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The Nature of Sports Marketing

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Abstract

Sports marketing has established itself over the last three decades not only as a very special form of marketing but also as an own subject of research. However, it is quite surprising that the nature of sports marketing is relatively unknown as different definitions of sports marketing indicate. Indeed, a generally accepted definition does not exist to date and opinions about the nature of sports marketing differ widely. This paper examines the nature of sports marketing and therefore seeks to contribute to the ongoing discussion as to whether sports marketing is any different from principal marketing or just a modified version. It starts with a discussion of three different definitions of sports marketing. Then the unique characteristics of sports and sports marketing are described followed by implications for sporting organisation, companies involved in sports marketing and sports marketing academics. The paper concludes with a summarizing concept of sports marketing that illustrates the very special nature of sports marketing both verbally and graphically.

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1. Definitions of sports marketing

Sports marketing academics as well as organisations involved in sports marketing produced various definitions of sports marketing over the last couple of years. A generally accepted definition, however, does not exist. This might be because of the changing nature of sports marketing on the one hand, and different viewpoints on the other. This section discusses three different definitions exemplarily.

One definition most recently published comes from Kaser and Oelkers (2005, p. 9) who say that

‘sports marketing is using sports to market products.’

Sticking to the principle of keeping definitions short and simple is not always the best idea as the above definition leaves a lot of questions open: Who is using sports marketing? What kind of products can be market through sports and what if the product itself is sports? How is sports used? Is sports the only distinguishing feature of sports marketing in comparison with principal marketing?

Another definition comes from Shilbury, Quick and Westerbeek (1998, p. 13) who define sports marketing from the sporting organisations’ point of view:

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

They adopted a general definition of marketing¹ to the sports context by replacing ‘individual’ and ‘groups’ by ‘sport manager’ and ‘sporting organisations’. Everything else remains, which implies that the only unique characteristic of sports marketing are the protagonists, i.e. the sporting organisation on the one side and ‘many different types of sports consumers’ on the other side (Shilbury, Quick and Westerbeek, 1998, p. 13). Consequently, sports marketing is fundamentally the same as principal marketing according to their definition.

¹ ‘Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.’ (Kotler, 1994, p. 5)

One of the best definitions from our point of view comes from van Heerden (2001), who postulated a comprehensive definition of sports marketing by combining Shank's (1999) definition², the views of Evans et al. (1996)³ and his own previous three-scenario approach (van Heerden, 1998)⁴:

‘Sport marketing is the specific application of theoretical marketing principles and processes to sport products and services; the marketing of non-sport and sport-related products and services through an association - such as a sponsorship - with sport; and the marketing of sport bodies and codes, their personalities, their events, their activities, their actions, their strategies and their image.’

The above definition takes two distinct streams within the broad concept of sports marketing into consideration: ‘marketing *of* sports’ and ‘marketing *through* sports’. The first stream refers to the ‘the use of marketing variables to communicate the benefits of sport participation and spectatorship to potential consumers’ (Shilbury, Quick and Westerbeek, 1998, p. 12), whereas the second stream refers to sports sponsorship (Nufer, 2002a).

Van Heerden's (2001) definition implies that sports marketing is based on marketing principles on the one hand, but that specific applications are needed on the other hand. This, in turn, leads to the question if and how sports marketing differs from any other forms of marketing. The next section seeks to answer the above question by examining the unique characteristics of sports marketing.

² Shank (1999, p. 2) defines sports marketing as ‘the specific application of marketing principles and processes to sport products and to the marketing of non-sports products through association with sport.’

³ Evans et al. (1996, p. 207) define sports marketing as the use of sport as a promotional vehicle for consumer and industrial goods and services, the marketing of sports products, services and events to consumers of sport.

⁴ Van Heerden (1998, p. 358) formulated three scenarios contextualising sports marketing: the marketing of sports products and services (e.g. equipment and facilities) which might be consumed by professional athletes and amateur hackers (scenario 1); the marketing of an organisation through its association (i.e. sponsorship) with sport events, teams or individuals (scenario 2); and the way that sport bodies and codes market themselves and their events to attract sponsorship participants, spectators, funding, and corporate involvement (scenario 3).

