



**Know the Score
Win With Sports Marketing
Go for the Touchdown**



So What?

You may think that the sports industry has no effect on your life because you're not athletic. You don't play on a school team or belong to a company league. You don't attend major league games, have a favorite football team, or collect trading cards. However, you like to go fishing, and you always buy Nike shoes. That makes you part of the sports industry, an industry that includes thousands of companies, millions of employees, and billions in annual revenues.

There's almost nowhere on the face of the Earth that isn't touched by the sports industry in some way. Mountain climbers in Nepal and snorklers off Australia's Great Barrier Reef are part of the industry. The owner of the New York Yankees and the dad who coaches the neighborhood T-ball team are part of the industry. The company in Taiwan that manufactures golf balls and the store on campus that sells baseball caps and water bottles are part of the industry.

The marketing of this vast industry also has an effect on you. It's what influenced your decision to buy the Nike shoes. It's what fills stadiums and arenas throughout the world, and glues fans to their TV sets on Super Bowl Sunday. Maybe it's the career you're planning to pursue. So, wherever you are or whatever you do, you are somehow connected to sports and sports marketing. Don't you think it's time you learned more about it?

Objectives



Explain the nature of the sports industry.



Explain the concept of sports marketing and its effect on society.

Sports — Everywhere You Are

What comes to mind when you think of the sports industry? Do you picture Michael Jordan playing basketball or Tiger Woods playing golf? Maybe you think of sports as going bowling on a Saturday afternoon or meeting friends for a game of tennis. However, these activities are only a very small part of the sports industry. Today, the industry includes a lot more than professionals or amateurs playing a game. It includes the facility where the games are played; the equipment used to play the games; the agencies that regulate the games; the media that broadcast the games; and of course, the fans who watch the games. Anything associated with sports is part of the industry.

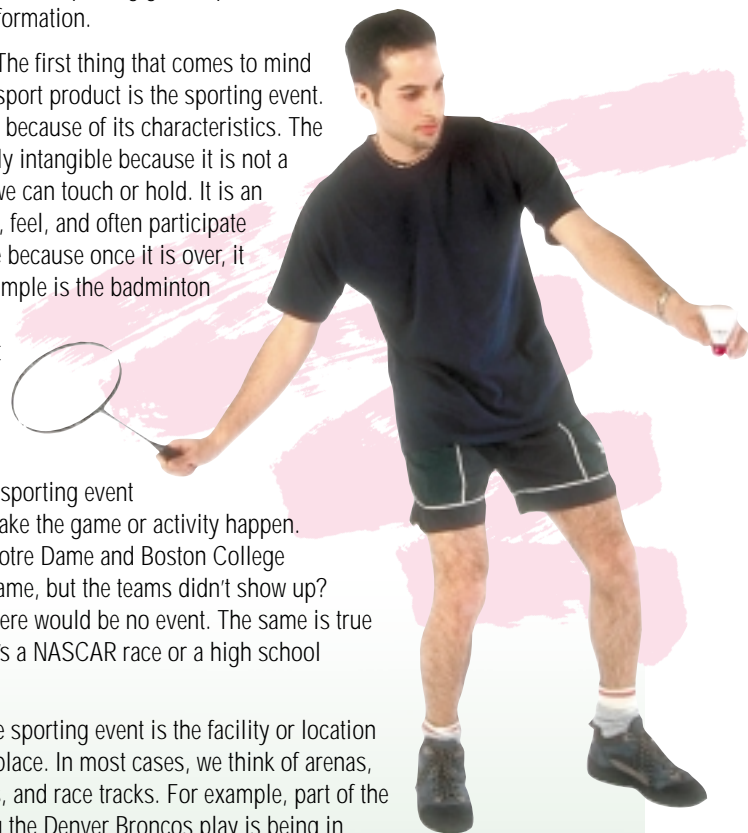
More Than Just a Game

The sport product itself is very diverse. There are several distinct categories to consider: the sporting event, sporting goods, personal training, and sports information.

