vice-president and creative director Randy Redford.

It took the firm eighteen months of research, conceptualising and bouncing marks off Jays management and focus groups to finish the design. And, while the $250 000 to $300 000 cost (some of that deferred by clothiers Roots and Majestic Athletic) seems steep, consider this: all-star first baseman Carlos Delgado makes that playing just two games. Sceptics point out that the new Jays logo is the third used by the team in seven years, and figure it’s a cash grab. But licensing revenues are actually shared by all 30 Major League Baseball teams, so the Jays are left with a more nebulous trickle-down effect. Still, can a new logo light a fire under erstwhile fans? ‘It’s been ten seasons since the Jays’ days of glory, and they can’t offer the steak any more, so they keep on trying to sell a different sizzle,’ says Howard Bloom, publisher of *SportsBusinessNews.com*. ‘It makes no sense, adds little value to the product and creates confusion in the marketplace—all classic marketing mistakes.’ Of course, marketing is an inexact science at the best of times, even more so in sports. ‘In our business, it’s difficult if not impossible to measure direct success, because no matter what we do on the business and marketing side, 90 per cent of the equation is how you perform in the field,’ says Novak.
Instead, the Jays see it as part of a long-term investment in building brand equity. In the short term, Novak hopes to see a few more tickets and shirts sold as proof that the Jays are heading in the right direction.


This section has stressed the importance of quality service provision in product extensions, so it is appropriate now to consider in more detail how and why sport is a service product.

Sport as a service

Sport is an important contributor to the service economy. Sport’s contribution is contained within the broader classification of ‘Cultural and Recreational Services’, which consists of motion pictures, radio and television services, libraries, museums and the arts, sport and recreation, and gambling services. The sector overall employs approximately 280,000 people, of whom approximately 115,000 work in sport and physical recreation. In terms of gross value added (contribution of an industry to the overall production of goods and services in an economy), average annual growth for the cultural and recreational services sector between 2000–01 and 2004–05 was 18.6 per cent, fourth behind finance and insurance, the retail trade, and health and community services (ABS, 2007).

Major sporting events such as the Australian Open, Formula One Grand Prix, Melbourne Spring Racing Carnival and an Ashes Test series and One-day Internationals (ODIs) have the capacity to add to the strong performances indicated in the tourism-related, cultural and recreational service activities. The number and magnitude of sporting events in Australia have seen the evolution of sports tourism as a niche classification within tourism, which ultimately contributes to service sector output across a number of areas including accommodation, cafes, restaurants and transport. For example, the 2006–07 Ashes Test series and One-day Internationals:

• generated $317 million in direct expenditure within the Australian economy;
• created an additional 793 annual average time jobs during 2006/07;
• contributed $54 in Gross Domestic Product;
• attracted 813,000 spectators to the five Test matches and 425,000 to fourteen ODIs, generating ticket sales of $18.66 million for the Test series and $11.6 million for the ODIs;
• attracted 37,000 international visitors, with approximately 64 per cent of them coming specifically for the Ashes series. (URS Australasia, 2007: ES-1)

Interestingly, the Ashes series and ODIs produced a greater economic impact than the 2002 Formula One Grand Prix and the Australian Tennis Open. However, economic impact was not greater than the 2003 World Rugby Cup and 2006 Melbourne Spring Racing Carnival (URS Australasia, 2007). Regardless of the respective contributions, major sporting events make significant economic contributions, not to mention the
other intangible factors that contribute to community spirit, well-being and sociability as a consequence of attending, debating and engaging with major events.

**Service defined**

Why is sport considered a service? This section will answer this question by discussing the characteristics that distinguish a good from a service. A common theme of authors writing on sport marketing (Mullin 1980, 1985; Mullin et al. 2000; Shilbury 1989, 1991; Sutton and Parrett 1992) has been their agreement on how the unique characteristics of sport as a product require marketing personnel to adopt different strategies from those traditionally espoused. Although many of these writings are devoid of specific references to services marketing, the discussions pertaining to these unique characteristics align sport with the attributes of a service.

Zeithaml et al. (1985) summarise the characteristics distinguishing a good from a service. This summary helps in describing sport as a service:

- **Intangibility.** Services cannot be seen, tasted, felt or smelled before they are bought. Services are performances rather than objects. For example, is it possible to describe what product benefits people take home with them after playing sport? Or the benefits derived from watching a game of basketball? There is no tangible take-home product in this example.
- **Inseparability of production and consumption.** Services are simultaneously produced and consumed. The product cannot be put on the shelf and bought by the consumer. The consumer must be present during production. For example, consider getting a haircut, attending a sporting contest or visiting a physiotherapist. You need to attend during the process.
- **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.
- **Perishability.** Services cannot be stored. Hotel rooms not occupied, airline seats not purchased or tickets to a sporting contest not sold cannot be reclaimed. They represent lost revenue, indicating the importance of understanding that services are time dependent.

Perhaps the most significant difference between a good and a service is the simultaneous production and consumption of a product. The implications of this for marketing are examined specifically in Chapter 7, when the convergence of the marketing and operations functions is considered in relation to the ‘place’ of the facility in the marketing mix, and expanded in Chapter 8 in relation to service quality and customer satisfaction.

A service, then, is predominantly any activity or benefit that is intangible and does not result in ownership.

Both spectators and participants take from the game a series of experiences, none of which is physically tangible. Students of sport marketing should be careful not to confuse some of the tangible products that can be bought as a consequence of the game
or sport (product extensions) with the game or sport itself (core product). Without the sport, the merchandise would not exist.

**Classification of services**

When classifying services, we need to determine the extent to which the customer must be present. To assist in making this determination, Lovelock (1991) uses a four-way classification scheme, involving:

- tangible actions to people’s bodies;
- tangible actions to goods and other physical possessions;
- intangible actions directed at people’s minds; and
- intangible actions directed at intangible assets.

Table 5.1 illustrates Lovelock’s schematic with examples. Considering the classification used in Table 5.1, where would sport be placed? This is an interesting question, as the answer might depend on whether we are being specific about physical participation or attendance. Physical participation could be classified as a people-based service directed at people’s bodies. Attendance at sporting events could more accurately be classified as a people-based service directed at people’s minds (and hearts!). The context of participation in sport is important in framing marketing strategies. The most obvious example is the formation of marketing strategies aimed at attracting players to participate in a competition or sport, and the marketing strategies required to attract people to attend a sporting event. In either case, it is necessary to ask why such a classification scheme is important.

**Table 5.1**

<table>
<thead>
<tr>
<th>What is the nature of the service act?</th>
<th>Who or what is the direct recipient of the service?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible actions</strong></td>
<td>Services directed at people’s bodies</td>
</tr>
<tr>
<td></td>
<td>Health care</td>
</tr>
<tr>
<td></td>
<td>Passenger transportation</td>
</tr>
<tr>
<td></td>
<td>Beauty salons</td>
</tr>
<tr>
<td></td>
<td>Exercise clinics</td>
</tr>
<tr>
<td></td>
<td>Restaurants</td>
</tr>
<tr>
<td></td>
<td>Haircutting</td>
</tr>
<tr>
<td></td>
<td>Services directed at goods and other physical possessions</td>
</tr>
<tr>
<td></td>
<td>Freight transportation</td>
</tr>
<tr>
<td></td>
<td>Industrial equipment repair</td>
</tr>
<tr>
<td></td>
<td>Janitorial services</td>
</tr>
<tr>
<td></td>
<td>Laundry and dry cleaning</td>
</tr>
<tr>
<td></td>
<td>Landscaping/lawn care</td>
</tr>
<tr>
<td></td>
<td>Veterinary care</td>
</tr>
<tr>
<td><strong>Intangible actions</strong></td>
<td>Services directed at people’s minds</td>
</tr>
<tr>
<td></td>
<td>Education</td>
</tr>
<tr>
<td></td>
<td>Broadcasting</td>
</tr>
<tr>
<td></td>
<td>Information services</td>
</tr>
<tr>
<td></td>
<td>Theatres</td>
</tr>
<tr>
<td></td>
<td>Museums</td>
</tr>
<tr>
<td></td>
<td>Services directed at intangible assets</td>
</tr>
<tr>
<td></td>
<td>Banking</td>
</tr>
<tr>
<td></td>
<td>Legal services</td>
</tr>
<tr>
<td></td>
<td>Accounting</td>
</tr>
<tr>
<td></td>
<td>Securities</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
</tr>
</tbody>
</table>


Lovelock (1991: 27) notes the following, which helps to answer this question:

1. Does the customer need to be physically present:
   (a) throughout the service;
   (b) only to initiate or terminate the service transaction;
   (c) not at all?
2 Does the customer need to be mentally present during service delivery? Can mental presence be maintained across physical distances via mail or electronic communications?

3 In what way is the target of the service act 'modified' by receipt of the service, and how does the customer benefit from these 'modifications'?

If, as is the case in sport, customers need to be present to play or watch a live event, they must enter the service factory, returning us to the importance of simultaneous production and consumption. When spectators or participants enter the sport factory, this has an obvious implication for the sport marketer. The sport factory is best known as the facility, and the implications for managing the customer in the sport factory or facility will be specifically investigated in Chapter 7. However, the major implication of the consumer entering the sport factory or facility is that sport spectatorship, in particular, is a service experience.

In sport, it is hard to overcome the winning (I had a good day/night) or losing (I had a bad day/night) syndrome. Although this special range of emotions will never be removed from the sport product, their importance can be diminished by ensuring that the quality of service is very good. Again, the importance of the product extensions through quality service provision is highlighted. Slowly, sporting organisations are beginning to recognise the need to plan for service quality.

Service quality

Service quality research has become prominent in the marketing literature during the past 25 years. Much work has been conducted to identify the key attributes of quality service. These attributes have been developed from the perspective of the consumer. Extensive research using focus group interviews, conducted by Parasuraman, Zeithaml and Berry during the 1980s, identified the ten dimensions of service quality shown in Table 5.2. Parasuraman et al. (1985: 46) note that 'regardless of the type of service, consumers used basically similar criteria in evaluating service quality'.

Figure 5.1 illustrates the application of the ten dimensions in relation to the way the consumer views quality: 'Perceived service quality is the result of the consumer's comparison of expected service with perceived service' (Parasuraman et al. 1985: 47). Figure 5.1 illustrates how word-of-mouth, personal needs, past experience and external communications build up a level of expected service quality. Word-of-mouth is a particularly strong source of pre-consumption information that determines the likelihood of purchase.

The lack of tangible clues creates difficulties for consumers in making decisions about service product purchase. In relation to purchasing a good, it is often possible to try out the product before purchase, or at least to see it in action. This would be the case with the purchase of a car or computer. As services are time-dependent, it is often not possible to try out the product before purchase. Consumer recommendation about a service is a powerful influence in pre-purchase decisions. Similarly, past experience with a service provides the same opportunity to develop perceptions about the quality of the service being considered. Finally, external communications—via advertising—create levels of expectations about service quality.
The gap that ultimately exists between ‘expected’ service and ‘perceived’ service is a result of the four factors consumers bring to product consumption. Companies should ensure that they do not promise more than they can actually deliver, as unrealistic
expectations created by a company can negatively affect the level of perceived quality, when in reality the level of service quality was good. By implication, a firm needs to understand customer expectations as well as to have an intimate knowledge of the product attributes, which are the genesis of the expected service levels and product positioning. (The importance of service quality, its application to customer satisfaction and how to measure service quality are considered in more detail in Chapter 8.)

**Positioning the sport product**

Positioning the sport product in the marketplace is strategically important, as it plays a pivotal role in marketing strategy. Product positioning links the market research and market segmentation phases described in Chapter 4. In essence, positioning is the perceived fit between a particular product and the target market. To a large extent, the success of a product within a chosen market depends on how effectively it has been positioned. The sport product, like any other product, is subject to the same range of preferences and perceptions by consumers.

**Defining position**

Use of a perceptual map to define positioning is helpful. The perceptual map is formed by asking consumers to rank certain product attributes. In much the same way as attitude is measured, key attributes of the sport product are identified. In a hypothetical example, two simple bipolar scales measure level of excitement of the sport and expense, or cost to attend. The two attributes are put together to form a two-dimensional diagram, as is illustrated in Figure 5.2.

Location of the product in a product space is called a position, and is a crucial step in defining the market that a product is targeting. In the example shown in Figure 5.2, only sport products are considered. This is important, as the sports chosen here include the major professional sports played in Australia. An astute marketer would realise that the sport product should be positioned within a larger competitive frame than just sport, as professional sport is part of the much larger entertainment industry. However, to ensure that this example does not become too complex, it has been restricted to just sport entertainment. Costs for entry to the sports shown in Figure 5.2 are based on 2007–08 ticket prices. It is also important to note that, under normal circumstances, the market researcher would ask the sport consumer about the attributes used in this perceptual map. Spectators would be asked, for example, to rate the excitement level of rugby league or cricket or basketball.

Figure 5.2 highlights the intense competition that exists for the consumer's disposable income during the winter season. The Australian Football League (AFL), for example, is seeking a segment of spectators looking for high levels of excitement at moderate to low cost. Rugby league, through the National Rugby League (NRL) competition, is a direct competitor and thus a substitute for the AFL, given that both games are played during the winter. The genuine likelihood of substitution, of course, assumes that both codes are played in the same market. In Sydney, Melbourne and Brisbane, this is the case. In Melbourne, the National Basketball League (NBL) also appears to be a major competitor to the AFL. Figure 5.2 shows that the product attributes of the AFL and NBL
are similar, as is demonstrated by the product space both occupy, although the NBL—in trying to distance itself from the AFL—moved from a winter to a summer season in 1998. Now the NBL season commences in September at the tail end of the football codes' season. The bulk of the season is completed after the football season, and before the major programming commences for cricket.

Establishing position

Establishment of a desired position in the marketplace is a priority for the sport marketer. This can be achieved in two ways: by physical design and through advertising.

Physical design refers to the rule changes and modifications that can be made to render a sport more attractive to certain segments of the market. Cricket is the best example of this. The two forms of the game shown in Figure 5.2 exemplify the way in which a sport has been modified to capture different segments of the market.

Establishing a product position through advertising is being done more and more by sport marketers. The most notable campaign aimed at repositioning a sport was the former New South Wales Rugby League's (NSWRL) advertisements featuring Tina Turner. In 1989 the NSWRL embarked on an advertising campaign aimed at presenting rugby league as a glamorous, racy and exciting game. This was necessary, as the league was emerging from a period where the game was beset by image problems such as excessive on-field violence and a struggling image at both club and league levels. The 'What you get is what you see' and 'Simply the best' campaigns were extremely effective in creating
a new and different image for the game. In effect, the game was being repositioned to broaden its appeal, which had been predominantly to the blue-collar male market. Between 1983 and 1990, when the league embarked on its turnaround strategy, attendances doubled and television ratings rose by 70 per cent, indicating some success in broadening the appeal of the game. This is also indicative of the phases through which products pass in varying stages of their life cycle.

Product development

Kotler et al. (2006: 294) note that ‘a company has to be good at developing new products. It must also manage them in the face of changing tastes, technologies and competition.’ Every product, including sport products, seems to pass through a life cycle. Typically, this follows a consistent pattern: the product is conceived or born, and develops through several phases of maturity before dying as new and improved products emerge. In sport, it is also true that various sports oscillate within this described life cycle.

There are some differences, however. In general, it is unusual for a sport to die. It is possible to trace the history of many sports worldwide and to note how the majority have stood the test of time. Not all sports have always been successful, but they have continued to exist and experience varying levels of success. Rather than the actual sport dying, sporting competitions, events, tournaments and clubs or teams tend to disappear or require marketing strategies designed to extend their life cycle. Relocation of teams, rule changes, mergers and the provision of new facilities all constitute ways in which various forms of the sport product endeavour to avoid decline. The other major difference is that sporting organisations do not often release new products in the way that the car and computer industries do. The sport product is again seen to be reasonably stable.

The NRL, like the AFL, is an example of a sport that has had to rejuvenate its products. Expanding to form national competitions was one way in which this was achieved. In rugby league, the previously described Tina Turner advertising campaign was an integral part of relaunching a sport that was losing market share or, in product life cycle terms, was in decline. Other strategies included expanding the competition to Queensland, the ACT, Victoria and, for a brief period, Western Australia. Within Sydney itself, some clubs were closed or relocated to overcome changing or declining inner-city populations. For example, the Balmain Tigers survived 87 years on the dedication of its fans and working-class traditions. As the demographic profile of the Balmain region changed, the club was forced to look elsewhere to maintain the necessary financial infrastructure to continue participating in the league. The club’s name was changed to the Sydney Tigers, broadening its appeal, and it relocated to a new facility in Parramatta.

The product life cycle curve

Figure 5.3 illustrates the product life cycle (PLC). The typical PLC curve is S-shaped and characterised by four different phases:

1. Introduction is a period of slow sales growth. Profits are non-existent at this stage because of the heavy expenses of introducing the product to the market.
2. Growth is a period of rapid market acceptance and increasing profits.
3 *Maturity* is a slow period of sales growth because the product has been accepted by most potential buyers. Profits stabilise or decline because of increased marketing designed to defend the product against competition.

4 *Decline* is the period when sales show a strong downward drift and profits erode.

In the late 1970s and early 1980s, a number of traditional Australian sports entered the decline phase of the PLC. Cricket, the Victorian Football League (VFL) and the NSWRL all struggled as Australians’ appetite for sport and leisure options began to diversify. A subsequent surge in interest in individual sport and recreational activities such as jogging, triathlon, aerobics and cycling saw the profits and previous market dominance of these sports begin to erode. Also in 1979 the NBL was formed, capitalising on the trend towards the professionalisation of sporting competitions. The NBL entry was indicative of the heightened intensity of competition that has emerged in the professional sport sector.

The NBL presents an interesting example of the way in which the PLC can be used to assess the phases of development of a product. The case study at the end of this chapter explains in more detail the progress made by the NBL since its inception in 1979. What can be understood from this information is that by 1995 the NBL had reached the maturity stage. Attendances and level of support seemed to have plateaued. This was not a special feature of the 1995 season, but a trend that had become apparent during the 1993 and 1994 seasons. Attendances had peaked at about 80 per cent of stadium capacity, sponsor interest had levelled, and the NBL was still experiencing problems in attracting good television ratings.
The challenge for the NBL was what to do to arrest the decline. One solution examined during 1996 was to change the playing season, moving it to the summer. Not only would this provide the impetus to relaunch the NBL as a summer game—it would, as shown in the perceptual map, have the capacity to alter its direct competitors, including the capacity to obtain more television time. Moving to summer would see the intense competition provided by the AFL, NRL and Super 14s reduced, at the risk of moving into cricket’s competitive space.

The National Soccer League (NSL) would become relevant competitors, but the NSL does not have the same product intensity as the AFL, NRL or Super 14s. Cricket, in particular one-day cricket, does have the competitive intensity to create difficulties for the NBL. Programming of cricket is not as intense or as weekend-oriented as that of the AFL and NRL. In winter, the AFL often schedules matches on Friday night, Saturday afternoon, Saturday night and Sunday afternoon. This creates difficulties for basketball in terms of both television and live attendance. Cricket has fewer matches, and these tend to be concentrated in one major city on any given weekend. The opportunity to rejuvenate the NBL was therefore presented through the season change that ultimately took effect in the summer of 1998.

Stages of the product life cycle
It is worth returning to the stages of the PLC shown in Figure 5.3 for further examination.

Introduction
The introductory stage is characterised by the need to communicate the existence of the product to potential consumers. This can be very expensive, and accounts for the high start-up costs for a new product. The principal objective in this stage is to build awareness. Returning to the NBL example, building awareness of the new competition in 1979 was the primary objective for competition organisers. Successfully achieving this goal was inhibited, however, as basketball was not a traditional sport in Australia. Typically during the introductory stage, profitability is low or negative and sales near zero. Attracting 190,000 spectators in the first year of the NBL competition compared with just over 1 million in 1995 illustrates the initial difficulties of developing a market segment for basketball. The other important consideration in this introductory stage is identifying the channels through which the NBL is distributed. Each club in the league was based in a major capital city or regional centre, with the intention of developing product awareness in that city or region. The most difficult phase of developing product awareness was trying to build team loyalty and team rivalry.

Growth
As product awareness began to build for basketball, it moved into the next stage of the PLC: the growth stage. The NBL attendances grew to 242,022 by 1984 and to just over 800,000 by 1990. In this period, considerable growth was achieved as many clubs moved to larger playing facilities. During the growth stage, the range of product offerings tends to widen, and refinements are made to the way in which the product is offered. The NBL found it necessary to provide large, comfortable facilities as well as quality product extensions. It was through product extensions that the NBL made its greatest change to
product offerings. Merchandise and licensing programs emerged, associated television programming appeared, and basketball began to identify and open up new market segments. To overcome the high cost of enticing new consumers to NBL games, the clubs began to recognise the importance of retaining their members and loyal supporters. This marked the transition from the growth to the maturity stage. The clubs themselves became the most important marketing vehicles for basketball. Brand loyalty via individual clubs became important, and club memberships began to stabilise post-1990.

**Maturity and revitalisation**

The mature stage is characterised by a plateau in sales—in the NBL’s case, sales in the form of attendance, memberships, sponsorships and merchandise. As has already been discussed in this section, action needs to be taken to extend the PLC. This returns us to the reasons why the NBL is considering a change of season, to recycle or extend the capacity of the NBL to capture market share. Given that the NBL is a relatively new sport product in Australia, it will be worth seeing what other action the NBL takes to extend the PLC of basketball.

**Variations from the PLC curve**

The PLC is a useful tool for the sport marketer to assist in strategy development for sports, and sporting leagues and associations. The S-curve indicated in Figure 5.3 can be misleading, however. Not all products progress incrementally through the stages of the life cycle described, making it harder to discern at what stage of the PLC a product can be classified. Another complication is the time taken to progress through the stages of the PLC. It is very hard to predict how long it will take a product to move from an introductory stage to maturity. Indeed, the NBL has been caught in this situation of taking at least two years to identify maturity, and a subsequent levelling off of interest.

![Variations from the PLC curve](image)

Figure 5.4 illustrates some of the more common variations from the normal S-curve shown in Figure 5.3. The first curve (a) shows a product that has a long introduction stage because it is adopted slowly by consumers. The second curve (b) illustrates products such as one-day cricket, which are rapidly accepted and have a shorter introductory stage. The third curve (c) represents ‘fad’ products that typically have a rapid rise and rapid fall. The fourth curve (d) shows a product that has been frequently revitalised, going through stages of decline followed by growth. The Olympic Games provide a good example of the fourth curve, as it has ebbed and flowed in terms of growth and popularity during the past 100 years. At present, the Olympic movement could be described as being in a growth phase, although as recently as 1980, leading up to the 1984 Los Angeles
Games, it was in a state of decline. Los Angeles proved to be the catalyst that provided the necessary revitalisation for the Olympic movement.

Like all the models presented in this book, the PLC provides the sport marketer with a framework on which to base decision-making. There will always be variations on the models and theories discussed. However, it is incumbent on the sport manager to temper theory with the peculiar nature and development of each product.

**Sport and television**

Earlier in this chapter we discussed the benefits provided by a product as being vital to the consumer’s decision to purchase. In sport, television has emerged as an important substitute for attendance at the live event. Another question is whether sport on television is the same product as the live event. The exposure and promotional benefits to be gained by a sport from televising its games or events have been central to most sport-marketing strategies in the professional sport sector.

At issue also has been the revenue aspect of televising sporting contests versus the live game. That is, consumers have the choice either to attend the event or stay at home and watch it on television. For sports where consumers may decide to stay home and watch the event on television, this choice represents direct lost revenue. It is, however, also revenue that may find its way back to the sport indirectly in the form of television rights as a consequence of high program ratings. Alternatively, the short-term lost revenue may result in a long-term revenue gain as the consumer is enticed to attend future games because the televised game was entertaining and enjoyable. The relationship between television and sport has always been prickly, as the balance between live coverage, delayed coverage and ‘blackout’ home markets has created tension between respective sports and the television networks. Other tensions are observed in the form of scheduling, as television looks to the most favourable programming options to maximise its investment via television rights.

In this book, we consider the televised form of sport to be different from attendance at the live event. In other words, the benefits offered by watching the game on television are different from those gained by attending. Television offers different features, including commentary, slow-motion replays, live interviews and, depending on the sport, close-up action, which can sometimes detract from observing the build-up to the central action.

The television–sport relationship is considered in greater detail in Chapter 11. Specifically, Chapter 11 will examine why television has become such an important component of the economics and marketing of professional sport. Television is also discussed in Chapter 7 in relation to its role in distributing the sport product.

**Summary**

This chapter defined and described sport as a product. A product is anything that satisfies a need or want and is acquired to do so. In relation to sport, two important concepts have implications for sport marketing. The first is the core product, defined as the actual game, over which the sport marketer has no control. The sport marketer must be very careful not to over-promise in terms of how good the game will be or how well specific
athletes may perform. The second concept is the importance of product extensions to the overall marketing effort. It is here that the marketer can ensure that acceptable levels of quality are achieved. Discussion in this chapter also focused on the importance of delivering quality service. The dimensions of quality service were discussed and the areas requiring attention in the delivery of product extensions indicated. These include anything that affects spectators’ attendance and enjoyment of an event.

Issues of strategy were also considered when discussing product positioning and the product life cycle. In both cases, these techniques allow the marketer to assess the relative standing of a product in relation to competitors and the phases of product growth. The perceptual map was used to illustrate the concept of product space and the way in which this defines direct and indirect competitors. Perceptual mapping also highlights the importance of key product attributes and their ability to entice consumers to purchase or attend games. Level of excitement was used as an example of a key product attribute. In this example, it was possible to determine the direct competitors of the NBL and other sports. The NBL was also used to illustrate the application of product life cycle analysis, which revealed some interesting challenges confronting the NBL in its quest to arrest the plateau in the fortunes of its competition.

Finally, the importance of television to sport was noted. A distinction was made between the television product and the live product. It was posited that televised sport is a different product from the one viewed live. Different benefits are offered, so a different range of options is considered in the pre-purchase process.

**CASE STUDY**

**The NBL: Product development**

A substantial drop in attendance figures forced the NBL to review its marketing strategies in a bid to generate more excitement and momentum in the early part of the 1993 season. After ten rounds, the NBL—which trumpeted a sensational growth in attendances throughout the 1980s and early 1990s—was down by almost 270,000 fans (Brown 1993: 6).

The ten-team NBL competition commenced in 1979 as an outlet to provide a regular opportunity for its elite players to play top-line basketball. It also quickly became the promotional vehicle for basketball in Australia. The gate for the first season was 196,000 for all home and away games. By 1995, as is shown in Table 5.3, attendances had risen to 1,097,678 from 201 games played across the country. An average of 5,461 fans attended games in 1995. From 1979 to 1984 attendances grew 82 per cent, to 355,828 spectators, but in the five years to 1988 they jumped 130 per cent, clearly demonstrating the sport’s appeal, and in the five years to 1993 they rose to just over 1 million. Seasons 1993–95 show that growth then slowed and that the NBL in terms of attendances had plateaued.

The success of the NBL in capturing the public’s imagination in the 1980s can be traced to several reasons. It was a highly entertaining game, played in a comfortable, warm stadium, enjoyed by men and women, and revered by children. Hype generated by the NBL was also fostered by enormous goodwill from the print media and radio media. There was no question that this most American of sports had taken off in Australia, but to continue to grow it needed
television to play a more significant role (Brown 1992). The Seven Network, which held the rights to televise basketball in Sydney and Melbourne prior to 1992, was reluctant to give basketball a greater profile. Channel Ten took up the rights to televise the NBL in 1992 on the promise that the NBL would be shown in prime time. As the 1992 season unfolded, the Ten Network realised that NBL programming was suffering from low ratings. The only exception to this was Perth. Following the break for the 1992 Olympic Games, the Ten Network removed the NBL from prime-time television.

Television remains a source of frustration for the NBL. In 1995, the NBL made the following observations in relation to television and its impact on product development:

With television we found ourselves in a difficult situation. In order to make television work, the NBL will have to become much more flexible in its scheduling (playing in non-competitive days and times), consider changing the time of year we play, clean up the court clutter (to increase NBL branding and strengthen television advertising). All

<table>
<thead>
<tr>
<th>Year</th>
<th>Attendance</th>
<th>Average</th>
<th>No. of games</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>242,022</td>
<td>1,158</td>
<td>209</td>
</tr>
<tr>
<td>1985</td>
<td>317,372</td>
<td>1,697</td>
<td>187</td>
</tr>
<tr>
<td>1986</td>
<td>394,685</td>
<td>2,088</td>
<td>189</td>
</tr>
<tr>
<td>1987</td>
<td>483,467</td>
<td>2,518</td>
<td>192</td>
</tr>
<tr>
<td>1988</td>
<td>563,493</td>
<td>3,232</td>
<td>166</td>
</tr>
<tr>
<td>1989</td>
<td>662,493</td>
<td>3,897</td>
<td>170</td>
</tr>
<tr>
<td>1990</td>
<td>887,443</td>
<td>4,551</td>
<td>195</td>
</tr>
<tr>
<td>1991</td>
<td>825,645</td>
<td>4,256</td>
<td>194</td>
</tr>
<tr>
<td>1992</td>
<td>945,117</td>
<td>5,463</td>
<td>173</td>
</tr>
<tr>
<td>1993</td>
<td>1,083,490</td>
<td>5,445</td>
<td>199</td>
</tr>
<tr>
<td>1994</td>
<td>1,127,033</td>
<td>5,692</td>
<td>198</td>
</tr>
<tr>
<td>1995</td>
<td>1,097,678</td>
<td>5,461</td>
<td>201</td>
</tr>
<tr>
<td>1996</td>
<td>1,019,988</td>
<td>5,075</td>
<td>201</td>
</tr>
<tr>
<td>1997</td>
<td>896,349</td>
<td>5,064</td>
<td>177</td>
</tr>
<tr>
<td>1998</td>
<td>771,364</td>
<td>4,408</td>
<td>175</td>
</tr>
<tr>
<td>1998–99</td>
<td>645,073</td>
<td>4,511</td>
<td>143*</td>
</tr>
<tr>
<td>1999–00</td>
<td>714,017</td>
<td>4,636</td>
<td>154*</td>
</tr>
<tr>
<td>2000–01</td>
<td>814,918</td>
<td>4,738</td>
<td>172</td>
</tr>
<tr>
<td>2001–02</td>
<td>840,074</td>
<td>4,641</td>
<td>181</td>
</tr>
<tr>
<td>2002–03</td>
<td>749,207</td>
<td>4,162</td>
<td>180</td>
</tr>
<tr>
<td>2003–04</td>
<td>724,108</td>
<td>3,432</td>
<td>211</td>
</tr>
<tr>
<td>2004–05</td>
<td>698,465</td>
<td>3,735</td>
<td>187</td>
</tr>
<tr>
<td>2005–06</td>
<td>653,710</td>
<td>3,495</td>
<td>187</td>
</tr>
<tr>
<td>2006–07</td>
<td>518,457</td>
<td>3,367</td>
<td>154*</td>
</tr>
</tbody>
</table>

* Does not include playoffs.

TABLE 5.3
NBL attendance 1984–2007
of these strategies may have a cost to the clubs. This cost will not be initially met by television rights revenue. But without making some or all of these changes, television rights revenue may never reach the level to be able to finance the changes. Almost every aspect of the NBL/Club business now comes back to creating success on television. Marketing, merchandising, attendance, rights money and sponsorship levels all point to television needing improving. The television ratings are a mystery. Our worst rating performance in recent history comes at a time when a new ARM Quantum survey shows that basketball has increased its stranglehold on the youth in this country. Basketball ranks as the top sport played by boys (10–17) at 59%, 12 points above the next team sport, cricket (47%). For girls, basketball ranks third at 31%, behind swimming (52%) and netball (36%). There are more mysteries in the result of the survey that indicates what the youth market are watching on television. Basketball is way out in front at 50%, ahead of cricket at 38%—significantly improving its position since the last youth monitor three years ago. Finally, in the 10–17-year group, basketball is the best attended sport at 22%, ahead of rugby league at 17%. (NBL 1995)

In 1996, the NBL made the decision to move the NBL season from its traditional winter season to a summer season. This necessitated a transition, or interim season, from January to July 1998. The new summer season commenced in October 1998. The rationale for the change, according to the NBL (2000), was: (a) to improve television arrangements; (b) increase media coverage through reduced clutter (i.e. less AFL media); and (c) maintenance of sponsorship, although it was recognised that reduced attendance might result from the change. Although the interim season had a negative impact in terms of club mergers and further erosion of the fan supporter base, television coverage improved—albeit mainly through pay TV channel Fox Sports supported by ABC coverage. Attendances grew 8 per cent in the first full summer season, compared with a 5 per cent decline in the interim season. The second summer season allowed the NBL to experiment with innovative fixturing, such as the pre-season blitz, double-headers, an open-air game at Rod Laver Arena, Melbourne Park, as well as promoting local derbies. Attendances also rose by approximately 14 per cent, with average weekly television audiences of about 580 000.

By the 2002 season, however, the NBL and its teams were experiencing difficulties. Dampney (2002: 101) notes that ‘two clubs appointed administrators, no naming rights sponsor, no free-to-air television rights—no national basketball League?’ Both the Victorian Titans and Sydney Kings appointed administrators in 2002, although a consortium—including former Australian Boomer Shane Heal and Bob Turner, a founding member of the NBL in Australia—eventually bought the Sydney Kings. The Victorian Titans’ future was less certain mid-2002. Leading into the 2002–03 season, the eleven teams in the NBL competition were facing a series of collective challenges.

The rebirth of Australian basketball features a returning 35-year-old legend, small crowds, tight budgets and a team—or possibly two—based more than 6000 kilometres from Sydney. It sounds like a peculiar recipe for success, but in the post-boom period of the National Basketball League, it may be a necessary reality. Low television revenues, a lack of big names (or an inability to effectively market them), competition from other
sports and a failure to capitalise on gains made previously, has changed the NBL, whose preparation for 2006–07 has included the unprecedented addition of a Singapore-based club and another Melbourne team, the South Dragons, whose big signing is the once-retired Shane Heal. It has also been marked by the demise of yet another club, the Hunter Pirates. (Sygall, 2006)

As Sygall notes, the NBL has been struggling to find the right formula to relaunch basketball. In 2004 the NBL secured Philips as its major sponsor and Fox Sports as its broadcaster, which stemmed the tide to some extent. On the eve of the 30th NBL season in 2007/08, the NBL competition had grown to thirteen teams, two of which were based outside Australia. In 2003–04, the New Zealand Breakers were the first non-Australian-based team to enter the competition, followed by the Singapore Slingers in 2006–07. The long-term goal is to have two teams located in Asia, with television revenues an obvious lure. Meanwhile, the 2007–08 season commences with the addition of a thirteenth team, the Gold Coast Blazers, and the NBL having lost its sponsor. The Philips sponsorship was estimated to be worth in excess of $1 million per year and its loss is an obvious blow to the NBL. However, on the eve of the new season, the NBL announced HUMMER, a division of General Motors, as its naming rights sponsor. One of the world’s fastest growing truck brands, the mid-size H3 SUV HUMMER, was launched in Australia in 2007. In relation to television, the Fox Sports broadcasting deal is due to expire at the end of the 2007–08 season. As Dampney queried in 2002: ‘Is all hope lost for a game once labeled the world’s fastest growing participation sport?’ The NBL’s woes continued in the lead up to the 2008/09 season with both the Sydney Kings and Singapore Slingers withdrawing from the competition. Product development is again a major issue confronting the NBL.

Questions

1. Identify the reasons for the decline in demand for the NBL.
2. How is the NBL a good example of the theory of the product life cycle?
3. In product life cycle terms, at what stage would you place the NBL?
4. What were the competitive positioning implications of moving the NBL season out of the winter to a summer season? Has it been successful?
5. Describe the product positioning of the NBL. Using your research skills, identify potential sports and allied products that might occupy a similar product space on a perceptual map. What competitive threats do these sports represent?
CHAPTER OBJECTIVES

Chapter 6 introduces price as one of the marketing mix variables. Pricing strategies are discussed in this chapter in relation to overall organisational and marketing goals. Pricing as a process is defined as setting or adjusting a price charged to a customer in exchange for a good or a service. The techniques used to determine price, as well as the role of price in the marketing mix, form the basis of this chapter. However, through the headline story and one of the sportviews, the macro-perspective of achieving positive overall outcomes is discussed as well. As will be shown, the ‘big picture’ cost–benefit analysis should always be the overriding measure of pricing effectiveness.

After studying this chapter, you should be able to:

1. distinguish between factors that influence the pricing process;
2. see pricing in the context of organisational strategy;
3. determine demand and supply relations and the price sensitivity of markets;
4. apply a strategic pricing approach in setting or adjusting the price of sport products.
The relative ‘price’ of hosting major sporting events

If you believe the protestations of the ‘Save Albert Park’ group, the committee which has vehemently campaigned against the location of the Australian Formula One Grand Prix at the Albert Park circuit in Melbourne, a city would be unwise and irresponsible to consider attracting and hosting an international sporting event. Noise and air pollution, the destruction of inner-city parklands, restricted access to public property, significant expenditure of public monies, grossly over-stated economic benefits for the local community and political opposition all await the city that hosts hallmark events. On the other hand, the socioeconomic conservatists are continually overwhelmed by the mass public and political appeal that hallmark events forge. In addition to the economic stimulus, research on hallmark events tends to reveal that their social impact is positive, providing a normative glue fastening parochial sport fans and even the less frequently interested sport theatregoers with a vast bonding of collective identity and vicarious experience. Indeed, studies have for a long time suggested that the outcomes of most cost–benefit analysis are positive—that is, the benefits (such as, in Melbourne’s case, the exposure of the city and revenues from tourism) outweigh the costs (such as air and noise pollution and the redevelopment of parklands). However, even the economic impact is increasingly being scrutinised.

Consider the following quote by Gordon (2007) about the ever-increasing public accountability regarding government-supported major events:

> A report by auditor Des Pearson... delivers a stinging assessment of the Grand Prix, warning of rising public costs while questioning claimed economic benefits. The report is also critical of the Australian International Airshow, saying the first two days are a taxpayer-subsidised trade show and should not be included when assessing benefits. The Government says the air show will result in economic benefits worth $100 million, while it says the Grand Prix will boost the state economy by $175 million. But a source close to the Government estimated costs associated with the Grand Prix would rise by $3 million to $4 million a year under the terms of a new licensing agreement that lasts until 2010. The source said the cost of the 2007 event was ‘roughly $28 million’ and could blow out to as much as $42 million by 2010. The draft report challenges the way the Government assesses the economic impact of major events, calling for a more rigorous and consistent approach. The report, likely to be tabled in the May budget session of Parliament, comes amid growing public concern about whether Melbourne has too many major events and whether taxpayers get value for money. State Government spending on special events is capped at $55 million a year, about four times more than the next biggest spender, NSW, which devotes $12 million to them.

The Grand Prix licence is up for review in 2010 and, with attendances in both 2006 and 2007 of over 300 000 people for the four-day event and more than 100 000 for the big race, the numbers on site still add up to the Grand Prix being a successful major event. For the moment, at least once a year Albert Park belongs to the petrol-heads and speed-freaks. The $1 million question, however, remains: who pays the final price? (austadiums.com; Gordon, 21 March 2007; Westerbeek and Smith 2001: 24)
Pricing, as a process, can simply be defined as setting or adjusting a price charged to a customer in exchange for a good or service. Pricing a product or a range of products properly is of utmost importance to an organisation. The level of pricing determines how many customers are inclined to buy the organisation’s products. At the end of the day, the price multiplied by the number of products sold must at least cover the costs of production. This is, however, a simplified version of reality which will be elaborated on during this chapter.

In Chapter 5 it was shown that the sport product is made up of different components: the core product and product extensions. Although the core product may be the main attraction for customers in terms of potential income, product extensions make up a considerable part of the overall revenue for sporting organisations. This is one reason why, for example, the Australian Football League does not price its core product (tickets to attend a football match) at a higher level. The core spectator product is priced relative to the product extensions (such as sponsorship services and television rights)—or, in other words, the total product mix. Throughout this chapter, examples of this ‘big picture perspective’ will be given in relation to hosting major sporting events and city marketing.

In this chapter, the pricing process will be examined from a strategic perspective. After presenting a strategic pricing model, the different steps of this model will then be discussed.

The strategic pricing process in sport

The importance of recovering the costs of production through setting the right price is highlighted in the above headline story. Cost of production, however, is only one of the variables to take into consideration when setting or adjusting price. The strategic pricing process incorporates both internal characteristics of the organisation and its products (e.g. goals and objectives) and external characteristics (e.g. competitors’ pricing behaviour). This will enable the marketer to create a pricing strategy beyond the short-term future of the organisation. Figure 6.1 describes the strategic pricing process for sporting organisations.

Step 1: Determine pricing goal(s)

Although there exists a subtle difference between introducing a product then setting a price and adjusting the price of an existing product, the pricing goal must be determined for both. It is vital to recognise the influence that price has on customers’ perceptions of the product. A relatively high-priced product will often be perceived as a high-quality product. Pricing, in other words, has a strong impact on the positioning of the product. Determining the pricing goals should be a direct derivative of the organisation’s reason for being (i.e. its mission) and the resulting marketing goals. Marketing goals of different organisations and derived pricing goals are shown in Table 6.1.

Maximum shareholder value

Private enterprises and privately owned sport franchises often pursue goals designed to maximise shareholder value. In order to achieve maximum shareholder value, pricing
goals would include maximising profit, maximising sales growth or maximising revenue:

- **Maximising profit** is often seen as a short-term goal concentrating on current financial performance, assuming little influence from competitors (i.e. to undercut the set price).
- **Maximising sales growth** is a long-term pricing goal. Although profits could be higher, the organisation aims to sell its products at a lower price to as many customers as possible. The goal is to obtain a large share of the market and reap the subsequent long-term benefits.
- **Maximising revenue** can be the pricing goal of, for example, the organisers of Wimbledon. With an infrastructure (buildings, equipment and personnel) in place,
every extra customer adds to the revenue of the organisation. The organisation itself is incurring little extra cost by providing services to that one extra visitor, and this makes selling the extra tickets, such as ground passes, extremely attractive.

**Most innovation**

If an organisation aims to be an innovative company, the pricing goal may be to skim the market. Nike, as an athletic footwear manufacturer, establishes a price high enough for a small segment of the market to buy its products. As soon as competitors introduce similar products, Nike lowers the price to sell to the segment below the ‘early adopters’. Nike skims the market by receiving the maximum price from the different segments of the market. Nike can adopt this strategy because it ensures that it is the first to introduce a new, trendy, high-quality product.

**Highest-quality products**

If an organisation aims to deliver the highest-quality products, a premium pricing strategy may be an alternative pricing goal. In order to communicate the high quality of the product (e.g. a world title boxing contest), a correspondingly high price is set. Customers, valuing the high-quality features of the product, will pay the premium price, and the organisation will achieve an above-average return.

**Community accessibility**

Not-for-profit organisations, government organisations and many sporting organisations often set pricing goals such as partial or full cost recovery. Public hospitals, for example, may set prices in order to recover their costs because they do not need to make a profit, their main goal being to serve the community. National sport-governing bodies can price their products in order to break even, incorporating funding from the federal government (partial cost recovery). The chairman of the London Olympic Organising Committee has proposed that half of the eight million tickets for the 2012 London Olympics be sold at £20 ‘attract a wider audience’ (*SportBusiness*, 2007a). Setting or adjusting the price depends not only on the goals of the organisation but also on the other elements of the pricing process. This will become clear in the following sections.

**Step 2: Determine market sensitivity to price**

How sensitive customers are to a change in price is important in determining a range within which the final price may be set. It is also vital to know the estimated size of the market and how it is segmented. In this section, it is assumed that this information is available. The concepts of demand and supply, price elasticity and non-price factors are important in determining market sensitivity to price. Given the marketing focus of this book, we start by discussing the concept of demand.

**Demand**

The quantity demanded of the product by potential customers depends on the price assigned to the product. In general terms, the higher the price of a product, the lower the quantity demanded. Figure 6.2(a) shows that, for a certain product, a demand curve
can be drawn demonstrating the linear relationship with the price. The quantity demanded also depends on the prices of other factors, such as product (substitutes and complements), income of customers, expectations of future prices and the size of the population.

Substitutes are products that can be used in place of another product (e.g. spectator tickets to a football match and to a basketball match). If the price of a product (football tickets) rises, the quantity demanded of the substitute (basketball tickets) is likely to rise as well because consumers may elect to purchase the cheaper substitute.

Complements are products used in conjunction with another product (e.g. golf clubs and a golf course membership). If the price of a product (golf course membership) falls, the quantity demanded of this product and its complement (golf clubs) will rise.

Generally, when the income of customers rises, demand for most goods will also rise. Expectations of higher prices in the future may prompt customers to buy now, and hence demand will rise. In general, the larger the population, the greater the demand will be for products.

Supply
When a product is providing attractive returns to producers, more organisations will be inclined to supply the product to the market than when the price is relatively low. In general terms, the higher the price of a product, the greater the quantity supplied. Figure 6.2(a) shows that, for a certain product, a supply curve can be drawn demonstrating the linear relationship with the price. The quantity supplied also depends on resource prices, technology, the number of sellers and expectations about future prices.

In general, when resource prices rise, the quantity supplied will fall. Similarly, technological improvements and increasing efficiency will result in a rise in the quantity supplied because a greater quantity can be produced at the same cost. The more sellers there are, the greater the quantity supplied. Expectations about future prices are a more complicated issue. When a sporting goods firm expects prices of tennis racquets to rise after the final at Wimbledon, it may choose to hold back the racquets in stock in order to sell them at a higher price. Racquet manufacturers, however, may decide to increase production and supply more racquets to the market.

Market equilibrium
Figure 6.2(a) shows that, at the point where demand equals supply, the market is in equilibrium (E). This point represents the price that the market is prepared to pay, given the quantity supplied. Figure 6.2(b) shows that at a price of $120 there will be a supply of 120,000 racquets, but a demand for only 80,000. There will be an excess supply of 40,000 racquets. Figure 6.2(c) shows that the reverse will occur at a price lower than the equilibrium price (e.g. $80). Therefore, in that situation there will be an excess demand of 40,000 racquets.

If the demand for tennis racquets after the Wimbledon final rises, the demand curve will move to the right. This will result in a rise in the quantity supplied (i.e. a movement along the supply curve) because the price will go up to establish a new equilibrium. Let us assume that people keep demanding the new quantity. With this increase in demand, new producers will be lured to the market because of the higher price, supply will go up and the supply curve will move to the right. This again will result in a fall in price.
FIGURE 6.2
Demand, supply and market equilibrium

(a) Demand and supply in equilibrium at unit price $100

(b) Excess supply at unit price $120

(c) Excess demand at unit price $80
Equilibrium will return to the point where it is not attractive enough for new suppliers to enter the market. At the end of this process, the only change will be that the total quantity supplied has risen. It goes beyond the scope of this book to further elaborate on demand and supply issues.

**Price elasticity of demand**

We have now explored the influence that price can have on the quantity of products supplied and demanded. What we do not know is how sensitive a customer is to a change in price. Will a rise or fall in the price of a product result in a great or small change in the quantity traded? Price elasticity of demand is a measure projecting this relationship. It is calculated as the absolute value of the change (%) in the quantity demanded, divided by the change (%) in price. The absolute value can range between 0 and infinity. A value between 0 and 1 represents inelastic demand; a value greater than 1 represents elastic demand; a value of exactly 1 is called unit elastic demand.

Figure 6.3(a) shows that inelastic demand occurs where the fall (%) in the quantity demanded is less than the rise (%) in price. In other words, the organisation will benefit from raising the price because the number of customers lost will be less than the gain in revenue. For example, the number of customers will not vary greatly when the price of tickets for the final of the World Cup is raised.

Figure 6.3(b) shows that if the fall (%) in the quantity demanded equals the rise (%) in price, the elasticity of demand is 1 (unit elastic demand). This means that total revenue will not change.

In Figure 6.3(c) it is shown that if the fall (%) in the quantity demanded exceeds the rise (%) in price, demand is considered to be elastic. In this case, the organisation will benefit from reducing price because the gain in number of customers will be greater than the loss in revenue. For example, the number of customers will vary greatly (i.e. rise) when the price of a golf course membership is lowered.
Factors determining elasticity
The size of the elasticity of demand is mainly determined by three variables:

1. the substitutability of the product;
2. the amount of time since the price change; and
3. the proportion of customer income spent on the product.

The more substitutes there are available for a product, the easier it is for a customer to replace one product with another when the price rises, hence the higher the price elasticity. A range of professional sports are playing in the metropolitan area of Melbourne less than 1 kilometre apart. A rise in the admission price for one sport will force customers to search for cheaper alternatives. A substantial price rise will result in an even more substantial loss of customers. However, existing customers of a basketball club, for example, will not immediately be able to go to a football club because they may have purchased long-term memberships.

The longer the time since the price change, the more opportunities customers will have had to find alternatives, and hence the greater the elasticity of demand. The higher the proportion of customer income spent on club membership, the higher the elasticity of demand. If expenditure represents a large part of an individual’s income, every extra dollar on top of that expenditure will be scrutinised and can make the customer decide not to purchase. If, however, a very rich person has to make the same decision, money spent on membership represents only a small portion of total income, and a price rise will not greatly affect the decision to buy. This last example shows that price elasticity of demand can differ not only between products but also between consumer groups, and provides the marketer with the opportunity to differentiate between customer segments.

Different issues related to price elasticity of demand are explored in an historical review of pricing in the sport of Australian rules football. Although the information presented in Sportview 6.1 reflects on the first few years of the new national AFL competition, it is interesting to observe that the AFL has continued to keep its prices of admission much lower than in other Western economies during the first decade of the new millennium.

**SPORTVIEW 6.1**

AFL kicks a goal on marketing strategy
The AFL’s marketing strategy since the early 1980s has boosted football and helped to reverse the game’s long-run decline in attendance, say two Melbourne economists. Research conducted by Peter Fuller and Mark Stewart at RMIT has rejected the belief widely held among football fans that the AFL is conspiring against the best interests of the game. ‘To the extent that increased attendance at football matches is deemed the yardstick by which football administrators are judged, we can only endorse their recent actions,’ Fuller and Stewart have concluded.

The AFL’s decision to hold down ticket price rises in the late 1980s, the construction of the new Great Southern Stand at the Melbourne Cricket Ground, the closer competition, the
player draft from 1986 and the continued program of ground rationalisation were major factors in boosting game attendances. But Fuller and Stewart have found that the AFL could now push prices up further without suffering any loss in gate takings. In both Victoria and South Australia, attendance was in decline from 1948, 'indicating football was becoming proportionately a less popular form of entertainment', the economists have found, using an analysis based on attendances as a proportion of each state's population.

Crowds hit rock bottom in Victoria in 1987 and in South Australia in 1989. However, some of the game’s popularity has been restored since those low points. According to Fuller and Stewart, this is partly because the real cost of admission has been held down in the minor round games, and partly because of improvements in administration. 'Increased competitiveness allowing people the opportunity to attend games at different times, ground rationalisation and the move to the National competition (especially in South Australia) seem to have played a part in this,' they said. The research has suggested that the player draft and the salary cap have helped by making games more even.

Analysis of the impact of price changes on crowd size shows that a 10 per cent increase in ticket prices (adjusted for inflation) eventually reduces attendances by around 6 per cent. This means 'the AFL could increase gate receipts by charging higher prices. The implication is that in terms of revenue derived from attendance, both the AFL and the SANFL are under-charging,' according to Fuller and Stewart.


Non-price factors

Non-price factors influence buying situations and reduce the importance of price in the buying process. Non-price factors include an intangible perception of a product or the influence of socialisation agents, resulting in a perceived value being shaped. In other words, some customers may be willing to pay a higher-than-average market price (premium price) to receive product benefits. Other customers may be willing to forgo these benefits in return for a lower-than-average market price. For marketers, it is therefore important to understand key product attributes in order to enhance the perceived value and hence charge a premium price. In sport, a consumer may place a final value on an entry ticket contingent upon a number of variables that influence their enjoyment, such as an event's or product's attractiveness, uniqueness or the fact that the event involves an opportunity to share the experience with friends or colleagues.

In the sport industry, non-price factors are very important. The rules of demand and supply and price elasticity can be applied to sport's core product and extensions. In addition, different combinations of core and extensions can enhance the perceived value of the total product, justifying extra expenditure for customers. The core product cannot be remixed, but in combination with different product extensions the perceived value of the total package can be increased.

Also, the more important the product is to the consumer, the less important price will become. For example, a $100 repair on a $2000 bicycle will enable the owner to ride the bicycle again. The perceived value of the $100 expenditure is likely to be higher than
that of another $100 expenditure on something less important (e.g. a television repair) to the bike-rider.

If the marketer is able to enhance the perceived value of the product, customers will become less sensitive to price (i.e. elasticity will decrease) and the organisation will benefit from raising price. This applies also to the reverse situation. If the marketer is able to filter out the product attributes less valued by customers (e.g. cushioned seats or undercover seats in a sport stadium), customers will become more sensitive to price (i.e. elasticity will increase) and the organisation will benefit from lowering price.

It is clear from these examples that different segments of customers are targeted as part of the pricing strategy. The next section shows the impact of the cost–volume–profit relationship.

Step 3: Estimate the cost–volume–profit relationship

Cost–volume–profit analysis, also called break-even analysis, examines the interaction of factors influencing the level of profits. These factors, as identified by Anderson and Sollenberger (1992), are:

- selling prices;
- volume of sales;
- unit variable cost;
- total fixed cost; and
- sales mix.

The first four factors are discussed in this section, with sales mix left to the section on constraints by other marketing mix variables (product mix).

In general terms, the total costs of production represent the minimum financial figure (i.e. break-even point) that needs to be recovered from sales in order to at least break even (total costs = total revenue). Total costs are made up of a fixed cost and a variable cost component. Fixed costs are the costs that an organisation has to incur in order to operate (e.g. costs of plant and equipment, taxes, insurance) regardless of the level of production. Variable costs fluctuate in direct proportion to changes in the activity of the organisation. The cost of direct materials like leather for shoes is a good example. Pertaining to the goals of the organisation, the break-even point may vary. For an organisation with a partial cost recovery goal, this point is relatively lower than for a full cost recovery organisation. Both organisations, however, need to be able to ascertain their cost of production, enabling the organisation to arrive at a minimum price for its products by dividing the cost of production by the (estimated) number of products sold.

For a large athletic footwear manufacturer, total costs are made up of a fixed and variable component. In order to produce 10 000 pairs a day, for example, a certain infrastructure needs to be evident. Plant, equipment and labour are needed in order to start operations and represent the fixed costs of operations, which are independent of the output level. Raw material to manufacture the shoes is the major component of the variable costs, which vary with the output of the plant. Although certain levels of production will be more efficient, in this example it is assumed that the variable cost
per unit of production is the same. In Figure 6.4, a break-even chart is shown.

It can be derived from Figure 6.4 that the higher the total costs, the smaller the average fixed cost in each unit of production (e.g. pairs of shoes). In other words, the fixed cost component will decrease with volume of production. If a factory with building costs of $10 million produces 100 million pairs of shoes over its productive lifetime (e.g. ten years), the fixed cost component in every pair of shoes is $0.10. The relationship between total fixed costs, price and unit variable cost can be shown in the break-even formula:

\[
\text{Break-even point (pairs of shoes)} = \frac{\text{Total fixed costs}}{\text{Unit price} - \text{Unit variable cost}}
\]

The formula shows that, with a variation in the unit price, the amount of shoes sold to break even varies. This relationship is shown in Table 6.2. When we turn our attention to service products—and many sport products are service products—the unit variable costs in the break-even formula are much harder to determine. Many costs are both fixed and shared across different services. In a large stadium, the building, its equipment (e.g. indoor courts, tennis nets, computers) and labour (a majority is often multi-skilled in order to deliver different services) are all needed to provide the total mix of services offered by the facility. The variable costs per unit are hard to determine. What, for example, are the variable costs of providing basketball spectator services when one extra ticket is sold? Most costs have to be incurred, irrespective of the number of customers on the day or over a longer period.

We can state that most costs are fixed. This is why it is very attractive to entice that one extra customer: with little to no extra (variable) cost, the revenue from one extra customer is almost pure profit. This explains why, in the health and fitness industry, competition is based primarily on price. An organisation has to incur little extra cost in order to gain a substantial increase in revenues.

This also indicates the importance of managing the non-price factors in the sport industry. Because we know that most costs are fixed, it becomes a matter of sophisticated

<table>
<thead>
<tr>
<th>Unit price</th>
<th>Break-even point (pairs of shoes)</th>
<th>Unit variable cost</th>
<th>Total fixed costs (per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>2,000,000</td>
<td>5</td>
<td>10 million</td>
</tr>
<tr>
<td>100</td>
<td>105,264</td>
<td>5</td>
<td>10 million</td>
</tr>
<tr>
<td>200</td>
<td>51,282</td>
<td>5</td>
<td>10 million</td>
</tr>
</tbody>
</table>
marketing to enhance the perceived value of the sport product. This should lead to sufficient and sustainable market share to at least cover the costs of operation.

**Step 4: Determine pricing strategies of major competitors**

As in any strategic-planning effort of an organisation, it is important to monitor competitor behaviour and adjust actions accordingly. The first questions that need to be answered are: Who are the major (potential) competitors? Do they operate in the same market (e.g. an amateur soccer team and a professional basketball team) or even in the same segment of the market (e.g. a central-business-district golf course and a working-class-suburb golf course)? Organisations can then determine when to respond to price changes by competitors.

The next step is to determine how competitors are positioned in terms of their relative prices, providing an organisation with an indication of the competitive price range for which the product is on offer. It would also be very useful to know which strategies of competing firms are successful.

Finally, if an organisation is able to find out what the probable responses of competitors would be to a price change, different pricing scenarios can be developed in order to make the appropriate choice.

**Step 5: Determine constraints on pricing behaviour**

Laws and regulations are the most obvious constraints on pricing behaviour. Most of these are a direct result of government intervention in regulating the market behaviour of organisations. Some cases of price fixing (i.e. agreement between organisations about price) can be regarded as disadvantageous for the public, and are therefore forbidden by law. In order to keep government-owned facilities accessible to all members of the community, local government can set a maximum price level (ceiling). Even when a management company is hired to manage the local pool, local government can constrain it in its pricing strategies. Regulatory organisations, like national sport organisations, can set membership fees for members, clubs and associations in order to optimise participation levels.

Social responsibility constraints can also affect the pricing behaviour of organisations. If, for example, the local professional soccer club feels that disabled members of the local community should be able to enjoy a game of soccer, it will have to adjust its facility in terms of access and seating arrangements. This will have a direct impact on the fixed cost component of the total costs of the club, and it may decide to set different unit (e.g. admission) prices to recover those costs. The pricing strategy of this club will be different from that of a club focusing solely on profit maximisation. Legal and social responsibility constraints therefore limit the pricing range for the product.

**Step 6: Determine constraints of other marketing mix variables**

The variables of the marketing mix—product (mix), place (dependence) and promotion (mix)—all affect each other.
Product mix
Prices in supermarkets are based on the overall mix of products rather than the individual products. Some products are priced at an attractive level (e.g., soft drinks during summer) in order to entice customers to do the rest of their shopping in the same supermarket. The AFL example presented in Sportview 6.1 also exemplifies the importance of looking at the overall product mix before pricing individual products. The AFL’s admission prices are low compared with other sporting codes. These prices attract larger crowds, enhancing the atmosphere for attractive television coverage, and as a consequence the attractiveness of the total product for television sponsors. The AFL can offset the loss of income from gate receipts against the increase in income from television, sponsor contracts and other in-stadium purchases.

Place dependence
A majority of sport products are produced and consumed in a facility specifically designed to produce those sport products. The capacity of the facility limits the number of customers that can be serviced at a certain point in time, and consequently the maximum total income. The location of the facility determines the catchment area of potential customers and hence partly determines the profile of the customer. In general terms, dependence on the place of distribution further limits the possible pricing range of the products of the organisation. Place dependence is discussed in more detail in Chapter 7. Sportview 6.2 also includes some elements of place dependence—that is, dependence on a number of geographic regions (cities) of distribution.

SPORTVIEW 6.2

Hallmark sporting events can make money!

The commercial turning point for hallmark sporting events occurred more than two decades ago. It is widely recognised that the 1984 Los Angeles Olympic Games created a turnaround in attitudes towards embarking on the colossal task of organising mega-events such as the Olympics and soccer’s World Cup and Euro Championships. The LA Games demonstrated that when astute business ideas are applied to selling spectator sport products, money can be made. Over the past three decades, it has been the vast injections of money that have made the world of big events go round. It is the positive economic impact of events on the hosting communities that has been the critical (political) justification for investing heavily in bidding and building for the event. Hallmark events have the propensity to deliver immense economic development to a region as an outcome of the combined encouragement of government, business and visitor spending.

The economic benefits of hallmark events are typically expected to outweigh their costs. In economic terms, this is because large-scale events have a high cost–benefit ratio. In other words, their capacity to generate exports, stimulate domestic spending, improve capital utilisation, develop and regenerate infrastructure, mobilise government involvement, marshal commercial sponsorship, assemble community supporters and drive consumable manufacturing are irreplaceable, and seldom achieved via any other program or activity.
Nevertheless, despite the anticipated benefits of hosting hallmark sport events, the exponential increase in their funding, and often the need for underwriting by the local government, has driven the need for more rigorous justification of investments. As government authorities provide the lynchpin infrastructure for the events, they also assume the burden for justifying the community rewards in expending public monies. Thus, to invest in hallmark events for communal benefits, there has been a greater need to validate spending by measuring the event’s contribution to the economy. For example, research (Oldenboom, 2000) commissioned by the Dutch government identified that the Euro 2000 tournament contributed 248.2 million guilders (US$110 million) to the Dutch economy. Of this sum, 238.2 million came from foreign visitors while the Dutch spent an additional 10 million on top of their ‘normal’ expenditure. This ‘extra’ money flowed to the four Dutch host cities of the event: Amsterdam (112.1 million), Rotterdam (71.8 million), Eindhoven (41.1 million) and Arnhem (27.6 million)—ironically leading to a ‘net loss’ for the rest of the country of 4.4 million. On top of visitor expenditure, the Stichting Euro 2000 spent an additional 72 million (sponsor and UEFA contribution) on the organisation of the tournament, resulting in a total positive economic impact of 320 million guilders. More recently, the 2006 World Cup in Germany has had a significant impact on all 32 participating countries. It was estimated that competing nations netted a total £13 billion boost to their economies. Television audiences were estimated to be in excess of 30 billion worldwide and foreign visitations were to exceed one million with three million tickets available for sale. The event organisers argued that an additional 60 000 jobs had been created. However, more recent estimates of the running costs of the London 2012 Olympics placed these at six times the costs of the Beijing Olympics. Irrespective of the hallowed economic benefits, one has to carefully manage the resources invested.

Source: Adapted from Westerbeek and Smith (2001: 24) and Sunday Times (2006).

Promotion mix
The promotion mix (i.e. the means by which communication with the target markets will take place) can be constructed after product, price and place information is available. A low price strategy often needs an intensive promotional effort in order to sell as many units as possible. If the tools for intensive promotion are not available due to limited funds, the organisation will be limited in pursuing a low price strategy. The promotion mix is constraining the pricing strategy. A pricing strategy never stands on its own, as it needs to be backed by adequate promotional efforts.

One of the characteristics of services is that they cannot be stored, as services are time dependent.

Step 7: Determine time dependence
The visitor at the Olympic Games witnesses production and at the same time consumes the product. The customer is therefore part of the production process. When the Games are over, nobody will ever be able to consume this (past) product again. Dependence on the
time of consumption makes it imperative for the Games organising committee to sell as many tickets as possible, because the tickets for today’s event cannot be sold the next day. Time dependence makes sport suitable for price discrimination. Price discrimination implies that different groups of customers pay different prices for basically the same product. In the case of a health and fitness club, part of the peak demand (i.e. full utilisation of capacity) between 5.00 p.m. and 7.00 p.m. can be moved to a low-demand time slot by offering the same product at a lower price during an off-peak time. Senior citizens and parents with home duties, for example, may be able to take advantage of this offer. Pre-selling tickets to the Olympic Games is another example of price discrimination. By offering the same tickets at a lower price, the organising committee fills up seating capacity with customers who are able to plan and purchase in advance.

**Step 8: Determine final price**

Throughout this chapter, it has been shown that many factors affect the pricing process of a certain product. Figure 6.5 summarises these factors and shows how the possible pricing range of the product narrows down after taking the influence of these various factors into consideration.

Final price determination is based on cost, competition, demand or a combination of all three. Most of the time, one method provides the basis for decision-making, although the others often contribute. As shown in this chapter, cost-based price determination proves to be more difficult for service-based sport products. The break-even

![Figure 6.5](image-url)
analysis has been presented as a cost-based approach. Many providers in the health and fitness industry will base their pricing on competition. In this industry, it is important to fill the capacity of the facility and thus to attract those few extra customers from direct competitors. It is likely that the larger spectator sport organisations base their pricing on demand. In this method, the value of the product to the buyer is estimated. Westerbeek and Turner (1996: 394) found that:

> together with an increase in televisual appeal and hence income, the AFL was able to devise strategies in which demand characteristics of their markets (like elasticity of demand) could be used to optimise net income. Mass attendance at games was deemed more important than maximum profit from gate receipts. By undercharging at the gate [it was found that demand was inelastic at the current pricing level], income from TV and sponsorship could be raised, leading to greater total income rather than maximising gate receipts.

In this chapter’s opening example, the state government of Victoria and the bidding organisation (then the Melbourne Major Events Company, which is now known as the Victorian Major Events Company) will have estimated the value of the television product to the broadcast network, the sponsor product to the sponsors, and the economic, social and cultural value of the Grand Prix event to the host community. It can be concluded that, ultimately, the AFL based its pricing strategy on the perceived value of its total product mix and, along similar lines, the price charged by the Grand Prix organisers for tickets makes up only a small component of the overall pricing equation. The final price charged by Grand Prix organisers includes a significant tax contribution by the local residents of Melbourne and Victoria, not to mention a range of environmental costs. Overall, the ‘final price’ paid for the right to host the event is a function of the range of benefits, both tangible (economic) and intangible (social and cultural), that the event is able to generate.

**Summary**

In this chapter, price as one of the variables of the marketing mix was discussed in the context of setting or adjusting the price of a sport product. In order to arrive at a final price, a strategic pricing model was introduced. To enable the sport marketer to set appropriate prices, it is important to set pricing goals in concert with the overall organisational and marketing goals. Then the sensitivity of markets to changes in price can be determined and, as a consequence, the elasticity of demand established. This information, combined with marketing data such as the size of the market and the number of competitors, is used to estimate cost–volume–profit relationships, leading to the creation of a break-even chart with an emphasis on a cost-based pricing strategy. When the organisation is able to base its pricing on the demand in the market—in other words, powerful enough to lead the way in setting price—the emphasis will be on demand-based pricing. It may, however, be more important to find out about the pricing strategies of competitors and to determine constraints (legal, social, other marketing mix variables) on pricing behaviour in the industry. This can lead to a competitor-based pricing strategy. When taking into consideration the time dependence of many sport
products, a combination of cost-based, demand-based and competitor-based pricing will often be exercised in setting the final price or adjusting the current price.

**CASE STUDY**

**Pricing valued membership packages at Victory**

Written by Lynley Ingerson

Melbourne Victory is one of the eight foundation teams in the Football Federation Australia (FFA) A-league competition. In 2007, the Victory won the A-league’s grand final when it beat Adelaide City (6–0) in an overwhelming goal fest. Already one of the most successful clubs in the league, with 8000 members in the inaugural season (2005–06), increasing to 11 200 members (2006–07), the Victory was set to take football to a new and exciting level in the 2007–08 season by setting an ambitious target of 20 000 members (Lynch, 2007).

As a successful football team in Melbourne, the Victory has stimulated public interest and with it the desire for football fans to belong to the Melbourne Victory club, firmly establishing the world game in the city. Added to this was the signing of a tenancy agreement with the Melbourne and Olympic Park Trusts to play the 2009–10 season at a newly developed A$260 million rectangular pitch stadium. Major games will continue to be hosted at the 55 000-seat Telstra Dome, with its oval (cricket and Aussie Rules pitch) which is less suitable for football but has added seating capacity and retractable roofing.

In an effort to achieve its membership target of 20 000 before the 2007–08 season’s end, the club offered a range of products for members and spectators in the three categories of general, gold and platinum class. Table 6.3 identifies the various packages and prices.

<table>
<thead>
<tr>
<th>Class</th>
<th>Platinum $A</th>
<th>Gold $A</th>
<th>General $A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult</td>
<td>420</td>
<td>315</td>
<td>168</td>
</tr>
<tr>
<td>Concession</td>
<td>350</td>
<td>190</td>
<td>103</td>
</tr>
<tr>
<td>Junior (under 13 years)</td>
<td>230</td>
<td>126</td>
<td>40</td>
</tr>
<tr>
<td>Student (13–18 years)</td>
<td>330</td>
<td>163</td>
<td>78</td>
</tr>
<tr>
<td>Family (2 adults + 2 juniors)</td>
<td>840</td>
<td>630</td>
<td>336</td>
</tr>
<tr>
<td>Country/interstate (live more than 100 km away from CBD)</td>
<td>N/A</td>
<td>N/A</td>
<td>84</td>
</tr>
<tr>
<td>International</td>
<td>N/A</td>
<td>N/A</td>
<td>84</td>
</tr>
</tbody>
</table>

As well as individual and family membership, corporate packages are offered (see Table 6.4), including:

- Chairman’s Function (match-day hospitality);
- the Victory Club (match-day hospitality);
- corporate suites (private match-day hospitality facilities);
- Victory in Business (B2B hospitality for the season).
The new stadium, with a seating capacity of 31,000, promises to be at the cutting edge in terms of design, function and spectator comfort. For Melbourne Victory, it presents an ideal opportunity to establish long-term loyalty for Victory fans through highly valued membership packages. By bundling a range of benefits to meet the needs of supporters, sport organisations are more likely to create stronger relationships with their target markets. The most successful football league in the world, the English Premier League, has successful clubs such as Chelsea, Liverpool, Manchester United and Arsenal with extended waiting lists for membership. Much of this is attributed to the quality of football played and the size of the population that is supporting football. Thus premium pricing can be demanded for membership.

When the demand for the sports product is greater than supply, then prestige pricing can be established. In the case of Melbourne Victory supply is greater than demand, and the marketing department must develop suitable packages at a desirable price to stimulate demand. Melbourne Victory believes its successes both on and off field are aligned to its pursuit of quality and excellence, and this presents the club with membership (packaging) opportunities to reflect these values. The selection of appropriate pricing strategies is essential in this competitive marketplace. They must reflect the organisation’s overall objectives, the consumer’s perception of value, and the type and quality of product being offered.

**Questions**

1. How would you describe the current pricing strategies used by Melbourne Victory?
2. Consider Melbourne Victory’s new stadium. Develop pricing objectives for the team to reflect its ‘new place’.
3. How would you make sure the price set is not too high or too low?
4. How can the new objectives support other elements of Melbourne Victory’s marketing mix?
5. Develop a pricing strategy for a range of membership (individual and corporate) packages for Melbourne Victory, including a timeline for launching memberships for the new season (e.g. how long before kicking off the new season do you need to put the new pricing strategy in place?).
7

The place of the sport facility

CHAPTER OBJECTIVES

Chapter 7 introduces the facility as the most important means by which sport services are distributed. Place as an element of the marketing mix is discussed in terms of preparing for and delivering quality service to visitors to the facility. Where to focus attention in relation to preparation for the sporting contest (planning and physical evidence) and actual delivery (people and process) are the central concepts discussed in this chapter. The practice of blueprinting is introduced to assist in this analysis. The chapter also examines different channels of distribution in sport.

