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Measuring the Effectiveness of NBA Marketing Techniques: A Comparison between Small and Large Market Teams

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ABSTRACT

“NBA teams use a variety of marketing techniques to try to increase game attendance.” (Dick and Turner 2007) Past studies have been done on comparisons of marketing techniques in different seasons (Dick and Sack, 2003), and the comparison of value between fans and marketing directors (Dick and Turner, 2007). Thus, this study is focused on comparing the difference in the value of marketing strategies between “small” market and “large” market teams in the NBA. This study will give us a better understanding on the difference in marketing techniques for “small” market teams compared to the “large” market teams.

INTRODUCTION

Since the NBA began, there have been a variety of marketing techniques use throughout the league. Mawson and Coan (1987) created a study that would compare the effectiveness of marketing techniques in the NBA that are used to promote attendance at home games. Mawson and Coan discuss the that the marketing strategy is the overall plan that determines what marketing technique will be used to promote the product. The purpose of the study is to determine the priority of marketing techniques. Mawson and Coan compared the 11 marketing directors from NBA franchises with the highest seasonal attendance and compared them with the directors of the 11 franchises with the lowest seasonal attendance. They used a Marketing Technique Questionnaire (MTQ) developed by Hambleton in 1987 to investigate marketing techniques by NCAA institutions was used to analyze the marketing techniques of the NBA franchises. The MTQ contained 22 statements related to marketing techniques relevant to sport organizations. It was completed by 22 of 25 NBA marketing directors. They didn't include Minnesota and Orlando because they were relatively new. The average attendance per game was calculated and used as the calculated proportion of the home arena capacity to determine an

estimated average percent capacity attendance for each team. Mawson and Coan ranked the techniques by the means of the MTQ statements from the 5-point Likert scale. 5 indicated strongly agreed, and 1 indicated strong disagreement. A couple interesting findings from the study included that one of the high-attendance group designated “game entertainment” as a marketing technique. And others mentioned telemarketing and personal selling as marketing techniques that weren’t listed on the MTQ. Magazine advertising was the lowest rated technique and the only one that the directors put as an average of less than a 3. This study setup the groundwork for the studies in the future on marketing techniques in the NBA.

MARKETING TACTICS IN THE NATIONAL BASKETBALL ASSOCIATION

Building off Mawson and Coan’s study, Dick and Sack (2003) used Mawson and Coan’s results as a comparison for their study. The study was done to learn the different marketing strategies throughout the NBA. This study was done because there was an increased pressure on ticket salesmen in the NBA and the research was looking to see what strategies Marketing Directors feel are most successful. “Rising costs such as escalating player salaries have forced sport managers to seek out new revenue streams, and to squeeze more profit out of traditional one.” (Dick and Sack 2003) The sport managers in the NBA need to find new successful ideas like promotional giveaways, group discounts, and free concerts. This article talks about an important study done by Mawson and Coan (1994). Mawson and Coan’s approach was to rank the effectiveness of a variety of promotional strategies by mailing out a survey to marketing directors in the NBA to determine effectiveness.

The method used in the above research was two different mailings sent to the 29 NBA Marketing Directors in 1997-1998 to determine which marketing techniques were being used. “In the first mailing, the marketing directors were asked to determine the 21 marketing techniques derived from the Mawson and Coan study, and to add any techniques that were used by their franchise but were not included on the list.” (Dick and Sack 2003) The list of techniques ranges from special events, priority seating/parking, television advertising, to pricing strategy and more. The feedback from the first survey expanded the amount of marketing techniques to 21 to 54. The second mailing was sent out to the same marketing directors and asked them to rate each technique on a 5 point Likert Scale in terms of how they agree or disagree with the technique’s impact on game attendance. This study had a response rate of 100% on both mailings. They compared their data found between the different marketing directors and also the data on the 21 items in the Mawson and Coan study with their study. Dick and Sack also had five experts expand on the different techniques and interpret some of the trends revealed in the data. This study found that between the two time periods there were notable changes, including increases in perceived effectiveness of television and radio advertising, and promotion of star players. The strategies that declined during the two time periods are strategic planning and direct mailing. This method will be similar to the method I chose, in which I’m comparing the ratings of marketing strategies by marketing directors in the NBA of small market and large market teams.

COMPARISON OF THE VALUE OF MARKETING TECHNIQUES BETWEEN FANS AND MARKETING DIRECTORS

Building off the last study, Ronald Dick worked with Brian Turner to use the data from the last study and focus on another comparison study. The next study is a comparison focused on the fans perception of the value of marketing techniques compared to the NBA marketing directors' perception. This was the first study comparing the two perceptions. This study came at a time where marketing directors realized they were using similar techniques that had been used for the past 30 years and they wanted to get an idea of how different the ticket holders' perception on the techniques were.

