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Implementing the Customer Relationship Paradigm in Sports Marketing

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ABSTRACT

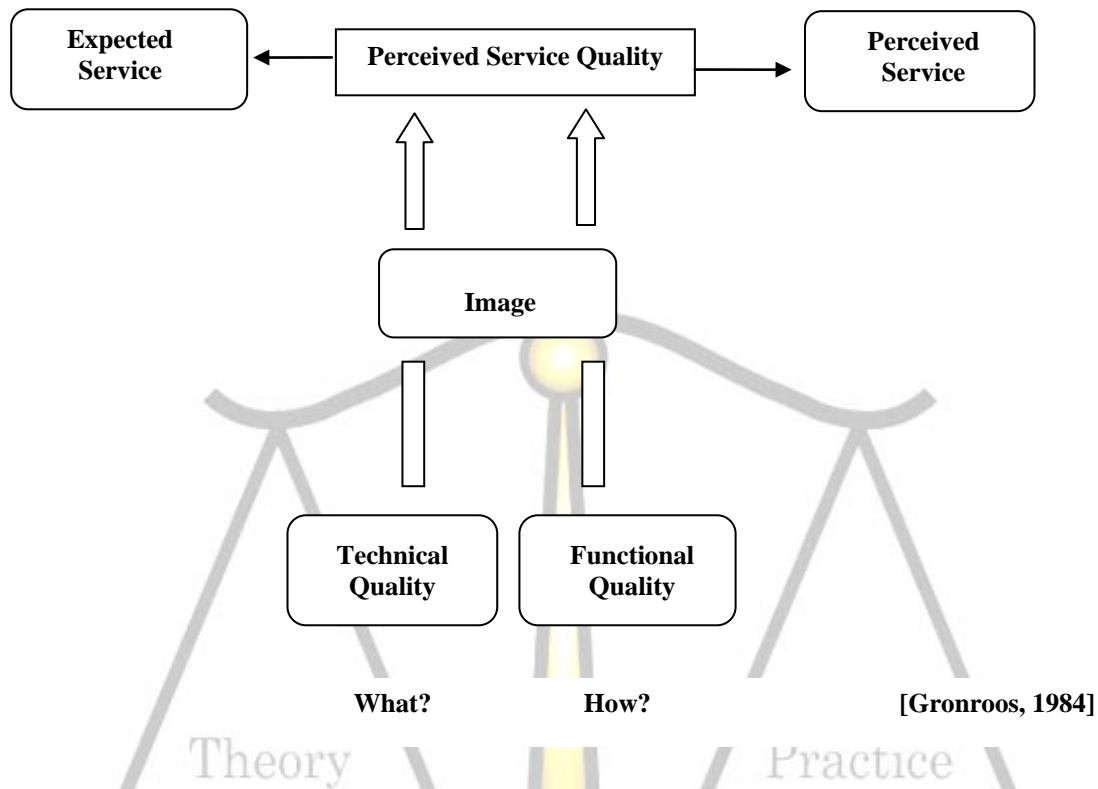
With the increasing attention to services marketing, the paradigms that guide marketing practitioners are shifting. An emerging approach useful to sports marketing is the study of customer relationships and their role in marketing mix design. This qualitative study examines the process, benefits and costs of implementing the customer relationship paradigm in brand identity development. A new baccalaureate university introduced athletics—and needed a mascot, colors and visual identity. Gronroos’ model of external, internal and interactive marketing guided the process. The results demonstrated the benefits of the approach and identified the need for stronger concepts and measures in this emerging research.

INTRODUCTION

“The pivotal difference between goods businesses and services businesses is that goods businesses sell *things* and service businesses sell *performances*” [Berry, 1986: 48]. Leonard Berry’s provocative comment explains quite simply why sports marketing naturally draws upon the services marketing literature for models that drive research and practice.