After studying this chapter, you should be able to:

1. identify the critical elements of the sportscape model;
2. identify and apply the four variable components of place;
3. create a blueprint of how a sport product is delivered;
4. identify the marketing channels through which sport products can be delivered.
VENUES FOR NOW AND THE FUTURE

Venue and facility planning for major events requires time and forward thinking. In 1993, Sydney won the rights to host the 2000 Olympic Games. The broad structure for facility design proposed in the SOCOG bid needed to anticipate the needs and wants of the various stakeholder groups for 2000. Issues such as which sports and how many spectators to cater for, travel times to venues, maximised use of existing facilities, economically viable uses of all facilities after the Games and the design of facilities that are environmentally friendly needed to be considered well in advance of the 2000 deadline. As a result, two primary locations were selected and developed. Fourteen kilometres from the centre of Sydney, the Sydney Olympic Park became a redevelopment incorporating a new international swimming centre and a main stadium. Within the city boundaries the Sydney Harbour Zone included existing venues. (Churches, 1994: 10)

The athletes’ village for the Games has since been transformed into a Sydney suburb, providing accommodation for local citizens. Forward thinking in facility planning enables expensive facilities to endure over time. When Beijing successfully bid for the 2008 Olympics its goals were threefold. Like Sydney, the Beijing Olympics had an environmental focus. The Games also aimed to utilise state-of-the-art technology and deliver ‘the people’s games’ (BOCOG, 2007). As a developing nation, China was unable to utilise existing facilities in its current state for international standard events. Winning the rights to host an Olympics Games required the country to undertake a significant construction program.

Strategically, the Beijing Olympic Organising Committee (BOCOG) applied state-of-the-art construction techniques combining eco-friendly and cost-efficient design and materials. In accordance with state requirements, China pledged to phase out the use of chlorofluorocarbon greenhouse gases (CFCs) by 2010, which meant that ‘owners and constructors of Olympic venues can fulfil the national goal for the implementation of relevant international conventions … under the guide of the United Nations Environment Program (UNEP) and the State Environmental Protection Administration (SEPA)’ (BOCOG, 2007). The Games represented China’s opportunity to produce landmark facilities that showcase China’s best design and construction feats.

Fourteen new facilities were built, emphasising cost efficiency and energy-saving technology. The main athletics stadium, the ‘Birds Nest’, and swimming centre, the ’Watercube’, in particular were designed to improve ventilation and reduce the use of air-conditioning. Additionally, the structure of the ‘Birds Nest’ was designed to improve spectator sight-lines by adopting a more traditional Greek and Roman look with the east–west stands being higher than the north–south stands (BOCOG, 2007). An additional fourteen existing venues were refurbished to international standards and were used predominantly as training facilities, while a further nine temporary venues were set up. All followed international environment protection guidelines, consistent with one of the philosophies of the Beijing Olympics: its image as the Green Olympics. Zhuang Weimin, the Olympic facilities chief designer, pointed out that designs of all facilities for the Beijing Olympics ‘should save energy, be environmentally friendly and take account of the venue’s use after the Games’ (Business Beijing, 3 April 2007).
In Chapter 1, place as an element of the marketing mix was described as distributing the product to the right place at the right time to allow ease of purchase. A unique characteristic of the sport distribution system was described, in that sports generally do not physically distribute their product. Most sport products are simultaneously produced, delivered and consumed at the one location, at the one point in time. The exceptions are sporting goods and broadcast sport. Given this characteristic of the sport distribution system, the sport venue or facility becomes the most important element in the distribution strategy of the sporting organisation. In other words, the place variable in the marketing mix is the sport facility.

By manipulating the elements of the marketing mix into varying combinations, different marketing strategies can be created. For one group of customers, the sport marketer will use the place variable differently from another group of customers. To be able to do this, it is necessary to identify the variable components of the marketing mix element of place. It is no coincidence that the last three of these variable elements of place are also elements of the services marketing mix. The variable components of place are:

- facility planning;
- physical evidence;
- process;
- people.

The variable components are presented in Figure 7.1 and are discussed in more detail in following sections of this chapter. The variables are presented in the sequence shown in Figure 7.1 because decisions made at a higher level (e.g. facility planning) dictate decisions at lower levels.

After identifying the different variable components of place, bringing them together in an integrated fashion becomes the primary task of the sport marketer, which will be the topic of the next section. Where and when to interfere and exert influence can be mapped out in a blueprint, or overview, of the sport service delivery system. The chapter finishes with a discussion of more traditional distribution systems, mainly used to distribute sporting goods but, as a conceptual model, also applicable to sport service products.
Sport as a service product is briefly discussed in Chapter 5, and is covered more extensively in Chapter 8. But in order to fully appreciate the variable components of the (sport)place, a closer look at what makes up the sport facility, or ‘sportscape’, is justified. We can indeed define the service environment in and around the stadium as the ‘sportscape’. A considerable amount of research has been conducted into the influence of the fixed elements of the servicescape—that is, those elements that remain the same from game to game (Wakefield and Sloan 1995; Wakefield and Blodgett 1994, 1996; Wakefield et al., 1996). These elements include layout accessibility, facility aesthetics, seating comfort, electronic equipment and displays, and facility cleanliness.

The Wakefield and Blodgett (1996) study found that layout accessibility, facility aesthetics, seating comfort, electronic equipment and displays, and facility cleanliness all have a significant influence on how sport fans perceive the quality of the stadium. In turn, the higher this perceived quality of the sportscape, the higher the sport fan’s satisfaction with the sportscape. If sport fans are more satisfied, they are likely to stay in the stadium for a longer period (and spend more money!); also, they are likely to return more often. These relationships between the sport fan’s behavioural intentions and the sportscape are presented in Figure 7.2.

Now that we have established the importance of the inanimate and permanent structure that is the sport facility, and its impact on sport fans’ response to the distribution of sport products, it is time to introduce the first variable element of place. The example looking at the Sydney and Beijing Olympic Games at the start of this chapter further serves as an example of the first important consideration pertaining to planning the sport distribution system: facility planning.

**Facility planning**

Planning of facilities for mega-events like the Olympic Games, or facilities for a professional basketball club or facilities for the local sport clubs, all should involve a long-term perspective of the prospective usage of the facility. With production and consumption of the sport products taking place in the facility, both current and future provision need to be taken into consideration. It is extremely costly to redevelop and redesign existing
facilities. Figure 7.2 also shows that those elements which directly derive from how we plan for the development of the facility affect the purchase behaviour of sport fans. In that regard, does the sport facility as it is significantly determine opportunities and limitations for sport product provision? The Olympic Park soccer stadium in Melbourne, for example, due to its size and design, is not able to host a cricket or Australian rules football match. The physical conditions of Olympic Park (poor drainage, flooding and limited seating) have meant the facility is below standard for staging elite events. As a result, the state government of Victoria, in conjunction with the Melbourne and Olympic Parks Trust, has begun developing an A$268 million purpose-built rectangular stadium for 2009. The stadium is perceived to be the ‘missing link in Melbourne’s sport infrastructure’ (Melbourne and Olympic Parks, 2007). It will host elite-level competition primarily for soccer, rugby union and rugby league, and have a seating capacity of 31,000. The Amsterdam Arena in the Netherlands, on the other hand, can host soccer matches at any time of the year. Opened in 1996, it is the world’s first ‘real grass’ soccer stadium with a retractable roof. Excessive rainfall, in this case, is not a potential limitation. Since the opening of the arena, other sport providers have followed suit. For example, the Telstra Dome in Melbourne has a retractable roof, allowing for soccer, ‘indoor’ cricket and AFL matches through its unique Australian design. It must be noted that the Amsterdam Arena in particular has had problems ensuring that the ‘real grass’ playing surface is of sufficient quality (due to limited daylight exposure) to play premier league soccer matches. This just shows that when you plan to solve one problem, another may arise.

Many sporting arenas around the world were originally developed and built to host sporting events and enable a certain number of spectators to watch the game. Few of the older arenas, however, were built to host guests in corporate boxes. With many sporting organisations dependent on corporate dollars, an old stadium can become a severe competitive disadvantage. In other words, the ability to cater for a range of sport products is highly dependent on the planning and design of the sport facility. The state of Victoria in Australia proudly communicates its building of a wide range of international standard stadiums and sport facilities for horse racing, tennis, football (all codes), basketball, cricket, netball and the Commonwealth Games, with the intention of attracting more sports fans and revenues to the city. Sportview 7.1 further discusses the importance of the sport facility and its physical environment.

**SPORTVIEW 7.1**

The importance of the servicescape for sport consumers

In the case of leisure services, it is more than just the perceived quality of the service rendered (e.g. whether a meal was delivered in a timely fashion) that influences whether consumers are satisfied with the service experience. For example, the purpose of going to an amusement park, a theatre or a sporting event would seem to be for the excitement and stimulation of the experience. This kind of situation differs from a trip to the dry-cleaner, in which the customer is not likely to have any expectation of emotional arousal.
Because the sport product is generally purchased and consumed simultaneously, and typically requires direct human contact, customers and employees interact with each other within the organisation’s physical facility. Ideally, therefore, the organisation’s environment should support the needs and preferences of both service employees and customers simultaneously. Even before purchase, consumers commonly look for cues about the organisation’s capabilities and quality. The physical environment is rich in such cues and may be very influential in communicating the organisation’s image and purpose to its customers.

Bitner (1992) found that the facility itself, or the servicescape, may have a substantial effect on the customer’s satisfaction with the service experience, and hence can play an important role in determining whether the customer will repatronise the service-providing sporting organisation. The important aspects of the servicescape are the spatial layout and functionality of the facility and the elements related to aesthetic appeal.

Wakefield and Blodgett (1994) tested the importance of the servicescape on Major League Baseball (MLB) consumers. The effect of the servicescape has been gaining increased attention by owners of MLB teams, as rising attendance and increased fan satisfaction have accompanied new stadiums in Baltimore, Cleveland, Texas, Toronto and Chicago. MLB stadiums provide a good setting in which to explore both the layout and functionality aspects of the servicescape, as well as the aesthetic appeal. The ways in which seats, aisles, hallways and walkways, food service lines, restrooms and entrances and exits are designed and arranged influence fan comfort, while the external environment, the architectural design, facility upkeep and cleanliness, use of decorative banners and signs, and personnel appearance all influence the ambience of the place.

Wakefield and Blodgett (1994) exposed potential customers to two different servicescapes: one old, low-quality servicescape stadium and one new, high-quality servicescape stadium. They found that the old stadium was being perceived as a significantly lower quality servicescape compared with the new one.

Respondents who perceived the servicescape to be of high quality reported higher levels of satisfaction with the servicescape, and hence were more willing to attend future games. Respondents who perceived the servicescape to be of high quality also experienced greater levels of excitement, and hence satisfaction with the servicescape. It was also found that respondents who felt crowded were less excited about the servicescape and perceived the servicescape to be of lower quality.

The results of the study may have direct implications for those who have investments in stadium projects. A return in increased gate receipts might be expected owing to new stadiums or renovations. Spectators are likely to be more excited and more satisfied when in a high-quality stadium, and therefore be more likely to come back. Consistently fielding a winning team is increasingly expensive and difficult owing to uncontrollables such as player injuries and changes in competitors’ performances. Thus another basic recommendation coming from this study is that owners/managers should be sure that the controllable aspects of the servicescape are properly managed to maximise stadium capacity.

Based on extensive market research, economic trend analysis and environmental scanning, the sport marketer can determine current demand and predict future customer needs. This should lead to market information on which specialists such as the architect and the engineer can base their sport facility planning and construction. If the sport marketer can influence facility location, design and construction decisions, the place variable will be optimised in terms of facility opportunities. It should be noted, though, that many sport marketers have to work with existing sport facilities. Nevertheless, identification of the service provision opportunities and limitations of the facility remains a task to be performed by the sport marketer in order to move on to the next step: supplying physical evidence.

**Physical evidence**

As described in Chapter 1, the sport product itself is intangible and subjective, making it harder for the sport marketer to sell the sport product as a commodity, standardised in quality and physical shape. Legg and Baker (1987) identify three major areas of concern that customers face when purchasing services:

- understanding the service offering;
- identifying the evoked set of potential service providers; and
- evaluating the service before, during and after purchase.

Stated differently, it is hard for the customer to judge the quality of the product and then compare it with other products (providers) to arrive at a final purchase decision. If the sport marketer is able to make the sport product more tangible for the customer prior to purchase, the customer is more likely to buy it. Physical representation, if unique and attractive, can ‘tangilise’ the facility, giving it brand identity and inducing strong mental images (Mittal, 2002). Hence the sport marketer has to provide the sport product with physical evidence.

Physical evidence should support the quality characteristics of the product, because the majority of customers will judge the product on its quality. Physical evidence can be enhanced by optimising:

- sport facility design;
- promotion material and advertising; and
- service provision.

The third factor, service provision, is discussed below.

**The sport facility**

The sport facility is the most tangible and visible physical evidence sport marketers can have for their products. The name of the facility can be displayed and marketed as the place where exciting events occur. The FA Cup at Wembley, the Australian Football League (AFL) Grand Final at the Melbourne Cricket Ground and the National Basketball Association (NBA) playoffs at Madison Square Garden are all examples of events growing in their perceived quality in combination with the respective venues. Who would get
excited about the FA Cup at Queenstown football ground, the AFL Grand Final at Bendigo football oval or the NBA playoffs at Pinola basketball stadium?

High-tech scoreboards showing instant replays and the provision of sports trivia enhance the tangibility of the event (and hence the perceived quality of the sportscape, as shown in Figure 7.2). In addition, banners, photographs or statues of sporting heroes can decorate the outside and inner walkways of the facility. Portraits of all past Australian Open tennis champions decorate the inside walkways of Melbourne Park. Video or television screens and trophy exhibitions can show the famous moments of success of the teams playing in the facility. The museum at Barcelona Football Club’s Nou Camp stadium in Spain installed a continuous video display of Ronald Koeman’s winning goal in the final of the 1992 European Club championships at Wembley Football Stadium. In 2006, the images of winning the Champions League for the first time were added. The European Cup stands next to the video display to further provide physical evidence. More recently, the application of games technology with content management has added a new dimension in displaying digital interactive multimedia to any output screen around the facility, further enhancing the ability to involve the public in the active imagery of sport organisation history.

**Promotion**

Because of the intangibility of the sport product, promotion is another way to add to the physical evidence. Adding this physical evidence is not specific to distribution through the facility, and examples are therefore not necessarily facility-linked. Through either advertising or promotions, distributed among potential customers or distributed by direct mail to selected markets, the quality image and brand name of a sporting organisation can be enhanced. Legg and Baker (1987) suggest that advertisements should be vivid, using relevant tangible objects, concrete language and/or dramatisations. Photographs of past events, listings of services and explanations of different product offerings will materialise intangible services offered by the organisation. Media channels are another important consideration. Satisfied customers prepared to participate in these promotions can be used to endorse the different products, communicating their satisfaction. Celebrities, or even athlete celebrities, can also be used in this process as an influential and forceful communication channel. This type of promotion is explored in Chapter 13. In 2006, the NFL Miami Dolphins introduced hand-held video technology into the stadium for their fans. This enabled each fan to view network broadcasts of Dolphins games and fantasy statistics while at the stadium. The intention of management was clearly ‘to improve the fan experience’ (Dolphin Stadium 2006), but in the process another avenue for the promotion of the sport organisation was opened up.

Irrespective of the media channel used, the sporting organisation should try to link pictorial (posters, merchandise, advertisements) and written (brochures, flyers, advertisements) physical evidence to the name of the organisation. Licensing strategies (team merchandise) used by the LA Lakers, Cricket Australia (CA) and Manchester United Football Club are excellent examples of sporting organisations adding to their physical evidence and making money with their marketing promotions. These organisations also show that the fit between the name of the organisation and physical evidence is
very important when considering a licensing and merchandising strategy. This topic is discussed in Chapter 16.

**Process**

So far, only the variables that can be manipulated when preparing for the customer to come to the facility to buy and consume the product have been discussed. Purchase and consumption involve the process by which the sporting organisation actually distributes the product to the customer. Sport marketers heavily involved in this sport service delivery process can influence and optimise the contacts between the customer and the sporting organisation. Shilbury (1994a: 31) notes that ‘the facility is of paramount importance because it represents the convergence of the marketing and operations functions’.

**The marketing function**

Grönroos (1990) distinguishes between the marketing department and the marketing function of an organisation. In traditional consumer goods marketing, the marketing department is the unit responsible for planning and implementing marketing activities. Deciding on how to market a can of beans is almost the sole responsibility of the marketing department of the manufacturer; the retailer has only to put it on the shelf and sell it.

In an emerging service economy, however, marketing activities (delivering the service as opposed to selling the beans) cannot be taken care of solely by the marketing department. Contacts between the service provider (e.g. the basketball club) and the customer are so important in terms of overall customer satisfaction that marketing activities have to be carried out by the whole organisation, not only the marketing department. Ushers and food and beverage sellers are producing and delivering parts of the overall service package and can be identified as ‘part-time marketers’. They belong to what Grönroos (1990: 177) defines as the marketing function, ‘including all resources and activities that have a direct or even indirect impact on the establishment, maintenance, and strengthening of customer relationships, irrespective of where in the organisation they are’.

**Sport servuction model**

The process of how the overall package of services is planned, produced and delivered to the customer can best be explained with the help of the sport servuction model shown in Figure 7.3. This model will be explained further by using service delivery at a basketball match as an example. The term ‘servuction’ refers to the visible production and delivery of the service experience.

The sport servuction system model portrays the invisible and visible parts of the organisation. In the invisible part, facility management and the two basketball clubs’ managements combine to organise and plan for game night. This can be classified as the traditional marketing department role. The visible part of the organisation consists of the facility itself, the inanimate environment (physical evidence) and the service providers (contact people). The importance of the inanimate environment was described earlier in this chapter. Contact people, like ticket sellers, ushers and food and beverage sellers, but also the basketball players, provide the different services to the customers.
This accumulation of services represents the customer's overall perception of their interaction with other customers, facility staff and players.

It is in the invisible part of the organisation that managers put together the service delivery process. Questions about issues like where merchandising stands are located, how many ticket sellers and ushers are needed, how ticket sellers and ushers are expected to approach customers and how many food and beverage stands will be operated are asked in the cause of optimising the service delivery process. Later in this chapter, the sport service delivery system is blueprinted based on the sport servuction system model. First, however, it is necessary to include people as the final variable component of place.

**People**

Staff are responsible for the delivery of the product, and as a consequence are the main distinguishing quality factor in the consumption process. The outcome of the basketball game cannot be guaranteed; therefore, consistency in service delivery is of the utmost importance in determining the customer's overall perception of the quality of the sport product. In Chapter 8, five criteria that customers use to evaluate service quality are discussed further. These are:

- tangibles;
- reliability;
- responsiveness;
- assurance; and
- empathy.
These five criteria show the importance of marketing function personnel in the delivery of quality service. Apart from tangibles (partly personnel) and security, all the criteria are fully dependent on the training, skills and abilities of people in delivering high levels of service quality. The selection and training of human resources for service delivery in sport are tasks in which the sport marketer should have strong involvement. The level of training, skills and abilities of potential employees of the sporting organisation become ‘people variables’ that will make the difference between mediocre and excellent service provision.

**Blueprinting the sport service delivery system**

Having identified the four variable components of the marketing mix element place, and knowing how one component can be varied independently from the other components, the sport marketer can start looking at how to combine the different components in an integrated fashion. By identifying operations (service preparation and service delivery) within the physical design of the sport facility, it is possible to make an overview or blueprint of the sport service delivery system. The blueprinted sport service delivery system will incorporate the four variable components of place. It is now up to the sport marketer to create the right mix of what is to be produced and consumed in the system.
Figure 7.4 displays a blueprint of the sport service delivery system for a basketball match. It follows the flow of customers through the facility and identifies different parts of the sport facility where interactions between the customer and facility personnel take place. The accumulation of these interactions contributes to the overall service experience of the customer.

Facility planning and physical evidence directly affect all visible operations. The design of the facility determines how easy it is for customers to move between their seats, restrooms, and food and beverage stands. Physical evidence such as signage not only tells customers where to go and what is going on in the facility during their visit, but can also be used to advertise or communicate upcoming events. Poster and video displays of past events can increase the customers’ perception of being in a place where the product is basketball entertainment.

Facility planning has an equally important influence on invisible operations. How monitoring, maintenance and television operations take place is highly dependent on provisions made in the design and construction of the facility.

Figure 7.3 showed that the planning and preparation of the service delivery system took place in the marketing department (invisible part of the organisation). This involved process and people issues such as how to approach customers, how to supply them with information or food, how many employees would be needed on game night and for which functions (ushers, food and beverage sellers, ticket sellers), and how often and when to clean restrooms. With larger crowds, parking issues and crowd flow to and from the facility become important.

The blueprint tracks the customer from entering the facility to exiting the facility, and maps all possible interactions with the sporting organisation and its personnel. The blueprint identifies where the sport marketer can influence and vary the different components of place. A blueprint is therefore a vital instrument for the sport marketer in optimising the service experience. It is, however, only a start. As described at the beginning of this chapter, the actual delivery of service is the key to success.

In the final section of this chapter traditional marketing channels are discussed, again using the basketball example to relate these channels to the distribution of sport products.

**Marketing channels for sporting goods and services**

It was noted earlier that most sport service providers deliver the sport product to the customer directly. The organisations involved in the process of making the product available for consumption or use are jointly called a marketing channel. The marketing channel performs different functions in order to enable producer and customer to exchange goods or services. Boyd et al. (1998) identify the following functions of marketing channels:

- transportation and storage;
- communication of information via advertising;
- personal selling;
- sales promotion;
- feedback (marketing research);
financing; and
services such as installation and repair.

A trade-off between costs and benefits will decide whether channel intermediaries are necessary to perform some of these channel functions. Figure 7.5 shows different marketing channels for sport products.

Channels A and B are the most important marketing channels for sport products. The majority of sport service products will be delivered through those channels, as discussed earlier in this chapter. Channel A shows the delivery of the sport product through the sport facility. Because the facility usually is owned and operated by a third party, the facility provider is the channel intermediary. Channel B shows the distribution of televised sport and distribution through a facility provider. Both the television station and the facility owner are channel intermediaries at the same level in the channel. They depend on each other to get the product to the consumer.

Channels C and D are more applicable to sporting goods. Manufacturers of sporting goods will often use wholesale organisations or even agents (persons selling to wholesale organisations) to channel their product from the manufacturing plant to the retailer and ultimately to the final consumer. Manufacturing organisations use other organisations in the marketing channel to concentrate on what they do best—namely, manufacturing. Overall costs will become too big for the manufacturing organisation if it has to fulfil all marketing channel functions (e.g. marketing and sales to the final consumers of the product). The manufacturing organisation therefore hires other organisations to perform those functions.

The longer a marketing channel, the less control an organisation has over delivery of the product to the final consumer. Because actual service delivery is critical to consumer
satisfaction, sport service organisations should aim to keep their marketing channels as short as possible, as shown in channels A and B.

In the headline story, the organising committees of the Sydney and Beijing Olympic Games have used all described marketing channels to distribute the variety of sport products. Olympic sport events were distributed through newly built facilities or existing/renovated government-owned facilities. Some events were not shown on television (channel A). The majority of events, however, were broadcast throughout the world on television (channel B). Huge amounts of licensed Olympics merchandise were produced by many different manufacturers around the world, using channel C or D as their means of distribution. After the Games, ownership of the facilities and actual users was largely separated, and the distribution of sport products now predominantly takes place through channels A and B. Both before and during the distribution process, facility planning, physical evidence, process and people are all place variables to consider in the short and long term. Quality service delivery both during and after the Games was, and will continue to be, of the utmost importance.

Summary

This chapter described and explained the unique characteristics of the sport distribution system. Identifying sport products primarily as service products, it was explained how layout accessibility, facility aesthetics, seating comfort, electronic equipment and displays, and facility cleanliness all have a significant influence on how sport fans perceive the quality of the stadium. In turn, the perceived quality of the sportscape affects the sport fan’s satisfaction with the sportscape. And if sport fans are more satisfied, they are likely to stay in the stadium for a longer period, spend more money and return to the stadium more often.

Following the importance of the inanimate stadium, the chapter continued by discussing the four variables of place: facility planning, physical evidence, process and people. Sport product delivery can be enhanced by planning and designing the facility to suit customer and management needs. Providing physical evidence to the intangible sport service product can enhance distribution of the sport product and the actual service delivery process, and the people involved in this process are crucial to the success of the sporting organisation. Where and when to intervene, and how to influence the service delivery process, were highlighted by introducing the blueprint, or an overview of the sport service delivery system. The chapter finished with a discussion of distribution systems, or marketing channels, used to distribute sport products.

CASE STUDY

The future of the sportplace: build it and they will come . . . ?

As observed by Westerbeek and Smith (2003): ‘the issue of stadium capacity is a double-edged sword. On the one hand stadia with limited capacity will lead to occupants not profiting from maximising their gate receipts. On the other hand, too large stadia contribute to increased operational costs, lack of atmosphere and consequently, lack of support from the fans,'
impacting on other business areas of the club like sponsorship, corporate hospitality and TV revenue.’ Although the trend in international sport business is for the importance of gate receipts as a component of the overall revenue picture to decline, a comparison of six European football leagues shows how important this income stream still is.

![Graph showing income (% of total) from ticket sales in six major Football leagues in Europe.](image)

**Sources:** Boon (1999, 2001).

### The multi-purpose requirement

Most modern-day stadia cannot afford to be built for single-sport usage. According to Rod Sheard, senior principal at sport architects HOK, ‘stadia need to be future proofed by building a critical mass of other facilities that will ensure the project’s economic survival in another 20 years’ time’ (Menary 2001: 46). As a result of the changing functionality of sporting arenas, the current (fourth) generation of stadia incorporate facilities such as office space, hotels, restaurants, retail arcades, exhibition pavilions, television studios, business centres, health and fitness areas, and late-night activity options such as bars and nightclubs.

### The corporate push

The cost structure of building new stadia has traditionally been based on the standard ‘cost per seat’. Dependent on the standard of quality required—and this largely relates to the type of league the club is playing in, and the type of customers it wants to target—stadium construction costs start as low as US$700 per seat. According to Colin Fears, director of Birse, the contractor building Leicester City’s new stadium, you can get a nice stadium, including executive suites, for about US$1120 per seat (Menary 2001), which is very reasonable compared with the US$1750 per seat costs of the Bolton Wanderers Reebok stadium. The fact is that average income from corporate seats can amount to US$4200 per season, whereas the average income from a regular attendee will probably not exceed US$1000 per seat (per season). This explains why so many sport organisations devote more space to developing their corporate facilities. With this increased preoccupation with building, and hence catering for corporate hospitality, comes the impact on attendance (patterns) at matches. Not only is the corporate dollar an increasingly important source of revenue for facility operators, but the space in the stadium devoted to corporate facilities, the architectural building style and multiple relationships with other stadium stakeholders also require a reassessment of the facility’s positioning strategies. In other words, the facility operators need to reassess their target markets.
The Sydney 2000 hangover

In the aftermath of the enormous success of the Sydney 2000 Olympic Games, it cannot be ignored that Sydney is slowly coming to terms with the Olympic Park facility hangover. Irrespective of the thought that went into planning Olympic facilities beyond their usage during the Games, the first and foremost planning objective was that ‘the Games had to go on’. Montreal and Barcelona taxpayers, in particular, will wholeheartedly concur. As observed by Gaudron (2002: 37), Sydney Olympic Park ‘encompasses a sprawling space incorporating nine world-class sporting and entertainment facilities, five star hotels, cafes and eateries, the Sydney Showground and huge parklands. But it has one missing element: regular crowds…In a space designed to accommodate the daily arrival of hundreds of thousands of Olympic spectators, the New South Wales government’s key priority is to lure people back to the historic site.’ The Sydney Olympic Park Authority aims to increase the number of people visiting the site from 2000 to 10 000 per day, largely by developing Olympic Park into a vibrant and ‘happening’ residential and commercial precinct. Residential development is well underway through the transformation of the Olympic athletes’ village into a suburb, but the site surrounding the biggest ‘white elephant’, Stadium Australia, required a complete overhaul to prevent people from feeling lost in the vast spaces around the stadium. A few more sell-out events would also help the stadium approach a break-even financial scenario. Not all is bad: the Sydney International Aquatic Centre has performed well, attracting an average of 1.3 million visitors per annum; and the Sydney International Tennis Centre, as the new host of the Adidas International, has attracted good crowds. However, Sydney’s Olympic planning cycle may turn out to span a period of 20 years or more.

Back to the future?

The sheer importance of investing in sport’s ‘hardware’ infrastructure becomes clear when looking at the long-term stadium investment figures from England’s Premier League. Jones (2007b) reports that in the 2005–06 season, some £233 million was being invested by English clubs in upgrading existing stadiums or building new ones. Cumulative investment by English clubs in their stadia now stands at £2.2 billion since 1992–93. A surprising note to this figure is that over the past decade the top 92 professional clubs have, on average, spent £20 million per annum more on stadium investment than they have on net player transfer fees. This represents 15 per cent of the average club revenue spent on the physical infrastructure. Premier League average attendance (34 360) and capacity utilisation (93 per cent) were up for the 2006–07 season compared with the year before.

In the United States, recent stadium development projects have turned back the clock. At least on the field, there seems to be a push towards re-establishing single-purpose stadia, in particular in soccer and baseball. Off-the-field multi-purpose space allocation (office space, restaurants, retail, etc.) does, however, remain the norm. Baseball teams in particular have recognised the value of the past, and have embarked on redeveloping existing ballparks or building new ones that reflect the history and tradition of the game, ensuring that the architecture blends in with the early 1900s inner-city buildings yet incorporating the latest technology that the modern-day fan requires to enjoy the game to the fullest—better views, in-seat interactive video screens, multiple replay screens in the stadium, comfortable seats,
automated payment systems at concession stands and interactive games for the kids prior to, during and after the match. You may even want fries with that.

Sources: Boon (1999, 2001); Gaudron (2002); Jones (2007b); Menary (2001); Westerbeek and Smith (2003).

Questions

1. Comment on how the variables ‘facility planning’ and ‘physical evidence’ apply to the different sections of this case study.
2. Comment on how the variables ‘people’ and ‘process’ apply to the different sections of this case study.
3. Can you think of other standards that may replace ‘cost per seat’ as a better means to account for facility construction costs? Justify your answer.
4. Given the different distribution channels presented in Figure 7.5, can you argue the most likely (future) distribution channel for spectator sport? You may want to consider the strategic distribution principle of ‘vertical integration’.
Customer satisfaction and service quality

LINDA VAN LEEUWEN

CHAPTER OBJECTIVES

Chapter 8 introduces customer satisfaction and service quality, two constructs central to customer retention and therefore organisational success. The chapter details why it is important for sport organisations to provide high-quality service and to satisfy customers (i.e. spectators and participants). It describes the various aspects of sport products that spectators and participants evaluate, and provides information on how to measure and model both customer satisfaction and service quality. The chapter concludes by emphasising the centrality of customer expectations to service quality and customer satisfaction, and consequently the importance of sport marketers understanding and managing these expectations.

After studying this chapter, you should be able to:

1. comprehend the importance of customer retention;
2. recognise customer satisfaction and service quality as two key influences on spectator and participant retention;
3. articulate the importance of customer satisfaction and service quality;
4. recognise the many and varied aspects of the sport service that customers evaluate;
5. measure customer satisfaction and service quality;
6. understand the processes by which customer satisfaction and service quality are derived;
7. articulate the centrality of customer expectations to customer satisfaction and service quality.
Keeping them coming back!

In an article entitled ‘Hoop springs eternal for a return to former glory’, Cowley (2008) comments on the decline in crowds at Australian National Basketball League (NBL) matches over the preceding fifteen years, even though participation at the grassroots level had been robust in that period. The two markets which were identified as being in the most difficulty were the two largest cities, Melbourne and Sydney. However, this was not always the case.

The Kings had a record attendance of 17 143 when they played Canberra at the Sydney Superdome (now Acer Arena) in 1999. Furthermore, the organisation regularly sold out the Sydney Entertainment Centre (10 500+) between 1992 and 1996. The average attendance for those five years was 9012. Fast forward a decade and, despite the Kings being extremely successful and winning the championship in three consecutive seasons (2003–05), the attendance figures are now very different. Even in the championship years, the average attendance was only 5233. In the three seasons since then, the season average has fallen even further to 3783. Imagine the impact that this decline has had not only at the gate but also on organisations’ product extensions such as jerseys and balls, not to mention the concession stands. This economic downturn would be felt right across the organisation.

The decline in attendance from the halcyon days of the mid-1990s is obviously of significant concern to the NBL. Although the loss of a commercial television contract may have been one factor in the attendance decline, the suggestion is often made that the NBL has a hard-core base and a more fragile spectator community. The lack of an ability to convert spectators to avid fans has definitely hurt the NBL, and especially the Sydney Kings. The underlying customer base of any sport organisation is critical to that organisation’s ongoing viability; hence ensuring customer satisfaction to encourage repeat consumption should always be paramount in any organisation’s strategic planning.

Source: Adapted from Cowley (2008: 72).

When calculating the lifetime value of customers, it becomes readily apparent why customer retention is so important. Lost customers equate to lost revenue! In addition to the cost of losing customers, the expense of attracting new ones must be considered. Farber and Wycoff (1991) report that it is three to five times more expensive to attract new customers than to retain existing ones. In brief, it makes sound financial sense for sport organisations to hold on to their customers. Despite this, some sport organisations continue to operate on the 'leaky bucket' premise.

Imagine the sport organisation as a large bucket. Organisations that succumb to leaky bucket marketing expend considerable resources on attracting new spectators and participants into their 'bucket' while simultaneously neglecting the needs of existing customers. The neglected needs of existing customers represent 'holes' in the bucket through which customers leave. That is, the sport organisation's customers simply 'leak away’—in other words, they stop purchasing. On leaving, these very same customers may take their unmet needs and therefore their money to a competitor. This is particularly so for sporting participants (e.g. golf club members and customers of tennis coaching
clinics). It is also true for those sport spectators who are not avid or diehard fans of a particular club. We have already established that the NBL has quite a small avid fan base, with attendances traditionally featuring large numbers of casual spectators. In the article by Cowley, NBL chief and former player Chuck Harmison expressed the belief that the Sydney Kings made a fundamental error when they decided on a strategy to increase their ticket prices the year following their first championship victory. However, their attendances were in decline prior to the ticket price rise so such a strategy did not cause the decline but rather exacerbated it.

However, the uniqueness of the sport product, as described in Chapter 1, is such that not all dissatisfied sport customers will take their needs and therefore money to a competitor. Consider the devoted basketball fan who strongly identifies with, and has intense emotional attachment to, the Sydney Kings but who was extremely dissatisfied with the season ticket experience. It is unlikely that, on ceasing his or her membership, he or she will take out a new membership with another NBL club or a club from another sport league. Although the Kings fan may elect to no longer financially support the club, they cannot immediately transfer the strong brand loyalty and emotional attachment so often inherent in the sport product over to another club.

However, even when spectators and participants do not take their dollars to competing sport organisations, their lost custom still represents lost revenue. Unless the sport organisation finds the balance between courting new customers and attending to the needs of its current customer base (i.e. plugs the holes in its bucket), it will be caught up in the expensive leaky bucket cycle, whereby excessive resources are expended on continually seeking new customers to replace those who have defected. In accord with the sportscape model and the work of Wakefield and Blodgett (1994) described in Chapter 7, a sport organisation can plug its bucket by concentrating on providing its customers with quality service and therefore satisfying experiences. Service quality and customer satisfaction have long been known to be key to retaining customers.

**Customer satisfaction and service quality are important**

In addition to spectator and participant retention, there are many positive consequences associated with service quality and customer satisfaction, including fewer complaints, more positive word-of-mouth promotion, the buying of additional products, less attention paid to competitors, reduced transaction costs and reduced marketing expenses. Together, these positive outcomes contribute to profitability—or, in the case of not-for-profit organisations such as community sport centres and clubs, longevity.

Despite the many positive outcomes for sport organisations that provide high-quality and subsequently satisfying products, sport marketers and scholars have only recently turned their attention to service quality and customer satisfaction. This lag in sport marketing knowledge is surprising given the growing sport–business nexus and the failure of many sport organisations, whether for-profit or not, to operate at optimal capacity. However, Gilbert and Veloutsou (2006: 308) suggest that ‘the measurement of consumer behaviour and customer satisfaction is more exploratory in its development rather than a precise exact science’, so the organic gathering of the requisite knowledge and the subsequent lag are to be expected.
Sport, perhaps more than many other industries, should demonstrate additional concern for its customers' evaluations of satisfaction and service quality. This is because the sport product is discretionary and substitutable (Martin, 1990). The sport product is discretionary in that it is not essential in the same way that products like food, petrol and medical services are. That is, no one has to play netball or attend a basketball game. The sport product is substitutable in that there are many other organisations outside the sporting arena that can cater to the leisure and recreation needs of the would-be sports consumer. That is, the competitive market in which the sport organisation is but one player contains also the arts, cinemas and cultural organisations. Many of the needs satisfied by the sport product (e.g. excitement, escape, social facilitation) can be satisfied by products from other industries. Today, most sport marketers recognise the importance of satisfying spectators and participants and providing them with service experiences of high quality. Moreover, there is a growing acknowledgment in the sport industry that service quality and customer satisfaction can provide a competitive advantage in the quest for the sport customer's dollar.

**Definitions**

So what are service quality and customer satisfaction? To begin with, service quality and customer satisfaction are both a type of evaluation, and they can both mean different things to different people and in different contexts.

For the purposes of this book, service quality is defined in terms of excellence in accord with Parasuraman et al. (1988) and more recently Lovelock et al. (2001). That is, service quality is the spectator's or participant's judgment about how excellent a sport service or service component is. The more closely the spectator's or participant's perception approximates excellence, the higher their evaluation of service quality will be.

Customer satisfaction, on the other hand, is defined in terms of pleasurable fulfilment in accordance with Oliver (1997). That is, customer satisfaction is a judgment that a sport service, or service component, has provided a pleasurable level of consumption-related fulfilment. Like service quality, customer satisfaction is a matter of degree—that is, the greater the degree of pleasurable fulfilment, the greater the spectator's or participant's satisfaction.

Service quality and customer satisfaction are sometimes referred to interchangeably, but they are distinct, albeit related, constructs. The most readily agreed on and perhaps key point of differentiation between the two types of evaluation is that, whereas satisfaction is experience dependent, service quality is not. That is, a person must experience a sport product to be either satisfied or dissatisfied with it, but no experience is necessary to form perceptions of quality. For example, a general admission ticket-holder of a sport stadium may never have experienced the spectator experience from a corporate suite, but may still have perceptions of the quality of that service.

**Evaluations of what?**

Thus far, service quality and customer satisfaction have both been referred to as evaluations. But exactly what do spectators and participants evaluate? Blakeney (2007) suggests that
the game of Australian rules football (AFL) no longer belongs to the fans, and supports his belief with the fact that during the 1980s and 1990s his St Kilda membership passes had been hole-punched up to fifteen times, yet in 2007 he was lucky to see three games. He believes that the fan now watches most of the games on pay TV and suggests that that is the way the AFL wants it. He argues that the AFL has turned the game into a ‘reality TV show’, snatching the game away from the fan in the outer in the process. For Blakeney, it is apparent the live attendance at the suburban ground was fundamental to his customer satisfaction and he has evaluated that and subsequent experiences accordingly (www.news.com.au/heraldsun/story/0,21985,22982105-5000117,00.html).

In addition to the overall sport service, research demonstrates that sport customers evaluate a virtual plethora of service components, with the customers’ summary satisfaction and perception of quality being a function of many different, ‘smaller’ evaluations.

The sheer breadth of the sport service, and thus the likelihood of multiple evaluations for the one sport product, is evident in the sport servuction model presented in Chapter 7. The model illustrates the factors that influence the sport service experience. The visible part of the model has three components: the inanimate environment, or the facility itself; the contact personnel, such as ushers; and the customers. The model’s invisible part consists of the invisible organisation and systems such as the marketing department. An astute sport marketer recognises that customers can and do form evaluations of the sport product pertaining to each of these components. For example, a spectator at a professional sport event might evaluate the cleanliness of the stadium’s restrooms (inanimate environment), the courtesy and helpfulness of service staff (contact personnel), the management of unruly and annoying co-spectators (customers) and the ticketing (invisible organisation).

An understanding of the sport servuction model helps the marketer comprehend the sheer scope of the sport service and many aspects of the sport service, which contributes to a customer receiving a high-quality and satisfying experience. Furthermore, the model reminds us that things other than those which spectators and participants can see for themselves (i.e. the invisible component) have considerable propensity to influence customer satisfaction and service quality.

The core product and product extensions
Chapter 5 introduces two broad dimensions of the sport service (i.e. the core product and the product extensions) into which individual components of the service can be grouped. In mainstream marketing it has long been realised that customer satisfaction and service quality arise from both dimensions, with many arguing that, in the context of services, these evaluations are most strongly influenced by the non-core components. While sport marketers acknowledge the importance of both dimensions, until recently it was not known which dimension most strongly influenced customer evaluations. Australian research using season ticket-holders indicates that, at least for the spectator service of professional sport organisations, the product extensions contribute most to customer satisfaction (van Leeuwen, 2001). A sport-specific service quality study that simultaneously addresses the differential effects of the core product and the product extensions has yet to be conducted.
The dominant role played by the product extensions in a spectator’s satisfaction is good news for sport organisations because, as emphasised in Chapter 5, it is the product extensions and not the game that fall under the control of sport marketers. That is, the sport marketer can more readily ensure the quality of—and hence manipulate customer satisfaction arising from—such service aspects as merchandise and half-time entertainment than from the game itself.

Up to this point, service quality and satisfaction have been discussed together. The next section will focus specifically on customer satisfaction, addressing the measurement of satisfaction as well as its determinants and the process by which it arises. The latter half of the chapter will focus on service quality.

**Measuring customer satisfaction**

Given that customer satisfaction is so important, it is critical that the sport organisation is able to identify exactly how satisfied spectators and participants are with the overall service, as well as with its individual components. Sport organisations can assess customer satisfaction levels both directly and indirectly, as described by Hoffman and Bateson (1997).

Indirect methods of customer satisfaction measurement include tracking and monitoring customer complaints, sales records, profits and customer retention. Although these indirect measures are useful, they should not be used in isolation. There are many other factors, external to customer satisfaction, that affect the number of complaints an organisation receives, its sales, profits and number of customers retained. Therefore, indirect measures should be combined with direct measures.

Direct measures of customer satisfaction vary. One of the most popular is the ‘very satisfied–very dissatisfied’ approach typically conducted via personal interviews or self-administered questionnaires. Customers are asked to indicate the extent to which they are satisfied or dissatisfied on typically a five- or seven-point scale, where 1 = very dissatisfied and 5 or 7 = very satisfied. This approach can be used for: (a) specific service aspects such as ticketing, staff courtesy and skilfulness of players; (b) broader service dimensions, such as the core product and product extensions; and (c) the entire sport experience, such as the season ticket or club membership.

For additional insight, the ‘very satisfied–very dissatisfied’ rating scale approach should be accompanied by a mechanism to identify why customers are either satisfied or dissatisfied. This can be achieved by simply requesting spectators and participants to identify exactly what was particularly satisfying or dissatisfying about their sport experience. This method has great diagnostic potential, as it enables the organisation both to pinpoint problems and seek ways to remedy them and to identify where the organisation is performing exceptionally well so as to ensure continued good performance. Spectators and participants can also be asked for their opinion on how improvements could be made to the organisation and its services. Sport customers are often highly identified and emotionally involved with the products they consume, and are thus likely to be more forthcoming than most in providing customer satisfaction researchers with this sort of valuable information. If ever proof of the seriousness of fans’ identification with sport teams was needed, the following Sportview provides ample evidence.
SPORTVIEW 8.1

India cricket fans incensed

Throughout its illustrious history, Test cricket has often been an emotionally charged contest; however, this was taken to new heights during the second Test between Australia and India in January 2008. Australia won the Test in the dying moments of the fifth day, but the manner in which the Test was won provided significant debate and consternation, especially on the sub-continent. Due to the unsatisfactory nature of the Australian win, a match significantly influenced by umpiring decisions, a poll in one of India’s leading newspapers, The Hindustan Times, indicated that 91 per cent of Indians believed that the country should abandon the tour and return home. In addition, 84 per cent indicated a belief in Harbhajan Singh’s innocence in relation to a racist charge emanating from the game.

Fans all over India protested in the streets and burnt effigies of the umpires as this cricket-loving nation regarded the developments from the game as a slur on their national character. Although wiser heads prevailed, there is little doubt that the fans’ ire prompted the Board of Control for Cricket in India (BCCI) and the International Cricket Council (ICC) to take the necessary action to ensure that the tour would continue and that an accord be struck between the teams to make sure similar issues did not arise during the rest of the tour.


How satisfied should customers be?

Having conducted a satisfaction study, a sport organisation might identify that 83 per cent of customers surveyed reported being satisfied or very satisfied. The sport organisation will probably give itself a pat on the back for having only 17 per cent of customers less than satisfied. Another sport organisation may be equally self-congratulatory on identifying the average satisfaction rating for its customers as 5.5 out of a possible maximum of 7. However, according to Jones and Sasser (1995), the results for both of these organisations are not as good as one might initially think.

First, given suitable alternatives, less-than-satisfied customers—particularly participants and spectators who are not avid fans (as noted earlier in this chapter)—are highly likely to defect to competing organisations. How many sport organisations can afford to lose 17 per cent of their customer base (remembering the concept of customer lifetime value)? Also, customer satisfaction is a matter of degree, with customers ranging from being just satisfied through to very satisfied (perhaps even delighted). Jones and Sasser (1995) report that, in most circumstances, favourable outcomes such as loyalty and improved financial performance result only from the very highest levels of customer satisfaction. Finally, most customer satisfaction research, at least for studies involving a self-reporting methodology, reveals that the majority of respondents are satisfied (Peterson and Wilson, 1992). That is, there appears to be a propensity among respondents to indicate higher than actual satisfaction levels. In other words, a sport organisation’s spectators or participants may not really be as satisfied as its research indicates they are.
Sport organisations need to identify spectators and participants who are not completely satisfied in order to identify the cause of the less-than-optimal satisfaction and remedy it. Apart from asking survey respondents to identify these reasons via a customer satisfaction study, management can do this through complaint-inducement mechanisms. Two strategies to encourage customer complaints described by Oliver (1997) and suitable for most sport organisations are: (a) free-to-the-customer communication channels such as toll-free numbers and postage-paid feedback cards; and (b) contacts instigated by the organisation, generally by telephone, asking customers whether their sport service has been satisfactory.

The identification and successful handling of complaints has positive implications for sport organisations and the satisfaction of their customers. The work of Bitner et al. (1990), for example, indicates that a well-handled complaint can alter the sport customer’s evaluation of the product in a positive way. In other words, successful complaint resolution can result in what Lapidus and Pinkerton (1995) refer to as second-order satisfaction. The spectator or participant who was initially dissatisfied with some aspect of the sport service can experience satisfaction with the remainder of the service. Essentially, sport organisations should recognise the value of customer complaints. Complaints provide the organisation with an opportunity to identify and fix problems, and consequently satisfy and retain their customers.

**Customer satisfaction determinants**

As noted earlier, it is not important merely to understand how satisfied a sport organisation’s customers are, it is important also to understand why they are satisfied. Therefore a valuable body of research addresses the factors that contribute to, or determine, the satisfaction of customers. The three determinants that appear most regularly in the literature are expectations, perceived performance and disconfirmation. Together with customer satisfaction, these three determinants form the ‘disconfirmation of expectations model’ (DEM) as depicted in Figure 8.1. The DEM is based on the premise that customers form certain expectations of product performance, observe or experience the performance and form perceptions of the performance. It is proposed that these perceptions of performance will be compared with the customers’ originally held expectations (Churchill and Surprenant, 1982; Oliver, 1997). This comparison can result in one of three outcomes—negative disconfirmation, zero disconfirmation (i.e. confirmation) or positive disconfirmation—which in turn influence the extent to which the customer is satisfied.

**Negative disconfirmation** results when performance falls short of expectations. Consider the fan attending the men’s finals of the Australian Open who expects to experience a highly exciting and very close tennis match but who instead views a one-sided event that is over in three quick sets. **Zero disconfirmation**, or simply confirmation, occurs when performance equals expectations. Here our tennis fan experiences nothing more and nothing less than the quality of match they initially expected. **Positive disconfirmation** results when performance exceeds expectations. Our tennis fan not only experiences an exciting and close match but a complete ‘nail biter’; to top it off, they view the event from a fantastic seat and manage to secure their favourite player’s autograph!
The original and simplest interpretation of the outcomes of the three different types of disconfirmation described previously is that satisfaction results from expectations being met or exceeded (with some arguing that delight, as opposed to mere satisfaction, arises when positive disconfirmation is extreme) and dissatisfaction results from expectations not being met. However, as will be outlined later, the outcomes of disconfirmation can vary with the expectation type used (Miller, 1977; Swan and Trawick, 1980).

Although the DEM and various extended versions of it appear regularly in the marketing literature, the model has not made inroads into the sport marketing literature. Nonetheless, some models of sport customer satisfaction have been developed. In the context of spectator sport, Madrigal (1995) found that the affective components of basking in reflected glory (BIRGing), or an individual’s inclination to ‘share the glory of a successful other with whom they are in some way associated’ (Cialdini et al., 1976: 366), together with enjoyment, disconfirmation of expectations, team identification and quality of opponent contributed to customer satisfaction with university women’s basketball games. Also in the context of spectator sport, Wakefield and Blodgett (1994) identified that the quality of the sportscape (i.e. sport facility), as well as crowding, excitement and involvement, influenced spectator satisfaction with the facility.

Perhaps the most comprehensive study of spectator satisfaction thus far is van Leeuwen’s (2001) research using a sample of season ticket-holders from an Australian professional sport league. She accounted for the uniqueness of the spectator product when testing a model of customer satisfaction based on the DEM. Her model accounted for both the core product and product extensions of the spectator sport service, as well as the win–lose phenomenon of sport and the extent to which season ticket-holders personally identify with a sport club (i.e. club identification). The results revealed the importance of considering the uniqueness of the sport service in sport-specific customer satisfaction.
satisfaction research. That is, the spectator's club identification, as well as the win–lose phenomenon, was shown to greatly influence the amount of satisfaction season ticket-holders experienced. The more highly identified the spectator and the more games won, the greater the season ticket-holder's satisfaction. It is worth noting that the season ticket-holder's identification with their club actually had the greatest influence on determining their satisfaction.

**Service quality**

Preceding sections of this chapter have been dedicated to customer satisfaction. This section focuses exclusively on quality. Quality in this book pertains to the perceived excellence of the sport product. The concept of quality in services such as sport is somewhat different from quality in the manufacturing sector. However, it was in the manufacturing sector that the concern for quality was born, and a basic understanding of quality as it pertains to manufactured goods provides a starting point for understanding service quality.

**Goods quality versus service quality**

The 1980s were marked by a quality revolution in terms of manufactured goods. Traditionally, quality had been determined by an end-of-production checking process whereby inspectors checked final products for defects. Inspectors sorted out the good from the bad, placing the defective products on the organisation’s ‘scrap heap’. The quality revolution of the 1980s involved a shift in focus from checking the end-product to maximising the effectiveness and efficiency of the process resulting in the end-product. Thus the first principle of the new quality era was doing it right the first time (Chase and Stewart, 1994), with the ultimate aim being the production of zero defects.

The new way of ensuring quality was attributed to W. Edwards Deming, and is now commonly known as Total Quality Management (TQM). Deming introduced manufacturers to methods of statistical analysis that helped them identify and reduce the variability in their production processes, thus enabling them to produce goods of consistent quality.

Although consistent quality is central to TQM, the zero-defects quality model of the manufacturing sector does not work well for service organisations. This is largely due to the unique nature of the service product, as noted in Chapter 5—especially its characteristic of inseparable production and consumption, whereby the customer becomes part of the production process. For example, the NRL spectator experiences the game as it is produced, as does the netballer or golfer. The involvement of the customer in the production process inevitably results in some degree of variation in the production of the service, and where there is variation there is room for error—or, in TQM terminology, a ‘defective’ service experience. Moreover, even if the quality of the service is without variation, service quality is a matter of perception (i.e. the customer’s perception), and two people who experience the same service may thus have very different perceptions of its quality. This is particularly so in the context of sport, where two customers—whether players or spectators—are barracking or playing for opposing teams. Further, an individual’s perception of service quality may vary from one experience to
the next due to myriad factors which are often beyond the organisation’s control, such as the customer’s mood. The following sportview highlights the disparity in the perceived service quality at one tennis match at the Australian Open in 2008.

**SPORTVIEW 8.2**

In what was to make worldwide headlines, a second-round match at the 2008 Australian Tennis Open between Chilean Fernando González and Greece’s Konstantinos Economidis was stopped as the Victorian Police used pepper spray on a Greek cheer squad whose members, they argued, were engaged in ‘offensive chanting’. Though possibly an over-reaction on the part of the officers, it was hardly surprising given the events of the previous year when Serbian and Croatian supporters were engaged in a serious confrontation. For 2008, tournament officials had clearly stated that there would be zero tolerance for any unruly behaviour at the tournament. While the pepper spray eventually cleared and the match resumed, in the days following the newspapers were replete with arguments for and against the action taken.

The Melbourne newspaper *The Age* ran a subsequent poll asking the public to comment on whether the police’s response at the Australian Open was appropriate. Of the 4359 who voted, 47 per cent indicated that the actions were appropriate while 53 per cent indicated that they were not. In addition, many of those at the match provided written responses to the question, and a number praised the actions of the police and tournament organisers in quelling the supposed disturbance. Conversely, a significant number questioned the heavy-handed tactics of the police and while acknowledging that the fans were loud between points, argued that the Greek fans were neither threatening nor menacing. Moreover, González indicated that the Chilean fans were just as noisy.

What makes this episode so interesting is the polar opposite views that are held regarding the action taken. There is no doubt that, for those in attendance, their perception of service quality would have been directly affected by this incident and their view of the way in which it was handled. Moreover, when future purchase decisions are being entertained, events such as this will form part of the decision-making strategy.


All in all, service quality is more complex and more difficult to achieve than quality in manufacturing. However, sport organisations find it even more challenging to ensure the quality of their products than do other organisations. This is due to the sport organisation’s inability to control the core sport product—that is, the game itself. As mentioned in Chapter 5, the uncontrollability of the core sport product has resulted in marketers focusing on the product extensions. Whereas the game itself is beyond the marketers’ sphere of influence, they can do much to influence the quality of the product extensions of the service, including the half-time entertainment, ticketing processes, merchandise, and design and cleanliness of the facility.
Modelling service quality

Sport marketers can improve the quality of their services by first understanding how service quality is determined. The service quality process can be understood in terms of a number of gaps, as described by Parasuraman et al. (1985) and depicted in Figure 8.2. These are gaps between the expectations and perceptions of three different groups: customers, management and employees. The most important gap, the service gap, is the difference between what customers expect from the service and what they perceive they have actually got. The service gap is a function of four other gaps: the knowledge gap, standards gap, delivery gap and communications gap. Each of these four gaps is described below.

### Figure 8.2
Conceptual model of service quality

1. **The knowledge gap** is the gap between customer expectations of service and management perceptions of these expectations. This gap occurs when what management believes customers expect is different from what customers really expect. For example, the program manager of a community sport centre might believe that players expect hour-long games of netball when they would instead prefer the opportunity to play shorter but additional games.

2. **The standards gap** is the gap between management's perceptions of customer expectations and the organisation's service quality specifications. This gap occurs when the organisation does not have the resources to deliver what the customer expects, or when management is indifferent to providing the expected levels of service. For example, the marketing manager of a professional basketball team may
be aware that season ticket-holders expect opportunities for more interaction with players, but may not see this as a priority. Alternatively, the marketer may be fully cognisant of the season ticket-holders’ expectations but have difficulty meeting them given the numerous other commitments of the players.

3 The delivery gap is the gap between the organisation’s service quality specifications and actual service delivery. This gap occurs when quality specifications are not met, and is typically due to a lack of willingness or ability of the service personnel. For example, even though an aquatic centre’s service charter may stipulate that its service staff be friendly, courteous and helpful to customers at all times, its staff may be either unwilling to go this extra distance for customers or simply not have the customer service and interpersonal skills enabling them to do so.

4 The communications gap is the gap between actual service delivery and external communications about the service. This gap occurs when the organisation promises more in its advertising and other communications than it can actually deliver. A classic example would be a professional sport club’s advertisements promising its supporters a win at the next home game. (A basic premise of sport marketing is that winning is one thing that you can never guarantee and that you therefore shouldn’t promise!)

In summary, sport marketers need to be cognisant of each of these gaps and how they contribute to spectators and participants getting what they expected, and consequently their evaluations of service quality. Sport marketers will be able to improve the quality of their services by identifying and then closing each of the knowledge, standards, delivery and communication gaps.

Measuring service quality: SERVQUAL

Just as Parasuraman et al. (1985) developed the original gap model, depicted in a modified format in Figure 8.2, to enable us to better conceptualise the service quality process, they also later developed the most popular measure of service quality, SERVQUAL. The SERVQUAL instrument is based on the disconfirmation of expectations paradigm and the five service quality dimensions of tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988: 23):

- **tangibles**—physical facilities, equipment and appearance of personnel;
- **reliability**—ability to perform the promised service dependably and accurately;
- **responsiveness**—willingness to help customers and provide prompt services;
- **assurance**—knowledge and courtesy of employees and their ability to inspire trust and confidence;
- **empathy**—caring, individualised attention that the firm provides its customers.

The SERVQUAL instrument comprises two sections. The first is an expectations section, containing 22 statements to measure customer expectations of excellent firms in a specific service industry (e.g. the professional sport industry). Each of these statements pertains to one of the five dimensions mentioned previously (i.e. tangibles, reliability, responsiveness, assurance, empathy). The second is a perceptions section, containing a matching set of 22 statements to measure customer perceptions of the particular organisation within the service industry being evaluated (e.g. Collingwood Football Club).
Customer expectations are measured on a seven-point scale, anchored by the labels of ‘not at all essential’ and ‘absolutely essential’. Customer perceptions are also measured on a seven-point scale, anchored by ‘strongly agree’ and ‘strongly disagree’. The results of the expectations and perceived performance sections are then compared to determine the ‘gap scores’ for each of the five dimensions. Large gaps indicate poorer than expected service, and hence low service quality. The smaller the gap, the higher the evaluation of service quality and therefore the better. As with the ‘very satisfied–very dissatisfied’ approach to customer satisfaction measurement, the SERVQUAL approach enables researchers to assess service quality at the micro-level (e.g. ticketing procedures), the broader dimension level (e.g. tangibles) and the macro-level (e.g. the entire sport product).

Although SERVQUAL is the most popular service quality measure, it has attracted some criticism. The most common criticism is that the instrument’s five dimensions (tangibles, reliability, responsiveness, assurance, empathy) can often not be replicated in different industries. In other words, the dimensions are relevant to some industries but not others. However, most researchers accept that SERVQUAL remains an important diagnostic tool for evaluating an organisation’s service quality performance. Furthermore, and as indicated by its developers, SERVQUAL is an instrument that can help service organisations improve their service by better understanding the expectations and perceptions of its customers. As when measuring customer satisfaction, when using SERVQUAL sport marketers are advised to seek additional qualitative information from spectators and participants, including why they evaluate the service the way that they do, and how the service might be improved.

Measuring sport service quality: TEAMQUAL and QUESC

Given the generic nature of SERVQUAL, its developers readily acknowledged that it should be modified to accommodate the peculiarities of certain industries. Examples of modifications of SERVQUAL in the context of sport are many and varied, including McDonald et al.’s (1995) TEAMQUAL instrument for spectator sport and Kim and Kim’s (1995) QUESC instrument for sport centres. These studies provide evidence of how SERVQUAL, although not perfect, is a good starting point for sport organisations wishing to evaluate service quality.

McDonald et al. (1995) modified SERVQUAL to accommodate the professional team sport spectator service. Specifically, they incorporated additional items into the instrument to account for the multiple-encounter nature of the spectator service (e.g. encounters with ticketing staff, concessionaires and merchandisers). Examples of some of the items pertaining to ticketing staff included ushers giving prompt service, ushers being consistently courteous, and ushers having the knowledge to answer questions. Developed in the United States in the context of professional basketball, their final instrument, TEAMQUAL, comprised 39 items grounded in the five SERVQUAL dimensions.

Kim and Kim (1995) developed their 33-item service quality instrument, the QUESC, in the context of Korean sport centres. Although they used the five SERVQUAL dimensions as a starting point for their research, their final results identified eleven distinct service quality dimensions (ambiance, employee attitude, employee reliability, information available, programs offered, personal considerations, price, privilege, ease of mind, stimulation and convenience). The dimensions they identified support the
industry-specific nature of the service quality construct, and should serve to remind sport managers of the necessity of accommodating the uniqueness of their particular service in service quality evaluations and research. Some of the items comprising the QUESC pertained to the variety of sports on offer, instructions for accessing or using facilities and privacy.

**Expectations: A better understanding**

Having read the previous sections of this chapter, you should now realise that a sport customer’s expectations play an important role in their evaluations of quality and satisfaction. The centrality of expectations to both constructs merits further discussion.

Just as it is accepted that expectations are the standards customers use to compare product performance in order to arrive at a level of satisfaction, so is it accepted that the disconfirmation of expectations process is key to determining perceptions of service quality. What is believed to differentiate the service quality process from the customer satisfaction process, though, is the type of expectation used.

Miller (1977) acknowledged four different types of customer expectations in his research. These were: ideal (can be) expectations; expected (will be) expectations; minimum tolerable (must be) expectations; and deserved (should be) expectations. *Ideal* expectations operate at a wished-for level (e.g. I expect my tennis coach to help me perfect my serve in one lesson). *Expected* levels of performance are much more realistic, and reflect the probable or most likely performance (e.g. I expect my tennis coach to help me improve my serve after several lessons). *Minimum tolerable* expectations reflect the mini-mal level of performance that will be tolerated or considered acceptable (e.g. I expect my tennis coach to improve my serve to the point where I can at least get the ball over the net on most attempts). Finally, *deserved* expectations reflect the performance to which customers believe they are entitled given their inputs or investments (e.g. I expect my tennis coach to help me greatly improve my serve after several lessons as long as I put in plenty of practice by myself too). Another type of expectation falling somewhere between ideal and deserved expectations is what the customer desires.

Service quality studies in accord with the conceptualisation of quality in terms of excellence typically use ideal expectations. Customer satisfaction studies traditionally utilised predictive (will be) expectations (Oliver, 1993; Parasuraman et al., 1988), although studies employing higher-level expectations such as deserved expectations (e.g. Patterson, 1993) and desired expectations (e.g. Swan and Trawick, 1980; Swan et al., 1982) are increasingly common. This trend towards higher-level expectations was necessary because the DEM posits customer satisfaction as the outcome of confirmation and positive disconfirmation but fails to account for the possibility of very low expectations. Yet it is possible that dissatisfaction as opposed to satisfaction, as depicted in Figure 8.3, may result when very low predictive expectations exist (Oliver, 1997; Swan et al., 1982).

It does not make sense that customers would be satisfied if they anticipated a poor service experience and received exactly that. Consider the example of a spectator who watched her favoured team lose the national netball grand final by 27 goals when she had already anticipated that such a loss was likely (i.e. confirmation of low ‘will be’
expectations). Nor does it make sense that customers would be satisfied if they received only a slightly poor service. Consider the case of the lap swimmer who arrived at the aquatic centre on Boxing Day to find his favourite lane crowded, but not quite to the extent he’d imagined (i.e. positive disconfirmation of low ‘will be’ expectations). In these examples, irrespective of the service being equal to or better than expected, it was still nothing to be really satisfied with. In brief, the use of higher level expectations diminishes the possibility of dissatisfaction arising from confirmation or positive disconfirmation.

Irrespective of the type of expectations held by spectators and participants, and the relationship of each to service quality and customer satisfaction, it is important for sport marketers to understand the influence they have over what their customers expect. Expectations are influenced by many factors, several of which are under the control of the sport organisation, including: (a) promises made by the sport organisation—for example, through advertising and other communications; (b) tangible cues in the physical environment, predominantly the sport facility itself; and (c) pricing. Sportview 8.3 is an example of the conundrum sport organisations face in the modern era as they attempt to manage competing customer expectations.

**SPORTVIEW 8.3**

Let’s pump it up!

In early 2008, it was suggested that football in the United Kingdom was unrecognisable from the game that was played in the pre-Premier League era. In trying to ascertain why, debate started amongst fans of the Premier League as to the perceived detrimental effects of new stadiums on fan participation at the event, their subsequent enjoyment of the match and the
experience. Such a view was given a semblance of credence by Manchester United’s Sir Alex Ferguson, who noted the funereal atmosphere at the renovated Old Trafford Stadium.

A number of opinions were offered as to the lack of fan-created atmosphere at many of the venues. One prevalent view was that with stadium standing room for spectators removed and seating only stadiums created, compounded by the development of more corporate spaces, a ripple effect was being created that dampened much of the previous passion. In the process, a different fan base came to care less about the game and more about the result.

Long-standing fans were of the view that clubs were more interested in attracting corporate dollars as opposed to building the kind of atmosphere that traditional fans of all sports hold very dear. Moreover, the move towards membership and reserved seating meant that large groups of fans were often split up, sometimes sitting near families and the elderly which may have had a dampening effect on their desire to be rousing. However, other fans believed that it was not the stadiums that were causing the decline in atmosphere but rather the players’ salaries, which had led to an inability of fans to get behind non-performing, highly paid athletes.

Nevertheless, a number of clubs such as Aston Villa, Wigan, Manchester City and Arsenal have instituted policies and practices which are in part turning the games back to the fans and have impressed on supporter groups the responsibility to ensure atmosphere is improved. Only time will tell whether the atmosphere in the Premier League can match that of its predecessor, but it is apparent that the problem is being recognised and taken quite seriously by some Premier League clubs.

Given the centrality of expectations to service quality and customer satisfaction and the influence that sport organisations can exert on their customers’ expectations, it is essential that sport marketers learn to manage what it is that their customers expect from them. Sport marketers must not promise more than their organisations can realistically deliver. They should ensure that the physical environment with which their customers interact is of the highest possible standard in terms of aesthetic appeal and cleanliness. Likewise, they should ensure that product prices are commensurate with product quality.

Summary

This chapter explored customer satisfaction and service quality. The provision of high-quality and subsequently satisfying sport services was linked to organisational success through a number of positive consequences for the sport organisation, one of the most important being customer retention.

Customer satisfaction and service quality were described as types of evaluations. It was noted that these evaluations can be of the overall spectator or participant service, as well as individual aspects of each service. Given the sheer breadth of the sport service,
it is necessary for myriad factors to be successfully managed in order for customers to enjoy the sport experience and thus evaluate it positively. Due to the uncontrollability of the core product, though, sport marketers must realise that they have minimal influence over perceptions of quality and feelings of satisfaction arising from the game itself. As such, sport organisations must focus on ensuring that the product extensions are of the highest possible standard.

This chapter also outlined ways in which customer satisfaction and service quality can be measured. It is recommended that sport marketers ask their customers not only how satisfied they are and how high they perceive the quality of the spectator or participant service to be, but also why they perceive the service the way they do. This combined approach enables sport marketers to identify things their organisation is doing particularly well, together with those things that need improving. When measuring customer satisfaction and service quality, it is important to note that sport marketers should not be complacent about less-than-excellent levels of customer satisfaction and service quality. Sub-optimal evaluations often present opportunities for competitors, especially when the sport customer is not an avid fan.

In addition to emphasising the importance of identifying the extent to which customers are satisfied and perceive the service to be of high quality, the chapter described the processes by which customers arrive at their satisfaction and quality judgments. Customer satisfaction was shown to arise from disconfirmed expectations of the sport service in accordance with the DEM, with the customer's disconfirmation being the key influence on whether he or she was satisfied or dissatisfied. Alternatively, service quality was modelled in accord with Parasuraman et al. (1985), who conceptualised it in terms of a number of ‘gaps’ (i.e. service, knowledge, standards, delivery, communications) between the expectations and perceptions of customers, management and employees.

In closing, the chapter drew attention to the centrality of customer expectations to both customer satisfaction and service quality. Sport marketers need to acknowledge that customers can hold several different types of expectation, and that evaluations of satisfaction and quality will vary with the expectation type used. More importantly, though, sport marketers must understand those factors that influence the expectations held by spectators and participants, and learn to manage them successfully. Through identifying, understanding and managing expectations, sport organisations will be better placed to provide high-quality and thus satisfying sport services, which in turn may provide them with a competitive advantage in the quest for the sport customer’s dollar.

**CASE STUDY**

**Keeping AFL members satisfied**

*Prepared by Assoc. Professor Heath McDonald*

Over 500,000 memberships of Australian Football League (AFL) clubs are now sold each year, making it a business worth over $90 million. This revenue is vital to the ongoing viability of clubs, and having a strong membership base also enhances prospects for sponsorship and media revenue. Despite the importance of membership revenues to clubs, the management
of membership services had not been a priority for most clubs as they made the transition towards becoming fully professional in the 1990s.

Over the last 20 years, however, member numbers have increased so rapidly that clubs have had to rethink their approach to customer service and service quality. In 1987, there were fourteen clubs in the AFL with a total of 71,000 members. In 2007, with sixteen clubs in the competition, the membership total was 519,000. On average, that is an increase per club from just over 5000 members in 1987 to over 32,000 in 2007.

The rapid growth in member numbers raised a range of problems for clubs, as it would for any organisation. On the practical front, managing a database of 30,000 plus members is far more complex and time-consuming than running one for 5000. Investment in infrastructure such as software and phone systems is needed. Additionally, the ‘member experience’ changes as a function of increased member numbers. Where once it may have been possible to mingle freely with players after games, with tens of thousands of members such casual arrangements are no longer possible. Membership departments in AFL clubs typically were staffed by only one manager and several part-time or volunteer staff, making service improvements difficult.

As a result, it became clear to clubs that, as their membership numbers grew, their practices must be updated and become more focused on providing a consistently high-quality service. The problem was that AFL clubs had very little information about why members joined clubs, what they wanted from their memberships, and member perceptions of the quality of services currently being provided. In order to ensure that they offered the right things, in the right way, research was needed.

Between 2004 and 2007, AFL clubs began to systematically research member perceptions of service quality and satisfaction with membership products. In 2006, for example, fifteen clubs (all except Collingwood) participated in a large-scale survey of club members. The survey aimed to identify the level of member satisfaction with membership services and provide guidance to the clubs on how that satisfaction level could be managed. In total, over 41,000 responses were received across the fifteen clubs, with individual club response levels ranging from 1570 to 3658. For the purpose of comparison, 1500 members from each club were randomly selected and combined into one database (22,500) so that the results were not unduly influenced by clubs with larger response levels. Table 8.1 shows the overall results of that combined sample, highlighting member satisfaction with their membership service.

