

SEM1 1.06

A - Product Service Management

- **PE - Position product/services to acquire desired business image**

- **PI – Explain the nature of sport/event brand/branding**
- **PI – Explain the use of licensing in sport/event marketing**
- **PI – Explain the rold of endorsements in sport/event marketing**
- **PI – Explain the use of naming rights in sport/event marketing**



Define the terms

Brand Awareness & Brand Image

- **Brand awareness**

- Extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product's introduction.

- **Brand image**

- is the consumers' beliefs about the company and/or its goods or services. Quality, price, and value may affect a brand's image.

Define the terms

Brand Equity & Brand Loyalty

- **Brand equity**

- is the perception of added value a product has as a result of its brand name. A highly recognizable brand has a high level of brand equity. Brand equity is an intangible perception or memory.

- **Brand loyalty**

- The extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands.

Describe the purposes of branding in sport/event marketing.

- Branding aims to establish a significant and **differentiated presence** in the market
- Branding attracts and retains **customer loyalty**
- Branding will encourage customers to **pay a higher price** for goods and services
- Branding simplifies the ability to **distinguish products** from a wide range of competing products
- Branding allows **transfer** of the brand to new products including licensed products

Explain the Branding process

- Analysis of your current assets (**SWOT analysis**)
- What do you **wish to brand**? – How positioned?
- What is your **market**, local, regional or national?
- Who are your **competitors** in the market place?
- How do the consumers **perceive your competitors**?
- How do consumers **perceive your product**? This will provide a picture for your brand image required
- Determine your **brand awareness** with consumers
- Implement a **Marketing Mix** plan for your product

Discuss factors that influence a sport's/event's brand image.

- **Price**
 - Low, middle or high
- **Quality**
 - Low, middle or high
- **Value**
 - Low, middle or high
- **Performance**
 - Win, lose, tradition



Describe categories of factors that contribute impact brand equity of a sport/event

- **Team related**

- Star athletes
- Popular and successful coaches
- Performance – short or long term

- **Organization related**

- Tradition, reputation & strength of schedule
- Scandals – recent or past
- Public Relations – responsiveness & type

- **Market related over time**

- Population & economic changes – up or down
- Fan loyalty due to athletes, coaches and/or performance

Explain how sport/event marketers can use product extensions/merchandise to build brand equity

- Variety of products
- Importance to consumers



Explain the consequences of establishing positive brand equity for a sports/event

- Attendance increases
- Increased sales and consumer loyalty



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Discuss factors that create brand/fan loyalty in sports/event marketing

- Entertainment value
- Authenticity
- Fan bonding
- History
- Tradition
- Performance
- Athletes, coaches, owners



Define the terms Licensing, Licensor & Licensee.

- **Licensing**
 - is the permission to copy the name, logo, or trademark of a league, athlete, sports team, entertainer, film, television show, or character for a fee, also called a royalty
- **Licensor**
 - is the rights-holder of the name, logo, or trademark.
- **Licensee**
 - is the company paying for the permission to use the name, logo, or trademark. Well-known licensees include Nike, Reebok, Adidas, Sony, Nintendo, and Sega

Define Sports Licensing

- **Sports licensing**

- is a **contractual agreement** by which a sports team, athlete or organization gives a company a **license** to use its name, logo or trademark on the company's products. The company gaining the rights is known as the **licensee** and the sports body is the **licensor**
- Licensing a sports product gives an opportunity to reach a market of sports fans that could be local, national or global, depending on the sports body. With global retail sales of sports merchandise estimated at \$17.51 billion in 2009, according to EPM Communications, sports licensing could be the factor between success or failure

Describe ways in which licensors are compensated.

- **Licensed products** are manufactured by licensees governed by a contractual agreement (**license**) with a licensor
- Licensee must gain approval from licensor for any products produced – this may delay or prevent production of products
- **Royalty/fee** –
 - Licensee agrees to pay licensor , typically between 2% and 26% of gross or net sales for products produced and sold
 - In addition to the agreed upon royalty, the licensee may insist on receiving a guarantee amount that is paid regardless of gross sales of the product
 - Licensee will make these payments on the agreed upon time period by providing product sales data along with the payment
- Additionally, they may also agree on payment with product, advertising, etc. as specified by the contract agreement

Explain the relationship between trademarks and licensing.