Sports marketing, like its more general counterpart, services marketing, addresses the marketing of intangibles. The customer experience includes both the *instrumental or technical quality*ⁱ of the product (did the athletes’ performances meet expectations? Was the view from the seat as expected?) and the *functional or expressive quality*ⁱⁱ [Swan and Combs, 1976] of the product (Were the service personnel pleasant? Did the announcer and cheerleaders create team spirit? Did I feel like a member of the “team family”?). Swan and Combs demonstrate that “satisfactory instrumental performance is a prerequisite for consumer satisfaction, but it is not enough. If the expressive performance of a service is not rated as satisfactory, the consumer will still feel unsatisfied.” Similarly, “a satisfied consumer will be more likely to mention expressive attributes, rather than instrumental attributes, as a reason for his satisfaction.” [Swan and Combs, 1976]. Christian Gronroos builds support for a model of service marketing that views image as a key third factor in consumer evaluation of service performance (Figure 1).

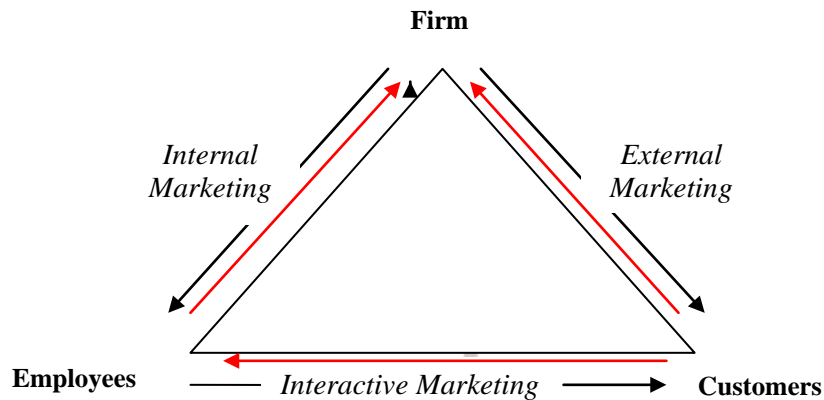
Figure 1
The Service Quality Model



Berry challenges services marketers to be “power branders” [Berry, 1984]. Since the product is intangible, the symbols communicating it carry a greater role in communicating and in meeting the consumer’s needs and objectives. Clearly, for sports marketers, one of the foundations of team’s image is its athletic identity—as portrayed in its team name, colors and visual identity.

Gronroos also proposed that the *process* of services marketing is radically different from that of goods marketing. Service marketing requires three distinct, but integrated strategies: external, internal and interactive marketing [Gronroos, 1984]. External marketing describes the classic work to develop the product, price, distribute and promote it. Internal marketing describes the work to teach the messages and motivate employees to serve customers well. Interactive marketing is the process of sharing both the technical and the functional/expressive product during each customer interaction (Figure 2).

Figure 2
Three Types of Marketing in Service Industries



[Gronroos, 1984; diagram Kotler, 2000; red additions, Author]

Philip Kotler evaluated this internal/external/interactive marketing process conceptualization by stating “Gronroos’ model is one of the most thoughtful contributions to service marketing strategy” [Kotler, 2000]. Berry furthers this discussion by advising service marketers to “market to employees and to existing customers,” arguing that the most important contribution the marketing department of a services firm can make is to be “exceptionally clever in getting everyone else in the organization to practice marketing.”ⁱⁱⁱ [Berry, 1986].

While the term ‘interactive’ suggests two way flows of information, Kotler’s model [black elements] did not depict these flows. External marketing in the branding study analyzed below was complemented by direct market research with consumers [reverse red arrow]. Interactive marketing is made truly interactive when employees elicit customer feedback one on one in the service delivery process. Internal marketing is complemented by getting the employees involved in the design of the product and marketing mix element, the reverse red arrow represented by much of the work reported in the case analysis below.

Not much has been written about how to implement the strategies that Gronroos advocated. Getting widespread involvement in the visual identity development—a task that most team owners, marketers and graphic designers want to tightly control--seems to be a conflict in purposes. What if the different stakeholders disagree? What if they lead us in directions, we as owners and marketers don’t like? Yet, Gronroos’ notions argue stakeholder engagement is vital for the success of the service marketing strategy. How can these theoretical notions guide an athletic branding project, without sacrificing design quality or alienating a stakeholder group whose preferences are not represented in the final choice?