Two major components of member satisfaction were measured in this research: the perceived performance of services and the importance of those services to overall satisfaction. Satisfaction was measured on a 0–10 point scale, and covered six main areas of the membership product identified as being important to members in qualitative research. These areas include:

- **ticketing** (e.g. seating, packages offered, convenience, etc.);
- **club communications** (e.g. magazine content, email updates, etc.);
- **on-field performance** (e.g. number of games won, coaching performance, etc.);
- **personal involvement** (e.g. voting rights, club functions, recognition of members, etc.);
- **club administration** (e.g. board performance, complaint handling, etc.); and
- **home ground** (e.g. facilities, atmosphere, etc.).
Overall, with an average satisfaction rating of 7.2 on a 0–10 point scale, we would conclude that AFL club members were satisfied with the membership services they received in 2006. Satisfaction scores ranged between clubs from a high of 8.1/10 to a low of 6.1/10.

Also shown in Table 8.1 is the relative importance of each aspect of the membership product to overall satisfaction. This was determined using regression analysis. The results show that, on average, perceptions of ticketing arrangements contributed 25.5 per cent towards overall member satisfaction. Personal involvement was the next most important contributor to satisfaction, at just under 17 per cent. These results can be interpreted as saying that ticketing is two and a half times as important as on-field performance in determining overall satisfaction with membership packages.

Note that importance levels vary between clubs as well. For some clubs, communications were not important at all, while in others they contributed over 15 per cent towards overall satisfaction. This variation results from members’ past experiences and expectations. For example, if members expected to have regular communications from the club and that did not occur, then communications were likely to have a stronger impact on satisfaction than if they had been delivered as expected.
The results are surprising in that they suggest that winning (on-field performance) is less important than providing good service quality and making members feel involved. This is good news for clubs, which can be assured that if they manage the service components of their membership offering well, their membership numbers should not rise and fall dramatically with on-field results. Members, it seems, can still be satisfied with the membership product even if the results of the games don’t please them.

Questions

1. Based on this research, what areas would you recommend club membership managers focus on? Give some specific recommendations of actions they could undertake to improve member satisfaction.
2. Why is on-field performance not the most important thing to club members when they determine how satisfied they are with their annual club membership?
3. How could an AFL club measure the quality of the service it is offering its members?
4. Each year, up to 20 per cent of AFL club members do not renew. What relationship would you expect between service quality, member satisfaction and member renewal? Why would a satisfied club member not renew?
Chapter 9 introduces the sport promotion mix. This chapter provides a model of communication that underpins the communication process and is driven by the AIDA buyer readiness model. The traditional elements of the promotion mix are discussed, including advertising, public relations and publicity, and sales promotion. In addition, elements special and important to sport are added, including sponsorship and promotional licensing. Many of the components of the sport promotion mix are the subject of separate chapters. This chapter introduces these elements and specifically examines the types of promotion and product demand, as well as concentrating on the importance of sales promotion for sport.

After studying this chapter, you should be able to:

1. understand the communication process and the buyer readiness model AIDA;
2. articulate the concepts related to promotion strategy;
3. recognise the components of the promotion mix;
4. establish procedures for selecting the correct promotion mix;
5. develop strategies to determine the applicability of personal selling;
6. comprehend the importance of the escalator principle;
7. develop programs and techniques to increase sales.
HEADLINE STORY

David Beckham: A football celebrity or a celebrity footballer?

It was the shock that reverberated around the soccer world. David Beckham, English captain and Real Madrid superstar, was leaving the cauldron of football's elite and relocating halfway around the world to don the strip of the LA Galaxy and play a game that exists on the periphery of mainstream North American sport. The rationale behind the move was not merely to improve the fortunes of the Galaxy, but rather to reposition a game that to that point languished in a distant fifth place in the panoply of American professional sport. While the initial deal between Beckham and his new owners had a figure of US$250 million attached, it quickly became apparent that the figure was released to promote the association between Beckham, the club and the sport. There is no doubt it worked, as immediate interest in the move was generated. Parenthetically, a more realistic valuation of the deal is approximately US$10 million, when new contract and commercial opportunities are combined. This was in addition to any existing sponsorship deals the soccer superstar might have had.

Following Beckham's arrival in Los Angeles the Galaxy increased ticket sales by a rumoured US$13.5 million, signed a multi-year, multi-million dollar deal with Herbalife and added Delta Airlines to its sponsorship pool. Moreover, there are expectations that the worldwide sales of the new Adidas Galaxy strip will be huge. Once outside the Galaxy uniform, David Beckham owns the rights to his image. Hence all sponsorship deals generated by the athlete will not be required to be shared with the new club, unlike the arrangement which existed at his former club, Real Madrid. In addition, the deal that has been struck between the athlete's management and Galaxy will see Beckham share in the revenue generated through merchandise sales and ticket sales so Beckham will get a share of the gate revenue for each match he plays in.

Tim Leiweke, CEO of Galaxy's parent company AEG, suggested that Beckham would have a greater impact on soccer than any other global athlete had had on any sport. This was more than just a sports story or sport promotion. A fundamental question that needs to be asked is how Beckham became such a huge commodity. It is argued that once his then club Manchester United was listed to be bought and sold on the stock exchange, the fortunes of David Beckham rose accordingly. Sponsorship revenue followed him wherever he played. The Waikato Times reported that his move to Madrid resulted in a million shirt sales, half the team total.

There is no doubt that Beckham has had his detractors. It has been suggested that the MSL put all its eggs in one basket, with primary MSL promotional activity focusing on Beckham as his feats on the pitch have long been placed under the harsh glare of the spotlight. He was demonised for England's failure in the 1998 World Cup and was told after the 2006 World Cup that he was not part of England's future plans. Similarly, prior to leaving Real Madrid, he had had a falling out with coach Fabio Capello; however, he bounced back to help Real win the La Liga Championship.

While Beckham may not have been the greatest player ever to pull on a football boot, there is little doubt that he belongs in the rarefied air of soccer's elite. It is perhaps unfortunate
that Beckham will probably always be thought of as a celebrity footballer rather than a football celebrity. Nevertheless, sporting and public interest will continue to ensure that Beckham is not consigned to a Galaxy far, far away, but will continue to feature for many years yet in both the sport and entertainment media.

Source: Adapted from Goodwin (2007); and Waikato Times, 22 November 2007.

The money-back guarantee

Bill Veeck, the great pioneer in North American sport marketing during the 1940s and 1950s, always argued that promotion must be more than simply amusing or entertaining: ‘it had to create conversation’. His contention was that when a fan left the ball game he had to talk about what he had seen. To this end, he offered ‘the money back guarantee’ (Veeck and Linn, 1962: 119).

In what was a complex world, Veeck articulated three simple principles that set him apart from other sport promoters. He insisted that a city owed nothing to a baseball (sport) team; that baseball (sport) was not a civic monument and had to be hustled; and, most importantly, that ‘every day was Mardi Gras and every fan was King’. In the process of expressing these three principles, Veeck recognised three major dimensions of sport: the fans, the game and the periphery. Furthermore, while acknowledging the importance of a winning team, he argued that the game itself had to be attractively packaged and aggressively promoted, and that the comfort and satisfaction of the fan had to be ensured.

Nevertheless, Kahn (1972) argues that more than anything Veeck liked to win. He contends that Veeck’s objectives were to have a winning team and great promotion—failing that, a winning team and poor promotion, and if all else failed a losing team with great promotion. The fundamental belief in this instance was that great promotion would assist in maintaining consumption or minimise supporter drop-off during on-field decline.

In the Australian context, World Series Cricket during the 1970s, Australian Rugby League (ARL) in the 1980s, the Australian Rugby Union (ARU) in the 1990s and the Australian Football League (AFL) throughout the 1990s and into the new millennium not only heavily promoted their respective core products, they also increasingly highlighted the product extensions. While superstar athletes, media-created celebrities, entertainment, excitement and glamour may have resulted in a different type of fan consuming sport products, the success of night and midweek contests suggests that sport promoters tapped into an emerging sport spectator trend: a trend where the athletic contest is only part of the total entertainment package.

In an era when contemporary sport consumers are derided by long-suffering traditional fans as ‘theatregoers’, it is clear that sport events are no longer confined to the playing field with the spectators ‘looking in from the outside’. Fans are now part of the event, and construct the spectacle while simultaneously consuming it. The ‘Mexican wave’, various team chants, the interaction of team mascots with the crowd and the use of contemporary music are all examples of the nexus between on- and off-field activity.
Promotion is now an integral and vital part of the sport experience. How the sport marketer and promoter manipulate the promotion mix will be vital to the success of the game, and even the long-term viability of the sport.

**Promotion strategy defined**

Broadly, a promotion strategy is a controlled, integrated program of communication designed to present an organisation and its products or services clearly to prospective customers. Furthermore, it communicates needs-satisfying attributes in order to facilitate sales. This in turn contributes to long-term profits. Underpinning promotional strategies is the communication process, and an understanding of such processes is required to enable the formulation of relevant strategies. Communication occurs when an individual attends to a message and attributes importance to it. Once information processing occurs, communication is said to have taken place (Cravens, 1994). Sportview 9.1 is an example of a broad promotional strategy.

**SPORTVIEW 9.1**

**XBox, football promotional alliance**

In October 2005 at a press conference in Amsterdam, it was announced that two of the world’s most omnipresent brands, Microsoft and Adidas, would join forces around football to forge a global alliance. The vehicle to promote this alliance was Microsoft’s new gaming console, the XBox. The press release and console were timed to maximise promotional activity in the lead-up to the 2006 FIFA World Cup, to be held in Germany, the home of Adidas.

As the World Cup approached, XBox kiosks appeared in Adidas stores worldwide. From Europe to the United States, and in both the Northern and Southern Hemispheres, Adidas installed content on the XBox consoles while XBox featured on the Adidas portal for the World Cup. Moreover, both companies were involved in the promotion of the movie *Goal*, and jointly sponsored an MTV soccer-focused series in the lead-up championship in Germany. Finally, the alliance supported football-related grassroots initiatives by holding and supporting events where these activities took place.

The alliance between Adidas and Microsoft merged sport and entertainment in the youth culture environment and manifested itself in promotional activities in the electronic and physical environments with which this group was so intimately engaged. Peter Moore, the corporate vice-president of worldwide marketing and publishing for XBox at Microsoft, suggested that the Xbox 360 was the place where the inextricably linked sport, lifestyle and video games intersected to ‘amplify the sports experience’.

Given that FIFA has extended the relationship with Adidas through the World Cups of 2010 and 2014 by granting the company official partnership, sponsorship and licensing rights, the potential of the alliance between Microsoft and Adidas to use the world game to promote new generations of their respective products to a global audience is unparalleled.

*Source: Adapted from www.associatedcontent.com/article/10854 and Marketing Week, 6 October 2005.*
DeVito (1999: 5) notes that ‘communication can vary from self-thought through to that which may involve millions of people.’ For example, think of the number of spectators who watched the 2004 Olympic Games or the 2006 World Cup football on television. Also think of that individual in front of the television willing his team/athlete to be victorious. The spectator is engaging in intrapersonal communication at the same time as experiencing very public communication.

Conceptually, communication involves the message context and source, the intended receivers, the encoding and decoding processes, message pathway and interference (or noise) and the outcomes. However, as these variables are broken down, the true complex nature of communication is realised.

DeVito (1999: 9) suggests that ‘there are four contexts for communication… the physical, cultural, socio-psychological and temporal.’ Significantly, all are relevant to the sport experience. The physical context refers to the space in which the communication takes place. An example of this is the difference in crowd behaviour at various sporting contests. The spectators at a Super 14s game at Aussie Stadium in Sydney will be far more vocal during the play than a tennis crowd in Melbourne during a final of the Australian Open. While it is perfectly acceptable to abuse the referee—albeit in a witty manner—at a football match, the same cannot be said for tennis. Similarly, different cultural groups may require, and exhibit, different communication processes. Witness the differences between the motorcycle fan at Phillip Island and the polo spectator at Werribee. In both instances, the communication process may alter according to other variables, such as the closeness of the score, injury or even changes in the weather. This exemplifies the social-psychological context. Finally, the temporal context relates to the position of the message in time and space. A favourite team or athlete winning would be cause for celebration, whereas a loss—especially an unexpected one—could result in sadness and a desire to be alone. A winning performance is likely to result in different patterns of communication from losing. Note the article that appeared following Fiji defeating Wales in the 2007 Rugby World Cup.

On 5 October Manoj Kumar, deputy editor of the Fiji Times, reported the utter disbelief of the Fijian nation as their World Cup rugby team had beaten the Welsh Dragons and progressed to the final eight of the Rugby World Cup for the first time. According to Kumar (2007), the ‘victory over Wales saw men, women and children from all walks of life move away from the stereotypes that have bedevilled Fiji and hit the streets at 5 in the morning, celebrating as if Christmas had come early.’ Although defeated in the final quarter by the eventual championship winners, the South African Springboks, for a brief moment the Fijian performance against Wales had the small Pacific nation believing that on their day they could beat the best in the world.

Once the context has been established, any resultant message is both encoded by its source and decoded by its receiver. Messages do not always need to be verbal, as non-verbal cues are often more powerful. The use of a previous elite performance to promote an upcoming event is an example of this.

However, it is important when messages are encoded—whatever the medium—that they are not so abstruse as to confound the intended receiver. Reebok’s clever yet somewhat mystifying television ad in the late 1980s, which featured the slogan UBU, left many viewers scratching their heads. This advertisement was eventually pulled, as
the message of individuality, non-conformity and independence was lost on the intended audience. DeVito (1999: 9–11) suggests that ‘understanding how communication works (communication competence); cultural specificity, acquired knowledge and previous experience are all critical to an appropriate encoding/decoding process’.

The greatest inhibitor to successful message conveyance is ‘noise’. Noise can be physical, psychological, or simply an unintended interpretation or decoding of a message. The effective sport promotion uses a simple, non-confronting, unambiguous message to highlight a service or product. Adidas’ ‘Impossible is Nothing’ is one obvious example of this.

Finally, the intended consequence of the communication process is to produce a change in behaviour. In most instances, it is to predispose the intended recipient towards the product or service featured in the message. Ultimately, the desired outcome is usually the consumption of the product or service.

A response model
As well as understanding the communication process, it has become increasingly apparent that there is a need to comprehend the buyer readiness model that essentially drives the communication process. Whereas communication models are generally driven from the producer, buyer readiness models are driven by the end-user. According to Belch and Belch (2001), there are three main categories of response models: traditional response hierarchy models, alternative response models and integrated information response models. Within each category, there are a number of sub-categories. This section focuses on the AIDA model, which is one of the four traditional response hierarchy models. All four models comprise a cognitive, affective and behavioural stage, with AIDA an acronym for attention, interest, desire, action. In this instance, the promotion aims at getting the consumer’s attention, creating an interest in and a desire to purchase the product or service, and finally engaging in an exchange process, which usually involves the actual purchase.

Thompson (2002: 1–2) reported in the American Banker on a program that the Maryland-based Columbia Bank ran with Baltimore Orioles affiliate the Bowie Baysox. The bank provided incentives for the team to play good defence, which in turn would benefit the local non-profit organisation, the Bowie Regional Arts Vision Association. The Association received $100 for every error-free game the Baysox played. By the end of the 2002 season, $4000 had been donated by Columbia Bank to the non-profit organisation. The ‘Don’t Drop the Ball’ campaign was devised to coincide with the opening of the new Bowie branch of the Columbia Bank as a means of getting the bank known in the local community. In this instance, the bank not only sponsored a sport team, but also provided funds to a local organisation. Moreover, Columbia Bank marketing manager Eric Jones suggested that it not only got the bank excited but also ‘helped the Baysox have a few more fans’.

More recently, the 2008 Medibank International Tennis Tournament held in Sydney incorporated within the tournament a promotion entitled Medibank Private Aces for Charity. Each day of the tournament, one match was selected and for every ace served during that match $100 was donated to charity. Over the week of the Tier II Tournament,
$9000 was raised for the Juvenile Diabetes Research Foundation. Three of the matches featured the hard-hitting Australian Chris Guccione and these realised $6700.

Although both the Columbia Bank and Medibank Private promotions are more about brand awareness than product purchase, such promotions often soften the marketplace, making the consumer more receptive to the overtures of the sponsor. Moreover, the engagement of both organisations’ promotions with the respective charities reinforced the social responsibility of these and other like-minded organisations. In the end, such activities may be a tipping point for product purchase.

**Promotion and product demand**

As previously indicated, the ultimate goal of promotion strategy is to stimulate demand for a particular product. However, before strategies are developed there is a need to understand the type of demand that exists, which may be:

- generic; or
- brand; and
- direct or indirect.

Generic demand is the demand for a particular product category. At a national level, a government policy may promote sport and recreation as a means of raising health and fitness levels among the population at large. In this case, tennis clubs, fitness centres, sports stores and recreational and tourist accommodation can all benefit from the generic campaign. Occasionally a market leader unilaterally engages in generic advertising when industry sales are down.

At a league, competition or association level, sport marketers engage in promoting the sport or competition while leaving clubs to their own marketing devices. For example, during the Australian Open Tennis Australia will create a generic demand for tennis by promoting the sport in general. It is then up to local clubs and associations to establish localised promotion strategies, allowing them to tap into the generic demand.

Most consumer promotion is directed towards boosting brand demand. Sportview 9.2 is a classic Australian example of this, featuring two well-known spokespeople and an iconic brand.

---

**SPORTVIEW 9.2**

‘Valvoline—you know what I mean!’

In October 2008, the *Sydney Morning Herald* announced that the new face of Valvoline would be the captain of the Australian cricket team, Ricky Ponting. Long the domain of iconic Australian broadcaster John Laws, Ponting’s multi-million, multi-year deal with the oil company further enhanced his already considerable promotional appeal. The addition of Valvoline to a range of endorsements that includes Rexona, Gillette, Kookaburra, HarperSports, computer games and the Indian Bank ING Vysya had, according to the newspaper, ‘sent his earnings into another stratosphere’. However, while the newspaper went to great lengths to enumerate...
Ponting’s current and potential earnings, it only referred in passing to the fact that for many years the name John Laws had been synonymous with Valvoline products. John Laws, affectionately known as the ‘Golden Tonsils’, was involved in Australian broadcasting for over 50 years. He had been a recording artist, an author, a columnist and a television host and had been described by former Australian Prime Minster Paul Keating at the gala dinner held in his honour to celebrate 40 years in broadcasting as ‘the broadcaster of the century’ (http://svc028.wic002tp.server-web.com/5Milestones_Bio.html). Moreover, Laws’ avowed affection for the land, his background in rural Australia and his craggy earthy appeal made him the ideal spokesperson for the Valvoline line of products.

However, the transition from a broadcaster to a cricketer as the Valvoline spokesperson is not as incongruous as it may first seem. Both have their roots in regional Australia, both have been dubbed larrikins in their time and both have enormous appeal across Australia at large. The choice by Valvoline to utilise initially Laws and now Ponting to promote its range of products is the clearest indication that when you want to successfully promote a product to a wide Australia, you have to use a large Australian. ‘You know what I mean.’


The majority of consumer promotion is an attempt to stimulate direct demand for a specific product. Sporadically, a manufacturer may promote an element of a product, which may stimulate demand for that component, which in turn may directly stimulate indirect demand for a particular brand. For example, lycra manufacturers promote the attributes of lycra, which indirectly stimulates demand for products made using the substance such as fitness and cycling apparel.

Irrespective of the type of demand, the audience targeted by the promotion strategy invariably remains the same. Current and future customers, stockholders, the public at large and special-interest groups are all existing or potential consumers. However, responses to promotion strategies will vary based on myriad consumer behaviour factors (discussed in Chapter 3) and models of response such as AIDA. Acknowledging such differences, sport promoters need to tailor marketing strategies in order to attract specific consumer groups. This is done by fully comprehending the stages in promotion strategy development and then manipulating the promotion mix.

**Stages in promotion strategy development**

In establishing promotion strategy development, an organisation needs to undertake the following steps.

As Figure 9.1 shows, first an initial analysis of the specific situation is required, when the following questions should be addressed: What is the general direction of the firm in the prevailing social and economic climate? What are the product or service’s strengths and weaknesses compared with those of the competition? Are there legal, technological or distribution issues that need to be factored into the decision-making?
Once an analysis of the situation has been undertaken, objectives need to be developed. Considerations here should the composition of the target market, what the sales objectives are and, equally importantly, the message to be communicated.

Once the objectives are known, programs need to be established that will enable the objectives to be accomplished. These may include the creative and media strategies to be employed, the sales promotion to be utilised, reseller support programs, and the budget that underpins the breadth and scope of the programs.

Concurrently with program execution, a system of evaluation, or for monitoring the effectiveness of such strategies, needs to be rigorously implemented. These evaluative mechanisms need to be specifically linked to the stated objectives. By clearly defining the stages in promotion strategy development, an organisation not only establishes a framework for future activities but also, by constantly using it as a reference source, creates an excellent evaluative mechanism.

**Defining the promotion mix**

World Series Cricket (1977–79) provides one example of the multi-faceted nature of the promotion mix. World Series Cricket was positioned as an alternative to the traditional game. In the process, it not only used the best athletes the sport had to offer, it also radically altered the tone of cricket by creating stylistic changes in the game's production and presentation. In numerous ways, the sport was repackaged as a television spectacle to captivate the home viewer. Multiple camera angles, coloured uniforms, on-screen graphics and various auditory devices were introduced which elevated the entertainment level of the game. Sport and entertainment fans in general, not only cricket devotees, were captivated.
Simultaneously, other promotion strategies were implemented—at the ground, on television, on radio, in newspapers and magazines and in department stores and supermarkets across the country—which resulted in multiple layers of cricket consumption. World Series Cricket sold books, fruit, paint and even lunchboxes, as well as cricket apparel. Furthermore, the catchy song used to promote World Series Cricket (‘C’mon Aussie, C’mon’) became one of the most popular tracks on Australian radio. Commenting on the song, Haigh (1993: 220) indicated ‘top rating [Sydney] radio station 2SM played “C’mon Aussie C’mon” until its needles were blunt’.

The message World Series Cricket communicated through its promotional strategy was one tinged with excitement, glamour, aggression, superstars and non-stop entertainment. Judging by the numbers that turned up to see World Series Cricket’s limited-overs games, it is obvious in hindsight that the successful promotion strategy adopted by the organisation for cricket worldwide also marked a watershed in sport marketing in Australia.

The promotion mix consists of advertising, public relations and publicity, sales promotion, promotional licensing and personal selling, which includes sponsorship and telemarketing. How these elements are combined, and in what measure, depends on the target market, the organisational objectives and the promotion strategy that is to be utilised. Annually, the Melbourne Cup is probably one of the best contemporary examples of the promotion mix. Francesca Cumani (2007: 47) contends that there is unparalleled excitement in the weeks leading up to the annual horse race. ‘From the fashion and the shop displays to the talk around town at dinners and in the street, to the daily newspaper articles and the conversations with the dry cleaners and green grocer. Everyone has a tip on the big race and it’s infectious.’ The Melbourne Cup uses all facets of the promotion mix from media bombardment to word-of-mouth to ensure the success of the annual event. For many it is the event that must be attended, and for those unable to attend, all work briefly ceases and crowds gather around available television sets to watch ‘the race that stops the nation’.

**Advertising**

Advertising is a non-personal communication by an identified sponsor. This is the most obvious form of sport and event promotion. On a regular basis, sport producers such as the NRL, the NBL and the ARU advertise their products on television and/or radio, as well as in the daily newspapers, with the intent of informing potential consumers and shaping their choices. In regard to events, this information would contain the names of the sponsoring organisation and the organisation paying for the advertisement, the time and place of the event, the featured acts, sports or athletes, perhaps cost and invariably a telephone number for further information. Advertisements for a fitness centre could include information about the range of services offered. Advertisements for sport equipment such as tennis racquets could include the particular facts of the equipment and also, for specific versions, technical specifications.

The major advantage of advertising is that the advertiser can control the time, placement and content of the advertisement. The major disadvantage is cost per exposure per consumer, especially with mass advertising. An expanded analysis of the role of advertising in sport marketing is presented at length in Chapter 10.
Public relations and publicity

Two other forms of communication are public relations (both proactive and reactive) and publicity. Public relations is discussed at length in Chapter 15.

Publicity is a non-personal communication that is neither paid for nor sponsored by a promoting organisation. The best example of this is the amount of copy, space and time given to sport and related activities in the media. The various football codes dominate the back pages of newspapers during the winter, while cricket predominates during the summer. Less regular publicity is given to sports like basketball, netball, motor racing, hockey and bowls. Activities such as golf, tennis and horse racing may attract significant publicity at specific times of the year. The Tennis Grand Slams, major international golf tournaments and the Melbourne Cup all feature heavily at the appropriate time. Moreover, similar scenarios occur whether on television or radio or in the newspapers.

The major advantage of publicity is that it is free. However, the disadvantages can be numerous. The relevant sporting body cannot control the time and placement of the story, nor can it control the slant a particular journalist or writer will place on a story. Undoubtedly, publicity can be either positive or negative, and it is thus up to sports to promote the former and minimise the latter. Similarly, it is incumbent on sport promoters to have a public relations strategy in place to negate the effects of adverse publicity. The need for publicity is also discussed in Chapter 15.

Sales promotion

Sales promotion is the set of promotion activities that stimulate and support advertising, personal selling and publicity. Usually such activities are temporary in nature and may involve price or non-price strategies.

Sales promotion based on price invariably involves ‘two-for-one’ deals, group discounts or, in some circumstances, ‘half-price tickets’, which is a popular concept in the theatre industry. In July 2002 the NRL reduced game ticket prices for the remainder of the season in an effort to swell crowds at rugby league games. Promoted on the basis of making the game more affordable for the family, by illustrating pricing comparisons with its major competitors, the promotion was an instant success, with bigger crowds for the ensuing games.

The use of giveaways, such as caps, drink bottles, posters or sport memorabilia, is an example of non-price promotion. Although such promotion can occasionally offer an adult premium, more often than not it is directed towards children, which in turn influences family attendance and consumption. Spolestra (1991: 12) contends that ‘for a premium to excite fans enough for them to buy tickets, the premium needs to have a perceived value equal to the price of the tickets’.

Irrespective of whether the sport marketer chooses to run with a price or non-price promotion, Spolestra also argues that energies should be directed not to increasing average attendances but to increasing the number of sold-out games, which will boost average attendances.
Personal selling

Personal selling is paid personal communication by an identified sponsor. It uses oral presentation to prospective consumers or purchasers. Evans and Berman (1987) suggest that the key features of personal selling are:

- identifying prospects;
- determining the customer’s needs;
- selecting a sales strategy;
- communicating with the buyer; and
- evaluating the sales strategy.

The two most obvious varieties of personal selling are the ‘face-to-face’ presentation and the increasingly common telemarketing.

Face-to-face presentation

Face-to-face presentation is most closely related to sponsorship, and the growth of this component of the promotion mix in the sport marketplace was exponential over the latter half of the twentieth century. This is evidenced by corporations such as Toyota (AFL), 3, the Commonwealth Bank, KFC (Cricket Australia) and Telstra (NRL), which are prepared to invest a significant part of their marketing budget in direct sport sponsorship. The fundamental underpinning of this position is the belief that sport, especially on television, delivers a captive audience to the company. As a result, organisations are prepared to pay large sums in an effort to connect with clearly segmented consumer markets. This issue of sponsorship is discussed in depth in Chapter 13, but Sportview 9.3 is a brief example of the importance of this dimension to sport promotion.

SPORTVIEW 9.3

Lewis Hamilton: The sponsor’s dream!

The year 2007 will go down in Formula One (F1) history as the year when a young English rookie was one point away from securing the world title in his debut season. McLaren’s Lewis Hamilton quickly consigned Michael Schumacher to the ages and rapidly placed himself at the forefront of household names such as Alonso, Coulthard, Fisichella, Massa and the eventual 2007 F1 World Championship winner Kimi Raikkonen. Although Motorsport boss Max Mosley was quoted in the Sydney Morning Herald on 1 November 2007 as rubbing suggestions that Formula One could not afford to be without Hamilton and offered the opinion that ‘Lewis Hamilton was over-hyped’, there is no doubt that Hamilton was one of the new sport star success stories of the year. Talented and handsome, the black athlete reinvigorated interest in a sport that was increasingly being seen as passionless, without soul and mired in official hearings related to spying (McLaren) and breaching fuel temperature regulations (Williams and BWM Sauber).

So meteoric was Hamilton’s ascendancy to the rarefied air of F1 drivers that he left England and took up residency in Switzerland, ostensibly to escape the fishbowl environment of living in the United Kingdom. However, given Hamilton’s potential earnings in the coming
years, and given Swiss tax laws, there is little doubt that the decision to relocate will result in significant tax savings for the driver. The News of the World website suggested that Hamilton was set to become the wealthiest athlete in the history of British sport, and that a successful career could result in billion pound earnings for the 20-year-old (www.newsoftheworld.co.uk/1111_hamilton.shtml).

So what does all this mean for Hamilton’s sponsors? The magnitude of Hamilton’s sponsorship potential will no doubt be realised over time, but on 22 October 2007 TimesOnline reported that the cosmetic company that decided not to go ahead in 2006 with a £50 000 sponsorship of the then unknown would be paying £5 million a year later (www.timesonline.co.uk/tol/sport/formula_1/article2710001.ece).

Telemarketing

Telemarketing is not as advanced in Australian sport as it is in North America, but the concept is well known for other products and services. Insurance companies, credit card organisations, banks, telecommunications agencies, the tourism industry and general market research firms are constantly in phone contact with Australian homes, day and night. By accessing existing databanks, the telemarketer usually has some knowledge about the potential client’s consumption patterns. In North America, the selling of season tickets and requests for alumni contributions to universities are clear examples of telemarketing. There, representatives of the respective organisations phone previous or current consumers (i.e. fans or students) in an attempt to either initiate or elevate patterns of consumption. Relevant information is held in existing databanks.

In the case of university students, alumni are asked to recall their positive experiences with the university and then requested to pledge a donation—either one-off or continuing—to one or a number of universities. At the forefront of many such requests are college athletic programs. Such donations may assist capital works programs, student athlete scholarships, or ongoing awards and honours. Whatever the case, the donation, gift or commitment is usually solicited by telephone and relies on known information about the client.

Similarly with season tickets, at the end of one season an organisation’s telemarketers quickly need to swing into action for the next. Existing season ticket-holders are quizzed as to their future intentions, and lapsed members and season ticket-holders can once again be reminded of membership benefits. Both current and previous consumers should be well known to the organisation through in-house databases. By pre-selling a large percentage of seats, merchandise and services an organisation establishes its product as a premium article, which assists not only in sponsorship development but also in future pricing strategies.

While the former are examples of telemarketing at a macro-level, this promotional tool also has strong relevance to community sport. Local recreation centres can canvass former clients as to the reasons for their failure to continue to use the facility’s services and, in the process, discern how their needs are currently being met. The benefits of doing this are numerous: the centre can be made aware of service shortfalls, and it may also be apprised of changing demographics or psychographics within the catchment
Likewise, information regarding the facility’s services can be provided to local industry with the intention of assisting the latter to conduct its business. This can take the form of offering group or corporate rates for specific programs or services, conducting ‘contra’ arrangements where relevant expertise or products are exchanged, or even providing on-site consultancy and health, fitness and well-being services. In many cases, it is the function of the telemarketer to initiate interest and, if appropriate, instigate some action.

Finally, the local junior sporting club engages in a form of telemarketing when it contacts parents and interested individuals to assist in the operation and organisation of the club’s affairs. Money is not always the focal point of the request: more often than not it is labour, time and expertise. Nevertheless, conceptually it is the same as telemarketing for season tickets, for alumni support, or for tracking information on fitness centre defection. In each case, there is an exchange process taking place with the intention of creating a win–win situation. The exchange may not always involve physical goods, as feelings, perceptions or beliefs can form part of this process. Nevertheless, benefits and costs are clearly established and comprehended by both parties to the agreement. If this happens, the telemarketer has done their job well.

Promotional licensing

According to Irwin et al. (2002: 242), promotional licensing ‘is the act of granting a second party permission to use a mark, name, symbol or likeness’. Interestingly, the authors believe, and provide evidence, that ‘promotional licensing as a promotion strategy may have reached its zenith in the mid-1990s with a 100 per cent increase in sales of major US sport merchandise between 1990 and 1994 but with only 5 per cent increase in sales in the ensuing five years’ (2002: 242–3). Stotlar (2002: 57) suggests that during the 1990s, licensing and merchandising suffered significant losses as a result of the fall in high demand from the volatile teenage market due to changes in fashion. However, he does indicate that it is not all doom and gloom as corporations such as Nike have established a decade-long worldwide $432 million contract with Manchester United to manage their program. Reebok and Adidas are also omnipresent, not just in the sport market but also in the wider youth markets, as both have non-traditional sport brand categories, DGK with RBK with DGK and the Stella McCartney range with Adidas.

Licensing can involve the use of a logo, an association, the right to designations such as ‘official’, the right of service or the privilege to conduct promotion activities. Merchandise examples of sport promotional licensing are numerous. Caps, shirts, windcheaters, jackets, scarves and keyrings are merely the tip of the iceberg in licensed goods. Products on supermarket shelves, in service stations and in hardware stores often carry the name of a sport, team or athlete, which on sale will return a percentage to the licensing agent.

There is no doubt that the growth in promotional licensing over the past decade has been prolific. However, in some instances it has created dissent as to the use of trademarks, images and logos. These issues, and others, are discussed at length in Chapter 16.
Selecting the promotion mix

Selecting the correct promotion mix is potentially one of the more difficult decisions facing the sport promoter. As is the case when selecting the appropriate marketing mix, the blend of promotion activities engaged in to entice the consumer must reflect the type and nature of the product or service and the specific characteristics of the consumer. Not only would a billboard on a major freeway for a marginal sport or niche product be inappropriately placed, the expense involved would be disproportionate to the ‘cost per exposure’. A combination of selected advertising in a sport-specific magazine, publicity in local or community newspapers and telemarketing using in-house databases would be a more appropriate way of connecting with potential consumers. Conversely, national sporting organisations employ promotion strategies such as national advertising on radio, television and newspapers; they promote sport-specific magazines; they are the beneficiaries of a colossal amount of publicity across all media; and they engage in telemarketing and personal selling to boost attendances at events. Here the use of billboards on major arterial routes would be most appropriate, especially if a significant event in the sport were about to occur such as a final, a playoff, a State of Origin match or a blockbuster match-up.

Yet it is equally important for local, community and regional clubs and organisations to establish an appropriate promotion mix. Moreover, while the scope and size of their mixes may be vastly different from those experienced at national or professional level, conceptually they are very similar.

Sales promotion, ticketing and participation

In 1995, the Sydney Swans chief executive officer undertook a series of research projects that enabled the organisation to formulate a promotion strategy aimed at ‘selling’ the team to what the chief believed to be a potential AFL spectator base in Sydney of 650 000. In June 1996, Smith (1996a: B6, 1996b: 42) reported that on the basis of this research the club had launched a series of acquisition, retention and cross-selling programs that led to a 50 per cent increase in membership, the development of a solid database, a strategic alliance with Easts Rugby League Club, Swans-link—a transport joint venture with the New South Wales Department of Transport—and a four-fold increase in the sale of Swans merchandise.

The impact of the promotional activities undertaken by the Sydney Swans on match attendance and club membership is one of the success stories in Australian sport. In 1997, a record crowd of 46 168 witnessed the last home game of that season and by 1999 the club had an unprecedented 31 000 members. Moreover, the trend continued into the new millennium.

Since 2000, attendances at home matches at the SCG have averaged 26 000. In addition, as of 2002 the Sydney Swans began playing a small number of home games at the Telstra Stadium (now ANZ Stadium and formerly the main stadium for the Sydney 2000 Olympic Games). In the six years since 2002, attendance at the Swans ‘other’ Sydney home has averaged 47 000. The Sydney Swans played off for the AFL premiership in 2005 and 2006, winning the coveted award in 2005.
By undertaking the initial research in 1996 and implementing a number of key recommendations, the Swans’ management demonstrated a fundamental knowledge of the attendance frequency escalator principle discussed below, and instigated programs and techniques to boost sales. The success of the strategy has clearly been demonstrated over the subsequent decade.

The attendance frequency escalator

One of the key issues facing the sport industry is how to encourage existing consumers to elevate their levels of involvement at the same time as introducing new consumers to sport products and services. This is as true for recreational activities and merchandise as it is for professional sport.

The consumption of sport was initially thought to be analogous to a staircase. Consumers would make an initial foray into the product by purchasing a single game ticket or buying a single piece of apparel or merchandise. The consequences of an incorrect choice would not be great. Once the consumer was happy that the right decision had been made, they would increase their level of consumption to a degree with which they were comfortable—in other words, they would take a number of steps up the sport consumption staircase. Marketing was focused on the new consumer, ignoring the contribution that an existing member, fan or participant could make to the sport or organisation. (Potentially, the satisfied customer is in fact an organisation’s best salesperson.)

While the staircase analogy may have had initial applicability to the sport industry, the sheer complexity of potential sport consumption choices created the need for a framework that exhibited greater flexibility and fluidity. Furthermore, the initial staircase structure did not allow for non-direct consumers or non-consumers. The frequency escalator provides a mechanism for tackling such shortcomings.

Mullin (1985b) contends that the distribution of existing consumers ‘is a continuous series of steps on an escalator that runs from one through to the number of games in a season.’ Conceptually, this can be applied not just to the sport spectator but also to the snow skier, fitness centre member, tennis player or golfer, who may indulge in their activity of choice from infrequently to daily. When these are combined with pre-consumers, who are divided into non-consumers and indirect consumers, the possible levels of consumption are vast. Hence the escalator principle recognises both the fluid nature of consumption and the increasing levels at which consumption is possible. To explain the process, Mullin (1985b) created the categories shown in Figure 9.2.

Non-consumers

While non-consumers may be divided into aware and non-aware categories, establishing promotion strategies aimed at such groups is problematic. The sport promoter either does not know the constituency of the group or realises that a conscious decision not to consume the sport offerings has been made. While advertising campaigns that both inform and educate may have some success in introducing new consumers to a product, such strategies are little more than one part of an extensive promotion campaign. Nevertheless, non-consumers are now a significant part of the sport consumption process and need to be acknowledged accordingly.
Indirect consumers listen to sport on the radio, watch it on television, read about it in the newspapers and discuss it with friends and colleagues. In all respects, this group is extremely important. If fans refused to listen to or watch the game, buy the merchandise or associate the sport with a particular manufacturer, the potential for corporate involvement in sport would be severely limited. Only 16 000 tennis fans can watch the
ladies’ and men’s final of the Australian Tennis Open live, but many millions can be transfixed by the event on television.

Here it is the task of the sport marketer to attempt to convert the indirect consumer into one who purchases the live or actual experience or commodity. Given that in most instances such consumers are predisposed towards the sport product, the inducements that can be utilised to offer the ‘one-off’ experience are numerous. Moreover, if such inducements are tied to an appropriate advertising campaign, the potential to add to the direct consumer base is enhanced. Nevertheless, it should be recognised that indirect consumers are an integral part of any attendance or participation act, and as such their level of commitment must be appreciated and acknowledged. Moreover, strategies should be implemented that ensure their ongoing support at the level with which they are comfortable. Junior supporters’ clubs on television, sport-specific magazines and home pages on the internet all provide for a specific level of sport consumption.

Direct consumers
Direct consumers are categorised into light, medium and heavy users, and promotions should be designed to encourage consumers to move towards the heavy end. Shilbury (1994b) suggests that sport marketers should initially aim for a 60 per cent heavy, 10 per cent medium and 30 per cent light combination of consumers, and this idea has merit. The selling of 60 per cent of tickets pre-season enables early financial strategy and fiscal planning, while the 10 per cent allocated to medium users, or mini-season ticket-holders, provides a mechanism for light users to elevate their level of consumption without making the leap to a full season ticket. This is especially important in sports such as basketball, where the season is invariably long and many games are played. By reserving 30 per cent for the walk-up crowd, the sport marketer ensures access to infrequent game attenders, first-timers and fans who want to see an individual game due to a strong match-up, star players or game promotion.

The advantage of this ticketing strategy is that it allows for fluidity in fan movement. The suggestion inherent in the sport attendance frequency escalator is that the consumer is moved by the sport or organisation towards higher levels of consumption. It also argues that, given the variety in light, medium or heavy use, the movement from one category to the next is rather seamless, with a relatively ill-defined transition phase. This is in contrast to the sport participation staircase, where the consumer makes a conscious decision to move up to the next consumption level. In this case, stages are discrete and may be mutually exclusive. The key issue related to the sport attendance frequency escalator is: How do sports encourage higher consumption levels? Strategies and programs need to be developed that will not only enhance awareness of the benefits resulting from additional investment on the part of the consumer, but also result in increased sales.

By encouraging different levels of participation and hence segmenting the market, the sport marketer strives to ensure maximum consumption of the event—the sellout. It should not be forgotten that the first objective of sports attendance is to sell out the stadium. The second objective is to repeat the first as often as possible. Spolestra (1991) argues that it is much more fun to go to a sold-out event than one that is only half-sold. Sellouts create premium tickets, which in turn elevate the profile of the event. This in turn enhances the desirability of the product, which itself leads to increased sales. Once
an event has been sold out, the sport marketer can focus attention on providing excellent service to the fans on hand.

However, the sport marketer should not create a perception of a sellout merely in an attempt to create premium tickets. In the 1990s, the Sydney Kings organisation had to work assiduously to combat the notion that their basketball games were always sold out. Although this was not the case, basketball fans—believing this to be true—often stayed away from games when excellent seats were still available.

Programs and techniques to boost sales

The four major areas that need to be concentrated on with respect to sales are:

- indirect consumers;
- light users;
- medium users; and
- heavy users.

While the first three groups are encouraged to elevate their usage level, anti-defection programs need to be implemented for the heavy usage category in an attempt to prevent them from ‘falling off’ the escalator.

Indirect to light

Converting indirect consumers to light users is not so difficult, and is best accomplished using advertising and sales promotion. These consumers have already shown a predisposition towards the product by being media fans or purchasing related merchandise. What needs to be done is to provide them with an incentive to walk into an arena and see first-hand what has previously been mediated for them. The number of possibilities here are endless. The most obvious is providing a tangible connection between the products consumed at home and the event itself. Media competitions, game-redeemable coupons and event-associated product purchases all provide an attractive entry into the initial consumption experience.

Light to medium

Moving the light user to the medium user category can be achieved through sales promotion and personal selling. Consumers at this stage are still predominantly price-sensitive, so offering reduced prices for bulk purchases and discounts on selected associated goods will often encourage light users of the product. Given that there are various levels of medium usage, designated seating, newsletters and invitations to pre- or post-game functions and special events may be appropriate incentives.

Medium to heavy

Encouraging the medium user to become a heavy user is rather more difficult than the previous scenarios, as more often than not medium users have reached saturation level in terms of their personal consumption. This may not be a problem if the season is not excessively long or expensive. To encourage heavy usage, organisations need to make this individual feel very special. Here the emphasis should be on personal selling and
premium sales promotion. While group-specific deals and giveaways can be negotiated for this group, these may be only the start of the service offered. Sport promoters need to think about the range of value-added extensions that can extend the heavy user’s enjoyment of the product, such as valet parking, special dining, boxes and access to playoff or finals tickets. They also need to be aware of those club resources which may facilitate the heavy users’ or members’ conduct of their own business. These may include the use of athletes to promote facets of the members’ business, the use of organisational space and expertise to conduct business seminars and workshops, or even the provision of networking opportunities across this category of membership. All participants should be working towards a win–win situation.

Anti-defection programs

Although all products and services have natural attrition rates, this does not mean that defection should be meekly accepted. In October 2007, a report was tabled in the Victorian State Parliament which indicated that the 2006 Melbourne F1 Grand Prix had run at a $34 million loss and that the World Swimming Championships had accrued an $11 million loss. In both cases, losses were attributed to ‘dwindling ticket sales and sponsorship revenues’. While Sport and Recreation Minister James Merlino suggested that ‘the championship delivered a $105 million boost to the Victorian economy’, and hence from his perspective the events were a success, there is little doubt that strategic anti-defection programs are pivotal to the long-term success of the event if it is to be repeated or maintained (www.smh.com.au/articles/2007/10/31).

Programs aimed at minimising defection should be firmly entrenched and constantly evaluated in any promotion strategy. By being aware of the client’s purchase and usage habits through constant monitoring of databanks, changes in patterns of behaviour may quickly be noticed. Immediately a decline in usage is evident, sales staff or other appropriate individuals need to contact the client quickly to discern the reasons for consumption fall-off. By responding to consumer issues and concern in a prompt manner, organisations are more likely to maintain their heavy-usage consumers.

Summary

Establishing promotion strategies is a complex yet exciting task. Advertising, public relations and publicity, sales promotion, personal selling, including sponsorship and telemarketing, and promotional licensing are crucial to the success of any sport product, event or service, and as such are vital to the promotion mix. Furthermore, the sport marketer not only needs to be fully conversant with the components of the promotion mix, but also needs appropriate application skills for any given situation.

Once the promotion strategy has been established, it is incumbent on sport marketers to analyse consumers within the framework of the frequency escalator to monitor ongoing consumer behaviour. Programs and techniques to boost sales and prevent defection need to be established and implemented, to ensure continued consumption of the product and to extract maximal gain from the specific promotion activity. Contemporary sport marketers also need to be able to offer the ‘money-back guarantee’.
CASE STUDY

Cricket: Back to the future!

When the late media baron Kerry Packer stunned the sporting world in 1977 with an audacious takeover of the conservative game of cricket, only the truly insightful would have predicted the way in which the game would irrevocably change. Coloured uniforms, white balls and matches at night under lights were to become part of a truncated game which eventually would sit quite comfortably alongside the longer five-day form. More importantly, however, was the fact that the very best athletes from the cricket world would gravitate to World Series Cricket as the true value of those who produced the game was finally acknowledged and compensated accordingly. World Series Cricket quickly captured the hearts and minds of legions of new fans. The new form of the game now appealed to women, children and large segments of a multicultural Australia which had not grown up with cricket as part of their sporting heritage. A new cricket era was born.

Thirty years on, and with a sense of déjà vu, the advent of Twenty20 cricket has again increased the excitement level of cricket as teams try to score as heavily as they can within the 20-over period. It is a very simple game where the team with the highest score after the 20 overs have been bowled is the winner. And it is all over within three and a half hours. Yet new competitions bring new challenges, and sometimes the more things change the more they stay the same.

In India in 2007, competing competitions—one sanctioned, the other not—and with television rights at the centre of the conflict all left cricket fans with a sense of ‘back to the future’.

The Indian Premier League

In September 2007, the Board of Control of Cricket in India (BCCI) announced the creation of a new Twenty20 Indian cricket competition, the Indian Premier League (IPL), to take on the fledgling International Cricket League (ICL). The IPL had the backing of the International Cricket Council and was supported by the various international cricket boards.

The IPL was established as a series of franchises, with play commencing in April 2008. While the BCCI established a team ownership base price of $50 million for ten years, it was initially felt that the value of some franchises could be as high as $90 million. The eventual combined selling price of the eight franchises was $723 million, almost double the base expectation. The largest single amount paid was $107 million by the Hyderabad franchise. It was purchased by the Deccan Chronicle, India’s fourth largest English language newspaper. Australian Andrew Symonds was drafted by the team for $US1.35 million. Other franchises were purchased by a combination of corporations and Bollywood stars. Following a 59-game season, where all matches were played under lights, the top four teams competed in the semi-finals, with the victors going on to the finals and competing for a US$3 million prize.

Key player signings for the IPL included the entire Indian team; current test nation captains Daniel Vettori and Graham Smith; former recent greats such as Stephen Fleming, Justin Langer, Glenn McGrath and Shane Warne; and current stars such as Shoaib Akhtar, Mohammad Asif, Herschelle Gibbs, Younus Khan, Shoaib Malik, Brendon McCullum, Jacob Oram, Shaun Pollock, Ashwell Prince and A.B. de Villiers. Moreover, the Sydney Morning Herald reported
in October 2007 that the BCCI had paid more than $2 million to recruit nine of Australia's elite players, including Ricky Ponting, Adam Gilchrist and Brett Lee to the inaugural competition (www.smh.com.au/articles/2007/10/27).

The Indian Cricket League

The Indian Cricket League (ICL), bankrolled by media baron Subhash Chandra, was created by Zee Telefilms and its infrastructure partner IL&FS in response to being denied cricket content for its sports channel. This was despite being the highest rights bidder on successive occasions.

The ICL started its initial season in November 2007 and six teams played fifteen games, culminating in a final won by the Chennai Superstar in December 2007. All teams had coaches which included former test players Michael Bevan, Daryl Cullinan and Moin Khan. Key players for this competition once again included recent retirees such as Brian Lara, Chris Cairns, Inzamam-al-Haq and Marvan Atapattu. In addition, many players who had previously existed on the fringes of international selection, such as Ian Harvey, Stuart Law, Nicky Boje and Hamish Marshall, all chose to continue their careers in the ICL. The first year was deemed to have been such as success that the number of teams for 2008 was expanded to eight and, instead of one, there were five competitions or tournaments to be held throughout the year.

As with WSC, the confrontation between the ICL and IPL ended up in the courts, with the ICL alleging intimidating conduct, player interference and anti-competitive behaviour on the part of the BCCI. The courts ruled in favour of the ICL, suggesting among other things that there should be no detriment to the players arising from the conflict between the two organisations. At this juncture, it is too early to foresee an inevitable outcome for the dual competitions, as the demand for cricket in India at the ground and on television is huge. As in all cases there will be winners and losers, with the New Zealand cricket team facing substantial players’ losses to the IPL.

Interestingly, former Australian Test coach John Buchanan was reported in the Herald Sun (19 December 2007: 117) suggesting that privately owned Twenty20 franchises, as per the IPL, is the way of the future for this product of the game. Moreover, he argued that ‘the format should not be constrained by state or national boundaries’.

However, while the success or otherwise of these respective competitions has yet to be determined, the outcome of the promotion of the new competitions—just like World Series Cricket—will change the way cricket is viewed.

Questions

1. Undertake brief research to ascertain the similarities and differences between the World Series Cricket (WSC) era of the 1970s and the Twenty20 era of the new millennium. What lessons were learned from WSC and what were not?
2. Create an argument or case for or against the establishment of the franchise system of teams.
3. What do you believe the eventual outcomes of the dual competitions will be and why?
Chapter 10 introduces advertising as a component of the sport promotion mix. Advertising is a non-personal paid message aimed at creating awareness about a product or idea. This chapter examines some of the ways in which advertising is used in sport to promote sporting contests and events. The types of advertising are also described, as are the creative techniques used to develop ideas and communicate them to the public.

After studying this chapter, you should be able to:

1. articulate the concepts related to advertising;
2. recognise the message capabilities of various media;
3. establish procedures for selecting appropriate media;
4. establish strategies for selecting the appropriate media mix;
5. develop mechanisms for measuring advertising effectiveness;
6. acknowledge the ongoing potential in advertising for ambush marketing.
The use of celebrity advertising in M2

One of the most significant vehicles used by corporations for informing consumers about products and services is celebrity advertising. Moorman (2006: 111) notes that ‘sport celebrities ascribe their names to such products as soap, soda, cars, underwear, financial planning services, internet services, bubble gum and a host of sport specific products’. The use of celebrities in advertisements provides companies with the potential to cut through advertising clutter and engage a captive audience in front of the television, on posters and billboards, or in newspapers and magazines.

The New Zealand men’s magazine M2 bills itself as the complete lifestyle magazine for the New Zealand male. It includes special features, usually related to successful men and women; a section entitled ‘toys’ which provides examples of the latest technological products, cars and other gadgets; an extensive section on fashion and grooming; and the usual movie, book, music and wine critiques. It is very much a magazine aimed at the modern male, and provides excellent examples of the use of celebrities in advertising as corporations endeavour to connect with this market segment.

The July 2007 edition (Issue M2: 26) is a case in point. On the front cover is football superstar David Beckham, drawing attention to an article in the magazine entitled ‘Buying Beckham: The Marketing of the Man’. In a number of photos, the connection between Beckham and Adidas is obvious, with Beckham shown writing the Adidas slogan ‘Impossible is Nothing’ on a wall.

However, the reader does not need to progress far into the magazine to find the first example of celebrity advertising. On page 3, international footballer Michael Owen is shown wearing Tissot’s new timepiece, the Quadratto, on his wrist. On page 19, Rossignol use Manu Gaidet not to promote a specific product but rather the company’s connection with mountain activity in general. While not a sporting example but rather a celebrity one, on page 21 Lancome uses actor Clive Owen to advertise its latest range of men’s skincare products. Later in the magazine there is an entire article focusing on him being the new face of Lancome.

Although not specifically an advertisement for the company, on page 32 Team New Zealand is photographed in the Fly Emirates shirts after winning the Louis Vuitton Cup in a clean sweep over the Italian challenger Luna Rossa. Finally, on the back cover Roger Federer is seen walking onto Wimbledon’s Centre Court in an advertisement for Rolex.

As Moorman (2006) suggests, product endorsements such as these can earn athletes substantial amounts of money which are often in excess of their playing salaries. However, given the revenue that is generated by the companies which choose to use such high-profile athletes and teams in their advertising, it would seem to be quite a successful symbiotic relationship.

The relationship between advertising and the product life cycle

Before making decisions as to the appropriate media to be used, sport marketers need to understand the relationship between advertising and the phases of the product life cycle discussed in Chapter 5. During the goods or services introductory phase, advertising should be informative. Here the advertisement should provide all the salient information about the product. This may include special features, relevant technical specifications, pictorial or illustrative representations, place of purchase and/or consumption, and even price. Basically, the sport promoter is stating what the goods or services are and where they can be obtained.

During the growth and maturity phases, advertising should be persuasive in nature. Consumers should be reminded of the benefits and/or the desirable attributes that can be gained by consuming the product.

One of the more interesting examples of sport advertising appeared in a major Melbourne daily newspaper in September 2007. In this case, the target market was potential sponsors and the product was the Australian Football League (AFL) club St Kilda. As St Kilda's major sponsors had chosen not to renew their contractual agreements with the club for 2008, St Kilda took out a full-page advertisement apprising potential sponsors of the benefits of association. The benefits alluded to included an expanding fan base and television coverage. St Kilda's chief executive Archie Fraser assertively commented: 'We know the value of the brand and we know the coverage we can give a major sponsor.' Whether his confidence is well founded is something only time will tell; however, there is no doubt that it is an interesting development in sport advertising (www.abc.net.au/news/stories/2007/09/26/2043597).

Purpose of advertising

Stanton et al. (1995) state that advertising constitutes the activities associated with presenting a paid, sponsor-identified, non-personal message about an organisation and/or its products, services or ideas. While advertising can take many forms, it is basically constructed around a message that is designed to build audiences and promote sales. Joel Hochberg, president of DDB Needham Worldwide, believes that an ad which doesn't sell product has no purpose (Marketing News 1988: 3). To work in the marketplace it must have relevance, originality and impact. If it is not relevant, it has no purpose; if it is not original, it will not attract attention; and if it does not have impact, it will leave no lasting impression.

Hence it can be argued that, irrespective of context, the foundation of successful advertising is the ability to communicate. From venue signage to program inserts, from scoreboard placements to athlete apparel and spectator merchandise alike, the potential for companies to use the many facets of sport as a vehicle to advertise or promote products or services is endless. Moreover, the audience at such events is clearly captive and segmented.

The willingness of organisations to use sport to communicate messages to consumers is evidenced by Sportview 10.1; however, as also evidenced, it needs to be part of a broader communication strategy.
It has long been argued that sport venues are the perfect vehicle for promotional advertising. The array of opportunities for advertisement at such locations is vast. According to Hurley (2006), Ireland’s legendary Croke Park in Dublin was the site of an advertising windfall in 2006 for Irish rugby and soccer, as a deal was done for the respective teams to play matches at the hallowed ground. Pitch-side advertising alone generated approximately 150,000 Euros per game for the respective codes.

Locally, Lynch and Dunn (2003) used the Brisbane Cricket Ground to survey spectator recall of SunSmart skin cancer prevention advertising during the 1999–2000 cricket season. The location of this research was entirely appropriate, given that it has been determined that sunburn is often most prevalent during passive weekend recreational activity, which clearly includes sport spectatorship. The major purpose of the research was to determine the efficacy of the choice of medium—in this case, the sport arena, to inform an at-risk population.

Two hundred and thirty-one cricket spectators were surveyed over five days during the 1999–2000 cricket season, and asked a series of questions related to their recall of scoreboard advertising. Factored into the research was the respondent’s personal behaviour around sun protection, from appropriate apparel and eyewear to the use of a sunscreen. The research indicated that recall was higher amongst those who were already engaging in sunburn-minimisation techniques. However, it was also apparent that, for those for whom the message would be most beneficial—those who use minimal sunburn protection strategies—recall was limited.

This research demonstrates that venue advertising, important as it is, needs to be part of a broader promotional or sponsorship campaign if it is to actively influence public behaviour.

O’Hara and Weese (1994: 9) establish a framework to ‘better communicate product and service offerings to target groups’. Entitled the ‘advertising management process’, this five-step program incorporates research, campaign planning, creative development, media planning, and implementation and evaluation. The process is schematically illustrated in Figure 10.1.

The process is a simple yet effective way of establishing sports advertising strategy, as it links the five components of advertising management in a sequential manner. Following the data collection or research, a campaign is planned around a major theme. At this time, how that theme will be creatively developed, and how it will be produced and presented for different media, are simultaneously established. During implementation, an evaluative mechanism is established to ascertain the effectiveness (or lack thereof) of the campaign.

O’Hara and Weese contend that advertising must create exposure, generate processing and lead to long-term communication effects such as attitude and awareness. The comment by Andrew Hipsley, director of marketing for McDonald’s Australia, that

O’Hara and Weese (1994: 9) establish a framework to ‘better communicate product and service offerings to target groups’. Entitled the ‘advertising management process’, this five-step program incorporates research, campaign planning, creative development, media planning, and implementation and evaluation. The process is schematically illustrated in Figure 10.1.

The process is a simple yet effective way of establishing sports advertising strategy, as it links the five components of advertising management in a sequential manner. Following the data collection or research, a campaign is planned around a major theme. At this time, how that theme will be creatively developed, and how it will be produced and presented for different media, are simultaneously established. During implementation, an evaluative mechanism is established to ascertain the effectiveness (or lack thereof) of the campaign.

O’Hara and Weese contend that advertising must create exposure, generate processing and lead to long-term communication effects such as attitude and awareness. The comment by Andrew Hipsley, director of marketing for McDonald’s Australia, that
McDonald’s is ‘looking for a platform that would make an Olympics marketing program relevant and meaningful to consumers over a four-year period’ (Shoebridge, 1996: 75) is a tangible example of the O’Hara and Weese framework.

Quite simply, the purpose of advertising is to influence consumers to respond positively to products or services. While this can best be achieved by establishing advertising campaigns that are linked to prior experience and are strategically focused, there are no fail-safe mechanisms to ensure success. As recounted by Pollock (2007), in 2005 the Advertising Standards Authority (ASA) ordered Diego, the parent company of Guinness Stout—so long associated with Ireland and Irish sport—to remove commercials from television for Smirnoff Ice, another of the company’s products. It was so ordered for breaching rules related to under-age appeal. Twelve months later, Diego was in sponsorship discussions with the London Organising Committee for the Olympic Games (LOCOG). Given that LOCOG had set a sponsorship target of £750 million for the London Olympics the potential deal with Diego, valued at £85 million, may see Guinness at Olympic Park bars in 2012 despite its entanglement with the ASA.

There is no doubt that some advertising campaigns are abject failures, and others are outstanding successes. Moreover, not all are contemporary. Sportview 10.2 provides evidence of sport advertising in Sydney in 1925.

**SPORTVIEW 10.2**

**Olympia Motor Speedway**

Over the past 20 years, a number of venues in Australia have become synonymous with motor vehicle racing. Bathurst in country New South Wales, Eastern Creek Raceway on the western fringes of Sydney, Calder Raceway on the outskirts of Melbourne and possibly the best known—especially for motorcycles—Phillip Island in southern Victoria have all showcased the highs and lows of this exciting and sometimes dangerous sporting activity. However, there was one track that has long since been overtaken by the Sydney residential sprawl—the Olympia Motor Speedway at the beachside suburb of Maroubra.
In a story entitled ‘Speed freaks’ in the Sydney Morning Herald, columnist James Cockington contends that on a sultry afternoon in December 1925, more than 70 000 people, the largest crowd ever attracted to any sporting event at that time, turned up at Olympia Speedway to watch the motorcycles race.

What encouraged so many paying patrons to turn up at the speedway, as well as non-paying patrons to take up various vantage positions on the surrounding sand hills? The answer is simple: advertising. Cockington (2005: 5) suggests that the spectators ‘were lured to the barren swampy area by an extensive advertising campaign promising that Olympia Motor Speedway represented the new bold future of sport’. The hyperbole ran: ‘if you are a sportsman with a drop of red blood in your veins come to Maroubra on December 5th’. As history notes, they came in their droves.

Unfortunately for the promoters, the opening-day crowd was a ‘one-off’, and neither the original nor subsequent management organisations could replicate the initial success. Eventually, the huge concrete bowl was covered in and now forms part of the Coral Sea Park. In 2001, digging in the area uncovered part of the original concrete bowl and interest in the site, especially from motor racing enthusiasts, was rekindled.

As an example of sport advertising, there is no doubt that the 5 December 1925 Olympia Motor Speedway campaign was an effective strategy. The fact that the initial success was not replicated is not a reflection on that strategy but rather an indictment of the product offered.

Source: Adjusted from Cockington (2002: 5).

Advertising strategy

In establishing an advertising strategy, the following issues need to be considered:

- Has the target audience been identified, and can it be described?
- What part does advertising play in relation to the totality of the promotional strategy?
- Are the objectives sales or communication related, and how does this affect both the media and creative strategy to be used?
- Have instruments for monitoring and evaluating effectiveness been established, and are they in place?
- What is the advertising budget?

It is important that the answers to all these questions be known before embarking on an advertising campaign.

Similarly, both the size of the community and the size of special-interest groups or target audiences in the market can affect advertising strategy. However, despite any benefits one advertising medium may have over another, a mix of several is often the best strategy. Even the use of just two media, such as print and radio, can result in an interaction that makes each more effective.

The major issue facing the sport marketer’s use of advertising is whether to stress reach or frequency. Reach refers to the identification of potential consumers, and
frequency relates to the number of exposures required to access the consumer. Both are
critical to a successful advertising strategy. When determining reach, the advertiser must
decide which consumers are being targeted. When determining frequency, the advertiser
must decide how many exposures are necessary to reach the prospective consumer. Here
factors such as price, stage in the product life cycle, purchase frequency and competitive
advertising need to be addressed. It should be remembered that it takes a number of
exposures to communicate a specific message, as there are always communication barriers
to overcome.

Reach should be stressed over frequency when a product is being introduced or when
it has a large target market. Frequency should be stressed over reach when products are
often bought, and brand switching may take place, as well as when the target market is
relatively small or when the message is difficult to explain and repetition is important
in communicating the advertising idea.

Advertising objectives

Advertising objectives can be either sales or communication related. Communication
objectives endeavour to provide messages that are understood by consumers about the
product or service as a result of the campaign. This type of advertising is predominantly
used when a change of image is desired or there is an attempt to build or strengthen a
particular demographic. It may also be appropriate if an organisation wishes to generate
community goodwill or there is a need to counter a competitive campaign thrust. Advantages of adopting an advertising strategy based on communication objectives are:

- It encourages the identification of process goals and requires that the campaign be
evaluated in terms of those goals.
- Communication goals are less likely than sales objectives to be affected by other
variables such as price or availability.

One disadvantage of communication objectives is that attitude may be unrelated to
purchase intention.

It could be argued that, given that the fundamental basis of advertising is to
communicate, objectives should be communication linked.

Sales objectives indicate a target level of sales to be achieved as a result of the campaign.
Advertising of this type is used when the desire is to encourage membership, audience
or product consumption. The obvious advantage of this type of advertising is that sales
are a result of purchase behaviour, which is the ultimate goal of the advertiser.

The main disadvantages of basing campaigns purely on sales objectives are:

- The number of sales alone rarely provides much in the way of decision-making
guidance.
- Advertising often has a lagging effect on sales; hence past, not present, advertising
may influence current sales.
- Changes in competitive decisions may cause changes in current sales.

For the 2002 World Cup in Korea and Japan, Reebok decided not to follow the path
of Nike in the leveraging of the World Cup in order to grab a slice of the $9.2 billion
sportswear market. The Nike World Cup marketing campaign enlisted the services of Terry Gilliam to produce its television advertising, while supporting the campaign with an online dedicated football website. Head of interactive Reebok, Nigel Hill, suggested that, given the money others were spending on ‘flashy campaigns’, the value was not really there. He further suggested that Reebok might have ‘fun with the brand and engage in viral or guerrilla type campaigns’. Hill argued that it was a ‘relatively inexpensive way to raise brand awareness’ (Sydney Morning Herald, 2002: 25).

When determining advertising objectives, the issue of timeframe is critical. On some occasions, sport marketers are limited in scope because the event, product or service—like the 2002 World Cup—is a ‘one-off’ experience. Conversely, it may be part of a long-range plan, with various steps along the way. Here advertising strategies can build on previous campaigns. Timeframes can also influence the advertising media to be used, as some can be used with little advance notice while others require lead time. In general, for immediacy nothing is better than television, and for mass distribution newspapers are excellent.

**Advertising budget**

**Cost distribution**

In determining how the advertising budget should be allocated, the decision needs to be made whether the budget strategy should be massed or distributed.

When adopting a massed strategy, the advertising budget is used heavily at the beginning of a campaign and falls away quickly as the weeks pass. The percentage of advertising recall is initially high, but then drops off quite quickly. This is an appropriate strategy to adopt for annual events, the commencement of seasonal or holiday activities such as snowskiing, or the introduction of a new product or model into the marketplace.

With a distributed campaign, the advertising budget is used evenly throughout the year for a predefined period. The percentage of recall is initially low, but recall elevates with repeated weekly exposure. Activities such as professional sports which are constant, result in a playoff period and have a limited off season mainly use a distributed advertising budget. It should be remembered that all advertising campaigns have time limits in terms of effectiveness. However, eventual advertising wearout can be delayed by introducing variations on the theme. The time will come, however, when the advertising campaign has no effect or, more significantly, a negative impact on sport consumption.

**Cost intensity**

Irrespective of whether a massed, distributed or combination advertising strategy is adopted, the advertising budget should be determined by the importance of the campaign, which in turn should be based on expected returns from the investment. While some types of advertising are cost intensive, others are labour intensive, and available resources need to be taken into account when establishing strategy. Radio, television, newspaper,
magazine and supplements, outdoor advertising, direct mail, posters and premiums or
giveaways are cost intensive, in that they require more in terms of money than staff time.
Conversely, press releases, contact with special-interest groups, personal contact with
business and community leaders, speakers, personal appearances, special-event stations,
involvement in community events and promotion stunts are labour intensive, in that
they require more in terms of staff time than money.

**Advertising sport services**

According to George and Berry (1981), advertising services is quite different from
advertising goods, and they articulate six guidelines for advertising services. They contend
that performance is inextricably linked to consumer perception of a service; hence the
service has to be sold to employees before it can be sold to consumers. Sporting
organisation employees must not only be educated, motivated and encouraged to
communicate the benefits of the service being offered, they must also inherently believe
in its quality.

Likewise, positive word-of-mouth communication, the provision of tangible clues
such as the facility in which the service is provided, making the sport service comprehensible
by linking it to tradition and history and establishing continuity of advertising through
the use of constant themes and images are all designed to establish a background against
which the service can be assessed.

The final guideline of advertising sport services—promising only what is possible—
is potentially the most crucial for the sport marketer. Although Bill Veeck offered the
'money-back guarantee', in many cases this is not possible. Sport marketers should only
ever promise what they know they can deliver.

**Types of advertising**

When establishing advertising strategies, sport marketers have a twofold task. Initially,
a creative strategy must be implemented, which should be a response to the following
questions:

- What is the purpose of the advertising?
- Who is it aimed at?
- What is promised?
- How will it be delivered?
- What will be the ‘personality’ or the essence of the product?

Next an organisation needs to establish a media strategy, which determines the best
media for the message.

Hochberg (cited in *Marketing News*, 1988) contends that all these questions have to
be answered in conjunction with each other. However, for the purposes of this chapter,
mechanisms for establishing a creative strategy will be noted before potential media
strategy is examined.
Creative strategy

The task of the creative strategy is to develop message ideas and execute them effectively. Effective message ideas should be based on consumer research findings, fit the overall marketing strategy, be appropriate for the target market, be simple or basic (one major point), and be developed so they are most resistant to counter-attack. It should be remembered that if an organisation’s unique selling proposition (USP) is price, it is very easy for competitors to attack in the marketplace. While creativity is usually situation- or even person-specific, and hence highly individual, there are a number of more general creative approaches that organisations can utilise.

_Umbrella advertising_ relies on an established brand name. This is most appropriate when the brand name is well established. Given the linkage between sport and advertising in Ireland, it is hardly surprising that sponsors of the 2006 Ryder Cup of golf in Ireland were prepared to spend 10 million Euros on advertising. Waterford Crystal, Bórd Bia, Allied Irish Bank and Allianz Insurance and the national tourism body Fáilte Ireland were just five of the companies which purchased the rights for their brands to be associated with the event.

_Honest twist_ advertising relies on surprising the intended recipient, either with humour or by recontextualising a product or service. In the October 2007 issue of New Zealand’s men’s lifestyle magazine _M2_, tennis champion Roger Federer featured in a multi-page advertorial for men’s fashion with not a tennis racquet to be seen. The use of Federer out of context gave rise to closer attention being paid to the fashions on display than would usually have been the case had a normal male model been used.

_Demonstration advertising_ shows the product in use. This is applicable when potential consumers are unfamiliar with the product or how to use it. While the obvious example is the raft of celebrity-endorsed home fitness equipment that appears during late-night ‘infomercials’, it also has applicability to sporting events. Demonstration games or activities can both inform and persuade consumers, especially if associated with lifestyle.

_Testimonial advertising_ involves an actual user of the product serving as a spokesperson. Past athletes are often used to promote sport and related products by organisations which believe that former champions strike an accord with older market segments. This in turn may encourage them to consume the current offering. During the 2002 football World Cup, Brazilian soccer star Pele, arguably the world’s most famous athlete, appeared nightly in a television advertisement extolling the virtues of treatment for erectile dysfunction. While this may lend a perceived credibility to the product and its use, the ‘reality’ touch does have its downside. Former New York Jets quarterback Joe Namath regularly appeared in advertisements for a liniment company, suggesting that its application was just the thing his aching arthritic knees needed after years of NFL football. Unfortunately, the advertisement was still appearing on US television after Namath had had both knees replaced.

_Slice-of-life advertising_ uses some aspect of daily life as a part of the advertisement. The intent behind this approach is to communicate messages and images to consumers to which they can relate. This approach is probably most appropriate when it connects fans with their past—usually their youth. While this belief is a fundamental underpinning of Major League Baseball (MLB) in North America, it has real relevance in most sport
settings, especially cricket in Australia. Hence when cricket advertisements feature children in backyards hitting ‘sixes’ over the neighbour’s fence, or highlight traditional ‘pick-up’ games comprising both athletes and kids in the yard or on the beach, and then embed that activity as a television advertisement into a Test match or even the final of a day/night match in front of 80 000 at the Melbourne Cricket Ground, consumers readily see the connection between the two.

Lifestyle advertising operates on the basic tenet that the use of a product or service will result in the user accessing a particular lifestyle. Although this type of advertising has obvious relevance for the health and fitness industry, both horse racing and harness racing have adopted this type of advertising in recent years in an attempt to entice groups to the track. In an increasingly hectic environment, sports that can incorporate family lifestyle in their advertising may find themselves well placed in the sport marketplace.