2. The peculiarities of sports marketing

Mullin (1985, p. 158) notes that ‘almost every element of marketing requires significantly different approaches when the product being marketed is sport.’ Indeed, sports marketing differs from other forms of marketing in three main aspects: the sports industry, the sports product and last but definitely not least the consumer. All three aspects will be examined in this section.

2.1. The sports industry

Sport is quite often described as part of the entertainment industry. Indeed, certain similarities cannot be denied. People watch sports in order to be entertained. However, sports might be entertainment, but it also differs in some aspects from other entertainment sectors or ordinary businesses.

First, sporting organisations often operate in a cartel-like competition. National (and international) competitions are organised in national (and international) leagues. The governing bodies of the leagues set the rules of the game and the competition in order to guarantee a certain level of competitive balance. Ehrke and Witte (2002) note, for example, that professional soccer leagues are determined by agreements regarding the rules of the competition. They make the assertion that these agreements would bring the Monopolies and Merger Commission or some similar organisation on the scene in any other industry. Szymanski and Kuypers (1999, p. 248) support this view by stating that it would be deemed illegal if an industry body in any other business were to set the numbers of producers and allocate the resources between them. They claim, however, that the competition authorities have ‘to recognize the unique nature of sports and allow leagues to carry out their functions as co-ordinators’.

Second, sporting organisations compete on and off the pitch but need each other in order to produce the sporting competition (a unique characteristic of the sports product as explained later). This phenomenon, where economic and sporting competition are linked in exactly the opposite way, is known as ‘associative competition’ (Heinemann, 2001). Whereas companies

in traditional industry sectors seek to gain a monopoly situation in order to determine the market, sporting organisations are concerned to retain some level of parity between them, otherwise sports as a product would be in danger of losing much of its appeal and value (Sloane, 1997; Szymanski and Kuypers, 1999; Greenfield and Osborn, 2001).

Third, the sports industry and sporting organisations (above all some professional soccer clubs) have a sometimes relatively 'unhealthy' relationship to the principle of profitability. The overall aim of each and every company in ordinary business sectors is to make as much profit as possible. Football clubs, for example, were intended to act as sporting clubs in the first place and therefore have never been run as pure profit maximisers (Sir Norman Chester Centre for Football Research, 2002). Shilbury, Quick and Westerbeek (1998, p. 21) add that 'viability and winning games are important outcomes and become the primary measure of attractiveness for sporting organisations.' In addition, financial profits in sports depend heavily on sporting performance and the sporting performance, in turn, is not predictable.

Fourth and maybe most important, the public perception of some sports (i.e. main sports such as soccer, rugby, Formula 1) is extraordinary and behind any comparison with other business sectors. Shilbury, Quick and Westerbeek (1998, p. 6) note that 'very few businesses in the world are viewed with such simplicity and such personal identification by the consumer.' But it's not only the personal involvement of consumers (a phenomenon which will be addressed later) but also the extensive media coverage of sports. Morrow (1999), for example, claims that the extent and type of the coverage football receives would be greatly diminished if it were only an ordinary business. The problem of sports' extraordinary public perception occurs when people are interfering in sporting organisations' decisions. Indeed, numerous decisions taken by a football club are discussed in public (i.e. the media or in pubs). This, in turn, makes it difficult for sporting organisations to decide independently and without pressure from outside.

2.2. The sports product

Shank (1999, p. 16) defines a sports product as ‘a good, a service, or any combination of the two that is designed to provide benefits to a sports spectator, participant, or sponsor.’ Sports products as provided by sporting organisations can be divided in the core product and product extensions. The core product is the initial game, the sporting event or competition, whereas the product extensions are all goods or services which relate to the core product such as merchandising, catering, hospitality, or information services. The core product combines all characteristics of a service (intangibility, inseparability of production and consumption, heterogeneity, perishability), whereas the product extensions can be goods or services. The core product can be differentiated between participant sports and spectator sports. The differentiation makes sense as both forms target different consumer groups. Besides, the message differs. In case of participant sports sporting organisations try to stimulate as many people as possible to become active in the specific sport, whereas in the case of spectator sports sporting organisations are trying to attract people to attend the event/game. Attendance at sporting events could be classified as a people-based service directed at people’s minds following Lovelock’s (1991) classification of the nature of the service act. The motives to actively engage in a sport or just passively watch it are very different and therefore sporting organisations need different techniques to promote their products (Nufer, 2002b; Nufer, 2006). Although the importance of participant sports increases in view of the fitness wave, spectator sports is the bigger part of the sports industry with billions of people watching sports events either live or on television. However, the core sports product shows some unique characteristics with which sports marketers have to deal with.

