

Fifth Edition

# Strategic Sport Marketing

Adam Karg, David Shilbury, Hans Westerbeek,  
Daniel C. Funk and Michael L. Naraine



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The fifth edition of *Strategic Sport Marketing* integrates sport marketing frameworks, theory and practical cases to show students and practitioners how to develop and execute successful sport marketing strategies.

The book explains contemporary sport markets, consumer behaviour, marketing strategies and best practices in sport marketing in a clear, comprehensive and engaging way. Built on a foundation of strategic decision-making, it offers a truly diverse set of case studies, 'sportviews' and examples from national and international sports and events, including Australian Rules (AFL) football, European soccer, Russian hockey, Grand Slam tennis and the National Basketball Association (NBA). This new edition is revised to align with contemporary sport marketing applications, conceptualising sport as part of the experience economy and integrating technology and digitalisation themes into the book, reflecting the increasing focus on data and digital communications and media delivery of sport. It encourages critical and practical thinking and problem-solving on the part of the reader to help them improve their real-world professional practice.

This book is an essential course text for students of sport marketing and management, as well as being a useful resource for all practitioners engaged in the marketing, promotion or communication of sport organisations or brands.

Additional teaching and learning materials are available to accompany this book, including slides, class outlines and reflective questions and answers for each chapter.

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Cover image: efks / Getty Images

Fifth edition published 2022

by Routledge

4 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

and by Routledge

605 Third Avenue, New York, NY 10158

*Routledge is an imprint of the Taylor & Francis Group, an informa business*

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First edition published by Allen & Unwin 1998

Fourth edition published by Allen & Unwin 2014

*British Library Cataloguing-in-Publication Data*

A catalogue record for this book is available from the British Library

*Library of Congress Cataloging-in-Publication Data*

Names: Karg, Adam, author.

Title: Strategic sport marketing / Adam Karg, David Shilbury, Hans Westerbeek, Daniel C Funk, Michael L. Naraine.

Description: 5th edition. | Abingdon, Oxon ; New York, NY : Routledge, 2022. | Revised edition of: Strategic sport marketing / David Shilbury, Hans Westerbeek, Shayne Quick, Daniel Funk and Adam Karg. 4th edition. London : Routledge, 2020. | Includes bibliographical references and index.

Identifiers: LCCN 2021046944 | ISBN 9781032219097 (hardback) |

ISBN 9781760878801 (paperback) | ISBN 9781003270522 (ebook)

Subjects: LCSH: Sports—Marketing.

Classification: LCC GV716 .S46 2022 | DDC 796.068/8—dc23/eng/20211023

LC record available at <https://lccn.loc.gov/2021046944>

ISBN: 978-1-032-21909-7 (hbk)

ISBN: 978-1-760-87880-1 (pbk)

ISBN: 978-1-003-27052-2 (ebk)

DOI: 10.4324/9781003270522

Typeset in Sabon

by codeMantra

Access the Support Material: [www.routledge.com/9781760878801](http://www.routledge.com/9781760878801)

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## Preface

The sport industry continues to change radically. Since the turn of the 2000s, sport has continued its evolution into a multifaceted industry, with growing appeal to an ever-increasing number of stakeholders and supporters. From the foundation of a localised activity for participants and spectators to the current-day activity with truly global relevance, the increasing scale of sport shows little sign of slowing. In growing numbers, supporters and fans continue to demonstrate their allegiance to sport via the tickets and merchandise they buy, the literature they read, and the media content and experiences they watch and engage with. Creating and exchanging value with participants and consumers is central to the success of sport organisations, as well as the various other organisations and corporations actively involved in the production and consumption of sport. In this setting, what was once a clearly defined, stable activity has transformed into a complex, technologically connected and constantly changing industry. As well as professionalisation and commercialisation, technology, along with social and globalisation trends, is among the primary themes impacting sport.

This is the environment in which the current generation of sport managers and sport marketing practitioners operate. The sport experience presents more diverse consumer motivations and preferences for the sport marketer to target. In fact, a feature of the last decade has been the fragmentation and growth of how sport is delivered over physical, digital and hybrid settings. This is made more complex by the fact that sport faces competition not only from within its own ranks; it also continues to compete for the consumer dollar with a vast array of entertainment, arts, cultural and tourism activities as well as with a growing consumer appetite for passive and active recreation. All of these provide viable alternatives to the sport experience for the modern consumer.