Announcement advertising provides information about a new brand, product, package, design or formula. The most common examples of this type of advertising happen when sports apparel companies introduce new models into the market. In most cases, the release is accompanied by a new advertising campaign. Sporting organisations use announcement advertising to inform their consumers of changes of which they need to be aware to ensure their enjoyment of the event. Event timing, parking conditions, public transport facilities and member information related to event entrance are just a few of the instances that warrant announcement advertising.

Imitation or symbolic association advertising attempts to associate attractive personal qualities with ownership or use of a product. This approach is often connected to celebrity endorsement. Here the advertisement suggests that adoption of a particular product or service will infuse the consumer with desirable traits. Gatorade tapped into this advertising vein successfully when it ran the ‘I want to be like Mike’ advertisements. Canon also tried it with its ‘Image is Everything’ campaign featuring Andre Agassi, which was less successful. Moreover, this campaign allowed a number of other firms to adopt humorous parodies of the Canon approach, which were better than the original. Issues such as these are elaborated on in Chapter 13.

Media strategy

Before establishing guidelines which help decide the advertising strategies and media to be used, it is necessary to make a number of general observations about key advertising media.

Media alternatives

Newspapers are current and relatively inexpensive, and reach a mass audience. In deciding to advertise using newspapers, sport marketers need to provide copy that is eye-catching and succinct. It is also important to be aware of the section the target audience reads. The business sections of daily newspapers are increasingly becoming a repository for sport advertising.

Magazines invite leisure readership, as they invariably lie around the house or business for an extended period. Similarly, the one issue is often read—or at least browsed through—by potentially quite different consumer groups. Here, appearance and layout
designs are of paramount importance. Sport-specific magazines such as *Inside Sport* or *Sports Illustrated* provide obvious examples of sport advertising.

Outdoor advertising, in the form of billboards or fence signage, involves the presentation of an uncomplicated message. Usually just a logo or a few words predominate, which the advertiser hopes will trigger recognition of a much more complicated message. Signage advertising at major sport events such as the Australian Tennis Open, the Formula One Grand Prix and the Moto GP, or the Melbourne Cup regularly appears at the appropriate time on central business district buildings and freeway billboards. Such displays usually feature the major slogan or logo, event date and ticket availability. This information is then reinforced and elaborated on in other media. However, the use of billboards or outdoor advertising is not problem free. Sportview 10.3 is a case in point.

**SPORTVIEW 10.3**

The case for the billboard

One the most interesting, effective and increasingly creative ways of advertising in recent decades has been outdoor advertising, especially that related to billboards. The proliferation of billboard advertising for everything from consumer products to social causes has resulted in conversation at many levels. From simple way-finding activity to the provision of advice, outdoor signage at busy intersections or on major highways has significant exposure to potential consumers on a daily and even an hourly basis. While the popularity of outdoor signage is not universal, there is little doubt that it is becoming increasingly ubiquitous as we go about our daily activities. Hence we can only imagine the consternation felt by a high school in Gilbertville, Iowa in 2003 when the Iowa Supreme Court upheld a verdict that banned ‘outdoor advertising within 660ft of a state highway’ (Moorman, 2003: 190).

Don Bosco High School in Gilbertville, Iowa decided to raise funds for its sport teams by selling 4 × 8 ft advertising spaces on its outfield fence. Thirty-seven such signs were sold to boosters, who used the space to promote their respective businesses. Information on the space included the logo, location details and website address. The Iowa Department of Transportation and the Don Bosco High School argued their cases before an administrative law judge, a district court and Iowa’s Supreme Court. The case revolved around visibility from the highway, the argument that the signage was merely a celebration of the sponsors’ involvement with the school and not necessarily a commercial promotion of the sponsors’ products and finally, that it was a violation of the first amendment. On rejecting the lower courts’ verdict, the Supreme Court ruled in favour of the Department of Transportation and the signage was required to be removed. More significantly, however, what was also removed was Don Bosco High School’s ability to raise revenue to support its athletic programs through this most important advertising medium.


*Radio advertising* relies on recall in a heavily cluttered marketplace, so frequency is critical. Radio’s advertising advantage lies in the fact that, given its lack of visual images,
the imagination of the listener may be stimulated by suggestive advertising. As a result, event promoters can create advertising around the sounds of the ski slope, the beach and summer or the city while at the same time creating an element of mystery.

*Television advertising* exists in an extremely cluttered marketplace, although there is little doubt that television advertising reaches the largest possible audience. Moreover, the use of visuals plus sound provides the most effective mechanism for presenting specific information. One problem facing television advertisers is how to stand out in an increasingly crowded marketplace. Humour, celebrity advertising or contemporary music are usually effective, as is 'black-and-white' or retro advertising. In 2002, the AFL used music from one of Australia's greatest rock bands, Hunters and Collectors, to encapsulate its season. The images attached, linked to the song 'The Holy Grail', featured Australians from all walks of life and from all points of the compass converging on AFL stadiums. Other television advertisements that appear to captivate audiences are those presented in the form of an unfolding tale. An interesting clothing firm advertisement in 1995 incorporated visuals without sound. When this advertisement played, detached viewers paid attention to their television thinking that there was something amiss with their equipment. The relationship between sport, advertising and television is discussed at length in Chapter 11.

*Brochures, flyers and posters* usually combine the features of billboards plus newspaper and magazine advertising. The advantage of this type of advertising is that it can segment the market very well.

*The internet*, especially the World Wide Web, has become a major source of information and opportunities for both organisations and individuals. Sporting organisations—like business, government and educational institutions—have increasingly turned to the internet to conduct their business. Comprehensive websites have been established by a myriad of sport organisations to inform, entertain and otherwise engage their consumer base. Moreover, access activity related to such websites is increasing exponentially.

Other advantages of the internet include the ability of sponsors to use the home page of a particular sport or organisation to provide a link to the sponsor's site, where further information can be gathered on the sponsor's products and services. There is little doubt that this expanding technology is providing information to organisations on a scale previously not possible. Moreover, the use of email and bulletin boards has dispelled the isolation previously experienced by sport managers of small organisations.

**Timing and cost**

Two additional factors that need to be considered, irrespective of the media alternatives, are timing and cost. The dual questions related to timing are how soon the advertising goals need to be achieved, and how the advertising mix is established to gain optimal support and recognition. Cost is usually determined as cost-per-thousand, or CPM. Here it needs to be ascertained how much it will cost to make impressions on 1000 people. The formula is:

\[ CPM = \frac{\text{Cost}}{\text{Reach}} \times 1000 \]
For example, if a radio commercial costs $200 and is estimated to reach 175,000 listeners, the CPM is $1.14.

**Media selection**

The criteria for media selection depend on the factors previously discussed. Elements such as budget, sales or communication objectives and target audience are, in the main, internal to the organisation. However, there are a number of qualitative and quantitative media factors that need to be considered.

While television advertising can be strong in terms of its total population reach, uniform coverage, emotional stimulation and ability to use slice-of-life and humour, it is rather weak with respect to upscale selectivity, positioning and the predictability of audience levels. Marginal sports such as polo would be better advertised in other media, such as magazines, whereas television is a perfect outlet for the various traditional summer and winter sports.

Radio’s advertising strength lies in its young adult selectivity, its CPM and its ability to exploit time-of-day factors and to stimulate the imagination. The downside of radio is its lack of uniform coverage, its lack of depth in demographics and its inability to conduct product demonstrations or exploit attention-seeking devices. Demographic-specific activities that have been appropriated by identifiable consumer markets would be well served by using radio. An upcoming skateboard exhibition, surfing contest or harness race meeting could be better served by advertising on a niche-market radio station than on television.

The potency of newspaper advertising lies in its capacity to select local markets, to exploit day-of-week factors, and to convey detail and information. The downside of newspaper advertising relates to its lack of national coverage (except for national newspapers), its general inability to negotiate rates and its inadequate ability to intrude. For sport marketers, newspapers are best used for providing fixture information and updates.

Finally, magazine advertising is appropriate if market selectivity, frequency control, advertisement positioning and prestige of the medium are important. It is difficult to stimulate emotion or imagination, negotiate rates, use slice-of-life or, once again, be intrusive when using this medium. Noting magazines’ strength, sport advertisers would be well served by advertising in their sport-specific magazine.

**Measuring advertising effectiveness**

The components of a successful advertising-testing program are many and varied. The successful advertising campaign must not only be clear and objective and aid in the decision-making process; it must also offer good value, and be valid and reliable as well as practical and defensible. Finally, it should produce understandable results.

The sport marketer should expect that the organisation’s advertising is both seen and heard, communicates messages and/or creates impressions, associates brands with images, is persuasive and sells. To ensure that this is the case, the organisation needs to engage in copy testing. This action has the potential to minimise risks and marketing mistakes, maximise budget efficiency, and move the product or service ahead in the marketplace.
The two major testing programs are recall and recognition. **Recall** requires respondents to remember a particular advertisement (aided) or an advertisement within a product category (unaided). **Recognition** involves showing the respondents the advertisement. Chapter 13 develops the concepts of recognition and recall in detail.

The current industry trend in advertisement testing uses the recall method. The philosophy behind this methodology is that if people can remember a commercial, its intended message and the brand name, there is a better chance that persuasion will occur and the brand will sell. The most common recall-testing method used in television is the day-after-recall (DAR) interview, which is conducted within 24 hours of the advertisement’s display. This interview establishes respondent type, programs viewed, whether or not the respondent recalls the advertisement and the components recalled.

With respect to the print media, the Starch Readership Test also examines recall. Less than 17 per cent related recall is regarded as low, and anything above 32 per cent as high. It should be ascertained through additional questioning what respondents were doing during the advertising period and what media they were attending to.

To perform well in a test of recall, a commercial must cut through the clutter of the medium and the apathy of viewers and gain attention, which in turn maximises the audience for the message to follow. This has tended to lead to loud and flamboyant commercials. The ARU, the National Basketball League (NBL) and World Series Cricket have adopted stunning visuals, usually augmented by rock music, to advertise their respective products.

Although there is no guaranteed formula for success, effective advertisements usually exhibit the following traits:

- They identify the brand early.
- They are simple, yet interesting and involving.
- They adopt audio and visual reinforcement.
- They link the brand to the image created.

Once an advertising campaign has been tested, the results obtained can give rise to different courses of action. An organisation may:

- give an unreserved green light to the campaign;
- alter the media mix;
- alter timing based on demographic information; or
- if the advertisement is not communicating the intended message to the correct demographics, decide to start the process again.

**Ambush marketing through advertising**

The logic and strategies behind ambush marketing are discussed in Chapter 14; however, in terms of advertising, ambush marketing has long been the bane of legitimate sports promoters and advertisers worldwide. There have been countless documented cases of unauthorised advertising activity, many revolving around well-known sports companies and soft drinks. The Olympic Games, for example, often provide the vehicle for such activity, and Sydney 2000 was no exception. The former national carrier Ansett was the
official airline for the games; however, Qantas employed the slogan ‘the Spirit of Australia’, which was not dissimilar to the official games slogan ‘Share the Spirit’. When Australians were polled as to who they thought was the official airline of the Games, Qantas was by far the number 1 response. Similarly, Chadwick (2006: 190) notes that ‘many fans at the Holland–Ivory Coast World Cup qualifying match were ordered to remove their brewery logo-emblazoned orange shorts before the match and hence watched the game in their underwear as FIFA supposedly protected the exclusivity rights of official sponsor Budweiser’.

Kent and Campbell (2007: 118) suggest that ‘ambush marketing represents the set of activities that companies use to create the impression of an association with a sport or event’, and that in doing so the ambush marketer ‘is attempting to exploit the commercial potential of a property, without supplying any financial support for the right to do so’.

It is not just mega-events that provide the environment for ambush marketing. In October 2006, Cricket Australia sought to ban aerial advertising from venues across the country where matches that were part of Ashes Test series were being played. Cricket officials were trying to protect the rights of their sponsors and were seeking state government support to establish restricted air space around the venues. Within two weeks of Cricket Australia’s request to state governments, Queensland introduced legislation that would put a halt to advertising blimps flying over the Gabba.

The following year the Victorian government banned all aerial advertising during the AFL Finals series at the AFL’s request. Previously, the ban had only been in place for the Grand Final. Fines of up to $250 000 awaited those who attempted to flout the law. However, this did not stop one car manufacturer from using a blimp to advertise its product at the previous year’s Grand Final, where a rival company had been granted category exclusivity. There is little doubt that, regardless of the sport or event, if there are large crowds in attendance, ambush marketers will use all means available to advertise their products or services.

**Summary**

Sport advertising is now a multi-billion dollar industry, and has as its prime purpose the influencing of consumers to respond positively to products or services. The foundation of successful advertising is the ability to communicate, and this can be conducted through various media using vastly different strategies. Newspapers are current and relatively inexpensive and they reach a mass audience, while magazines invite leisure readership. Radio can bring the imagination into play, while television unquestionably reaches the largest possible audience. Outdoor advertising involves the presentation of an uncomplicated message, while brochures, flyers and posters effectively segment the market. The internet is increasingly being used to provide information and links to sponsors’ home pages and to conduct sport business. Two additional factors that need to be considered, irrespective of the media alternatives, are timing and cost.

Media selection depends on elements such as objectives, whether they be sales or communication, budget and target audience. However, there are a number of qualitative and quantitative media factors that need to be considered. The successful advertising
campaign must not only be clear and objective and aid in the decision-making process; it must also offer good value, be valid and reliable as well as practical and defensible, and produce understandable results.

Advertising services is different from advertising goods. However, through advertising to employees, realising the value of word-of-mouth, providing tangible clues, making the service comprehensible, ensuring continuity in advertising themes and images and, most importantly, promising only that which can be delivered with total certainty, the potential impact of intangibles on service can be reduced and, to a lesser extent, controlled.

Recognising that creativity in advertising is very much a matter of individual choice and perception, this chapter has focused on the strategies that can be adopted to inform the creative underpinnings of sport advertising. A thorough understanding of the objectives of, and the budget allocated to, a sport advertising campaign will in part dictate the type of campaign to be run and the media to be used. Once these decisions have been made, the creative component can be established within a well-defined structure. A clear indication of the effectiveness of the strategies can be obtained through ongoing monitoring of the advertising campaign. In all cases, however, sport organisations need to be vigilant in relation to ambush marketing and employ strategies to protect their sponsors accordingly.

**CASE STUDY**

**The use of elite athletes in advertising**

The number of products and services that have athletes and celebrities advertising their wares is extensive. Beich and Belch (2007) suggested that perhaps more than 20 per cent of all television commercials feature celebrities, and there is no doubt that sport stars would comprise a large component of this figure. While Michael Jordan may have been the advertisers’ dream in the late 1980s and early 1990s, the first decade of the new millennium has given rise to a new breed of athlete advertising both sport and non-sport-related products.

In 2007, Gillette launched the world’s first global advertisement featuring three of the most successful male athletes in the world. Golfing legend Tiger Woods, the world’s number one tennis player Roger Federer and soccer great Thierry Henry are, in their own right, an advertising agent’s dream. Handsome, at the pinnacle of their respective sports and of sound character, the three sport stars collectively advertised the product in a slick modern commercial. The sport apparel that each would normally wear was eschewed in favour of a black suit, and the serious minimalist approach of the commercial is lightened by a deft touch of humour as Federer touches Woods’ freshly shaven face. This resulted in an interesting facial response from the latter! This is an advertisement that is clever, stylish and links athlete and product, giving rise to source credibility. Within the first year, it was scheduled to air in over 100 countries worldwide.

However, not all advertisements featuring athletes are funny, stylish or even that credible. This is despite the success of the athlete, their telegenic appeal or even the compatibility
of the product with their sport. During 2007, advertisements appeared on New Zealand television for Fisher and Paykel featuring the then World Netball Champions the Silver Ferns; for the New Zealand Beef and Lamb Marketing Bureau featuring world champion cyclist Sarah Ulmer and Olympic double-sculls gold medallists Caroline and Georgina Evers-Swindell; for Fujitsu with former Black Cap Captain Stephen Fleming; and for the New Zealand Ministry of Education featuring former All-Black captain Tana Umaga.

In 2004, New Zealand world champion cyclist Sarah Ulmer broke world records and won Olympic gold in the Athens Olympic Games while the Evers-Swindell twins also won gold at Athens. Twelve months later, the trio became the faces of the New Zealand Beef and Lamb Marketing Bureau’s ‘Red Meat Feel Good’ advertising campaign. The three were referred to as the ‘iron maidens’, a none-too-subtle attempt to link the three to the message that meat consumption would minimise iron deficiencies common to many women. Despite being criticised—and rightly so—by entertainment blogger Chris Schulz for ‘stilted dialogue, bad acting and terrible dancing’, advertisements featuring the three elite athletes regularly appear on New Zealand television. Moreover, the 2005 company three-year goal of encouraging New Zealanders to eat meat three times per week was almost reached with a year to spare.

Fisher and Paykel appliances have been involved with the Silver Ferns for more than a decade. The Silver Ferns as a brand is probably only second to the All-Blacks in New Zealand sport, and the use of the netball team by the whitegoods manufacturer around the concepts of innovation and success is quite appropriate. Moreover, Fisher and Paykel’s engagement with the sport is at the grassroots as well as at the elite level. Despite the less than well-regarded television advertisements featuring the Silver Ferns using the manufacturer’s products, the connection between the company and the sport appears to be strong.

Cricket is one sport that has always been a fertile environment for the provision of athletes for advertising purposes. Former Australian bowling great Dennis Lillee regularly appeared in television advertisements long after his cricket career was over, and current stars such as Ricky Ponting, Brett Lee and Adam Gilchrist are following on in the tradition. Yet for every successful ad featuring a member of cricket’s elite, there is another that appears doomed from the start. Fujitsu must have questioned its decision-making when former Test captains in both Australia and New Zealand appeared in advertisements promoting the virtues of the company’s products, namely reverse-cycle air conditioners. Neither Australia’s Mark Taylor nor New Zealand’s Stephen Fleming was able to show the same level of skill in the lounge room as he was on the pitch. Miraculously, the commercials survived.

Finally, in 2007 former All-Black captain Tana Umaga was chosen by the New Zealand Ministry of Education as its Education Ambassador. Umaga become the front man and advertising face of Team Up, a ministry program designed to get parents more involved in the education and learning of their children. According to the New Zealand Ministry of Education, the use of Umaga in the advertising campaign has had the desired effect. Of those surveyed in relation to Team Up, 69 per cent recalled seeing the ads, with 83 per cent of them remembering a key message. It may be as a result of the product, the athlete or the sport in which he became a household name for a team with a global brand, but so far Umaga has been immune from the sorts of criticisms that have been levelled at other New Zealand athletes in their advertising roles.
Interestingly, Shulz (2007) contends that the worst ads on New Zealand television are those that feature Kiwi athletes, and he is not alone in his view. However, this has not resulted in a diminution of the use of athletes for advertising. Internationally, the push to use athletes in advertising has grown over the last decades, and the success of the association may have more to do with the creativity around the ad and the production techniques used rather than the association between the athlete and product.

Source: Shulz (2007); Belch and Belch (2007).

Questions

1. From the above case study, what explains the apparent success or otherwise of the use of athletes in the advertising campaigns?
2. What strategies would you use to change one or more of the above-mentioned advertisements to broaden appeal and acceptability?
3. What advice would you give sponsors choosing to use athletes in their advertising programs?
11
Sport and television

CHAPTER OBJECTIVES

Chapter 11 examines the television–sport nexus. Specifically, it describes how television generates its principal source of revenue through advertising, and how this revenue determines the level of television rights paid to sporting organisations. This chapter also describes how program popularity is measured, and looks at the link between this system of measurement and how advertisers assess the value of their advertising investment. Pay television is also discussed.

After studying this chapter, you should be able to:

1. identify the nature of the sport–business–television relationship;
2. understand the commercial basis on which television operates;
3. identify why sport programming is so attractive to television networks;
4. understand and apply the terminology used to measure television audiences;
5. recognise issues associated with determining advertising effectiveness;
6. explain the new dimension that pay television brings to the sport–television relationship;
7. calculate advertising revenue generated from sport programming;
8. convert advertising revenues to the relative worth of sport television rights;
9. recognise the impact of digital technologies on television broadcasting.

Stage 1—Identification of marketing opportunities

Stage 2—Strategy determination

Step 5—Determine core marketing strategy

Marketing and service mix—sport product, pricing, place (physical evidence, people, process), customer satisfaction

Promotion mix—sales promotion, advertising, television

Step 6—Determine tactics and performance benchmarks

Stage 3—Strategy implementation, evaluation and adjustment
If it’s on television, it must be more sport

It is the armchair ‘winter Olympics’. Starting with the French Open in late May and going through to the Pan Pacific Swimming Championships at the end of August, hardly a day will go by this winter without some live or delayed coverage of a major sporting event on free-to-air television. In the past week Nine had most of the top-rating sporting events, yet still wasn’t the ‘sportiest station’. That title clearly went to SBS which devoted more than 43 hours or almost a third of its schedule to the Soccer World Cup. There was almost 33 hours of live or delayed sport on Nine, 19 on Ten, six on the ABC and just five-and-a-half hours on the former ‘home of sport’, Seven. This is one of the most intense periods of top-quality sport that Australia’s ever seen, particularly because it’s the first time the World Cup has been played in an Australian time zone.

Last year six of the top ten rating programs were sport events: the number one was the men’s Wimbledon Final, when more than 3 million people in Australia’s five major capital cities stayed up to watch Pat Rafter lose a thriller to Goran Ivanisevic. With Rafter out of contention for Wimbledon this year, the tussle for the top ratings spot is likely to be between the AFL Grand Final on Ten, the World Cup final on Nine and the Commonwealth Games on Seven. But no one expects even the biggest of this year’s events to get near Seven’s record-breaking ratings at the Sydney Olympics. More than 10 million Australians watched the opening and closing ceremonies, while almost nine million cheered on Cathy Freeman’s gold-medal-winning 400-metre run. (Minchin 2002: 9)

In an unprecedented rush to secure the television rights to a succession of major events, Australian broadcasters understand the importance of major sporting events to the mix of programming, and their capacity to sell advertising inventory during these events. For the broadcaster, it is simply good business. Each broadcaster anticipates recouping its investment through strong advertising and sponsorship sales during major events such as the Soccer World Cup, Wimbledon, the US Open (golf), Tri-Nations rugby union and the Commonwealth Games. The World Cup in particular provides four weeks of premier programming, during which the networks are able to sell advertising inventory at peak rates. Given the time zone compatibility with Australia, many matches were shown in prime time viewing.

The Sydney 2000 Olympic Games, like all recent Olympic Games, relied on substantial revenues from broadcast rights. For example, the IOC (2002a) reports that Sydney 2000 generated US$1.3 billion from the sale of its television rights worldwide. The Sydney Olympic Organising Committee was allocated US$800 million, the International Agency against Doping US$25 million, the IOC itself retained US$130.9 million, international federations received a share of US$189.7 million and National Olympic Committees shared US$185.9 million. Television coverage garnered during Sydney 2000 included 220 countries that televised the event, a global (unduplicated) audience of 3.7 billion, global coverage of 27 600 hours and total viewer hours estimated at 36.1 billion viewers (IOC, 2002a). By contrast, Salt Lake City in 2002 attracted 2.1 billion viewers with 160 countries televising the Winter Olympics, and total viewer hours were estimated at 13.1 billion (IOC, 2002b). Finally, for the
Television and sport marketing

The purpose of this chapter is to explore the sport–television relationship. Clearly it is a business relationship, and one that has grown in importance throughout the world. For many sports, including the National Basketball Association (NBA) and National Football League (NFL) in the United States, cricket and the Australian Football League (AFL) in Australia, and soccer, golf and tennis worldwide, television rights provide a substantial source of revenue. (A summary of some of the world’s major professional sport television rights is given in Appendix 11.1.) Television networks now demand more from their right to broadcast than in their previous passive business partnerships with various sports. To ensure that networks maximise their revenue and profits, program directors and television executives are increasingly influencing the scheduling of games and events. The balance between playing at times conducive to optimum athletic performance and playing at times best suited to optimum ratings is one aspect of the sport–television relationship that creates tension. This tension has the potential to upset the mutually beneficial relationship currently in existence.

Figure 11.1 displays the principal players in the sport television business. Fundamentally, the business of the commercial television industry is the sale of airtime to advertisers. The price at which commercial TV airtime is sold is a function of a number of factors, the most important of which are the number of television viewers, and the price and availability of advertising space on suitable alternative media. Commercial television uses programming to influence the size and profile of its viewing audience, which is measured by independent ratings (ANZ McCaughan, 1993: 9):

The principal profit equation for commercial television is to ensure that the revenue generating capacity of a schedule of programming sufficiently exceeds both its cost of production or acquisition as well as associated overheads, to produce a reasonable return on investment for the broadcaster.

To achieve a reasonable return on investment, the networks rely on programming that has the ability to capture and captivate an audience. The series of relationships shown in Figure 11.1 is driven by the middle circle—the system of measuring the number of people watching specific programs. The currency used to measure the success of television programming is a rating point. These rating points, as is shown later in this chapter, determine the success or failure of programs and, as a consequence, network profitability.

The advertising agency shown in Figure 11.1 acts as a broker or ‘middleman’ between corporate clients purchasing advertising time and the networks. In general, advertising agencies form buying groups, allowing them to obtain discounts on
advertising rates from the networks. These discounts are obtained due to the high volume of advertising inventory purchased by the advertising agency, a volume that corporations individually cannot match. Corporate clients at times also negotiate directly with networks, although this is less common because of the ability of the advertising agency to negotiate more favourable rates due to the volume of inventory being purchased.

Advertising agencies also offer expertise in recommending the most efficient forms of advertising or media buys for a particular product. A media buy refers to the range of advertising spots purchased across a variety of networks and programs. In its broadest sense, a media buy also includes other avenues for advertising, such as radio, newspapers, magazines and outdoor billboards. A spot refers to the purchase of advertising inventory on television, usually in the form of a fifteen-, 30- or 60-second placement of an advertisement during a program. The costs to purchase these spots during sport programming are considered later in this chapter.

**Sport programming**

The importance and significance of the sport–television relationship are indicated by the rapid increase in sport programming in Australia since the inception of television in 1956. In Sydney in 1958, just over twelve hours of sport programming went to air during the week commencing 1 September. Ten years later, during the week commencing 31 August, four stations showed a total of 22 hours of sport programming. Channels Seven and Nine covered Australian rules and rugby league, with ten one-hour boxing and wrestling programs also shown. By 1978, in the week commencing 2 September, 33 hours of sport programming were shown in Sydney, and by 1988 five channels had shown 43 hours of sport during the week beginning 15 August (Jarratt, 1988). In
Melbourne during the week beginning 26 May 1996, free-to-air sport programming had escalated to 79 hours. By 2002, in the week commencing 16 June, the five free-to-air networks showed just under 100 hours of sport programs. In addition, pay television providers offer three channels dedicated to 24 hours of sport programming. In September 2007, just under 90 hours of sport programming was shown on free-to-air channels, with three local pay television channels providing 24 hour sport programming plus ESPN. The increase from 1996 is largely, but not solely, attributable to the sustained number of major sports events noted in the headline story. During 2002, Australian pay television services underwent a rationalisation, with Optus Vision withdrawing its sports content channels and opting to develop an alliance with Fox Sports to deliver Fox Sports channels.

These results suggest, as did the headline story, that sport programming is a ratings winner. Networks would not schedule so much sport programming if it were not profitable to do so. Why, then, is sport programming so attractive? Klattell and Marcus (1988: 4) summarise the intrinsic value of sport programming to television:

At its best, television sports is the finest programming television can offer. In many respects, sports may be the quintessential television program format, taking fullest advantage of the role TV plays in our daily lives. Sports on TV have visually attractive elements—splashy colours, attractive locations, motion and movement galore. They have expansive vistas, exquisite details, and larger-than-life images… There is drama, tension, suspense, raw emotion, real anger, unvarnished joy, and a host of other responses. Most of all you are watching real people compete for real, as unsure of the outcome as the viewer. In sports TV the ‘bad guy’ of the script often wins, unexpected things happen, virtue doesn’t necessarily triumph, and goodness is not always rewarded.

The features of sport programming described by Klattell and Marcus underpin the reasons why sport is so attractive to television. They also explain why the networks are prepared to pay large fees to obtain the exclusive rights to broadcast a competition such as the AFL or cricket, or a major event such as the Olympic Games.

How is the IOC able to command these fees, and how do sports such as cricket, rugby union and tennis command significant revenues from the sale of these exclusive rights? Calculation of fees is based on the projected advertising sales and profit derived from the exclusive broadcasting of an event such as the Olympic Games. The value of advertising is determined by the system of measurement used to determine the popularity of programs—or, more specifically, how many people watch.

**Measuring the television audience**

The size and composition of television audiences are measured by ratings services. Ratings are collected by using the ‘people meter’, an electronic measuring device that records what programs are being watched. This device also has the capacity to record who is watching, which provides important demographic information to networks and advertisers.
Measurements made

The following terminology is used in relation to measuring television audiences.

**Homes using television**

Homes using television (HUT) is the number of homes where at least one television set is switched on at any point in time. For example, in 2007 there were 1.55 million households (HH) in Sydney and 1.48 million households in Melbourne with a television. In excess of 5.17 million households use a television in Sydney, Melbourne, Brisbane, Adelaide and Perth (OzTAM, 2007). Of the 5.17 million households with a television, 27 per cent, or 1.4 million, also have pay television. This represents an increase of approximately 400 000 households with pay television since 2002.

**Program ratings**

Program ratings are the percentage of households that are tuned to a particular station at a particular time. The top-rating shows in Australia for the week ending 16 June 2007 are shown in Table 11.1, with both the total people watching and the rating points for the five cities. OzTAM and the television networks are interested in the specific rating points for those programs, which are derived using the following formula:

\[
\text{Rating} = \frac{\text{HH tuned to program}}{\text{Total HH}} \times 100 \quad \text{or} \quad \frac{\text{People tuned to program}}{\text{Total individuals}} \times 100
\]

The top-rating program shown in Table 11.1 was the New South Wales vs Queensland State of Origin rugby league match, which is traditionally a top-rating program. Overall, ratings of 14 appear low, but remember that this figure is derived by dividing the people watching by the five-city population of just over 14 million people. Note the variance in Table 11.1 in people watching from state to state depending on the event and the other programs that feature in the top 20. The State of Origin telecast is a particular case in point. In the traditional rugby league markets of Sydney and Brisbane, this match rated 45 and 27.3 respectively. Both are very strong local market ratings and confirm the appeal of this television product in these markets. The Melbourne market, the second largest in the country, was less interested in watching this program and this was reflected in a low rating of 6.3. This example highlights that ratings are market sensitive, as are advertising rates.

**Audience share**

Audience share is the percentage of the total viewing audience in a given period tuned to a particular station. This is an important figure, because it considers the number of televisions actually in use and the total size of the potential audience. The number of televisions in use is likely to be fewer than the total number of households with televisions. Audience share is calculated by dividing the number of households watching a program by the number of households using televisions:

\[
\text{Share} = \frac{\text{HH tuned to program}}{\text{HUT}} \times 100
\]
## TABLE 11.1
Top 20 programs 10–16 June 2007 (total people)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Program</th>
<th>Channel</th>
<th>Five cities total 000s</th>
<th>Rating points</th>
<th>Sydney 000's</th>
<th>Melbourne 000's</th>
<th>Brisbane 000's</th>
<th>Adelaide 000's</th>
<th>Perth 000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State of Origin rugby league NSW v QLD 2nd match</td>
<td>9</td>
<td>1961</td>
<td>14.0</td>
<td>915</td>
<td>261</td>
<td>725</td>
<td>36</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Seven News—Sun</td>
<td>7</td>
<td>1684</td>
<td>12.0</td>
<td>429</td>
<td>470</td>
<td>337</td>
<td>168</td>
<td>280</td>
</tr>
<tr>
<td>3</td>
<td>Seven News</td>
<td>7</td>
<td>1612</td>
<td>11.5</td>
<td>425</td>
<td>434</td>
<td>295</td>
<td>206</td>
<td>252</td>
</tr>
<tr>
<td>4</td>
<td>It Takes Two</td>
<td>7</td>
<td>1604</td>
<td>11.4</td>
<td>464</td>
<td>527</td>
<td>248</td>
<td>173</td>
<td>191</td>
</tr>
<tr>
<td>5</td>
<td>60 Minutes</td>
<td>9</td>
<td>1540</td>
<td>11.0</td>
<td>388</td>
<td>495</td>
<td>266</td>
<td>172</td>
<td>219</td>
</tr>
<tr>
<td>6</td>
<td>Seven News—Sat</td>
<td>7</td>
<td>1529</td>
<td>10.9</td>
<td>436</td>
<td>472</td>
<td>298</td>
<td>150</td>
<td>173</td>
</tr>
<tr>
<td>7</td>
<td>Today Tonight</td>
<td>7</td>
<td>1516</td>
<td>10.8</td>
<td>400</td>
<td>429</td>
<td>281</td>
<td>188</td>
<td>219</td>
</tr>
<tr>
<td>8</td>
<td>Desperate Housewives</td>
<td>7</td>
<td>1468</td>
<td>10.4</td>
<td>476</td>
<td>479</td>
<td>182</td>
<td>163</td>
<td>168</td>
</tr>
<tr>
<td>9</td>
<td>All Saints</td>
<td>7</td>
<td>1447</td>
<td>10.3</td>
<td>417</td>
<td>498</td>
<td>215</td>
<td>153</td>
<td>164</td>
</tr>
<tr>
<td>10</td>
<td>RPA Where are They Now?</td>
<td>9</td>
<td>1427</td>
<td>10.2</td>
<td>430</td>
<td>456</td>
<td>225</td>
<td>161</td>
<td>155</td>
</tr>
<tr>
<td>11</td>
<td>1 VS 100</td>
<td>9</td>
<td>1425</td>
<td>10.1</td>
<td>349</td>
<td>479</td>
<td>258</td>
<td>169</td>
<td>169</td>
</tr>
<tr>
<td>12</td>
<td>Grey's Anatomy</td>
<td>7</td>
<td>1390</td>
<td>9.9</td>
<td>441</td>
<td>428</td>
<td>185</td>
<td>107</td>
<td>228</td>
</tr>
<tr>
<td>13</td>
<td>Getaway</td>
<td>9</td>
<td>1383</td>
<td>9.8</td>
<td>409</td>
<td>414</td>
<td>255</td>
<td>143</td>
<td>162</td>
</tr>
<tr>
<td>14</td>
<td>National Nine News—Sunday</td>
<td>9</td>
<td>1373</td>
<td>9.7</td>
<td>426</td>
<td>433</td>
<td>198</td>
<td>201</td>
<td>115</td>
</tr>
<tr>
<td>15</td>
<td>My Name is Earl</td>
<td>7</td>
<td>1350</td>
<td>9.6</td>
<td>367</td>
<td>395</td>
<td>280</td>
<td>163</td>
<td>145</td>
</tr>
<tr>
<td>16</td>
<td>What's Good for You</td>
<td>9</td>
<td>1349</td>
<td>9.6</td>
<td>378</td>
<td>467</td>
<td>242</td>
<td>118</td>
<td>145</td>
</tr>
<tr>
<td>17</td>
<td>NCIS</td>
<td>TEN</td>
<td>1314</td>
<td>9.4</td>
<td>377</td>
<td>374</td>
<td>233</td>
<td>159</td>
<td>172</td>
</tr>
<tr>
<td>18</td>
<td>National Nine News</td>
<td>9</td>
<td>1282</td>
<td>9.1</td>
<td>353</td>
<td>409</td>
<td>260</td>
<td>155</td>
<td>106</td>
</tr>
<tr>
<td>19</td>
<td>The Rich List</td>
<td>7</td>
<td>1273</td>
<td>9.0</td>
<td>347</td>
<td>403</td>
<td>201</td>
<td>144</td>
<td>177</td>
</tr>
<tr>
<td>20</td>
<td>A Current Affair</td>
<td>9</td>
<td>1263</td>
<td>8.9</td>
<td>328</td>
<td>406</td>
<td>272</td>
<td>136</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: Adapted from OzTAM (2007)

Significantly, the percentage share is always higher than rating points, because the total number of households actually using televisions is lower than the actual number of households with a television. For example, the 2007 AFL semi-final between the West Coast Eagles and Collingwood was the highest-rating football match on Seven during 2007. Table 11.2 displays the audience share, peak audience and average audience for this match, which was a gripping final in which the scores were tied at the final siren, necessitating ten minutes of extra time to determine a winner. Interestingly, Seven cites audience share data which show some impressive numbers, particularly in Melbourne, Perth and Adelaide. As the match extended well past 11.00 p.m. Melbourne time, the number of televisions in use waned as people not interested in the football went to bed,
but the match likely held football viewers due to the tied score. These factors combine to present the impressive numbers shown in Table 11.2, underscoring the importance for sport managers, advertisers and television executives to understand exactly what data are being examined and what they mean.

**Target audience rating points**

Target audience rating points (TARPs) are the audience at a given point in time expressed as a percentage of the potential audience available. Table 11.3 illustrates the

### TABLE 11.2

| West Coast Eagles vs Collingwood, semi-final, 2007 |
|----------------------------------|------------------|
| **Peak audience** | **Average audience** | **Audience share (%)** |
| Sydney | 239 000 | 156 000 | 33 |
| Melbourne | 853 000 | 762 000 | 73 |
| Brisbane | 158 000 | 115 000 | 36 |
| Adelaide | 284 000 | 223 000 | 64 |
| Perth | 449 000 | 380 000 | 74 |
| Network | 1 983 000 | 1 636 000 |

Source: Seven Network (2007).

### TABLE 11.3

| Friday night NRL average ratings |
|----------------------------------|------------------|------------------|
| **TCN-9 Sydney** | **QTT-9 Brisbane** |
| **Average homes rating** | **Average homes rating** |
| **6.30–7.30 p.m.** | **5.30–7.30 p.m.** |
| **24 weeks** | **24 weeks** |
| TARPs % | TARPs % |
| Total households | 245 975 | 17.30 | 138 161 | 16.20 |
| Total individuals | 417 851 | 10.00 | 215 880 | 9.30 |
| All people 18+ | 351 661 | 11.00 | 190 478 | 10.90 |
| Men 18+ | 203 278 | 12.90 | 105 428 | 12.30 |
| Men 16–24 | 25 269 | 9.30 | 9 189 | 6.00 |
| Men 16–39 | 89 929 | 11.30 | 39 533 | 9.50 |
| Men 18–39 | 83 136 | 11.30 | 36 851 | 9.60 |
| Men 40–54 | 59 805 | 13.60 | 36 613 | 14.90 |
| Men 55–64 | 30 251 | 16.00 | 14 043 | 13.10 |
| Men 65+ | 30 086 | 14.30 | 17 921 | 14.80 |
| Women 18+ | 148 383 | 9.10 | 85 049 | 9.50 |
| Women 16–24 | 13 911 | 5.30 | 6 757 | 4.50 |
| Women 16–39 | 64 616 | 8.30 | 31 965 | 7.60 |
| Women 40–54 | 34 106 | 7.80 | 27 463 | 10.90 |
| Women 55–64 | 18 842 | 10.30 | 10 934 | 10.40 |
| Women 65+ | 33 039 | 11.90 | 16 861 | 11.00 |
| Ppl AB | 70 846 | 9.70 | 31 553 | 9.40 |
| GB | 157 342 | 11.00 | 88 095 | 10.30 |

cumulative nature of TARPs in relation to 2001 Friday night NRL telecasts. It shows the average Friday night TARPs for the duration of the NRL season as well. Also shown are the various demographic groups typically used in the analysis by advertisers, networks, corporations and sporting organisations. Corporations are often more interested in the detailed demographic data, as these relate to the groups most likely to purchase the firm’s product. In other words, if Coca-Cola advertised during the rugby league telecast, the company might be more interested in the number of people in the 16–24 years age group watching Friday night matches, as this might represent an important buying group.

**Gross rating points**
Gross rating points (GRPs) are another cumulative measure representing the sum of TARPs for a given schedule, often referred to as total TARPs.Cumulative ratings such as GRPs and TARPs are usually calculated for a week or month and, as noted by Buzzard (1992: 40), are often ‘used as a comparison to circulation figures in the print media. It measures the station’s overall effectiveness, or the total number of different people who saw a program or commercial’. Reach is a measure of the number of different people watching, and frequency is the number of times a person or household watches the same program, commercial or station. A total television buy of 240 GRPs could be calculated as follows:

\[
\text{GRPs} = \frac{\text{Reach} \times \text{Frequency}}{240}
\]

**Average audience**
Average audience is the estimated audience over a stated period, usually fifteen minutes. This figure is usually expressed in thousands. Examples are given in Tables 11.2 and 11.3.

**People meters**
The method used to collect ratings data has changed during the past fifteen years. Up until 1991, the diary was used. This required randomly selected households to fill in their viewing patterns during a two-week period, usually referred to as the ratings period. At the end of the two weeks, the diaries were collected and analysed to determine program ratings. The method by which this information was collected, collated and interpreted was rather slow and cumbersome, compared with the use of the people meter.

In 1989 the first trials began with ACNielsen’s people meter. The most significant change as a result of using the people meter was that data could be collected for 52 weeks of the year, thereby removing the tendency of networks to schedule major programs during known ratings periods. A major advantage of the people meter technology is its capacity to download the results of the previous day’s viewing by nine o’clock the next morning, providing television executives with immediate feedback on the success of their programs. In 2002, ACNielsen’s people meter service was replaced in the metropolitan
area by OzTAM, which is a joint venture between the three main commercial broadcasters in Australia. OzTAM subsequently appointed the AGB Group as the ratings provider—or in other words, the agency responsible for data collection. In 2004, the AGB Group merged with the Nielsen Media Group to form AGB Nielsen Media Research, and this group is responsible for the supply of television audience measurement services and managing the TV ratings panels from which ratings data are collected. What, then, is the people meter and how does it work?

The people meter is a small eight-button unit placed on top of the television set. Each member of the household is assigned a button number, and their names are printed above their assigned button number. There is a set of red and green lights on the front of the unit to indicate whether selected people are in the viewing audience. Green indicates viewing; red indicates no viewing. Household members indicate their viewing by pushing their assigned button on either the people meter or the remote control, changing their light from red to green. There is a button labelled OK that must be pressed when all viewing entries have been made. When a household member leaves the room, that person must again press a button to indicate no viewing and press the OK button to signify a change in audience. When visitors come into the room, they must indicate their presence by pushing a visitor button on the unit placed on the television. Visitors will be asked their sex and age.

Data collected from people meters are downloaded to a central computer, and it is from here that the various rating figures are generated. As can be seen from the need for visitors to input their basic demographic information, detailed reports are possible for every program. Indeed, detailed reports are possible for every minute of the day for every program. Typically, data are reported in fifteen-minute blocks.

People meters are an improvement on the diary system, where the accuracy of data reported by households was often suspect. Household members often forgot to complete the diary daily, relying on their memory to fill it in at a later date. Of course, people meters rely on household members diligently turning their green and red lights on and off as they cycle in and out of watching television.

The other major weakness of the people meter is that it cannot detect whether household members are actually watching television, even though they are recorded as being in the room. Remember, this is important because the advertisers assume that people recorded as being in the room actually watch the program and register or acknowledge the advertisements shown. Whether this is the case is examined later in this chapter.

**Audience sampling**

People meters are not installed in every house using a television. This would be too costly and time-consuming. To obtain reliable data, a random sample of the population is taken. The objective of the sample is to install meters in a random, representative and projectable sample of households for the defined market. At present, OzTAM uses a sample of 3035 metropolitan households randomly selected, including 765 from Sydney, 705 from Melbourne, 615 from Brisbane, and 475 each from Adelaide and Perth. In addition, 1000 homes form part of the sample for subscription pay television. These
3035 homes determine the success and failure of television programs, and in turn the value of advertising. Regional and pay television ratings data are also collected by AGB Nielsen Media Group. To ensure a valid sample, there must be a genuine representation of the population within each city or regional area. Factors taken into account include postcode, size of household, number of television sets, age of the grocery buyer, presence of children and claimed reception of TV stations (OzTAM, 2007). Households not eligible for the sample include:

- non-private dwellings—hospitals, prisons, schools, etc.;
- households without a television;
- households of people working in the television, market research or advertising industries;
- households moving within the next three months; and
- households occupied for less than nine months a year.

Advertising during sport programming

Super Bowl XLI (2007) advertising inventory is expected to sell at US$2.6 million per 30-second spot, although the final cost to each individual company may vary depending on volume purchase. Experts, however, differ in their views as to the value of premium cost to advertise during the Super Bowl. Sportview 11.1 illustrates the difficulties of measuring the value of advertising.

**SPORTVIEW 11.1**

**Super prices for Super Bowl ads**

Jon Bond, co-founder of Kirshenbaum Bond + Partners, a New York-based ad agency, said that because the game typically generates a huge audience (nearly 91 million watched Super Bowl XL last year), it usually is worth the investment for large companies. But he added that advertisers need to do more than just simply air a commercial. ‘You need an X-factor,’ he said, adding that Super Bowl commercials tend to make the most sense for consumer products companies, mainly because these firms are often able to get better product placement in stores leading up to the game if they have a Super Bowl commercial airing.

But others said that there is too much uncertainty about whether or not a Super Bowl ad will pay off since, even though you can measure how many people watch the game, you don’t really know how many people are watching or paying attention to the commercial, let alone whether or not the commercial is even relevant to a particular viewer. ‘The biggest problem is that nobody knows if the Super Bowl is worth it,’ said Dmitry Shapiro, chief executive officer of Veoh, a privately held online video firm. ‘That’s the problem with TV advertising as a whole and the Super Bowl is just the epitome of it.’ To that end, there is a growing sense among some marketers that the Super Bowl is not the best venue to advertise a product.
According to a survey released Wednesday by the National Sports Marketing Network, which has 7000 members representing sports marketing agencies, the sports leagues and TV networks, 41 per cent of respondents said a Super Bowl commercial was not worth the investment while only 37 per cent said it was worth it.

Source: La Monica (2007)

The Ten Network, broadcasters of the 2007 AFL Grand Final, one of the biggest TV-watching days of the year in Australia, were hoping to attract advertisers nationally across the network at around $100 000 to $115 000 per 30-second spot (depending on volume discounts). Individual markets ranged from $63 525 per 30-second spot in Melbourne to $10 395 in Brisbane. The 2007 Rugby World Cup was also an attractive television product. Peak 30-second sport rates for pool games involving Australia were valued at $20 000, decreasing to $19 000 for qualifying/semi-final matches and increasing to $25 000 for the final. As the sale of advertising inventory must be costed well in advance of the World Cup, the ‘value’ of each 30-second spot in the qualifying and semi-finals and the final is difficult to capture. Clearly, the value of these spots increases if Australia plays in any of the early finals matches and the final. The uncertainty of the sport product is clearly evident. One of the features of the sport product is its capacity to attract peak audiences during non-peak times. The World Cup has this potential as does cricket, which typically attracts the same amount of people during the day as normal evening peak programming.

An example of the strategy used to sell advertising inventory by the networks is seen in Figure 11.2. Some of the sales data for the 2002 Australian Formula One Grand Prix in Melbourne are shown, along with ratings data for the 2001 event, telecast schedules for 2002, the cost of television sponsorships of the event and the cost of 30-second spot packages. National sponsorships of such sporting events usually offer more to the corporation than traditional spot advertising. In this example, television sponsorship benefits included:

- specially produced opening and closing and internal billboards;
- promotion—sponsor received logo association with telecast promotion;
- ten 30-second spots spread through all telecasts on all Nine Network stations;
- placement—4 × 30 seconds on Saturday and 6 × 30 seconds on Sunday.

Sponsoring an event like the Grand Prix is obviously more expensive than simply purchasing a series of 30-second spots, as is indicated in Figure 11.2. Most coverage of major sporting events includes television sponsorship opportunities. Sales of advertising time and television sponsorships are the precursors to determining the worth of television rights purchased by networks. It is important for sport managers to value the potential revenue to networks from televising their sport. Sportview 11.2 illustrates how revenue generated from advertising during sport programming can be calculated. It is this calculation that leads to determining the television rights paid by networks for exclusive broadcasting of sporting events.
The Formula One Series will hit Melbourne in February–March for the 1st round of the FIA Formula One Championship at Albert Park.

11 Formula One teams, 22 Formula One drivers, and hundreds of thousands of fans will flock to the Albert Park circuit.

The 2002 Qantas Australian Grand Prix will be held from 28 February to 3 March and promises to be one of the most tightly fought championship contests in years.

Nine’s *Wide World of Sports* cameras will be on hand to provide a comprehensive coverage of the weekend’s racing, coverage that has earned the FOA award for best telecast worldwide, five times.

Once Melbourne has been decided, the circuit will continue on its journey around the world in 16 different countries. Monaco, Imola, Magny Cours, Spa Francorchamps and Monza are just a few of the exotic locations.

The Nine Network will take you along for the ride as we buckle up for another year of high-octane action, only on the *Wide World of Sports*.

### Average rating for Sunday, 3 March 2001

<table>
<thead>
<tr>
<th></th>
<th>TCN-9 Sydney</th>
<th>GTV-9 Melbourne</th>
<th>QTQ-9 Brisbane</th>
<th>NWS-9 Adelaide</th>
<th>STW-9 Perth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes</td>
<td>176,588</td>
<td>364,228</td>
<td>146,578</td>
<td>89,936</td>
<td>67,925</td>
</tr>
<tr>
<td>All people</td>
<td>272,337</td>
<td>612,924</td>
<td>203,600</td>
<td>144,993</td>
<td>94,880</td>
</tr>
<tr>
<td>Child 5-12</td>
<td>18,961</td>
<td>42,009</td>
<td>12,992</td>
<td>11,954</td>
<td>20,999</td>
</tr>
<tr>
<td>Teens 13-17</td>
<td>7,843</td>
<td>38,280</td>
<td>3,86</td>
<td>4,388</td>
<td>4,066</td>
</tr>
<tr>
<td>All people 18+</td>
<td>231,590</td>
<td>514,019</td>
<td>184,453</td>
<td>122,276</td>
<td>88,051</td>
</tr>
<tr>
<td>Men 18+</td>
<td>157,875</td>
<td>289,191</td>
<td>114,696</td>
<td>75,920</td>
<td>56,182</td>
</tr>
<tr>
<td>Men 18-24</td>
<td>25,197</td>
<td>20,129</td>
<td>10,542</td>
<td>6,584</td>
<td>4,289</td>
</tr>
<tr>
<td>Men 25-39</td>
<td>56,911</td>
<td>123,888</td>
<td>41,294</td>
<td>22,337</td>
<td>23,097</td>
</tr>
<tr>
<td>Men 40-54</td>
<td>37,629</td>
<td>91,303</td>
<td>30,292</td>
<td>22,901</td>
<td>15,527</td>
</tr>
<tr>
<td>Men 55-60</td>
<td>21,371</td>
<td>26,302</td>
<td>18,483</td>
<td>10,622</td>
<td>7,708</td>
</tr>
<tr>
<td>Men 65+</td>
<td>16,767</td>
<td>27,569</td>
<td>14,083</td>
<td>13,477</td>
<td>5,561</td>
</tr>
<tr>
<td>Women 18+</td>
<td>73,715</td>
<td>224,827</td>
<td>69,757</td>
<td>46,356</td>
<td>31,868</td>
</tr>
<tr>
<td>Women 18-24</td>
<td>10,624</td>
<td>13,318</td>
<td>6,823</td>
<td>3,650</td>
<td>4,913</td>
</tr>
<tr>
<td>Women 25-39</td>
<td>26,448</td>
<td>86,936</td>
<td>16,942</td>
<td>15,960</td>
<td>10,848</td>
</tr>
<tr>
<td>Women 40-54</td>
<td>14,716</td>
<td>50,399</td>
<td>18,105</td>
<td>16,044</td>
<td>10,363</td>
</tr>
<tr>
<td>Women 55-60</td>
<td>8,801</td>
<td>47,051</td>
<td>11,619</td>
<td>4,576</td>
<td>2,251</td>
</tr>
<tr>
<td>Women 65+</td>
<td>13,126</td>
<td>27,123</td>
<td>16,268</td>
<td>6,125</td>
<td>3,497</td>
</tr>
<tr>
<td>Grocery buyers</td>
<td>97,867</td>
<td>220,274</td>
<td>80,321</td>
<td>59,531</td>
<td>40,363</td>
</tr>
<tr>
<td>SE AB</td>
<td>54,389</td>
<td>88,841</td>
<td>18,420</td>
<td>20,261</td>
<td>11,281</td>
</tr>
</tbody>
</table>
2002 telecast schedule

<table>
<thead>
<tr>
<th>Station</th>
<th>Saturday, 2 March 2002</th>
<th>Sunday, 3 March 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCN-9 Sydney</td>
<td>12.30pm–4.00pm</td>
<td>10.30am–4.30pm</td>
</tr>
<tr>
<td>GTV-9 Melbourne</td>
<td>12.30pm–4.00pm</td>
<td>10.30am–4.30pm</td>
</tr>
<tr>
<td>QTQ-9 Brisbane</td>
<td>11.30am–3.00pm</td>
<td>9.30am–3.30pm</td>
</tr>
<tr>
<td>NWS-9 Adelaide</td>
<td>12.00pm–3.30pm</td>
<td>10.00am–4.00pm</td>
</tr>
<tr>
<td>STW-9 Perth</td>
<td>9.30am–1.00pm</td>
<td>7.30am–1.30pm</td>
</tr>
</tbody>
</table>

Television sponsorship

National sponsorship of the telecasts of the Melbourne Grand Prix is available and provides association with this unique sporting event. Sponsorship benefits include:

- Billboards—opening, closing and internal.
- Promotion—sponsors will receive logo association with telecast promotion.
- Spot package—10 × 30 seconds per network station.
- Placement—Saturday 4 × 30 seconds
  Sunday 6 × 30 seconds

*Only sponsors receive airtime in actual race—2 × 30 seconds

The price of this national sponsorship is:

<table>
<thead>
<tr>
<th>Station</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCN-9 Sydney</td>
<td>$40 000</td>
</tr>
<tr>
<td>GTV-9 Melbourne</td>
<td>$95 000</td>
</tr>
<tr>
<td>QTQ-9 Brisbane</td>
<td>$25 000</td>
</tr>
<tr>
<td>NWS-9 Adelaide</td>
<td>$25 000</td>
</tr>
<tr>
<td>STW-9 Perth</td>
<td>$20 000</td>
</tr>
<tr>
<td>Network</td>
<td>$205 000</td>
</tr>
</tbody>
</table>

Spot packages

Spots can be purchased through all telecasts on all stations or in any specific telecast on individual stations or in any combination.

<table>
<thead>
<tr>
<th>Station</th>
<th>Saturday, 2 March 2002</th>
<th>Sunday, 3 March 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCN-9 Sydney</td>
<td>$2500</td>
<td>$4000</td>
</tr>
<tr>
<td>GTV-9 Melbourne</td>
<td>$6000</td>
<td>$10 000</td>
</tr>
<tr>
<td>QTQ-9 Brisbane</td>
<td>$1000</td>
<td>$2200</td>
</tr>
<tr>
<td>NWS-9 Adelaide</td>
<td>$1000</td>
<td>$2200</td>
</tr>
<tr>
<td>STW-9 Perth</td>
<td>$600</td>
<td>$2000</td>
</tr>
<tr>
<td>NETWORK</td>
<td>$11 100</td>
<td>$20 400</td>
</tr>
</tbody>
</table>

Calculating the worth of AFL television rights

The first live telecast of Australian football occurred in 1957. The popularity of these broadcasts resulted in the Victorian Football League (VFL) charging £500 per station to televise football in 1958. The television station that has remained most closely aligned with football is the Seven Network. In 1976, Channel Seven paid $3 million over five years. Channel Seven has retained the rights until 2002, except for the 1987 season. In 1988, the Seven Network paid $30 million for the seasons 1988 to 1992. In 1991, the Seven Network renegotiated the rights for $47 million for three years to the end of the 1995 season. A further $10 million in free advertising was also negotiated during a rights deal with the Seven Network for a figure reported to be $90 million for the three years 1996 to 1998. Another new contract was established for the period 1999 to 2001 and was negotiated in 1995. This latest deal also included an agreement between the Seven Network and pay television operator Optus Vision to televise all AFL games during the 1996 season. Mostly these games were replays, with a handful shown live.

Data collected during the 1995 season showed how much revenue advertising was generated during AFL programming on the Seven Network. The information shown in this sportview was collected during telecasts of Rounds 21 and 22 and the first final round of the 1995 season. Content analysis of the sport programming shown in Melbourne revealed 860 minutes of AFL programming shown during Round 21, 870 minutes in Round 22 and 570 minutes during the first week of the finals. The purpose of this investigation was to determine the worth of advertising during these matches to the Seven Network. Table 11.4 shows the amount of actual football shown (F), advertising time (Ad) and time given to station promotions (Ch 7).

<table>
<thead>
<tr>
<th></th>
<th>Round 21</th>
<th>Round 22</th>
<th>First week finals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Ad</td>
<td>Ch 7</td>
</tr>
<tr>
<td>Friday night</td>
<td>132.7</td>
<td>22.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Saturday replay</td>
<td>69.75</td>
<td>17.25</td>
<td>3.0</td>
</tr>
<tr>
<td>Saturday night</td>
<td>153.0</td>
<td>33.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Sunday game day</td>
<td>46.0</td>
<td>12.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Sunday live</td>
<td>297.5</td>
<td>55.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>699.0</td>
<td>139.5</td>
<td>21.5</td>
</tr>
<tr>
<td>Per cent</td>
<td>81.3</td>
<td>16.2</td>
<td>2.5</td>
</tr>
</tbody>
</table>

On average, 81.6 per cent of telecast time was devoted to football. The remaining 18.4 per cent of the telecast featured non-program material, of which 15.9 per cent was devoted to advertising and 2.5 per cent to Seven Network promotions. The total potential revenue generated through sale of advertising was determined by multiplying the rate for a 30-second commercial by the number of advertisements that appeared throughout the telecast. A 60-second advertisement was simply credited with two commercial placements and a 15-second advertisement with half a commercial placement. The cost to advertise (30-second spot)
ranged from $1500 for Sunday game day to $4000 for Saturday night replay, Saturday and Sunday night live, and $4800 for Friday night.

From calculating the worth of time dedicated to advertising, revenue to the Seven Network during each weekend of the broadcasts was worth in excess of $1.2 million. Over the three weekends, $3 854 000 of advertising inventory was available. Actual revenue generated was $3 307 850, which represents inventory available minus Seven Network promotions.

The Seven Network paid approximately $13.5 million for the rights to the 1995 season. Based on a 22-week home and away season and three rounds of finals (total 25 weeks), there was a capacity to generate advertising revenue in excess of $32 million (averaged over 25 weeks at $1 284 700 per week) in the Melbourne market. Other special events during the season included State of Origin, the Brownlow Medal count and the Grand Final, which would generate significantly more advertising revenue and value to the advertiser.

Numerous methods exist enabling advertisers to measure the cost efficiency of their advertising in terms of number of people reached. These methods utilise the value of gross rating points, total audience rating points, cost per rating point and cost per thousand. To obtain a measure reflecting the needs of advertisers, the cost per thousand (CPM) was used to determine advertising effectiveness (i.e. homes reached). CPM is defined as ‘how much it costs to advertise to reach 1000 homes or viewers’ (Buzzard, 1992: 42). The formula for determining CPM is the cost of the buy divided by the average households or persons reached, per average minute or quarter-hour, multiplied by 1000.

Average household ratings for each segment were obtained for each telecast and converted into the total number of Melbourne households (1 118 000) tuned into the telecast. The cost to reach 1000 Melbourne homes ranged from $14 to $29 over the review period of the telecast. The range in Round 21 was $15 to $22, in Round 22 $14 to $19 and in the first week of the finals $14 to $29. Using the Friday night Round 21 fixture as an example, the calculation of the CPM is obtained by taking the advertising rate of $4800 and dividing by the average homes viewing (220 000, rating 18.9). This figure is then divided by 1000, providing a resultant figure of 22, indicating that it cost the advertisers $22 to reach every 1000 Melbourne homes during Round 21 Friday night game. These figures indicate a good return on investment to advertisers in terms of audience reach. In essence, it cost advertisers 22 cents per home.

Results achieved from this study indicate that the Seven Network seems to be performing extremely well in recouping its investment in football. Revenue exceeding $1 million each weekend for ten to fifteen hours of telecast equates to in excess of $27 million for the season, solely from the Melbourne market. These figures are achieved despite the Seven Network forgoing $4.5 million of potential revenue each season in order to promote its own programs.

The Seven Network incurs production costs as well as its outlay to the AFL for the rights, and these production costs reduce the revenue generated from the sale of advertising time. Production costs usually assume approximately 20 per cent of the network’s total outlay. Considering the cost of the rights paid to the AFL ($500 000 per weekend), and including costs of production (assuming costs in the region of $100 000 per weekend), the revenue
obtained from the Melbourne market appears to indicate a very healthy return on investment. Income exceeding $1.1 million each weekend, minus expenditures of $600 000 for production and station promotions, provides a weekly profit in excess of $500 000. Over a 25-week period, this represents profits exceeding $25 million.

Lawrence (1995) indicates that in 1994 the rights fees were worth between $15 million and $17 million, and the revenue generated from sales of advertising was worth $35 million. Based on the figures obtained from the analysis of three rounds of AFL extrapolated over 25 weeks, it would seem that a large proportion of this $35 million would be generated through the Melbourne market alone, highlighting the strategic significance of the Melbourne television audience to both the AFL and the Seven Network.

Source: Adjusted from Turner and Shilbury (1997).

Advertising effectiveness

Nakra (1991: 217) notes that:

commercial avoidance and audience erosion are two interrelated problems that marketing executives and media planners have been aware of for more than 30 years. With the rapid advancement of technology the problem of ‘zapping’ has become even more predominant.

Zapping involves viewers rapidly changing channels in order to avoid commercials. It also involves video-recorded programs, where viewers simply fast-forward past the advertisements. Zapping therefore represents a fundamental challenge to the basis of the television advertising formula, which assumes—as indicated earlier in this chapter—that viewers recorded as watching a program also watch and acknowledge advertisements. A difference can exist between exposure to the program and exposure to the commercial messages. It is likely that further advances in technology will improve the ability of the viewer to zap commercials.

Central to this issue of zapping is the cost effectiveness of advertising. The best-known method for establishing the cost efficiencies between program buys is cost per thousand (CPM). An example of the use of CPM is shown in Sportview 11.2. This method has been widely used to show ‘audience or target size counts, which may or may not accurately represent the number of people viewing the program, segments of it, or the commercials’ (Lloyd and Clancy, 1991: 34). Lloyd and Clancy posit three questions in relation to their suggestion for the use of a measure known as cost per thousand involved (CPMI):

1. Do individual programs differ in their ability to involve viewers?
2. Just how closely related are CPM and CPMI for the same set of programs?
3. In other words, would media planners and buyers make the same or different media buys if the decision were based on CPM versus CPMI?

The answers to these questions are based on the extent to which the media environment affects, tempers or moderates the nature of the advertising response. Two
hypotheses have emerged from research investigating these questions. The first asserts that the more involved viewers are in a program and the more they like it and are engaged by it, the weaker will be the advertising response. Proponents of this hypothesis maintain that commercial breaks represent an unnecessarily intrusive element in an otherwise enjoyable viewing experience. As a consequence, the advertisements are filtered out, perceived negatively or simply avoided. The second hypothesis adopts the opposite view. It suggests that characteristics of the program, as subjectively perceived by the involved viewer, produce efforts to minimise surrounding distractions and cause an enhanced orientation towards the program and source of the stimulus (Lloyd and Clancy, 1991). Enhanced involvement prompts the viewer to remain activated, producing a more positive impact on advertising effectiveness. Implications of these hypotheses are:

- to develop appropriate ratings indexes to determine program involvement; and
- to factor these indexes into CPMI measures.

At present, no research is available indicating the level of involvement that sport programming generates. However, sport programming for cricket, for example, where only one short commercial can be shown between overs, may have an advantage in ensuring that viewers watch and acknowledge the commercial (i.e. do not zap). Australian rules football may also have a similar advantage, as commercials are shown after a goal is scored and typically last just 30 seconds before play recommences. Sports such as golf, basketball and car racing may provide viewers with the opportunity to leave the room, knowing that a series of four to five commercials will be shown. This also raises the question of advertisement placing in programs. Typically, first-in and last-out commercials are considered more valuable, as viewers see the first before leaving the room and the last when returning after the commercial break. Interestingly, networks often use the first or last advertisement for their own station program promotion purposes.

All of these factors impinge on the effectiveness of advertising during sport programming. Little research has been conducted on sport programming to shed more light on the answers to the questions raised in this section. There is little doubt, however, that these issues form the basis on which networks set advertising rates and, as a consequence, the amount in television rights they are prepared to pay sporting organisations.

**Pay television**

Another player has recently entered the sport–business–television relationship. Pay television was introduced to Australia in 1995. It is slowly becoming available worldwide, contributing to the globalised economy and in particular the familiarity of sport.

The business basis on which pay TV is predicated is fundamentally different from that of the free-to-air networks described in this chapter. So far we have described how free-to-air networks rely on advertising as their primary source of revenue and profit. Free-to-air networks are in the business of reaching the widest possible audience, hence the term ‘broadcasting’. Free-to-air television is popular and generally taken for granted
as an everyday part of life. Pay television, on the other hand, requires the payment of subscription fees to receive programming. The basic operating premise on which pay TV exists is known as narrowcasting, and its revenue base is sourced from subscription fees. Unlike with the free-to-air networks, advertising is not the predominant revenue source.

Pay TV in Australia at present is not as freely accessible as the free-to-air networks. It is assumed that this market will expand over time. Initially, advertising on pay TV was banned for a period of five years, although in mid-1997 advertising became legal, diversifying revenue opportunities and more closely aligning pay television with the free-to-air networks. Logically, this will intensify competition for advertising revenue in the television industry.

Legislation governing the introduction of pay TV in Australia prohibits major sporting events being shown solely on pay TV. For example, the AFL Grand Final, the Melbourne Cup, major golf and tennis events and the Olympic Games are subject to anti-siphoning laws designed to ensure that the majority of the population retains the ability to see these sporting events. Pay TV represents further opportunities for sports with their marketing, promotion and revenue-generating strategies. The sport channels, in concert with the movie channels, are pay TV’s greatest strength in terms of attracting subscribers. The opportunity therefore presents itself to an increasing range of sports to obtain some exposure via pay television.

In terms of extracting rights revenue from pay TV operators, the same principle applies as for free-to-air operators: to determine how much revenue the sport contributes to the network. The difference is that it is not so easy to calculate this contribution. Free-to-air networks, as shown earlier in this chapter, can simply calculate the total advertising time in dollar terms, thereby determining how much direct value sport programming represents. It is more difficult to determine how many subscribers subscribe solely or predominantly because a specific sport is shown on a pay TV channel. In some cases, major sports such as cricket, the AFL and rugby league clearly add to the likelihood that subscriptions will grow due to their availability on a pay TV channel.

Fundamentally, sports not already receiving extensive free-to-air coverage will want to obtain exposure on pay television. In the end, for some of these sports the benefits may be the exposure via programming rather than any financial gains via television rights for exclusive coverage. This highlights the important role of television in the overall marketing and promotion of sport. Some sports, as demonstrated in this chapter, have the capacity to gain financially from television broadcasts; others do not. For some sports, the opportunity to gain exposure through programming without receiving any financial incentive is another important consideration when developing promotion mix decisions. It is also possible that some sports will have to pay to have their sport shown on either pay TV or free-to-air television. In this case, the decision to spend money will come from the promotion mix budget. Television is therefore an important consideration when framing promotion mix decisions.

Another question that arises is what sport managers need to do to enhance the attractiveness of a sport for television. There is no easy answer to this question. Some sports have used rule changes to make the game more attractive; others have changed
the uniforms worn by players to make them more appealing; still other sports have simply paid for airtime until their sport has become well recognised and people want to watch it on a regular basis. Whether it is pay TV or free-to-air television, the formula does not change. Television executives will want to know how much revenue and subsequent profit the sport will attract for the network before they agree to show it on television. It is possible that pay TV offers slightly greater opportunities in the early years as there will be pressure to fill programming, particularly on all-sport channels. One thing is certain: the complexity of the sport–business–television relationship is intensifying in terms of attracting revenue sources and viewers. What has not changed is that programming is designed to capture a market of viewers, to either expose them to advertising or to get them to subscribe to a pay TV operator’s range of channels.

**Digital television**

Fancy using your television to order a pizza, enter a competition or change the narration on a documentary? Digital television promises such features, but Australians are far from being able to take up the advantages. Not so in Britain, where 39 per cent of the population has access to interactive TV—compared with 35 per cent who use the internet—allowing them to control which court they watch during Wimbledon, for example, or to order food while watching a Pizza Hut ad (Hickman, 2002: 6).

This is the brave new world confronting the television executive and ultimately the sports consumer and sport marketer. Imagine being able to choose your preferred match and court at Wimbledon, or the golf hole or players you, the sport fan, would actually like to watch during a golf tournament. This may be possible with the onset of digital television during the next decade. The implications for sport broadcasting are significant. Digital television’s introduction to Australia has commenced—albeit in a rather uncertain environment, as it relates to standards and protocols for the delivery of digital services. Nevertheless, high-definition television services are becoming increasingly affordable and available, and with them the potential for interactivity, such as that described by Hickman.

Although pay TV has brought a greater number of channels to consumers worldwide, this is nothing compared with the capacity of digital television, which has the potential to unblock the content bottleneck through the provision of hundreds of channels. In the traditional analogue format, delivery was restricted by television’s large usage of spectra or frequencies available to broadcast. Digital transmission is expected to improve quality and allow interactivity, and consequently greater control by sports consumers of the type of programs watched and the cameras and angles used. At the heart of this technological revolution is bandwidth: ‘Bandwidth refers to the capacity to distribute content…Digitized information can be made to take up much less space than analog signals. In a process known as compression, unnecessary information can be removed from video signals.’ (Todreas, 1999: 79)

The opportunities to arise from technological developments such as digital television need to be carefully considered by sport marketing managers. The implications extend beyond the value of television rights to sporting organisations, but also to where the
control starts and stops for the provision of services to sports consumers. Recent issues surrounding virtual advertising, essentially made possible by digital technology, highlight the complexities new technologies create for sport managers and television executives. For example, virtual advertising can be incorporated in a telecast without disrupting the view to the spectators. However, these images can be set to block out existing ground signage, which would cause some obvious problems (individual corporations pay for the right to display ground signs knowing that television will pick up these signs as part of the broadcast).

**Summary**

This chapter attempted to demystify the sport–business–television relationship. Television rights to sporting events are one of the most visible and talked-about components of sport marketing. The networks of the world pay exorbitant sums for the exclusive rights to broadcast sporting events such as the Olympic Games and World Cup soccer. These sums merely recognise the number of people watching such events. Sporting events at varying levels—some worldwide, some nationally—deliver audiences to advertisers via programming, which in turn delivers revenues to sport in the form of rights fees and profits to television networks via the sale of advertising inventory.

The people meter is the electronic device used to measure the success of television programs. The people meter collects ratings, which measure how many people with televisions are watching a particular program. Audience share and TARPs also measure the success of television programs, providing detailed and specific information about who is watching. It is not enough simply to identify how many people with televisions are watching a program; it is also important to know the demographic profile of these viewers. Advertising rates are based on ratings figures, and the income derived from advertising determines what fees can be paid for the exclusive broadcast rights to sporting events.