Sporting event. The first thing that comes to mind when you think of the sport product is the sporting event. This product is unique because of its characteristics. The sporting event is mostly intangible because it is not a physical product that we can touch or hold. It is an experience that we see, feel, and often participate in. It is also perishable because once it is over, it is gone forever. An example is the badminton game you played with friends for an hour last Saturday. You will never again play that same game.

Another part of the sporting event is the athletes. They make the game or activity happen. For example, what if Notre Dame and Boston College scheduled a football game, but the teams didn't show up? Without the players, there would be no event. The same is true of all sports whether it's a NASCAR race or a high school track meet.

The third part of the sporting event is the facility or location where the event takes place. In most cases, we think of arenas, stadiums, golf courses, and race tracks. For example, part of the experience of watching the Denver Broncos play is being in Invesco Field at Mile High. However, the facility might also be a vacant lot where the neighborhood kids play softball, or a boat on a quiet lake where you fish for walleye.



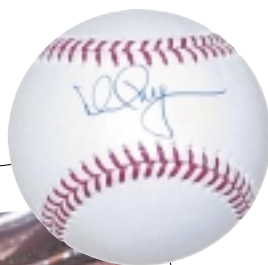
Sporting goods. What would sports be without all the products that make the games possible? These are the tangible, manufactured products that are sold and used within the sports industry. The products include not only equipment and clothing, but also licensed merchandise and all the collectibles and memorabilia.

We all know that we need the right equipment to play a sport. For example, we need racquets to play tennis, clubs to play golf, and bats to play baseball. However, we also use many other products. If you're on a soccer team, you need the uniform, the cleated shoes, probably a water bottle, and maybe a mouth guard. Even if you play a sport that is not a team event, such as golf, you still need shoes and clothes.

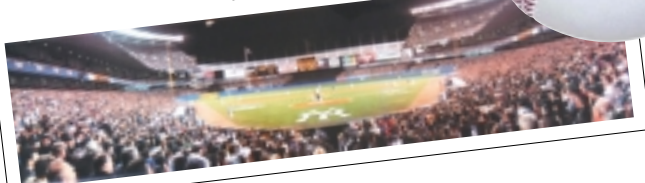


Many of these items fall under the category of licensed merchandise. How many times have you purchased hats, shirts, or jackets that featured the name or logo of your favorite team? These apparel items are examples of licensed merchandise because the manufacturer paid the team or school for the right to use their name or symbol. Today, licensing goes far beyond clothing and includes equipment, novelty items, home furnishings, etc. Almost any product that you can think of might be licensed to include a sport logo.

If you don't buy items to wear, maybe you buy goods that are thought of as collectibles or memorabilia. Do you have a treasured collection of trading cards or an old baseball signed by Mark McGwire? Maybe you collect prints of famous stadiums or paintings of Triple Crown winners. You might buy photographs of well-known coaches, programs from play-off games, or videos of tournaments. All of these are considered sporting goods because they represent various aspects of the industry.



Yankee Stadium



Personal training. Whether you're a professional or an amateur, you have some type of training. The professionals train all the time and often go to special preseason camps to improve their skills. If you participate in sports, most likely you do something to better yourself. It might be going to the gym to lift weights a few times a week or taking an exercise class at the local health club. As a result, this aspect of the sport product has grown tremendously in the last few years. Today, millions of people belong to fitness centers.

The training part of sports often begins early with sending children to camps in the summer. Many young athletes have personal trainers or take instructions from professionals. Adults also get lessons to improve their game. Maybe a parent always schedules a few sessions with the golf pro before teeing off for the first time each season. All of these activities are part of personal training for sports.

Sports information. Do you watch ESPN or read *Sports Illustrated*? If you do, you are using the product of sports information that gives you news about teams, events, schedules, and statistics. Sources of sports information range from local



newspapers to sites on the Web. This sport product has become more and more popular as overall interest in sports increases. Everything you ever wanted to know, and more, is available either online, in print, or on radio and TV.

Today, you can watch a live game being broadcast from another part of the world while riding an exercise bike in the local gym, reading a magazine article about a star athlete, and wearing your Chicago Bulls T-shirt. You are enjoying all categories of the sport product at once: the game, the personal training, the information, and the sporting goods.