Given this cluttered environment, we should be clear that sport does not attract consumers through serendipity, but rather through carefully structured planning, creativity and perseverance. The notion ‘build it and they will come’ is no longer appropriate. Successful sport marketing is the implementation of clearly defined strategies that are rooted in perspiration and inspiration, practice and theory, and art and science. Therefore, the strategic management of sport has become a highly professional endeavour.

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. Sport marketing remains a popular area of study and vocation, viewed as exciting and attractive to generations of sport managers as well those in areas aligned with, for example, event management, brand management, marketing, media and public relations. 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. It also requires decision makers to fully understand the forces and relevant contexts in order to balance complex priorities. For example, what is best for the sport is not always what is best commercially. Decision making therefore requires robust knowledge and context bases, as well as strategic tools.

Books such as this one play an important part in this process. They are constructed by groups and individuals who understand the sport experience and what it means to play, watch and officiate – and who also understand the meaning of management. In some instances, frameworks and practices have been appropriated from other fields of endeavour, with those theories and strategies resulting in successful sport experiences and organisational outcomes.

This fifth edition continues, through the provision of theory and practical examples, to encourage current and future generations of sport marketers to develop skills and consider settings critical in the successful promotion of their sport and brands. In particular, *Strategic Sport Marketing* is unique from two perspectives. First, it continues to be the leading example of a sport marketing text that truly integrates international examples. More prominent in this edition than ever, readers will find a wider array of case studies, ‘sportviews’ and examples from myriad national and international sports and events. From Australian Rules (AFL) football to European soccer, Russian hockey, Grand Slam tennis, minor league baseball and the National Basketball Association (NBA), a concerted effort has been made to include as many popular sports and events as possible. Second is the continuing, conscious decision to place the text within a framework of strategic decision making. The three major sections of the text underscore this commitment.

Part II of *Strategic Sport Marketing* (Chapters 2 to 4) concentrates on identifying market opportunities, focusing on the consumer and the ways in

which information can be gathered, collated and utilised in order to establish an effective marketing management process.

Part III (Chapters 5 to 11) delves into determining the best strategies to use when dealing with a particular component of the sport experience. Grounded in recognition of the central role of the consumer as well as the placement of sport in the experience economy, this section orientates a focus on sport brands and products, pricing and distribution, with ‘place’ considered both in the form of physical spaces and in the mediated setting. A focus on the sport promotion mix, customer satisfaction, and service quality and sponsorship within the promotions mix is retained in this edition. Throughout these sections, and reflective of the modern setting for sport, technology and digital – including the opportunities and implications of technology for sport marketing – are embedded as constant and integrated themes, as opposed to standalone concepts or chapters.

Finally, in Part IV of the book Chapter 12 focuses on the ongoing evaluation, adjustment and maintenance of the strategic marketing process. We include in this chapter some scope for readers to both reflect and forecast by including analysis of the structures by which sport marketing is delivered, as well as commentary on the emergent themes that will impact the current and future development of sport marketing strategies. These include links to evolving marketing theory and a range of environmental factors, of which technology and digitalisation, innovation and social considerations are posited to be most critical. It is hoped that, as a closing section to this book, this provides scope for reflection on how these areas in particular will impact the frameworks and strategy development of the earlier chapters, as well as informing the careers and responsibilities of readers.

Collectively, this fifth edition of the book provides a seamless comprehension of the integration of consumer, activity and process. *Strategic Sport Marketing* is aimed at senior undergraduates and entry-level graduate sport marketing students, while also being a useful resource for the practitioner engaged in sport marketing. While the frameworks and case studies provide obvious examples of how the text can be used and applied, we hope this book will be used by sport marketing teachers and practitioners not only to stimulate the thought processes but also to engage with and improve the sport experience for the benefit of all concerned. Finally, as it has done for decades, it is hoped that the utility of this text will continue to stimulate literary contributions to the field of sport management.

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# Part I

## Introduction

### CHAPTER 1

Introduction to sport marketing

3



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# Introduction to sport marketing

### Chapter objectives

Chapter 1 provides an introduction to sport marketing. Important foundations are provided, including the definition of sport marketing and its role within the sport marketing mix. A focus is provided on introducing drivers and trends which have impacted the way that value is produced and exchanged in the sport industry. Further, the unique characteristics of sport, and sport marketing, are presented, and the increasingly central role of the consumer and their experiences is articulated. As well as foundational aspects, the importance of marketing to the broader discipline of sport management provides a setting for the development of a strategic and considered approach to sport marketing.