Some sporting organisations have been slow to awaken to the value of their product. In marketing terms, many sports have not maximised their revenue opportunities through television, primarily due to failing to understand how the worth of television rights is calculated. As the sport sector professionalises, this is changing, as evidenced in the escalation of rights fees during the past decade.

The other major marketing benefit to be gained from television is exposure. Indirectly, televised sport has the potential to attract viewers to the live event, thereby contributing to the revenue generated via gate receipts. In many ways, this is a vicious circle. Televised sporting events can contribute to reduced attendances, explaining why sport programming is often ‘blackened out’ in the city where the event is being staged. Television is therefore an important consideration when framing marketing and promotion mix decisions.

Pay television contributes to the exposure sporting organisations may gain from television. The relatively recent introduction of pay TV to Australia has meant exposure for sports not normally shown on television. Pay TV is beginning to offer reasonable exposure because the subscriber base is steadily growing. Therefore, only the major professional sports have demonstrated the capacity to attract revenue from pay TV providers. Over a period of time, however, it might also offer some revenue-generating
potential for smaller sports. This chapter showed that the principal source of revenue for pay TV operators comes from individual household subscriptions; however, pay TV operators are also allowed to show advertisements, thereby diversifying sources of revenue. This revenue source is not anticipated to be large in the short term, but will create some discomfort for the free-to-air networks.

The various business relationships described in this chapter are neither mysterious nor surprising once the commercial basis on which television operates is understood. What is interesting is the complex set of relationships developing between sport and television as both endeavour to maximise the revenues and profits from their respective product offerings.

**CASE STUDY**

**OzTAM and ACNielsen TV ratings services**

It is not surprising that Australia’s big advertisers and media buyers are feeling exasperated. With the close of the first official television ratings week of 2001 on Saturday, 17 February, the audience measurement figures have created nothing but confusion and bad feeling between the metropolitan commercial networks and the advertisers who pay about $2.5 billion to them each year. (*Business Review Weekly* 2001)

The reason for the conflict can be traced to the three commercial networks’ decision to jointly form a company to undertake the important task of measuring audiences watching television programs. OzTAM, jointly owned by Nine, Seven and Ten, is responsible for providing to the networks daily measurements garnered from service provider Australian Television Research (ATR). The decision to form OzTAM meant that ACNielsen, the company previously responsible for data collection and reporting, was replaced, although it maintained responsibility for regional television audience measurement.

The source of the conflict between the advertisers and networks was a result of measurement discrepancies reported by both OzTAM and ACNielsen. The latter continued to report its rating results after the contract had expired. Meade (2001: 8) reports, for example, that ‘ratings figures from OzTAM reveal the Nine Network medical drama *ER* to be the no. 1 program for last week, with a total of 1.8 million viewers nationally. Nine’s other hit show, *Friends*, came ninth with 1.6 million viewers. But ACNielsen data for the same week has the US sitcom taking out the top position with 1.9 million viewers’. With so much advertising money contingent on ratings points, a few points’ variance can be costly for both network and advertiser. Bryden-Brown (2001) confirms the industry-wide criticism OzTAM was confronting due to the acute differences in ratings data between OzTAM and ACNielsen.

The reason there is so much difference between OzTAM and ACNielsen is the size of the sample and its location. As it is too costly and impractical to measure the viewing habits of every household with a television, the measurement agencies employ a sample of the five major cities in Australia, the formation of which is based on statistically accepted procedures. However, there remains the potential for sample bias and sample error. The importance of obtaining an accurate and objective sample lay at the heart of the dispute.
between advertisers and networks, and between the networks themselves. Independent New Zealand auditor Professor Peter Danaher, who was recruited by OzTAM and ACNielsen to analyse and explain the reasons for the differences between television ratings data (Meade, 2001), notes that:

Since both ATR and ACN operate a sample of homes, the ratings they report are subject to usual sampling errors. For the Sydney market ATR has about 1900 panelists, while ACN has about 1400 panelists. For samples of this size the respective maximum sampling errors are 2.3% and 2.7%. Therefore, all rating comparisons must be put into the perspective of an expected sampling error band of the order 2 to 3 per cent. That is, two ratings are significantly different only if they differ by more than 3 rating points. For the smaller panels in Brisbane, Adelaide and Perth, this tolerance level is up to 3 to 4 rating points. (OzTAM 2001)

Wilmoth (2001: 2) reports that Danaher found that ‘the “weighting” system used by Australian Television Research, the company that collects ratings for OzTAM, meant a greater proportion of young people’s viewing habits had been recorded. It found that the disproportionate weighting in OzTAM’s audience sample clearly needed attention, especially in Melbourne, where over half the survey groups were badly under or over-represented. The report, covering the period 18 March to 7 April, found that on 30 March one panellist had a ‘weight’ of 20,000 people and that this accounted for half a rating point, which was estimated to be worth approximately $12.5 million in advertising revenue (Wilmoth, 2001). Danaher also found that about 85 per cent of the ratings reported by OzTAM and ACNielsen were within the statistical tolerance that is expected of a sample survey. Other important issues included the number of age categories used, establishing the correct proportion of single-person homes, and thus finding the right balance of older people, younger people and homes with children. Also, the length of time people have been on the panel and panel fatigue can influence results. The people meter system relies on the diligence of panellists to register their viewing by pushing the buttons that control the people meter.

Finding the right statistical balance will always be a challenge for whatever company is responsible for collecting and interpreting television ratings data. As long as it is too costly to measure all households, it will remain important to accurately and independently measure television audiences. The agency responsible for measurement is also an issue.

Tensions between the networks in the early stages of OzTAM’s entry to the market created an interesting situation, as each network was a part-owner in the company responsible for reporting audience measurement. The Nine Network, in particular, was strident in its criticism of the new measurement systems, with Schulze (2001: 3) observing that: ‘Nine Network chief executive David Leckie must be thinking it’s better the devil you know.’ Nine was the initial loser in the new system, with Wilmoth (2001: 2) noting that: ‘When OzTAM first published its ratings in January (2001), the Seven Network took the lead from Nine for the first time in many years, causing alarm at Kerry Packer’s TV stations.’

With a half a rating point worth approximately $12.5 million per anum to a network, it is no wonder that the Nine Network was concerned about the system responsible for knocking it off its position as the number 1 network in Australia, albeit temporarily.
Questions

1. Why is OzTAM a joint venture of the three Australian commercial networks? Comment on the ethical dimensions of the three networks’ decision to jointly organise for the supply of television audience measurement.

2. Why is the sample error important in understanding rating measures? How do the differing sample sizes used by ACNielsen and ATR affect sample error?

3. Why is it important to attain a representative sample from various demographic groups? Explain, using specific television shows you watch or know about, how the under- or over-representation affects the sale of advertising inventory for television programs.

4. Explain why the ACNielsen and ATR systems produced different ratings data.

5. What is panelist fatigue? How might panelist fatigue affect ratings measurement?
## APPENDIX 11.1

### USA professional sports

<table>
<thead>
<tr>
<th>NFL</th>
<th>$US million</th>
<th>Network</th>
<th>Baseball</th>
<th>$US million</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978–81</td>
<td>646</td>
<td>ABC, CBS, NBC</td>
<td>1980–83</td>
<td>46</td>
<td>ABC, NBC, USA</td>
</tr>
<tr>
<td>1982–86</td>
<td>2,100</td>
<td>ABC, CBS, NBC</td>
<td>1984–89</td>
<td>183</td>
<td>ABC, NBC</td>
</tr>
<tr>
<td>1987–89</td>
<td>1,430.0</td>
<td>ABC, CBS, NBC</td>
<td>1990–93</td>
<td>365</td>
<td>CBS, ESPN</td>
</tr>
<tr>
<td>1990–93</td>
<td>3,650.0</td>
<td>ABC, CBS, NBC,</td>
<td>1994</td>
<td>85</td>
<td>The Baseball Network (joint venture ABC, NBC, ESPN)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ESPN, TNT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994–97</td>
<td>4,388.0</td>
<td>ABC, Fox, NBC,</td>
<td>1996–2002</td>
<td>2331.0</td>
<td>Fox, NBC, ESPN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ESPN, TNT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998–2005</td>
<td>17,600.0</td>
<td>Fox, CBS, ABC,</td>
<td>2003–08</td>
<td>3,300.0</td>
<td>Fox, ESPN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ESPN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006–11</td>
<td>22,400.0</td>
<td>CBS, Fox, NBC,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ESPN, The NFL</td>
<td></td>
<td></td>
<td>Network</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NBA</th>
<th>$US million</th>
<th>Network</th>
<th>NHL (in USA)</th>
<th>$US million</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982–86</td>
<td>27</td>
<td>CBS, TBS, USA</td>
<td>1987–88</td>
<td>8</td>
<td>ESPN</td>
</tr>
<tr>
<td>1986–90</td>
<td>66</td>
<td>CBS, TBS</td>
<td>1988–89</td>
<td>15.9</td>
<td>SportsChannel</td>
</tr>
<tr>
<td>1994/95–1997/98</td>
<td>1,292.05</td>
<td>NBC, Turner</td>
<td>1990–92</td>
<td>23.3</td>
<td>SportsChannel</td>
</tr>
<tr>
<td>1998/99–2001/02</td>
<td>2,640.0</td>
<td>NBC, TNT</td>
<td>1992–94</td>
<td>29.5</td>
<td>ESPN</td>
</tr>
<tr>
<td>2002/03–2007/08</td>
<td>4,600.0</td>
<td>ESPN, ABC (Walt Disney Co.), TNT, TBS America Online (AOL Time Warner)</td>
<td>1994/95-1998/99</td>
<td>216.5</td>
<td>Fox, ESPN</td>
</tr>
</tbody>
</table>

**Source**: USA Today (1994); Hirsley (1998); Zbar (2002); Mermigas (2002); Wikipedia (2007).

### Olympic Games

<table>
<thead>
<tr>
<th>USA Summer</th>
<th>$US million</th>
<th>Venue</th>
<th>Network</th>
<th>USA Winter</th>
<th>$US million</th>
<th>Venue</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>85</td>
<td>Moscow</td>
<td>NBC</td>
<td>1980</td>
<td>15.5</td>
<td>Lake Placid</td>
<td>ABC</td>
</tr>
<tr>
<td>1984</td>
<td>225.6</td>
<td>Los Angeles</td>
<td>ABC</td>
<td>1984</td>
<td>91.6</td>
<td>Sarajevo</td>
<td>ABC</td>
</tr>
<tr>
<td>1988</td>
<td>300</td>
<td>Seoul</td>
<td>NBC</td>
<td>1988</td>
<td>309</td>
<td>Calgary</td>
<td>ABC</td>
</tr>
<tr>
<td>1996</td>
<td>456*</td>
<td>Atlanta</td>
<td>NBC</td>
<td>1994</td>
<td>295</td>
<td>Lillehammer</td>
<td>CBS</td>
</tr>
<tr>
<td>2000</td>
<td>705</td>
<td>Sydney</td>
<td>NBC</td>
<td>1998</td>
<td>375</td>
<td>Nagano</td>
<td>CBS</td>
</tr>
<tr>
<td>2004</td>
<td>793*</td>
<td>Athens</td>
<td>NBC</td>
<td>2002</td>
<td>545*</td>
<td>Salt Lake City</td>
<td>NBC</td>
</tr>
<tr>
<td>2008</td>
<td>894*</td>
<td>Beijing</td>
<td>NBC</td>
<td>2006</td>
<td>613*</td>
<td>Turin</td>
<td>NBC</td>
</tr>
<tr>
<td>2012</td>
<td>1320*</td>
<td>London</td>
<td>NBC</td>
<td>2010</td>
<td>880*</td>
<td>Vancouver</td>
<td>NBC</td>
</tr>
</tbody>
</table>

**Australia Summer**

<table>
<thead>
<tr>
<th>$US million</th>
<th>Venue</th>
<th>Network</th>
<th>Australia Winter</th>
<th>$US million</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>10.6</td>
<td>Los Angeles</td>
<td>10</td>
<td>1984</td>
<td>1.0</td>
</tr>
<tr>
<td>1988</td>
<td>7.4</td>
<td>Seoul</td>
<td>10</td>
<td>1988</td>
<td>1.1</td>
</tr>
<tr>
<td>1992</td>
<td>34.0</td>
<td>Barcelona</td>
<td>7</td>
<td>1992</td>
<td>8.5</td>
</tr>
<tr>
<td>1996</td>
<td>30.0</td>
<td>Atlanta</td>
<td>7</td>
<td>1994</td>
<td>5.0</td>
</tr>
<tr>
<td>2000</td>
<td>45.0</td>
<td>Sydney</td>
<td>7</td>
<td>1998</td>
<td>9.3</td>
</tr>
<tr>
<td>2004</td>
<td>50.5</td>
<td>Athens</td>
<td>7</td>
<td>2002</td>
<td>11.8</td>
</tr>
<tr>
<td>2008</td>
<td>63.8</td>
<td>Beijing</td>
<td>7</td>
<td>2006</td>
<td>14.8</td>
</tr>
<tr>
<td>2012</td>
<td>81.2</td>
<td>London</td>
<td>9</td>
<td>2010</td>
<td>18.8</td>
</tr>
</tbody>
</table>

*Includes profit sharing

**Source**: International Olympic Committee (1996); Steffens (2007).
Chapter 12 examines the impact of ‘new media’ on sport marketing. New media are having a profound impact on the way we communicate in all areas of life, and the way in which sport is promoted and consumed is no exception. Sport marketers who are able to understand and leverage new media opportunities will be a valuable asset to any sport, regardless of its size. In this chapter, you will be introduced to the concept of new media and be shown why the new media are having such a profound effect on the way we communicate. Examples of how new media can successfully be incorporated into the promotional mix of sport organisations of all sizes are provided.

After studying this chapter, you should be able to:

1. Describe what is new about ‘new media’;
2. Appreciate the advancing technologies that give rise to ‘new media’;
3. Be able to articulate the meaning of interactivity through its five components;
4. Understand how new media challenge long-held notions of control;
5. Develop an awareness of new media opportunities available to sport marketers through resources such as e-commerce, online advertising, online communities and fan forums, and fantasy sports leagues and competitions;
6. Identify the relevant aspects of creating a successful local event website.
WWW are three letters that spell the end of a cosy, 25-year relationship

Media and sports organisations are involved in an intense struggle for strategic market position, attempting both to maintain existing revenue streams and to open additional, potentially profitable online channels to deliver content to sports fans. Telstra, for example, has spent $170 million over the past year to secure rights packages that include internet and mobile phone coverage rights to key sports such as the AFL, NRL and V8 Supercars.

Yet these figures are small change when considering the escalating value of the online media market. One estimate suggests that internet protocol television (IPTV) will eventually be worth $20 billion worldwide, a value that is supported by the determination of Google, Yahoo! and Joost to deliver television programs via the internet.

The disruptive impact of the internet in the sports media market is now becoming obvious. Greater broadband penetration and a rapidly growing consumer appetite for on-demand highlights, replays and information—stimulated, of course, by media groups and telecoms—have provided additional and welcome opportunities to sell sport to customers. But this welcome has occasionally proven deceptive for some sport organisations, giving rise to unresolved disagreements over who owns what footage, when they can show it, for how long and on what website. Web-based audio and video streaming technologies hold out the potential to destroy the cosy relationship between sport managers and television networks that has prevailed for the past 25 years. Rivers of gold have flowed from the exclusivity guaranteed by television and radio broadcast rights for cricket, Australian rules football (AFL) and the rugby codes, reliably attracting millions of viewers and millions of advertising dollars.

But it is almost impossible to maintain rights exclusivity online. Digital footage of sports events is able to be copied, shared between thousands of users here and overseas and watched via multiple sites, including official competition sites (afl.com.au or nrl.com), news media sites (news.com.au or theage.com.au), and comparatively anarchic user-generated video-sharing sites like YouTube and vSocial (www.youtube.com or www.vsocial.com). A quick search of YouTube produces clips of the AFL, cricket, the National Basketball League and many other domestic and international sports.

This new reality was underscored by last season’s A-League Football Grand Final between Melbourne Victory and Adelaide United. Much to the chagrin of Football Federation Australia (FFA) and Fox Sports, the exclusive television rights-holder, a United States-based streaming site, channelsurfing.net, offered a 'pirate' web transmission of the match. Knowledge of the webcast was circulating on popular online forums and bulletin boards at least five days before kick-off. Legal efforts by the FFA and Fox Sports to prevent the webcast proved futile.

It is also plausible that football fans were not doing anything ethically wrong here. The internet is a technology predicated on the free flow of information and ideas, a notion championed by advocates of free speech, bloggers, independent journalists and political activists. Media companies and sports organisations all over the world have since jumped
on this bandwagon, eyeing the endless possibilities for delivering ’24/7’ on-demand replays, highlights and information services to consumers for a fee.

What they are discovering is that this free flow of information cuts both ways, destabilising the value of existing coverage and rights contracts as well as causing additional and unexpected costs in terms of legal advice and action. Global online media and the courts now mark the new frontiers of sport spectatorship.


Each paragraph of this headline story highlights one or more of the issues that sport marketers confront in dealing with new media opportunities. Each will be addressed in this chapter, from the struggles occurring as a result of new media opportunities and the dollar value and profile embedded in these media and the growing demand fuelled by advancing technology and broadband penetration, through to the issue of control. After studying this chapter, you should be equipped with a better understanding of the underlying trends and issues confronting the sport marketer in the ever evolving world of new media.

What’s new about ‘new media’?

When asked what new media are, most people respond with the internet (Charness and Holley, 2004). However, the internet is not new media; it is a technology that allows us to communicate in the new medium. There are few accepted definitions of ‘new media’, although most refer in some way to digitisation or the digital revolution. For example, Gephart Jr (2004: 480) suggests that new media are computer-mediated communication technologies that possess four characteristics:

• computer processing of information that structures communication participation;
• telecommunications networks that enable connectivity with other persons and information;
• information and communication resources such as databases; and
• digitisation of content.

While these four characteristics certainly describe the technologies that allow us to communicate in the new medium, they do little to identify what is new about ‘new media’. Vin Crosbie, a renowned digital media manager and consultant and the founder of Digital Deliverance LLC, provides an excellent treatment of the topic in his essay ‘What is New Media’ (Crosbie, 2006). Crosbie suggests that to understand ‘new media’, we must first realise that the term ‘media’ in this sense differs from the colloquial noun form of the word with which we are all familiar. Here media is meant to be understood in its original form as the plural of medium. To elaborate, Crosbie uses an elegant and instructive analogy between transportation and communication media.

In the world of transportation there is a plethora of vehicle types, however, only three different forms of transportation medium exist, collectively known as transportation
media. The three transportation media are land, water and the sky. Humans had relied on two of these media, land and water, to satisfy their transportation needs long before the Industrial Revolution and the introduction of modern technologies. However, advancing technological innovations during and after the Industrial Revolution not only dramatically changed the vehicles used to traverse the two available transportation media, but introduced the previously unfathomable prospect of a third transportation medium, the sky.

A similar evolution has occurred in the world of communication media. There is also a plethora of vehicles we may use to communicate with, and traditionally there have been two forms of communication medium. First, we may communicate in an interpersonal or one-to-one medium—for example, in conversation or other forms of personal correspondence. Within this medium, each participant has reciprocal input and control over the content of the communication. Second, we may communicate in a mass or one-to-many medium—for example, theatre, sermons, artworks and literature. Within this medium, the one retains control over the content of communication and the many all receive the same message. Again, these media predate modern technologies. Also, advances in technology—such as the printing press, telephone, radio, television and the internet—have dramatically changed the vehicles we use to communicate within each traditional medium. Together, these two forms of communication medium can be referred to as 'old media'. ‘New media’ in the communications world refers to the introduction of a third medium. This third communications medium is referred to as the many-to-many medium. Within this medium, mass communications become individualised in a way that creates a two-way mass media. That is, the new medium blends the aspects of content control of the two traditional or ‘old media’.

While Crosbie’s analogy is not without confounds or anomalies, or practical difficulties in maintaining the traditional meanings of medium and media in relating to contemporary society or literature (a point highlighted by our and others’ use of this term in the remainder of the chapter), it is useful in describing what is new in ‘new media’. In particular, the comparison between new media and the sky as a transportation medium highlights that, in each of the transport and communication domains, humans are capable of utilising traditional media without the assistance of modern technology. In contrast, the use of technology is an absolute prerequisite to our ability to utilise new media. Moreover, Crosbie raises the two related but distinct issues of control and interactivity that are important not only for understanding what new media are, but crucial to be front of mind for the manager or marketer hoping to leverage any potential benefits that new media may bring to an organisation.

**Advancing technology**

New media rely on rapidly advancing technologies to support their operation. Fundamental to this is the speed with which information/data can be transferred, a point also congruent with the analogous transport medium. It was not that long ago that dial-up internet connections and 2G mobile phone networks dominated our communications landscape. In this environment, data transfer speeds of less than 10kbps were the norm and it would have been quicker to walk to the local shops, buy the daily newspaper and read the
sports section on the way back than to download the back page online. This might be a slight exaggeration, depending on how far you live from your local shops, but suffice it to say that earlier technologies were not conducive to using new media. The introduction of broadband and 3G networks has changed all that.

**Broadband and 3G networks**

The headline story introduced the concept that broadband penetration has offered new opportunities to sell sport to consumers. Broadband connections, defined as connection speeds equal to or greater than 256kbps, have now become the norm in Australia, which is one of the leading nations in the world in our uptake of these technologies. As a percentage of total internet connections, broadband increased from 5 per cent in 2001 to 67 per cent in 2007 (ABS, 2007b). Also, one of the fastest growing segments of this growth is in connection speeds greater than 1.5Mbps. These faster connections allow for more complex online activities, and are highly conducive and supportive to the growth in new media. These trends are set to continue, as not only are Telcos driving this growth but governments at all levels are recognising the social and economic value of providing constituents with access to these technologies. For example, one of the major selling points for the federal Labor Party leading into the 2007 election was a policy to provide what they termed ‘super fast’ broadband connections to 98 per cent of the population.

Advancing technology has also introduced wireless broadband, which means we can carry our internet access with us wherever we take our laptops, PDAs or mobile phones. The introduction of 3G wireless networks has also opened up the internet to our mobile phones. These 3G—meaning third generation—networks allow for transfer rates of up to or greater than 2Mbps, which has created a very lucrative market for Telcos. All the major providers now offer 3G to their end-users and Telstra has recognised the potential value of the relationship with sporting content, spending $170 million to be able to provide AFL, NRL and V8 Supercars footage to their users. The usage and acceptance of this small-screen internet and TV access has been prolific in Asian countries, and forecasters suggest that mobile internet use will supersede PC access in the future. There is no reason to expect this won’t happen in Australia. Australians’ affiliation with their mobiles has led to a situation where the number of handsets is beyond saturation, with people owning multiple handsets. One Telstra spokesperson quoted in a presentation by new-media expert Professor Jeffrey Cole of the University of Southern California, backed the company’s view that mobile was the future. He said mobile entertainment television on the phone was where it was at’ (McIntyre, 2007: 25). The coming 4G networks, with transfer rates between 20 and 40Mbps, can only further fuel this growing market.

**Interactivity**

Interactivity is the key characteristic of the many-to-many communications medium which has created new media. Interactivity can been defined as ‘one or more end users [that] communicate alternatively as senders or receivers with other users…where the content, timing and sequence of the communication is under the control of the end user
and related in varying degrees to the content, timing, and sequence of prior communication’ (Dholakia et al., 2001: 109). Further, interactivity is a multi-dimensional construct with five critical components: user control; responsiveness; real-time interactions; connectedness; and personalisation/customisation.

- **User control** refers to the ability of an individual to vary the content, timing and sequence of the communication (e.g. user-defined interfaces and Really Simple Syndication (RSS) feeds).
- **Responsiveness** is the ability of the communication to respond to requests of the end-user (e.g. visibility and prominence of feedback mechanisms).
- **Real-time interactions** refer to the response time or speed of the communication (e.g. lag time for responding to feedback and operational speed of communications).
- **Connectedness** relates to the ability of the communication to link an individual to other users or related topics (e.g. fan forums, weblogs and hyperlinks).
- **Personalisation/customisation** is the ability to utilise information either supplied by the user or collected by the sender to tailor the communication to the individual (e.g. profiling filters, features such as websites and footage focused on and tracking fans’ favourite athletes).

Sport marketers need to attend to these five components of interactivity when marketing with new media. In the new media environment, end-users are positively influenced by the level of interactivity of communications and its effect on the individual’s perceived social presence and empowerment. The differential importance of the various components of interactivity to new media marketing tools will be highlighted later in the chapter in the 'Marketing and new media' section.

**Control in new media**

While new media have brought many opportunities to sport, they have also challenged long-held notions of control. There are two general areas to consider when examining the relationship between control and new media: control over content and distribution.

**Content**

New media brings new challenges for sport marketers with respect to controlling what content is published. While in traditional media sport marketers had limited control over media outlets in terms of controlling what content was published, there is no question that monitoring and managing the one-to-many communications through traditional media outlets was easier to achieve. The proliferation of what is termed the ‘blogosphere’ makes it almost impossible to monitor all media messages consumers are receiving. Indeed, the user control aspect of new media means that sport marketers are presented with issues attempting to control the content of their own communication outlets, let alone those of others. On the one hand, in terms of increasing interactivity to appease new media consumers, instant blogging and fan forums are encouraged. On the other hand, it is difficult in this environment to censor the content of what is published. Some sports (see Sportview 12.1) have attempted to control content in various
ways. However, a cost–benefit decision needs to be made on how to deal with these issues because of the resources required in pursuing the creators of content.

**SPORTVIEW 12.1**

**AFL knocks down three strikes rumour**

The AFL intervened to remove a ‘scurrilous’ rumour from a football website that suggested a player had tested positive to illicit drugs for a third time. The site was ordered to remove the post and threatened with legal action if it did not comply while AFL boss Andrew Demetriou said the accusation was baseless and said the authors of such rumours should be ashamed of themselves. That’s one of the problems with the new media age and emails and the like. (Gould, 2007: 13)

The above excerpt demonstrates the cost decisions that need to be considered in trying to control content in new media. The AFL had to seek legal advice and threaten legal action against the offending website. While in this case the threat was sufficient, had the website not complied this could have been a costly legal exercise. The aspect of trying to control distribution is exemplified in the following excerpt:

A new kind of coverage puts sports honchos and the press at bloggerheads. Once there was just the game, and either you were there or you weren’t. Then came radio, and those who staged the games worried it might cheapen their product. A few decades later television arrived, and again there was concern, for who would buy a ticket when the game was available in one’s living room? Now, the latest supposed danger to the game is blogging. Once derided as young men living in their parents’ basement, typing up rants in their underwear, bloggers now not only wear pants, but if recent events are any indication, are also both feared and courted in the sports world. On June 10, Brian Bennett, a reporter for The Courier-Journal in Louisville, was tossed from the press box at an NCAA Super Regional game for live blogging. The NCAA said the reporter was infringing upon broadcast rights by providing a description of the action. This contention begs to be mocked, for it’s hard to imagine a fan preferring to read a hastily typed account of a baseball game rather than watch it. (Ballard, 2007: 26)

This passage describes the other dilemma for sport marketers in controlling distribution of coverage of their events. On the one hand, media partners’ rights need to be protected and it appears copyright laws are inadequate to achieve this, so it is at present unclear how to achieve this protection at law. On the other hand, fans who wish to communicate via blogs and so on should not be turned away. Ballard goes on to highlight this dilemma:

From a business and common-sense standpoint, the NCAA’s stance seems about as wise as author Jonathan Franzen’s short-lived (and hastily reversed) objection to the selection of his novel The Corrections by Oprah’s Book Club. This is especially true for college baseball, which is largely ignored until the College World Series (and often still then). If Oprah wanted to do a live feed from a series game, would the NCAA tell her it would rather not have the publicity? The Courier-Journal case has inspired a discussion
of First Amendment rights (the paper is considering a legal challenge) and the limits of credentials. As Bennett noted, what was to stop him from going across the street, watching the game on TV and blogging from there? And where does description end and analysis begin? Jeffrey Neuburger, chair of the technology, media and communications department at the New York law firm Thelen Reid, Brown Raysman & Steiner, says it’s more a copyright than a First Amendment issue. ‘Since the blogger is annotating results with his own views, at least a part of that wouldn’t be subject to the NCAA copyright,’ says Neuburger. ‘If he’s saying the team screwed up, that’s his own copyright.’ (Ballard, 2007: 26)

The larger issue is how the NCAA and pro leagues will address the expanding world of online coverage. Fans aren’t going to stop posting on the web, and they’re only going to become better organised. ‘Leagues have to realize that we’re here, and they’re going to have to deal with it,’ says Tyler Bleszinski, president of SBNation, a community of sports blogs that gets 8.5 million page views a month. ‘You don’t embrace the blogosphere, you’re giving fans the middle finger.’

**Distribution**

New media have also challenged long-held distribution channels for sport marketers. In the early days of the internet, disintermediation was a buzz word. Disintermediation, or cutting out the middleman, was to create a new world where major players in traditional media would give way to smaller players. This was obviously based on the flexibility new media provide and the relatively low cost in producing content that can be accessed by a potentially infinite audience. In hindsight, this creative destruction hasn’t really occurred. Although certain sports are venturing down these avenues, a word of caution is necessary. In the United States, the NFL and the NBA own and produce their own cable and internet TV channels and are attempting to gain almost full control of media messages by restricting the traditional outlets’ ability to report on their events. These trends towards league-owned outlets controlling the only extensive news stories and interviews (unaffiliated outlets to the NFL are only permitted to broadcast a maximum of 45 seconds of coverage in any one day, including press conferences and interviews) means that the only extensive coverage sport fans can access will be generated by the league. By adopting these tactics, leagues will potentially lose the credibility associated with traditional media through their non-affiliated role and subsequently alienate fans.

In reality, the big players in ‘old media’ are still the big players in ‘new media’. What has changed is the long-held and profitable relationship between sport and traditional television broadcasters. The headline story was cast in the context of the now familiar struggle between the National Rugby League (NRL), its major sponsor Telstra and the Fox Sports website then owned by News Ltd—a major shareholder in the NRL. This case is a vivid example of the impact new media are having on the sporting landscape. The lines between telephone, media and sport organisations are being blurred.
Telstra—a traditional telecommunications company—had agreed to pay the NRL $36 million for new media rights as part of a $90 million six-year sponsorship deal beginning in 2007. However, well into the first season of the deal, Telstra had not honoured the agreed payment of instalments to the NRL because it believed its rights had been breached by News Ltd, a traditional media company and owner of Fox Sports, by providing extensive NRL coverage on its website and by selling packages to telecommunications rivals of Telstra. In April 2007, Telstra, supported by the NRL, began legal action in the Federal Court against News Digital Media and Fox Sports. In May 2007, the NRL began legal action against Telstra in the Supreme Court to recoup monies owed under the sponsorship agreement.

The outcomes of these proceedings would have been of great interest to the broader sport and media communities. A preliminary Federal Court hearing found in favour of Fox Sports under the fair dealing provisions of the Copyright Act, but before either case proceeded to a full hearing an out-of-court settlement was reached between the parties. The deal struck meant News Ltd could show 105 seconds of footage on websites and sell 90-second packages to Telstra’s rivals. Telstra paid the sponsorship money to the NRL, and all claims were dropped. In future, legal precedent is likely to clarify how the law applies to new media.

**Marketing and new media**

The ubiquity of the internet is a major reason why it has emerged as a critical marketing tool for sport organisations. In 2005–06, 60 per cent of all homes within Australia had access to the internet, and 40% of Australians stated that they used the internet every day. Use of the internet is highest among younger age groups, an important demographic for sport marketers. Over 20 per cent of children aged nine to fourteen reportedly use the internet to access sport websites (ABS, 2006).

Businesses use the internet for marketing with three main purposes in mind. First, it can be used to provide information concerning both the business and its products and services. Second, the internet allows for the purchasing of products with delivery via mail. Third, the internet allows for transactions and provides the physical delivery of products (Van den Poel and Leunis, 1999). At the same time, sport consumers can enjoy the limitless amounts of product information and resources that the internet makes available (Underhill, 1999).

Research has examined the factors that drive consumer use of the internet and information search has been uncovered as one of the most significant motives (Ko et al., 2005; Korgaonkar and Wolin, 1999). A challenge exists for sport organisations to ensure that their internet marketing communication effectively provides relevant information for consumers. Research suggests that sport organisations work to learn consumer needs and information requirements, then allow this to shape their internet marketing communication (Beech et al., 2000a; Filo and Funk, 2005). Examples of some of the more effective means by which sport organisations have allowed consumer needs to shape successful internet marketing communication include e-commerce, online advertising, fan forums and fantasy leagues and competitions. Each of these new media marketing tools is examined below.
e-commerce
Income from e-commerce represented an estimated 4 per cent of the Gross Domestic Product of Australia in 2003–04, with over A$33 billion in revenue (Department of Communications, Information Technology and the Arts, 2005). Virtually all participants in the sport industry (e.g. teams, facilities, manufacturers, etc.) use the power and reach of the internet within their business plan, and the sale of products through online transactions is an integral part of this plan. The online sale of sporting goods, apparel, footwear and event tickets represented US$3 billion in the United States in 2003. Meanwhile, online ticket sales for sport events are projected to reach US$15.7 billion by 2007 (Greenspan, 2003).

The sale of the sport product online is not strictly a business-to-consumer transaction. Consumer-to-consumer sales have demonstrated profound growth, due in no small part to the presence of online auction sites such as eBay. eBay’s estimated revenue for 2004 was US$3 billion (Pitta and Fowler, 2005). These auction sites sell a variety of sport products, including memorabilia, clothing and equipment and event tickets. An additional aspect of the consumer-to-consumer relationship that has impacted e-commerce in sport is the development of online communities. These communities allow consumers to share information regarding various sport products, services and destinations that can influence buying behaviour.

The sale of sport products online introduces a new set of concerns that sport marketers must address. Beyond standard commerce issues such as efficient delivery of products and services, product quality and customer service, Hur et al. (2007) found that security and privacy are significant concerns for online sport consumers. To address these concerns, online sport retailers must not only provide quality products with effective delivery systems, but also incorporate encryption for security and privacy and alternate payment methods such as Paypal or buy first-pay later plans.

The key components of interactivity that should be considered in the context of e-commerce are responsiveness, real-time interactions and personalisation/customisation.

Online advertising
Online advertising represents a lucrative market in the business world. The revenues from online advertising were projected to be over US$20 billion in 2007. This figure is expected to continue to rise due to the online environment’s capacity to allow advertisers to customise their messages to specific consumers. Advances such as online podcasts, which allow for the transmission of unique personalised ads, are expected to further stoke this growth. As with all advertising, impact measurement is a concern for online advertising. In particular, effectively tracking counts of website visitors has been a challenge. To overcome this, it is suggested that sport marketers focus on outcomes of online advertisements rather than activity or number of hits. The shift to outcomes can be facilitated through surveying consumers (Sinickas, 2007).

The key components of interactivity that need to be considered in the context of online advertising are personalisation/customisation and real-time interactions.
Online communities and fan forums

The internet has a number of advantages, including convenience, near-instantaneous communication, specificity and accessibility. Online communities and fan forums have been built on these advantages, while providing structure for the communication that occurs via the internet (Pitta and Fowler, 2005). Online communities and fan forums exist in the sport marketplace, allowing consumers who participate in the same sport, who follow the same team, who attended the same university or who admire specific athletes to exchange information and opinions.

The forum represents the means through which information is exchanged among users. Individual messages are posted and categorised under threads, or subject headers. Each thread is generally active for a while, allowing for new postings to be made in real time until the topic of discussion has run its course and new postings are no longer made. Information postings are cyclical, with bursts of activity followed by periods of inactivity, allowing users to come upon threads and post information as they see fit. Another critical aspect of these forums is that information is usually archived within the website, meaning the information shared throughout postings can be accessed by all users.

Online communities and fan forums present a number of benefits to marketers, including access to data on consumer satisfaction with products or services, feedback for the development of future products, background on price sensitivity with consumers and change in consumer attitude over time. Online communities and fan forums offer four main forms of communication: one-way communication from marketer to consumer; one-way communication from consumer to marketer; two-way communication from consumer to consumer; and two-way communication from consumer to marketer (Pitta and Fowler, 2005). Hagel and Armstrong (1997) identify three main consumer motivations for joining and participating in an online community: shared interest, relationship building and transaction.

Online communities and fan forums have made a profound impact on local amateur athletics leagues and associations (Mateusz and Abyszewski, 2005). The emergence of these forums changed the structure and organisation of these leagues by providing all participants with an equal voice, as well as fostering livelier discussion regarding the management of the league. The authors also found that these forums contributed to enhanced social interaction among members as they provided an additional means for participants to get to know one another off the field.

Online communities and fan forums have also played an integral role in the marketing of world sport. Starting in the early 1990s, online forums became invaluable information resources, bringing together cricket supporters from around the world (Joshi, 2007). Websites such as Cricinfo were developed providing first-hand accounts, running commentary and opinions for just about any cricket match of significance to cricket fans worldwide, whose access to the match may have been limited by geography or time. In the early stages, such commentary and information would generally have been provided by cricket supporters who volunteered their time, energy, effort and opinions to contribute to the site. Cricinfo is now considered the world’s favourite website dedicated to a single sport, boasting over 20 million users.
The key components of interactivity that need to be considered in the context of online communities and fan forums are connectedness, user control and real-time interactions.

Sportview 12.2 highlights the impact online communities and fan forums have gained in Major League baseball.

**SPORTVIEW 12.2**

**Fan forums breaking down barriers between players and fans—Curt Schilling and Red Sox fans**

A further example of the emergence of online communities and fan forums came from Major League Baseball in 2003. In the off-season leading up to the 2004 season, star pitcher Curt Schilling was traded to the Boston Red Sox. During trade negotiations, Schilling logged on to two different fan forums to interact with Red Sox fans. Schilling's intentions behind logging on and interacting on these fan forums were twofold.

First, he was looking to tap into the psyche of Red Sox fans as a means of assessing the overall baseball scene in Boston. Second, he wanted to clarify what was going on with the trade negotiations, and described it as an opportunity to 'clear up some of the misinformation' that was out there. It took a bit of time and effort for Schilling's identity to be verified by fellow posters, but as soon as it was word quickly spread through the internet and an insightful player-to-fan discourse was underway.

This made a lasting impression on Red Sox fans, who were astounded that a big-time athlete would take the time to hear their thoughts and share his insights. Schilling viewed these forums as an effective means to interact and touch base with his potential new fanbase directly. He also spoke of the value of the accessibility of making his posts online. His posts were made at odd hours (2.41 a.m. and 4.14 a.m.) when traditional outlets are not necessarily on or accessible. In addition, his posts could be accessed over time through archiving. Media members were irritated that he circumvented their traditional means for getting information to fans (Poor, 2006).

Radio talk show hosts and newspaper columnists in the Boston area took issue with Schilling's actions, and felt threatened that the story, and his information, was not brought to them first. Schilling made no apologies for using these fan forums as his personal conduit to the fans. Schilling continued to post on both forums, and members of the Red Sox upper management later also began posting and chatting on one of the forums. Schilling has taken things even further by launching his own weblog, where he consistently posts, sharing information and insights directly with his fanbase. Curt Schilling has clearly embraced new media, and his actions embody the considerable role online communities and fan forums play in the sport landscape.
**Fantasy sports leagues and competitions**

Fantasy sports leagues and competitions represent one means for sport fans to enjoy and follow their favourite sports outside of the stadium. Fantasy sports continue to grow in popularity within Australia. Sport codes including rugby league, rugby union, Australian rules football and cricket each offer competitions. The largest competition is offered through foxsports.com.au, boasting upwards of 35 000 users for the more popular sports such as NRL and AFL. Furthermore, in 2007 it was estimated that there were over 19.5 million fantasy sports users in the United States and Canada (eMediaWire, 2007). The majority of these users were 18- to 34-year-old males, who each spent around $175 each year on fantasy sports amenities such as leagues fees, information sources including magazines and trade publications, and live-stat-tracking programs (Fantasy Sports Trade Association, 2007).

Fantasy sports were created by Glen Waggoner, who started a league in the early 1980s. This league required a massive time commitment for participants working manually with statistics. However, advances in computer technology and the internet revolutionised fantasy sports by eliminating human analysis of statistics. Fantasy sports are now ready for the masses as online technologies take care of all statistical analysis and record-keeping, and allow individuals to participate at a low cost and time commitment. Fantasy leagues begin with a draft where participants select their respective players, or are assigned players, for their team. Throughout the season, teams compile points based on the performance and statistics of the participants’ players. Most fantasy sports leagues consist of around ten to twelve participants.

Fantasy sports leagues represent big business. Large corporations such as Yahoo! Inc., ESPN and CBS Corp. offer online facilities for fans to create their own leagues. Major sponsors of fantasy sports include Visa, Coca-Cola and McDonald’s. In 2006, $150 million was spent on branding and advertising on fantasy sports websites (Kee, 2007). The overall worth of the industry has been estimated at over $1.5 billion (Ecker et al., 2007). A research report by Chicago-based firm Challenger, Gray and Christmas suggests that during the NFL season, US companies lose an estimated $7.4 billion based on employees spending an average of ten minutes of company time per day managing their fantasy teams (Van Riper, 2007).

Limited research has been conducted on fantasy sports users. Farquhar and Meeds (2007) examined the types of users as well as their motivations. Their research revealed five different types of participants: casual players, skilled players, isolationist thrill-seekers, trash-talkers and formatives, with casual players, skilled players and isolationist thrill-seekers being the most common. Participants were found to be motivated by factors similar to those driving standard sport participation, such as entertainment, escape and social interaction, as well as the motives of arousal and surveillance.

The key components of interactivity that need to be considered in the context of fantasy sport leagues and competitions are user control, responsiveness and real-time interactions.
Local events and new media

The internet and new media have emerged as integral mechanisms in the planning, marketing and managing of local events. Local events include 5K Fun-runs, local triathlons, marathons and charity walks. This is an expansive and diverse category of events that essentially includes all events that do not meet the criteria for mega-events, hallmark events and major events. Due to their small-scale nature, the internet has created marketing opportunities for these events because of the low cost associated with creating and developing a website (Bandyopadhyay, 2001). Accordingly, local event managers have developed websites that not only advertise the event but also immerse potential attendees and participants in event information, including simple details such as event dates, times and scheduling along with supplemental information such as destination background, volunteer information and sponsorship detail. In addition, local event websites can also provide opportunities for registration and ticket purchase, merchandise purchase, fundraising and sponsor product trial.

These websites represent efficient and effective means for potential event attendees and participants to search for information (Heung, 2003; Janal, 1996), and research demonstrates that a large proportion of consumers use the internet during pre-purchase search (Oorni, 2004). In their search for information, sport event consumers attempt to find information about the event, then judge the extent to which this event can satisfy their needs and motives (Allen et al., 2005). Local sport event managers must work to ensure that their event website is accessible and informative, allowing for optimal utilisation of this low-cost event-marketing mechanism.

In an examination of information requirements for a sport event website Filo et al. (in press) developed an Event Information Template (EIT) that can serve as an invaluable resource for local event managers in the development and maintenance of event websites. Fifty-four potential event attendees were asked to imagine themselves accessing an event website, then requested to brainstorm and list any and all information requirements one would need to attend the event. The lists generated were given to two judges, who identified fifteen common themes which informed the EIT. The fifteen distinct themes comprising the EIT are: event ticket procurement; venue site; shopping locations; accommodation; event schedule; local attractions; entertainment opportunities; travel costs; public transport; food and concessions; location of event; parking; safety and security measures; weather forecast and conditions; and traffic conditions. These fifteen themes can be beneficial for consumers evaluating the event during the information search process. Local event managers can evaluate their own websites to ensure that these themes are provided. In addition, the template can be modified to reflect the event. For instance, shopping locations may not be relevant to all events based on the event destination.

Two additional findings from this research can also assist local event managers. First, directing potential attendees to a specific website to search for each of the EIT’s themes demonstrated that directed information retrieval during a website visit enhances the overall experience and leads to more favourable attitudes towards the event. Local sport event managers should focus on the provision of these themes, complemented by images and multimedia that encourage information retrieval. Second, the provision of these
fifteen information themes was found to increase consumer behavioural intention towards the event. Local event managers should ensure that their website includes transactional features allowing for ticket purchase and registration to capitalise on this change in intention.

The key components of interactivity that need to be considered in the context of local events are responsiveness and connectedness.

Summary

Chapter 12 examined the impact of new media on sport marketing. New media are having a profound impact on the way we communicate in all areas of life, and the way in which sport is promoted and consumed is no exception. Sport marketers who are able to understand and leverage new media opportunities will be a valuable asset to any sport, regardless of its size. This chapter introduced the concept of new media and demonstrated why the new media are having such a profound effect on the way we communicate, while providing examples of how this new medium can be successfully incorporated into the promotional mix of sport organisations of all sizes.

A framework for understanding interactivity was detailed using five distinct but related components: user control, responsiveness, real-time interactions, connectedness and personalisation/customisation. Next, the challenges concerning control and new media were discussed. Then the impact of new media marketing tools, including e-commerce, online advertising, online communities and fan forums, and fantasy sports leagues and competitions were described. Finally, effective leveraging of new media in the local event context was illustrated. The opportunities presented to sport by new media appear limitless; however, with these opportunities come new challenges that sport marketers must confront.

CASE STUDY

The official website of the National Rugby League

In March 2007, Telstra Big Pond took over management of the official website of the National Rugby League (www.nrl.com.au) as part of Telstra's sponsorship and their new media agreement. The website has proven to be an effective resource for the strategic marketing purposes of the NRL. More than one million unique visitors logged on to the website in August 2007. This number represents the largest number of unique visitors in the history of the website, a 20 per cent increase from the previous largest figure. In that same month, there were 52 million page impressions, while users were found to stay on the site an average of seven minutes per visit. The website features a live scoring system, and in July 2007 a record 517,921 unique visitors accessed this system. In addition, the website offers a Ladder Predictor. In August 2007 over 116,000 unique visitors used this feature, a 300 per cent increase from the previous highest usage. These figures represent the NRL's ability to leverage new media and service their consumers. Using the concepts discussed in this chapter, log on to www.nrl.com.au and answer the following questions.
Questions

1. How many different new media marketing tools discussed in this chapter can be found at www.nrl.com.au?
3. Based on your response to question two, elaborate on how www.nrl.com.au can be improved.
How to attract and implement sponsorship

CHAPTER OBJECTIVES

Chapter 13 introduces the concept of sponsorship. Sponsorship is one of the most visible elements of the sport promotion mix. In this chapter, a framework for how to create win–win relationships is presented. Celebrity marketing as a special case of sport sponsorship is discussed, and the chapter concludes by overviewing some research trends that drive the future of sponsorship.

After studying this chapter, you should be able to:

1. describe sponsorship as a distinctive element of the promotion mix;
2. create a win–win relationship between a sponsor and a sponsee;
3. identify some of the trends that drive the future of sport sponsorship;
4. describe the basics of implementing and leveraging a sponsorship arrangement.
I was always very conscious of the fact that we weren’t able to offer our sponsors anything specific in return for their support…The obvious way of raising money by doing deals was just not available to us. I wanted to make sure that the Sydney bid was never criticised if we lost; that no one could say we didn’t look after the people who had given us money. So I worked hard at trying to give all our sponsors value for their money. (McGeoch and Korporaal, 1994: 114)

In these few lines, Rod McGeoch, chairman of the Sydney 2000 Olympics bid committee, succinctly describes the sponsorship dilemma. One organisation needs sponsorship to reach its goals; another expects to benefit from sponsoring an organisation or individual. How can sponsorship be made to work? When is the sponsor satisfied? Can the effectiveness of the sponsorship be measured? Is sponsorship more effective than, for example, advertising? These questions can be answered only if a clear understanding of the goals of the sponsoring organisation exists. Does it want to boost sales or raise awareness, or is the chief executive officer simply a philanthropic follower of the team or sporting code?

This chapter defines and discusses the concept of sponsorship from both the sponsor’s and the sporting organisation’s points of view. It is important to understand which other organisations are competing with sporting organisations for limited sponsorship dollars, so a brief overview of the market for sponsors is provided. Sponsorship as an integrative tool of the sport promotions mix is discussed when goals of sponsorship are considered, followed by the advantages and disadvantages of sport sponsorship. The second part of the chapter presents a sponsorship framework and discusses how to create win–win situations. Win–win situations exist when all parties entering into an agreement benefit from it. Sponsoring individual athletes as an area of special interest in the sport industry is considered next. The benefits for both the sponsor and sponsee should be taken into consideration when wanting to create a balanced win–win situation. The third part of the chapter takes us beyond the basics of sponsorship. To take a really integrated marketing approach, sponsorship support activities and tie-in promotions need to be initiated.

What is sponsorship?

Historically, sponsorship has often been associated with charity and altruism. The Penguin Pocket English Dictionary still defines sponsorship as ‘somebody who pays for a project or activity’. In today’s (sport) business environment, however, nothing is further from the truth. As an important marketing tool for many organisations, sponsorship involves a reciprocal relationship. One party puts something in and the other party returns the favour. Sleight (1989: 4), in his pointed definition of sponsorship, acknowledges the importance of the reciprocal relationship. His definition is used in the remainder of this book:
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 marketing, it is common to look at the different marketing tools, like sponsorship, from an applied point of view. In other words, how can we use this tool (i.e. spend money, resources or services) to reach sales-related goals? This is the sponsoring organisation. From the sporting organisation's point of view, the main goal of sponsorship is not sales related. Sporting organisations or athletes mainly use sponsorship to accumulate funds, resources or services. These funds, resources or services are then used to run the operations of the organisation. This is the sponsored organisation. We further discuss the business relationship between sponsor and sponsee later in this chapter. Application of the sponsorship tool is not limited to sporting organisations, as is shown in the next section.

The market for sponsors

A market, as a collection of buyers, consists of all those organisations and individuals in need of something. The collection of organisations and individuals in competition for sponsors (funds, resources or services) therefore makes up the market for sponsors. Expenditure in this market worldwide needs to be considered in light of the global growth of sport sponsorship, growing in value from US$1.5 billion in 1989 to US$5.5 billion in 1996 and US$10 billion in 1999. In 2010, global sponsorship is predicted to reach an astonishing US$37.7 billion, with the United States alone accounting for almost half of that amount, of which 85 per cent would be sport-related sponsorship (Boyle and Haynes, 2000: 49; SportBusiness, 2000: 58, 2007b). In 2007, US companies increased their spending by 11.7 per cent to US$14.9 billion from US$13.4 billion. In the Asia-Pacific region, spending on sponsorship exceeded A$8 billion in 2007. According to Sport and Recreation Victoria (2000), A$429 million was spent in Australia in 1996, growing to A$1.16 billion in 1999 and A$1.252 billion in 2000, and plateauing at A$1.248 billion (approximately US$700 million) in 2001 (O’Riordan, 2002: 48). This ‘plateau’ can largely be attributed to the fact that Australia hosted the 2000 Olympic Games. Obviously, sponsorship investments of Australian companies increased dramatically in relation to the Games, returning to more ‘natural’ levels in 2001. Extrapolating from the global increase in sponsorship expenditure, the Australian sponsorship market will be worth approximately A$2.5 billion in 2010. European sponsorship spending amounted to 9.5 billion Euros in 2006, increasing by 11.6 per cent from 7.4 billion Euros (SportBusiness, 2007b). However, this figure should increase significantly as the London Olympics of 2012 draw closer.

Although these figures are only estimates, it can be argued that this is a huge pool of potential funds for sporting organisations. There are two major trends that have to be taken into consideration before we arrive at a final conclusion about available funds: the move to big event sponsorship; and the growing competition for sponsorship dollars.

The 2008 Olympic Games in China were dubbed an ‘epoch-altering Games…a heavyweight clash of capitalist (the Olympic movement) and communist (China PR) cultures’ (Wilson, 2006). As a commercial spectacle, the Beijing Olympics may well break
all event sponsorship records and set new funding standards for London 2012 to attain. All TOP (The Olympic Partner Program—sponsors with exclusive worldwide marketing rights to both summer and winter Games) sponsors were secured at a record US$866 million (up 23 per cent from Athens 2004). TOP sponsors contributed between US$60 and $100 million each, and the Beijing government added a further US$30 million to this (Wilson, 2006). Importantly, new corporations entered into the program in an attempt to reach the global market. For example, Chinese computer business Lenovo replaced IBM as the TOP sponsor for computer products, just as Samsung did in 2000 to elevate its Interbrand listing to the top 20 in eight years. Other Chinese businesses to participate included Air China and the Bank of China, each contributing US$10–15 million to the partnership.

Westerbeek and Smith (2002) observe that: ‘Sponsors will simply not spend such amounts of money without the committed support of major broadcasters to the event.’ Wilson (2006) points out that Beijing’s 2008 Olympics were set to attract more than four billion viewers daily across 220 countries, ‘watching any number of the 32 sports available throughout the Games period’.

SportBusiness in Numbers (2007) reported a disproportionate amount of sponsorship spending in Australia as the majority went to sport (60 per cent), while cause-related activity (18 per cent), arts (12 per cent) and entertainment (8 per cent) made up the balance. In Australia, the biggest business sectors involved in sponsorship are financial services (30 per cent), telecommunications (13 per cent) and automotive (9 per cent), with an average spend of A$2.5 million per company annually (SportBusiness in Numbers, 2007).

Although expenditure on sponsorship is still growing, the increasing dominance of big sporting events and powerful sporting organisations, as well as increasing competition from organisations other than sport, are making it more difficult for many (smaller) sporting organisations to attract funds, resources or services through sponsorship. The relative distribution of the top five industries that sponsor sport worldwide is presented in Figure 13.1.

Of all the sponsorship deals in the top five, 30 per cent are finance industry related. The results from SportBusiness in Numbers (2007) show automotive industry support in Australia shifting significantly from top position in 2001 (36 per cent) to third in 2007.
(9 per cent) and replaced by the financial services industry (30 per cent), which in the past held fifth position (12 per cent).

**Sponsorship goals: The right to associate**

Historically, the sponsorship tool can be seen as a derivative of either advertising or public relations, as elements of the promotion mix or as a combination of the two. Throughout the past decade, however, sponsorship has developed as an independent and important element of the promotion mix. In other words, sponsorship clearly stands apart from other promotion mix elements, to be considered potentially as the dominant promotional tool in a marketing communications program.

In Chapter 10, advertising was defined as a non-personal communication by an identified sponsor. From the sponsor's point of view, the difference between sponsorship and advertising is the actual message communicated, and how that message is communicated. In advertising, the content of the message and the moments of communication are determined by the paying organisation. When using sponsorship, however, the sponsor provides financial or material support for what are often independent organisations, individuals or activities. Less control can be exercised over the communication through these entities, and the timing of communication cannot be controlled. Although indirect (through the sponsored organisation), the actual message is often communicated at a more personal level (e.g. to people visiting an event). These points are returned to when discussing the advantages and disadvantages of sport sponsorship.

Public relations goals such as ‘earning understanding and acceptance’ and ‘creating goodwill’ can be sponsorship goals as well. The fact that the organisation has to pay for the association with the sponsored organisation, and that communication takes place through an independent organisation, distinguishes sponsorship from pure public relations. The sponsored organisation is used as the means of communication, which in effect can make sponsorship a public relations tool.

A general goal of sponsorship is described by Wilmshurst (1993: 377). Elements of both advertising and public relations can be found in this goal, which reads:

sponsorship is usually undertaken 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.

Earlier in this chapter, we described the difference in goal orientation between the sponsoring organisation (sponsor) and sponsored organisation (sponsee). Because the sporting organisation, most of the time, is the sponsee, neither advertising nor public relations goals seem to fit! In order to obtain sponsors, it is important to know about the sponsor’s goals, but sponsee goals are often different. Research undertaken by S-Comm Australia and ASMA identified the importance of benefits for the sponsor. A sponsoring organisation values ‘category exclusivity’ (8.7 per cent of responses) as the prime benefit of sponsorship, closely followed by ‘media exposure’ (8 per cent) as important to their commitment to sponsoring an organisation. Table 13.1 presents an overview of different sponsor and sponsee goals—goals that have to be matched when a sponsorship framework is created.
It can be argued that the sponsor goals listed in Table 13.1 need to be categorised, for example, under headings such as corporate, marketing and media objectives. Strategic, tactical and operational would be another possible categorisation, as would the distinction between direct (sales) and indirect (exposure) marketing objectives. The reality of the sponsorship opportunity, however, is that what is really bought by the sponsor—as outlined in our definition at the beginning of the chapter—is the right to ‘associate’. In other words, the sponsor attempts to forge a connection between the sponsorship property (i.e. event or athlete) and the company or brand. The assumption is that a value transfer from the event or athlete to the company or brand occurs, in the process achieving sponsorship objectives. (We will further introduce this ‘image transfer’ concept later in this chapter when discussing celebrity marketing.) Using the ‘buyer readiness sequence’ (attention, interest, desire, action) presented in Chapter 9, rather than categorising sponsorship objectives according to their functional or hierarchical intention, is perhaps the best way to describe sponsorship objectives. For example, a high-profile event can best be used to attract attention to a new brand, a high-profile athlete to generate further interest, a special niche event (e.g. Xtreme Games) to create ‘desire’ to own the product and, finally, a community-based event to make people buy the product in a convenient and comfortable environment. In other words, sponsorship, when applied to different properties, can be used to achieve a wide range of objectives. (We use the AIDA model again in Chapter 14 when we discuss measuring the effect of sponsorship programs.)

**Advantages and disadvantages of sport sponsorship**

It was shown above that sponsorship has distinctly different characteristics from other elements of the promotion mix such as advertising and public relations. Sponsorship in a sport context allows the sponsor to communicate more directly and intimately with their target market (in this case, the people interested in the sporting organisation and its products).

In Chapter 1 some unique characteristics of the sport product are listed, some of which are applicable when discussing the advantages of sport sponsorship. First, sport
consumers tend to identify themselves personally with the sport, which creates opportunities for enhancing brand loyalty in products linked to the sport. Sport evokes personal attachment, and with this the sponsor can be linked to the excitement, energy and emotion of the sporting contest. In other words, sport has the potential to deliver a clear message. Sport has universal appeal and pervades all elements of life (geographically, demographically and socioculturally). This characteristic presents the opportunity to cross difficult cultural and language borders in communication, enabling the sponsor to talk to a (global) mass audience. At the same time, the variety in sports available makes it possible to create distinct market segments with which to communicate separately. The universal appeal and strong interest in sport give it a high level of media exposure, resulting in free publicity. Free publicity can make a sponsorship deal very cost effective. Thousands of dollars in advertising expenditure can be saved when a sporting organisation or athlete attracts a lot of media attention. This makes many organisations want to be associated with sport. Also, because of the clear linkage of the sponsor to a sporting organisation or athlete sponsorship stands out from the clutter, contrary to mainstream advertising in which people are bombarded with hundreds of messages each day.

With so many advantages, why do organisations not simply spend their complete promotional budget on sponsorship? Well, there are some disadvantages to be considered before entering into a sponsorship agreement. In ambush marketing (discussed in Chapter 14), non-sponsors take advantage of the efforts of real sponsors in that they try to be associated with the sponsored organisation, event, product or athlete. Lack of control over media coverage is another disadvantage of sport sponsorship. Also, the media are sometimes reluctant to recognise the sponsor’s name when reporting on events or the achievements of athletes. Achievements of teams or athletes are another area that cannot be controlled. A non-performing team or athlete will have direct influence on the perception the public holds of the sponsor. The implications of this for the sponsorship of individual athletes are considered later in this chapter.

Creating win–win situations

If both sponsor and sponsee have to benefit from a cooperation, certain goals of both need to be satisfied. The main question that sponsor and sponsee have to ask themselves is: How can we successfully reach our own goals by assisting the sponsor/sponsee to reach their goals? The sponsorship framework in which win–win situations are created is conceptually quite simple, and is presented in Figure 13.2.

The assumption in the framework is that certain benefits will satisfy certain goals. Those benefits can be delivered only by an entity other than the organisation. If two entities, both in search of benefits to satisfy their own goals, are able to deliver the benefits needed by the other entity, they can become engaged in an exchange of benefits.
By exchanging benefits, both organisations ‘benefit’ from the cooperation; therefore, a win–win situation is created.

It must be noted, though, that in today’s sporting environment it is often not enough to ‘create’ a win–win situation and leave it at that. It is rapidly becoming common practice for sponsor and sponsee executives to organise regular strategic planning meetings in order to maximise the effectiveness of the sponsorship. During these meetings, it is evaluated whether the goals of both the sponsor and sponsee are being reached and whether any new insight and ideas can increase the effectiveness of the sponsorship. More and more, executives discuss new business opportunities beyond the scope of the (current) sponsorship through which the actual sponsorship can lead into a strategic alliance. A strategic alliance is a commitment and relationship between two organisations from which both organisations hope to benefit.

It is now time to examine the conceptual sponsorship framework in practice. Table 13.1 presented possible sponsor and sponsee goals. Table 13.2 expands on this to include the operationalised benefits needed to reach the listed goals, and provides an example. The goals of a sponsor (beer brewer Heineken) and a sponsee (a sporting organisation) are shown in bold type. The benefits needed by both organisations to reach their goals are shown in bold type as well. If both organisations are willing and able to provide the benefits needed by the other organisation, a win–win situation can be created. The example is summarised at the bottom of the table. In the context of the sponsor that we have chosen in the example, it is worth noting that Heineken spends 80 million Euros every three years as one of the main sponsors of the European Champions League! For that amount of money, it is vital to create a win–win situation.

**Table 13.2**

<table>
<thead>
<tr>
<th>Sponsor goals</th>
<th>Sponsor benefits</th>
<th>Sponsee benefits</th>
<th>Sponsee goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image creation or improvement</td>
<td>Television exposure</td>
<td>Dollars</td>
<td>Obtaining funds</td>
</tr>
<tr>
<td>Business relationship</td>
<td>Print media exposure</td>
<td>Goods</td>
<td>Obtaining resources</td>
</tr>
<tr>
<td>marketing</td>
<td>Access to sporting organisation’s</td>
<td>Services</td>
<td>(goods)</td>
</tr>
<tr>
<td>Media relationship marketing</td>
<td>mailouts</td>
<td>Exposure</td>
<td>Obtaining services</td>
</tr>
<tr>
<td>Employee relationship</td>
<td>Naming rights</td>
<td>Affiliation</td>
<td>(Raising awareness)</td>
</tr>
<tr>
<td>marketing</td>
<td>Logo use</td>
<td></td>
<td>(Brand positioning)</td>
</tr>
<tr>
<td>Business development</td>
<td>Signage</td>
<td></td>
<td>(Raising credibility)</td>
</tr>
<tr>
<td>Increasing sales</td>
<td>Advertising rights</td>
<td></td>
<td>(Image creation or</td>
</tr>
<tr>
<td>Brand positioning</td>
<td>Merchandising rights</td>
<td></td>
<td>improvement)</td>
</tr>
<tr>
<td>Raising awareness</td>
<td>Product exclusivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate responsibility</td>
<td>Sampling opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting new market segments</td>
<td>Athlete use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing new distribution</td>
<td>Hospitality opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>channels</td>
<td>Access to database</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(addresses etc.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Heineken Beer Breweries’ goal</th>
<th>Heineken Beer Breweries’ benefits</th>
<th>Sports organisation benefits</th>
<th>Sporting organisation goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand positioning</td>
<td>Television exposure</td>
<td>$25 000</td>
<td>Obtaining funds</td>
</tr>
<tr>
<td></td>
<td>Print media exposure</td>
<td>Fully created party for</td>
<td>Obtaining services</td>
</tr>
<tr>
<td></td>
<td>Advertising rights</td>
<td>sporting organisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hospitality opportunities</td>
<td>members</td>
<td></td>
</tr>
</tbody>
</table>
There is a variety of issues to consider before a deal can be closed and a win–win situation is created. How to write a sponsorship proposal and how to enhance the value of a sponsorship are covered in this chapter’s case study. The Sportview that follows provides an opportunity to explore a new sponsorship opportunity. Following the Sportview, we take a closer look at a typical sport industry sponsee: the individual athlete.

**SPORTVIEW 13.1**

**An AFL event sponsorship opportunity**

*by Lynley Ingerson*

**Background**

The Australian Football League (AFL) is recognised as the best sports medium for a corporation to maximise the exposure of their brand (SportBusiness, 2007a). At the end of each season, the AFL hands out individual awards for various achievements throughout the playing season. The awards include:

- the Coleman Medal—leading goalkicker for the premiership season;
- Norm Smith Medal—best on-ground performance in the AFL Grand Final;
- (NAB) AFL Rising Star—most talented young player in the AFL;
- Brownlow Medal—fairest and best player of the AFL season;
- Hall of Fame—contribution to the AFL;
- Morrish Medal—under-18 best player of the season.

Some of these awards are presented in a gala event prior to the Grand Final, while the Norm Smith Medal is presented at the completion of the Grand Final prior to awarding the Premiership Cup to the winning team. Notably, the awards—except for the AFL Rising Star—do not have an associated sponsor but have been named after past champions of the game, or have no associated name (such as the Hall of Fame). The awards night prior to the Grand Final is a media and public extravaganza. Apart from recognising the achievements of the AFL’s elite performers, it has become a showcase for the beautiful and the famous associated with football and is televised nationally.

In addition to this, the AFL currently has sixteen corporate partners such as the National Australia Bank, Toyota, Coca-Cola, Telstra BigPond and Fosters Australia. They also have a wide range of broadcast partners across Australia, including television networks Ten, Seven and Foxtel, print media agency News Limited and radio stations. Their sponsorship contributions are used to support the continued development of football around Australia (www.afl.com.au).

**Task**

You have been appointed as a new sponsorship relationship officer for the AFL. In order to build on the strong partnerships between the AFL and sponsoring organisations, you have been given the task of appraising the viability of organising a gala event to present the Norm Smith Medal and making it an attractive sponsorship occasion. In your analysis you should...
consider structural issues such as when it is the most suitable time to stage the event so that the Norm Smith Medal may be included in the awards presentation and to ensure that sponsors can maximise their involvement with the AFL. You should also be aware that the Grand Final is generally perceived as the end of a club’s commitment to the AFL season and a start to the ‘end of season’ celebrations with fans and family. Thus most participating clubs could make themselves unavailable for an AFL orchestrated event post-Grand Final.

Undeterred, you will develop a sponsorship opportunity for a ‘new’ gala event. The following issues must be addressed:

1. identify the objectives of the event.
2. identify the objectives of the event/medals sponsors.
3. identify the objectives of the AFL for this event.
4. Outline three broad marketing strategies to support the objectives. These are likely to incorporate other elements of the marketing or promotional mix.
5. Create an activation plan which specifically outlines the promotional tools applied to the event that would communicate the sponsors’ product or brand personality and enhance the relationship between sponsor and sponsee.


Sponsoring individual athletes and celebrity marketing

Belch and Belch (2007) suggest that, when communicating a message, the credibility and attractiveness of the source are of particular importance. Credibility and attractiveness are therefore the concepts to consider when organisations choose to use athletes as their source of communication. Consider this example (Beydemuller and Fiedler, 2001: 29):

After his third world championship title, Michael Schumacher was established as a cult figure among his fellow countrymen. He became a license to print money. His incomparable driving skills alone were worth a fee of 46 million Euros per year to the Ferrari team in the early 21st century. In addition he earned an estimated 22.5 million Euros from advertising contracts and merchandising. Renowned companies (DVAG, L’Oreal, Omega, Hilfiger and RTL among others) invested about 15,300 Euros in the smart smile of the man from the Rhein—per second of each commercial.

In 2005 he was recognised as Europe’s first sporting billionaire (Forbes, 2005). Even after retirement in 2006, he extended his multi-million dollar DVAG contract until 2010, allowing DVAG to have brand exposure on Schumacher’s distinctive red Ferrari cap. A fair price for small signage space.

Credibility and attractiveness

The Gillette company launched a new program in 2007 known as ‘Gillette Champions’ which employed the ambassadorial talent of three credible sports stars: Roger Federer (ranked number one in tennis since 2005), Tiger Woods (four times Masters champion in golf and undisputed number one in the world) and Thierry Henry (World Cup and
Euro Championship winner in soccer). All three ambassadors have been fully integrated into the Gillette brand programs, including global print and broadcasting advertising, consumer promotions, point-of-sale materials, online and public relations support (*Business Wire*, 2007). Each athlete is recognised globally, is successful in his chosen field and, more importantly, is highly respected. For the hirsute Federer and Henry, representing a man's grooming product is a natural association. Woods, on the other hand, admits he struggles to grow much facial hair. However, he sees the association with Gillette as an element of feeling confident. In a media statement, Woods pointed out: 'In golf... a critical element of confidence is looking and feeling my best.' (*Business Wire*, 2007). Why are Federer, Henry and Woods such attractive athletes, and why does Michael Schumacher continue to be so successful in conveying the message of so many companies? Why are they such powerful sources? Are there limitations to the credibility and attractiveness of sporting celebrities? To answer these questions, it is first necessary to elaborate on the concepts of credibility and attractiveness. A simplified model of the communication process, including these concepts, is presented in Figure 13.3. The model shows that when a source is credible and attractive, the message will become more powerful and will have a higher impact on the receiver of the message. This in turn will lead to a positive association with the source and message, eventually leading to a planned change in the perception, awareness or buying behaviour of the receiver. If the source is not credible and attractive, the opposite is more likely to happen.

According to Belch and Belch (2007), a source is credible when it has expertise about the message. When cricketer Brett Lee endorses the sport drink Gatorade, he is a more credible source than golfer Adam Scott endorsing cricket shoes. It is more likely that, as a fast bowler, Lee has expertise about the sport drink than Scott has about cricket shoes. A source also becomes more credible when it is trustworthy. Brazilian soccer star Adriano will probably be more honest and believable in supporting the well-being of the Amazon rainforest than in endorsing the benefits of being a member of the Turkish Automobile Club. Information from credible sources will influence the receiver in that the message communicated will become the opinion of the receiver. This opinion will have an influence on the (buying) behaviour of the receiver.

A source becomes more attractive when there is a similarity between the source and the receiver. The more similarities a person can (or wants to!) identify between the athlete and him or herself, the more likely that person is to be influenced by the message of the athlete. Many juniors aspire to ‘bowl like Bing’ (in reference to Brett Lee’s nickname).
Linking this message to drinking Gatorade, Lee successfully influences the buying behaviour of many cricket fans around the world. Likeability is another determinant of attractiveness. Sporting celebrities are admired for their performances and become well known to the public given the high visibility and hence media coverage of sport. Rather than a plain advertisement to launch the new Alfa Romeo Brera 3.2 V6 into the Australian market, 2007 MotoGP champion Casey Stoner is used to draw attention to Alfa Romeo’s new product, and message, in order to stand out in the very cluttered advertising media.

How important the attractiveness of an athlete is to organisations associated with the athlete is exemplified by golfer Tiger Woods. When the American PGA renegotiated its television contract, it agreed on a new four-year deal worth US$870 million, some US$90 million per annum up from the last deal. It has been argued that Tiger Woods single-handedly is accountable for this rise, and the proof is in the pudding. Sport television ratings in 2000 in the United States showed the PGA tour to be up 22 per cent over the 1999 season. This increase is even more spectacular when compared with the 2000 ratings of the NFL (down 7.2 per cent), Nascar (down 7.3 per cent), the NBA (down 11.9 per cent; Jordan was still in retirement) and the MLB (down 22.2 per cent) (Wilner 2001a). When Tiger Woods entered a brief period of less success, even vacating the number one position in world golf to Vijay Singh for a brief period, the ratings in golf went down. Early in 2006, the PGA negotiated new contracts. Tim Finchem, the PGA tour commissioner, and network executives declined to disclose financial details but it was made clear that CBS and NBC had entered into six-year contracts and the Golf Channel into a deal involving a fifteen-year agreement. Even without knowing the exact figures of the deals, it is clear that without Tiger the PGA would have much less bargaining power.