From theory to action: the new marketing paradigm in application

At a university just adding athletics, leaders consciously chose a consensus based, research driven athletic identity development process that built a strong emotional connection with the community, respected the student’s desires and built ties across faculty and staff in its

inclusiveness. The project involved key stakeholders—faculty, staff, students, community partners and alumni--and was implemented in three phases: (1) mascot name and colors selection; (2) athletic identity image development; (3) constituent adoption of the new identity. [Detailed process description: www.uscb.edu/mascot.]

Challenges to theory implementation:

Customer relationship marketing theory often focuses on communications and assumes that relationships will deepen naturally through improved communication. However, closer communication can often reveal significant differences in goals, values and perceptions. In this practical application, significant differences in stakeholder preferences, power and influence challenged the implementation of the theory. Specifically, design preference differences between stakeholders, conflicting beliefs regarding leadership styles, and stakeholders outside the organization with unusual levels of expert and reward power impacted the decision process.

Research indicated preference differences amongst stakeholder groups, which could lead to difficulty in the collaborative process. Survey respondents selected 2.2 adjectives to describe their preferred athletic artwork style. Taken together, the responses strongly emphasized “collegiate” (43%), “classic” (21%), “traditional” (21%) and “stylized” (22%). Students as a distinct subset expressed more support for “cartoonish” and “modern.” Faculty chose “modern,” more often than other respondent groups. Similarly, total responses to the question about the character of the new athletic image were “proud” (54%), “aggressive” (39%), “tough” (36%) and “active” (35%). However, students were more likely to suggest “aggressive” than other respondent groups. Faculty and staff more often chose “active” and “friendly.” Community and friends were more likely to suggest “tough.”

Conflicting leadership styles. The key influencer/internal customer, the athletic director, had little marketing experience, strong preferences and an authoritarian coaching style. Letting this leader “lead,” while encouraging all stakeholders to actively participate in the exploratory process of finding consensus, was a challenge in implementing Gronroos’ model.

Stakeholders with unusual reward or expert power, Community leaders recruited for the Athletic Director-led sub-committees were not always supportive of the directions chosen. As the model suggests, commitment to the model’s process by the most invested participants and individual relationship building activities--listening, building trust, and referring back to the overall criteria—were vital.

Strategic guidance from theory:

Build a broad stakeholder base. If one truly adopts the Gronroos’ customer relationship marketing model, engaging as many relevant, engaged stakeholders as possible—e.g. building the broadest list possible of athletic identity inputs--is a critical first step. Reaching out to identify and listen to relevant stakeholders in multiple ways to create a broad and inclusive university and community conversation as accomplished early on: even prior to the announcement of the intercollegiate athletics program start-up, media were recruited as partners

in the mascot choice discussion. Media partners helped lead the process by writing editorials and feature articles that drew attention to the mascot choice, beginning the day the athletics program was announced. Media encouraged community members to share their ideas by completing a nine-item online survey marketing placed on the new university athletics website.

Create shared criteria for success: Early on, the marketing lead proposed and gained consensus on three criteria^{iv} that united and aligned the many different committees and sub-committees during the nine month process:

Strong for athletics: From the first on-line listening session, 282 respondents helped define what this meant for this university in this region: proud, aggressive, tough, active.

Represents university's coastal service region: (75% of respondents): *environment:* distinctively beautiful and fragile natural setting of tidal rivers, marshes and beaches inhabited by diverse wildlife; *history*--one of the earliest European settled regions of the US; *international resort community; dynamic, growing region.*

Strengthens the university's new baccalaureate identity: support ongoing definition of the university's brand personality—as powerfully stated in university buildings: strong, enduring, visionary/forward looking. The image will communicate nationally *and* will resonate in the hearts and minds of local citizens.