As mentioned above, the core product (i.e. the match/competition) is a joint product. Teams (e.g. soccer, rugby, basketball) or individuals (e.g. boxing, tennis) need each other to create the core sports product. In addition, sports marketers have no control over the quality of the core product because every game and/or competition is highly spontaneous and unpredictable (Shilbury, Quick and Westerbeek, 1998). The uncertainty of outcome is the lifeblood of every competition as one cannot be certain how the competition will end. But it’s not only the final result which is unpredictable, it is also the game itself which cannot be planned. Shank (1999, p. 3) explains:

'One important way in which sport differs from common entertainment forms is that sport is spontaneous. A play has a script, and a concert has a program, but the action that entertains us in sport is spontaneous and uncontrolled by those who participate in the event. When we go to a comedic movie, we expect to laugh, and when we go to a horror movie we expect to be scared even before we pay our money. But the emotions we may feel when watching a sporting event are hard to determine. If it is a close contest and our team wins, we may feel excitement and joy. But if it is a boring event and our team loses, the entertainment benefit we receive is quite different. Because of its spontaneous nature, sport producers face a host of challenges that are different than those faced by most entertainment providers.'

2.3. The consumer

This section examines the nature of the sports consumer and especially the spectators.

Shilbury, Quick and Westerbeek (1998, p. 6) note that

'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'.

Sports consumers are different in numerous ways from ordinary consumers of ordinary companies. This becomes clear especially in the case of traditional soccer supporters. First, they are usually more passionate about their favourite football club than consumers are about their preferred brand. Second, fans show a high level of loyalty to their team. Dempsey and Reilly (1998) explain this loyalty with the fact that supporters find something in football that they cannot find anywhere else, e.g. the escape from the ordinary workaday world, the adrenalin rush and thrill of a match or the feeling of being part of a community. Therefore, fans pledge allegiances to their clubs. Passion and loyalty leads to the third difference: football fans are often irrational in their consumer behaviour. Purchase decisions are seldom taken on commercial grounds, or as Cashmore (2003, p. 23) puts it: 'Part of being a fan involves buying all manner of product related to the object of adulation' regardless of price or quality. A related consequence of loyalty is the fact that football supporters don't have a real choice when it comes to purchase decisions. While ordinary consumers may have their preferences, they normally have a choice between several products. Football supporters, however, would rarely change to another club only because the ticket price of the competitor is more reasonable. The whole issue of fan loyalty, irrational consumer behaviour, passion, identity and identification lead economic analysts and professional investors to the conclusion

that football supporters are ‘captive consumers’ (Pierpoint, 2000, p. 31; Banks. 2002) within a ‘captive market’⁵ (Morrow, 1999, p. 169; Conn 2001).

3. Implications

All the differences mentioned above contribute to the uniqueness of sports and therefore have an impact on sports marketing. This section provides some implications for sporting organisations and companies involved in sports marketing on the one hand, and for sports marketing academics on the other hand based on the unique characteristics of the sports industry, the sports product and the sports consumers.

3.1. Implications for sporting organisations

One of the unique characteristics of the industry, in which sporting organisations operate, is the principle of associative competition. Sporting organisations have to bear in mind that they need each other to survive and therefore need some sort of balance within the league on the one hand, and a common marketing strategy on the other hand to promote their sport and/or competition. Another problem for sporting organisations is the unpredictability of their core product. Whereas companies from other businesses are able to guarantee the quality of their products, sporting organisations cannot promise any results – but some do. And this leads to unrealistic expectations and in the case of failure to disappointing consumers. Sporting organisations are well-advised not to exaggerate too much and to communicate the nature of sports to their consumers to sensitize their customers. However, sporting organisation can do various other things in order to satisfy their consumers. They might be able to influence the quality of the core product only to some degree, but they are definitely able to determine the quality of the product extensions. Soccer clubs, for example, cannot guarantee what the score will be or that the game will be exciting and thrilling, but they can make sure that everything else around the pitch meets the consumers’ expectations.