After studying this chapter, you should be able to:

- discuss the role of marketing in organisations
- identify the marketing mix
- describe the importance of marketing in sport organisations
- describe the unique product features of sport and their impact on sport marketing
- define sport marketing.

### Headline story

#### Evolving forms of cricket: the 100-ball game

The year 2020 was a difficult one for the world as it struggled with the COVID-19 pandemic. It was also slated as the year the English and Wales Cricket Board (ECB) was to commence its new 100-ball offering, The Hundred, following a trial match at Trent Bridge in 2019. Due to the pandemic, the

introduction of this potentially innovative product was postponed until 2021. The new offering consists of up to 100 balls per innings, which can be bowled in batches ('overs') of either five or ten consecutive balls. A bowler can deliver a maximum of 20 balls, with each fielding team allowed a 150-second tactical timeout. There is one batting powerplay for the first 25 balls, in which only two fielders are allowed outside the 30-yard circle. The new format, when it eventually got underway in July 2021, was, as expected, fast and furious. Given the unique new format, new tactics and approaches to this form of the game will naturally evolve.

Although similar to Twenty20 (T20) cricket, The Hundred's revamped form of 'overs' and balls bowled provides enough differences for the ECB to be confident that it would provide an alternative product to that seen in the Indian Premier League (IPL) and Australia's Big Bash League (BBL) via its Twenty20 season. Like these latter two competitions, for which city-based teams have been formed especially, the ECB established eight men's and women's teams representing seven cities to play in the inaugural competition over the English summer in July and August. The 32 matches involved teams made up of UK heroes and a range of high-profile international players. Squads of 15 players are filled via a draft to help fuel public interest. ECB CEO Tom Harrison stated on the BBC (2018) that 'the strategy we have created will give the whole game clear priorities' and that 'the outcomes for all of this combined work are vital for the growth and sustainability of cricket, at all levels, in England and Wales'.

### Marketing and the sport context

In the digital world of 2021 and beyond, many sports have emerged via the growing range of broadcasting options to challenge for the position of global dominance. Soccer has long remained unchallenged as the world's most globalised sport, a competitive advantage 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, which is a popular but not totally global sport, has sought consistently to expand its market by working to identify new markets in developing countries 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 fixtures. Now, as shown in the headline story, 100-ball cricket is the next compressed form of the game designed to attract the next generation of fans. The compressed format of the sport often leads to a more exciting and intense style of cricket and, more importantly, a quick result. The headline

story highlights how cricket aims to broaden its product mix to ensure the game remains relevant, with the hope that the compressed formats of the game might transfer interest to the more traditional long form of the game, Test cricket. Regardless, the revenues generated from Twenty20 and expected from 100-ball cricket provide national cricket governing bodies with the means to continue to develop cricket in their respective regions.

Strategically, cricket has been struggling to find the right fit for its newest product offerings. Significantly, its expanding product portfolio has created tensions between the various forms of the game and, in relation to television, live attendances as it tries to balance the needs of its broadcast partners against income derived from attendances. The role of Twenty20 cricket and potentially 100-ball cricket in the product portfolio is clearly growing; but is Twenty20 a legitimate form of the game that warrants a World Cup format? Logically, 100-ball cricket could also warrant a World Cup at some point in the future. Indeed, the Twenty20 world championship for 2020 was meant to be played in Australia in October and November of that year, but COVID-19 prevented it from being staged. Significant revenues for the game would have been at risk had the event not been re-scheduled for October 2021, and moved to the Middle East. Alternatively, is the prime role of Twenty20 or 100-ball 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 different sports. Obviously, the three-hour, 20-over-per-team or 100-ball format is more attractive to television than the two other longer forms of the sport. Moreover, it is also more appealing to cricket fans; but it may simply be redistributing fans among the various forms of the game. 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 batters. All this action, plus a result without having to hold the viewers' attention for a whole day or more, is very appealing.

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) in Australia has expanded from a 12-team, state-based competition to become an 18-team national competition played in five states. Basketball, too, has capitalised on its increased exposure, creating the National Basketball League (NBL) and Women's National Basketball League in Australia. Television and new media generally have contributed to the emergence of new and restructured competitions. Changing competitive conditions have forced sport managers to develop more complex and subtle marketing strategies for their sports, based on increasingly sophisticated means of sourcing data through a variety of business analytic tools.