Brand development process results supported theoretical concepts

An inclusive process was utilized to engage employees and other stakeholders of relevance, with the expectation that if they were leaders in the decision process, they would take on leadership roles in supporting the adoption of the new logo—e.g. they would engage in interactive marketing. This proved overwhelmingly true:

a) *The communications team leapt at the opportunity, developing a “pre-announcement” marketing campaign to build excitement.* The campaign theme borrowed an element from the new image and teased people to come see how this element would be part of a new tradition. The student newspaper ran a full page ad using the poster design. Media were teased with weekly electronic invitations using the same graphic.

b) *All members of the expanded implementation committee led aspects of the unveiling and adoption ceremonies.* On the historic Beaufort campus, the student lounge was repainted in the new school colors and the athletic identity painted on one wall—to be unveiled by the chancellor and athletic director in front of an overflow crowd. On the Hilton Head Gateway campus, the unveiling event featured 40 foot banners and a giant logo banner unrolled by the Chancellor and Athletic Director. The graphic designer and the biology expert on sharks traveled significant distances to attend, giving up personal time to do so. [Video documentation: www.uscb.edu/mascot]

c) *The senior class made its gift the sponsorship of a shark at the South Carolina Aquarium.*

d) *Members of student government and athletic teams* were a key element of the adoption ceremony. They came to the front of the audience to receive the first Sand Shark “tee” shirts—thereby symbolizing their adoption of this athletic/campus life identity and their commitment to build meaning behind it.

(e) *Campus life staff enthusiastically adopted the mascot*— hosted lunch with Sand Shark cups, napkins, and cookies and offered rides down a giant “shark slide” that provided a huge, colorful backdrop to the adoption event,

(f) *500 “Were you there?” T shirts designed by campus life staff* were given out within in 20 minutes of the ceremony’s completion.

(h) *Campus life staff created and led “Sand Shark Week”*--dedicated to mascot themed events, including a spirit bonfire and dinner, chalk art contest, a movie and lunchtime “build a shark” activities. [See www.uscb.edu/unveiling]

Branding program impact: Attendance at unveilings was larger than any campus public event to date. Media coverage included TV and radio from a two state area and extensive front page and top half of the sports page coverage in three newspapers—more than ever achieved by a single event in the university’s history. Requests flooded in for stationery and business cards, campus life publications, and bookstore merchandise. Local editors pulled the logo onto the front page of the paper and sports writers immediately began integrating the logo suite into articles. The Sand Shark brand is strengthening the athletic program and the institution. And, in the judgment of the chancellor and athletic director—who initially wanted a quick interview with a designer and a mascot ready to unveil in two months—the consensus based, collaborative, cross-university process suggested by services marketing theory speeded adoption of the logo by internal and external stakeholders.

This research application demonstrates the usefulness of Gronroos’ theoretical framework for guiding marketing/branding processes. It also demonstrates that individuals who perceive themselves as part of the decision, the team family, will take risks and lead marketing activities when given the freedom to do so. The only negative organizational response was blocking behavior by a vice chancellor who chose not to participate in the development process.

Limitations of the research

The research is limited by its case study methodology. In their review of the past decade of customer relationship management literature, Boulding, Staelin, Ehret and Johnston acknowledge that appropriate “measures of relevance” for “stakeholders of relevance” need to be developed [Boulding, Staelin, Ehret and Johnston, 2005]. Asking participants or a panel of experts to evaluate the brand development process, to estimate the expected adoption rate, and to estimate the expected purchases of logo items under this and an alternate development process could be used to measure the relative effectiveness of processes and process components. Measuring the stated and behavioral commitment (e.g. budget and time invested) of the team members in the months leading up to the announcement/adoption event would be an effective

measure of internal marketing achieved by the process. Testing different “scenarios” and elements of the process might be done using a more controlled, if artificial laboratory setting—using video and observer-respondent evaluations [McGee and Spiro, 1987].

