

An Introduction to Sports Marketing

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1. Introduction:

The origin of marketing began during the early 20th century, whilst moving goods fast and in bulk was of significant importance. Therefore, marketing emerged to speed things along. The 1920's was the decade that introduced the salesman and sale pitch, which allowed businesses to track sales and communicate with customers in a whole different way. From the 1950's onwards was the start of market research, which still essential and valuable to businesses today. This granted companies to sell what the public and consumers actually wanted to buy, rather than them trying to persuade them to buy unnecessary items. The 1990's saw the salesman taking values from the sales era and adapting their sales pitch from pushing one sale to building a close and trusting relationship with the consumer. As a result, this is where recommendations and returning customers first started being positive and valued. Soon after relationship marketing became key, putting consumers at the centre of the business became just as important. Bringing market research from the 50's and building relationships with customers in the 90's constructed vast customer strategies. (Oxford College of Marketing, 2020).

We now live in the “digital marketing era.” This has moulded around society being depended on technology and as a consequence business use technology to reach a wide range of target audiences and given smaller companies the opportunity to be successful. (James Hardy, 2016). This is shown in figure 1.

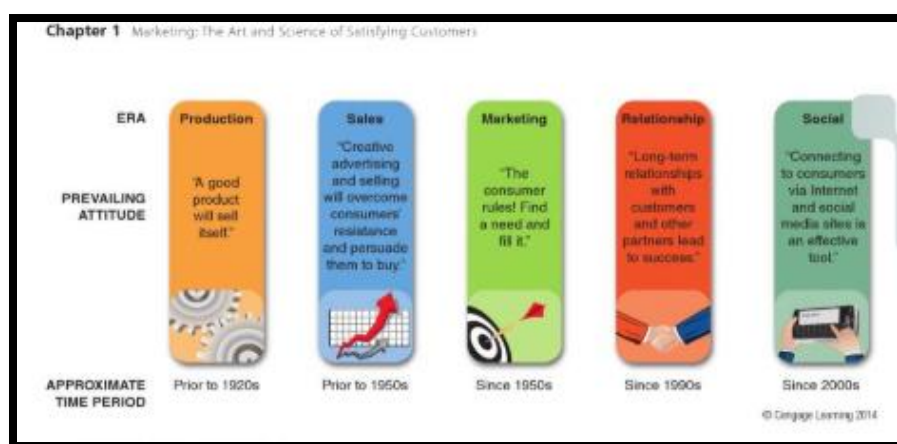


Figure 1

(Contemporary Marketing, Louis Boone and David Kurtz, pg.9, 2013).

2. Types of Marketing

2.1 What is Marketing:

Marketing is a function of an organisation or business that has set parts for communicating, delivering values to customers, which involves building and maintaining consumer relationships to benefit the overall organisation and its stakeholders. (American Marketing Association, p.259, 2009).

Sports Marketing is “specific application of marketing principles and processes to sports products and to the marketing of non-sport products through association with sport”. (Matthew Shank and Mark Lyberger, p.5, 2015).

2.2 Traditional and Contemporary Marketing:

There are two types of marketing, traditional and contemporary marketing.

Traditional marketing covers many forms of advertising and marketing and focuses on what we see and hear in day to day life. (Williamson, 2020). The four categories of traditional marketing are print which is the oldest of the four, broadcasting, direct mail and telephone. Traditional marketing campaigns often have an advantage when it comes to staying in power, this is because they become more iconic and therefore instantly become familiar to millions of people. In the top five campaigns of the 20th Century, according to Network Television Powerhouse NBC was Nike “Just Do It” in second. (Marketing School, 2012).

Contemporary marketing “refers to theories that stress the importance of customer orientation.” (Coviello, Brodie et al, p.501, 1997).

Contemporary marketing is usually associated with profit organisations but is also used for governments and sports organisations. (Coviello, Brodie et al, p.501, 1997).

The aim of contemporary marketing is to create long-term satisfaction and relationships. A list of studies has suggested that market orientation affects the outcome on business’ overall performance. (Roger Palmer and Jacqueline Pels, p.59, 2005).

3. Public, Private and Non-Profit Organisations

3.1 Public Organisation – Sport Wales:

Sport Wales is “the national organisation responsible for developing and promoting sport and physical activity in Wales.” (Sport Wales, 2020).