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 as an important product in the experience economy, highlighting the ways in which marketing contributes to the growth and development of various sports. Marketing assumes greater significance than other management functions in sport organisations, as it remains the principal means by which sports compete off the field. For instance, large firms such as BHP, PepsiCo and the Virgin Group have the option to pursue acquisition-type strategies to build market share, or to engage in product development, diversification or divestment. These strategies generally are not available to sporting organisations, whose principal responsibility is as national governing bodies, such as the Football Federation of Australia, UK Athletics or the Board of Control for Cricket in India (BCCI). In the broader context of the sport industry, major manufacturing firms such as Nike, Adidas, Puma and Spalding are large firms that 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.

The ECB's consideration of the strategic role of 100-ball cricket is a classic case of product diversification. A 100-ball league involving players from the UK and high-profile players from other countries has strategic merit, although the competition for different forms of cricket is intensifying given the similarity of the two short forms of the game, at least in terms of attributes such as the length and pace of the game. In other words, how many product variations can cricket cope with strategically that deliver on enhancing the attractiveness of the game and upsell interest to other longer forms of the game? The creation of this league could diversify cricket's television product offering, with obvious financial benefits for the ECB from rights revenues. 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 (and other domestic Twenty20 competitions) in relation to the creation of the IPL and the benefits accrued by the BCCI. The main product of this new league is 100-ball cricket. As always, strategic decisions warrant careful consideration of their impact to ensure that new forms of the game do not simply cannibalise other forms of the game. The importance of marketing strategy in sport management is illustrated in the opening headline story through cricket, and is discussed further later in this chapter.

### Marketing defined

Marketing, as defined by Armstrong et al. (2018, p. 4), is 'the process by which marketing organisations engage customers, build strong customer

relationships and create customer value in order to capture value from customers in return.’ The authors also note that ‘broadly marketing is a social and managerial process’ that seeks to create and exchange value with others. Engaging customers in the digital world is the new ‘buzzword’ as myriad forms of social media allow marketing personnel to build relationships with customers in ways that were not possible pre-social media. The identification of consumer needs and wants remains a critical aspect of the marketer’s role alongside how to engage, in the case of sport, sport fans. Marketing strategies must be based on understanding consumer behaviour.

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, however. Many sports have modified rules to make the games more attractive and, in the case of cricket, ODIs and Twenty20 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 – so much so that the Twenty20 BBL is now considered more entertaining and an important part of the summer vacation period in Australia. At junior levels, many sports have been modified significantly to satisfy the desire of many more young people to participate. 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. Armstrong et al. (2018) identify the process of exchange ‘as the act of obtaining a desired object from someone by offering something in return’ (p. 8). What is offered in return for the sport consumer’s membership fee or entry fee may include social interaction, physical activity and 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’s benefits to be communicated in such a way as to define the sport’s positioning. For example, the product attributes of one-day cricket and five-day Test match cricket are different, and are therefore 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 ‘4Ps’ 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* – engages the customer in the sport experience through the product's ability to satisfy the consumer through communication, whether traditional advertising or social media, or 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 the expansion to 7Ps, but in the 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,

