

The Wide, Wide World of Sport Marketing

Nature of Sport Marketing

You may think that the sport industry has no effect on you because you don't play on a school team and have no interest in attending major league games or joining a soccer league. However, you enjoy biking, and you always buy Nike shoes. That makes you part of the sport industry, an industry that includes thousands of companies, millions of employees, and billions in annual revenues.

There's almost nowhere on the face of the Earth that isn't touched by the sport industry in some way. The industry includes mountain climbers in Nepal, snorkelers off Australia's Great Barrier Reef, and the mom who coaches the neighborhood T-ball team. The company in Taiwan that manufactures golf balls and the store on campus that sells fitness trackers and water bottles are part of the industry. And, the world of sports includes all the professionals who work with athletes and sport organizations—business and marketing executives, doctors, lawyers, civic organizations, and even schools and charities.

The marketing of this vast industry also affects you. It's what influenced your decision to buy the Nike shoes. It's what fills stadiums and arenas throughout the world and glues fans to their TVs on Super Bowl Sunday. Whether you plan to pursue a career in sports or some other field, you are connected to sports and sport marketing. Don't you think it's time you learned more about it?

So What

Sports— Everywhere You Are

What comes to mind when you think of the sport industry? Do you picture Serena Williams playing tennis or Michael Phelps swimming at the Olympics? Maybe you think of sports as going bowling on a Saturday afternoon or meeting friends for a game of basketball. However, these activities are only a very small part of the sport industry. The industry includes a lot more than just playing a game. It also includes the facilities where games are played, the equipment used to play, the regulating agencies, the media that broadcast the games, and of course, the fans who watch. Anything associated with sports is part of the industry.



▲ Sponsored races are popular events that offer runners opportunities to compete with one another.

Objectives

- A** Explain the nature of the sport industry. **B** Explain the concept of sport marketing and its effect on society.

More Than Just a Game

The sport product itself is very diverse. There are several distinct categories to consider: the sporting event, sporting goods, personal training, and sports information.

Sporting event. The sporting event product is unique because of its characteristics. It is mostly **intangible** because it is not a physical product that we can touch or hold. It is an experience that we see, feel, and often participate in. It is also **perishable** because, once it is over, it is gone forever. An example is the disc golf you played with friends last Saturday. You will never again play that same game.

Another part of the sporting event is the athletes. They make the game or activity happen. For example, what if Notre Dame and Boston College scheduled a football game, but the teams didn't show up? Without the players, there would be no event. The same is true of all sports, whether it's a NASCAR race or a high school track meet.

The third part of the sporting event is the facility or location where the event takes place. In most cases, we think of arenas, stadiums, golf courses, and race tracks. For example, part of the experience of watching the Chicago Bears play is being at Soldier Field. However, the facility might also be a vacant lot where the neighborhood kids play softball, or a boat on a quiet lake where you go fishing.

Sporting goods. What would sports be without all the products that make the games possible? These are the **tangible**, manufactured products that are sold and used within the sport industry. The products include not only equipment and clothing, but also licensed merchandise, collectibles, and memorabilia like an autographed football or a baseball jersey worn during a World Series game.

We all know that we need the right equipment to play a sport—racquets for tennis, clubs for golf, and bats for baseball. However, we also use many other products. If you're on a soccer team, you need a uniform, cleats, shin guards, a water bottle, and maybe a mouth guard. Even if you play sports strictly for fun and aren't on an organized team, you still need the proper equipment, shoes, and clothes.

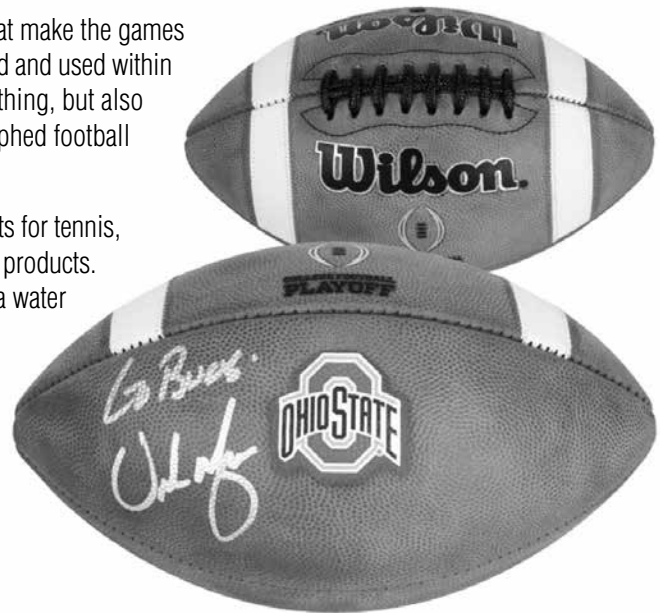
Many of these items fall under the category of licensed merchandise. How many times have you purchased hats, shirts, or jackets that featured the name or logo of your favorite team?

