

Sportmanagement

Herausgegeben von Gerd Nufer und André Bühler

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André Bühler · Gerd Nufer (Eds.)

International Sports Marketing

Principles and Perspectives



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International Sports Marketing

Principles and Perspectives

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Foreword

The internationalisation of sports is clearly recognisable whenever athletes from different countries around the world compete with each other at the Olympic Games or various World Cups or World Championships. But internationalisation also takes place in the daily routine of top leagues such as the English Premier League or the NFL where teams are comprised of players from different national and cultural backgrounds. Not only is sports itself internationalised, but also the marketing of and with sports as the example of Lionel Messi – arguably the best football (or in order to avoid any misunderstandings: soccer) player of our time – shows. The Argentinean international plays for the Catalan club and Spanish champion FC Barcelona in US-American Nike-shirts (with Qatar Airways on the front and the logo of UNICEF at the back) and advertises privately for the German sporting-goods manufacturer adidas as well as Turkish Airlines. Sports marketing is as international as sports itself. However, the status quo and developmental stage of sports marketing differs from country to country, region to region and continent to continent. For example, the sports marketing approaches in Europe and the USA differ significantly in view of different league systems (open vs. closed system) and therefore different circumstances. German basketball clubs, for example, not only have sponsors on their shirts but also in their club names – whereas clubs (or better: franchises) of the NBA present themselves nearly ad-free.

To gain a better understanding of the status quo of sports marketing in the various regions of this world is the main aim of this book and the very reason why it has been written. However, the historical development of this book begins in the year 2008 where we have published a German book called ‘Management and Marketing in Sports’ which soon became a standard reference in Germany. Two years later, the second edition was published – this time in two volumes: ‘Management in Sports’ and ‘Marketing in Sports’ (each filling more than 600 pages). The latter included five chapters describing the status quo of sports marketing in various regions of this world. In 2012/13, the third edition was published – consequently in three volumes: ‘**Management in Sports**’, ‘**Marketing in Sports**’ and the present volume ‘**International Sports Marketing**’. The first two are published in the German language, whereas this book is written in English in order to cope with the topic itself.

All three volumes appear in the **book series ‘Sportmanagement’** (edited by ourselves and published by the German Erich Schmidt Verlag in Berlin). The series intends to bring together various works in the context of sports management under a common thematic roof in order to intensify the dialog between science and practice. It’s open to junior scientists as well as established academics and practitioners

wishing to publish innovative contributions in the field of sports management and sports marketing. We are looking forward to the publication of prospective contributions to the book series – either in German or in English.

As for this book, we – as editors – are very grateful to have gained the opportunity to work with various authors from around the world. Some of them we know personally, some for a very long time, and some others we got to know in the course of this book project. This made the whole publication project very exciting and interesting. We'd like to thank all of our authors contributing their expertise and experience to make this book hopefully another success story in the field of sports marketing publications. It is an honour having you on board and we are looking forward to further joint projects in the foreseeable future.

André Bühler: For Professor David Head – my academic father – who inspired me to look at the world as it is: round and international.

Gerd Nufer: For 'my three girls', my wife Karin and my two daughters Gabriela and Isabel – you are my favourite sports (both at home and on our favourite island in the Mediterranean Sea).

Stuttgart and Reutlingen (Germany), January 2014

André Bühler & Gerd Nufer

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Part I:

Principles of International Sports Marketing

Chapter 1: International Sports Marketing: Introduction and Perspectives



André Bühler



Gerd Nufer

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Learning outcomes

Upon completion of this chapter the reader should be able to

- differentiate between the old and the modern understanding of sports marketing.
- critically reflect on sports marketing as a scientific term.
- describe the main characteristics of sports from a marketing perspective.
- structure the sports market systematically.
- reconstruct the main structure as well as the main characteristics of this book.

Overview of the chapter

This introductory chapter starts with a brief discussion about the differences between the long-standing perspective of sports marketing and a more modern sports marketing approach. The discussion leads to the ultimate question whether sports marketing can be seen as a new and independent marketing discipline rather than a normal form of marketing. In addition, a coherent definition of sports marketing will be presented which serves as the underlining definition of this edited volume. Then the most important characteristics of sports from a marketing perspective will be explained using some real-life examples. The structure as well as the individual chapters of this book will be introduced in the following. This first chapter concludes with the introduction of the German Institute for Sports Marketing which has been founded by the editors of this book.

1.1 Status Quo of sports marketing

Sports management is a much diversified field in which sports marketing is the most differentiated discipline. The ongoing professionalisation and commercialisation of sports is illustrated best by the development of sports marketing (Nufer/Bühler, 2012; Nufer, 2010). This development will be explained on the following pages.

1.1.1 *Old and modern understanding of sports marketing*

The increasing **professionalisation** in the business of sports becomes evident when looking at the approaches sporting organisations used to apply in the early years and the approaches applied by sports entities such as clubs and associations nowadays. Outward orientation (in combination with an orientation towards acquisitions) is the main factor for professional and successful marketing in sports. The more a sporting organisation orientates itself towards the customer, the more people it will reach (Hermanns/Riedmüller, 2008a). Tab. 1 contrasts the differences between traditional sporting organisations and modern sporting organisations.