Users, Users Everywhere

The consumers of sports come in all sizes, shapes, ages, and backgrounds. However, as with the sport product itself, there are categories of consumers. The categories are unorganized participants, organized participants, spectators, and sponsors.

Unorganized participants. When you go bicycling, take a walk in the woods, or jog outdoors for exercise, you are an unorganized participant in a sport. That means that no organization or group has given you rules to follow. You are free to participate whenever you want, for as long as you want, and in any way you want. For example, you might decide to jog for one hour at 2:00 a.m. in the middle of winter. The choice is yours. As an unorganized participant, you have freedom that organized participants do not have.

Organized participants. These participants play sports that have rules and are controlled by groups or sanctioning bodies. They cannot play any way they want or at any time. Organized participants usually play in either amateur events or professional events.

Amateurs are not paid to play. However, if you play in an amateur event, you are regulated on the local, state, or national level. For example, college athletes are regulated by associations such as the NCAA (National Collegiate Athletic Association). If you play high school sports, your events are sanctioned by state athletic associations that belong to the National Federation of State High School Associations.

Perhaps you also play softball with a group organized and regulated by the city recreational department. Your game is controlled much the same way as a professional game, although there are differences.

Professional athletes are paid, and in many cases, playing the game is their occupation. They must follow strict rules established by a governing body such as the NFL (National Football League) and the PGA (Professional Golfers' Association). Some professional sports such as baseball are divided into major league or minor league. Both follow the same rules; however, minor league players usually receive less compensation than major league players.



Another difference between amateur and professional is that many amateur games are played only for the enjoyment of the participants. An example is a community bowling league whose members play for fun, and there is no audience to cheer for them. On the other hand, most professional games are played before a large audience of paying customers. One of the goals of professional sports is to attract and entertain a crowd of spectators.



Spectators. These participants are the observers of the sporting event. They are as important a part of the event as the athletes themselves. Can you imagine a game between the Dallas Cowboys and the Los Angeles Raiders at Texas Stadium without the screaming fans? The teams could still play, but it would be a much different experience. The fans who attend games help create the excitement and enthusiasm that make the games what they are. These fans also contribute to the overall experience of those spectators who watch or listen to the games by way of television or radio. Sporting events would not be the same without the spectators who watch in person or through the media. In fact, many events would not take place if there were no spectators.

Today, spectators are more than the individuals who buy season tickets to baseball games or faithfully tune in to *Monday Night Football*. There are also corporate consumers, the many businesses that have a financial interest in the sport. Businesses often buy large blocks of tickets to sporting events and give them to customers or as rewards to employees. These businesses may also invest a lot of money in luxury boxes at stadiums and arenas and use them to entertain.

Businesses also make the events available to those who cannot attend in person by purchasing the right to broadcast the event. The various television and cable networks compete for the right to air popular sports because they attract a large viewing audience. For example, the networks make it possible for you to relax in your home in Seattle and watch the Masters Golf Tournament that is played in Augusta, GA, or the Fiesta Bowl that is played in Tempe, AZ.

While you're enjoying these events from the comfort of your easy chair, you'll probably notice the names of a lot of businesses that have nothing to do with the sport. These businesses form another group of consumers, the sponsors.



Sponsors. Sponsors are the businesses or organizations that pay to associate their names or products with a sporting event. Sponsorship is becoming more and more popular at all levels of sport from high school amateur to the Olympics. The reason is that businesses realize that they can reach a potentially enormous target market. For example, how many millions of people worldwide do you think watched the Winter Olympics? If a business was a sponsor and its name appeared on a banner or sign, all those viewers were exposed to the business's name.



Remember, the sporting event also includes the athletes, and the arenas and stadiums. Therefore, businesses may sponsor a particular team or buy the right to put their name on a stadium. For example, a lot of smaller businesses sponsor local teams by putting their name on the team uniforms. The businesses pay for the uniforms in exchange for adding their name. Some major corporations spend

millions of dollars for the right to name a facility such as Heinz Field, home of the Pittsburgh Steelers, and Minute Maid Park, home of the Houston Astros.