Sport Wales want Wales to be a more active and healthiernational whilstenabling sport to thrive throughoutthe country. In January 2010, the Minister if Heritage Alun Ffred Jones introduced the “Creating an Active Wales Physical Activity Action Plan”. The programme for the Government’s aspirations of stopping poor health. The Welsh Government decided to focus on children and adults separately, their targets were that children between the ages of 11-16 would increase the average of physical activity from 3.9 days to 4.9 days per week by 2020. Thus, adults moving their advantage for participating in physical activity from 2.4 days to 3.4 days on average per week by 2020. (Welsh Government, Creating an Active Wales: Three Year Progress Report - Summary, p.1, 2019).

The budget for sport and physical activity for 2020-21 is £25.7 million including a capital investment of £3 million in local sports facilities. (Welsh Government, 2019). Sport Wales highlight that they have many partnerships from local volunteers, administers such as coaches and PE teachers to Street Games, Urdd and Colleges Wales. (Sport Wales,2020). This is highlighted in Figure 2.

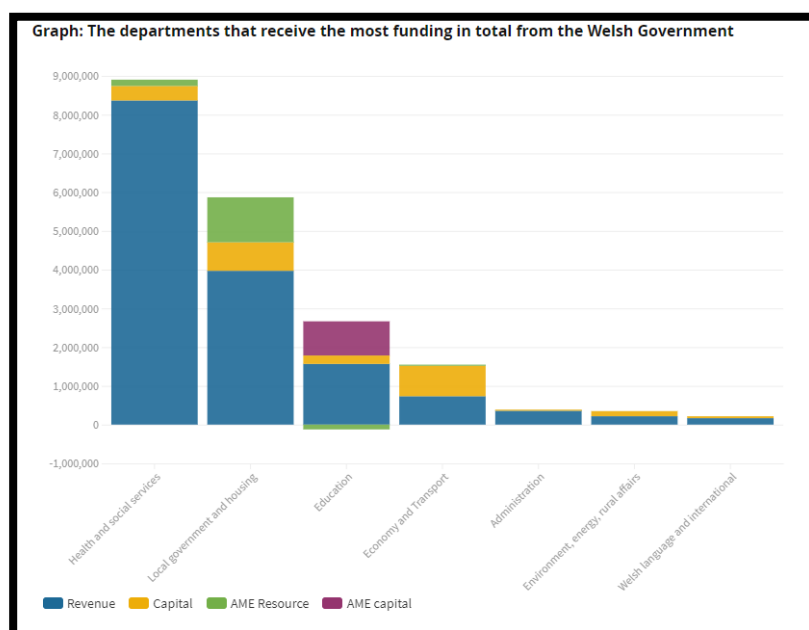
Figure 2

3.2

=

(NBA):

The



Private
Organisation
National
Basketball
Association

NBA is the
organisation

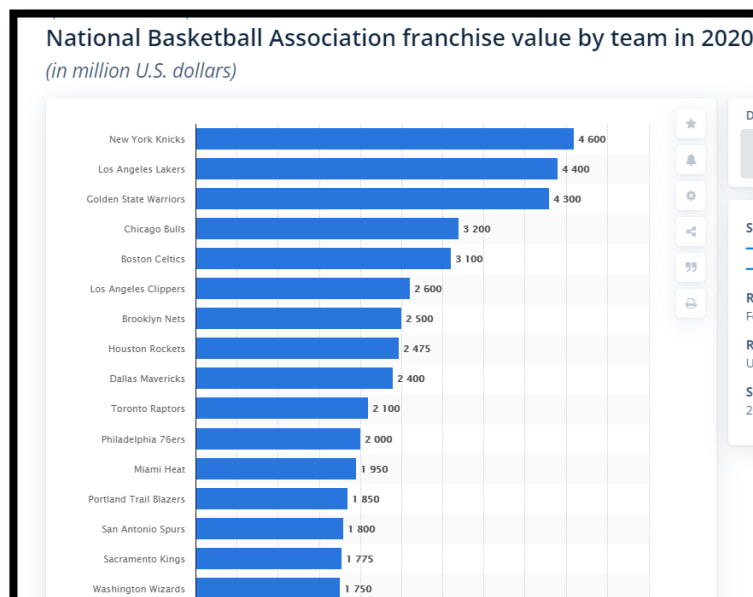
which is responsible for professional basketball in America. (NBA, 2020).

The NBA aims are to “stimulate the academic environment of quality of teaching and research in these institutions, contribute to sphere of knowledge in its discipline and development of leadership qualities”, and their values being integrity, team work, respect and innovation. (NBA, 2020).