Credibility and attractiveness, however, are influenced by other factors when using an athlete celebrity.

**Considerations when using athlete celebrities**

Using a single athlete, as opposed to a sporting organisation, team or event, brings with it advantages and disadvantages.

The single athlete can stand out in myriad advertising messages, especially when performance is high. Nike athletes like Andre Agassi and Richard Krajicek, both considered huge tennis talents, did not perform up to the expectations of the general public over the longer period. Agassi’s world ranking fell to as low as 30, and Krajicek never seemed to perform when it really mattered (in Grand Slam tournaments). At the time, Nike considered discontinuing the agreement until Agassi, with a new coach, became number one in the world and Krajicek won Wimbledon in 1996.

Another uncontrollable factor is the personality of the star athlete. Athletes who find it hard to control themselves when they lose, say things to the press they regret later or always seem to run into trouble are risky investments for organisations trying to build a consistent image or sell more products. Adelaide City players and the team coach received heavy penalties in 2007 when they broke the A-League code of conduct rules by publicly venting their anger and disappointment at losing the A-League final convincingly 0–6 to Melbourne Victory. While the performance and personality of athletes cannot be controlled, it can heavily influence their credibility.
Organisations also have to realise that young people are more likely than older people to be influenced by athlete celebrities. Therefore the target publics with which organisations want to communicate by using athlete celebrities have to be selected carefully.

When using high-profile celebrities, organisations run the risk that the message or product they want endorsed will be overshadowed by the celebrity. Because high-profile celebrities are attractive to a mass audience, many organisations want them to endorse their messages. This can easily lead to over-exposure of the athletes, which will make the messages they communicate less credible. Over-exposure is noted when it becomes too obvious that the celebrities are being paid to endorse the message, and the public can become very sceptical. Sportview 13.2 gives examples of these considerations.

**SPORTVIEW 13.2**

*One shining star in the galaxy*

by Lynley Ingerson

The marketing of athletes has shifted significantly in recent times from simple sponsorship to celebrity endorsement to celebrity branding and leveraging this brand value. Individuality is arguably what distinguishes one athlete’s performance from that of another, and athlete branding also focuses on their distinctive features.

David Beckham is arguably one of the twenty-first century’s athlete branding phenomena. While more skilful players such as Brazilian Ronaldinho may get more for playing football with Barcelona FC, Beckham is recognised around the world for more than his football playing skills. *Forbes* (2007a) magazine ranks Beckham at number fifteen in the Sport Celebrity 100 listing. This may seem a little low, but he is the highest ranked team sportsman and one of only two footballers (the other is Ronaldinho) in the top 50. He is arguably one of football’s most instantly recognisable faces.

Beckham’s rising acclaim began at English Premier League club Manchester United where his football skills, good looks, celebrity marriage and unique appeal combined to stimulate a celebrity image. In 2002 he was the world’s highest paid footballer on a weekly contract of £90 000, of which £20 000 was paid for ‘image rights’ (news.bbc.co.uk). As adulation off the pitch grew for Beckham, so too did his sponsorship deals. His total earnings at that point were around £11 million annually. Speculation grew as to the value Beckham would bring to a sponsor. Milligan (2004) notes that when he was sponsored by hair product Brylcreem, sales soared by 50 per cent and two independent studies valued him at £60 million and £200 million respectively. ‘Whatever the actual value was, nobody could dispute that owning the Beckham trademark was a reliable way of making money.’ (Milligan, 2004: 22)

In 2003, Beckham was signed to Spanish club Real Madrid for £18 million. Sceptics viewed the decision to be for purely commercial reasons and not for his playing ability. Real Madrid had an abundance of highly skilled players but Beckham brought glamour to the club and a chance to enter new markets. As a result, merchandising profits rose by 137 per cent and the club sold more than one million playing shirts in the first six months of his arrival.
Corporations like Gillette and Adidas also benefited from their association with the increasingly popular global icon as their message reach elevated awareness levels. Nike received the same success when US basketballer Michael Jordan dominated the celebrity marketplace.

With Asia’s rapidly developing markets, Real utilised Beckham’s popularity in the region to stage a demonstration football match and stretch their geographic reach to other lucrative fan markets. Simultaneously, Real Madrid and Beckham sponsors were able to reach a critical target demographic, gain media exposure beyond the cluttered traditional channels and advance the all-important positioning strategy.

However, selection of appropriate celebrities can have its pitfalls. For example, the athlete may suffer a slump in form or performance; they may be embroiled in drug-taking allegations; or misdemeanours in their personal life may impact negatively on the sponsoring organisation’s own reputation. Beckham has endured negative exposure with on-field tempestuous behaviour and an alleged extra-marital affair which could have seriously damaged his future potential earnings as well as had negative repercussions for sponsors. In markets where moral family values are important, unacceptable behaviour like affairs can seriously jeopardise product sales in that region because of the corporation’s association with the miscreant.

This does not appear to be the case for Beckham, because in 2007 a new opportunity opened up for Beckham and he was transferred to US Major League Soccer (MLS) club LA Galaxy for a reported £125 million five-year deal. The challenge was to not only stimulate merchandise sales, but also to attract members and spectators to LA Galaxy and stimulate interest in the game of football in the United States to such an extent that the MLS could challenge the dominant sporting codes in basketball (NBA), football (NFL) and baseball (MLB). While in the United States, David Beckham is associated with Adidas, Walt Disney, network ESPN and Motorola. He is now possibly one of the few worldwide sport celebrity brands, sharing the podium with Michael Jordan, Tiger Woods and Michael Schumacher.

David Beckham is a sport marketer’s dream. He differs from Michael Jordan in terms of his playing ability. Whereas Jordan was undisputedly the ‘king’ of sport marketing, being both the best on the field of play and the most marketable athlete of all time, Beckham’s playing ability is perceived as secondary to his celebrity lifestyle, publicity junkets and corporate associations. ‘Brand Beckham’ shows that commercial exploitation can be seriously advantageous to the individual, the sport organisation (club and league) and the sponsoring corporation. The key is recognising which athletes can be lucrative celebrities in reaching short-term sales targets and, more importantly, those future branding goals and sustainable revenues.

Source: Excerpts from news.bbc.co.uk (2002); Milligan (2004); Forbes (2005, 2007a); Bose (2007).

The integrated marketing approach

Sponsorship support activities complement the sponsor’s goals. Given the sponsorship framework, the sponsee can either supply support activities or participate in support activities in order to enhance the value of the sponsorship for the sponsor. An example of different sponsorship support activities is given below. As a new Olympic sponsor,
the Lenovo Group from China represents a growing name in information technology and serves as a case example, presented from the sponsor’s point of view.

**Sponsorship support activities**

Initially the way forward for Lenovo was challenging, as it decided to communicate its global brand solely through a public relations campaign. The purpose of the campaign was to create worldwide awareness of the Lenovo brand, emphasising its product’s quality and innovation (a reputation only gained in China at this stage). It also aimed to further strengthen relationships with strategic partners, as it had taken over the successful and trusted IBM ThinkPad notebook product and needed to reassure channel partners globally of the company’s credibility. As public relations is about utilising communication tools to create and maintain relationships with customers and other stakeholder groups, this ‘stand-alone’ strategy seemed to be the most logical approach.

The multi-faceted communications program included a press release and a ‘Welcome Lenovo’ launch event. This was followed up by a ‘Where’s Lenovo?’ press launch for a new product, adopting a more modern European setting rather than emphasising the company’s Chinese origins. The program continued throughout 2005 with a series of activities such as a product review program, a press trip to China, a Chinese Embassy dinner (to maintain Chinese business culture links) and a media influencer program. In 2006, the program became geared towards customers with a ‘So you think you know Lenovo?’ campaign.

Event sponsorship is an effective means of supporting a public relations program and Lenovo’s next strategy was to phase in the negotiated TOP sponsorship with the IOC as the major supplier of information technology for the Olympic Games. While the sponsorship contract alone would cost the company about US$50 million, an additional integrated marketing program supporting the sponsorship would cost about three times that amount. Lenovo’s objectives for nominating as a TOP sponsor was to establish ‘brand awareness, build unity among employees worldwide, and drive business with global customers’ (www.lenovo.com). Supporting activities began prior to the 2006 Turin Winter Olympics, with staff assisting with the installation, testing and training of computing equipment. Lenovo provided equipment, training and technical services for Beijing 2008. Additionally, there were internet lounges in the athletes’ villages and Chinese Olympians Li Ting and Sun Tiantian (tennis) were used as brand ambassadors. Supporting advertising through global television and outdoor billboards further enhanced the public relations strategy. A global flagship retail store was positioned in Shanghai. Finally, strategic alliances with other TOP sponsors such as Visa and Coca-Cola, and media partner NBC, included joint advertising and point-of-sale promotions. However, perhaps Lenovo’s greatest promotions coup was to be the successful designer of the Olympic torch ‘Cloud of Promise’, which travelled from Olympia to Beijing. This provided exposure to a brand destined to appeal to the global market in the future.

**Sponsoring (inter)nationally but making it work locally**

Cousens and Slack (1996) confirm that sport sponsorship can be a very effective tool to enhance corporate image at the (inter)national level. However, consumer awareness of the fact that McDonald’s was the sponsor of the 1994 FIFA World Cup might not have
been enough to strengthen consumer demand at the local level. McDonald’s franchisees needed to have the opportunity to leverage the sponsorship to make it work in their local store. For example, McDonald’s, as the sole retail sponsor of the World Cup, was able to feature the games in its restaurants. It organised local franchise-backed soccer tournaments and hosted local McKicks mobile soccer clinics. Although optional for franchisees, these local tie-in promotions proved to be very successful in boosting sales, developing relationships with the local community and targeting new market segments.

An Olympic sponsor since 1986, Visa has gained a reputation as one of the most successful sponsors of sport in the world. The credit card business was extremely fragmented in terms of face-to-face communication with customers. Prior to the Salt Lake City Winter Games Visa had 1.2 billion card-holders worldwide, who obtained their cards through one of the 21 000-member financial institutions worth some US$2 trillion in business. As an Olympic sponsor, it aimed to create alliances with local partners in order to talk to (potential) customers, both on the Olympic site and through the various media outlets. In Salt Lake City, Visa created partnerships with the Salt Lake Visitors and Convention Bureau as early as 1996. It further aligned with the local Chamber of Commerce, Ski Utah, Park City, Deer Valley and the USA ski team. Many banks have historically not been involved with the Olympic Games, yet Visa managed to convince twelve of the United States’ largest banks to become active Olympic Visa marketers, representing 80 per cent of the financial market in the United States: ‘Throughout the world, thousands of member banks [were] running marketing programs which utilise Olympic branding and messages. Millions of Visa cards now bear the famous five rings and the presence of Olympic branding at point of sale further cements the relationship.’ (Roberts, 2002: 22–3)

A more recent example of combining global exposure with locally relevant activities is provided by the Dutch Rabobank. The bank first became involved in international sponsoring in 1996 when it signed a long-term deal to sponsor a cycling team, still known today as team Rabobank. At the time, the bank had gone through a repositioning exercise nationally and was embarking on an aggressive international expansion strategy. Both nationally and internationally, cycling was seen as the perfect platform to bring the bank into the homes of people. Even after the disastrous Tour de France of 2007, in which the team withdrew the potential winner Michael Rasmussen from the Tour as a result of alleged doping use, the bank has very successfully used the international exposure achieved through cycling as an entry into supporting grassroots programs in the community. Rabobank has committed until 2012 to keep sponsoring the cycling team, ultimately hoping to win a coveted Tour de France. The bank further supports its main international cycling team sponsorship in its home market, with a range of smaller domestic partnerships making it the biggest sport sponsor in the Netherlands with an annual domestic expenditure of 27 million Euros. Among the bank’s sponsees are also eight professional football teams, all of which organise sponsor-supported community clinics. Smaller sponsorships (e.g. the local bakery sponsoring the local hockey club) can be leveraged according to the same principle: tie-in promotions making customers aware of the association between sponsor and sponsee.
The above examples show the importance of leveraging the sponsorship through support activities and tie-in promotions. If sponsorship is seen as a single, separate tool, benefits resulting from it will be much less. Leveraging the sponsorship is as much in the interest of the sporting organisation as it is in the interest of the sponsor. An unsuccessful sponsorship deal is less likely to be renewed, leaving the sporting organisation without a sponsor. When the sporting organisation is able to supply or participate in support activities, sponsorship will more successfully operate as part of the total promotion and marketing plan. This ultimately will lead to a win–win situation.

To distinguish a win situation from a no-win situation, it is important for the sport marketer to measure the effectiveness of sponsorship, largely the topic of Chapter 14. Now we take a brief look at some of the current research trends in relation to sport sponsorship.

**Current research trends in sport sponsorship**

Return on investment has proven troublesome to sponsors associated with small sport properties (Roy and Graeff, 2003). Effective sport sponsorship relationships are, however, difficult to cultivate, having a tendency to become expensive flights of fancy (Erdogan and Kitchen, 1998). Yet the investment continues to be driven by market conditions, including escalating media costs, traditional advertising media clutter, the personal identification, emotional content and brand loyalty of sport, and the opportunity for cross-cultural communication (Tripodi, 2001). Given the impact of these market forces and the potential rewards for developing successful sport sponsorship relationships, data contributing to explaining how sport sponsorships work towards concrete purchase intentions and behaviors are of undeniable value.

According to Pope and Voges (2000), consumers’ intention to purchase can be derived from two predominant influences: first, a positive attitude towards the brand; and second, brand familiarity, which is obtained from brand exposure and prior use. Specifically, they report significant effects on purchase intention from the brand itself, the belief that the company sponsored sport, and from the general corporate image of the company. In addition to these two factors, suggestive evidence points to the relevance of team support, and sponsor integrity and fit. In the near future, much of the research with regard to the effect of sponsorship will be combined with the increasing focus on managing the brands of organisations. As noted by Rein et al. (2006), this will require sport organisations to become more of a brand in their own right and less of a simple ‘recipient’ of sponsor dollars. Many of the issues in regard to measuring the effects of sponsorship will be dealt with in the next chapter.

Another trend is the move from sponsoring the big, established sports to the new, exciting, up-and-coming sports. For example, extreme sports such as skateboarding, inline skating, surfing and snowboarding offer affordable sponsorship opportunities, especially when compared with the established global sports. The ‘new’ sports also boast a highly identified and segmented following. In other words, ‘niche’ sports offer excellent opportunities for sponsors to talk one on one with a target market, because the segmentation information that is available about the target market is much more specific than for the bigger sports’ mass market segments.
This extension of exploiting ‘niche’ market opportunities through sponsorship relates to another interesting trend, which can be described as the blurring between what is sponsorship and what is corporate social responsibility. Where sport organisations have long been exempted from being looked at as corporate entities with corporate responsibilities, today both sport organisations and corporations are held accountable for their actions in society. This offers opportunities for sport as well, as sport products are naturally suited to provide social benefits for society at large, as explained by Smith and Westerbeek (2007). Davies (2002) makes the case for a more high-profile role for sport in tackling global and community challenges of health, peace, development and ethics. He argues that new expectations are emerging for corporate citizenship, from the activities of prominent organisations and institutions like the 2008 Beijing Olympics Organising Committee to the need for athletes to behave as role models. The power of sport as a communications medium confers upon it greater responsibilities for demonstrating corporate citizenship. Sport, Davies believes, should be a force for good in a troubled world.

The UN Inter-Agency Task Force on Sport for Development and Peace was formed to review activities involving sport within the United Nations, to promote more systematic and coherent use of sport in development and peace activities, to generate greater support for such activities among governments and sport-related organisations as well as to encourage the UN system to incorporate sport into its activities. Perhaps most importantly for the deployment of corporate social responsibility, the UN Task Force sought to promote the application of sport as a tool of development policy. One of the Task Force recommendations proposed a focus on communications-based activities using sport. These activities should include well-targeted advocacy and social mobilisation as well as private sector partnerships, particularly at national and local levels.

The range of possibilities for the deployment of corporate social responsibility through sport can be conflated to include sponsorships, financial contributions, philanthropy, gifts in kind, cause-related marketing, employee volunteering and partnership. This is where it can be observed that sponsorship, in the context of the definition presented in this chapter, only occupies a small space in the spectrum that concerns activities which can be conducted to advance corporations’ social responsibilities. For sport organisations to continue to receive corporate dollars, they not only need to be aware of this rapidly developing new paradigm, but also need to be on top of their social responsibilities to society to make sure that they can align these with the needs of potential corporate partners.

**Summary**

This chapter showed the strategic importance of sponsorship for sport organisations. For both sponsor and sponsee, sponsorship can be used to satisfy multiple goals, particularly advertising- and public relations-related goals for the sponsor and fundraising-related goals for the sponsee. The relationship between the goals of sponsor and sponsee were shown in the sponsorship framework for how to create win–win situations. Relationships between sponsor and sponsee can even lead to a strategic alliance between the two organisations. Sponsorship as a tool of the promotion mix is still growing in
popularity because it is generally seen as a cost-effective manner of achieving the sponsor’s communication goals.

Because of the high visibility and attractiveness of sport as a communication medium, many sporting organisations tend to over-emphasise the importance of sponsorship as a potential source of income. Sporting organisations should be aware that this ‘sponsorship myopia’ can lead to an under-usage of the other elements of the marketing mix in developing a broad-based marketing program. From the sponsor’s point of view, sponsorship alone will not satisfy the communication goals set. A comprehensive set of sponsorship support activities and tie-in promotions is required to optimise the sponsorship effort and make the sponsorship as successful as possible in the overall marketing effort.

Sponsoring individual athletes has distinct advantages and disadvantages. The sponsor–athlete relationship is similar to the sponsor–sporting organisation relationship in that both involve mutual commitment and obligations. Sponsorship support activities need to be considered in both relationships. How we can measure the effectiveness of the sponsorship is further explored in Chapter 14.

**CASE STUDY**

**Attracting a naming sponsor for the local badminton club**

This case study is purely fictional. The persons and organisations in the case are non-existent.

Simon Huttle, president of the local badminton club, was enjoying an after-the-match mineral water with his fellow board member, Robert Acket. Simon was particularly pleased with himself, because he had won the match against his ten-years-younger treasurer.

Robert, being quite embarrassed about his loss, tried to direct the conversation away from their game, asking Simon, ‘What’s the state of affairs in renewing the contract with our current naming sponsor, Simon?’

Simon’s smile disappeared. ‘Two weeks ago I got the news that they’re not willing to renew. They’ll cease the agreement at the end of this financial year. I wanted to wait till our board meeting tomorrow night to tell you this, but now you’re asking…’

‘Why?’ Robert responded in a sudden state of shock. ‘We’ve done everything we can to make them happy. Their name is on the racquets, we tell our members to fill up their cars with their fuel, and we invited their local employees to our general assembly. And how can we possibly field a team in the regional competition without the support of a naming sponsor?’

‘Well, I was going to ask you that question, Rob. You’re the treasurer. You should be able to answer that question better than me. But for your information, a friend of mine is in the advertising business. His name is Jim Beam and his company has been involved in sport sponsorship as well. I’ve asked him to prepare an outline for a sponsorship proposal. He’ll present it tomorrow night.’

Disappointed with this news on top of his earlier loss, Robert drank his water and grabbed his gear. ‘Well, catch you tomorrow night then,’ he said and went home.
Given your knowledge of sponsorship after reading this chapter, can you detect any information explaining why the sponsor decided to cease the agreement?

When Robert drove home, he tried to think of reasons why an affluent sponsor like theirs would choose not to continue the very pleasant relationship they had built through the years. He decided to prepare some questions to ask Jim during the board meeting the following night.

When Robert arrived at the board meeting the next night, his colleagues and Jim Beam were already there. Simon welcomed Robert and started the meeting.

‘Welcome, fellow board members. As you can see, I’ve invited a guest tonight. I’d like you to welcome Jim Beam from A.M. Bush Advertising. I have a special reason for inviting him. Two weeks ago, our sponsor of five years called to tell me that unfortunately they were not in the position to continue their association with our club.’

‘What!’ Pamela Rush, the secretary, cried out. ‘They can’t do that. And by the way, why didn’t you tell us earlier, Simon?’

Simon ignored her second question and continued introducing Jim. ‘I’ve asked Jim to prepare an outline for a sponsorship proposal, in order to prepare ourselves as soon as possible and find a new sponsor for the new season.’

‘You still haven’t answered my question, Simon,’ Pamela interrupted. She rephrased her second question.

By telling the other board members earlier, would they have been given an opportunity to try things before calling in the advertising expert?

‘I don’t know, Pamela,’ Simon responded, slightly irritated, ‘but the fact is that we have a problem, and I took the liberty to initiate action to solve it!’

Robert came to Simon’s rescue by asking Jim what he thought of the situation. Simon looked gratefully in Robert’s direction for a moment and finished his introduction of Jim. ‘Can you present us your suggested sponsorship proposal outline, Jim?’

‘Yes, thank you, Simon, for your kind words and your invitation…Dear board members, the outline I will present to you is very brief. I deliberately left blank spaces in order to give you the opportunity to actively contribute. Every heading of the outline is accompanied by one example,’ Jim said.

Contribute examples and possibilities in the context of your organisation for every heading in Jim’s outline.

Suggested sponsorship proposal outline

- executive summary;
- organisation/event/athlete history and present situation—achievements of the club in the competition they played in;
- target audiences (for sponsor and sponsee)—sponsee target audience: families with young children;
• sponsorship track record—five years of successful sponsorship with last sponsor;
• period of association for the proposed sponsorship—a period of three years with annual options to renew after that;
• benefits on offer—sponsor’s name on the racquet;
• benefit valuation (capitalisation)—sponsor’s name on the racquet of all teams: $1000;
• packages—signage package: court 1, 2 signage, sponsor’s name on first-team shirts;
• sponsorship support activities—local paper advertising;
• ambush-prevention strategy—exclusive sponsor rights;
• effectiveness measurement—recall measurement among members.

4 Are there any elements missing in this outline? Are the listed elements presented in the right order?

Robert decided that it was about time he asked one of the questions he had prepared on the way home yesterday. He was wondering how they could avoid contracting a sponsor with whom there obviously wasn’t a ‘fit’. He still could not figure out why the current sponsorship did not work out.

‘Jim, why do you think our sponsor wasn’t interested in continuing the relationship?’ Robert asked.

‘That’s a good and vital question, Robert. I think we are dealing with a classic case of incongruity of goals.’

‘Can you explain that in plain English?’ Robert responded.

‘Of course. Both the sponsor and the badminton club have certain goals they want to achieve with the sponsorship, right? Well, in this particular case, it’s likely that the sponsor was able to satisfy your goal, which was supplying you with an amount of money, but the club wasn’t able to let the sponsor effectively communicate with their potential clients’. Jim said.

‘Effectively, in that other organisations or events were more related to their products?’ Pamela contributed.

‘Exactly!’ Jim said. Pamela smiled in Simon’s direction and Jim continued. ‘By linking the sponsor goals to tangible benefits, you—as an organisation looking for sponsors—can identify whether you’re in the position to supply the desired benefits. If this is the case, you have prepared a potential “fit” between your organisation and the sponsor. In other words, you need to do a bit of work before you send out proposals!’

‘But, Jim, if we go through all of this and we actually have a sponsor, how can we make sure we hang on to that sponsor?’ Sandy Mash, the vice president of the club, involved herself in the discussion.

‘You mean, how can we increase the value of the sponsorship?’ Jim replied. Sandy nodded and Jim grabbed an overhead and put it on the projector. ‘Here are a few hints for how you can do this, Sandy. The list is not complete, but it is a helpful tool in intensifying the relationship with your sponsor.’

The overhead showed the following list:
How to increase the value of a sponsorship

- Keep the sponsor informed.
- Remain informed about the sponsor.
- Promote the sponsor in the organisation and develop a sponsor culture.
- Create media alliances and involve the sponsor in them.
- Offer exclusivity.
- Maintain personal contact with the sponsor.
- Deliver more than promised.
- Acknowledge the sponsor in all communication.

‘I want to suggest the following,’ Jim Beam said to the board members. ‘I’ve given you some information now.’

5 Follow Jim’s suggestions and take some time to prepare a draft proposal for your club, directed to a sponsor that fits your organisation.

‘I think that’s a good idea, Jim,’ Simon said. ‘Let’s close the meeting here. I invite you all for drinks, and to meet again next week to discuss our proposals.’

The rest of the meeting agreed, and after thanking Jim Beam they went off to the bar to enjoy a good whisky.
Chapter 14 further explores the concept of sponsorship. While Chapter 13 examined the key success factors in attracting and implementing sponsorship, here we introduce the different methods that can be used to evaluate the effectiveness of sponsorship. It needs to be noted that the chapter is written from the perspective of the sponsor—that is, we consider the effect of sponsorship in regard to the goals set by the sport sponsor. Beyond effectiveness, we also explore the concepts of ambush marketing and location dependency of sponsorship. In this chapter, we have integrated an extended case study. This means that the questions at the end of the chapter relate to all components of the case study presented throughout the chapter.

After studying this chapter, you should be able to:

1. describe different methods of measuring sponsorship effectiveness;
2. understand the relationship between effectiveness measures, sponsorship objectives and the buyer readiness continuum;
3. understand the principles that underpin ambush marketing tactics;
4. understand the relationship between ‘exposure’ and ‘impact’ in regard to which sponsorship property is chosen by the sponsor.
From the 2001–02 season, the English Premier League became known as the Barclaycard Premier League. Barclays Bank paid the league US$70 million for the privilege. As the title sponsor of the world’s most prominent and successful domestic soccer competition, the relationship continued to develop. With the league being covered on television to over 203 territories, this investment may turn out to be one of the best sport sponsorship ploys of the decade. In the 2006–07 season, a three-year extension of the contract with Barclays was agreed upon and the competition was renamed the Barclays Premier League.

Throughout this chapter we introduce the different organisations that are involved in making the sponsorship work for Barclays, as part of a case study that is developed during the chapter.

When the complete sponsorship program is put into action, it is important for both sponsor and sponsee to measure its effectiveness. We show that sponsorship objectives cover the whole spectrum of the ‘buyer readiness continuum’, a tool that demonstrates the stages through which consumers proceed before undertaking a transaction. As briefly discussed in Chapter 13, we recognise that sponsorship objectives can be categorised under headings such as corporate, marketing and media objectives, or as strategic, tactical and operational objectives. The real distinction is between direct (sales) and indirect (exposure) marketing objectives. We argue that the sponsorship opportunity is really about the right to ‘associate’, the forging of a connection between the event or athlete and the company or brand. This right to associate is then translated into potential communication outcomes and they can be plotted along the buyer readiness continuum, or the ‘attention–interest–desire–action’ sequence. The relationship between objectives, buyer readiness and effectiveness measurement is visualised in a model in the second part of this chapter. Effectiveness can also be diminished by the practice of ambush marketing, a topic also discussed here.

**SPORTVIEW 14.1**

Case study part 1: The sponsor

Barclaycard, a fully owned subsidiary of Barclays Bank, announced its first title sponsorship of the Premier League only eight weeks before the start of the 2001–02 season. It surpassed companies like Budweiser, Coca-Cola and Vodafone in the betting stakes to become the new sponsor of the league. Sponsoring the title of the league has a distinct advantage over, for example, buying advertising time around football programming. It stands out from the clutter, and the association is with a ‘living and breathing’ entity. The credit card business
has grown dramatically over the past decade, and Barclaycard as a market leader needed
to step up to the international challenge. The principal company objective at the time was
to double profit in the entire business every four years. The sponsorship of the Premier
League has assisted the company in making the brand better and more widely recognised;
in addition, by being associated with such an emotional product, the brand became more
human, passionate, tangible and spirited. With the added growth of media exposure for
the Premier League, this investment has proved very profitable. Barclays Premier League
coverage attracts eleven million British viewers weekly and a further 94.6 million viewers
internationally during the season, making the US$142.2 million investment seem like money
very well spent.

By the way, much of the funds Barclays spent on sponsorship during the early 2000s
came from a decreased expenditure on advertising, clearly indicating that sponsorship was
perceived to be a superior means of marketing communication. That advertising space was
rapidly filled by Coca-Cola, which bought the broadcast sponsorship of the ITV flagship
program *The Premiership*. One could argue that Coca-Cola had obtained the perfect
ambush position.

Source: Based on Gillis (2002b), Premier League Annual Report 2006/07.

**Measuring sponsorship effectiveness**

As we have already indicated, how effective a sponsorship is, or has been, depends on
the goals the sponsor and sponsee have set before they enter the sponsorship agreement.
For example, Heineken invested more than A$10 million into Australian sport, including
tennis, rugby union and golf. It had different goals when sponsoring the Australian Open
tennis championships from those it had when sponsoring the Heineken Classic golf
tournament. The goal at the tennis is global attention-related, whereas the goal at the
golf is more related to direct sales—through, for example, business relationship marketing
activities. But by 2005 the company no longer felt the need to ‘paint, the town green’
with Heineken branding. It reassessed its strategic intentions and chose to focus less on
the big-ticket campaigns and adopt a more streamlined target market approach to its
sponsorship programs in Australia (Australian Marketing Institute, 2005). As noted
earlier, Heineken has concentrated its global sponsorship efforts on its association with
the Champions League, in which it invests 80 million Euros every three years.

How the public perceives the association between sponsor and sponsee determines
what can be measured as the effect of the sponsorship. If, for example, members of the
public link the name of the sponsor only to the event and do not change their buying
behaviour, it makes little sense to measure after-sponsorship sales. Poon and Prendergast
(2006) suggest sponsorship has generally been assessed by two distinctive categories of
function-based and image-based similarity. Function-based similarity occurs when the
sponsor’s products are actually used in an event or by the sports entity. For example, Lenovo,
Visa and Coca-Cola as TOP sponsors for the IOC had their products and services on show
at the 2008 Beijing Olympics. Image-based similarity is when the compatibility between
sponsors’ and the sports’ image is perceived by the consumer to be related. For example,
the association between the Ford Motor Company and the Geelong Football Club (Ford runs a huge production plant in the City of Geelong) is built on a compatible image.

In this section, it is assumed that the overall effectiveness of the sponsorship is based on the achievement of the sponsor’s goals. Achievement of sponsee goals is partly met at the agreement of the sponsorship (i.e. receiving funds, goods or services). Other goals, like brand positioning, can be measured in a similar fashion to the sponsor’s goals. There has been a notable shift from a philanthropic offering to one where the sponsor expects a financial return on investment. Stotlar (2004) notes that any sponsorship decline in the United States may have been due to the economic recessions of 2001 and 2002 but more importantly that the transfer of value in the sponsorship exchange has not been measured effectively. Farrelly et al. (2006) point out value is an intangible component stemming from a variety of sources, and it is often difficult to always attribute value to specific elements of the sponsorship relationship. Notably, they claim the assessment of value is when it is realised. For example, the naming rights of a stadium or the financial contribution to staging an event bring immediate value to the sponsee as funding ensures the progress of the sport entity’s plans. On the other hand, for the sponsor value is a delayed outcome as consumers’ response to purchasing products or services, or by recognising brand association can take time.

Hansen and Scotwin (1995) identify four levels of measuring sponsorship effectiveness:

- exposure;
- attention;
- cognition; and
- behaviour.

As shown in the case study, exposure is the broadest measure of sponsorship effectiveness. It measures how many times (in seconds on television, or number of columns and photographs in print media) an organisation or brand is observable. Television exposure, for example, is measured by multiplying seconds by the number of viewers; hence exposure is expressed in ‘exposure per 1000 viewers in 30 seconds’. Exposure value can be compared with advertising value by multiplying seconds (30) by advertising rates for 30-second commercials. The resulting value presents the sponsor with the money figure that would have been paid had the sponsor invested the money in 30-second commercials. However, there are significant problems with these measures of effectiveness. For example, how do we know that viewing a 30-second commercial equals the value of viewing 30 seconds of scattered brand exposure throughout an event broadcast? This problem is compounded when one realises how hard it is to accurately measure the number of viewers. These problems relate to the fact that exposure is one thing, but what really matters is the impact of exposure.

In other words, volume of exposure is only the start of measuring the effect of sponsorship. A better measure of impact is how much attention people pay to a brand or an organisation. Attention can be measured in terms of changes in recall or recognition by individual target-market members. Recall is the more powerful measure of effectiveness in that research subjects are not aided in recalling sponsors’ names. In recognition, subjects are asked to choose from a list of possible sponsors. The benchmark for attention
measures has to be the recall or recognition measure before entering the sponsorship agreement. This may be achieved through pre-testing. Otherwise, changes in recall or recognition cannot be measured.

Cognitive effects also can be measured in individuals who are part of the target market(s) of the sponsor. The association between a car manufacturer and a car-racing event evokes a stronger cognitive effect than the association between a car manufacturer and a tennis event. The car manufacturer–car race link is logical and requires little explanation. The car manufacturer–tennis event link is expected to evoke a more general association, and tries to link the image of the event to the image of the car. Both effects are often measured in associative tests. For example, given the Australian Open tennis championships, the question ‘Which sponsors do you associate with this event?’ can be asked. One can even consider using research techniques that compare attitudes people have about different brands, including the brands that compete with the sponsor. Tracking studies, where factors such as the brand image are researched over an extended period of time, also fit the category of measuring cognitive effects. Cognitive tests are better described as qualitative research techniques because they deliver information that allows the researcher to explain consumer behaviour, rather than the quantified measures that result from media monitoring. Cognitive research becomes more important towards the ‘desire’ and ‘action’ stages of buyer readiness.

The most direct measure of sponsorship effectiveness is buying behaviour. What are the effects of the sponsorship on attitudes towards buying, or even the direct sales figures or turnover of the organisation, or the sales figures of certain product lines? In this case, the benchmark for measurement has to be set before the sponsorship. However, as stated earlier, the delay between sponsorship activation and consumer buying response may be lengthy. Behavioural measurement of sponsorship has often been criticised because of the difficulties in isolating the effects of sponsorship on sales and turnover from those of other promotion mix tools. Experimental research designs or historical analysis of prior promotion impact may help the researcher to isolate the impact of sponsorship investment.

Measurement of sponsorship effectiveness is a difficult issue. How effectiveness is measured strongly depends on the goals of the sponsor, and even then many variables can influence effectiveness. One of the most important variables to influence sponsorship effectiveness is the choice of the sponsored object or sponsorship property.

**SPORTVIEW 14.2**

**Case study part 2: The sponsorship research firms**

IPSOS UK conducts sponsorship effectiveness research on behalf of all major brands in football. According to spokespersons of the organisation, there is still much confusion about the right approach to conducting useful research. Effectiveness research consists of both quantitative and qualitative approaches. As a matter of fact, IPSOS interviews some 20,000 individuals per annum, enabling it to both quantify and qualify the movement of perceptions and attitudes. IPSOS’ director of sponsorship research, Mike Jackson, argues that effective
sponsorship is underpinned by extensive pre-testing of what the sponsorship can do for the brand, which rights are obtained through the sponsorship, and how these rights can be exploited throughout the whole company. It took Barclays three months to achieve a desired level of association—one it would have expected to take at least two years. A majority of keen football fans, three months into the sponsorship, spontaneously associated Barclaycard as a leading brand within the premiership.

It is interesting to note that the research industry seems to develop along two distinct lines. One branch of the industry focuses on media evaluation, assessing the amount of exposure, whereas ‘effectiveness’ research aims to qualify the impact of exposure—impact that can, according to Jackson, be greatly improved if the sponsor realises that buying the rights is only the first step in the process of achieving an effective sponsorship.

Source: Based on Gillis (2002b).

The sponsorship properties: Events and athletes

It can be argued that there are literally hundreds of sponsorship opportunities, including sponsoring the name or title of an event or stadium, broadcast sponsorship, location sponsorship (e.g. the fifteenth green), leader board sponsorship, corporate hospitality suites, athletic outfit sponsorship (e.g. shoes, apparel)—the list goes on. It is largely up to the creativity of sport marketers to come up with new ways of packaging ‘rights to associate with’ for sponsors to buy and use. Irrespective of how this is done, the majority of sponsored properties in sport can be categorised either as events or athletes. As we noted earlier, what principally determines the success of the sponsorship is the amount of exposure received and the impact exposure has on the sponsorship objectives. Or, stated differently, generic global sport offers potentially greater exposure than local niche sport—hence the latter presents more affordable sponsorship opportunities. Again it needs to be stated that, after picking the right property, success is largely determined by leveraging activities (impact) executed by the sponsor and its support agencies.

Sport research consultants Sweeney Sports undertake a significant analysis of the sport sponsorship market in Australia. In their summer reports 2005–06 and 2006–07, a sponsorship appropriateness ratio is calculated and the ‘Sweeney Score’ determines the Australian athletes with the best sponsorship appeal. Table 14.1 indicates the top five most appealing sponsorship prospects for 2005–06 and 2006–07.

<table>
<thead>
<tr>
<th>Rank</th>
<th>2005–06</th>
<th>Points</th>
<th>Rank</th>
<th>2006–07</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ian Thorpe</td>
<td>81</td>
<td>1</td>
<td>Ricky Ponting</td>
<td>76</td>
</tr>
<tr>
<td>2</td>
<td>Ricky Ponting</td>
<td>71</td>
<td>2</td>
<td>Ian Thorpe</td>
<td>75</td>
</tr>
<tr>
<td>3</td>
<td>Grant Hackett</td>
<td>68</td>
<td>3</td>
<td>Grant Hackett</td>
<td>74</td>
</tr>
<tr>
<td>4</td>
<td>Adam Gilchrist</td>
<td>65</td>
<td>4</td>
<td>Harry Kewell</td>
<td>73</td>
</tr>
<tr>
<td>5</td>
<td>Glenn McGrath</td>
<td>63</td>
<td>5</td>
<td>Glenn McGrath</td>
<td>71</td>
</tr>
</tbody>
</table>
Swimmer Ian Thorpe has topped the Sweeney Score since 2001–02, and the impact of his retirement in November 2006 was immediately felt with his rating dropping six points and his ranking shifting from position one to position two behind Australian cricket captain Ricky Ponting. The highest ranked woman in 2005–06 was athletics star Catherine Freeman (ranked eleven at 56 points) and in 2006–07 it was seven times world surfing champion Layne Beachley (ranked 9 at 64 points), who moved up seven positions. Assessment is calculated as:

where $R =$ the percentage of people who rate sportspersons credible as sponsees at eight out of ten or higher and $PA =$ the percentage of people who have heard of the nominated sportsperson (Sweeney Sports, 2005–06 and 2006–07).

Sweeney Sports (2006–07) also interviewed respondents in regard to which sports Australians are most interested in. By understanding where the people go for sport entertainment, potential sponsors can be more effective in directing their sponsorship strategies. The Sweeney Report showed that Australians increased their interest in cricket in 2006–07, making it the number one sport at 59 per cent. This is the first time swimming (57 per cent) had been overshadowed since 1991–92. Researchers attribute this to the highly entertaining 2005 Ashes series between Australia and England, and the retirement of swimming champion Ian Thorpe. Arguably, unexpected changes such as retirements of the heroes or on-field failure or success can have an immediate impact on the sport’s profile. Of all the football codes played in Australia, Australian rules football still remains dominant (56 per cent) in third position overall, despite soccer’s popularity increasing to 51 per cent (fifth position) (Sweeney Sports, 2006–07). When determining which sporting events are considered by Australians to be the most important, the top three are all staged in Melbourne: the AFL Grand Final (25 per cent of the votes), the Melbourne Cup (14 per cent) and the Australian Tennis Open (11 per cent). This information is important for sponsors focusing on reaching the target audience through event attendance or televised opportunities (Sweeney Sports, 2006).

**SPORTVIEW 14.3**

**Case study part 3: The sponsorship consultants**

In order to capitalise on all opportunities that the football industry has on offer, Barclays employed Arena as its sponsorship consultants. Arena provided the link between the sponsorship and the football industry, and in the process offered Barclays access to an impressive network of football’s stakeholders. It managed the Barclaycard Player of the Month award, which involved coordinating a comprehensive panel of experts who voted on a monthly basis. Every month negotiations took place with the respective club of the ‘Player of the Month’ in order to maximise exposure and impact. For example, Arena always made sure the player was photographed with the trophy on Friday night so the papers could carry the picture in Saturday’s lead-up to the round of football over the weekend. A Barclays director handed over the trophy and the broadcaster got a shot of the action to include in late-night reports. Next to this operational activity, Arena also provided top-end strategic
branding advice. Sean Jefferson, CEO of Arena, argued that his job was all about creating a new sub-brand. The Barclays Premier League did not exist before June 2001, so a lot of hard and smart work was required to go into building this brand for the benefit of the company as a whole. Ultimately, successful creation and leveraging of the sub-brand ‘Barclays Premier League’ needed to result in a new, revitalised brand image.

In season 2002, however, Jefferson was presented with a rather exciting operational problem. With the premiership race as close as it had been in years, five clubs were still in it with a chance on the last day of the competition. With all challengers at home in the final weekend, Jefferson prepared a mobile ‘Cup presentation unit’ in a helicopter. Making the sponsorship work is hard yakka, right down to the wire!

Source: Gillis (2002b).

The SPONSEFFECT model

In both this chapter and Chapter 13, we have discussed the range of issues that are important in regard to attracting, implementing and measuring the effect of sponsorship. It has been noted that the formulation of specific sponsorship objectives is critical when selecting the right sponsorship entity, in turn affecting the different measures to be used when assessing the effectiveness of the sponsorship partnership. We have also argued that both objectives and effectiveness measures are strongly linked to the buyer readiness sequence.

The practical value of the AIDA model lies in its strong focus on moving consumers from being unaware of a product to buying it. Ultimately, sponsorship is about only one thing: bringing as many customers to the sponsor’s company and enabling them to buy as many products as possible—preferably many, many times! In reality, the stages of attention, interest and desire are therefore quite awkward. We don’t want consumers to be in those stages for too long. As can be observed from the model, it is much harder to define clear-cut objectives and sponsorship properties for the interest and desire stages than it is for the attention and action stages. It is therefore very important to remember that the mid-stages of buyer readiness are transitory. An example of how sponsor objectives can vary in the mind of the consumer compared with a company’s perception is shown in Sportview 14.4. As noted, sponsor objectives can be ambushed, incorrectly associated with events or even last much longer than ever thought possible!

SPORTVIEW 14.4

Sponsorship opportunity makes a cereal killing

by Lynley Ingerson

The widespread appeal of sport should make it easier for corporations to reach desired target markets through sponsorship. Problems occur when sponsoring organisations change their sponsorship focus or like sponsors enter into the same or similar domain. For example,
while Toyota was the official Australian sponsor of the 1992 Barcelona Olympics, General Motors were offering a new ‘gold’ car for every gold medallist at that Olympics, misleading consumers about who was the real car sponsor to the Olympic Games. While this is arguably a blatant example of ambush marketing, it does show how important it is for a sponsor to make sure their sponsorship program is not killed off before desired objectives are achieved.

Uncle Toby’s had been the leader in the cereal and snack foods category of sponsorship since 1993 when measurements of sponsorship awareness were first carried out by reputable research organisation Sweeney Sports. Uncle Toby’s breakfast cereals and muesli bars are synonymous with sport. It was one of the first brands to show the association between nutrition and sport. Uncle Toby’s great ambassador was swimming legend Lisa Currie, who is credited with the longest sponsorship association of the time, from 1982 to 2003. Uncle Toby’s also sponsored the Ironman and Ocean Man series, which has been directly attributed to its successful profile in the community. By 1997, Uncle Toby’s was the most recognised sponsor by nearly 75 per cent of the population (Sweeney Sports, 2006). No other product category could penetrate its dominant position.

In 2001, Uncle Toby’s made a strategic decision to withdraw its sponsorship from the Ironman series and direct its efforts to swimming and tennis. On paper, this would be seen as a strategically sound decision, as swimming had been recognised as the most popular sport of interest for Australians for much of the last decade of the twentieth century and Lisa Currie was universally popular. Tennis also had a resurgence in interest with the success of the Davis Cup team in 2003 and the international accomplishments of Lleyton Hewitt and Alicia Molik. By 2005, tennis was the third most watched sport on television. This shift of attention allowed close rival Kellogg’s to enter the watersport market and take over Uncle Toby’s sponsorship of the Ironman series.

Despite the shift, Uncle Toby’s brand equity remained strong and was still associated with the Ironman series until well after the agreement ceased. This example shows the power a brand can have if marketed well, and when there is a strong relationship between sponsor and sponsee. Interestingly, though, the Uncle Toby’s brand was also associated with surf life saving, further testament to the residual power of the brand—and this is where an interesting issue surfaced. Surf life saving was actually sponsored by Kellogg’s, yet consumers connected life saving with Uncle Toby’s.

However, by 2006 Sweeney Sports reported Uncle Toby’s rating was beginning to slip. For the first time since the 1990s, Uncle Toby’s was no longer the number one brand with the shift in interest moving from Uncle Toby’s to leisurewear organisations Nike and Billabong, as well as the steady progress up the rankings for Kellogg’s. Consumers were increasingly having a penchant for a particular lifestyle rather than interest in fast-moving consumer goods. The change from a focused single-event strategy to a broad-based general sports sponsorship for tennis and swimming seemed to contribute to their decline. Added to this, swimming had a weakened position as an interest sport due to the retirement of Ian Thorpe. Tennis, while maintaining its position regarding television ratings, had fallen behind cricket and the AFL as the lack of international success was impacting on participation and media exposure (Sweeney Sports, 2006).
Sponsorship effectiveness is an essential element of a sponsorship relationship. For Uncle Toby’s, the satisfaction of holding the number one interest position for a number of years, as well as being associated with sport activities such as life saving without a formal relationship, had given them value in sponsoring. However, as consumer choices change so does the perceived value of the sponsorship arrangement, and it is increasingly important for sponsor and sponsee to form a co-marketing alliance, aligning the brand with the sport more purposefully. Uncle Toby’s must be mindful of Kellogg’s growing potential in the marketplace and develop a more shared sense of strategic intent and responsibility with its sponsorship partners.

Source: adapted from information from Sweeney Sports (2006).

In the SPONSEFFECT model (Table 14.2), all these issues are summarised. The model can be used by sponsors and sponsees to assist them in planning and executing sponsorship agreements. We briefly introduce the concept of ambush marketing here, because it may strongly influence the effectiveness of the sponsorship deal from the perspective of both sponsor and sponsee.

**Ambush marketing**

The Australian Trade Practices Act (TPA) 1974 defines ambush marketing in an indirect manner under section 53 as follows:

A corporation shall not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services: (c) represent that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have; (d) represent that the corporation has a sponsorship, approval or affiliation it does not have.

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. Ambush marketing is a problem for the sponsee in that the effectiveness of the sponsorship will diminish and a prolonged business relationship with the sponsor will be put in jeopardy. More and more, sponsors are demanding that sponsees take precautions to prevent ambush marketing. Australia lawmakers expanded on the TPA protection with event-specific legislation to ensure the rights of administrators and official sponsors were protected in both the 2000 Sydney Olympics and 2006 Melbourne Commonwealth Games. The new legislation prohibited inappropriate conduct in counterfeiting, aerial advertising, promotional leaflet distribution within the vicinity of sports venues, advertising on boats or the illegal use of event insignias (Malleson, Stephen Jacques, 2006).

In servicing the sponsor, sponsees should therefore take a proactive stance in preparing for potential ‘ambushers’.
MEASURING THE EFFECTIVENESS OF SPONSORSHIP

### Main Sponsorship Objectives

- Image creation or improvement
- Brand positioning
- Raising awareness
- Develop new distribution channels
- Target new market segments
- Community relationship marketing

### Buyer Readiness Stage

**Attention**
- Audience numbers (on site, ratings)
- Recall/recognition
- Surveying (pre/post)
- Media monitoring

**Interest**
- Attitudes
- Recall/recognition
- Number of inquiries
- Preference testing
- Surveying (pre/post)

**Desire**
- Intentions to purchase
- Brand preference
- Brand image monitoring

**Action**
- Purchase from product sales tracking
- Historical analysis of prior promotion impacts
- Experimental designs

**Post-purchase**
- Repeat purchase
- Attitudes
- Brand preference
- Comparative brands

### Main Effectiveness Measures

- Global event
- International event
- International athlete

### Most Likely Sponsored Property

<table>
<thead>
<tr>
<th>Main Effectiveness Measures</th>
<th>Most Likely Sponsored Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audience numbers (on site, ratings)</td>
<td>Global event</td>
</tr>
<tr>
<td>Recall/recognition</td>
<td>International event</td>
</tr>
<tr>
<td>Surveying (pre/post)</td>
<td>International athlete</td>
</tr>
</tbody>
</table>

* It is recognised that potentially a wide range of events and athletes can be used to achieve the sponsorship objectives; however, we have chosen to list only a limited number of better-suited entities.

### TABLE 14.2

The SPONSEFFECT model

A proactive strategy can consist of the following actions:

- identification of potential ambushers (these are often potential sponsors the sporting organisation did not sign up);
- identification of the commercial value of the sponsorship (which benefits the sponsee can deliver, and how potential ambushers can obtain these benefits without being involved as an official sponsor);
- detailed contracts (including exclusivity rights, detailed descriptions of what is being considered as conflicting signage/advertising, sponsor/sponsee obligations to prevent ambush marketing); and
• joint sponsor/sponsee counteract strategies (which determine how sponsor and sponsee will react in terms of public relations, advertising—for example, buying ‘strategic’ media time during potential ‘ambush time slots’—or public appearances when commenting on an ambusher’s actions).

This is a limited and certainly not complete list of actions to prevent ambushers from taking advantage of a sponsorship relationship. Although ambush marketing can never be eliminated, solid preparation can assist sport marketers in servicing the sponsor to the best of their ability. It needs to be noted that ambush marketing, in the context of ‘ethics’ in sport marketing, increasingly is an activity that is viewed as unethical behaviour. As described at the end of Chapter 13, consumers are increasingly aware of and sensitive to ‘corporate abusive practices’, ambush being an obvious example. In the very near future, ‘to ambush’ may not be worth the effort. Behaving in a societally responsible manner may prove to be the best marketing medicine of them all. Sportview 14.5 is an example of some historic ambush marketing during the 1988 Winter Olympics in Calgary, Canada, contrasted with recent moves by the IOC to implement ‘ambush-prevention strategies’.

**SPORTVIEW 14.5**

**Ambush marketing at the Olympics**

The Olympic Games attract global interest and can deliver tremendous exposure. Billions of spectators watched the combined 1988 Summer and Winter Olympics, and many corporations would therefore like to benefit from the exposure of being associated directly or indirectly with the Olympic Games.

Research evaluating the effectiveness of sponsorship and ambush marketing at the 1988 Olympic Winter Games investigated the recall and recognition of official sponsors, ambushers and other organisations. The large drawing power of the Olympics was evidenced by the fact that 82 per cent of the people surveyed watched some part of the Olympic telecast. Of the respondents, 41.4 per cent were light viewers (watched one to four days), 27.2 per cent were moderate viewers (five to nine days) and 31.3 per cent were heavy viewers (ten to sixteen days).

Overall, 20 per cent of the respondents correctly recalled the official sponsors, with recall varying by product category: from 50 per cent correct for credit cards to 7 per cent for airlines. Recognition (choosing from a list with names) of sponsors was higher, with 39 per cent of respondents correctly recognising official sponsors. Recognition also varied by product category, from a high 59 per cent for fast foods to 25 per cent for hotels.

To determine the effect of viewing the Olympic telecast on consumer perceptions, the three viewer groups were used to analyse sponsor awareness. The ability to both recognise and recall sponsors varied directly with viewership: light viewers averaged 18.9 per cent correct recall, moderate viewers 33.5 per cent and heavy viewers 37.5 per cent. For recognition, the numbers ranged from 37 per cent to 46 per cent to 52.2 per cent.

Ambush marketers attempt to avoid the up-front high investment of sponsorship while
gaining the glamour and benefits of an Olympic tie-in; their hope is that consumers will associate their products with the Olympic Games and thus weaken any major advantage of their competitors who paid for official sponsorship. To determine the effect that ambushers had on sponsorship awareness, the number of correct sponsor identifications were compared with the number of ambushers as sponsors. Seven product categories, each with one official sponsor and one major ambusher, were chosen. The results for recall and recognition were aggregated. Across the overall sample, an average of 2.57 official sponsors were correctly identified (out of a possible seven). In comparison, on average 1.43 ambushers were identified as official sponsors. Ambushers were significantly less recognised as official sponsors.

A closer look at these data by product category, however, leads to some interesting cautions for advertisers. In only four out of seven product categories studied were the correct official sponsors identified more than the non-sponsors (ambushers and others). In the other three cases, the sponsor was not number one when it came to sponsor identification; in two of these three cases, the official sponsors—while engaging in other promotional activities—were not major advertisers on the Olympic telecast, and in the third case (cars) the ambusers were engaged in very heavy advertising (Ford and Chrysler bought all available advertising time for domestic cars). This might indicate that to achieve any benefits from being a sponsor it is necessary not only for a company to sponsor an event such as the Olympics but to heavily advertise the fact that they are official sponsors. Buying the right to be an ‘official sponsor’ may, in reality, only be buying a licence to spend more money!

Atlanta 1996 Olympic sponsors did everything within their power to combat the ambush strategies of competitors. But it seems that ambushers are always one step ahead of their ‘official partner’ competition. Nike, as the pre-eminent ambusher in Atlanta, achieved great exposure through building-high billboards and ‘precinct theming’, to the extent that parts of the inner city were transformed into Nike town suburbs. Although Nike was gladly accepted into the Olympic sponsorship family of Sydney 2000 when Reebok decided to discontinue its relationship with the five rings, the IOC had learned its lesson the hard way. The Salt Lake City Organising Committee (SLOC) installed a ‘Brand Protection Program’, obtaining a permit from city authorities to close all streets directly connected with the Salt Lake Ice Centre and the Olympic Medals Plaza. The streets of Salt Lake became an Olympic venue in their own right, 100 per cent controlled by SLOC. To prevent ambushers from using tall buildings as advertising banners, the SLOC launched a ‘Cityscape Program’. Through negotiations with building owners, nominal fee contracts were drawn up allowing the SLOC to completely wrap the buildings in Games-related imagery. If space could not be leased, the contract stated that building owners would not lease the space to anybody for the duration of the Olympic Games. Life for an ambusher is becoming increasingly difficult!


**Location dependency of sponsorship**

In this final section, it is appropriate to reflect on the increasing specialisation in regard to sponsorship as a promotional tool. Here we would like to introduce the concept of ‘location dependency’ as a special characteristic of sport sponsorship. Westerbeek (2000)
tested the hypothesis: ‘revenue maximisation of tenants of sport facilities is dependent on geographical location of the facility (location of distribution)’. Revenue maximisation was operationalised pertaining to sponsorship. A survey instrument was sent to all sponsors of a Melbourne-based football club. Sponsors were grouped as location-dependent and location-independent, based on the location of their head office and financial turnover achieved in the area around the sport facility. The survey collected information on three different steps in the sport consumption process, including ‘coming to the sport facility’, ‘being in and around the sport facility’ and ‘being serviced in the sport facility’. Indicative evidence was found in support of the general hypothesis. Smaller, low-spending sponsors with an important percentage of turnover in the area around the sport facility were less likely to move with the football club to a (remote) new facility. In relation to sponsors’ objectives, it was found that objectives of location-dependent sponsors are directed more towards direct sales, whereas location-independent sponsors’ objectives seem to be indirectly related to sales and more towards obtaining exposure.

In a follow-up study, Westerbeek and Smith (2002) found that location-dependent organisations had fewer employees, and spent less on sponsorship—and on sponsoring sport in particular—than their location-independent counterparts. Where location-dependent organisations predominantly operated in metropolitan or state territories, location-independent organisations operated largely on a domestic or international level. Location-dependent sponsors perceive issues in relation to ‘location’ of the sport facility (such as an attractive environment, close proximity to head office, distribution outlets and major residential areas) to be significantly more important than do location-independent sponsors. Location-independent sponsors perceive ‘corporate exposure’ issues (such as quality television coverage of the game, frequent telecasts from the stadium and excellent corporate hospitality facilities at the stadium) to be significantly more important than do location-dependent sponsors. The location dependency of sponsorship shows that the complexity of effectiveness measurement will only grow when sponsors become aware of how they would like to maximise their sponsorship investment.

Summary

In this chapter, we have extended our thinking about sponsorship as a concept. Whereas in Chapter 13 we predominantly looked mainly at the relationship between the sponsor and the sponsee, in this chapter we advanced that relationship to the audience that is most important to the sponsor—the (potential) customer. A range of measures that can be used to measure the effectiveness of sponsorship were introduced, discussed in direct relation to the sponsor’s objectives, and placed in the buyer readiness continuum. Following the measures of effectiveness, it was argued that the amount of exposure and the potential impact of this exposure will make sponsors decide which sponsorship properties they can consider purchasing. Ultimately, sponsorship effectiveness is a combination of choosing a suitable sponsorship property, setting specific objectives that can be fitted to the buyer readiness continuum, and linking this to the appropriate qualitative or quantitative effectiveness measures. In order to further protect the sponsorship rights, ambush marketing opportunities need to be detected in order to prepare for potential ambushers taking advantage of the sponsor’s rights. Location
dependency, as a special characteristic of sport sponsorship, was discussed as an example of the increasing complexity of the sponsorship effectiveness measurement environment. In the final part of the case study, it is shown that the public relations support function is paramount when aiming to maximise sponsorship benefits.

**CASE STUDY**

**Bringing it all together: The PR consultants**

Hitting the right tone with all the people involved in football, from the fans to the clubs and from the sponsors to the broadcasters, was the task at hand for Barclay’s PR consultants Lexis, eight weeks from signing the contract in June to the start of the premiership in August. Because of the huge cultural significance of football in day-to-day life in the United Kingdom, you don’t just sponsor the Premier League: you have to earn the right to sponsor it. Showing that you understand and respect the game, and the ways in which the game is being delivered to all its stakeholders, is the way to do this and requires constant creativity. At Lexis, the Barclays team met every morning to have a brainstorming session on what was happening in football that day. Tim Adams, chairman of Lexis, said ‘it is part of our job to act as an intermediary between the company and its outside audiences, creating campaign themes and spotting new opportunities’. Next to this strategic input, Lexis ran close to 3000 ticket competitions a year in order to sustain the sponsor’s profile. In the end, Adams vehemently agreed that effectiveness research was also the key to PR success, stating that ‘IPSOS research is a key measure of how we are performing and what comes through is that the sponsorship is working and the PR initiatives have a major part to play in that process’.

*Source: Based on Gillis (2002b).*

**Questions**

1. In your opinion, identify a list of five companies that could take a genuine ambush approach in order to steal Barclays’ glory as the official sponsor of the Premier League.

2. Over the three years of the initial sponsorship deal, determine which sponsorship objectives will be set for each of the years.

3. In the first year of any sponsorship deal, which stage of buyer readiness will dominate sponsorship planning? Justify your answer.

4. What do you think made Barclays decide to renew the sponsorship deal after successful completion of the three years of the contract?

5. If you were asked to measure the effectiveness of the sponsorship at the end of year three of the renewed contract and you were given the choice of three effectiveness measures, which would you choose? Justify your answer.
Public relations

CHAPTER OBJECTIVES

Chapter 15 introduces public relations as an element of the sport promotion mix. The public relations process, applied both proactively and reactively, is examined in this chapter, which notes how sporting organisations have been required to take a more active role in managing their public relations. How to execute a public relations program is discussed by examining the various stages of communicating with different media. Special attention is paid to publicity as an important component of the overall public relations strategy. The Sportviews are used as part of an extended case study. This means that the questions at the end of the chapter relate to all components of the case study (all three Sportviews) presented throughout the chapter.

After studying this chapter, you should be able to:

1. identify critical activities of the public relations process;
2. create an extensive list of sporting organisation publics;
3. distinguish between proactive and reactive public relations strategies;
4. link the public relations strategy to the promotion and marketing strategy;
5. develop a comprehensive set of public relations actions in order to generate publicity.
HEADLINE STORY

Introduction to the case study: A case of racial vilification

On Anzac Day, 1995, a capacity crowd at the Melbourne Cricket Ground witnessed one of the greatest battles of recent time. After two hours of hostilities, and a struggle for power, not a single point separated Aussie Rules teams Collingwood and Essendon. However the battle aptly fought on a landmark day in Australia’s war history was remembered for more important reasons. Michael Long recounted the event: ‘We wrestled each other to the ground near the Members’ wing and it was while I was getting up he called me a black bastard. There were other players around us who heard the words so I asked the umpire why he didn’t report him.’ (Warren and Tsaousis, 1997: 38)

Almost daily, news in relation to drug use in sport, major injuries, signing of high-profile athletes or racial abuse appears in the papers or is broadcast on television or radio. Sporting organisations or athletes without problems are rare. Perhaps sporting organisations have more problems than other organisations, but more likely the reason is their high visibility in society. This chapter deals with the management function of public relations, showing how public relations can be helpful in solving a crisis such as that described in the headline story. It is also shown that public relations can be used in a planned and positive way.

Public relations is one element of the promotion mix. Many people show considerable interest in the fortunes of sporting organisations and their athletes. A high level of interest results in a high visibility, and therefore sporting organisations have relations with many publics. A public is a group of people who share an evaluation of specific problems or issues. This justifies special attention to public relations in the context of the sport industry. Being part of the promotion mix, public relations deals with communicating with the target audiences or, better, publics of the organisation. To understand better how, when and with whom to communicate, it is first necessary to define the concept.

Defining public relations

Griswold (1995: 7) defines public relations as:

the management function which evaluates public attitudes, identifies the policies and procedures of an individual or an organisation with the public interest, and plans and executes a program of action to earn public understanding and acceptance.

The Institute of Public Relations in the United Kingdom adds that public relations is a deliberate and sustained organisational activity where mutual understanding is required between the organisation and its publics (Brassington and Pettitt, 2006). In other words, the organisation needs to see how it is perceived by internal and external communities and match its desired image with the public’s perceptions.

Three critical activities can be derived from these definitions:

• evaluating public attitudes;
• identifying the policies and procedures of an individual or an organisation with the public interest; and
• planning and executing a program of action.

These activities form the basis of this chapter.

**Evaluating public attitudes**

In Chapter 4, we discussed the process of marketing research. Marketing research techniques are also used in identifying and evaluating the attitudes that publics have towards the sporting organisation, its products and its employees (often the athletes). In order to communicate effectively, however, it is important not only to identify public attitudes, but also to convey these attitudes to the management of the organisation. Management can then adjust organisational strategies to more effectively influence public attitudes. For example, the negative perception sports consumers have about the relationship between hooliganism and soccer is a worldwide one. As the soccer federations in Australia and New Zealand strive to develop the game further, they need to change the public’s perceptions of the association of hooliganism and soccer. The A-League in Australia uses current players in publicity advertisements prior to the beginning of matches asking the spectators to refrain from behaving inappropriately and from using flares during and after the match. This continuous publicity activity reflects the intent of management and seeks to reinforce positive crowd behaviour, in the process changing the public’s attitude towards the sport.

**Public relations objectives and their relationship to promotion and marketing objectives**

Because public relations is part of the promotion mix, and the promotion mix is part of the marketing mix, it is obvious that marketing objectives are the basis for both promotion and public relations objectives. Returning to the soccer example, one of the A-League’s club marketing objectives might be to create an image of family entertainment. A promotion objective to support the marketing objective might be to increase the sales of family memberships by 20 per cent in the next year. This objective could more easily be achieved if the club had a favourable image and no record of violent activity in previous seasons. If this percentage was not reached (e.g. as a result of media reporting on hooligan activity at both local and overseas matches), a public relations program of action might help the promotion and marketing activities to become more successful.

In general, the following broad public relations objectives can be formulated to support promotion and marketing objectives:

• earning understanding and acceptance for organisational activities;
• explaining certain behaviour;
• educating and informing publics;
• raising awareness for the organisation or new products;
• creating trust (in the organisation or its products); and
• creating goodwill.
These objectives show that most public relations objectives, and hence activities, will not be aimed directly at increasing sales or, in the soccer example, increasing memberships. Linked to the other marketing functions in the organisation, public relations becomes part of an integrated marketing approach. This integrated approach should lead to a more efficient and effective achievement of overall marketing objectives.

To know where to start, the organisation needs to be aware of public opinion about the organisation and its product range.

**Public opinion**

Evaluating public attitudes has been defined above as one of the critical activities of the public relations function. Seitel (1995: 52) defines an attitude as ‘an evaluation people make about specific problems or issues’. A public, then, is a group of people who share an evaluation about specific problems or issues. When certain group attitudes become important and strong enough, they turn into opinions. Opinions about certain issues can lead to behaviour. It is the opinion of the larger public that influences the buying behaviour of target markets. Consider the following example by Rhoden (1993: B11) that deals with the most marketable athlete of the previous century, basketball superstar Michael Jordan:

By the summer of 1993, Michael Jordan, the most widely recognised athlete in the world at the time, had begun to develop serious public opinion problems. After leading the U.S. Dream Team to an Olympic victory and then his Chicago Bulls to an unprecedented third straight National Basketball Association title, Jordan was the focus of nasty rumours regarding selfishness, aloofness, and serious gambling problems. Then, late in the summer of 1993, tragedy struck. Jordan’s father, James, was found murdered in his car. The nation mourned with Michael. Scarcely two months later, in the midst of major league baseball’s playoffs, Michael Jordan stunned the world by announcing his retirement from basketball. The news was so jarring that President Clinton even took time out to address a statement of support to Michael. In the space of one traumatic quarter of the year, Michael Jordan’s public opinion ratings had rebounded from questionable to sky high.

It was in the commercial interest of the multiple organisations with which Michael Jordan was associated to turn the negative public opinion around. After his second return to the game of basketball, not many people in cities other than Washington became season ticket-holders of his team the Washington Wizards (they are a public, not a target market), but their opinion about Jordan and hence the Washington Wizards did influence Washington citizens to affiliate with the Wizards. Not many senior citizens will consider drinking Gatorade (a sport drink endorsed by Jordan) because Jordan does (they are a public, not a target market), but their opinion of Jordan will influence young people in their decision to drink Gatorade.

In other words, public opinion highly influences the buying behaviour of target markets, and therefore becomes one of the primary areas of public relations activity. Reinforcing existing positive public opinions and changing negative public opinions are the underlying aims of all public relations strategies. Depending on marketing objectives and public opinion, certain publics will become the target audience for public relations
activities. Anzac Day 1995, as introduced in the headline story, was the catalyst for the AFL to recognise issues associated with racial vilification. It also understood that this was a significant social issue that had the potential to polarise the community. The AFL had to take action, and it had to work at shaping public opinion about the sensitivity of the issue and how it was to be managed. Sportview 15.1 continues this case study, providing the background leading to the AFL’s handling of racial vilification and the subsequent public relations issues.

Publics of sporting organisations
In other chapters, the term ‘target market’ is used to define the group of people at whom marketing activities are directed. Target market implies a focus on exchange between the sporting organisation and its customers. It was shown above that publics have a much wider scope. The Michael Jordan example showed that the public at large can be the target audience of public relations activities without being a target market. In other cases, such as a product recall after a manufacturing mistake, the target market may be the target audience as well.

**SPORTVIEW 15.1**

**Case study part 1: Identifying the key ‘players’**

**Michael Long**

Essendon player Michael Long, through his weekly column in the *Northern Territory News*, initially raised the case of racial vilification the day after the event (Denham, 1995a). The article described the incident but did not directly refer to the person responsible for racially vilifying Long. By exposing the case to the public in this manner, Long immediately drew community attention to the case and the greater issue. To further raise community awareness, in a front-page exclusive two days after the Long article was published *The Age* reported that Long had experienced ‘shocking’ racist abuse (Oldfield, 1995: 1).

**Damien Monkhorst**

The Collingwood player handled the media quite differently from Long. At no point in the process did he seek media attention to debate the issue or plead his innocence. The first official response from Collingwood, ten days after the event, was from Collingwood solicitor David Galbally, who stated that the club had ‘retained the services of Geoffrey Scher, QC, to act on Monkhorst’s behalf should the AFL Commission find him guilty of racially taunting Long’ (Linnell, 1995a: 36). Collingwood supported its player and quickly set to portray him in the media as the innocent victim. Galbally commented (Linnell, 1995a: 36):

We [Collingwood] say that it’s a great tragedy that it’s come out in the public arena in the manner that it has because all the reputations can only be tarnished…Monkhorst was distraught over the allegations…[and] denied making any comments based on race. (Linnell, 1995a: 36)
The Australian Football League

One of the first players to speak out against racial abuse experienced on and off the field was Aboriginal player Nicky Winmar, when he lifted his shirt and proudly pointed at his dark skin at Victoria Park in 1993. While at the time the AFL acknowledged the problem, little action was taken to seriously address the issue. The 1993 Grand Final, ‘the day of Atonement, represented an attempt by the AFL to “celebrate” indigenous people in Australian cultural life and to portray this to an international television audience’ (Warren and Tsaousis, 1997: 37).

In 1995 the AFL, as the governing body of the competition, first had to resolve the conflict between Long and Monkhorst. It then had to establish some guidelines for future action of this nature—in turn advocating the social rights of people of Aboriginal or ethnic descent in Australia.

The case of Michael Long highlighted inadequacies in AFL policy to deal with the race issue. The AFL had promised to implement a code of conduct two years earlier, resulting in ‘vociferous calls directed at the AFL from certain sections of the Melbourne press, the football fraternity, and Members of Parliament, calling for regulation against racial sledging’ (Warren and Tsaousis, 1997: 38). At this point, the AFL was faced with a crisis. From a public relations perspective, there was little need to evaluate public attitudes. The public, in many ways, had been very forward in expressing its views on the Long case.

Analyzing the steps taken by the AFL

The first step taken by the AFL to address the issue of racial abuse was the implementation of the long-awaited code of conduct. The code was explained to the media through a press release and press conference, stating that it provided for ‘fines of up to $5000 for offences such as racial abuse’ (Connolly, 1995: 5) and was a serious measure by the AFL to stamp out racial taunts in football. Subsequent criticism that the code did not adequately tackle the real problems of racial abuse resulted in the AFL ‘doing a backflip’ to pursue mediation and education as its answer to the specific Long versus Monkhorst case. The first example of mediation could be witnessed publicly through a news conference:

At a news conference called by the AFL, Mr Oakley [then the CEO of the AFL] sat between Long and Monkhorst, defending the league’s mediation stance, while prohibiting the players from commenting…[Mr Oakley] described the result as the perfect solution. (Mithen, 1995: 1)

The public reconciliation act staged by the AFL was clearly an attempt to establish credibility, targeting the largest AFL audience—the mass spectator market. Through this form of reactive public relations, the AFL also attempted to address the case in light of the community issues it had raised. In summary, this action was performed to:

- define a stance for competition policy;
- define the position of the AFL on the community issue of racial vilification;
- demonstrate success at mediation in difficult issues and cases;
- declare the Long case over and done with;
generate credibility for the AFL, protecting sponsors and other organisational stakeholders; and

• establish confidence in the AFL operations and policy development with government departments, and community and human rights groups.