As you can see, almost everyone is a consumer of sports in one way or another. This is what makes sports marketing so important.

Summary

The sport product itself is very diverse and includes the sporting event, sporting goods, personal training, and sports information. The consumers of the sport product are the unorganized participants, the organized participants, the spectators, and the sponsors.



1. Identify and describe the four distinct categories that comprise the sport product.
2. What is the difference between unorganized and organized participants?
3. Who are the spectators of sports?
4. Explain the impact that corporate consumers have on sports.
5. Why do businesses sponsor sporting events?

The Gray Zone

Sponsorships are an important part of sports marketing today. Major corporations pay millions of dollars for the right to name stadiums. Equipment and clothing manufacturers outfit teams for free for the chance to put their name in front of spectators. Businesses sign multimillion-dollar contracts with well-known athletes to endorse their products. Advertisers pay whatever it costs to promote their goods and services on scoreboards, race cars, and during the broadcasts of popular sporting events.

The money from sponsorships often helps sports organizations that are struggling to make ends meet. Think of what it means to a high school athletic department to receive free uniforms from a clothing manufacturer for all of its sports teams, or to have its stadium renovated and expanded by a local company. All these

companies want in exchange is to put their name on the scoreboard, program, or stadium. The school saves thousands of dollars that it can use for other activities while providing athletes and fans with quality items.

So, what's the problem, or is there a problem? What if the local company that offers to renovate the stadium is a beer and wine distributor? Or, maybe it's the nearby gambling casino that offers to make a sizeable donation for advertising on the scoreboard. What if the clothing manufacturer uses child labor in foreign countries to produce its football shoes?

Do any of these situations have an effect on sponsorships? Is it okay for the high school to accept money or contributions from any type of company? Should schools and other organizations involved in youth sports be held to a higher standard than professional sports? What do you think?

To Market, to Market

If you think of Michael Jordan when you think of sports, ask yourself why. How did you learn about him? Whether you realize it, the answer is marketing. Without marketing, you would not know about the many athletes and sports teams, sporting goods companies, or other sports products associated with the industry. Sports marketing makes you aware of all the goods and services that are part of the industry. It is the marketing of all sports products as well as other products through the use of sports.



To better understand this concept, let's look at the various segments of the sports marketing industry. These segments include marketing of the actual sport event, marketing of sport goods and services directly to consumers of the sport, marketing of other consumer and industrial goods or services through the use of sport, and marketing of products to sporting events.

Marketing the sport event. Let's assume that you belong to a fitness center or an exercise facility. What made you decide to join that particular one? Maybe you saw an ad in the newspaper promoting a new member discount or you received a flyer offering you one free visit. Maybe a chain of health clubs opened a new club near your home or priced its services lower than those of competitors. By effectively pricing, promoting, and distributing its product, the health club is encouraging you to buy.

Furthermore, marketing is what gets you to tune in to the Olympics, the Indy 500, or the NBA play-offs. It's what gets you to buy tickets to major league football games, minor league baseball games, and college basketball games. Marketing influenced your decision to participate in all types of sporting events from Little League to the high school lacrosse team.

Marketing of sport goods and services. As a participant in sporting events, you buy a variety of products. If you play tennis, you need a racquet, clothing, shoes, and a carry bag. If you have a favorite team, you often buy items supporting the team such as banners, T-shirts, and coffee mugs. Marketing is what helps you to decide where to shop, how much to spend, and which brand to buy.

This type of marketing involves a retail focus because it is directed towards the consumers of sport. The purpose is to encourage fans and participants to buy certain sport goods and services. Both manufacturers and retailers set prices on sport products that appeal to specific target

markets, promote the products, and make those products available where and when customers want them. Consequently, sports marketing is probably what influenced your decision to buy a Huffly mountain bike rather than a Mongoose and to shop at Wal-Mart instead of at Sears.

Marketing other goods or services through the use of sport. The next time you attend a college football game, notice the scoreboard and the ads in the program. The scoreboard probably features the names of local businesses, and the ads in the program are promoting various products. These businesses and their products are not related to football, but are using football as a marketing tool. They are counting on you to remember them the next time you buy.