These apparel items are examples of licensed merchandise because the manufacturer paid the team or school for the right to use their name or symbol. Today, licensing goes far beyond clothing and includes equipment, novelty items, home furnishings, etc. Almost any product that you can think of might be licensed to include a sport logo.

If you don't buy items to wear, maybe you buy goods that are thought of as collectibles or memorabilia. Do you have a treasured collection of trading cards or a baseball signed by Derek Jeter? Maybe you collect prints of famous stadiums or Bobblehead dolls of your favorite athletes. All of these are considered sporting goods because they represent various aspects of the industry.



▲ Many city parks offer disc golf courses for people to enjoy.



▲ The popularity of licensed merchandise creates many marketing opportunities for sport organizations.

Personal training. Whether you're a professional athlete or an amateur, you have some type of training. Professionals train all the time and often go to special camps to improve their skills. If you participate in sports, most likely you do something to better yourself. It might be going to the gym to lift weights a few times a week or taking an exercise class at the local health club. As a result, this aspect of the sport product has grown tremendously over the years. Today, millions of people belong to fitness centers.



▲ Training opportunities offered by gyms and fitness centers are a large part of sport marketing.

The training part of sports often begins early with sending children to camps in the summer. Many young athletes have personal trainers or take instructions from professionals. Adults also get lessons to improve their game. All of these activities are part of personal training for sport.

Sports information. Do you watch ESPN or read *Sports Illustrated*? If you do, you are using the product of sports information that gives you news about teams, events, schedules, and statistics. Sources of sports information range from local newspapers to magazines to websites. This sport product has become more and more popular as overall interest in sports increases. Everything you ever wanted to know, and more, is available either online, in print, or on radio and TV.

Today, you can watch a live game being broadcast from another part of the world while riding an exercise bike in the local gym, reading a magazine article about a star athlete, and wearing your Miami Heat T-shirt. You are enjoying all categories of the sport product at once: the game, the personal training, the information, and the sporting goods.

Users, Users Everywhere

The consumers of sport come in all sizes, shapes, ages, and backgrounds. They can be categorized into unorganized participants, organized participants, spectators, and sponsors.

Unorganized participants. When you go bicycling or jog outdoors for exercise, you are an unorganized participant in a sport. That means that no organization or group has given you rules to follow. You are free to participate whenever you want, for as long as you want, and in any way you want. As an unorganized participant, you have freedom that organized participants do not have.

Organized participants. These participants play sports that have rules and are controlled by groups or sanctioning bodies. They cannot play any way they want or at any time. Organized participants usually play in either amateur events or professional events.

Amateurs are not paid to play. However, if you play in an amateur event, you are regulated on the local, state, or national level. For example, college athletes are regulated by the National Collegiate Athletic Association (NCAA). If you play high school sports, your events are sanctioned by state athletic associations that belong to the National Federation of State High School Associations (NFHS). Perhaps you also play soccer with a group organized and regulated by the city recreational department. Your game is controlled much the same way as a professional game, although there are differences.