At the end of the 2017-18 season the NBA ratings had increased in all four networks when compared with the previous season. For example, ABC was +17% and ESPN being +4%. This was the highest recording in five years. The increase in the audience was led by young adults which were classed as “hard to reach”, with ratings for 18-34 age group risen by 14% and the 18-49 age group by 15%. The average age for NBA supporter is 42 which is fairly young compared to the average NFL supporter being 50. Furthermore, the NBA attendance in games have expanded for the fourth season in a row, reaching 22.1 million. The average attendance per game in the 2017-18 season was 17,978 and at the same time selling out a record 741 times. At the end of the season the NBA had sold 95% of the overall tickets available. (Brad Adgate, 2018).

In the 2020 season, each of the 30 teams in the league were valued by their franchise the top 3 were, New York Knicker at \$4,600 million, Los Angeles Lakers at \$4,400 million and Golden State Warriors at \$4,300 million. This is supported by figure 3.

Figure 3 –



(NBA,2020).

3.3 Non –

National

The slogan
Lottery is
change
National

£30 million every week on average for local communities, power sports teams, save the environment and unleashes creative talent. They support over 400 new projects

Profit

Organisation – Lottery:

for the National
“We exist to
lives”. The
Lottery raises

each week, making their target audience the whole of the UK. £40 billion is invested in the country by 12 specialist originators. (National Lottery, 2020).

The National Lottery fund a range of different projects from heritage, charity, arts and sport. For example, money given to Sport Wales from the National Lottery has helped projects such as, Community Chest which receives between £1-1,500, Development Grant which gain between £1,1501-25,000 and Elite Cymru. Their grant is decided on the Elite Cymru panel. Other grants include, People and Places which receive between £10,000-500,000 depending on if they fall into the medium or large grant and the National Lottery Community Fund for all of Wales is between £300-10,000. (National Lottery, 2020).

3.4 Comparing Public, Private and Non - Profit Organisations to the Seven P's:

The 7 P's of marketing take into consideration the people, price, product, place, promotions, process and physical evidence of an organisation. (Dr Muhammad Tariq Khan, p.100.2014).

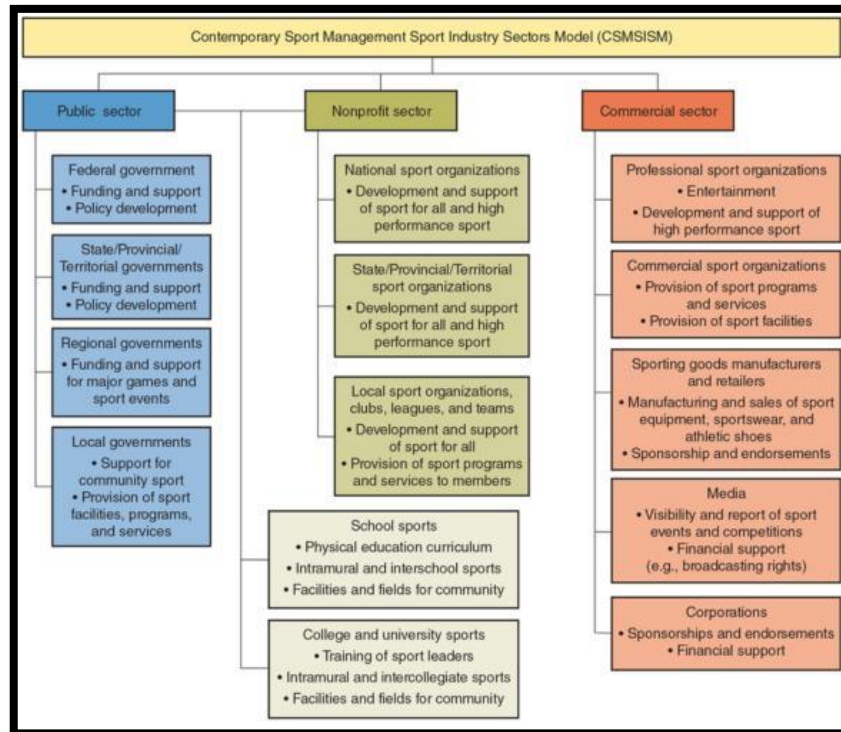
A Public organisation such as Sport Wales focuses more on the people, physical environment and price. This is because, the public sectors do not have a product the aim to provide an experience or advice to specific groups. (Institute for Government, 2020). For example, Sport Wales campaign "A Vision for Wales," which was introduced in 2009 to encourage physical activity. (Sport Wales, 2020).