- **Trademark** is a word, phrase, symbol, logo or design that identifies and distinguishes the company from others. A trademark has legal protection through the United States Patent and Trademark Office
 - Any entity wishing to protect their trademarks must register the trademark and post the designated symbol next to the item they wish to protect
 - It is these trademarks that licensees wish to use



TM

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Describe types of sports license agreements & provide examples

- **Products**

- Hard goods – bats, gloves, trading cards
- Soft goods – jerseys, hats
- Intangible goods – electronic on-line games



- **Endorsements/testimonials**

- **Sponsorships**

- Barter
- In-kind
- Not a true license



- **Naming rights**



Explain **licensor benefit** (advantages) associated with licensing

- Enhanced **company image** and publicity
- Increased profit from **royalties**
- Increased **brand awareness** or recognition
- Increased opportunity for **penetrating new markets** (especially international) or enhancing existing markets
- Increased revenues from sales as a result of **brand awareness** and expansion of new markets or enhancement of existing markets
- **Limited manufacturing costs or risks**

Explain **licensor risks** (disadvantages) associated with licensing

- Potential for **poor quality** of a licensee's manufactured products
- **Brand image** could be impacted with consumers due to poor quality products
- Partial relinquishment of **control** over the marketing mix of the brand

Explain **licensee benefits** (advantages) associated with licensing

- Existing **brand awareness** or recognition
- **Lower** advertising and promotional **costs**
- Increased possibility of **success** and profitability
- **Connection** with an athlete, sports team, entertainer, or corporation
- Greater chance of major retailers accepting distribution of your products
- International success is probable because sports are universally appealing

Explain **licensee risks** (disadvantages) associated with licensing.

- Athlete, entertainer, or corporation may become involved in a **scandal or lose popularity**.
- Sports teams may suffer **losing season(s)**.
- **Change** in styles, trends, and consumer preferences.
- Royalties and licensing fees can be **expensive**.
- Manufacturing **costs and risks**.
- Competition (un-licensed) can drive up costs associated with licensing fees and royalties and negatively impact market share

Explain the differences between licensing and endorsements

- **Endorsement** is an action made by a celebrity or well-known person as follows:
 - **Testimonial (statement or advertisement)**, by a user of the product proclaiming the product's benefits
 - **Appearance (association)**, is an action whereby the endorser appears at an event. The celebrity does not have to do or say anything but consumers believe they like the product
- Endorsements are advantageous to a company in the same manner as licensing but also have the same disadvantages
- Endorsements are legal and binding contracts and the company and celebrity must adhere to the details

Describe ways that celebrities can endorse products – why is this good for companies?

- Product endorsement campaigns
- Use the product publicly when possible
- Allow their name to be used on products
- Written or verbal testimonials
- Allow use of their photo with or on the product in advertising and packaging
- Manufacturers can benefit from the 'halo effect' - some of the celebrity's glamour rubs off on the product
- Consumers are more likely to try and use a product that a celebrity endorses

Distinguish between licensing and sponsorship

- **Sponsorship** is supporting an event, activity or organization by providing money or other resources that is of value to the sponsored event. This is usually in return for advertising space at the event or as part of the publicity for the event – this is not a license
 - Sponsors wish to be recognized and have affiliation with the event
 - Financing can be in the form of money, products, services, equipment or any combination of the four
 - Business, individuals or organizations can sponsor events
 - Sponsorships, including naming rights, can be corporate or product related and have multiple levels of involvement

Define the term naming rights.

- **Naming rights** - are a financial transaction and form of advertising (sponsorship) whereby a corporation or other entity purchases the right to name a facility or event, typically for a defined period of time.
- For properties like a multi-purpose arena, performing arts venue or an athletic field, the term ranges from three to 20 years.
- Longer terms are more common for higher profile venues such as a professional sports facility.
- Key players in a naming rights sponsorship are:
 - Sport teams/owners – venue owners – corporations

Explain advantages/disadvantages for teams/events selling corporations naming rights.

- **Buyer/sponsor/corporation:**

- Exclusivity at a marketing venue
- Maximize promotion of products and services
- Promote customer retention and or increase market share
- Can be a good public relations plan for community
- This can be very expensive and may not be your target market
- Team may have losing season or lose popularity

Explain advantages/disadvantages for teams/events selling corporations naming rights.

- **Seller/venue:**
- Increases revenue and public awareness of venue
- A means to pay for construction or maintenance costs at the venue
- Good public relations in gaining corporation support within a community
- Most naming right deals involve suite purchase too
- Venue must be protective of it's target market and sign with correct corporation
- Corporate entity could go bankrupt, engage in fraudulent activities or be purchased