

DYNAMICS OF SPORTS MARKETING

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OVERVIEW

Sports marketing refers to the specific application of marketing principles and processes to sport products (e.g., teams, leagues, events, etc.) and the marketing of non-sports products (e.g., beverage, TV, cigarettes, beer, mobile phone service, tyre, garments etc.) through associations with sport. According to the *Sports Business Journal*, an industry trade publication, sports marketing is a US \$250-billion industry and includes sports-related advertising and venue signage, athlete endorsements, facility construction, sporting goods and licensed merchandise, event management and marketing services, sponsorship and ticket sales, media broadcast rights and multimedia, including sports-related websites, magazines, books and video games. Sports have been increasingly organized and regulated from the time of the ancient Olympics up to the present century. The explosive growth of sports marketing came with the 1984 Summer Olympics in Los Angeles, when corporate sponsors used the Games as a platform to market their brands. Coca-Cola, for example, spent nearly \$30 million in support of its official sponsorship of the Games.

Industrialization has brought increased leisure time to the citizens of developed and developing countries, leading to more time for them to attend and follow spectator sports, greater participation in athletic activities and increased accessibility. These trends continued with the advent of mass media and global communication. The entertainment aspect of sports, together with the spread of mass media and increased leisure time, has led to professionalism in sports. Professionalism became prevalent, further adding to the increase in sports popularity, as fans began following professional players through radio, television and the internet—all while enjoying the exercise and competition associated with amateur participation in sports.

This book is divided into two sections. Section – I deals with the Concept and evolution of sports marketing; sports and non-sports goods are the new mantra of marketing for various companies. Promoting products and services and branding exercises through sports and sports personality. Strategy for sports marketers in the advent of new technology (ICT). Section – II, Case studies of marketers for sports and non-sports goods and services including branding exercises through sports.

Section I: Introduction

The first article “Sports Marketing: Emerging Significance” by *Amitabha Ghose* says that Sports have been increasingly organized and regulated from the time of the ancient Olympics up to the present century. The explosive growth of sports marketing came with the 1984 Summer Olympics in Los Angeles, when corporate sponsors used the Games as a platform to market their brands. Sports marketing refers to the specific application of marketing principles and process to sports products (e.g., teams, leagues, events etc.) and the marketing of non-sports products (e.g., Beverage, Mobile phone etc) through associations with sports. Industrialisation has brought increased leisure time to the citizens of developed and developing countries, leading to more time for citizens to attend and follow spectator sports, greater participation in athletic activities, and increased accessibility.

This trend continued with the advent of mass media and global communication. The entertainment aspect of sports, together with the spread of mass media and increased leisure time, has led to professionalism in sports. Increase in sports popularity, as sports fans began following the exploits of professional athletes through radio, television, mobile phone and the internet.

The second article “**The Coming Revenue Revolution in Sports**” by *Jack F Williams* says that Sports are a big business. Its present structures and attributes are well-known. The sports industry includes (1) sports entertainment (2) sports products and (3) sports support organizations. The focus in this article is on the sports entertainment sector. That sector includes professional and amateur sports teams and tournament sports. This article will focus on sports teams within leagues and will not address directly tournament sports, which provide similar but significantly different issues and challenges in this area. The sports entertainment sector comprises of various firms (i.e., clubs) that join together in leagues to provide similar, well-defined products and services (i.e., some form of competition, media, merchandise etc.) through similar production methods (i.e., play the game). Although not the focus of this article, the manufacture and sale of sports equipment and clothing share a symbiotic existence with sports entertainment. Thus, sales of sports equipment and clothing may serve as a reasonable barometer of sports enthusiasm. That enthusiasm, if captured effectively and efficiently by various professional leagues, may translate into revenues. At the end of this article a write-up on Indian Premiere League (IPL) Auction in India by *Amitabha Ghose* captures the marketing of sports and consumer goods and the revenue generation by the newly launched IPL.

The third article “**Sports Sponsorship Linked Marketing and Public Relations: An Investigation of key Resources and Capabilities**” by *Francis Farrelly* says that sport evokes strong response in the community by conveying a diverse range of emotion-laden values and symbols. Sport organisations project these values and symbols through the personalities and skills of their leading exponents.

The increasingly important role played by sponsorship in the marketing mix has given rise to the view that it should be considered a strategic operative with the potential to generate a competitive advantage. The resource-based view of the firm is adapted to better understand the sponsorship management and implementation process, and to categories resources-deemed vital to sponsorship-linked marketing and public relations activation. The resources examined include tangible assets such as financial support, and intangible assets such as market orientation, brand-building skills and collaborative communication. The paper contends that sponsorship can become a source of competitive advantage if key resources are identified and effectively deployed in the marketplace.