Some businesses use a sport specifically to market a certain good or service. For example, the purpose of some 5k races is to raise money for a charity or a special cause. The marketers decide on a race because it is a popular sport. They plan to hold it in a convenient location and set a reasonably priced entry fee that attracts a lot of people. The race is used only as a means of encouraging participation and increasing awareness. It is not sport for the sake of sport, but sport to market something.

Marketing of products to sporting events. The sport itself needs goods and services in order to operate. Therefore, businesses that provide these products spend a lot of time and energy on marketing. For example, Nike and Champion both market their line of uniforms to professional teams. Pepsi and Coke both want their line of soft drinks sold at stadiums and arenas. The major networks and cable channels compete for the right to broadcast PGA and LPGA golf tournaments. These companies might offer lower prices, better service, faster delivery, and promotional assistance to get the business.

On a local level, a wide variety of businesses market their products to race tracks, bowling alleys, marinas, and ski areas. So, the next time you go to a swim club, look for all the goods that are sold to the club by other businesses. There are lounge chairs, pool cleaning equipment and chemicals, refreshments at the concession stand, and sunscreen and goggles at the pool office. Almost everything, except the swim facility itself, is provided by other businesses.



And the Growth Goes On

The growth and marketing of the sports industry go hand in hand. In fact, they actually feed on one another. A sports product becomes more popular because of marketing, and the marketing opportunities increase as the product grows. Of course, some sport products would exist without marketing, but not on the same scale.

Today, sports marketing affects millions of people throughout the world from young children to senior citizens. We only need to look at the growth of sport itself to see that. In the last decade or so, attendance at all types of sporting events has increased dramatically. Millions of people pay to attend major and minor league games as well as college and high school events. And don't forget the moms, dads, grandparents, and friends who regularly go to youth events.

The media coverage of these games has also increased. Almost any time of the day or night you can find a television or radio channel broadcasting some type of sporting event. There are even specialized channels that are devoted entirely to sports, and not just traditional sports. You can watch windsurfing, climbing, bull fighting, and skateboarding.



Good for You

As attendance and media coverage grow, so does the opportunity for employment. Today, millions of people have sports-related jobs, and new jobs are being created all the time. Take a minute to think of as many different jobs as you can. You probably thought of athletes, managers, trainers, team owners, commentators, and coaches. But did you also think of the people who work in the stadiums and arenas, the people who manufacture and sell the equipment and clothing, or the doctors and physical therapists who treat injuries? What about all the people who work in sports law, advertising, finance, and research? Add to that list the people who work behind the scenes in the sport association, governing body, high school and college athletic department, recreational camp, and local fitness club. The possibilities are almost endless.

Besides providing employment opportunities, sports also benefit those who participate either by playing or watching. Remember how you felt after completing a two-mile run, after swimming 20 laps, or after playing a pick-up game of basketball? You felt healthy, energized, and physically fit. The health benefits are an important part of participating in sports.

Another benefit is recreation. Everyone needs time away from the routine activities of school, work, and home life. Sports give you the chance to play, have fun, relax, and spend time doing something just for you. The results are the same whether it's a day at the water park with friends or a leisurely game of golf. You feel refreshed and ready to face the world.

Being entertained is also a benefit that sports provide. You enjoy the drama and excitement of competition, the thrill of victory, and the agony of defeat. You almost become a part of the game while enthusiastically cheering on your favorite team. You identify with the graceful ice skater, the agile gymnast, and the rugged hockey player.

Good for the Local Community

It's easy to see how sports benefit you personally, but you might not think about their effect on your community. First, let's consider the economic effect of a major event. Suppose your city is home to a major league sports team or is going to be the site of the state high school play-offs. That means that people will travel to your city to watch the games. While there, they will stay in hotels, eat in restaurants, buy souvenirs, and visit other attractions. All the time they are spending money and contributing to the economy. As more people are attracted to the sports events, they create the need for more hotels, restaurants, and support facilities. There is more money coming into the city, more jobs are available, and the local economy prospers.