The method used in this study was similar to the one of Dick and Sack (2003), in this case an expert panel of five individuals involved in sports sales and marketing examined the 54 marketing techniques used in the Dick and Sack (2003) study. "All five members of the panel agreed that there was some confusion and duplication of the 54 marketing techniques. As a result, the panel fine-tuned the list down to 20." (Dick and Turner Pg. 141) The method also provided the demographic profile of the ticket holders including: Gender, Age, Ethnicity, Household income, and Education level. The 20 techniques were sent to the NBA marketing directors and were asked to rate each technique on a five-point Likert scale in order of effectiveness, with 5 being very effective in terms of increasing home game attendance. They had a 100% response rate from all NBA marketing directors. They selected the attendees at two separate home games of NBA team that was in a larger market and had been near the top of NBA attendance in the past several seasons. Research assistants randomly handed out questionnaires to every 25th person entering the door at five different entrances. 200 usable questionnaires out of 250 were returned.

Once they collected the data from the two parties, the researchers then completed a multivariate analysis of variance to analyze the two sets of data. One of the interesting finds from the study was the technique that showed the greatest difference between the directors and ticket holders was telemarketing and up-selling. The directors rated it the 7th most effective technique, compared to the ticket holders rating it the least effective technique. Dick and Turner state that the findings suggest NBA marketing directors should re-evaluate the techniques they currently use to increase attendance.

This study will also help our method by narrowing down the amount of marketing techniques from 54 to 20 for our research. This study also used a data analysis method that we will use for our study, a multivariate analysis of variance to analyze the two groups involved in our study.

List of Marketing Strategies Used in Dick and Turner's Study
Booster and special membership clubs
Civic groups
Direct mail
E-mail offers via the internet and website
Employee incentives with theme nights
Face to face meeting with business sponsorships and corporate ticket programs
Grassroot marketing with community service projects
Group sales with discounted pricing strategies
Implement good public relations
In-arena messages and public address announcements
Mini-packs
Newspaper advertising
Outdoor advertising
Preliminary and post-game special events
Promoting star players on all NBA teams
Promotional premium or giveaway items at the door
Radio advertising
Referrals and word of mouth
Selecting a target market with a strategic and marketing research plan
Telemarketing with up selling

SOCIAL MEDIA MARKETING IN THE NBA

One thing that has been missing from previous research is the inclusion of social media as a marketing strategy. Tariq Ahmad (2012) discusses the use of social media by NBA teams by interviewing seven media directors of NBA teams, with questions relating to motives, implementation, management, and evaluation of social media strategies Motives of social media focusing on: team to fan communication, fan to team communication, and fan to fan communication. Implementation focuses on staff members (immediate and higher-level organization members), timeframe (2006-2009), different types of approaches (team-centric, fan-centric, combining physical and virtual spaces), and use of guidelines. The management section was focused on the number of staff, how often strategizing occurred, how often changes were made to the strategy, and if the director was the final decision maker on decisions. Evaluation strategies include how evaluation was conducted, how often social media strategies were evaluated, and if paperwork and documentation were used to evaluate social media strategies.” (Ahmad Pg. iii)

Ahmad picked his seven social media directors based on television market size that included two large television market teams, two medium television market teams, and three small television market teams. Ahmad provided the list of the market size of teams in his Appendix. This list of

the market size of teams will be used in our current study.

USE OF RELATIONSHIP MARKETING TACTICS IN THE NBA

Other recent work on NBA marketing techniques includes Achen's (2016) study focusing on quantifying the use of relationship marketing tactics in the National Basketball Association. This study has been done recently and could add to the marketing techniques discussed in the previous studies. "Relationship marketing is based on the assumption customers should be a part of mutually beneficial relationship as it is less expensive and more important to develop and retain existing customers than it is to attract new ones." (Buhler & Nufer, 2010, Payne & Frow, 2000)

Achen produced a thirteen-question survey that was critiqued by five experts that previously worked in the sport industry. She then developed a database of contacts by searching team websites for the NBA. If the team website contained an individual for marketing or ticket services, the survey was emailed directly to them. If not, the general team contact for tickets was used. Seventeen individuals responded to the survey, but only eight were fully completed. The results showed that customer surveys are the most commonly used relationship marketing tactic in the NBA and the least commonly used tactic was membership/loyalty programs. Achen got the percentages from the four-point Likert-type scale ranging the tactics effectiveness. The survey also recorded how the tactics effectively establish and build relationships, and retaining customers. Achen states that "it's not a surprise that CRM systems are one of the most common tactics used by NBA teams as a focus on data collection has intensified and improved technology has made gathering and using consumer information simpler and more cost effective." (Achen 2016) This survey also showed that social media was the least valued tactic rated by the participants. This study will help marketing directors in the future understand what other teams are using and what tactics are viewed as the most effective.