A Private organisation like the NBA centres their business marketing around the supporter, their experience and their likes and dislikes. Pinpointing a potential six out of seven of the P's. e.g. people, physical environment, promotion, product, place and process (experience of the fans). The reason for why a private organisation focuses more of the P's is to increase their overall profit. (McAdam and Reid, p.317, 2000).

A Non-Profit organisation is fixated on the same P's as a public organisation, meaning it is all about making a difference to the individual or target group. (Beech and Chadwick, p.240, 2004).

Both Private and Non-Profit sectors have a lot of similarities. For example, the both can relate to the current economic climate e.g. lack of spending money. Moreover, the private sector has consumers buying less and the Non-Profit sector has less people donating or in the case of the National Lottery playing.

Figure 4



4. Marketing Analysis

4.1 PEST:

A marketing environment involves many different factors that could potentially cause problems for an organisation if they do not pay attention to them. These factors are Political, Economic, Social and Technology (PEST Analysis). (Andi Robertson, p.9 ,2009). This is a management method whereby an organisation can assess major external factors that influence its operation in order to become more competitive in the market. (Investopedia, 2020). These should be considered as part of any market research especially when planning a product launch. (Andi Robertson, p.9 ,2009).

4.2 SWOT:

Another way to analyse your internal and external strengths and weaknesses is by using a SWOT Analysis. This is a framework used to evaluate a company's position and to develop strategic planning. SWOT analysis highlights internal factors, as well as current and future potential. (Investopedia, 2019).

An example of this is the O2 Arena. the facility has many strengths including the range of sporting events e.g. Play-Off basketball for British Basketball and Nitto ATP Tennis. The location of the arena is also an advantage with a train station, two car parks, hotels and plenty of options for food all in walking distance. Furthermore, they have a network of partners such as, Active Digital, Cellular Solutions and Welcomm Communications Limited. (O2, 2020).

The O2 Arena's weakness is compared to their competitors they do not have any boardrooms, this is a weakness due to potential clients deciding to go else where and therefore losing potential profit.

After looking at the what activities and opportunities the O2 Arena offer there are no clear options for the over 65 population. The O2 has more than enough space to add something or expand on what is already there. For example, the garden, this could easily be improved by having suitable seating and easy access to the facility.

The O2 Arena's biggest threat is the new Tottenham Hotspur stadium that opened in April 2019. This is because they are offering very similar experiences as the O2 and due to it being so new people are more likely to want to go and experience Tottenham Hotspur stadium compared to the O2 especially if they have already been to the O2. Thus, linking to the O2 Arena's weaknesses the Tottenham Hotspur stadium does have boardroom and therefore losing profit. (Tottenham Hotspur, 2020).

5. Case study – Fulham F.C Strategic Marketing for Football Clubs:

In September 1997, Fulham Football Club was in the middle of the second division and had little money and no ground. Their supporters were dwindling due to the lack of wins and promotion, this is when Mohammed Al Fayed bought the ground from RBS and vowed to inject millions of pounds into the club to achieve Premiership status within five years and hired Kevin Keegan. (Brennan, Baines et al, p.228, 2003). In the next couple of years, the manager had changed to Jean Tigana who took Fulham to middle of the Premiership table after winning promotion as champions in 2000-01 season. (Brennan, Baines et al, p.229, 2003).

As football advanced a new reputation from being just a sport to an industry, Fulham displayed the importance of communicating with supporters. The club undertook a number of surveys directed at uncovering supporters' opinions, views and perceptions. The promise of the Premiership gave the supporters a future to look forward to. (Brennan, Baines et al, p.229, 2003).

Football supporters show high levels of loyalty to the football brand. Brand switching happens less frequently than a typical commercial service consumer. For example, bank customers are more likely to switch their current accounts from Natwest to HSBC if they are not happy with the level of services that they get than compared to Fulham F.C season ticket holders are likely to become Brentford F.C fans, if Fulham perform under expectation. (Brennan, Baines et al, p.230, 2003).

In January 1999, Fulham had on average 3000 season ticket holders, which represented a large number of the crowd attending on each game, this is due to them being the most frequent attending supporters. The graphs below show the results of the survey Fulham F.C conducted working out who are the people they need to target better or continue to market towards. (Brennan, Baines et al, p.231, 2003).