The fourth article “**Business of Sports: Sports-Led Marketing is in and All Set to Grow**” by *Purvita Chatterjee* tells that marketers have completely ignored the fact that gradually the interest in sports is spreading, the biggest indicator being the growing popularity of various sports, be it soccer, tennis or hockey. While it will still be sometime till it catches up with cricket, what is interesting is that there is a lot more interest in other sports today, be it watching or active participation. But, unfortunately, all that gets marketed is cricket-related properties. This is an opportunity waiting to be tapped. Western Union, the money transfer service provider, decided to sponsor the premier hockey league for two Punjab teams, its intent was clear: capture the attention of affluent Punjabis who were passionate about the sport. With Punjab being a big market for money transfers, using hockey as the sport to grab attention was the idea of Relay Worldwide, the sports marketing arm of media agency Starcom. A pioneer in the nascent business of sports marketing in the country, today Relay Worldwide has company; specialisation is gaining momentum in the sports business with more advertising and media agencies joining the fray. A brief write-up on Trends of Sports Marketing in terms of business volume by Amitabha Ghose enriches the content of the article.

The fifth article “**Sports and Branding**” by *Indira Upadhaya* speaks that consumer behaviour has changed, their demand is unique. In addition to this, the short attention spans are spelling disaster for the brands that invest huge chunks of money in publicizing their products via various forms of media. In a media world, where there is a cut-throat competition among various brands for maximum attention span of the consumers, the former are increasingly contriving newer ways and means to approach the target consumers. Martin Sorrell, CEO of Wire & Plastic Products Group, had ordered WPP to move away from traditional media of advertising, ensuring that 45-50% of all advertising revenue should henceforth come in from non-traditional advertising. Sorrell’s buzzword was experiential marketing. Look out for ways in which your brand can engage with consumers and create a brand experience with the consumer and that’s not something that happens in an 80-sec ad or a 30-sec TV commercial anymore”, says, Anirban Das Blah, Vice-President, Global Sport India Pvt. Ltd. Brand managers have come to realize that the surest short way to grab the consumers’ attention is by creating experiences for the consumer through entertainment. Since outside a person’s work and family one is not prepared to engage with anyone until and unless he or she is entertained. Mahesh Ranka, GM of Relay Worldwide, said “You look at entertainment as a platform to reach out to customers and sports happen to be the biggest entertainment platform in the world.”

The sixth article “**Sports Merchandising**” by *A V Bala Krishna* says that sports today are a big business but sports associations and event organizers face costs connected to players’ contract fees, media deals, transfer fees and sponsors. Leveraging the power of their fan following, these organizations have found merchandising to be a big contributor to revenue generation. The article looks at the imperatives and issues of sports merchandising. Technology explosion in the form of increased television accessibility, increased number of exclusive satellite sports channels, spread of Internet and online media have added new mileage to the sporting events. As a result, sports have

rapidly grown in popularity both in terms of participation and media coverage. The love and idolization directed towards sports and sporting celebrities opened up many channels of revenue for sporting event organizers. Ticket sales, television rights, celebrity endorsements, licensing and merchandising symbolized the major means of revenue. From the perspective of marketers, the factors influencing sports merchandising are companies' product range, product class, target market and its characteristics and merchandising symbolized the major means of revenue.

The next article "Sports Sponsorship – The 'Cricket Ambush Marketing' Controversy" by *K Subhadra* says that Ambush marketing is generally done at two levels—on-site and in the media by the unofficial sponsor of the game. In on-site ambush marketing, companies promote their products/services at the event venue and in the surroundings (i.e., roads leading to the venue, refreshments, clothing, outdoor advertising, posters and stalls). Media ambush marketing primarily includes sponsoring spots on the field, scrolls and positioning of logos through media (TV, radio and press). Ambush marketing has become a danger to all official sports sponsors. To overcome this problem, the International Cricket Council had imposed an ambush marketing clause. The cause of the tension: 'ambush marketing' clauses brought out by the ICC, restricted cricket players from endorsing products other than ICC's official sponsors for any major championships conducted by the ICC during 2002-07. However, it had to relax the clause, when the Indian cricket team threatened to withdraw due to a clash of interests. This article examines various compulsions that drove different parties to act as they did in this case.

The last article in this section "Marketing Sports to Women" by *A V Balakrishna* highlights the fact that women differ from men on various parameters such as physical characteristics, psychographics, behavioral parameters, consumer behavior and consumption patterns and experiences. The differences between men and women on these parameters make it difficult for marketers to target them together

as a unified segment. But, irrespective of the differences, sports goods manufacturers and sports events marketers pursued their traditional male-oriented marketing policies for many decades. However, in recent times, a radical change in the social and financial status of women saw many of them taking up sports as a career. This has made marketers add a female-oriented focus to their strategies. In this situation, "Marketing Sports to Women" has not only become a challenge, but also an opportunity for marketers.