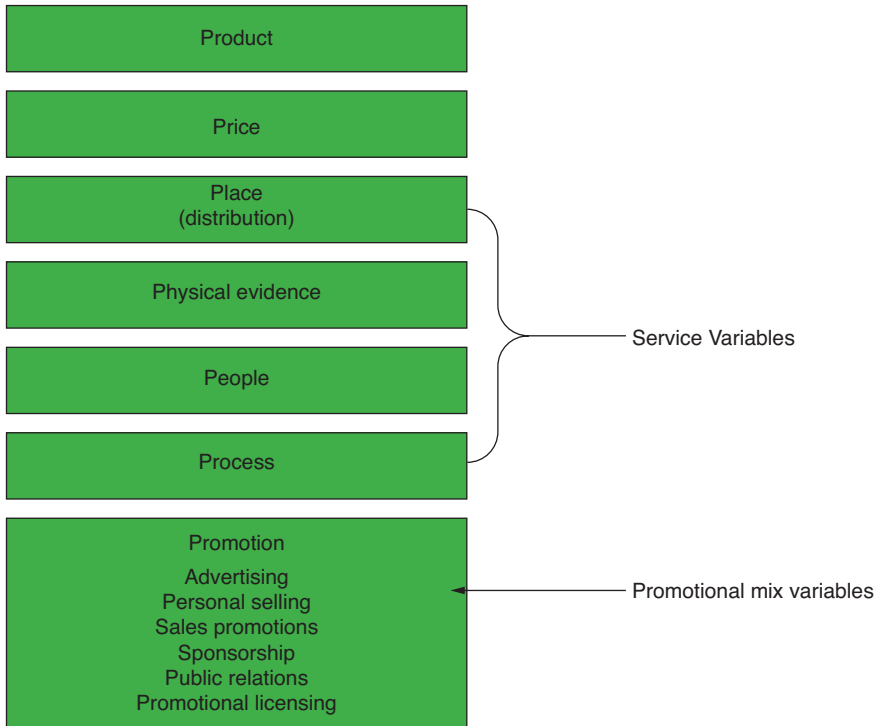


Figure 1.1 The marketing mix

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 later identified five special characteristics of sport marketing. In examining these characteristics, he notes (1985, p. 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 developed and integrated further throughout this text.

Table 1.1 Unique characteristics of sport marketing

**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 (1985).

**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 allows the consumer to gain varying forms of gratification. For example, some 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 participation and spectating clearly align sport with the experience economy and the service industry specifically. No tangible product is taken from the sporting contest – as opposed, for example, to the purchase of a washing machine or similar goods.

The term 'experience economy' was coined in 1998 by Pine and Gilmore in a *Harvard Business Review* article. In essence, the authors argued that the real economic value for firms, and the relationship with consumers, was to be found through meaningful experiences. In other words, how sport organisations can better understand consumer experiences and what consumers seek via a 'sport experience' and how it shapes their behaviour in terms of repeat, or increased, purchase of the sport product. Pine and Gilmore stated:

An experience is not an amorphous construct; it is a real offering as any service, good, or commodity ... To realize the full benefit of staging experiences, however, business must deliberately design engaging experiences that command a fee. (1998, p. 98)

In effect, the authors argue for a transition from selling services to selling experiences. As will be shown later in the chapter when examining the evolution of sport marketing, the challenge of this transition has been accepted by many sports the world over. As an understanding of sport consumers has improved and digital technologies enhanced, the concept and importance of selling an experience and creating multiple points of engagement/attachment has been embraced by many professional sports leagues and clubs.

These characteristics of the service experience are examined and extended further in later chapters (Chapters 3, 5, 7 and 10 in particular) which focus on understanding sport consumers and the sport experience, the sport product, sport distribution through facilities in the context of service delivery and customer satisfaction in sport. Understanding and managing consumer

subjectivity during the sport experience is all part of a sport marketing strategy to overcome the unpredictability of the actual sport contest by ensuring the experience is positive regardless of the outcome of the game or the quality of the contest.

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 and that shapes the experience. 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 instead focus on developing product extensions rather than on the core product (that is, the game itself). Product extensions include the facility, parking, merchandise, souvenirs, food and beverages, and, increasingly, digital platforms through which to engage fans – in general, anything that affects spectators' enjoyment of the event. In Chapters 5, 7 and 10 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 within promotions strategy, which is explored further in Chapter 9.

### *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 many sporting clubs,

leagues and associations. Sport traditionally has 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 (PR) strategy to counter the issues that typically occur during a season or event. Once again, the rise of digital platforms allows for the use of social media to manage these issues and is examined further in Chapter 9. Social media can also be used by consumers to generate negative publicity, and this requires management by sport marketing/publicity personnel in sport organisations. 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), Pebble Beach golf course in California, Eden Park in Auckland, the Wanderers and Ellis Park Stadium in Johannesburg and Wembley Stadium in London – have developed an aura and mystique as a result of heroic performances at the venues 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, pay television, the internet and other technologies such as mobile 4/5G networks and streaming of sports programming. 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 over the past 30 years. This is particularly evident in the expansion of the former Victorian Football League (VFL) to become the Australian Football League (AFL). In the early 1980s, the VFL was a 12-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 Eagles 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. In 2011, the Gold Coast Suns were admitted to the competition, followed in 2012 by Greater Western Sydney, which served to increase local competition from a marketing perspective in Southeast Queensland and the city of Sydney. However, nine teams remain in Melbourne, a city of approximately 5 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 330 million, compared with Australia's 25.5 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 10–20 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. This issue is on display in Sydney with the arrival of the second AFL team, Greater Western Sydney, in a market that traditionally has not been a stronghold for the AFL. Marketing strategy will play just as important a role as on-field performances in the early years as the club strives to establish its presence in Sydney, attract spectators and build loyalty leading to club membership sales.