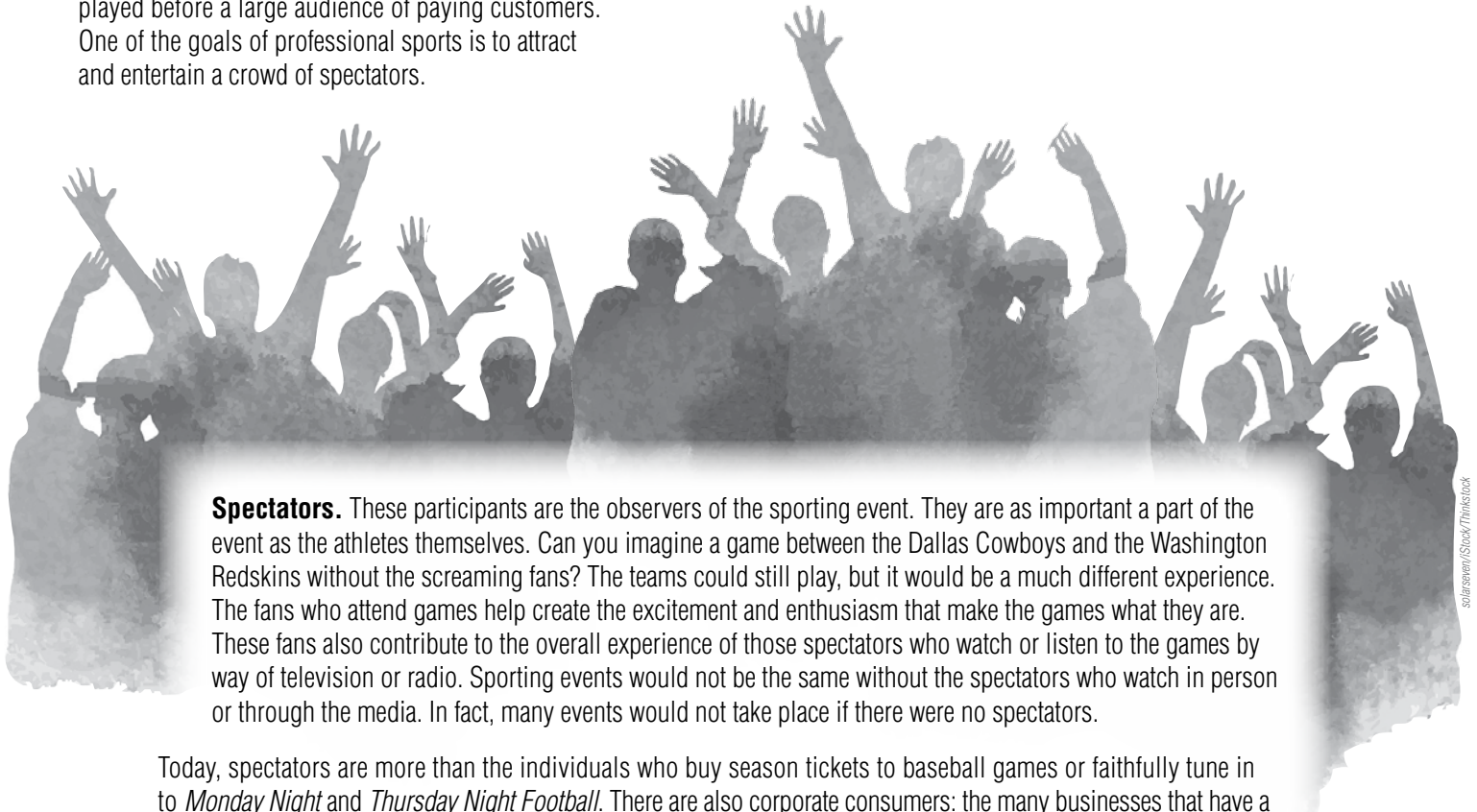


▲ High school athletes are amateurs who play according to rules issued by their state athletic associations.

Professional athletes are paid, and in many cases, playing the game is their occupation. They must follow strict rules established by a sanctioning body such as the National Football League (NFL) or the Professional Golfers' Association (PGA). Some professional sports such as baseball are divided into major leagues and minor leagues. Both follow the same rules; however, minor league players usually receive less compensation than major league players.

Another difference between amateur and professional is that many amateur games are played only for the enjoyment of the participants. An example is a community bowling league whose members play for fun, and there is no audience to cheer for them. On the other hand, most professional games are played before a large audience of paying customers.

One of the goals of professional sports is to attract and entertain a crowd of spectators.



Spectators. These participants are the observers of the sporting event. They are as important a part of the event as the athletes themselves. Can you imagine a game between the Dallas Cowboys and the Washington Redskins without the screaming fans? The teams could still play, but it would be a much different experience. The fans who attend games help create the excitement and enthusiasm that make the games what they are. These fans also contribute to the overall experience of those spectators who watch or listen to the games by way of television or radio. Sporting events would not be the same without the spectators who watch in person or through the media. In fact, many events would not take place if there were no spectators.

Today, spectators are more than the individuals who buy season tickets to baseball games or faithfully tune in to *Monday Night* and *Thursday Night Football*. There are also corporate consumers: the many businesses that have a financial interest in the sport. Businesses often buy large blocks of tickets to sporting events and give them to customers or employees. These businesses may also invest in luxury boxes at stadiums and arenas and use them to entertain.