You might think this doesn't apply to your city because there is no major league team or sports attraction. However, is there a great fishing lake nearby, a woods that is full of deer, a championship golf course, a ski lift, or a health spa? All of these attract visitors at different times of the year, and those visitors spend money. They buy supplies from local stores, they stay in local hotels and motels, and they eat in local restaurants. They are good for the local economy, and they are in your city because of the sports-related activities.

Besides helping the economy, sports also have an impact on a city's image. For example, what's one of the first things that comes to mind when you think of Green Bay, Wisconsin? Your answer is probably the Green Bay Packers. You may never have been there, but you think well of Green Bay because the Packers have a good reputation, have won three Super Bowls, and have had some great coaches—Vince Lombardi for one. However, there is also the flip side to this. If a team is not doing well or has an image problem, that often carries over to the city.

Even small cities and towns benefit from the image of the local sports activity. Did you know that the village of Islamorada in the Florida Keys is well thought of as the sportfishing capital of the world? This tiny community of about 8,300 residents attracts thousands of visitors each year who spend millions of dollars chartering fishing boats, buying equipment, and filling up lodging facilities. They come to Islamorada because of the sportfishing image.



Good for Society

Sports have an important impact on society in general. It's a major industry that generates billions of dollars of revenue each year. As it grows, it creates more jobs that generate more revenue that helps the industry to grow, which causes the cycle to continue. Besides increasing opportunities within the industry, this growth opens up additional opportunities for businesses in related industries. For example, more people participating in sports create a need for more equipment and clothing, training facilities, and instructors. More spectators create a need for larger stadiums and arenas, more concession and souvenir stands, and additional public transportation. More at-home viewers create a need for additional media coverage and reporters to cover the events.

This snowballing effect trickles down to almost everyone. Suppose that Tiger Woods takes up jogging to stay in shape. A clothing manufacturer pays him to wear and endorse its line of shorts and running shoes. His picture appears in magazine ads and on television commercials. As a result, many amateurs and weekend athletes take up jogging and buy the same brand. The manufacturer increases production and new retailers open to sell the products. The clothing appeals not only to joggers but to walkers, and the market grows. Now almost everyone is participating, and new exercise facilities open to accommodate those who want to jog or walk inside. Still, a lot of people prefer the convenience of their own neighborhood so children set up lemonade stands in the summer to sell to thirsty joggers and walkers.

This involvement in sports is good for everyone. It can bring economic prosperity to even the sleepiest communities. It can unite people from around the world in support of an event or team. It can keep you active and entertained. Just imagine a world without it.

Make It Pay!

Sports marketing is an enormous industry. It's easy to identify many sports, but the marketing part is more complicated. One way to better understand it is to relate sports marketing to what you already know about marketing in general. The four P's of marketing—product, price, place, promotion—apply to sports goods and services.

To see sports marketing in action, identify and talk with a sports marketer in your community. Find out what sports product the person provides.

Summary

Sports marketing makes you aware of all the goods and services that are part of the industry. It includes marketing the sport event, marketing sport goods and services directly to consumers of the sport, marketing other goods or services through the use of sport, and marketing products to sporting events.

The growth of sports and sports marketing continues at a rapid rate. As it grows, it provides increased employment opportunities as well as recreation and entertainment benefits. Both local communities and society in general prosper from the economic impact.



1. Explain sports marketing.
2. Describe the four main segments of the sports marketing industry.
3. How has the growth of sports marketing affected employment?
4. Describe how sports benefit those who participate.
5. Explain the two main ways that sports benefit the local community.
6. Why are sports good for society in general?
7. Explain the trickle-down effect that sports have on almost everyone.

Determine how much the product costs. Now, find out how to obtain the product. Do you visit a stadium or a retail store, or do you go online or call a toll-free number? Think of how you learned about the product. Was it by watching a TV commercial, reading a print ad, receiving a coupon in the mail, or some other promotional technique? Find out who the primary product users are. Once you've put together all these pieces, you have the overall picture of sports marketing.