### **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 35 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 dispute between the Australian Cricket Board (ACB – now Cricket Australia) and Network Nine’s owner (at the time) 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

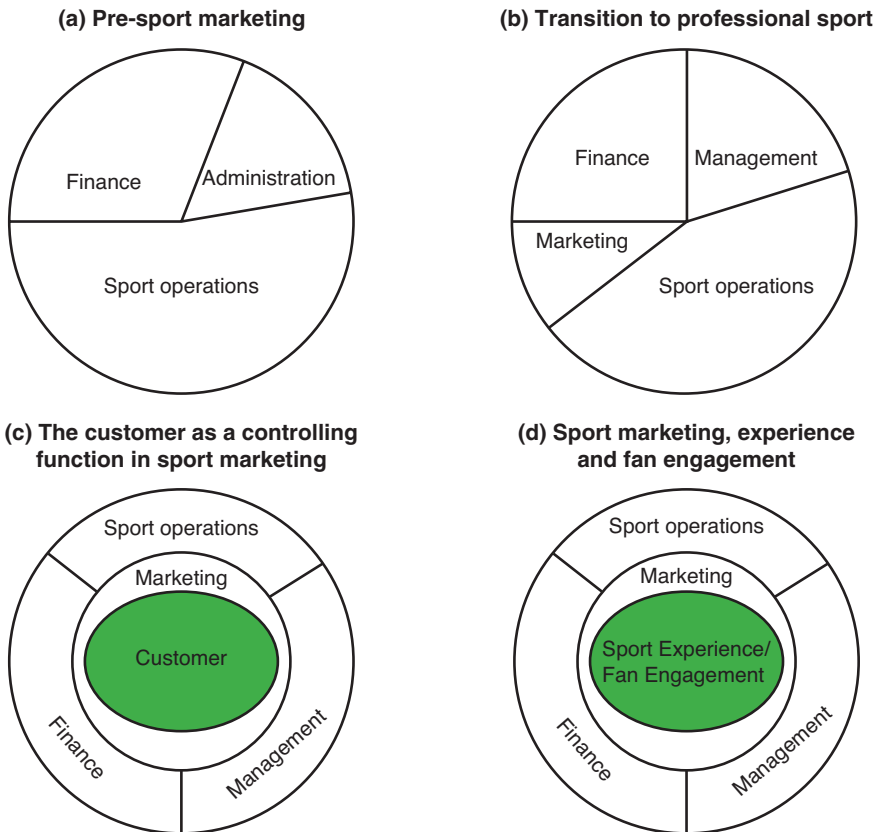


Figure 1.2 Importance of sport marketing.

change ignored by the ACB. The advent of Packer's 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), who notes that 'looking back traditional cricket had grown out of touch with the fast emerging professionalism of sport in Australia' (p. 3). 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 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 International Cricket Council (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. However, the ICL folded in 2009 as the BCCI-controlled IPL gained ascendancy and domination of the Indian Twenty20 cricketing landscape, a position it now dominates on a world scale. Nevertheless, once again, a rival competition from outside traditional structures caused a wave of change in the sport.

Myriad issues arise here, not the least being who players are contracted to, and who controls cricket, in India. As was the case in Australia many years earlier, the plight of the players was 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, drove the ICL and the need to fill airtime and boost pay-TV subscriptions. India is a developing country, with an under-developed sporting infrastructure. These issues and others are certain to surface during these times of 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. Lynton Taylor, the 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 turn-over and to start producing a satisfactory level of return. (Taylor, 1984, p. 13)

Figure 1.2(c) demonstrates the importance that marketing has taken on, 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. Focusing on consumer needs and wants via increasingly sophisticated marketing research, sport organisations have continued to develop strategies based on consumer information. Many of these developments focus on product extensions and how to use digital platforms and social media to engage fans, although changes to game formats and rules are also common.