Businesses also make the events available to those who cannot attend in person by purchasing the right to broadcast the event. The various television and cable networks compete for the right to air popular sports because they attract a large viewing audience. For example, the networks make it possible for you to relax in your home in Seattle and watch the Masters Golf Tournament that is played in Augusta, Georgia, or the Fiesta Bowl that is played in Glendale, Arizona. While you're enjoying these events from the comfort of your easy chair, you'll probably notice the names of a lot of businesses that have nothing to do with the sport. Businesses that use sports to display and promote their brand form another group of consumers—sponsors.



▲ When a stadium is filled, it is very likely that many fans are viewing the event from home as well.

Sponsors. Sponsors are the businesses or organizations that pay to associate their names or products with a sporting event. They do so because they realize that they can reach a potentially enormous target market. For example, how many millions of people worldwide do you think watch the Olympics? If a business is a sponsor and its name appears on a banner or sign, all those viewers will be exposed to the business's name.



▲ Sponsors can gain great exposure by promoting their brands at sporting events.

Remember, the sporting event also includes the athletes and the arenas. Therefore, businesses may sponsor a particular team or buy the right to put their name on a stadium. For example, a lot of smaller businesses sponsor local teams by putting their name on the team uniforms. The businesses pay for the uniforms in exchange for adding their name. Some major corporations spend millions of dollars for the right to name a facility such as the Air Canada Centre, home of the Toronto Maple Leafs, and Minute Maid Park, home of the Houston Astros.

As you can see, almost everyone is a consumer of sport in one way or another. This is what makes sport marketing so important.

Summary

The sport product itself is very diverse and includes the sporting event, sporting goods, personal training, and sports information. The consumers of the sport product are the unorganized participants, the organized participants, the spectators, and the sponsors.

TOTAL RECALL

1. Identify and describe the four distinct categories that comprise the sport product.
2. What is the difference between unorganized and organized participants?
3. Who are the spectators of sports?
4. Explain the impact that corporate consumers have on sports.
5. Why do businesses sponsor sporting events?

THE GRAY ZONE

Professional athletes have a long history of making their political opinions known during sporting events. Back in 1968, for instance, U.S. runners Tommie Smith and John Carlos raised their fists in a Black Power salute on the podium following their gold- and bronze-medal wins in the 200-meter race at the Mexico City Olympics. More recently, several professional athletes—starting with football player Colin Kaepernick—began using the widespread media coverage of sporting events to draw attention to the issues of police brutality and racial inequality. Kaepernick and other players have silently protested these injustices by kneeling during the playing of the national anthem before the start of their games. People who support the players' actions point out that the First Amendment of the U.S. Constitution protects freedom of speech and expression. Others believe the players' behavior is disrespectful to the flag and argue that a professional athlete is a paid employee of an organization, which eliminates his/her right to free speech while representing the team. What do you think? Should players be required to stand for the playing of the national anthem or be allowed to freely express their views in whatever way they choose?

To Market, to Market



Credit: staticflickr.com

▲ Without football, there would not be any Gatorade.

If you think of LeBron James when you think of sports, ask yourself why. How did you learn about him? Whether you realize it or not, the answer is marketing. Without marketing, you would not know about the many athletes and sports teams, sporting goods companies, or other sport products associated with the industry. Sport marketing makes you aware of all the goods and services that are part of the industry. It is the marketing of all sport products as well as non-sport products like protein bars and pain relievers through the use of sport.



For insight into a popular beverage's close ties to sports, view *Fortune's* video "How Gatorade Changed the Sports World Forever" at <http://fortune.com/video/2015/10/09/how-gatorade-changed-the-sports-world-forever/>.

To better understand this concept, let's look at the various segments of the sport marketing industry. These segments include marketing the actual sporting event, marketing sporting goods and services, marketing other consumer and industrial goods or services through the use of sport, and marketing products to sporting events.

Marketing the sporting event. Let's assume that you belong to a fitness center or an exercise facility. What made you decide to join that particular one? Maybe you saw an ad in the newspaper promoting a new-member discount, or you received a flyer offering you one free visit. By effectively pricing, promoting, and distributing its product, the health club is encouraging you to buy.

Furthermore, marketing is what gets you to tune in to the Olympics, the Indy 500, or the NBA playoffs. It's what gets you to buy tickets to major league football games and college basketball games. Marketing influenced your decision to participate in all types of sporting events from Little League to the high school lacrosse team.





Marketing sporting goods and services. As a participant in sporting events, you buy a variety of products. If you play tennis, you need a racquet, clothing, shoes, and bag. If you have a favorite team, you often buy items supporting the team such as banners, T-shirts, and coffee mugs. Marketing is what helps you decide where to shop, how much to spend, and which brand to buy.