Section II: Case Studies

The first case "Corporate Initiatives for Sports: ONGC" sourced from *www.icfai.org* talks about the initiatives taken by ONGC to promote sports. The admirable role played by ONGC in promoting sports was adjudged the best corporate initiative and it was given the FICCI award for best corporate initiative in sports. ONGC is actively involved in upbringing the Indian sports scenario. Currently, it has 153 active sportspersons on its rolls, out of whom, 96 are internationals, regularly representing the country in cricket, chess, table tennis, athletics, volleyball, hockey, lawn tennis, football, basketball, kabaddi, billiards and snooker. While Assam hosted the National Games for the first time, ONGC encouraged the state by sponsoring the Assam team and it was also a title sponsor of the 10th National Football League in India. ONGC has come to be well-known for its promotion of sports. The sports stars who graduated from the ONGC stable are celebrities Virender Sehwag, Mohammad Kaif and Gautam Gambhir, ace shooter Jaspal Rana, chess grandmasters Krishnan Sasikiran and Sandipan Chanda, world snooker champion Pankaj Advani and Asian billiards champion Alok Kumar. The article also discusses the contribution of ONGC personnel at Doha Asian Games highlighting each game. Sport sponsorship is mainly leveraged by a high quality service and complementary leveraged by other marketing tools. At the end of this case, a brief write-up on Top Ten Indian corporate exposure in sports by Supratik Ghosh highlights the participation of Indian corporate house for sports, clubs and players' sponsorship.

The next case “**Sports Celebrity Endorsement in India: Cricket and the Sourav Ganguly Saga**” by *Kisholoy Roy* penetrates into the core issue of celebrity endorsement. The issue revolving in the case surrounds Sourav Ganguly, the brand star, various aspects like his rise and fall in the cricket career in line with the brand image in the corporate market before and after fame. While brands need to maintain their quality, image and reputation to appeal to consumers, sports personalities like Sourav guarantee their recognition amongst the target audience. While product brands need to maintain their quality, image and reputation in order to keep appealing to consumers, the yardstick for “sports personality” brands like Sourav is their on-field performance that guarantees their recognition amongst the target audience and sports management companies. With the Indian youth becoming a major force to reckon with as far as target markets are concerned, it has been widely felt by the corporate world that sports personalities are the most effective tools in communicating the brand ideas meaningfully to them. One significant aspect that proved to be a catalyst in the context of endorsements by sports celebrities was the mushrooming of various sports and celebrity management companies which meticulously leveraged on the popularity of sports personalities to the advantage of various brands.

The third case on “**Sports Consumption Behaviour among Generation Y in Mainland China**” authored by *Johnson Morgan, Jane Summers* and *Graham Jocumsen*, reveals that the Chinese Government has relaxed its tight control over sport; the country is set to host the 2008 Olympic Games and every major sport franchisee in the world is making plans for a full assault on the Chinese market. The game is on in mainland China; however, despite the excitement about the market there is little understanding of sport consumption in China or the attitudes and behaviours of potential sport consumers. The bulk of the literature in consumer behaviour within sports relates particularly to developed industrialised nations, specifically USA, Canada, Europe and Australia.

The particular interest to academics and practitioners alike should be the potential of the huge generation Y market in China. Generation Y (those born after 1978) represents not only a current lucrative market but also represents the future development of sport and sport consumption in China. This exploratory study has revealed that generation Y consumers in China exhibit sports consumption behaviours which differ in numerous respects from their counterparts in the US and deserve deeper study.

The fifth case “**Sponsorship in the Trenches: Case Study Evidence of Its Legitimate Place in the Promotional Mix**” by *Benoit Séguin* highlights the significance of the case to the sport industry, which demonstrates that, in practice, sponsorship is used as part of the promotional mix of sponsors. Sports sponsorship is a promotional practice that has evolved from its roots as a tool for corporate donations to a highly-developed course of action by which both sponsor and the recipient of sponsorship benefit in a marketing relationship. Sports sponsorship and its rapid adoption into practice by organizations is reflected by the huge growth of worldwide sponsorship investments. This impressive growth in practice, however, has not been matched by theory development. Although a difficult concept to define, a majority of the definitions in related literature are relatively similar, but sport sponsorship’s role in relation to other resource and promotional generating strategies (i.e. philanthropy, advertising, cause-related marketing) remains unclear. Sports sponsorship’s position in marketing’s traditional promotional mix ranges from no inclusion at all (e.g. the vast majority of marketing and marketing communications texts) to recognition that it is an integral part of the communications mix alongside publicity, public relations, sales promotions, personal selling, and advertising.

The concluding case in this section is “**Brand Management in South African Rugby: The Super 12 Case**” by *Charlene Gerber-Nel*. It discusses sports branding as a relatively new phenomenon in rugby, a sport that only recently became professional and commercialized in

South Africa. Despite the importance of brands and consumer perceptions of brands, the Super 12 rugby franchisees in South Africa have not yet used a measurement technique to assess spectators' perceptions of the rugby brands. If some understanding of spectators' perceptions of brands could be developed, rugby franchisees in South Africa might be able to determine the brand equity of their sport teams. Brand equity provides a yardstick by which the management of brands can be assessed. By ascertaining spectators' awareness, the associations they make about rugby brands as well as brand loyalty and the perceived quality of the South African Super 12 rugby brands, it would be possible to determine the brand equity of these teams. The aim of this study was to investigate the brand management of South African rugby by focusing on the brand equity of the respective South African Super 12 rugby brands.

SECTION I
INTRODUCTION