⁵ Captive market is defined as a group of consumers who have limited choice in terms of the products they can select/purchase or no other alternative but to buy a product from a specific source respectively.

As sports marketing is based on the principles of marketing, sporting organisation will need professional support from marketing experts in the near future. It seems that marketing has too often been a spare-time activity for many sporting organisations, carried out by former (successful) sportsmen with no or just little marketing expertise. However, prospective sporting organisations will not need marketing-enthusiastic sportsmen, but sports-enthusiastic marketing experts to market and promote their products.

3.2. Implications for companies involved in sports marketing

Companies who market their products through sports (especially sponsoring companies) need to understand the unique characteristics of sports, the peculiarities of the sports business and the nature of sports consumers. A major problem in sports marketing is the fact that a lot of companies assign marketing experts with no or too little knowledge of the sporting context. They need to realise that success on the pitch cannot be guaranteed and that too much influence on the sporting organisation might have contra-productive effects.⁶ Companies invest in sponsorship in order to reach their target group or transform spectators and fans into new customers. Sports fans are said to be loyal and passionate, but there is a limit and companies should be aware of the fine line between doing good and exploiting, a fact recognised by a marketing director of an English Premier League club (cited by Bühler, 2005a, p. 233):

‘I think some companies don’t understand the culture and there are companies who believe that a football fan would buy anything I tell him to. And that’s not the case. That doesn’t happen that way. You have still got to provide a fabulous service at the right price and be more attractive than other companies doing exactly the same. There is a loyalty, fans are quite loyal to companies who they know are backing their football team. But that loyalty isn’t blind loyalty.’

⁶ This is best illustrated in the case of Karlsruher SC, a club of the German second soccer division, and its shirt sponsor EnBW, who pressurised the club to fire their new manager because of personal reasons. This then led to bad publicity and decreasing image levels of the sponsor.

3.3. Implications for sports marketing academics

As mentioned above, people involved in sports marketing should have a deep knowledge of *marketing*, but also of *sports*. Sports marketers and academics not only have to have an understanding of the unique characteristics of the sports industry, the sports product and the sports consumer but also need to teach and communicate these skills. A major problem seems to be the confusion in the area of sports marketing, caused by various different definitions of and opinions about sports marketing. Therefore, it is essential for sports marketing as a research subject that the academics in the field speak a common language. A good start would definitely be to agree on a general accepted definition of sports marketing rather than using a lot of different ones. Equally important is a generally accepted answer to the question as to whether sports marketing is a special form of marketing or just a modified version. Sports marketing academics could then start from a common base at least.

4. Conclusions

Based on the information of the previous sections of this paper we created a graph illustrating the concept of sports marketing (Figure 1). The main protagonists in the context of sports marketing are either sporting organisations (including sports bodies, associations, clubs or individuals) or companies.

The latter are trying to market their non-sports products or sports-related products (e.g. football kits and boots or sport nutrition drinks) through sports, either by advertising or by sponsorship. Their objective is to reach their target group through association with sports on the one hand, and to transform spectators and/or participants of sports into new customers on the other hand.

Sporting organisations, however, are marketing their sports products, which can be divided into participant sports (with existing or potential participants as the target group) and spectator sports (with existing or potential spectators as the target group). Marketing and promoting the core product (i.e. the game, the competition or event) is a difficult task because the core sports product shows some unique characteristics (e.g. unpredictability and

spontaneity). Sporting organisations also have to market product extensions, which can be goods (e.g. merchandising articles) or services (e.g. hospitality, information, communication rights).

Based on the concept of sports marketing as illustrated in Figure 1, we propose to use van Heerden's (2001) definition as a generally accepted definition of sports marketing as it incorporates both streams of sports marketing. Consequently, we suggest looking at sports marketing not just as a variation or modification of traditional marketing, but as a very special, near-autonomous form of marketing combining the unique characteristics of sports with fundamental marketing techniques.