This type of marketing involves a retail focus because it is directed toward the consumers of sport. The purpose is to encourage fans and participants to buy certain sporting goods and services. Both manufacturers and retailers set prices on sport products that appeal to specific target markets, promote the products, and make those products available where and when customers want them. Consequently, sport marketing is probably what influenced your decision to buy a Yeti mountain bike rather than a Santa Cruz or to shop at Walmart instead of at Dick's Sporting Goods.



Marketing non-sport goods or services through the use of sport. The next time you attend a college football game, notice the scoreboard and the ads in the program. The scoreboard probably features the names of local businesses, and the ads in the program are promoting various products. These businesses and their products are not related to football, but are using football as a marketing tool. They are counting on you to remember them the next time you buy.

Some businesses use a sport specifically to market a certain good or service. For example, the purpose of some 5k races is to raise money for a charity or special cause. The marketers decide on a race because it is a popular sport. They plan to hold it in a convenient location and set a reasonably priced entry fee that attracts a lot of people. The race is used only as a means of encouraging participation and increasing awareness. It is not sport for the sake of sport, but sport to market something. For an example of a race used to promote breast cancer awareness, view the *Miami Herald* video "Thousands Take Part in Susan G. Komen Race for the Cure" at <http://www.miamiherald.com/living/health-fitness/article108480527.html>.



▲ Goodyear Tires promotes its brand by flying the Goodyear Blimp over crowded sport stadiums.

Marketing of products to sporting events. The sport itself needs goods and services to operate. Therefore, businesses that provide these products spend a lot of time and energy on marketing. For example, Nike and Reebok both market their line of uniforms to professional teams. Pepsi and Coke both want their line of soft drinks sold at stadiums and arenas. The major networks and cable channels compete for the media rights to broadcast PGA and LPGA golf tournaments. These companies might offer lower prices, better service, faster delivery, and promotional assistance to get the business.

On a local level, a wide variety of businesses market their products to race tracks, bowling alleys, marinas, and ski areas. So, the next time you go to a swim club, look for all the goods that are sold to the club by other businesses. There are lounge chairs, pool-cleaning equipment and chemicals, refreshments at the concession stand, and sunscreen and goggles at the pool office. Almost everything, except the swim facility itself, is provided by other businesses.

And the Growth Goes On

The growth and marketing of the sport industry go hand in hand. A sport product becomes more popular because of marketing, and marketing opportunities increase as the product grows. Of course, some sport products would exist without marketing, but not on the same scale.

Sport marketing affects people throughout the world from young children to senior citizens. Millions of people pay to attend professional games as well as college and high school events. And, don't forget the moms, dads, grandparents, and friends who regularly go to youth events.

Good for You

Today, millions of people have sport-related jobs. Take a minute to think of as many different jobs as you can. You probably thought of athletes, managers, trainers, team owners, commentators, and coaches. But, did you also think of the people who work in the stadiums and arenas, or the doctors and physical therapists who treat injuries? What about all the people who work in sports law, advertising, finance, and research? Manufacturing employees who produce sport clothing, shoes, and equipment are another large part of the sport industry. Louisville Slugger employees, for example, have sport-related jobs. To learn more about their contribution to the sport of baseball and how they make Louisville Slugger baseball bats, view the YES Network video "How Louisville Slugger Bats Are Made" at <https://www.youtube.com/watch?v=jEtp-uZYxqQ>.



- ▲ There are many opportunities for physical therapists to work with athletes to help them prevent, manage, and recover from injuries.

Besides providing employment opportunities, sport marketing also promotes benefits to those who participate either by playing or watching. Remember how you felt after completing a two-mile run or swimming 20 laps? You felt healthy, energized, and physically fit. Another benefit is recreation. Everyone needs time away from the routine activities of school, work, and home life. Sports give you the chance to play, have fun, relax, and spend time doing something just for you. Being entertained is also a benefit that sports provide. You enjoy the drama and excitement of competition. You almost become a part of the game while enthusiastically cheering on your favorite team. You identify with the graceful ice skater, the agile gymnast, and the rugged hockey player.