The success of the AFL in resolving the Long case was short lived, with criticism coming from all directions. Credible sources such as Essendon coaching legend Kevin Sheedy, also a close friend of Long, described the resolution by the AFL as a ‘Clayton’s decision’ and ‘ordinary’. The AFL responded through a press release stating that the AFL Commission had ‘done more than any other code to counter racial abuse in football’ (Smith, 1995a: 1). Further critical commentaries resulted in the AFL redrafting its proposal on racial vilification. The new policy stated:

Under the AFL’s racial vilification rule, mediation is the preferred course of action for disputes. Should a satisfactory result not be achieved, the matter is then referred to the league’s tribunal, which has the power to fine clubs up to $50,000 and suspend players. (Linnell, 1995b: 42)

The policy represented a new process of education and mediation. The AFL marketed the new version to target audiences through a range of strategies that included:

• AFL CEO Ross Oakley being interviewed about the policy on 3AW;
• press releases and press conferences to publicise details of the new proposal;
• implementing a television advertising campaign aimed at racial abuse awareness (Mithen and Smith, 1995: 36); and
• using Aboriginal footballers and other well-known sportspeople to visit schools and discuss racism (Richards, 1995: 5).

Often, public relations activities will go beyond direct communication with the target market, aiming to positively influence the wider public opinion.

Brassington and Pettitt (2006) list the following publics that apply to most organisations:

• commercial—customers, suppliers, competitors;
• authority—government, trade associations, regulatory entities;
• financial—investors, shareholders;
• media—print, visual, audio and internet;
• internal—employees, unions, members;
• general—community (local, broad), pressure groups.

Brassington and Pettitt show that the public at large, organisational members, organisational stakeholders and customers identified above are all potential target audiences of the organisation, and each poses a different communication challenge. These four headings are used in Table 15.1 to identify a range of more specific publics,
most common for sporting organisations. Table 15.1 identifies the publics of sporting organisations.

When the publics of a sporting organisation are identified, and the sport marketer has knowledge of their opinions, the policies and procedures of the organisation can be linked to the public interest. However, even in the most stable of organisations, publics and publics' perceptions can change and so do their desires and priorities. The constant review of the PR program is seen as a proactive strategy in sport organisations.

### Linking policies and procedures to the public interest

How can an organisation create a fit between what it does and what its publics are interested in? If people are not interested in buying an organisation's products, can it at least make sure that they have a favourable perception of the organisation? These are questions that need to be answered when trying to act in a positive way as perceived by the publics. The organisation can do this in a planned, proactive way but is sometimes forced to do it in a reactive way. Examples of both are given in the following sections. How far an organisation can go in manipulating public opinion is discussed under ethics, then media relations are considered.

### Proactive public relations: Why do we do the things we do?

Proactive public relations can be defined as a planned effort to influence public attitudes in order to create favourable opinions. Creating favourable opinions in order to boost sales, to enhance an image or to raise awareness for the organisation can all be the broad objectives of proactive public relations. The last part of the case study largely relates to proactive public relations in which raising awareness for a new policy was the aim of the campaign. The product launch is another good example of proactive public relations. As an integrated part of the overall marketing efforts of an organisation, it supports the achievement of marketing objectives. Sport, however, is much more familiar with reactive public relations. Sportview 15.2 extends the AFL racial vilification case, detailing the publics and target groups central to its public relations strategy.

<table>
<thead>
<tr>
<th>Public at large</th>
<th>Organisational members</th>
<th>Organisational stakeholders</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television representatives</td>
<td>Voting members</td>
<td>Investors, lenders</td>
<td>Spectating members</td>
</tr>
<tr>
<td>Radio representatives</td>
<td>Voluntary workforce</td>
<td>Sponsors</td>
<td>Sponsors</td>
</tr>
<tr>
<td>Written media representatives</td>
<td>Professional workforce</td>
<td>Licensees</td>
<td>Fan club members</td>
</tr>
<tr>
<td>Local community</td>
<td>Professional administrative</td>
<td>Sporting-governing bodies</td>
<td>Merchandise customers</td>
</tr>
<tr>
<td>National community</td>
<td>workforce</td>
<td>Local government</td>
<td>Corporate guests</td>
</tr>
<tr>
<td>Global community</td>
<td>Professional playing workforce</td>
<td>National government</td>
<td>Casual visitors</td>
</tr>
<tr>
<td>Educators</td>
<td>coaches</td>
<td>Grassroots sporting organisations</td>
<td>Television audience</td>
</tr>
<tr>
<td>Schoolchildren</td>
<td>Recruiting officers</td>
<td></td>
<td>Radio audience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Newspaper audience</td>
</tr>
</tbody>
</table>
SPORTVIEW 15.2

Case study part 2: Identifying central publics and target groups

Why did the AFL choose to communicate the new racial policy to what can be identified as three main target groups? First, the press release and media conference were a means of educating the print media, often openly critical of the AFL’s previous attempts to establishing racial policies. Patrick Smith (1995b: 55) comments that the ‘rule to deal with on-field racial and religious vilification is responsible and strong administration at its very best’. Second, the implementation of television advertisements accessed mass audiences (crucial to competition success), creating positive awareness about the new policy and serving as a mass educational tool at the same time. Third, schools were targeted to implement programs for children who, when not properly educated, represented the very beginnings of racial intolerance.

To summarise the public relations strategies of the AFL pertaining to this issue, comments made by Mr Ian Collins, general manager of football operations, serve the purpose: ‘the league was happy to be involved in the move, which was part of an AFL program to stop racism in football’ (Richards, 1995: 5). As operations manager of the AFL, his first comments on the race issue in football were recorded four weeks after the initial event. In terms of ‘managing’ the crisis, this clearly demonstrates that the AFL appreciated the gravity of the case and regarded the management of these issues crucial to its credibility. Using CEO Ross Oakley as spokesperson left personnel normally responsible for public relations of this nature, Ian Collins and Tony Peek (communications manager), ‘unavailable for comment’ (Richards, 1995).

<table>
<thead>
<tr>
<th>Publics at large</th>
<th>Organisational members</th>
<th>Organisational stakeholders</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Channel 7</td>
<td>• Member clubs</td>
<td>• Investors and lenders of finance</td>
<td>• Casual spectators</td>
</tr>
<tr>
<td>• Local and national radio stations</td>
<td>• AFL Commission</td>
<td>• CUB, Coca-Cola,</td>
<td>• CUB, Coca-Cola,</td>
</tr>
<tr>
<td>• Local and national newspapers, magazines, journals</td>
<td>• AFL employees</td>
<td>Ansett Australia</td>
<td>Ansett Australia</td>
</tr>
<tr>
<td>• Equal Opportunity Board</td>
<td>• AFL Players’ Association</td>
<td>• AFL Players’ Association</td>
<td>• MCC</td>
</tr>
<tr>
<td>• Commonwealth Human Rights Commission</td>
<td>• Individual players (Aboriginal and ethnic)</td>
<td>• Licenses</td>
<td>• Dept. of Immigration and Ethnic Affairs</td>
</tr>
<tr>
<td>• Aboriginal Advancement League</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• National Multicultural Advisory Council</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Aboriginal Education Association of Victoria</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• United Nations Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Department of Education</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 15.2
Publics of the AFL applicable to the Long case
Analysing the key publics

It has been widely documented that the Michael Long case has had significant implications both on and off the football field. In order to analyse such implications, the key publics involved in the case need to be identified. Table 15.2 defines the publics of the AFL applicable to the Long case.

From viewing Table 15.2, it becomes evident that a number of sub-groups will have had an impact or influence on the progression of the Long case. These groups include different government departments, community groups, the AFL Players’ Association, public opinion leaders, sponsors and a variety of customer groups. Sportview 15.3, later in the chapter, investigates the role of these groups and the effect of the case on their role and cause. It provides with an analysis of groups within the context of the two major issues raised by the case: the on-field implications of the AFL policy, and the broader social issue of racism and the battle against it.

Reactive public relations: Why have we done the things we’ve done?

Reactive public relations actions are put in place when unplanned events occur that negatively influence the attitudes of the organisation’s publics. Preventing the problem is always better than fixing the problem, but sometimes even careful planning does not prevent things from happening. Sporting organisations and their athletes receive high-level attention from the media, and hence are more likely than other organisations or persons to become involved in crisis situations. Just consider that, despite apparently rigorous drug-testing procedures and harsh penalties for drug cheats in the 2000 Olympics, the ‘darling’ of the athletics program, Marion Jones, managed to evade a positive drug test until 2007 when she confessed to taking drugs prior to the 2000 event. Subsequently she returned her medals and accepted a ban from competing for two years.

It can be argued that a crisis, like a positive drug test or racial abuse, might be expected and prepared for. During major events like the Olympic Games, national sporting bodies know that the chances of athletes being caught using banned drugs are much higher. How can a sporting organisation employ a proactive public relations strategy in preparing for a crisis situation? Sporting organisations cannot always prevent a crisis from happening, but anticipation and preparation will reduce the damage.

Ethics

Seitel (1995: 121) defines an individual’s or organisation’s ethics as the ‘standards that are followed in relationships with others—the real integrity of the individual or organisation’. If one of the most important goals of the public relations function is to enhance public trust in an organisation, clearly the public relations professional must act in an honest and trustworthy manner. Linking the policies and procedures of the organisation to the public interest means that no other organisation or individual should be harmed by the actions of the organisation. Spreading rumours about rival athletes or clubs not based on facts, in order to enhance one’s own image, is therefore unethical behaviour. Bribing the media to report favourably on important issues is also unethical
behaviour. Much can be written about this topic. The bottom line is that, in the interest of the publics and the organisation, honest information and genuine procedures will benefit most in both the short and long run.

**Media relations**

Earlier in this chapter, it was shown that public opinion is one of the most important forces influencing the buying behaviour of publics of sporting organisations. It is the task of the sport marketer to influence public opinion in order to create a favourable image of the sporting organisation. In this decade of globalisation and booming communications technology, the media, communicating to a global mass audience, are unequivocally the most powerful means of influencing public opinion. This is both good and bad for sporting organisations: good because, as we discuss later in this chapter, sporting organisations receive a lot of free publicity; bad because the content and timing of this free publicity cannot be controlled. It makes sporting organisations dependent on the media.

This dependency, however, can be managed to a certain extent by fostering media relations. To create and maintain favourable media relations, three actions are important to consider:

- form;
- inform;
- be informal.

Depending on the type of sporting organisation and its strategies, certain media channels are more important than others. The local tennis club, for example, will benefit more from local newspaper coverage and local radio, whereas a Grand Slam tennis tournament will need global television and newspaper coverage to satisfy sponsor needs. That is why a comprehensive form of potential media outlets has to be put together. This form, or media database, will enable the sport marketer to inform the media. This is done through formal channels, but communication may also be successful if informal communication can be developed with media representatives. Different ways of how to form, inform and be informal are now discussed.

**Planning and executing a program of action**

Once the sport marketer has identified the attitudes of the sporting organisation's publics and thought of ways of linking their interests to the activities of the organisation, it is time to develop a program of action. With the media one of the sport marketer's most powerful means of communication, a large part of this section will be devoted to public relations communication through the media. To start this process, it is first necessary to know which media are available and how to get in contact with them.

**Form—the media database**

Helitzer (1996) lists three main sources that have to be included in the sporting organisation media database:
• the media that routinely cover sport;
• personal contacts; and
• media directories.

These sources have to be categorised in a logical order. This is, the media outlets and contacts must be ordered according to the most relevant publics for individual sporting organisations. Contact persons and addresses are vital, and should be updated regularly. A simple example of a media database of a small professional soccer club is presented in Figure 15.1. The different forms per media outlet can range from one or two contacts to several hundred!

Form—the communications plan
Planning communications is nothing more (and nothing less!) than putting together a plan of what to tell which media when. As previously discussed, proactive public relations communications should support the promotion and marketing goals of the sporting organisation. In relation to setting goals for the organisation, public relations action plans can be put together and, with the help of the database, distribution of information can be planned. Returning to the soccer example cited earlier in this chapter, when aiming to become the preferred soccer club in the area with 75 per cent of the population, the local television station, regional newspaper 1 and community newsletters can be selected as the preferred media outlets. The local television station is targeted (once) for
the finals at the end of the season, regional newspaper 1 is approached every week in relation to the weekend’s results, and the community newsletters are targeted at least twice during the season in every suburb with information about youth activities at the club. Simple planning boards can be used to create a comprehensive annual overview of planned communications.

Inform—the press release
Press releases, as a means of informing the media, can be used for long-term proactive, short-term proactive and reactive public relations. Many organisations issue press releases on any topic of interest for one or more of their publics. The main goal of the press release is to inform the publics through the media in the way the organisation wants. Ideally, it will generate positive publicity for the sporting organisation or sportpersons.

A few standard rules apply to the format of press releases:

- Use a catchy and informative short title.
- Present the backbone information in the first paragraphs. Answer the questions who, what, when, where, why and how.
- Include the name and address of a contact person.
- Use current media contacts and addresses when sending the press release.
- State the source of the press release, and date it.

The major causes of rejection of some press releases are:

- limited reader interest;
- poor expression;
- conflicts with media outlet policies;
- difficulty distinguishing them from advertising;
- material obviously faked or exaggerated;
- apparent inaccuracies in the story; and
- duplication of material previously used.

If an issue is important enough to create widespread media attention, a press release can be used to announce a press conference.

Inform—the press conference
A press conference presents the sporting organisation with the opportunity to inform all present media at once. Also, when media representatives consider the issue of the conference important enough to attend, it is very likely that some kind of publicity will result. When the media attend, they often use the provided information. Conference organisers should realise that, besides printed publicity, photographs and audiovisual information also will be collected by the media. This has implications for who the spokesperson will be, how they will dress and how and where the names and logos of sponsors and the organisation will be presented.

Helitzer (1996: 179–81) states eleven reasons for sporting organisations to call a press conference:
• a major change in personnel;
• a major change in the status of a star player;
• an important event scheduled;
• a major investigation (e.g. into illegal drug use);
• a change in a major facility;
• award presentations;
• crisis developments;
• post-game interviews;
• the sport banquet speaker;
• the introduction of a new product; and
• a new rule that is complex or controversial.

A press conference should be called only when the general public or specific publics of the sporting organisation are interested enough to be informed. One of the above reasons might be applicable to a sporting organisation. If, however, the people or issues involved are still insignificant to the public, the media will not show up and the unsuccessful press conference will only damage the reputation of the organisation.

Inform and informal—interviews

Both a press release and a press conference can serve as an invitation for interviews. Interviews are one-on-one contact opportunities in which disseminated information can best be controlled. The interviewee has the opportunity to tell only what he or she wants to tell. However, conducting an interview and taking part in an interview are both skills in their own right. Poor preparation or failing to recognise an interviewer’s leading questions can turn the opportunity into disaster for the organisation.

Helitzer (1996: 273) provides a list of the dos and don'ts of interviews:

• Don’t permit off-the-record statements.
• Don’t try to become a major part of the interview.
• Don’t assume that every fact will be used.
• Don’t complain if the result is not totally satisfactory.
• Do pick the best spokesperson.
• Do try to limit the subject to areas where your spokesperson is an authority.
• Do provide suggested quotes, anecdotes and statistics that can be used.
• Do rehearse fully!
• Do select the site where the spokesperson will be most comfortable.
• Do provide the press with full background.
• Do keep every promise to supply supplementary information.
• Do show your appreciation in a letter. It’s even better than a call.

The interview presents the experienced sport marketer with an opportunity to use personal media contacts and disseminate information in an informal way. Informal contacts do not imply less care when supplying the information! The opportunity to talk informally to media representatives should not be turned into a disadvantage by accidentally releasing confidential information.
Form, inform and informal—publicity

Publicity, according to Belch and Belch (1998: 528), refers to ‘the generation of news about a person, product, service [or organisation] that appears in broadcast or print media [at no cost to the organisation]’. Although not every public relations effort necessarily has to result in news appearing in broadcast or print media, it can be an effective and efficient means of public relations communication. As a subset of the overall public relations exercise, planning and executing a program of action (press release, press conference, interview) often lead to the generation of publicity. Mullin et al. (1993: 260) state that:

sport is the most interesting specimen examined by the media… and it prospered because it received at no cost reams of publicity in daily and Sunday papers… This coverage, for which any other business would have had to pay, was given freely because of its entertainment value and because a newspaper that contained information about sport would sell more copies, creating both higher circulation and higher advertising rates.

Publicity is generated when the information has news value. Because the sporting organisation does not pay for the publicity, content is very hard to control. Also, the release time and accuracy of information are hard to control. But because the sporting organisation is not the direct source of information (other than in advertising or sales promotions), positive publicity can become very powerful and credible. Negative publicity, however, has the opposite extreme effect. In an integrated public relations strategy, the content, timing and generation of publicity are as much as possible controlled in the proactive strategy, and as much as possible prepared for in the reactive strategy.

Reputation management

In recent times, an organisation’s perceived reputation has become more closely associated with their public persona. A reputation is generally created as a result of the effectiveness of an organisation’s interaction with its internal and external publics. It relates to the deeds that an organisation performs rather than what is said about them. Sport events and organisations can develop their reputation over time. For example, the reputation of the Olympic Games Opening and Closing Ceremonies has evolved, with each organising committee seeking to improve on the previous Games. Future organising committees know the strength of this reputation and endeavour to make the next ceremony even better. Excellent reputation management can lead to significant competitive advantage (Brassington and Pettitt, 2006), and it is closely related to managing the brand of the organisation. People justify their perceptions about a sport organisation in a number of ways. Fombrun (2000) argues that there are six issues that relate to the reputation of an organisation:

- *emotional appeal*—respect, admiration and liking stakeholders have for the organisation;
- *products and services*—level of quality, innovation, reliability and value offered;
- *financial performance*—profitability, prospects and risk management;
- *vision and leadership*—management’s ability to show strength and clarity;
• workplace environment—the quality of employees and management, work conditions;
• social responsibility—ethical practices, environment record, community involvement.

It is important in public relations activities to develop and maintain a distinctive reputation that is consistent with all publics and contributes to the organisation's identity. This can be achieved by focusing on a central theme. In the case presented in this chapter, this central theme is the fight against racism in sport and it is the reputation of the AFL that hangs in the balance.

Advantages and disadvantages of public relations

At the beginning of this chapter, public relations was introduced as one element of the promotion mix. Public relations has some distinct advantages over other elements when applied under certain conditions. The most common advantages identified include:

• Credibility—contrary to advertising, the source of the public relations message is often not the organisation itself, which makes the message more credible to the receiver.
• Excitement—publicity addresses topical issues and that in itself generates a level of expectation. The Olympic Torch Relay creates excitement as it gains momentum travelling through a variety of countries from the preceding Olympics to the next Olympic location, culminating in lighting the flame to allow the Games to begin.
• Cost—apart from the public relations personnel cost, few other expenditures have to be incurred.
• Avoidance of clutter—because many public relations efforts lead to news generation, information will stand apart from, for example, advertising or sales promotions.
• Lead generation—for example, when Tiger Woods dropped that famously slow putt with the cameras zooming in on the Nike logo on the ball, sales of Nike golf balls went through the roof in weeks following the event.
• Ability to reach specific groups.
• Image building—effective public relations programs lead to the development of a strong image, one that can resist negative publicity for a while. (Belch and Belch, 2007; Brassington and Pettitt, 2006)

The main disadvantage of public relations is the uncontrollability of publicity. When proactive or reactive public relations result in negative publicity, all potential public relations advantages turn into disadvantages. Publicity is about breaking news, and when athletes or officials report on alleged misdemeanours within the sport that are newsworthy (such as drug-taking) then the governing body needs to go into public relations mode to quell harmful implications the news may cause. Any good created through publicity can quickly be undone. Negative information will hit more powerfully, and it will cost more to repair the damage. The avoidance of clutter, lead-generation, ability to reach specific groups and excitement generated will now work against the organisation, damaging the positive reputation that was being built. Before we finish the chapter and direct you to the final part of the racial vilification case study, consider the contents of Sportview 15.3. It provides an insight into how an organisational response is less about an accident or exception to the 'normal' practices of the organisation and more likely the result of the
everyday culture and operating practices that exist. In other words, towards the end of this chapter we would like to remind you that public relations and publicity should not exclusively be seen as ‘solutions’ to communication problems, but that the very fact you need extensive ‘spin doctoring’ may be rooted in the organisation itself.

**SPORTVIEW 15.3**

Crisis? What crisis?

As sport organisations increasingly gain exposure across markets, the obligation to be accountable to more stakeholder groups increases. There is also the potential for crisis situations to occur, and the more complex the range of crises the more important it will be to put a public relations (PR) communication program in place. Sport organisations are continuously in the public eye, and any misdemeanour from individuals or groups in the organisation can affect the quality and nature of the relationship the organisation has with its publics. Kersten (2005) points out that crises vary from situation to situation. Problems can emerge from different areas of the organisation, and the consequences of those problems can also vary significantly. In 2007, the AFL had constantly been involved in public relations activity. These issues ranged from social misbehaviour (drugs, drink-driving, off-field fights, sexual or racial taunts) to business misconduct of club officials. In an effort to maintain its position as the number one football code in Australia, the AFL must continuously undertake public relations strategies to retain its credibility in the community.

In recognising the root of organisational disasters, Kersten (2005) suggests that a crisis is less about an accident or exception to the ‘normal’ practices of the organisation and more likely the result of the everyday culture and operating practices that exist. A crisis ‘is not random but must be understood as integrally connected to culture, structure and operation of the organisation’ (2005: 544). It could be suggested that crises within a sport organisation would be less likely to occur if there was less systemic dysfunction. In managing crises in sport, there are a range of practical internal and external activities to effectively manage the dissemination of information and assist in the control of media images and messages. Organisational PR objectives must be established in line with the overall marketing communications mix and fulfil the needs of organisational publics. However, while the prepared strategies to support PR objectives will enable the organisation to contain a crisis in the short term and to stem the flow of negative publicity which may result in financial or image loss, they may not explain the nature and causes of the organisational problem.

Perhaps each crisis is not an isolated and separate event, but rather a stage in the ongoing evolution of the organisation (Kersten, 2005). PR strategies generally focus on containing the incident to a manageable level, limiting the damage it can cause to members’ reputations and the sport’s image and financial costs. It becomes a short-term fix rather than a longer term behavioural transformation. We can argue that crises occur because of the ebb and flow of the sport organisation’s development; however, by better comprehending the organisation’s economic, cultural and political systems, we are more likely to understand the organisation’s rationale for behaviour. Thus immoral, risky or unethical practices may appear to be perfectly ‘normal’ for the sport.
There is no better example than drug use in sport. While in most industries the use of drugs or alcohol in the workplace can result in instant dismissal, in sport it generally results in individual fines, team or club penalties or extended playing bans, but rarely sacking. This suggests that drug use in the sport industry is perceived as a cognitive and affective distortion of reality, and the penalties imposed by the governing body are the political necessity for organisational survival (Kersten, 2005).

Given the emotional attachment involved in sport, it is understandable that rationality is impeded. Consider your own response to a personal crisis. How would you react to a defamatory claim? How would you deal with accusations directed at you for violence, abuse or a criminal act? As individuals, we are likely to be less rational in a crisis ourselves, as the experiences gained and the people around us who have influenced our attitudes, values and behaviours will also impact on our handling of that crisis. Thus Kersten (2005) surmises that the ability to act appropriately in a crisis situation is very much dependent on the cultural context, and the crisis will strengthen contextual influences, not weaken them. Kersten (2005) proposes four organisational types, and the management of a crisis can vary from type to type:

1. A **paranoid** organisation is one where management engage in extensive external monitoring and control mechanisms because of fear and mistrust of outsiders. The elaborate application of rules and procedures prevents problems, and if a crisis occurs it is because of an ‘imagined enemy’ and ‘strategic initiatives may be based on false information or worse’ (2005: 547).

2. A **compulsive** organisation focuses on extensive internal control mechanisms, making sure all within the organisation conform—but usually to unsuitable and inappropriate measures. Thus they are more likely to miss external cues such as the impact of market forces which could generate a crisis.

3. A **dramatic** organisation is the more audacious entity and is likely to enter into more high-risk situations than others, resulting in potentially dangerous or unethical practices. This is a good example of systemic dysfunction as dramatic organisations are incapable of including rational practices because they are blinded by their own narcissism. They argue that a crisis is essential for survival. It is what makes them what they are.

4. Finally, the **depressive** organisation rarely has the energy to deal with any predicament because of their own anxieties. As a result they are never prepared for a crisis (Kersten, 2005).

By understanding the organisational type, sport marketers are better able to recognise what is perceived as rational behaviour and potentially deal with a crisis more effectively. The very behaviours that cause the crisis may well be at the heart of the organisation’s values. It is necessary to deconstruct what is considered to be rational, normal and ethical for the sport, because future crises will only see the organisation revert back to former practices such as denial or risky behaviour. New crisis-management techniques will not contain future crisis situations. Kersten (2005) concludes that, for change to be effective, the dysfunctional elements in the organisation’s structure, culture, leadership and political systems need to change and healthy practices be enforced.

Source: Kersten (2005).
Summary

This chapter described and discussed the promotion mix tool of public relations. This is an important tool for the sport marketer because of the high visibility and attractiveness of the sport product. Three critical activities were derived from a public relations definition in order to describe the main public relations activities:

• evaluating public attitudes;
• identifying the policies and procedures of an individual or organisation with the public interest; and
• planning and executing a program of action.

It is important for the sport marketer to know how the sporting organisation’s publics perceive the organisation and its product range. Knowledge of public opinion and how to influence opinion is vital in order to create proactive public relations strategies. Therefore, public attitudes need to be evaluated. Proactive strategies enable the sport marketer to ‘control and adjust’ public opinion, whereas reactive strategies always require changing negative public opinions. Prevention is a more effective approach than repairing damage. The added dimension of building organisational reputation through actions rather than words is a distinctive way to gain a competitive advantage in sport.

As a very influential public of many sporting organisations, relations with the media were considered, and the public relations tools of press release, press conference and interviews were introduced. There are basically three things that need to be considered when communicating with the media. The sport marketer has to know with whom to communicate, what information to supply and how to maintain excellent relationships with media representatives. In sport marketing, special attention needs to be given to the concept of publicity, as it is probably the most important means (and opportunity) of conveying information in the sport industry.

CASE STUDY

Groups influencing the Long case

Issue 1: The on-field implications of the AFL policy

AFL Players’ Association

The AFL Players’ Association (AFLPA) had a limited role in the debate surrounding the Long case. The confrontation between Long and Monkhorst (two players registered as AFLPA members) restricted the AFLPA’s ability to act. On establishment of a policy and adequate resolution to the issue, the AFLPA provided support. The implications of this issue for the AFLPA could have been far-reaching if Long or a group of Aboriginal and ethnic players had instigated further action. However, this did not happen and it can be argued that the AFLPA was a benefactor of the policy being implemented. The Long case instigated an issue of particular importance to a selection of its membership and corrective action was initiated as a result of public pressures without the AFLPA having to become a (political) player in the process.
Opinion leaders
In the Long case, opinion leaders (in and outside football circles, ranging from players, coaches and administrators to politicians and media representatives) had a significant influence on the awareness and opinions of AFL consumers about the racial vilification issue, mainly through print and broadcast media. While their activity did not highly influence the behavioural patterns of consumers, their visibility became a primary target for the AFL to control through a variety of public relations activities like press releases, news conferences, public statements and television commercials.

Sponsors
At first sight, the role of the sponsors in the Long case, as organisational stakeholders, was surprisingly low profile. The major corporate sponsor of the AFL in 1995 was Coca-Cola, with Ansett Australia, CUB, Challenge Bank, Norwich Financial Services and Hungry Jack’s key support sponsors (AFL, 1995: 5). During the case there was little to no public sponsor communication directly related to the issue. Only during the news conference at the AFL was the Coca-Cola logo evident as a backdrop. Sponsors, had they closely aligned or exposed themselves with the AFL during the period of wide and substantial criticism, could seriously have damaged their credibility and negated any positive exposure established through providing corporate support to the AFL as corporate or key support sponsors during this period.

Issue 2: The broader social issue of racism and the battle against it

Government departments
A number of federal and state government departments entered the debate about racial vilification in sport, encouraged by initial comments made by Mr David Shaw, Essendon president, who stated:

The incident involving Michael [Long] had ramifications well beyond football…We have a responsibility and obligation to not only the club and football, but society in general, to try to do our part to get rid of racism in our society. (Denham, 1995b: 1)

The AFL received public pressure from government bodies such as the Department of Immigration and Ethnic Affairs, the Department of Education and the National Multicultural Advisory Council. All bodies responded because issues raised in the Long case were representative racial issues experienced in society in a similar fashion. To counter racial vilification in our society, a stand against this type of action needed to be taken.

Community groups
In a similar manner to government bodies, community groups took action to counter the broader implications of the issue. Initiated by the Aboriginal Advancement League, their response was directed at attempting to resolve the Long case and drawing attention to the broader social problems Aboriginals face in our society (Denham, 1995b). Consultation by the AFL with the Human Rights Commission and the Equal Opportunity Commission demonstrated the legal implications of the Long case and the AFL’s attempt to establish a racial vilification policy. The AFL effectively used the support of these bodies to launch its new education and
mediation policy, demonstrating that it had ‘underlined its commitment’ to seriously address the problem within the AFL and in the broader community (Smith, 1995b).

Assessment of crisis management

There is little doubt that the AFL found the Long case and its implications, in terms of establishing AFL policy and broader social issues, difficult to tackle. In turn, it experienced difficulty controlling the quantity and quality of information communicated to one of the AFL’s primary target audiences, the mass spectator market, by print and broadcast media. Stapleton (1995: 69) stated that ‘the AFL found itself uncomfortably holding a very hot political football—so hot they proceeded to drop it’.

In spite of these difficulties, the AFL implemented a number of public relations activities to communicate its message, including:

- press releases;
- news conferences;
- appearances by key AFL personnel (Ross Oakley) on Channel 7 football programs;
- interviews on broadcast radio such as 3AW and 3LO;
- articles in AFL publications such as the Football Record;
- television advertisements;
- distribution of information booklets; and

Analysis of the breadth of communication tools utilised to inform target audiences indicates that the AFL was quite exhaustive in its efforts.

The AFL addressed the Long case through establishing an objective of developing a policy to counter racial abuse on the field. Criticism by the media of the initial policy release indicated that the AFL had not achieved its objective. It was clearly evident at this stage that the AFL had failed to appreciate the gravity and implications of the Long case. Measured through analysis of press reports, the AFL concluded that there had been negative audience reception and understanding of the case. However, following consultation with the Human Rights and Equal Opportunity Commission, the AFL drafted a policy that adequately covered the issues of the case. Through intense public relations activity, the AFL then successfully communicated the policy and broader social message.

The AFL was fortunate that the issues underpinning the Long case had minimal influence on the perceptual or behavioural actions of AFL consumers. The changes resulting from the Long case, such as further acknowledgment of Indigenous contributions to football and Australian society, significantly contributed to enhancing the quality of the AFL competition and its management of similar issues. The AFL has achieved this through effective public relations, particularly through cooperation with the Human Rights Commission and United Nations Association. The AFL Annual Report (1995: 36) noted:

Racism in football was a major issue for the Australian Football League in 1995 culminating in the AFL receiving a special peace award from the United Nations Association for a number of initiatives to address the issue.
Further AFL actions in 1996 as a direct result of the Long case

The Long case refocused the attention of the AFL on dealing with racial and religious vilification, sparking the adoption of a new racial vilification rule by the Australian Football League Commission. The new rule was presented as part of a broader strategy designed to educate the football industry and wider community about why racial abuse is simply not acceptable. In communicating the rule to the public, the AFL stressed the importance of the involvement in and influence of various ethnic communities as well as Aboriginal and Torres Strait Islander athletes on the game of Australian rules football. In an open letter to the public, through the AFL’s own magazine the Football Record, new initiatives to be implemented were communicated by AFL CEO Ross Oakley (1996):

- A cross-cultural diversity program for AFL staff and senior AFL club officials. This program has been developed by the Victorian Aboriginal Education Association and will be held during late July. We will also be encouraging clubs to follow the lead of the West Coast Eagles and Footscray to run their own programs.
- Developing a proposal for consideration by the federal government for funding to assist the employment of Aboriginal development and liaison officers in each state. This would be similar to the employment of Gilbert McAdam as a development officer with the Queensland Australian Football League, whose job is jointly funded by the AFL and the Department of Employment, Education and Training.
- Developing a public education program, initially utilising a television commercial, to change the attitude and behaviour of spectators. The television commercial is being produced this week by our advertising agency, the Campaign Palace, and is expected to be on-air within two weeks. It will carry the tag line ‘Racism: The Game is Up’.
- In conjunction with the Australian Football Foundation, review the extent of football being played in Aboriginal communities throughout the country, what funding is currently available and how further junior development programs can be implemented in those communities. This is part of an overall review of football development around Australia.
- In conjunction with the Directorate of School Education in Victoria, the AFL has agreed to participate in a program designed to help combat racism in Victorian government schools. The program will involve Aboriginal players and other high-profile athletes visiting schools to educate youngsters and talk about racism in sport.
- Each AFL coach has also received a letter from the AFL this week reinforcing the role they can play in stamping out on-field racial abuse, which in turn will set an example for supporters off the field.

This case has presented a range of issues related to the participation of players of Aboriginal and ethnic descent resulting in racial taunts and vilification which unfortunately have been widespread throughout the AFL competition and (Australian) sport in general. Main case analysis was done from a public relations perspective, the Long incident raising a series of league-related and community issues. As the governing body, the AFL was placed under significant pressure to act on behalf of Aboriginal players and the broader Aboriginal and ethnic community. The case addressed most of the issues in an effort to prepare a
comprehensive paper for class analysis and discussion. (The case is in no way intended to illustrate academic (empirical) proof for either effective or ineffective handling of issues by persons or organisations described.)

Source: Ashley Wain originally wrote this case in 1998 as part of the Graduate Diploma of Sport Management at Deakin University. The case was updated, extended and edited for inclusion in this text by Hans Westerbeek and Ashley Wain.

Questions

1. The public relations crisis experience described in the extended case study can be utilised to examine effective crisis management. A major contributing factor to initial action by the AFL was pressure to implement short-term public relations planning strategies. Considering this point, how can sport organisations more effectively devise PR policies under such time constraints?

2. The role Damien Monkhorst played in the case was low profile. Do you think he made the right decision when deciding to stay away from the media, simply denying the racial vilification claims? Could he have handled the situation differently?

3. Can highly sensitive issues like racial vilification be used by certain interest groups to draw public attention to other causes of importance to them? Is this morally/ethically acceptable?

4. Can governing bodies like the AFL use negative publicity and turn it into positive publicity? How?

5. To be (or become) a good ‘corporate citizen’ is rapidly becoming an important strategic goal of many (multinational) organisations. In the context of this case, is ‘corporate citizenship’ an important (strategic) matter for sport organisations? Justify your opinion.
Chapter 16 deals with promotional licensing as an element of the sport promotion mix. Promotional licensing involves developing a relationship between a licensor and licensee with respect to the right to use the name or logo of the sporting organisation. Terms such as licensor, licensee, royalty and trademark are introduced in this chapter. Related issues, including the role of licensing in raising revenues and branding, are also discussed.

After studying this chapter, you should be able to:

1. understand the importance of the (registered) trademark;
2. identify the different steps in building a sport licensing program;
3. identify licensor and licensee goals;
4. describe the central role of branding in the sport licensing program.
Thorpedo thirst for more

What’s in a name? This is a question tackled by many of sport’s top stars, as agents and sponsors ponder the value of image and intellectual property rights. Ian Thorpe was recognised as Australia’s most suitable sponsorship prospect from 1999–2006 (Sweeney Sports, 2007). His retirement from swimming in 2006 enabled him to capitalise on his brand ‘style’ and embark on a series of projects, which ascertained his own answer to the initial question. His name, logo and image featured on a raft of products ranging from food and beverages (Thorpedo Foods), clothing (IT underwear, Adidas, Armani) and jewellery (Omega Speedmaster). These branded goods will stand alongside an ambitious portfolio of projects such as television documentaries Action Earth and Fish Out of Water and the charitable Fountain of Youth Foundation. In addition, the swimming centre in Ultimo, Sydney has been refurbished and named the Ian Thorpe Aquatic Centre. While his sponsorship appeal as a swimmer has been reduced, he is a likeable and popular personality known globally. His phenomenal success in the pool linked perfectly to him being perceived as trustworthy, honest and charming—indeed, a good combination for pursuing a trademark licensing strategy.

Although the income from licensed merchandise for sporting organisations worldwide has increased enormously over the past 20 years, it has never been easy to put together a solid licensing program. How to build a sporting organisation’s licensing program is discussed in the second part of this chapter. The first part discusses the different elements of the licensing concept. The different parties involved and terminology employed are defined and, where possible, placed in a sport context.

Licensing, as an activity, involves a licence, a licensor and a licensee: ‘A licence is first and foremost the granting of an intellectual property right from the licensor to the licensee.’ (Wilkof, 1995: 5) This means that the intellectual property right of a licensor must be valuable enough for a licensee to use and pay a royalty fee for. A royalty is a fee paid for usage of the intellectual property, and is often calculated as a percentage of the sales of licensed products.

As implied in the title of this chapter, promotional licensing can be seen as an element of the promotion mix. In the context of the sport industry, it basically serves two purposes:

- promotion of the sporting organisation; and
- promotion of a third party or its products through use of the sporting organisation’s name or logo.

In the latter case, the sporting organisation will derive royalty income from licensing the third party with the name or logo usage.

In the sport industry, we are most familiar with the usage of names and/or logos (as the licensed property) of sporting teams or organisations printed on apparel (e.g. baseball caps, t-shirts) or other merchandise (e.g. pens, mugs, umbrellas). Names and logos of sporting organisations are intellectual properties, representing a certain or potential
value. This value is built into the name or logo as a result of the organisation’s sporting achievements and hence popularity, but also through (monetary) investment in the name or logo through the promotion efforts of the sporting organisation.

Not all sporting organisations, however, are in the position to license their name, logo or other properties to third parties. The name of the sporting organisation, or more broadly the brand, must be strong enough to generate interest and attention. Many sporting organisations set up licensing programs to receive royalties from the sale of licensed merchandise. However, without a strong brand name this makes little sense. Potential licensees are interested only if the name or logo can generate extra interest in, and demand for, the products to which the name or logo is attached.

A sporting organisation without a strong brand name can still become involved in a licensing strategy. The main aim of the licensing strategy is to increase awareness of the sporting organisation, and indeed of its brand. The licensee, in turn, can use already strong sport brands in its own branding strategies, attaching the brand to newly introduced products or products with a questionable image. The Australian Football League (AFL), for example, links its brand name to the products of tens of companies. On those products, the AFL logo and an ‘approved product’ sign are printed.

Branding is discussed in the third part of this chapter. First, it is necessary to discuss the basis for licensing in the sport industry: trademark licensing.

**Trademark licensing**

The Australian *Trade Marks Act* 1995 defines a trademark as ‘a sign used, or intended to be used, to “distinguish” goods or services of the plaintiff from those of any other person’ (section 17). A sign, then, includes the following, or any combination of the following: any letter; word; name; signature; numeral; device (i.e. symbol or logo); brand; heading; label; ticket; aspect of packaging; shape; colour; sound; or scent.

Trademark licensing is a multi-billion dollar industry worth US$68.7 billion in the United States and Canada alone (The Licensing Letter® 2008 EPM Communications, Inc.; www.epmcom.com). Trademark licensing is defined by Wilkof (1995: 1) as ‘an arrangement by which one party consents to the use of its trade mark in accordance with specified terms and conditions’. It is used in many industries for different purposes, which can be appreciated by considering the following examples:

- using the Calvin Klein clothing trademark to sell perfume (using the established brand/trademark to sell new products);
- Coca-Cola using an overseas franchisee to sell in new markets (using the established brand/trademark to sell in new markets);
- McDonald’s using the Olympic rings to sell more hamburgers (using the established brand/trademark to boost sales); and
- licensing the Surf Life Saving logo to brand swimwear apparel and the K-Mart retailer to build brand and trademark awareness and raising funds.

For a trademark to become the property of an organisation, it needs to be registered. When a trademark is registered, the owner will have the exclusive rights to:
• use the trademark; and
• authorise other persons to use the trademark (section 20(1)).

Registration of the trademark is of extreme importance to the sporting organisation. Without this registration, the original owner of the trademark has little legal protection when other organisations use the trademark in one way or another. Protecting the intellectual property rights (IPR) of Olympic symbols is one of the more significant imperatives for hosting the Olympic Games. This point is reinforced by the Australian Olympic Committee’s (AOC) decision to seek additional protection for its insignia. The Olympic Insignia Protection Act 1987 (Cth) came into force in 1987 to enable the AOC to regulate the use of the Olympic symbol and other nominated Olympic designs. The Sydney Olympic Organising Committee for the Olympic Games (SOCOG) also sought added protection via the proclamation of the Sydney 2000 Games (Indicia and Images) Protection Act 1996 (Cth) (repealed).

Upon winning the right to host the 2008 Olympic Games, in 2002 the Chinese Olympic Committee (COC) and the Chinese government passed regulations protecting Olympic IPR with the Protection of Olympic Symbols Regulations (Mendel and Yijun, 2003). This was a positive step forward for Beijing authorities as fake merchandising is a billion dollar business, particularly in Southeast Asia. Clark and Cheng (2007) report Chinese counterfeiting was costing American companies US$60 billion per year. As China is hoping to take advantage of the Olympic platform to showcase its capabilities to the world, it is working hard to police the counterfeiting trade. In 2006, over 2000 trademark violations were summoned, with 4 per cent being in breach of the Olympic Symbols regulations (Clark and Cheng, 2007). It is also interesting and important to note the importance of sport in the general licensing business. It has been reported that sport is the second largest sector of licensing in the heartland of trademark licensing business, the United States and Canada, worth US$13.7 billion in annual retail sales in 2007. To put things in perspective, corporate trademarks and brands as the largest sector turn over US$16.7 billion, and the largest (and in 2007 only!) growth is recorded in the sales of licensed video games and software (the sixth largest sector), worth US$4.6 billion. Overall, one in every five pieces of licensed merchandise sold is an item related to sport (The Licensing Letter© 2008 EPM Communications, Inc.; www.epmcom.com).

Use of a trademark is important for an organisation in many ways. Some of the reasons are discussed in the next section.

Functions of a trademark

Wilkof (1995) identifies six different functions of trademarks. These functions developed over time, and hence the merchandising function incorporates elements of all other, earlier developed functions. The functions are:

• identification;
• physical source;
• anonymous source;
• quality;
• advertising; and
• merchandising.
**Identification**

The most obvious function of the trademark is to identify ownership, or who is responsible for producing the product. When the Dutch national team plays the Brazilians, for example, soccer consumers know that the ‘orange’ Dutch play the ‘canary yellow’ samba men from Brazil.

**Physical source**

Without being able to witness the production of certain products, the trademark can be seen as an acknowledgment of the physical source of the purchased goods. The trademark serves as a stamp of approval. When licensing trademarks, however, the licensee is not the actual source of the goods. T-shirts with National Basketball Association (NBA) logos printed on them are not produced by the NBA. Manufacturers are granted a licence to produce merchandise, and hence licensing seems incompatible with this function of the trademark. To reduce this incompatibility, it is important that the sporting organisation put in place stringent quality control procedures to ensure that products will be of a quality that the ‘physical source’ organisation would deliver itself.

**Anonymous source**

When the scope of production and marketing of an organisation expands, it becomes less likely that consumers of goods will know the actual name of the producer. The anonymous source function ensures that purchasers of goods or services with a given established trademark know that these goods or services emanate from a source that established those trademarks. In other words, the trademark products have proven their quality, validating their anonymous source. Large consumer good producers like Procter & Gamble and Unilever have hundreds of trademarks validating the ‘anonymous source’. Sporting organisations are less likely to use this function of the trademark, although large entertainment companies involved in the sport industry actually do. For instance, sport properties such as the Mighty Ducks of Anaheim (National Hockey League) and the Anaheim Angels (Major League Baseball) are not only cartoon characters, they also are professional sporting franchises owned by the Disney Corporation. These sport properties are distributed through channels like ESPN, ESPN2 and ABC Sports, also owned by Disney. As well, Disney owns the names, logos and trademarks of all these organisational entities. In the case of the two professional teams—the Mighty Ducks of Anaheim and the Anaheim Angels—there are also licensing restrictions on the use of the logos and names placed by the National Hockey League (NHL) and Major League Baseball (MLB) as part of the franchise agreements.

**Quality**

Licensing of sport trademarks has become so popular because of the quality function of trademarks. If a trademark has the power to convey a quality perception, surely this perception can be transferred to products or entities linked to the trademark. From a legal perspective, this concept changed the position of licensing. Provided that the licensor establishes sufficient quality control measures and procedures, it does not really matter whether the products emanate from the licensor (i.e. owner of the trademark) or another source. The quality level provided to the end consumer by the licensee should be similar to the quality level that would have existed if the product had been provided by the licensor.
Advertising
Lenova using the Olympic rings, Kia Motors using Tennis Australia’s logo and Nike using Manchester United’s logo are all examples of trademark usage going beyond the creation of goodwill (as exemplified in the previous functions). Trademarks have become symbols with the power to sell goods and services. Although advertising can be criticised as an effort to manipulate the consumer’s mind through slick, high-impact campaigns, it does serve as a way to mass-communicate the source and quality of a product through the trademark. It complements the source and quality functions. The positive perception that consumers have of Manchester United, Tennis Australia or the Olympic organisation is transferred to the associated organisations and products, stimulating these consumers to wear Nike products, drive a Kia vehicle or use a Lenovo computer.

Merchandising
The trademark becomes a product in itself when it is not serving to sell other goods or services but serving to sell itself. Examples are the teenage fans of a rock band buying all possible merchandise with the name of the band on it, or football fans buying shirts, mugs, jackets and pens with the name of their team on them. The consumer wants to be identified with the trademark organisation. Which merchandise they buy is secondary. Often, the only criterion is that it is visible to others, showing the consumer’s allegiance to the trademark organisation.

Quality control
Quality control is a vital and integral component of trademark licensing. We have shown that the legal position of licensing changed when the concept of quality control was included. As long as the licensor establishes sufficient quality control measures and procedures, it does not really matter whether the products emanate from the licensor (i.e. the owner of the trademark) or another source. The trademark identifies the source and distinguishes the products from those of others. The law loosely formulates standards for quality control in that the owner of the trademark should be capable of exercising control over the users of the trademark.

Wilkof (1995) distinguishes between two types of quality control: contractual and financial. Contractual control exists between two unrelated parties whose only mutual interest is the exploitation of the trademark. Financial control exists when two parties are related, in that one of them has an ownership relation to the other (e.g. a holding or subsidiary relation). Financial control is more stringent, as the aims of benefiting from the trademark are more likely to be in line with each other because of the ownership relation between the organisations.

In the sport industry, contractual control is the most frequently used type of quality control. A contractual specification of quality control terms and conditions should identify at least the following aspects of quality control:

- specification of standards;
- inspection of products and methods of production; and
- supply of samples.
The trademark licensing agreement

The trademark licensing agreement sets out the broader relationship between the licensor and licensee. Ownership of the trademark, who can use the trademark as the licensee and how the trademark can be used (contractual—that is, quality control) are described first. Then the commercial and financial terms and conditions are described. Issues like how merchandise is going to be marketed and which royalties have to be paid by the licensee are described in this part of the agreement.

Sherman (1991: 330–1) describes several key areas that need to be addressed when preparing the trademark licensing agreement. In summary, the key areas are:

- scope of the territorial and product exclusivity;
- assignability and sub-licensing rights;
- definition of the property and the licensed products;
- quality control and approval;
- ownership of artwork and designs;
- term-renewal rights and termination of the relationship;
- initial licence and ongoing royalty fees;
- performance criteria for the licensee;
- liability insurance;
- indemnification;
- duty to pursue trademark and copyright infringement;
- minimum advertising and promotional requirements;
- accounting and record-keeping of the licensee;
- inspection and audit rights of the licensor;
- right of first refusal for expanded or revised characters and images;
- limitations on the licensee's distribution to related or affiliated entities;
- representations and warranties of the licensor with respect to its rights to the property;
- availability of the licensor for technical and promotional assistance; and
- miscellaneous provisions, such as law to govern, inurement of goodwill, nature of the relationship notice and force majeure.

It goes beyond the scope of this text to specify further the contents of the trademark licensing agreement.

Before taking a closer look at building the sporting organisation's licensing program, we outline the trademark licensing agreement briefly from both the licensor's and the licensee's perspectives.

Licensor's and licensee's perspectives

The trademark licensing agreement from the licensor's perspective should serve one most important goal. If the trademark is used by the licensee in any other manner than was intended by the licensor when entering the agreement, contractual arrangements must be in place to entitle the licensor to take action. Although this point is of obvious importance to the licensee as well, the focus of the licensee should be on the terms and conditions related to commercial and financial matters. This requires identifying the
commercial possibilities of the trademark usage and how these may translate into a dollar figure. Sportview 16.1, adjusted from Schaaf (1995), exemplifies the licensor’s and licensee’s perspectives.

**SPORTVIEW 16.1**

The rugby union ‘All Blacks/Wallabies/Springboks’ video game

Sport Excitement Video Games (a fictitious name) wants to create a game called *The All Blacks/Wallabies/Springboks Conquer the World*. The game will be marketed in New Zealand, Australia and South Africa. When sold in New Zealand, the game will be marketed as ‘The All Blacks Conquer the World’, in Australia as ‘The Wallabies Conquer the World’ and in South Africa as ‘The Springboks Conquer the World’.

Sport Excitement has several licensing considerations. The company needs to develop the actual game, which includes writing the software code for graphical display, play options, opponents and voice enhancement features (the cost of this can go up to $400 000). Sport Excitement also needs to pay the New Zealand, Australian and South African national governing bodies of rugby union their licensing fees. In this case, all organisations have negotiated a minimum advance fee ($100 000) plus a percentage of sales royalty fee (4 per cent). On top of the licensing fees, Sport Excitement has to undertake the packaging, warehousing and shipping costs. Then it has to obtain the other necessary licences, from either the International Rugby Football Board (IRFB) or the Players Association, to feature identifiable teams and/or players other than the three already identified. Next, Sport Excitement has to decide which game platforms it will develop for (e.g. XBox, Playstation). Depending on which platform the manufacturer develops, the cartridges will add extra costs.

An analyst calculates the revenue streams and forecasts the potential return on investment. The net revenue per platform for an average game is $32 per game sold through, meaning purchased at a retail outlet such as Target. The All Blacks’ royalty would likely be 4 per cent of that, less the advance. Therefore, if 100 000 units were sold through, the All Blacks’ royalties would amount to:

\[
100,000 \text{ (units)} \times (0.04)(\$32) – 100,000 = \$28,000
\]

In this case, the sporting teams are not the catalyst for the game. The developer seeks a category and the teams are merely the well-known vehicles to differentiate the product. In the competitive video game development industry, the sophisticated marketplace will weed out poorly conceived games and they will fail in spite of a fabulous licensor. Licensors, in this case, will help to sell the products if those products are good.

*Source: Adapted from Schaaf (1995).*

How the general trademark licensing issues can be linked to a sporting organisation is explored in the next part of this chapter. Sportview 16.2 highlights some of the issues arising in using sport trademarks.
Sport team logos are big business

Have you ever considered using the logo of your favourite professional sport team in a promotional campaign? Did you know it would cost you? Apparently not all marketing professionals realise that sport teams, like other companies that produce products or services, own protectable trademarks that others may not use unless they first obtain the trademark owner’s permission and usually pay a licensing fee.

In a recent case, the Angels baseball team defended its trademark rights when it sued the Broadway department store after it ran an ad for women's dresses featuring three children wearing Angels uniforms. Broadway had failed to first obtain the requisite permission from the Angels and later refused to pay the Angels' requested licensing fee. Broadway claimed that it did not know it was supposed to pay a licensing fee, even though the Angels uniforms used in the ad contained registered trademark notations.

Professional sport teams aggressively protect their trademark rights, which include the name and its logos. This is done by demanding licensing fees in other contexts which may, at first glance, appear worlds apart from the department store advertisement case. Recently, Major League Baseball has even cracked down on Little League and amateur adult teams that use Major League nicknames. Because Major League Baseball owns trademark rights in the names of all its teams when they are used in connection with baseball, it can legally require amateur teams using these names to wear only licensed apparel. This can add about $6 to the cost of each uniform.

Trademark licensing increased the marketing opportunities for many companies. Instead of diversifying directly into a new product line, a trademark proprietor could license an existing producer in another industry to manufacture a line of goods under the licensor's trademark. This became very common, for example, between perfume companies and apparel manufacturers. It is now also common between professional sport organisations and apparel and novelty manufacturers.

The sport organisation must specify the products on which any licensee is permitted to use the trademark, as well as supervise and control the quality of those products. The public will benefit because it will receive a guarantee that the sport organisation stands behind the goods bearing its trademarks. What would happen if Major League Baseball ignored the Little Leaguers' use of its nicknames? Major League Baseball could lose its trademark rights, and that would mean the loss of millions of dollars a year in royalties from its extremely lucrative licensing business.

Professional sport organisations have much to lose if they do not adequately control the use of their trademarks. In addition, it is safe to say that many consumers want to know that the products they buy are both high quality and 'approved'.

Consider the value of the new contract that the MLB closed on behalf of its 30 teams. During the period 2005-09, the league is guaranteed an income of US$500 million derived from its seven licensing partners. This is a 70 per cent increase on the previous deal, and also represents yet another era of growth for revenues from team merchandise—growth that has been consistently sustained since the 1998 season. The money will mainly flow in from
Building the sporting organisation’s licensing program

An operational protocol

Irwin and Stotlar (1993) investigated the operational protocol employed by six major US sporting organisations in their sport licensing programs. The six organisations were Major League Baseball (MLB), the National Football League (NFL), the National Basketball Association (NBA), the National Hockey League (NHL), the National Collegiate Athletic Association (NCAA) and the US Olympic Committee. Table 16.1

<table>
<thead>
<tr>
<th>Operational element of program</th>
<th>Number of sporting organisations using the element (out of 6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program governance and leadership</td>
<td></td>
</tr>
<tr>
<td>Internal licensing authority</td>
<td>5</td>
</tr>
<tr>
<td>Full-time principal licensing assignment</td>
<td>5</td>
</tr>
<tr>
<td>Direct report to central administrator</td>
<td>5</td>
</tr>
<tr>
<td>Licensing policy committee assembled</td>
<td>3</td>
</tr>
<tr>
<td>Professional licensing agency assistance</td>
<td>1</td>
</tr>
<tr>
<td>Program protection and enforcement</td>
<td></td>
</tr>
<tr>
<td>Legal specialist consultation</td>
<td>6</td>
</tr>
<tr>
<td>Majority of logos registered as trademarks</td>
<td>6</td>
</tr>
<tr>
<td>Licensee application and screening process</td>
<td>6</td>
</tr>
<tr>
<td>Licence issuance and renewal procedures</td>
<td>6</td>
</tr>
<tr>
<td>Non-exclusive basic agreement</td>
<td>1</td>
</tr>
<tr>
<td>Execution of joint-use agreements</td>
<td>5</td>
</tr>
<tr>
<td>Execution of international licences</td>
<td>5</td>
</tr>
<tr>
<td>Product sample required for quality control</td>
<td>6</td>
</tr>
<tr>
<td>‘Licensed product’ identification required</td>
<td>6</td>
</tr>
<tr>
<td>Counterfeit logo detection procedures</td>
<td>6</td>
</tr>
<tr>
<td>Counterfeit logo reduction procedures</td>
<td>6</td>
</tr>
<tr>
<td>Program promotions and public relations</td>
<td></td>
</tr>
<tr>
<td>Proactive recruitment of licensees</td>
<td>5</td>
</tr>
<tr>
<td>Proactive recruitment of retailers</td>
<td>4</td>
</tr>
<tr>
<td>Licensee/retailer public relations program</td>
<td>6</td>
</tr>
<tr>
<td>Advertising used to promote products/program</td>
<td>6</td>
</tr>
<tr>
<td>Licensing program information published</td>
<td>6</td>
</tr>
<tr>
<td>Revenue management</td>
<td></td>
</tr>
<tr>
<td>Advance payment required</td>
<td>6</td>
</tr>
<tr>
<td>Uniform royalty charged on all products</td>
<td>2</td>
</tr>
<tr>
<td>Written royalty exemption policy</td>
<td>6</td>
</tr>
<tr>
<td>Royalty verifications routinely conducted</td>
<td>5</td>
</tr>
<tr>
<td>Royalty verifications conducted by specialist</td>
<td>5</td>
</tr>
<tr>
<td>Written royalty distribution policy</td>
<td>6</td>
</tr>
</tbody>
</table>


Sales and royalties generated by seven prime partners: Majestic, Nike, New Era, Drew Pearson International, VF Imagewear, Twins Enterprises and Dynasty Apparel.


shows the different elements of this operational protocol or, in other words, the activities that need to be executed in sport licensing programs. The number of organisations (out of six) actually using the listed elements of the protocol are given.

Table 16.1 presents a good overview of the operational activities that need to be considered when managing a sport licensing program. Before a sporting organisation can start managing a program, however, it has to be put together.

**Key factors**

Baghdikian (1996) has developed a model to assist the sport marketer in identifying the key factors (described below) when building a licensing program. The model is presented in Figure 16.1.

![Figure 16.1 Building the sporting organisation's licensing program](image)


**Organisational objectives**

Like the other marketing tools discussed in this text, licensing should serve the broader purpose of achieving the marketing goals of the organisation, which in turn should support the achievement of overall strategic goals. In sport, licensing the organisation’s trademark for merchandising purposes often aims to raise funds or to increase brand awareness. If these goals fit the marketing strategy, the organisation can pursue finding a licensee or licensees.

**Choice of licensee**

In light of the functions of the trademark and the organisational objectives, it is important to find the right licensee. Pertaining to the functions of the trademark, the potential licensee should be capable of satisfying the quality control standards and should maintain the function of identifying the source of the products. From an organisational perspective, it is important for the sporting organisation to find reputable partners with an ability to deliver quality on time with regular payments.
Commitment
Rather than leaving the work to the licensee and simply 'licensing' it to use the sporting organisation's trademark, the sporting organisation should commit itself to doing the preliminary market research and financial analysis. Baghdikian (1996: 38) states that:

the San Jose Sharks, during their first season, compiled the worst on-field record in the National Hockey League (NHL). However, due to the organisations spending 13 months on consumer research, and planning a name and design that would create an exciting image in the market, the Sharks outsold all other NHL team-licensed products.

Resource
In investigating sport and collegiate licensing programs, Irwin and Stotlar (1993: 15) concluded that 'with nearly half of all colleges assigning program administrators less than 10% of their time to licensing, the complex administrative tasks associated with a licensing program cannot effectively be addressed'. Although the resources invested in managing a sport licensing program might be high, the resulting benefits are likely to be proportionately higher than the investment.

Communication
Although the licensing agreement (including contractual agreements) should serve as the basis for business communication, regular and open channels of communication should be established. A clear understanding of both parties' goals, the early detection of problems and effective quality control are the results of open and frequent communication between licensor and licensee.

Relationship
The more formal business communication described above can be complemented by more informal communication (e.g. between the two chief executive officers). An afternoon on the golf course with the aim of fostering personal relationships has often proven vital to the maintenance of business relationships.

Contractual agreement
The contract represents the written agreement that both licensor and licensee are legally obliged to fulfil. Examples of areas suggested by Sherman (1991) to be included in a contract were listed earlier in this chapter. The contract is the agreement that the licensor and licensee can turn to when they feel that one or the other party is not fulfilling the requirements of the agreement.

Legal protection
In Chapter 14, ambush marketing was described as a business marketing its goods or services in a way that suggests the business has a connection with a team, event or a competition where there is in fact no connection. The practice of ambush marketing is of particular interest when considering the power of trademarks. Without the law and legal advisers, the sporting organisation has little to protect it from organisations ambushing its trademarks and other properties. The specialised nature of licensing in general, contracts, interpretations of law and the management of licensing programs require the support and advice of legally qualified experts. For example, the Nick Faldo Golf Company entered into a partnership with sports brand and business development
consultancy WSM which policed the licensing of his name (Gillis, 2002a). Figure 16.1 illustrates this by picturing legal protection as the 'roof' of the program.

**Issues that can arise**

The second part of this chapter has first provided a range of activities to be executed by sport licensing program managers, and then looked at the different steps that need to be taken when building the organisation's licensing program. Before we discuss branding in the context of the sport licensing process, Sportview 16.3 gives an insight into current issues related to building a sport licensing program.

**SPORTVIEW 16.3**

**Using the established brand to build others**

Although the market for licensed merchandise towards the end of the 1990s has experienced some difficult times, especially in the United States, the prospects for the future are bright. Partly due to the baseball strike and the NBA lockout in 1997–98, sales dropped dramatically towards the end of the 1990s. However, the NFL and NBA are revitalising and innovating the industry by entering previously untapped markets. For example, the NBA launched the Global Retail Environment Program through which it aimed to create 'unified NBA-branded visual impact zones at retail all over the world…looking at direct TV selling models, selling products in ad-spots during matches, and alternative retailing and merchandising, with the aim of getting the brand message at the point of sale' (Glendinning, 1999: 10).

The Copyright Promotions Group (CPG), in its association with the 1999 World Cup Cricket in England, is a good example of licensing in the context of a one-off event. Of the five product categories—apparel, toys and gifts, publishing, fast-moving consumer goods and promotions—60 per cent of revenue came from the apparel product category. The success of the CPG’s licensing programs was based on its integral involvement in discussions that ranged from television rights to on-site sales of produce. This allowed the group to come up with the best licensing strategies that not only protected and leveraged the rights of (often exclusive) licensees, but provided the best possible value and return for the licensor as well. Even when fans are not able to attend the event or purchase memorabilia from event-specific merchandise stores, online shopping allows them to ‘be part of the event’ by ordering merchandise unique to the event (Westerbeek and Smith, 2003).

With the opportunity that is the internet, online sales of licensed merchandise are receiving a welcome boost in the first decade of this century. In particular, the market for soccer merchandise remains potentially very lucrative. Sales in relation to the Japan/South Korea World Cup generated in excess of US$1.5 billion, some 20 per cent up from France 1998. The global opportunity presented to clubs such as Italian powerbrokers Juventus and Premier League giants Manchester United are there for the taking. Twenty per cent of the hits on the Juventus website are from Asia. The Asian opportunity consists of a potential two billion-person marketplace. The ‘red devils’ signed a new merchandising and licensing deal with Japan Sports Vision (JSV), the official World Cup distributor for Japan. JSV is a major client of Nike, and Nike in turn has signed a thirteen-year deal with Manchester United,
reported to be worth US$427 million, to become an official sponsor and the official merchandise partner of the club. By the way, Nike and its swoosh, as a strong yet vulnerable brand (and symbol) in its own right, have taken the:

unprecedented step of releasing a detailed report on its child labour policy. Its Corporate Responsibility Report offers an open assessment of the lobbyists’ claims and details other ethical issues such as the effect of its activities on the environment and the company’s involvement in local communities. Conscious of the impact even an isolated case can have on the image of the Nike brand—a commodity that has taken tens of millions of pounds to position. (Clarke, 2002: 26)

During the last decade of the twentieth century, European soccer clubs handled most of their licensing programs in house. Because the scope of merchandising operations was mostly domestic, many clubs felt that spending sparse resources on an outside licensing agency could not be justified. However, this attitude is changing rapidly. In order to maximise profiling from the club’s brand equity, more and more clubs are selecting licensing agents. Chris Protheroe, director of the Copyright Promotions Licensing Group, argues that ‘if they keep their merchandising rights in-house they avoid paying agency commission but they will naturally incur overheads of man-power, design, legal advice and accounting expenses’ (Wallace, 2002: 31). However, Edward Friedman of Zone Marketing thinks differently. He argues that ‘licensing firms will never do as good a job as you can do yourself. A firm like Levi’s, for example, wouldn’t just hand everything over so why should football clubs? . . . You become only as good as the people who look after you.’ (Wallace, 2002: 32)

However, the powerful governing body for European football, UEFA, still feels that more benefits can be derived by appointing an outside agency. UEFA signed a long-term licensing deal with Warner Bros. Consumer Products (WBCP). WBCP was appointed as UEFA’s exclusive worldwide licensing representative. Included in the deal are the European Football Championship 2008, UEFA’s under-21 championships in 2006, 2007 and 2008, UEFA’s Women’s European Championship in 2009 and the UEFA European Futsal Championships in 2007 and 2009. Pilar Zulueta, senior vice president at WBCP, argues that with the Euro2008 Championship attracting a global audience of seven billion, ‘WBCP’s strategy [has been] to ensure that licensees, retailers and other partners [were] provided with strong business propositions early in the program to ensure that football fans around the world [could] access products in optimal conditions’ (Business Wire, 2005: 1).

**Branding**

The branding process

Chernatony and McDonald (1992: 18) define a successful brand as:

an identifiable product, service, person or place augmented in such a way that the buyer or user perceives relevant unique added values which match their needs most closely. Furthermore its success results from being able to sustain these added values in the face of competition.
We can all associate with the practical application of the brand concept. Powerful brands are immediately associated with the product or service they represent. Coca-Cola is a soft drink, McDonald's sells hamburgers, Manchester United deals with soccer and the Daytona 500 is about car racing. A brand represents the combination of the core product and the perceptions that consumers have about the product and its unique added values. Figure 16.2(a) shows what distinguishes a brand from the core product. In Figure 16.2(b) this is applied to a sport example.

Developing successful brands is important for organisations because the brand can be used as a means to communicate with consumers. Branding, as the process of developing and sustaining successful brands, has strategic relevance for the marketing function.
In other words, the full marketing mix is used in the strategic branding process. The marketer tries to position the brand ‘in the mind’ of the consumer. Consumers start perceiving the brand as the symbolic total of the packaging, design, recall advertising, quality of product, price paid and store or outlet where the product can be bought. This total brand perception enables the marketer to link mental visions to the organisation’s branded products—expressing, for example, a lifestyle, a personality or a feeling. Powerful brands differentiate themselves from similar products of competitors and provide the opportunity to build long-term relationships with consumers, developing brand-loyal buyers. Brand equity, according to Gladden et al. (1998), is the combined tangible and intangible value of the brand, and can be broken down into four constituents: perceived quality (of the brand); brand awareness (recall, recognition); brand associations (in sport often emotionally loaded); and brand loyalty (the ability of the brand to retain customers). In the sport industry, the antecedents to brand equity are team related (e.g. success, star players), organisation related (e.g. reputation and tradition, overall entertainment package, service reputation) and market related (e.g. media coverage and reach, competitive forces).

Table 16.2 describes eight different ways of using a brand in practice. Irrespective of which usage is chosen from this list, adding value—as perceived by the consumer—is the critical activity in the branding process. The marketer can use the brand as a symbol of, for example, prestige, status, lifestyle or personality, and can position the symbol in such a way that it expresses physical and psychological comfort to the target market.

If the sport marketer chooses to build the registered trademark into a brand, licensing in many ways can assist in achieving branding objectives.

<table>
<thead>
<tr>
<th>Usage of brand</th>
<th>Why use it in that way</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand as a sign of ownership</td>
<td>Buyer knows which organisation produced the product</td>
</tr>
<tr>
<td>Brand as a differentiating device</td>
<td>Buyer knows the product is different from comparable products</td>
</tr>
<tr>
<td>Brand as a functional device</td>
<td>Buyer knows why and how to use the product</td>
</tr>
<tr>
<td>Brand as a symbolic device</td>
<td>Brand communicates something about the buyer</td>
</tr>
<tr>
<td>Brand as a risk reducer</td>
<td>Brand communicates trust about the producer of the product</td>
</tr>
<tr>
<td>Brand as a shorthand device</td>
<td>Brand is a means to recall sufficient brand information from memory at a later purchasing time</td>
</tr>
<tr>
<td>Brand as a legal device</td>
<td>Trademark registration is legal protection from counterfeit production</td>
</tr>
<tr>
<td>Brand as a strategic device</td>
<td>Brand positioning is a means of ensuring a long-term future for the organisation</td>
</tr>
</tbody>
</table>

Source: Adjusted from Chernatony and McDonald (1992).

**Branding and licensing**

In the first part of this chapter, the relationship between the trademark of an organisation and the licensing process was explained. Trademark licensing, as an arrangement by which one party consents to the use of its trademark in accordance with specified terms and conditions, makes sense only if the trademark is in any way valuable to the potential licensee. The trademark can have value as an established brand, making it a powerful
means of communication. If the trademark has the potential value of becoming an established brand it has future earning power, making it an interesting investment. Sporting organisations can capitalise on this potential value by using other organisations to raise their own brand awareness. Table 16.3 provides an overview of the top five sport brands in the world.

The potential power of sport brands
In Chapter 13 we discussed the advantages of sport sponsorship. These advantages also explain why sport brands, or sport trademarks, are potentially powerful tools to add value. The advantages, explaining the potential power of sport brands, may be summarised as follows:

• Sport consumers tend to identify themselves personally with the sport, which creates opportunities for increasing brand loyalty in products linked to the sport.
• Sport evokes personal attachment, and with this the licensee can be linked to the excitement, energy and emotion of the sporting contest. In other words, sport has the potential to deliver a clear message.
• Sport has universal appeal and pervades all elements of life (geographically, demographically and socioculturally). This characteristic presents the opportunity to cross difficult cultural and language borders in communication, enabling the licensee to talk to a global mass audience.
• The variety of sports available makes it possible to create distinct market segments with which to communicate separately.
• The universal appeal and high interest that sport has in society give sport high media exposure, resulting in free publicity. Free publicity can make a licensing deal very cost effective.
• Because of the clear linkage of the licensee to the sporting organisation’s trademark the relationship stands out from the clutter, contrary to advertising, in which people are bombarded with hundreds of ‘sender unknown’ messages each day.

The top four sports brands according to Forbes (2007b) are:

• athlete—Tiger Woods: US$87 million;
• team—Manchester United: US$351 million;
• sport business—ESPN: US$7.5 billion;
• sport event—Super Bowl: US$336 million.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Source: Adapted from Westerbeek and Smith (2003).</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Dallas Cowboys (American football)</td>
<td>1 Dallas Cowboys (American football)</td>
</tr>
<tr>
<td>2 Manchester United (Soccer)</td>
<td>2 Manchester United (Soccer)</td>
</tr>
<tr>
<td>3 Washington Redskins (American football)</td>
<td>3 Washington Redskins (American football)</td>
</tr>
<tr>
<td>4 New York Yankees (Baseball)</td>
<td>4 New York Yankees (Baseball)</td>
</tr>
<tr>
<td>5 New York Knicks (Basketball)</td>
<td>5 New York Knicks (Basketball)</td>
</tr>
</tbody>
</table>

Table 16.3
Top five global sport brands
Earlier, this chapter presented some examples of how organisations use licensing and for which purposes. These purposes are repeated here in the context of the sport industry.

**Using the sport brand to add value**

Adding value, as the most important activity of creating powerful brands, can be done in many ways. It has been explained that branding is a strategic effort in that the marketer should use the whole marketing mix to build the brand. Using an established trademark or brand to add value to another brand is one means of applying the marketing mix. The Olympic sponsors are licensed to link the Olympic rings to their products. A variety of consumer goods licensees (e.g. Caltex, Sony, Qantas, Toyota) are licensed to use the AFL logo on their products. The potential licensees of Ian Thorpe's name in the headline story use the brand equity he has built over the years to add value to already existing brands or general products. The earlier mentioned Daytona 500 brand, according to *Forbes* (Janoff, 2007), is the world's fourth most valuable sports event, with US$91 million in TV rights, sponsorships, ticket sales and licensing. The Super Bowl (US$379 million), the Olympics (US$176 million) and the FIFA World Cup (US$103 million) are numbers one to three. In 2008, the Daytona 500 celebrated its 50th anniversary. This sport event, in a unique partnership with supermarkets owned by the Kroger company, have collected over US$100 million in licensing income through selling the 50th anniversary logo in product exclusive categories to companies like Kellogg's, Unilever, ConAgra, General Mills, Nabisco and PepsiCo. The Retail Sports Marketing Company coordinated the marketing campaign amongst Kroger stores, Nascar, the International Speedway Corp. (which owns the Daytona 500 track) and the marketers from the nearly 50 products that were branded with the 50th race logo. In-store promotions included point-of-purchase displays, circulars, in-store television ads, radio commercials, a dedicated website, in-store appearances by Nascar drivers and Nascar-Daytona 500 displays.