SYNTHESIS OF LITERATURE

This review has shown how past studies went about collecting data on perceived value of marketing techniques from NBA marketing directors. Mawson and Coan (1987) started the research idea of determining which marketing techniques are most effective. They also compared the findings with market size. The Dick and Sack (2003) study laid the foundation for how to survey the techniques and provided a list of 54 techniques to use after the study. The Dick and Turner study then got the techniques narrowed down to 20 techniques by several experts in the field. Rebecca Achen's study (2016) focused on another study of the same concept, searching for the effectiveness of relationship marketing tactics. She used a 4-point Likert scale in her study. Ahmad's study (2012) brought up the discussion of social media by marketing directors in the NBA, and included a comparison between market size in his study.

RATIONALE FOR THE STUDY

The study is meant to compare the perception of value for marketing techniques by marketing directors of "small" market teams and "large" market teams. This study will find the differences

and similarities in the two groups and provide insight of how the two market sizes succeed in marketing their teams.

Research Questions

- (1) Are there differences in the ratings of the 21 techniques between the bottom 10 and top 10 market teams?
- (2) What are rankings of the techniques for the different market sizes?
- (3) What are the reasons for selecting their techniques? And if they do differ, how?

Hypotheses

Our only hypothesis before starting this study is that the small market teams have to use more creative techniques to make up for the smaller population that they have to work with compared to large market teams.

Population and Sampling

The population of this study is focused on marketing personnel for NBA teams. Like Dick's studies, we will be sending our survey to all 30 NBA Marketing Directors.

Research Design

This study is a quantitative study. To determine the perceived value of marketing techniques by marketing directors in the NBA a survey will be sent out to all of the NBA marketing directors. The marketing directors contact info will be found on the team's staff directories. The survey will use the 20 marketing techniques used in the Dick and Turner article talked about earlier, with the additions of one new marketing technique, social media. The survey will be completed on (Survey Website) and the data will be pulled from the survey once the marketing director completes the survey. The survey will provide the results that will be compared with the other teams.

A formula will also be created combining the factors of city population, arena size, attendance, and tourism to determine the market size of the teams. I will then use that created list for our comparisons.

INSTRUMENTATION

Effectiveness ratings

The 21 marketing techniques will be listed and the marketing directors will be asked to rate each technique on a 10-point Likert scale in terms of the techniques effectiveness in marketing for the team. A 10 on the Likert scale will indicate a strong effectiveness of the technique and 1 on the scale will be a weak effectiveness for the technique. A 0 on the scale will mean they do not use that technique. I chose to do a 10-point Likert scale, because in the past studies on marketing techniques there haven't been that much of a range of answers. I'm hoping for a bigger range of answers with the 10-point scale. The survey will also have a section in which the marketing directors can add techniques that weren't listed. The mean score of each technique will be

created for each grouping, large and small market teams. This method was also used in the Dick and Sack (2003) study.

Effectiveness rankings

The survey will also have a section in which the marketing directors will rank each marketing technique in their perceived order of effectiveness. This will give me another chance to measure the value of each technique determined by the marketing directors.

DATA ANALYSIS

Effectiveness Ratings

In the first part of the survey the marketing directors will be rating each of the techniques on a 10-point Likert scale. The data collected from that section will be grouped in means by market size. We will have the mean scores of each technique for the ten small market teams and the ten large market teams to compare. A regression analysis will be used to determine which factors most accurately predict success. I'll also do a correlation analysis to determine if there is a direct correlation between market size and market technique effectiveness.

Effectiveness Rankings

The next section of the study will help us get an even better understanding of how well these marketing techniques work for each marketing director. We will use a descriptive analysis looking at frequencies, commonalities and trends between the top-ranked and bottom-ranked marketing techniques from all the marketing directors.

STUDY LIMITATIONS AND DISCUSSION

The main limitation of this study would be the response rate of the study. We are currently working with experts in the field to assist in pushing our survey.

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ABOUT THE AUTHORS

Kyle Ronkartz is a graduate student studying Sport and Recreation Studies at George Mason University. Prior to the Master's program, he earned his B.S. in Sport Management also at George Mason University. While completing his studies, he works as a Ticket Sales Intern for George Mason's Athletic Department.

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Dr. Robert Baker is a professor and director of the Center for Sport Management and Division of Sport Recreation and Tourism at George Mason University. He earned his doctorate from the College of William & Mary, and his M.S. and B.S. from Penn State University. He has served as president of the North American Society for Sport Management, as a founding commissioner of the Commission on Sport Management Accreditation and a founding board member of the

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