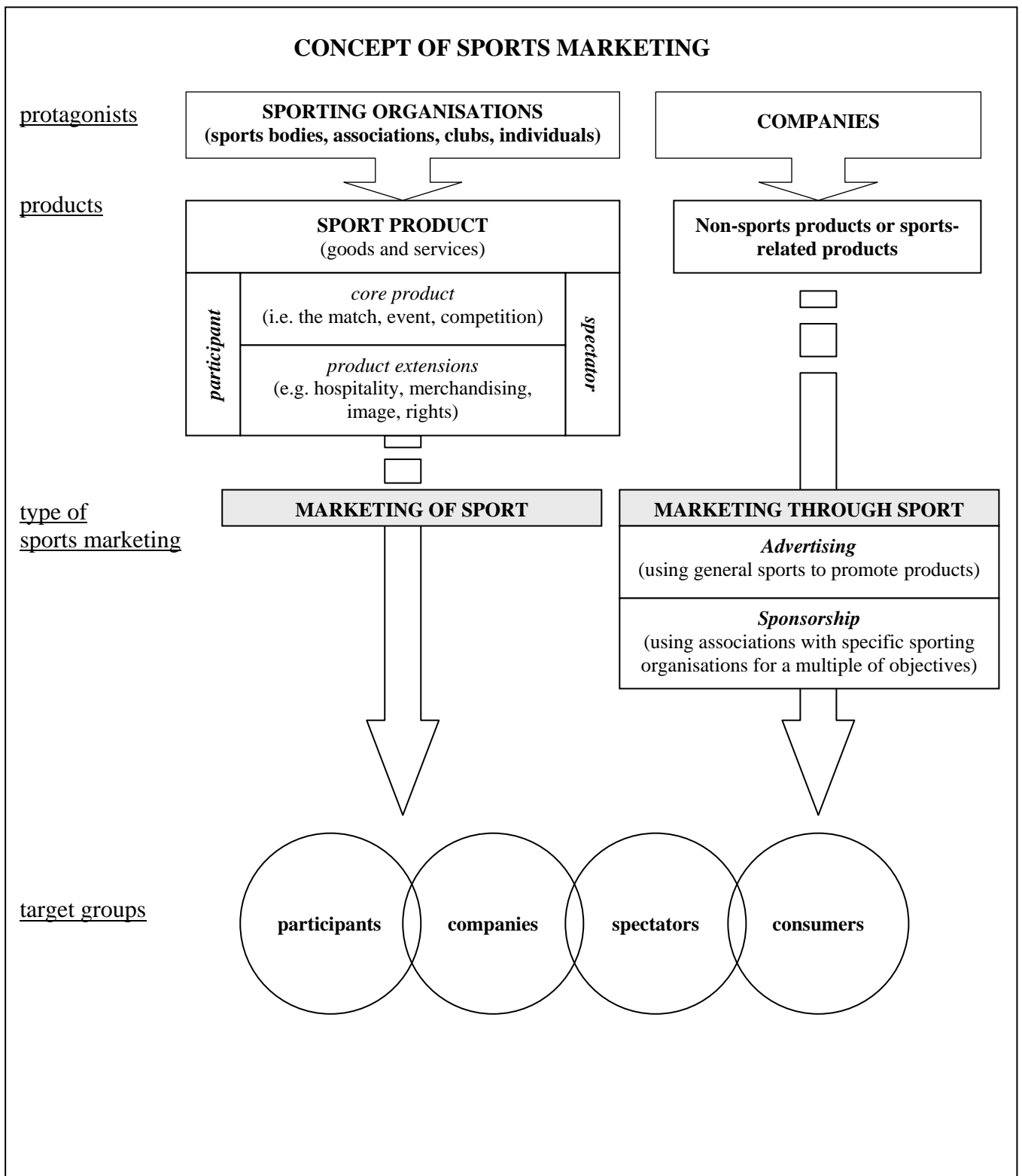


Figure 1: Graphical illustration of the concept of sports marketing

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