Future research

Future studies might incorporate organizational citizenship behavior (OCB) research and constructs. Dennis Organ observed the difference between dependable role behaviors and “innovative and spontaneous behaviors” and defined an OCB as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization...not an enforceable requirement of the job description, rather a matter of personal choice” [Organ, 1988: 4]. Sports marketers are dependent on employees and volunteers (fans) to “carry the banner” for their brand to others. Hence, the marketing context of this study might be used to test the OCB researchers’ suggestion that strong links will exist between the high level of task identity, task significance, and task autonomy described in this qualitative research and the incidence of organizational citizenship behaviors. [Podsakoff, MacKenzie, Paine, and Bachrach, 2000]. For example, the propensity of the individuals included in the brand development to take risks *voluntarily* to further the brand adoption by others [speaking positively about the brand, attending the adoption event, wearing the brand, using the brand in own unit’s communications, etc.] might be measured.

A second area of future research would address the cost/benefits of a tightly controlled, centralized brand development process versus the more open and time consuming customer relationship enhancing process presented in this case study. Measures of such a study would need to incorporate not only time and organizational resources used, but the effect on the organization’s culture—levels of trust, sense of ownership of the brand and willingness to take risks in future projects—amongst the team members over time.

The research context: marketing paradigm shift

This study—and the work of Gronroos and the Nordic School of service marketing researchers -- is set in the context of a much larger paradigm shift in marketing. The shift of focus from the marketing mix tool kit approach made popular by McCarthy in the 1960’s during the time when large North American packaged goods marketing successes dominated the focus of market research--to the Customer Relationship Management paradigm has significant potential impact on sports marketing research. [Gronroos, 1990. Boulding, Staelin, Ehret, and Johnston 2005].

The customer relationship paradigm suggest a new definition of marketing: “Marketing is to establish, maintain and enhance...relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilled promises.” [Gronroos,1990: 138]. This new paradigm should be very comfortable to sports marketers, as it supports the marketing management concept [McGee and Spiro, 1988], but focuses on an integrative/networked approach well suited to service marketing contexts.

This case analysis suggests that the customer relationship marketing paradigm requires new research approaches and presents new measurement challenges. It asks researchers to consider measures of relationship quality, partner objectives, mutual exchange and fulfilled promises.

Conclusion

This paper demonstrates a practical application of the customer relationship paradigm from conception to completion in a sports marketing context, proposes concepts that need clearer definition, suggests the breadth of types of “stakeholders of relevance” in a brand development process and proposes future research questions.

ⁱ Swan and Combs used the terms “technical” and “functional.”

ⁱⁱ This two factor structure for quality in service products was subsequently supported by Lehtinen and Lehtinen who referred to *physical* and *interactive* qualities [U. Lehtinen and J. R. Lehtinen, 1985, “Service Quality: a Study of Quality Dimensions,” paper read at the Second World Marketing Congress, University of Stirling, Scotland.] In a meta-analysis in which multiple sets of data across industries and countries were analyzed, Mels, Boshoff and Nel [Gerhard Mels, Christo Boshoff and Deon Nel, “The Dimensions of Service Quality: The Original European Perspective Revisited” *The Services Journal*, Vol 17, No. 1 (January 1997) pp 173-189.] challenged Parasuraman, Zeithaml and Berry’s empirical evidence that service quality is better measured by five dimensions. Mels et. al [1997] isolated two factors which they called “extrinsic” and “intrinsic” and noted that they were conceptually tied very closely to the two factor models proposed by Lehtinen and Lehtinen and Gronroos.

ⁱⁱⁱ See also Walter E. Greene, Gary D. Walls, and Larry J. Schrest, “Internal Marketing: The Key to External Marketing Success,” *Journal of Services Marketing* 8, no. 4 (1994): 5-13; John R. Hauser, Duncan Simester, and Birger Wernerfelt, “Internal Customers and Internal Suppliers,” *Journal of Marketing Research*, August 1996, pp. 268-280.

^{iv} These three major criteria were repeatedly cited by committee members during the process. Other criteria included: racial, gender and ethnically neutral; unique among sports teams—no local, regional or NAIA conference overlap; visual characteristics of mascot will lead to powerful design options.

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Lynn W. McGee earned her Ph.D. at IU Bloomington and her MBA from UNC Chapel Hill. She has held marketing faculty and administrative positions in two state university systems and marketing roles in two Fortune 500 firms. Lynn is Vice Chancellor for Advancement at the University of South Carolina Beaufort