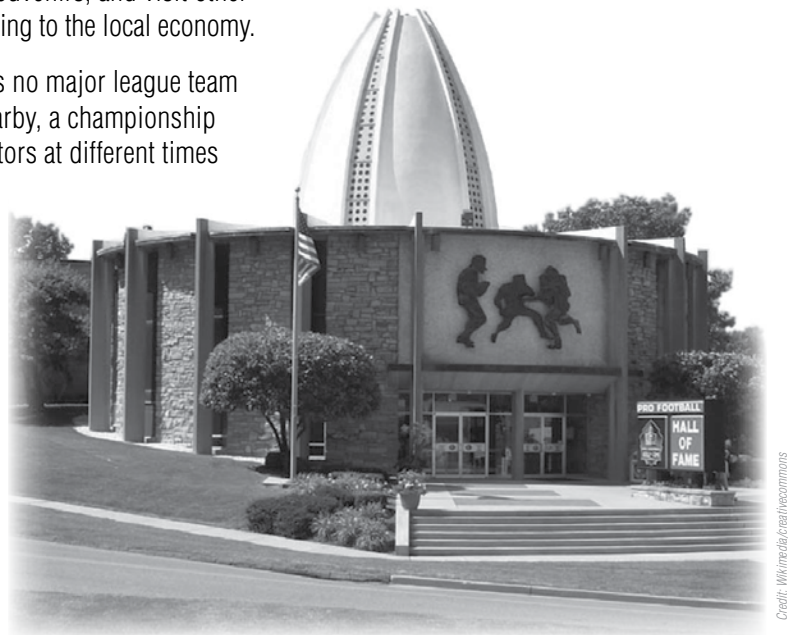
- ▲ Competitive figure skating offers entertaining performances that spectators enjoy.

Good for the Local Community

It's easy to see how sports benefit you personally, but you might not think about their effect on your community. First, let's consider the economic effect of a major event. Suppose your city is home to a major league sports team or is going to be the site of the state high school playoffs. That means that people will travel to your city to watch the games. While there, they will stay in hotels, eat in restaurants, buy souvenirs, and visit other attractions. All the time they are spending money and contributing to the local economy.

You might think this doesn't apply to your city because there is no major league team or sports attraction. However, is there a great fishing lake nearby, a championship golf course, a ski lift, or a health spa? All of these attract visitors at different times of the year, and those visitors spend money. They buy supplies from local stores, they stay in local hotels and motels, and they eat in local restaurants. They are good for the local economy, and they are in your city because of the sport-related activities.

Besides helping the economy, sports also have an impact on a city's image. For example, what's one of the first things that comes to mind when you think of Green Bay, Wisconsin? Your answer is probably the Green Bay Packers. You may have never been there, but you think well of Green Bay because the Packers have a good reputation, have won several Super Bowls, and have had some great coaches. However, there is also the flip side to this. If a team is not doing well or has an image problem, that often carries over to the city.



▲ Even sport museums like the Pro Football Hall of Fame can benefit a local economy by providing museum tours and special events.



▲ The growth of sports has created a sports media industry with channels devoted to game broadcasts and other sport-related information.

Good for Society

Sports have an important impact on society in general. It's a major industry that generates billions of dollars of revenue each year. As it grows, it creates more jobs that generate more revenue that helps the industry grow, which causes the cycle to continue. Besides increasing opportunities within the industry, this growth opens up additional opportunities for businesses in related industries. For example, more people participating in sports create a need for more equipment and clothing, training facilities, and instructors. More spectators create a need for larger stadiums and arenas, more concession and souvenir stands, and additional public transportation. More at-home viewers create a need for additional media coverage and reporters to cover the events. This snowballing effect trickles down to almost everyone. It can bring economic prosperity to even the sleepest communities. It can unite people from around the world in support of an event or team. It can keep you active and entertained. Just imagine a world without it.



Summary

Sport marketing makes you aware of all the goods and services that are part of the industry. It includes marketing the sporting event, marketing sporting goods and services, marketing non-sport goods or services through the use of sport, and marketing of products to sporting events. As sport marketing grows, it provides increased employment opportunities as well as recreation and entertainment benefits. Both local communities and society in general prosper from the economic impact.

TOTAL RECALL

1. Explain sport marketing.
2. Describe the four main segments of the sport marketing industry.
3. How has the growth of sport marketing affected employment?
4. Describe how sports benefit those who participate.
5. Explain the two main ways that sports benefit the local community.
6. Why are sports good for society in general?

Make It Pay!

How has sport marketing influenced your life in the past week? Think about sports you might have played, sports you might have viewed in person or through the media, sporting goods you purchased or used, licensed merchandise you've worn, etc. How have sports and sport marketing affected you, your family, and your community?