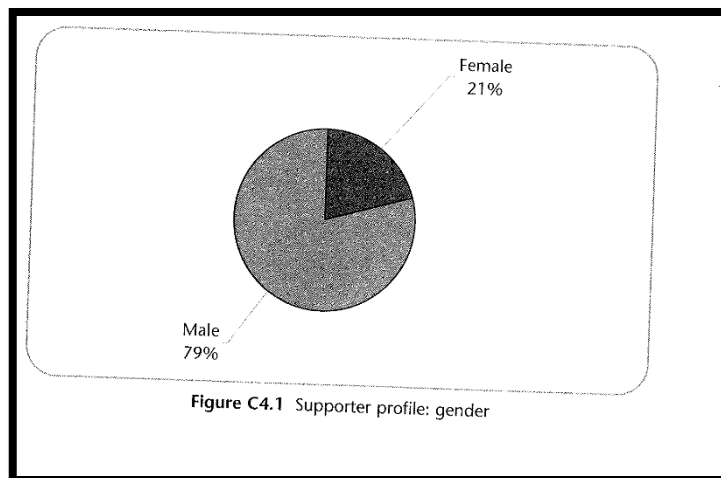


Figure 5 – (Brennan, Baines et al, p.231, 2003).

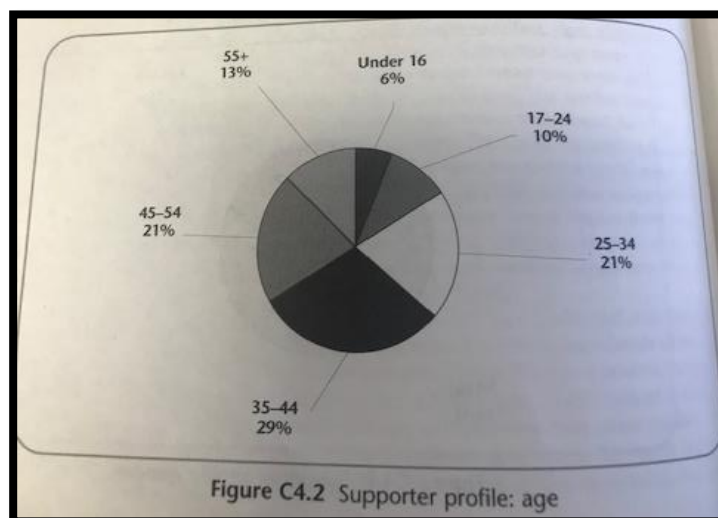


Figure 6 - (Brennan, Baines et al, p.232, 2003).

Figure 6 highlights that there is age distribution to the surveys. The main differences are that there are fewer younger fans in comparison to older fans. e.g. 16% aged between 16-24 and 34% aged 45+. In addition, the variation of growth of the 65+ segment is due to the increasing older generation who may have not attended regularly possible because of they were persuaded with the current successful of the club. (Brennan, Baines et al, p.232, 2003).

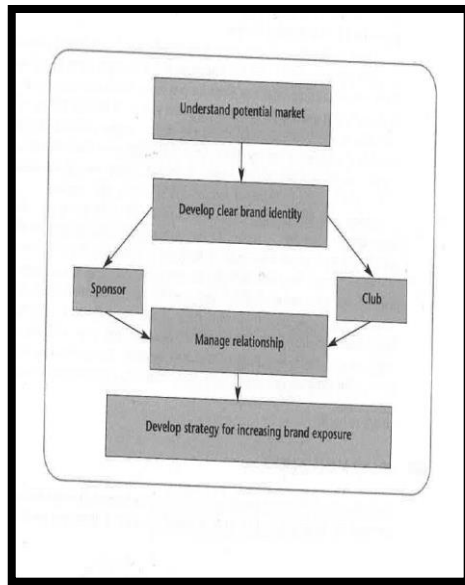


Figure 7 - (Brennan, Baines et al, p.237, 2003).

Figure 7 shows how football clubs critical analysis success factors for sponsorships and how important it is to understand the market. It indicates the relationship between clubs and sponsors and strategies that the club chose to adapt. Furthermore, if a football team is relegated the chance for TV and media exposure is decreased significantly.

Adcock stated that “marketing is about getting the right goods (or services) in the right quantity, to the right place, at the right time and making profit out of the operation”. (Adcock et al, p.1, 2001).

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