

## 2016 North American Society for Sport Management Conference (NASSM 2016)

### Conceptualizing Cause Related Marketing in Professional Sport Organizations

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**Marketing**

**Saturday, June 4, 2016**

**20-minute oral presentation  
(including questions)**

**Abstract 2016-264**

**10:10 AM**

**(Legacy South 3)**

#### Relevance of the Topic to Sport Management

Professional sport organizations are no different from other companies in their intent to be profitable and positively impact the economy in their local communities. However, the way sport teams engage in cause related marketing (CRM) seems to be different than more general business organizations. Where general management literature advises a strategic and integrative CRM partnership approach (Austin, 2000; Porter & Kramer, 2002; Seitandi, 2007), this approach has not been proven beneficial in sports (Extejt, 2004; Kim, Kwak et al., 2010; Lachowetz & Gladden, 2002; Roy & Graeff, 2003). Moreover, several authors in the cause related sport marketing (CRSM) domain question whether it is desirable for sport organizations to commercialize their corporate giving and whether they are not better served with a philanthropic approach to CRM (Extejt, 2004; Sheth & Babiak, 2010).

Various dimensions specifying sport from other business contexts such as highly involved stakeholders, very loyal consumers, scrutiny and exposure of unethical practices, uncertainty of outcome, may suggest that professional sport organizations view CRM involvement more as a public relations necessity rather than a strategic marketing tool (Roy & Graeff, 2003). Hence, a different approach to CRSM than to CRM may be implied. Despite the fact that the above dimensions may be more determining for CRM engagement in sport than improved consumer or fan behavior, the majority of CRSM research is conducted from a consumer point of view rather than from an organizational point of view (Irwin, Lachowetz et al. 2010). With this study we intend to expand the CRSM research domain from a business-to-consumer perspective towards a broader business-to business and managerial perspective.

To tackle the CRSM tension between evolving towards an integrative CRM approach, as proven beneficial in the general business literature (Austin, 2000; Porter & Kramer, 2002; Seitandi, 2007), and sticking with a silence-speaks-louder-than-words CRSM approach that safeguards legitimacy, this study proposes a conceptual framework that describes four different types of CRM from a contingency perspective. We will translate the CRM conceptual framework of Liu (2013) to the sport industry which will increase understanding of CRM typology and management decision making in sport.

#### Review of Relevant Literature

Sport franchises, like other for-profit organizations, are increasingly engaging in cause related marketing and have continued to do so, despite the worldwide recession (Irwin, Lachowetz et al., 2010). CRM can be defined as "a positioning and marketing tool which links a company or brand to a relevant social cause or issue, for mutual benefit" (Pringle & Thompson, 1999, p. 3). Several studies have shown the benefits of CRM for sport organizations (Kim, Kwak et al., 2010; Lachowetz & Gladden, 2003; Roy & Graeff, 2003). These authors state that CRM efforts can provide competitive advantages by enhancing team reputation and consumers' image and attitude towards the team. CRM partnerships between teams and non-profit organizations are relevant given the intangible nature of both entities (i.e., consumers experience a sports game) and the high degree of affinity consumers have with these sport organizations (Babiak, Mills et al., 2012). These resource-rich professional sport organizations also have a moral obligation as well as strategic imperatives to "give back" to underserved individuals and communities, which results in bonds between organization and consumers and community being strengthened (Roy & Graeff, 2003). Moreover, from a corporate perspective, Smith and Westerbeek (2007) found certain unique aspects of sport that makes it well suited, even better than traditional corporations, to engage in CRM. Mass media and communication power, positive health impacts, social cohesion, cultural connectivity and integration are powerful enablers of cause related sports marketing.

However, despite the benefits, relevance and unique aspects of sport to carry out CRM, not all professional sport organizations are embracing this tactic. In Western Europe, for example, desk research shows that the majority of professional basketball organizations are either not engaging in CRM, or not communicating about their CRM engagement and efforts.

With this research, we aim to increase understanding of why some professional sport teams prefer to keep their CRM engagement below the radar, because while a philanthropic/altruistic CRM approach is a worthwhile activity, it is perhaps not leveraging the full potential of a powerful sport team to make a difference for a good cause.

### Conceptual Framework

We will apply the CRM conceptual framework of Liu (2013) in the sport industry. This model defines two CRM dimensions; an instrumental dimension (CRM as goal to influence consumer's purchasing behavior) and a relational dimension (CRM as goal to enhance stakeholder relationships). Based on the weighting of these two dimensions, four types of CRM are defined; altruistic, commercial, social and integrative. These two dimensions are not mutually exclusive, and thus provide a nuanced view on CRM typology.

As stated before, we assume differences in CRM classification between general business firms and professional sport organizations. Sport specific contextual variables such as uncertainty of outcome, potential presence of unethical practices, highly involved stakeholders and fans could determine and differentiate CRM typology in sport versus general business context. Particularly, we expect that the instrumental motivator weighs less in the sport sector than in the general business sector, hence that professional sport organizations would be more highly represented in social and altruistic CRM types versus general companies that are in turn most present in commercial and integrative CRM types.

Sport managers can control CRM decision making variables such as type of cause, time frame of the program, geographical scope, promotion, organizational commitment, collaboration, etc. and hence deliver different types of CRM to suit an organization's marketing needs. In general, Liu (2013) states, there is no ideal type of CRM. A firm's manager should choose the most appropriate type depending on the specific situation. For example, if the goal of the sport organization is to improve relationships with their local community to attract volunteers, then a social CRM approach will be most suitable for this situation. Kim, Kwak et al. (2010) and Gupta and Pirsch (2006) found similar results in the sport sector, stating that regardless of motivation behind choosing a certain CRM approach, the positive outcome for the organization is sizable.

### Implications

The findings of this research will contribute to the understanding of CRM typology in the sport industry and offer sport managers a tool for needs based CRM segmentation. Sport managers will be provided with a platform for CRM decision making that will assist them in handling the tension between commercializing CRM and safeguarding their integrity. From an academic standpoint, the framework can be adopted to empirically investigate classification of sports organizations and determinants of CRM decision making.

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