The centrality of the consumer and recognition of the importance of the experience have been even more important due to the evolving spectrum of social media. Focusing on consumer needs has evolved further to customer or fan engagement. Figure 1.2(d) shows the need to understand the sport experience and its relationship to customer/fan engagement as a pivotal feature of contemporary sport marketing communication strategies – largely the result of evolving digital platforms and social media outlets. Kaplan and Haenlein (2010) created a classification scheme of the different types of social media that illustrates why sport organisations have now moved to capitalise on the opportunity to develop a closer sense of involvement with fans. Their six categories include: collaborative projects (Wikipedia, Dropbox); blogs and microblogs (Twitter); content communities (YouTube); social networking sites (Facebook); virtual game worlds (fantasy sports); and virtual social worlds (*Second Life*). Of these social media outlets, the creation of fantasy sports and more recently esports has become very popular with sports fans as they seek to simulate the real-life experiences of team management and engage in sport contests virtually. Esports and the other forms of social media will be developed further in later chapters, and it is in this area that the most significant changes to marketing strategies used by sport organisations can be observed.

It was clear that during the COVID-19 pandemic esports (both formal and highly informal) assumed a heightened level of interest to replace the live sport experience with a virtual one. The digital revolution has continued to provide ways to engage fans and provide deeper experiences through the sport product. For example, in 2020 Formula 1 (F1) launched the F1 esports virtual Grand Prix series, which ran from March to May, in which a number of high-profile F1 drivers participated. In the absence of live F1 races due to COVID-19, Formula 1 was able to provide a meaningful experience for F1 fans with the intent of engaging its large fan base across the world. When watching the virtual races, one could be forgiven for thinking they were the ‘real races’ which were simulated on regular F1 racetracks, such as the first virtual race scheduled using the Bahrain track. The digital revolution has

deepened the potential to connect with fans; and, as a consequence, sport marketing has evolved to a more sophisticated understanding and implementation of the relationship between the sport experience, service delivery and fan engagement. The aim of these experiences is to develop multiple points of attachment to a sport code or club. It is also an example of product extensions based on the core product, which will be considered in more detail in Chapter 5.

Together with sport operations (that is, 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 acquisition-type 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 developed further in Chapter 2.

### *Ethical behaviour*

Increasingly, commercial pressures create tensions 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 National Rugby League (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 another. In essence, the sport manager must determine 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 here, sport managers must consider their actions within a broader societal framework. DeSensi and Rosenberg (2010, p. 135) 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, as a social institution and indeed in many countries of the world, 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 *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 sport organisations. Survival depends largely on the principal purpose of the sport organisation. National sport organisations predominantly associated with elite-level professional 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 via television, streaming via 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 may be different from those used to advertise a major (professional) 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 programmes is another example of marketing through sport. Typically, major companies 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 engage customers in the sport experience, build strong customer relationships and create customer value in order to capture value from customers in return.

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 later chapters 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 Armstrong et al. (2018) as ‘the art and science of choosing target markets and building profitable relationships with them. The marketing manager’s aim is to attract, engage, keep and grow target customers by creating, delivering and communicating superior customer value’ (p. 9).

From a managerial perspective it is the rational and methodical planning required to build and maintain beneficial exchanges with target buyers for

the purpose of achieving company objectives. In this book, the 7Ps of marketing guide planning for marketing strategy, noting the special emphasis on understanding how sport fans engage with sport as an experience, and the service delivery features of the sport product. This book also adopts a global perspective of sport, providing examples from many sports worldwide, which also provides differing contexts and systems in which sport exists.

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:

- The following three chapters examine 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 the sport experience; and Chapter 4 focuses on market research and strategy, and the implications this information has for segmenting the sport marketplace.
- Chapters 5 to 11 then cover the strategy determination stage. They examine 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 is examined. The issues specific to sport marketing contained in these chapters include: sport brands and products; sport distribution and the role of the place through the venue or facility (physical evidence, process, people and service); distribution via media; sport promotions; service quality; customer satisfaction and engagement; and sponsorship and its impact on sport marketing.
- Finally, Chapter 12 returns to the important marketing management process of implementation and evaluation. This chapter focuses on managing sport marketing strategy which examines measurement of sport marketing activities, control, marketing roles and structures, as well as ethical considerations. This chapter also considers environmental drivers introduced early in the book to challenge thinking in relation to the changing nature of sport marketing in the global setting.

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