This example clearly shows what the added value is of using a highly regarded and popular sport brand on other products. It fulfils one of the following purposes:

- to sell in new products using the established brand/trademark;
- to sell in new markets using the established brand/trademark;
- to boost sales using the established brand/trademark; or
- to reinforce a particular image using the established brand/trademark.

The major aim of the sporting organisation in this process is to use its established brand/trademark to raise funds for the organisation. An extra bonus is the widespread attention that is given to its brand name through the promotional efforts of licensees. This is why careful selection of licensees is important, because the established sport brand should not be associated with a wrong or inferior product or organisation.

The branding process in a sporting organisation can be enhanced by using licensing as a means of raising brand awareness.

**Using licensing to add value to the sport brand**

If the sport brand is not established yet but careful preparation and commitment have been put into preparing an appropriate and attractive brand name and symbols, licensing
can be used as one way of informing consumers about the brand. The San Jose Sharks, used as an example earlier, raised their brand awareness and raised funds by offering a potentially profitable trademark to a selection of merchandise licensees. Using the marketing mix elements to integrate pricing, distribution and promotion of the merchandise, they successfully established the San Jose Sharks brand.

More specifically, licensing is used to license the unknown trademark to build brand/trademark awareness and raise funds.

The previous examples have shown that licensing plays a vital role in adding value to the licensor’s, licensee’s or both organisations’ brands. The realisation that brands/trademarks are successful only if they add value to the product or the organisation, as perceived by the consumer, highlights the strategic importance of branding. Powerful brands can be developed only if the organisation views the branding process as integral to the marketing function, using all marketing mix elements to build powerful brands.

**Summary**

This chapter discussed the licensing of the sporting organisation’s intellectual property (name and/or logo registered in a trademark) to a third party. It was shown that promotional licensing in the sport industry basically serves two purposes: promotion of the sporting organisation; and promotion of a third party or its products through use of the sporting organisation’s name or logo. In the latter case, the major benefit derived by the sporting organisation is a royalty fee, often calculated as a percentage of sales of licensed products.

The importance of registering a trademark was shown by discussing the different functions of the trademark. Registration of the trademark is always important because trademarks can become valuable organisational assets, namely brands. Through careful management, trademarks linked to products can be built into powerful brands. This was discussed in the last part of this chapter. A powerful sport brand is a valuable organisational asset because it has the power to represent multiple consumer perceptions. Consumers perceive a brand as a symbolic total of the organisation’s product—in sport’s case, the excitement, speed and action orientation of the core product and its star players. Sport brands therefore are capable of linking powerful messages to other products through licensing.

The second part of the chapter discussed the process of building a sporting organisation’s licensing program. This process was summarised in Baghdikian’s (1996) model, but three issues were highlighted as being of particular importance. Operational activities in managing the program were presented, the minimum contents of a licensing agreement (as identified by Sherman, 1991) were briefly summarised, and the importance of legal support and protection was emphasised. Promotional licensing is an expanding area in sport marketing and offers many sporting organisations potential for future income or growth, especially in the rapidly developing global sport marketplace.
CASE STUDY

Setting up a sporting organisation’s licensing program

This case study was originally written by Eddie Baghdikian and is purely fictional. The organisations and persons in the case are non-existent.

In June 2002, Juan Garcia, director of hockey development at the South American Hockey Federation (SAHF), was approached by ALEGG Interdomestic Pty Ltd with a proposal promising to generate substantial revenue for the SAHF with no financial outlay required. ALEGG was proposing a licensing agreement by which the SAHF logo would be used to brand a wide variety of merchandise and these products would be marketed to SAHF members.

The role of the SAHF, as the central administrative body, is to manage, coordinate and unify the diverse facets of the sport of hockey in South America. This includes overseeing the development of grassroots programs, managing competitions and tournaments and promoting hockey at all levels. As the representative body of all affiliated clubs and associations throughout South America, the SAHF ensures the commercial viability of hockey and seeks out and encourages sponsorship for hockey events on a national level. The core product of the SAHF is essentially the development of the game of hockey. Until the approach by ALEGG, the SAHF had never undertaken any product extension strategies. ALEGG’s proposal to enter into a licensing arrangement with the SAHF promised to develop and market a range of hockey merchandise and accessories aimed at SAHF members.

ALEGG was formed in late 2001 for the purpose of entering into licensing agreements with organisations such as the World Soccer Federation (FIFA) and other sporting bodies. The combined experience of its two directors and its South American general manager boasted more than 30 years’ knowledge in the areas of manufacturing, importing, wholesaling, retailing and marketing in a very wide range of consumer items. At the time of the approach to the SAHF, ALEGG informed Juan Garcia that, as of February 2002, the company had entered into a merchandise licensing agreement between itself and FIFA.

Juan did not believe that there was much of a market for SAHF-logoed products. He felt that there was no particular attraction or brand equity in the registered trademark of the organisation. However, with no financial outlay required, Juan also felt that he had nothing to lose if ALEGG thought that it could make the idea work.

The concept of a licensing program that to Juan represented no risk and no responsibility held considerable appeal, and so he and the SAHF ventured into the world of licensing.

The basis for the relationship

The negotiations began. Over the next four months, the SAHF and ALEGG discussed the basis for the relationship that would ultimately lead to drafting the licensing agreement.

ALEGG would develop a range of SAHF merchandise known as the SAHF Members’ Collection. The range of licensed products would be entirely up to the SAHF. ALEGG would source the selected product line through its ‘worldwide’ manufacturing and supplier network, which was predominantly concentrated in the Southeast Asia region. All sourced products would be ‘branded’ as well as displaying the SAHF name and logo. The list of products included tracksuits, pens, keyrings, cufflinks, playing cards, calendar posters, diaries, umbrellas, t-shirts, sports bags, calculators and hats.
ALEGG would primarily be responsible for the promotion and distribution of all agreed merchandise, including a SAHF Members’ Collection brochure and other advertising material such as posters for all clubhouses. Coinciding with the marketing campaign, ALEGG would also have the entire range of goods made available at all major South American hockey competitions, and have a salesperson to service this area. The SAHF would not be responsible for holding and purchasing stock.

The SAHF agreed to assist in the promotion of the merchandise through:

- *South American Hockey News* (communications newsletter for members);
- advertising;
- exposure at all SAHF events;
- regular mailouts to all clubs;
- a list of club secretaries to be provided to ALEGG; and
- general promotions mutually agreed on.

So far, the negotiations for the SAHF’s first licensing program were going along well.

Estimating the projected income from the marketing program was not as important to Juan as the ability to make money out of something requiring no financial expenditure and with a minimal amount of resources required. In addition, the program would lift the profile of the organisation in the marketplace through the promotion of the SAHF name and logo. These were the broad objectives Juan set for the licensing program. In ALEGG’s final proposal, Juan was also told that anticipated income figures in the first formative year would be exceeded significantly in subsequent years as the promotion programs gained momentum and the SAHF name and logo grew in recognition.

**The licensing agreement**

The ‘exclusive licensing/marketing/manufacturing agreement’ between the SAHF and ALEGG was drafted and arrived on Juan’s desk. From this time onwards, the normal printed ALEGG letterhead was no longer used and communications were now with ALEGG’s international marketing director and not the SAHF’s usual ALEGG contact, the South American general manager—who seemed to have vanished.

ALEGG was to become the sole and exclusive producer, manufacturer, wholesaler and marketing representative of the SAHF. The agreement stated that the appointment of ALEGG was verbally formalised and agreed to on Thursday, 8 October 2002 in order to permit ALEGG to incur expenditure in time and money to set up the logistical, administrative and initial manufacturing and marketing requirements of the project. However, the three-year term of the agreement was to officially start on 1 January 2003, with a three-year option commencing on 1 January 2006, the three-year option being automatically renewable except for either party cancelling the agreement.

Cancellation of the agreement could be done only during the 30-day period in the month prior to the expiration of any three-year term of the agreement by giving eighteen months’ notice in writing. Alternatively, cancellation could be effected, by the SAHF only, during the 30-day period in the month prior to the expiration of any three-year term of the agreement by giving 90 days’ notice in writing and purchasing and paying the freight-on-board (FOB)
price for all goods and/or services and/or work in stock and/or in progress for and on behalf of ALEGG in relation to ALEGG fulfilling its obligations and undertakings as part of the agreement. Payment then would have to be made prior to the expiration of the 90-day notice period. In fact, whether or not the SAHF or ALEGG breached any of the conditions of the contract and cancelled, the SAHF would still be obliged to pay the FOB price under the terms of the agreement.

Juan pondered over this legal document. He did not like it in its present state. Even with his non-legal background and inexperience with licensing programs, he figured that there was no ‘out’ clause without a substantial penalty to pay. He read on that ALEGG would pay the SAHF a licensing fee equal to 15 per cent of the manufactured cost, paid at the end of each calendar month. ALEGG would also conduct the reconciliation and monitoring of all royalty payments.

Although there was the issue of the termination terms and conditions to resolve, the SAHF still thought that there was some scope for the program to work. Consequently, ALEGG was encouraged by the SAHF to review the contract and keep working with the SAHF, even though an agreement was never signed.

**Disjointed proceedings**

The SAHF did not hear directly from ALEGG for some time. During the period up to May 2003, Juan heard that ALEGG had only made a few approaches at different SAHF-affiliated clubs. At this point, Juan started to believe that the project had basically ended.

It was at this juncture that the SAHF changed its trading name to Hockey South America and embraced a new corporate logo. With the proliferation of initialled identities in the business world, the use of “SAHF” was continuously being confused. The decision to adopt this new identity also brought the organisation in line with Hockey International, the controlling hockey body at the international level. Hockey South America, realising the importance of the role of marketing to its organisation and in line with the identity change, appointed a marketing and media officer in April 2003. This position, which reported to Juan, had as its primary objective the task of lifting the profile of the sport through the media and business world. Juan, who now was the director of development and marketing, decided to inform ALEGG of the changes.

On receiving the news, ALEGG advised Juan that it had more than US$400 000 of SAHF-logoed goods on order and approaching delivery, and further advised that the SAHF should consider not changing its name until 2004 to allow a stock rundown without financial loss to all parties concerned. In the same communication, ALEGG conveyed that in the last few months it had been gearing for sales, through the 2931 affiliated clubs, to the 1.1 million SAHF members.

The situation did not improve. The SAHF name change went ahead, and ALEGG kept struggling for credibility—without success. Juan rang FIFA to gauge the progress of FIFA’s licensing agreement with ALEGG. He was told that FIFA was wanting to get out of the agreement. In September 2003, Juan wanted out too. The last twelve months spent in attempting to develop a suitable merchandising relationship with ALEGG was sufficient time. Juan did not see evidence of any prospect for progress, now or in the future. Hockey South
America informed ALEGG in writing that it wished to terminate the proposed agreement and would deal with ALEGG only on a non-exclusive basis, as required by Hockey South America, the exclusive nature of the agreement also being part of the reason to terminate.

ALEGG had other ideas. It wanted to continue with the exclusive manufacturing and marketing licensing arrangement. It was committed to the three-year agreement with SAHF/Hockey South America. The subsequent meetings with ALEGG worried Juan. Present at these meetings was a person taking the minutes in shorthand. Anticipating the worst from an agreement that was not actually signed, and with no in-house expertise on these types of contracts, Juan sought legal advice.

In the meantime, ALEGG argued that the SAHF proposed to change its name to Hockey South America in or around July 2003 with little or no prior notice given. As a result, more capital investment and greater time allowance were now required. ALEGG also debated that it had outlaid in excess of $1.2 million in time and money, all with a view to completing at least the first three years of the program, with an intention to ensure success so that the relationship would go beyond this initial three-year period.

ALEGG was determined to represent itself as a dedicated organisation with the right intentions to implement the letter of agreement, and to represent SAHF/Hockey South America as the main cause of the current state of the project through its lack of cooperation, commitment and communication. Nevertheless, ALEGG continued to have dialogue with Hockey South America on the ‘new’ line of merchandise and the ‘new’ 2003–04 catalogue/brochure incorporating the Hockey South America logo. ALEGG also discussed new club member updates and marketing strategy, and looked forward to receiving Hockey South America’s positive response and full support.

Essentially, the response from the solicitors advised Juan to adopt a ‘wait and see’ posture—meaning to await further approaches from ALEGG—hoping that, as a result of the lack of enthusiasm and support from Juan, the relationship would simply wither away. The solicitors also pointed out, however, that although Juan had not signed the proposed agreement with ALEGG there could be an enforceable agreement based on negotiations and part-performance of the agreement.

Questions

1 Discuss the risks and rewards to an organisation of licensing its brands.
2 How well does the strategy of product extension, through licensing, fit the corporate objectives of the SAHF?
3 Identify the reasons why the licensing agreement between the SAHF and ALEGG failed.
4 What factors should Juan Garcia have considered in making his decision on whether or not to enter into the licensing agreement?
5 Juan felt that the SAHF logo had no inherent appeal or value. On what criteria should the marketer judge the equity in a brand and its suitability for licensing?

Source: Written by E. Baghdikian and not previously published. Printed with the permission of the author.
Part IV

Strategy implementation, evaluation and adjustment
Coordinating and controlling marketing strategy

Chapter 17 summarises the important concepts introduced throughout this book. It does so by reviewing the role of the control function in coordinating and implementing the selected marketing strategies. Three forms of control are introduced—feed forward, concurrent and feedback—and their role is discussed in relation to the key measures used to determine the success of the sport-marketing program. A short section reviewing careers in sport marketing is also included in this chapter.

After studying this chapter, you should be able to:

1. understand the importance of control in the marketing function;
2. identify the three types of control;
3. identify the primary measures of success;
4. comprehend the relationship between measures of success and the control process;
5. recognise the importance of coordinating and implementing marketing strategies;
6. identify possible career options in sport marketing.
Volleyball digs in

Spikes, digs and kills will be rampant throughout the country 17-25 June. Thanks to the week-long ‘Volley across America’, volleyball enthusiasts will have the opportunity to participate in a wide-reaching grassroots promotion, designed to help increase the interest in the game and build participation. As part of the year-long celebration of the sport’s centennial birthday, spearheaded by the SGMA Volleyball Council, ‘Volley across America’ will open with a range of participatory activities to be held on The Mall in Washington DC. It will include the set-up of volleyball courts on the city’s grassy expanse, and free clinics featuring some of the country’s top volleyball players. (Pesky, 1995: 22)

Volleyball’s need to ‘dig in’ brings us to the last theme of this book: coordinating and implementing marketing strategies. The book has considered the marketing mix, and thus all the variables the sport marketer can manipulate to ensure that a sport is able to identify and sustain a competitive advantage. Volleyball’s decision to implement a year-long promotion campaign in association with its centennial birthday is an example of a range of marketing and promotion mix variables combining to form a marketing strategy. How these strategies are implemented is part of the management aspect of marketing.

This chapter reviews the range of functions necessary to implement strategies. It examines some of the control mechanisms available to the marketer to ensure that performance targets are met, and considers some of the more relevant measures used to gauge success in sport. Inherent in these measures is the question of game design and its contribution to the marketing process. Also, the place and importance of sponsorship are discussed in the context of overall strategy determination. Finally, the chapter revisits the question of sport-marketing planning, noting the importance of integrating all the components of the marketing mix in one overall strategy. Given that the strategy-determination process is the job of the sport marketer, it is important to review this role in sporting organisations. As part of this analysis, careers in sport marketing will be examined.

Controlling the sport marketing function

Boyd et al. (1998: 487) note that the control process ‘consists essentially of setting standards, specifying and obtaining feedback data, evaluating it, and taking corrective action’. Setting standards is part of the marketing planning process discussed in Chapter 2. Marketing objectives established during this process will have identified the standards to be achieved. In sporting organisations, these objectives and standards differ from those of organisations solely concerned with profit and providing dividends to shareholders.

Sport is unique in this regard as there are often broader goals than simply maximising profits, as was discussed in Chapter 6. For example, in the dispute between the Australian
Rugby League (ARL) and Superleague, the judge noted that the ARL board was ‘motivated in large part by considerations other than the pursuit of profit. It is concerned with the preservation and enhancement of the traditions of the game.’ (Burchett, 1996: 65)

Recognition of these broader considerations does not in any way lessen the importance of marketing to sport. In fact quite the opposite is the case, as sport—like most non-profit entities—often does not have access to financial resources to the same extent as for-profit entities. Sporting organisations rely on the ability of marketing programs to raise the revenue required to run the club, association or league. Several consistent themes have emerged during this book alluding to the main measures of success in sporting organisations. Most of them are directly aligned to elements of the marketing mix. Establishing and benchmarking performance standards represent the first step towards controlling the marketing program.

**Types of control**

There are three types of organisational control:

- feed forward;
- concurrent; and
- feedback.

**Feed forward control** takes place before production and operations begin and commences during the strategic sport-marketing planning process (SSMPP). Determining the operating procedures and setting standards for the operation of a facility prior to a season commencing are examples of feed forward control. As part of this review of operational procedures, appropriate staff training will be provided consistent with service quality policies. This form of control ensures all inputs are of the highest quality for optimum spectator enjoyment.

**Concurrent control** occurs during the sporting fixture or, in other words, while the plans are being carried out. Often in sport this will be a major event or the weekly fixtures in a season. In the sport facility, monitoring the quality of service delivery exemplifies concurrent control. Supervisors will be responsible for checking that staff carry out their jobs in a manner consistent with the organisation's policy. In some cases it is possible to fine-tune the activity as it occurs or to rectify problems immediately, which is an example of concurrent control. Concurrent control can also occur during a major event or a season when monitoring attendances. If these are lower than expected, advertising may need to be intensified or altered, or sales promotions implemented to return the organisation to a satisfactory level of performance. Determining acceptable levels of performance requires the identification of appropriate measures during the strategic sport-marketing planning process.

**Feedback control** focuses on the final performance measured against previously ordained standards or targets. As a consequence of this feedback, the marketing plan can be reviewed and modified where necessary to ensure that the defined performance standards can be achieved during the next season or event.

Figure 17.1 displays the link between the stages of the control process and the measures typically used to ascertain success in a sporting organisation.
Measures of success

On-field success

On-field success is typically the most obvious and visible measure of success by which to assess the performance of sporting organisations. It is, however—as indicated in Chapter 1—an area over which the sport marketer has little control. Unlike most products, where the marketer has some input into design and packaging, the sport marketer has no control over the quality of the team selected. The selection and development of players are not the purview of the sport marketer. The sport marketer, however, is responsible for promoting the team based on its quality and its star athletes. Elements of this marketing effort will be seen in ticketing and games promotions, advertising, public relations and sponsorship strategies, all discussed in earlier chapters.

It has been stressed in this book that the sport marketer needs to ensure that over-promising is not a feature of the promotion mix. It could be argued, for example, that the head coach of the Australian swimming team at the 1996 Olympic Games over-promised in relation to the success of his athletes. Ultimately, the Australian swimming team performed well, but expectations were so high that the actual performance (in terms of medals) was seen to be relatively poor. What could have been a perfect situation
on which to build future marketing strategies turned into an exercise in managing negative public relations.

On-field success, then, is an organisation-wide measure not specific to the efforts of marketing personnel. The derivates of on-field or off-field success, however, are the purview of the sport marketer. These are now discussed.

**Attendance and participation**

Attendance and participation are two key measures of marketing performance. They are linked, as elite athletes serve as role models for those participating at lower levels of sporting competition. Known previously in Australia as the ‘Norman factor’, or globally as the ‘Tiger Woods’ factor, the effect that Tiger Woods has on golf participation and attendance when he visits to play in major golf tournaments is undisputed. Typically, attendances at the event and interest in golf both rise. Increased participation in a sport has the added benefit of contributing to increased attendances, as people’s affinity to a sport grows with participation and they are therefore more likely to watch it—either live or on television.

Sporting organisations are therefore concerned with boosting the numbers of registered participants. Strategies designed to ensure participation have been discussed in this book. The introduction of modified rules for juniors has been the main strategy designed to attract juniors to play sport. These modified rules programs become integral parts of marketing strategy as all sports strive to capture a finite group of participants. Registration numbers are important measures of success, in particular of the success of marketing programs.

Attendance also is a frequently cited measure of success for an association, club or league. Elements of the promotion mix, pricing policies, service quality and facility management have been important factors discussed in this book, contributing to the likely success of maximising attendances.

**Club membership**

Club membership is another important measure. As discussed in Chapter 9, club members represent heavy attendance on the frequency attendance escalator and are thus an important source of revenue. More importantly, this revenue often comes well before the season, providing much-needed income during a period when no games are conducted to generate weekly revenues. Chapter 9 also highlighted the importance of ensuring loyalty for long-term members. Marketing programs should be designed to reward longevity and minimise defection—or season ticket-holders ‘falling off’ the frequency attendance escalator.

**Sponsorship**

Sponsorship is another key measure of success in the marketing program. In fact, sponsorship has been considered so important that many sports have developed unidimensional marketing programs aimed at attracting sponsorship revenue. In the long term, this myopic view is detrimental to the sporting organisation for two reasons:
- It negates the extent to which the sporting organisation can devise a full range of marketing-related benefits that can be provided to the sponsor.
- It concentrates the success of the marketing program on one objective.

Concentration on any one objective is potentially poor strategy. Sporting organisations need to diversify their range of marketing strategies to ensure that there is not an over-reliance on any one area. For example, if sponsorship income falls well below anticipated projections, the overall success of the organisation will be threatened because no effort has been made to raise revenues by ensuring attendance, attracting members and selling merchandise. As Chapters 13 and 14 noted, sponsorship myopia is caused by the capacity of sport to attract sponsors seeking a relatively inexpensive way to promote their products. As some sporting organisations have the capacity to fulfil sponsor objectives easily, this adds to the potential to concentrate solely on sponsorship income at the expense of developing a broad-based marketing program, including all elements of the marketing mix.

**Television and new media**

The importance of television to the marketing effort has been stressed throughout this book. Television has the capacity to provide significant streams of revenue, as well as to act as an important promotion vehicle for sports—even if no television revenue is forthcoming. Therefore, television as a measure of success is very important.

Sport marketers must carefully determine the role of television in their marketing plans. Questions to be answered in relation to setting marketing objectives include: Is the sport capable of attracting television rights revenue? If so, how much? If not, can some coverage be obtained to help promote the sport? Answers to these questions determine the marketing objectives set in relation to television, and thus the measures used to assess performance. Chapter 11 conveyed in detail the range of measures used to assess the success of sport programming and the subsequent advertising revenue that these programs can attract. Successful sport marketers need to have an intimate knowledge of the way in which the television business operates to ensure that television revenues or promotions are successfully implemented in the overall marketing strategy.

Television’s impact on sport is an important strategic issue for sport marketers. To what extent are sports required to modify their game to make it more attractive to television? Although the need to appease television can be a potential problem, in some instances it has also forced sports to modernise and therefore present a more attractive product. Cricket, as discussed in this book, has been better off for the World Series Cricket revolution in 1977. The introduction of the one-day game, with a variety of new rules better suited to television, has brought an added dimension to playing standards through improved fielding, more creative batting and an array of tactics not seen previously. Twenty20 cricket is the latest form of the game to capture the imagination of spectators and television networks. As noted in this book, the 2008 developments of rival Twenty20 leagues in India could further shape how cricket is broadcast, played and watched. It is not the purpose of this book to take one view as to whether television’s impact on sport in relation to changing the game is either good or bad. Clearly, there are examples of such changes benefiting sport and others working to the detriment of
the sport. This is an important issue and, rather than adopt an extreme position either way, sport marketers should carefully think through the implications of change. The sport marketer should conduct research, consult past and current players and trial changes in just the way marketers do when preparing to introduce new products.

Chapter 12 introduced two other important elements of revenue-raising, promotion and communicating with sports fans. New media, or the digitisation of media based on rapidly advancing technologies, represent another medium of which sport marketing managers should be cognisant. As with anything new and still evolving, there are challenges for sport marketers in how they control the use of properties generated by sporting organisations and manage new forms of communications through online communities increasingly familiar with 3G phone networks, broadband, blogging and e-commerce transactions. These media will become central to sport-marketing planning, particularly as sport marketers develop a more sophisticated understanding of how they can enhance sport marketing strategy.

**Merchandising and licensing**

Merchandising and licensing are important marketing objectives. Promotional licensing was the subject of Chapter 16, where it was shown that sporting organisations license their logos and trademarks for two reasons:

- to create awareness of the sport, club or league; and
- to endorse product lines outside of sport as a means of generating additional revenue.

Revenue from licensing income becomes the main measure in determining the success of such a program. Clearly, this revenue can easily be measured.

**Service quality**

Another important but less tangible measure is service quality, which has been developed as an ongoing theme through this book. It has been specifically discussed in Chapters 5, 7 and 8 as providing the basis for establishing a competitive advantage. It also indirectly affects everything that is concerned with attracting spectators, members and sponsors, contributing to the likelihood of repeat purchase. Strategically, it is significant because it has the capacity to even out the fluctuations in enjoyment governed by winning or losing. An enjoyable night at the basketball, for example, may to some extent offset the disappointment of losing.

This raises the critical question, in relation to this intangible area, of assessing how much participants and spectators enjoy the sport experience. Equally, this question relates to winning. Clubs, associations and leagues are increasingly realising that their marketing programs should be designed to build loyalty—loyalty that has the capacity to withstand periods of poor on-field performance. The reality of most sporting competitions is that it is in their own interest to ensure that winning is shared by all, and therefore mechanisms will be put in place to even out the competition. Clubs will experience periods during which they are successful and periods when they perform poorly. Success on the field does not guarantee success off the field, but poor on-field performance almost certainly guarantees poor off-field success based on the measures discussed above. Reducing the
impact of these periods of poor on-field performance enhances the likelihood of achieving financial stability.

Financial stability
Despite an earlier statement in this chapter that profit is not the sole goal of sporting organisations, it has grown in importance during the past 20 years. Many sporting organisations typified the extreme position, where debt could be freely incurred without considering the consequences. Fortunately, this culture is changing, reinforcing the importance of control in the implementation of marketing activities. Modern sporting organisations more readily understand the balance between on-field success and sound off-field success.

Most of the measures of success discussed in this section contribute to the income-generating potential of the organisation. The ability to rein in costs is the subject of broader texts in the management domain, covering the issue of control in more detail.

Coordinating and implementing marketing strategy
The framework for determining marketing strategy was discussed in Chapter 2. Coordination and implementation of this strategy are primarily the responsibility of the marketing department. Marketing implementation is the process that turns marketing strategies and plans into actions in order to fulfil strategic marketing objectives. Coordination cannot occur, however, without the support of the entire organisation. Marketing staff are often reliant, for example, on sport operations staff to allow star players to become involved in promotion activities. Typically, these star players are in high demand for such promotion activities, which often conflict with training and playing schedules.

Implementation is primarily about staff management, and in essence deals with the who, what, where and when of the marketing plan. The who, what, where and when activities are the result of the strategies determined—otherwise referred to as the what and why. Implementation is often difficult—more difficult than determining the strategies. It is easy to dream up a range of interesting and creative strategies; however, when it comes to actual implementation it may be found that they are totally unrealistic or impractical. When setting SMART objectives, as discussed in Chapter 2, the 'R' for realistic is of paramount importance. Ultimately, it is the staff and their expertise that determine the ability of the organisation to coordinate the marketing strategy.

Added to the difficulties of coordinating marketing strategies is the relatively recent introduction of marketing personnel, even marketing departments, to sporting organisations. In fact, in some sporting organisations in Australia, a national development officer or state development officer is responsible for the marketing program, based on their responsibility for promoting and encouraging participation. In some sports, specialist sport-marketing staff are now employed. Cricket Australia (CA), for example, has for some time employed a general manager of marketing, a sales manager, an events and sponsorship manager, an events assistant and sponsorship officer, a licensing manager and a marketing officer. Careers in sport marketing are beginning to flourish.
Careers in sport marketing

Cricket Australia is indicative of the range of career options emerging in this field. Professional sports in particular offer the greatest range of career options. Marketing staff employed in Australian Football League (AFL) clubs have multiplied markedly during the 1990s and early 2000s. The Port Adelaide Football Club, for example, employed eighteen staff in its marketing division (which is actually labelled Commercial Operations) in 2006 (up from twelve in 2001), plus three staff in media and public relations. Jobs covered include a brand manager, corporate service manager, business relations—corporate, community youth program manager, merchandise manager, sales manager, membership manager, marketing executive, merchandise manager, sales executives, media and public relations manager and communications coordinator, to name a few. All staff were responsible for the implementation and coordination of all the club's marketing activities. Also, their employment is indicative of the breadth and range of activities undertaken by the club. Sponsorship, media and public relations, sales of merchandise, overseeing licensing and merchandising, youth development and servicing game-day functions cover the gamut of marketing mix variables discussed in this book.

Compare the size of the marketing staff at a professional sporting club with a traditional NSO, and it is clear that a gap is emerging between the true professional sports and many NSOs whose role is to cater to both its elite athletes and their development and build a foundation for participation. Swimming Australia, a traditional NSO with responsibilities for elite athlete development and mass participation, is organised around four functional departments: high performance; sport development; marketing and events; and business and stakeholder services. Within the marketing department, seven employees fill various roles including a department manager, events and operations manager, two marketing and communications coordinators, records and events coordinator and two events coordinators. Softball Australia, by contrast, lists three employees with marketing-related jobs: national communications coordinator; membership growth and development coordinator; and softball.org.au manager, although this last position is likely to be more information technology focused than marketing communications focused.

Slowly, evidence is emerging that marketing personnel are being employed in a greater variety of sporting organisations. The biggest hurdle to overcome in expanding an organisation's staff expertise has been the view that sport promotes itself, and therefore does not require marketing staff. This complacency has been responsible for the slow pace at which sport has embraced the need for marketing expertise. There is evidence of this changing.

Interestingly, the pace of change has become more urgent as sporting organisations realise the capacity of a skilled marketing team's potential to contribute to the full range of revenue-earning possibilities via marketing programs. It is true that in some instances it is necessary to spend money up front to ensure that revenue-earning potential is maximised. Advertising, public relations launches and staff training in terms of service delivery are examples of this. However, they are also the means of communicating with a public increasingly subject to an attractive range of recreation and leisure pursuits capable of detracting from interest in sport. The past 20 years in particular have seen a
rapidly intensifying range of competitive forces within the recreation and leisure industry. In many ways this has been good for sport, as sports have been forced to professionalise their operations and modernise the way they deliver the overall sport package. The overall sport package remains the domain of all staff and board members associated with various sports, but the sport marketer’s input to the package is rapidly growing.

**Sport-marketing planning revisited**

Central to this book has been the role of strategic marketing planning in sporting organisations. Figure 2.1 showed the steps involved in the process. Sport marketers should follow the steps shown until they become familiar with the process. It is possible to vary the steps at times, but in general the process remains unchanged for the different sporting organisations. What does change is the emphasis placed on the importance of various steps in the process. A summary of the strategic sport-marketing planning process (SSMPP) is provided in Figure 17.2. Sport marketers required to develop an SSMPP should use this framework to prepare their plan. This book has provided the added detail to help the sport marketer consider all necessary issues at each stage of the marketing plan.

<table>
<thead>
<tr>
<th>Stage 1–Identification of marketing opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1—Analyse external environment</td>
</tr>
<tr>
<td>Step 2—Analyse organisation</td>
</tr>
<tr>
<td>Step 3—Examine market research and marketing information systems</td>
</tr>
<tr>
<td>Step 4—Determine marketing mission and objectives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 2–Strategy determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 5—Determine core marketing strategy</td>
</tr>
<tr>
<td>Step 6—Determine tactics and performance benchmarks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 3–Strategy implementation, evaluation and adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 7—Implement and coordinate marketing mix</td>
</tr>
<tr>
<td>Step 8—Control marketing function</td>
</tr>
</tbody>
</table>

Stage 1, ‘Identification of marketing opportunities’, should remain fairly constant. As each organisation prepares to enter a new three- to five-year plan, a renewed analysis of the environment and review of the organisation’s capabilities should be undertaken.
Importantly, this review should recognise the changing forces driving competition in the sport and recreation industry. This book has already noted changes in the competitive forces confronted by sporting organisations during the past fifteen to twenty years. Decisions taken in regard to the overall analysis of the organisation filter down to the marketing mission and objectives set, to allow marketing activities to contribute to broader organisational goals. Most of these decisions are based on the market research and data available to accurately assess buying patterns and consumer behaviour in general. Understanding consumer behaviour in sport and market research and segmentation were covered in Part II of this book. In general, these stages remain constant components of the SSMPP.

Stage 2, ‘Strategy determination’, represents the greatest detail provided in this book. This is because it is at this stage of determining the core marketing strategy that the range of marketing mix variables can be varied to suit the circumstances confronting an organisation. The reason for selecting the mix of variables also changes depending on whether a repositioning exercise is required, such as that described for the NBL in this book or the development of product offerings aimed at specific market segments. Stage 2 also represents the greatest unknown in terms of ‘Have we chosen the right core marketing strategy?’ There is no correct answer to this question. It can only be answered over time, and even this is subject to the ability of staff to implement marketing plans.

Stage 3, ‘Strategy implementation’, consists of measuring performance based on standards determined earlier in the process and, where necessary, modifying or altering the way in which the core marketing strategy is implemented. Control, implementation and coordination, as discussed in this chapter, are crucial to the overall success of the marketing strategy. Implementation, like strategy determination, is an ongoing process. As one season or event rolls into the next, it becomes important for marketing personnel to step back every so often to assess progress and to ensure that strategies are not subject to rapid change based on short-term success. In particular, for seasonal sports it is important that week-by-week winning or losing does not unduly interfere with strategic marketing plans, usually prepared for three to five years. This is one of sport’s greatest pitfalls: reacting to short-term poor on-field performance. It also represents the main difficulty confronted by the sport marketer: to market a product over which there is little control.

Implementation is also guided by the assumptions made during the planning process. Because all strategies and action plans are based on these assumptions about the future, they are subject to considerable risk. It is necessary for marketing managers to assess continually the assumption on which strategies were based. It is here that the beginning and end of the planning process meet. In fact, there is never an end, as the cycle continues in a feedback loop that sometimes blurs beginning and end. To some extent this is a good sign. It indicates that once the plan and associated strategies are formulated, they are not simply put on the shelf. Plans put into action are subject to contingency planning to correct assumptions that do not prove to be true. Therefore the SSMPP is dynamic, rarely stagnant, and laden with challenges to ensure that the full potential of marketing’s contribution to the overall functioning of a sporting organisation is optimised. We wish you well with this challenge.


Dennis, A. (2002). 'Gay Games showing the critics a racy pair of heels', The Sydney Morning Herald, 16 April, p. 3.


Filo, K., Funk, D.C. and Hornby, G. (in press). 'The role of website content on motive and attitude change for sport events,' *The Journal of Sport Management*.


Lawrence, M. (1995). ‘High stakes keep growing and there can only be one winner’, The Age, 8 April, p. 17.


M2—The complete lifestyle magazine for the New Zealand man, 26 July 2007.


Minchin, L. (2002). ‘If it’s on television, it must be more sport’, *The Sunday Age*, 16 June, p. 9.


Sofios, S. (2002). 'They displayed the spirit of Sydney and we thank them', Daily Telegraph, 16 September, p. 19.


Sydney.
Sport Marketing Quarterly, 4, pp. 206–16.
——(1995). 'Sports grill demographics and marketing implications', Sport Marketing Quarterly, 3(3), 
pp. 9–16.
——(2004). 'Sponsorship Evaluation: Moving from theory to practice', Sport Marketing Quarterly, 13(1), 
pp. 61–4.
6 November, p. 2.
Sutton, W.A. and Parrett, I. (1992). 'Marketing the core product in professional team sports in the 
United States', Sport Marketing Quarterly, 1(2), pp. 7–19.
Hunt and R.L. Day (eds), Fourth Annual Conference on Consumer Satisfaction, Dissatisfaction and 
Complaining Behavior [1979]: Refining Concepts and Measures of Consumer Satisfaction and 
Complaining Behavior, Indiana University, Bloomington, IN, pp. 7–12.
Swan, J.E., Trawick, I.F. and Carroll, M.G. (1982). 'Satisfaction related to predictive, desired expectations: 
A field study', in H.K. Hunt and R.L. Day (eds), Fifth Annual Conference on Consumer Satisfaction, 
Dissatisfaction and Complaining Behavior (1980): New Findings on Consumer Satisfaction and 
Complaining, Indiana University, Bloomington, IN, pp. 11–14.
Sweeney Sports (2005–06). 'Thorpe still the favourite as swimmers take plunge' and 'Bogut, cricketers 
retrieved 1 November 2007.
——(2006–07a). 'Ponting leads cricketer-dominated popularity poll as Thorpe slips', media release, 
Canberra.


USA Today (1994). ‘TV pays the way,’ 21 October.


— (2002). ‘Hitting an all-time low,’ The Sydney Morning Herald, 10 July, p. 35.


Index

3G networks 232
7Ps of service marketing 6–7
A-League Football 230, 256, 284
Aboriginal Advancement League 301
Aboriginal AFL players 303–4
ACNielsen TV ratings 225–26
Adelaide City soccer team 256
Adidas, marketing 168
administration, see management of sport products
Adriano 255
advantages of sports sponsorship 250–51
advertising 185–203
by Reebok 167–68
data collection for 66–67
during sports programs 214–20
in promotion mix 172
low-involvement purchases 59–60
online 238
physical evidence and 132
product positioning via 96–97
sponsorship and 249
trademarks and 309
advertising agencies 206–7
Advertising Standards Authority 189
aerial advertising 200
AFL, see Australian Football League
Agassi, Andre 256
AGB Group 213
AIDA model 46, 168–69, 274
allegiance stage 45
alternative products 26, 57, 111, 114
amateur athletics, see local sports
ambush marketing 199–200, 276–79, 316–17
Amsterdam Arena 129
Anaheim Angels 309
Angels baseball team 313
announcement advertising 195
anonymous source, trademarks and 309
Anselmi, Tom 38–39
anti-defection programs 182
anti-siphoning laws 222
apparel purchases 75
Arena 273–74
Asia–Pacific, sponsorship levels 247
association rights 249–50, 268
athletes, see also celebrities; names of athletes; players promotion by 80
sponsorship of 254–55, 272–74
Atlanta Olympic Games 279
attachment stage 45
attendance figures at cricket 90
at tennis 60–61
Australian 42
frequency escalator 178–81
strategies to boost 335
attention, measuring 270–71
attitudes, market segmentation by 75
attraction stage 45
attractiveness 254–58
audience sampling 213–14
audience share, see ratings points
audio streaming 230
Australia broadband coverage 232
Heineken sponsorship in 269
internet use in 237
popular athletes 272
popular sports in 63, 273
sponsorship levels 247–48
sport on television 206–8, 210, 222–23
sports attendance 42
Australian Bureau of Statistics 42, 66
Australian Cricket Board 12,
see also cricket
Australian Football League, see also names of clubs
advertising by 197
attendance levels 42
bans aerial advertising 200
blog coverage 235
careers in 339
changes to game 11, 146

crisis management 298–99
customer satisfaction 159–62
event sponsorship 253–54

television rights to 218–20
turnover of 25

Australian International Airshow 107

Australian Olympic Committee 308

Australian Rugby League 26, 333

Australian Rugby Union 34–35

Australian Rules Football, see Australian Football League

Australian Sports Commission

24, 70

Australian Television Research 225

Australian Tennis Open

attendance levels 60–61, 273
decision to attend 56–57
pepper spray used at 152

Australian and Sport 67

Australian Less Active 66

australian industry

sponsorship 248–49

average audience 212

awards, event sponsorship 253–54

Awareness, Interest, Desire, Action model 46, 168–69, 274

awareness stage 45, 99

Balmain Tigers 97

bandwidth 223, 232–33

Barcelona Olympics 275

Barclaycard sponsorship 268–69, 272–74

bargaining power 25–26

baseball, see Major League Baseball (US)

basketball 42, 63, 86–87, 228, 317, see also National Basketball League

basking in reflected glory 150

Beachley, Layne 273

Beaton, Anthony xvi

Beckham, David 38, 164–65, 186, 257–58

avoidance segmentation 77–79

Beijing Olympics registered trademarks 308

sponsorship for 247–48, 259

venues for 126

benefit segmentation approach 75–76

Bennett, Brian 235

Big 5 Sport Motives 48–49

billboards 177, 196

'Birds Nest' building 126

BIRGing 150

Bleszinski, Tyler 236

blogosphere 233–34

Bloom, Howard 89

blueprinting 135–36

BMO Bank 40

Board of Control of Cricket in India 12, 148

body characteristics 49–50

Boston Red Sox 240

Bourne, Sandy 40

Bowie Baysox 168

branding 318–23

brand demand 169–70

brand equity 320

brand extensions 88

building on 317–18

recognition and 88–90

break-even analysis 116–18

Brian Sweeney and Associates

67

Brisbane Cricket Ground 188

Britain

interactive TV 223

Premier League 268–69

soccer in 140, 157–58

broadband 232

Brylcreem 257

Buchanan, John 184

budget for advertising 192–93

business use of the internet 237

buyer readiness model 168, 250, 268, 277

buying behaviour, see consumers

Calgary Olympics 278–79

Canada

Toronto Blue Jays 89–90

Toronto Football Club 37–40

trademark licensing 307

careers in sport marketing 339–40

celebrities, see also athletes; names of celebrities

advertising by 186, 201–3

edorsements by 132

testimonial advertising 193

cereals, sponsorship by 274–76

chambers of commerce, data from 66

Channel Nine 205, 216, 226

Channel Ten 103

channelsurfing.net 230

characteristics of sport products 8–11

charity donations 168–69

charity donations 168–69

Charleville Races Festival 54–55

China 33–34, see also Beijing Olympics

choice of licensee 315

Cityscape Program 279

Claassen, Bruce 39

‘clean stadiums’ 21

clothing purchases 75
consumer-to-consumer sales 238
consumers
attitudes and behaviours 65
bargaining power of 25–26
buying behaviour 271
involvement 8
involvement by 165–66
satisfaction of 142–62
understanding 41–61
content, in new media 233–34
contractual agreements 310, 316
control 233–37, 331–41
coordination of marketing 331–41
copy testing 198–99
Copyright Promotions Group 317–18
core products 146–47
corporate clients 207
corporate membership packages 123–24, 139
corporate responsibility, see ethical behaviour; social responsibility
cost
cost–volume–profit relationship 116–18
distribution of 192
intensity 192–93
leadership 35–36
of advertising 197–98
per thousand 197–98, 219–20
per thousand involved 220
counteract strategies 278
Courtemanche, Dan 38
creative strategy 193–94
credibility 254–58
Cricinfo 239
cricket
advertising for 195
Cricket Australia 4–6, 200, 338–40
economic impact 90
market segmentation 78
measuring success of 336
one-day cricket 4, 6, 32–33
popularity of 42, 63, 273
promotion of 183–84
Test cricket 32–33, 148
Twenty20 cricket 4–6, 73, 183, 336
World Cup 317–18
World Series Cricket 171–72

Crisp, Vin 231
Cultural and Recreational Services 90
cultural communication context 167
cultural groups 52
Cumani, Francesca 172
Currie, Lisa 275
customers, see consumers
cycling 260
Danaher, Peter 226
data collection and analysis 66–67, 71–72
day after recall (DAR) interviews 199
Daytona 500: 322
decision making 46–60
decline phase 98–99
Delgado, Carlos 89
delivery gap 154
demand 110–11, 169
demographics
data about 68
of television audience 212
segmentation by 74–75
trends in 24
demonstration advertising 193
depressive organisations 299
deserved expectations 156
diary ratings system 212
Diego 189
digitisation 223–24, 231
direct consumer marketing 180–81
direct experience 51
disconfirmation of expectations model 149–50, 157

CLSA Asia Pacific Markets 87
cost of 123–24
crisis management 298–99
critical trading radius 65
croke Park 188
Crosbie, Vin 231
Cumani, Francesca 172
cultural communication context 167
cultural groups 52
cumulative agreements 310, 316
corporate responsibility, see ethical behaviour; social responsibility
cost
cost–volume–profit relationship 116–18
distribution of 192
intensity 192–93
leadership 35–36
of advertising 197–98
per thousand 197–98, 219–20
per thousand involved 220
counteract strategies 278
Courtemanche, Dan 38
creative strategy 193–94
credibility 254–58
Cricinfo 239
cricket
advertising for 195
Cricket Australia 4–6, 200, 338–40
economic impact 90
market segmentation 78
measuring success of 336
one-day cricket 4, 6, 32–33
popularity of 42, 63, 273
promotion of 183–84
Test cricket 32–33, 148
Twenty20 cricket 4–6, 73, 183, 336
World Cup 317–18
World Series Cricket 171–72

Crisp, Vin 231
Cultural and Recreational Services 90
cultural communication context 167
cultural groups 52
cumulative agreements 310, 316
corporate responsibility, see ethical behaviour; social responsibility
cost
cost–volume–profit relationship 116–18
distribution of 192
intensity 192–93
leadership 35–36
of advertising 197–98
per thousand 197–98, 219–20
per thousand involved 220
counteract strategies 278
Courtemanche, Dan 38
creative strategy 193–94
credibility 254–58
Cricinfo 239
cricket
advertising for 195
Cricket Australia 4–6, 200, 338–40
economic impact 90
market segmentation 78
measuring success of 336
one-day cricket 4, 6, 32–33
popularity of 42, 63, 273
promotion of 183–84
Test cricket 32–33, 148
Twenty20 cricket 4–6, 73, 183, 336
World Cup 317–18
World Series Cricket 171–72

Crisp, Vin 231
Cultural and Recreational Services 90
cultural communication context 167
cultural groups 52
cumulative agreements 310, 316
corporate responsibility, see ethical behaviour; social responsibility
cost
cost–volume–profit relationship 116–18
distribution of 192
intensity 192–93
leadership 35–36
of advertising 197–98
per thousand 197–98, 219–20
per thousand involved 220
counteract strategies 278
Courtemanche, Dan 38
creative strategy 193–94
credibility 254–58
Cricinfo 239
cricket
advertising for 195
Cricket Australia 4–6, 200, 338–40
economic impact 90
market segmentation 78
measuring success of 336
one-day cricket 4, 6, 32–33
popularity of 42, 63, 273
promotion of 183–84
Test cricket 32–33, 148
Twenty20 cricket 4–6, 73, 183, 336
World Cup 317–18
World Series Cricket 171–72
discretionary spending 145
disintermediation 236
Disney Corporation 309
distributed campaigns 192
distribution 7, 133–34
of sport products 9–11
via internet 230–31
via new media 236–37
diversification 33–34
diversion goals 49
dog racing 42
Don Bosco High School 196
'Don't Drop the Ball' campaign 168
dramatic organisations 299
drug use in sport 299
e-commerce 238
economic issues 52, see also
pricing
effectiveness
of advertising 198–99, 220–21
of sponsorship 267–81
dependent needs 47
diagnosis needs 47
engaging features 51
England, see Britain
entertainment products 26
environmental marketing
factors 22–27, 53–54
Charleville Races Festival 55
in decision making 47, 51–53
escalar principle 178
ESPN 321
esteem goals 49
ethical behaviour 14, 291–92, see also
social responsibility; unethical
behaviour
ethnicity 50–51, 152
Europe
Champions League 252
Euro 2000 tournament 120
soccer clubs in China 33–34
soccer in 120, 139–40, 318
sponsorship levels 247
evaluation 57–58, 171
of advertising effectiveness 198–99
of public attitudes 284–89
Event Information Template 242
event sponsorship 253–54, 272–74
Evers-Swindell, Caroline and
Georgina 202
exchange process 6
excitement goals 49
expansion of sport codes 65
expectations 94–95, 149–50, 156–58
experience, in decision making 51
experiential benefits of sport 47
experimentation, data
collection by 72
external forces, in product
competition 23–24
external secondary data 66–67
extreme sports 76–77, 261–62
face-to-face presentations 174–75
facilities 125–41
advertising at 188
'clean stadiums' 21
mystique of 10
family factors 51–52
fan forums 239
fantasy sports leagues 241
Fears, Colin 139
Fedak, Justine 40
Federer, Roger 193, 201, 254–55
feed forward control 333
feedback control 333
females, see gender differences
fence signage 196
Ferguson, Alex 158
FIFA World Cup, see Soccer
World Cup
Fiji 167
Filo, Kevin xvi
final price 121–22
finance industry sponsorship 248
financial quality control 310
financial stability 338
Finchem, Tim 256
Fisher and Paykel 202
fixed costs 116
Fleming, Stephen 202
flyers 197
focus 35–36
focus groups 71–73
football, see Australian
Football League; National
Football League (US); rugby
league; rugby union; soccer
Football Federation of
Australia 123–24, 230
Formula One motor racing
advertising sales 215–17
Lewis Hamilton 174–75
losses from 182
pricing strategies 122
protests against 107
forums 233–34, 239
four Ps of marketing 6
Fox Sports 104, 236–37, 241
free-to-air networks 221–22
Freeman, Catherine 'Cathy'
205, 273
frequency vs. reach 190–91, 212
Friedman, Edward 318
full-menu marketing 78
Fuller, Peter 114–15
function-based similarity 269
funding, from governments 24
Funk, Daniel xv–xvi
Galbally, David 286
Ganzhorn, Preben 39
Gatorade 255–56, 285
gender differences
in magazine readership 68
in sport participation 49
in sport popularity 63
general information about
consumers 68
General Motors 275
generic demand 169
generic strategies 35–36
geographical location 52, 75, 119, 279–80
Germany, soccer events in 120
Gilchrist, Adam 272
Gillette 201, 254–55
Gilliam, Terry 192
giveaways 173
Global Retail Environment Program 317
goals and objectives of advertising 191–92
of licensing programs 315
of marketing 31–36
of pricing 107–9
of sponsorship 249
of sport organisations 28
Godfrey, Paul 89–90
golf 193
goods quality 151–52
governing bodies 5, see also names of governing bodies
government intervention, see also regulation in competition 23–24
in funding 107
in hallmark events 120
legislative 23
price regulation 118
racial policy 301
Grand Prix, see Formula One
motor racing
gross rating points 212
growth phase 97–100
Guccione, Chris 169
Hackett, Grant 272
hallmark events 107, 119–20
Hamilton, Lewis 174–75
Harkness, Andy 39
Harmison, Chuck 143
harness racing 42
heavy consumers 181–82
Heineken 252, 269
Henry, Thierry 201, 254–55
heterogeneity of services 91
high-involvement purchases 58–59
Hill, Nigel 192
Hipsley, Andrew 188–89
Hochberg, Joel 187
Holding, Michael 73
homes using television 209
honest twist 193
horse racing advertising for 195
tennis levels 42
Australian interest in 273
economic impact 90
Melbourne Cup 172, 273
Melbourne Spring Racing Carnival 90
Howard, John 53
HUMMER 105
Hunter Pirates 86
HUTs 209
'I want to be like Mike' campaign 195
ideal expectations 156
identification of trademarks 309
with clubs 151
with players 255
image-based similarity 269–70
image building 297
'Image is Everything' campaign 195
image transfer 250
imitation advertising 195
India, cricket in 12, 26–27, 148, 182–84
indirect consumers 179–81
individual learning theory 50
industry competition 24–27
information sources 56–57
information systems 30
innovation 110
inputs to decision making 47, 58
inseparability of production and consumption 91
Institute of Public Relations (UK) 283
intangibility and tangibility 9, 91–92, 131
integrated marketing 258–61
intellectual property rights 306
intensity of competition 25
interactivity 232–33
interdisciplinary approach 43
internal capabilities of organisations 27–30
internal inputs in decision making 58
internal processing 45
International Cricket Council 148
International Cricket League 26–27
International Olympic Committee 208
internet advertising on 197
distribution via 230–31, 317
interviews 147, 295
introduction phase 97, 99
involvement in decision making 58–60
Iowa Supreme Court 196
IPSOs UK 271–72
Jackson, Mike 271–72
Japan Sports Vision 317–18
Jefferson, Sean 274
Johnston, Mo 39
Jones, Eric 168
Jones, Marion 291
Jordan, Michael 258, 285
junior sports, see also youth market
boosting participation in 335
marketing of 65–66
modifications for 33
telemarketing for 176
Keating, Paul 170
Kellogg's 275
Kewell, Harry 272
'kitchen table' administration 12
knowledge gap 153
Krajicek, Richard 256
Kumar, Manoj 167
LA Galaxy 164, 258
Ladder Predictor 243
Laws, John 169–70
lead generation 297
learning theory 50
Lee, Brett 255–56
legal protection 316–17, see also contractual agreements
Leiwke, Tim 164
Lenova Group 259
level of involvement 58
Lexmark Indy 300: 80–81
Li Ting 259
libraries, data from 66
licensing programs 176, 305–27
branding and 320–21
marketing through sport 15
measuring success of 337
physical evidence and 132–33
setting up 324–27
life cycle stages 74
lifestyle advertising 195
light consumers 181
likeability 256
Lilley, Dennis 202
line extensions 88
local sports 175–76, 239, 242–43, 263–66
location dependency 119, 279–80
logos 88–89, 306–7, 313–14, see also branding
London Organising Committee for the Olympic Games 189
Long, Michael 283, 286
low-involvement purchases 59–60
loyalty 87, 337
M2 magazine 186, 193
magazines 68, 195–98, see also names of magazines
Major League Baseball (US) 240
advertising by 194–95
Bowie Baysox 168
facilities for 130, 140
logos in 313–14
online communities 240
males, see gender differences
management information systems 30, 64–67
management of sport products 8
for television 222–23
marketing in 11–14
public relations and 284
Manchester United 176, 317–18, 321
many-to-many media 232
Maple Leaf Sports and Entertainment 37–38
market development 32
market equilibrium 111–13
market for sponsors 247–49
market penetration 32
market research 30, 62–82
by AFL 160–61
into price sensitivity 110–16
marketing 6–8
channels for 136–38
constraints on 118–20
control of 331–41
effect on sport consumption 52
function of 133
new media and 237–40
‘of’ and ‘through’ sport 14–15
marketing information systems 64–67
mass media 52, 232
massed strategies 192
maturity phase 98, 100
maximum shareholder value 107–9
McAdam, Gilbert 303
McDonald’s 259–60
McGeoch, Rod 246
McGrath, Glenn 272
McKicks mobile soccer clinics 260
measurement of satisfaction 147–48
of success 334–38
of television audiences 208–14
media database of 292–93
for advertising 68
physical evidence and 132
public relations and 292
selecting 198
strategy for 193, 195–98
types of 232
media buys 207
Medibank International Tennis Tournament 168–69
medium consumers 181–82
Melbourne Cup, see horse racing
Melbourne Park 61, 132
Melbourne Victory Football Club 123–24
men, see gender differences
merchandising 310, 337
Merlino, James 182
Microsoft XBox 166
Mighty Ducks of Anaheim 309
minimum tolerable expectations 156
MISs 30, 64–67
missions, see also goals and objectives
of marketing 31–36, 69–70
of sport organisations 28–30
modelling
consumer behaviour 44–47
consumer response 168–69
service quality 153–55
modifications of sports 6, 33, 147, 222–23
money-back guarantee 165–66
Monkhorst, Damien 286
Moore, Peter 166
Mornington Peninsula 64–65
Mosley, Max 174
motives for sport consumption 48
motor sports
attendance levels 42
Daytona 500: 322
Formula One racing 107, 174–75, 215–17
Lexmark Indy 300: 80–81
Olympia Motor Speedway 189–90
multi-purpose facilities 139
multiculturalism 50–51, see also ethnicity
multiple segmentation 78
Namath, Joe 194
names, property rights in 306–7
National Basketball Association (US) 228, 317
National Basketball League attendance declines 143–44
expansion of 5, 86–87
product development 102–5
product life cycle 98–99
product positioning 95–96
National Collegiate Athletic Association 235–36
National Football League (US) cost of television rights to
228
Super Bowl 214–15, 321, 322
National Rugby League new media and 236–37
product development 97
product positioning 95–96
website 243
negative disconfirmation 149
netball 42, 63
Netherlands, soccer events in 120
Neuburger, Jeffrey 236
new entrants to market 26–27
new media 23, 229–44, see also technological change
New South Wales Rugby League 32, 96–97
New South Wales Rugby Union 68
‘new’ sports 261–62
New Zealand television advertising 202
News Ltd 237
newspapers 195–98
‘niche’ sports 261–62
Nick Faldo Golf Company 316–17
Nike 176, 279, 317
Nine Network 205, 216, 226
noise 168
non-consumers 178
non-price factors 115–16
non-profit organisations 28
non-verbal cues 167
‘Norman factor’ 335
North America, telemarketing in 175–76
Olympia Stadium 132
Novak, Lisa 89–90
NSW Waratahs 34–35
NSWRL 32, 96–97
Oakley, Ross 290, 303
objectives, see goals and objectives
observation, data collection by 72
obstacles 53–54
Olympia Motor Speedway 189–90
Olympic Games advertising at 189, 208
ambush marketing 199–200, 278–79
Australian swimming team 334–35
Beijing 126, 247–48, 259, 308
brand value 322
Calgary 278–79
cost of television rights 228
marketing channels 136–38
registered trademarks 308
reputation of 296
Salt Lake City 205–6, 260, 279
Sydney 140, 205–6, 246, 308
Olympic Park 129, 140
Olympic Partner Program 248
on-field success 334–35
one-day cricket 4, 6, 32–33
one-to-many media 232
one-to-one media 232
O’Neill, John 34–35
online communities 239
online sales 238
opinion leaders 301
opportunities and threats 27–30
organisations as club members 289
internal capabilities of 27–30
licensing programs 315
market research in 67–69
objectives of 70
outdoor advertising 196
over-capacity 11
over-exposure 257
OzTAM data 66–67, 213, 225–26
Packer, Kerry 12, 183
paranoid organisations 299
‘part-time marketers’ 133
partial cost recovery 110
participants, see players
participation 177–81
Participation in Sport and Physical Activities, Australia 66
pay television 11, 23, 208, 221–23
PBL Marketing 12–13
Peek, Tony 290
peer influence 52
Pele 194
people meters 208, 212–13
pepper spray use 152
perceived service 94–95
perceptual maps 95
performance goals 48
 perishability of services 91
personal inputs 49–51, 54–55
personal selling 174
personalisation 233
personality choice of sport and 49–50
of star athletes 256
physical communication context 167
physical design 96
physical evidence 131–33
physical source, trademarks and 309
place dependence 119, 279–80, see also geographical location
planning 19–40, 252
central role of 340–41
for facilities 128
for public relations 292–96
players, see also athletes; celebrities
bargaining power of 26
information from 65
sponsorship of 254–55
policies 289–92
political interventions 24, 52–53
Ponting, Ricky 169–70, 272
Port Adelaide Football Club 339
positioning 80, 95–97
positive disconfirmation 149
post-purchase outcomes 57–58
posters 197
Powers, Richard 38
Premier League, Barclaycard sponsorship 268–69
premium tickets 180–81
presentation of findings 71
press conferences 293–94
press releases 293
pricing 7, 106–24
competitors’ strategies 118
discrimination via 121
elasticity of demand 113–14
of sport products 9
sales promotion and 173
standardised 35–36
primary data 67
problem recognition 56
procedures 289–92
process, see distribution products, see sport products profit maximisation 109, 206
program ratings 206–14, 225–26
promotion 7, 163–84
of sport products 9
physical evidence and 132
promotion mix 120, 177
strategy development 170–71
promotional licensing, see licensing programs
Protheroe, Chris 318
psychographics 68, 75–76
psychological approach 43, 47–49, 54
Psychological Continuum Model 44–47, 80–81
public attitudes and opinions 284–89
public interest, policies linked to 289–92
public relations 173, 249, 282–304
publicity 10, 173, 296
publics of sporting organisations 27, 286
purchase decisions 57
Qantas 199–200
quality of sport products 87, 93–95
measuring 337–38
pricing goals and 110
trademarks and 309–10
quantitative research 72–73
QUESC 155
Quick, Shayne xv
Rabobank 260
racial vilification case 283, 286–88, 290–91, 300–304
racialism 301–4
radio advertising 196–98
Rasmussen, Michael 260
ratings points 206–14, 225–26
reach vs. frequency 190–91, 212
reactive public relations 291
Real Madrid 164, 257–58
real-time interactions 233
recall of advertising 199, 270–71, 278–79
recognition of advertising 199, 278–79
‘Red Meat Feel Good’ campaign 202
Reebok 167–68, 191–92
registered trademarks 307–8
regulation 23, 118, see also government intervention
relationships, in licensing programs 316
religious groups 52
religious vilification 303
reputation management 296–97
research firms involved in 271–72
into sport sponsorship 261–62
methods of 71–73
resourcing for licensing programs 316
response model 168–69
responsiveness 233
return on investment 261
revenue 109, 206
revitalisation of a product 100
Ricciardi, J.P. 89
right to associate 249–50, 268
Roy Morgan Research Centre 63, 67
rugby league 32, 42, 96–97, 236–37, see also Australian Rugby League
rugby union, see also Australian Rugby Union
attendance levels 42
economic impact 90
Fijian team 167
New South Wales Rugby Union 68
World Cup 20–21, 90, 167, 215
rules, modifications of 6, see also modifications of sports
Ryder Cup 193
sales growth maximisation 109
sales promotion 173, 177–82, 191–92
Salt Lake City Olympics 205–6, 260, 279
San Jose Sharks 316, 323
'Save Albert Park' group 107
SBS 205
Schilling, Curt 240
Schulz, Chris 202
Schumacher, Michael 254
scoreboards 132
Scott, Adam 255
seat-sharing 78
second-order satisfaction 149
secondary data 66–67
segmentation 74–79
self-reporting of satisfaction 148
sellout stadiums 180–81
service groups 52
services
advertising of 193
delivery models 135–36
quality management 142–62
service gap 153
sports as 90–93
servicescape 128–30
SERVQUAL 154–55
servuction 133–34, 146
Seven Network 218–21
SGMA Volleyball Council 332
Shapiro, Dmitry 214
Shaw, David 301
Sheedy, Kevin 288
Shilbury, David xiv
Silver Ferns 202
'Simply the Best' campaign 32, 96–97
Singapore Stingers 86–87
Skilled Stadium Geelong 36
slice-of-life advertising 194–95
SMART objectives 30, 70, 338
snowboarding 79–80
'So you think you know Lenovo?' campaign 259
soccer
A-League Football 230, 256, 284
attendance levels 42
Australian interest in 273
facilities for 140
Football Federation of
Australia 123–24, 230
globalisation of 4
hallmark events 120
in Britain 157–58
popularity of 63
Premier League 268–69
product diversification 33–34
ticket sale revenue 139
Toronto FC 37–40
UEFA 318
Soccer World Cup
advertising at 191–92, 194
ambush marketing 200
brand value 322
McDonald's sponsorship
259–60
on television 205
online sales from 317
social interaction via sport 48
social learning theory 50
social–psychological
communication context 167
social responsibility 14, 118, 262, see also ethical
behaviour
sociological approach 43
Softball Australia, staff
employed by 339
South Sydney Rugby League
Club 14
spectators, involvement of
165–66, see also
consumers
Spong, Doug 77
SPONSEFFECT model 274–76
sponsorship
AFL racial vilification case 301
as communication vehicle 59
as measure of success 335–36
attracting and predicting
245–66
effectiveness of 267–81
of sport products 10
of telecasts 217
sponsorship myopia 263, 336
sport organisations, see
organisations
sport products 7, 85–105
characteristics of 8–11
demand for 110–11, 169
development of 32–33, 97
differentiation between 35–36
diversification of 33–34
extensions to 87–88, 146–47
life cycle of 97–101, 187
marketing 3–16, 32, 136–38
product mix 119
usage data 68
sport servuction model 133–34, 146
sport-specific information 69
SportBusiness in Numbers 248
sportplaces 138–41, see also
facilities
sports equipment, purchase
decisions 75
sports facilities, see facilities
sports magazines 196, see also
magazines
sports tourism 90
sportscape 128
spot packages 217
SSMPP 19–40, 340–41
St Kilda Football Club 187
Stadium Australia 140
staff 134–35, 338–40
standardised pricing 35–36
standards gap 153–54
Starch Readership Test 199
Stewart, Mark 114–15
Stoner, Casey 256
strategic sport-marketing
planning process 19–40,
340–41
substitute products 26, 57, 111, 114
Sun Tiantian 259
sunscreen advertising 188
Super 14s 20, 34
Super Bowl 214–15, 321, 322
Superleague dispute 26, 333
suppliers, bargaining power of 26
supply, price sensitivity and 111
surveys 71
by AFL 160
of consumers 65, 67
of satisfaction 147
of television audiences 213–14
SERVQUAL 154–55
sustainability 31
Sutherland, James 4
Sweeney Sports 67, 272–73
swimming
at Olympic Games 334–35
Australian interest in 273
careers in 339
organisational goals 29–30
switching cost 26
SWOT analysis 28
Sydney Kings 104, 143–44
Sydney Olympic Park 126
Sydney Olympics 140, 205–6, 246, 308
Sydney Swans 177–78
symbolic association
advertising 195
Symonds, Andrew 183
tangibility and intangibility 9, 91–92, 131
target audience rating points 211–12
target markets 79–80, 286
Taylor, Mark 202
team sports, market segmentation 78
Team Up 202
TEAMQUAL 155–56
technological change
at stadiums 132
digital television 223–24
in data collection 72
in facility sustainability 53
in sports distribution 11
new media 229–44
telemarketing 175–76
television 5, 101, 103–4, 204–28, see also pay television
advertising on 197–98
cost of rights to 228
measuring success on 336–37
program ratings 206–14, 225–26
Telstra 236–37, 243
Telstra Dome 129
Ten Network 215
tennis
Australian Open 56–57, 60–61, 152, 273
decision to attend 56–57
Medibank International Tennis Tournament 168–69
popularity of 42, 273, 275
Wimbledon Final 205
Test cricket 32–33, 148
testimonial advertising 193
The Olympic Partner Program 248
Thorpe, Ian 272, 306
ticket pricing 35–36, 114–15, 177–81, see also pricing
ticket sales, European soccer 139
‘Tiger Woods’ brand 321
time dependence 120–21
timing of advertising 197–98
Toronto Blue Jays 89–90
Toronto Football Club 37–40
Total Quality Management 151
Toyota 275
tracking studies 271
Trade Marks Act 307
Trade Practices Act 276
trademarks 307–14
Turner, Bob 86–87
Turner, Tina 96–97
Twenty20 cricket 183
growth of 4–6
in India 12
market research 73
measuring success of 336
UEFA 318
Ulmer, Sarah 202
Umaga, Tana 202
umbrella advertising 193
Uncle Toby’s 275
unethical behaviour 278, see also ethical behaviour
unique selling propositions 193
United Kingdom, see Britain
United Nations Inter-Agency Task Force on Sport for Development and Peace 262
United States
cost of television rights in 228
facility development 140–41
national competitions 11
online sales 238
sponsorship levels 247
trademark licensing 307
universities, data from 66
unpredictability of sports outcomes 8–10
usage segmentation 77
user control 233
value
of a brand 322
of licensing 322–23
of sponsorship 270
Valvoline 169–70
Van Leeuwen, Linda xvi
variable components of place 127
variable costs 116
Veeck, Bill 165
Velasco, César 38
venues, see facilities
viability 25
Victorian Football League 5, 11, 218
Victorian Titans 104
video games 312
video streaming 230
virtual advertising 224
<table>
<thead>
<tr>
<th>Visa 260</th>
<th>World Wide Web, see internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>volleyball 332</td>
<td></td>
</tr>
<tr>
<td>volunteers 11–12</td>
<td></td>
</tr>
<tr>
<td>Waggoner, Glen 241</td>
<td></td>
</tr>
<tr>
<td>Warner Bros. Consumer Products 318</td>
<td></td>
</tr>
<tr>
<td>Washington Wizards 285</td>
<td></td>
</tr>
<tr>
<td>Westerbeek Hans xiv–xv</td>
<td></td>
</tr>
<tr>
<td><em>Wide World of Sports</em> 216</td>
<td></td>
</tr>
<tr>
<td>Wimbledon Final 205</td>
<td></td>
</tr>
<tr>
<td>win–win situations 251–54</td>
<td></td>
</tr>
<tr>
<td>Winmar, Nicky 287</td>
<td></td>
</tr>
<tr>
<td>winning focus 88, 334–35</td>
<td></td>
</tr>
<tr>
<td>wireless broadband 232</td>
<td></td>
</tr>
<tr>
<td>women, see gender differences</td>
<td></td>
</tr>
<tr>
<td>Woods, Tiger 201, 254–55, 321, 335</td>
<td></td>
</tr>
<tr>
<td>world cups, see cricket; rugby union; Soccer World Cup</td>
<td></td>
</tr>
<tr>
<td>World Series Cricket 12, 171–72, 183</td>
<td></td>
</tr>
<tr>
<td>World Swimming Championships 182</td>
<td></td>
</tr>
<tr>
<td>World Wide Web, see internet</td>
<td></td>
</tr>
<tr>
<td>XBox 166</td>
<td></td>
</tr>
<tr>
<td>youth market 104, 257, see also junior sports</td>
<td></td>
</tr>
<tr>
<td>zapping 220</td>
<td></td>
</tr>
<tr>
<td>zero-defects quality 151</td>
<td></td>
</tr>
<tr>
<td>zero disconfirmation 149</td>
<td></td>
</tr>
<tr>
<td>Zhuang Weimin 126</td>
<td></td>
</tr>
<tr>
<td>Zulueta, Pilar 318</td>
<td></td>
</tr>
</tbody>
</table>
Managing Sports Facilities and Major Events

Hans Westerbeek, Aaron Smith, Paul Turner, Paul Emery, Christine Green and Linda van Leeuwen

Whether it's an Olympic event or a junior athletics competition, careful organisation is required to ensure the game is enjoyed by both competitors and spectators. From corporate boxes to sprinklers, food outlets to toilets, first aid to media, facility and event managers are accountable for the success of each sporting event.

Managing Sport Facilities and Major Events explains how to get the job done from a management perspective. With detailed international case studies in each chapter, the book offers a systematic guide to the practical management issues and technical problems that sports managers address on the job.

Chapters cover feasibility assessment, market research, event bidding and branding, risk analysis, contract and project management, corporate structure, quality assurance, budgeting, facility management, staffing, occupational health and safety and contractual considerations—as well as economic, social, community and environmental impact issues.

Written by an international team of experienced scholars, Managing Sport Facilities and Major Events is an invaluable student text and professional reference.

About the authors

Hans Westerbeek is Head of the School of Sport, Tourism and Hospitality Management at La Trobe University in Melbourne, Australia. He is co-author of Strategic Sport Marketing.

Aaron Smith is Associate Professor and Director of Research in the same school and the author of Sports Management. Both are co-authors of The Sport Business Future, Sport Business in the Global Marketplace and Better by Design: the evolution of Australian sport policy.

Paul Turner and Linda van Leeuwen are Senior Lecturers in the Bowater School of Management and Marketing at Deakin University, Melbourne, Australia.

Paul Emery is Project Director in the School of Psychology and Sport Sciences at Northumbria University's Wynne-Jones Centre, Newcastle upon Tyne, United Kingdom.

Christine Green is Assistant Professor in the Department of Kinesiology and Health Education at the University of Texas at Austin in the United States.

ISBN: 978 1 74114 194 8