	Traditional sporting organisations	Modern sporting organisations
self-conception:	organisation	brand
marketing-conception:	club activities	business models
marketing structure:	supply-oriented	demand-oriented
marketing affiliates (B2B):	sponsors	partners
marketing target group (B2C):	fans	customers
marketing instruments:	standardised marketing instruments	sports-specific marketing instruments

Tab. 1: Marketing concepts of traditional and modern sporting organisations
Following: Hermanns/Riedmüller (2008a), p. 9; Rohlmann/Schewe (2005), p. 8

1.1.2 Is sports marketing just a form of general marketing or is a new and independent marketing discipline?

The increasing importance of applying marketing instruments in the business of sports is undisputed nowadays (Schubert, 2008). However, there is a clear lack of a common understanding considering the question which challenges, requirements and special knowledge are linked with the marketing of sports-related goods and services. As a consequence, the status of sports marketing has not been resolved yet and therefore sports marketing still lacks an official legitimisation as an independent marketing discipline. The discourse is characterised by different opinions regarding the generality or the necessity of a sector- and product-related specification within the marketing science (Freyer, 2005; 2011). The clear lack of a common understanding especially refers to the questions whether sports marketing is just a form of general marketing or whether it is a new and independent marketing discipline.

Sports marketing as a form of general marketing:

The marketing science claims to make statements for all profit and non-profit organisations. Following this viewpoint, the adaptation to sporting organisations is just a subset of general marketing. Just like a marketing expert has to adapt his knowledge to different business sectors (e.g. industrial goods, consumer goods) he has to adapt his marketing know-how to a specific product called ‘sports’. Therefore, every good marketing expert can also be a decent marketing manager in sports, i.e. the business of sports does not need sports-specific sports marketing managers.

Sports marketing as a new, independent discipline:

This viewpoint emphasises the specifics of each business sector and therefore also the unique circumstances of sports. Someone without further knowledge about the specific characteristics of sports consumers or the behavior of competitors in the sports market, cannot develop appropriate marketing strategies in sports. Consequently, sports marketing is something very special and something which cannot

be compared to other business sectors ('sports is no washing powder'). Therefore, an own and independent sports marketing philosophy does exist which results in the conclusion that specific-educated sports marketing managers are needed.

Freyer (2011; 2005) notes correctly that both viewpoints are **not opposites**. Sports marketing is based on general marketing principles and general business techniques. The success of sports marketing, however, depends on the ability to appreciate the sports-inherent circumstances appropriately and to develop problem-specific proposals for solution. Without the knowledge of the unique characteristics of sports even the best marketing manager can only provide partial solutions on the one hand. Those, on the other hand, clinging to the traditional structures of sports will not be able to recognise trends and therefore cannot operate successfully.

1.1.3 *Definition of sports marketing*

The field of sports marketing can be divided into two different **perspectives** (which will be explained in greater detail in Chapter 2 of this book):

- **Marketing of sports**, i.e. marketing of sports products through sporting organisations or sports-related companies.
- **Marketing with sports**, i.e. the instrumental use of sports as a marketing vehicle by companies with only little or no relation to sports.

Based on the definition by van Heerden (2001) sports marketing is defined by the editors of this book as follows:

Sports marketing is the specific application of marketing principles and processes to sports products and sports services in terms of market-oriented management. Sports marketing comprises the marketing of sports products by sporting organisations ('marketing of sports') as well as the marketing of sports-related and non-sports products and services by companies using sports as a means.

This definition combines both perspectives of sports marketing, marketing **of** sports and marketing **with** sports. Furthermore, it implies that sports marketing is based on the general principles of marketing on the one hand, and that a specific application of marketing is needed in order to be successful in the business of sports.

1.2 **Unique characteristics of sports from a marketing perspective**

The principles of general marketing cannot be simply transferred to sports. Instead an independent approach is needed when the focus is on sports rather on classical products or services. Or as Mullin (1985, p. 158) notes: 'Almost every ele-

ment of marketing requires significantly different approaches when the product being marketed is sport.’ The transition from the traditional administration of sports towards modern sports management and sports marketing can be generally described by the shift from supply-dominated to demand-dominated sports (Schubert, 2008; 2009). The three main distinguishing characteristics between sports marketing and general marketing – the sports market, the sports product and the sports consumer – will be outlined and discussed in the following (Nufer/Bühler, 2008; Bühler/Nufer, 2006).

1.2.1 The sports market

Sports is quite often described as part of the entertainment industry. Indeed, certain similarities cannot be denied. People watch sports in order to be entertained. However, sports might be entertainment, but it also differs in some aspects from other entertainment sectors or ordinary businesses. In contrast to many other business sectors one is confronted with the characteristic that in the sports market the demand for sports expresses itself in an active as well as in a passive consumption. In terms of a demand-oriented market differentiation the sports market can be divided into a market for **movement-active sports consumption (athletes market)** and a market **for passive sports consumption (spectators market)**. Mass sports and leisure sports orient itself by the needs of the active participants and is characterised by minor outward and acquisitions orientation. Competitive sports and top sports focuses on marketing the sporting performance with spectators as the target group (Hermanns/Riedmüller, 2008b).

The business of sports, however, features further specifics. For example, one characteristic refers to the **competition**. Sporting organisations often operate in a cartel-like competition. National (and international) competitions are organised in national (and international) leagues. The governing bodies of the leagues set the rules of the game and the competition in order to guarantee a certain level of competitive balance. Ehrke/Witte (2002) note, for example, that professional soccer leagues are determined by agreements regarding the rules of the competition. They make the assertion that these agreements would bring the Monopolies and Merger Commission or some similar organisation on the scene in any other industry. Szymanski and Kuypers (1999, p. 248) support this view by stating that it would be deemed illegal if an industry body in any other business were to set the numbers of producers and allocate the resources between them. They claim, however, that the competition authorities have ‘to recognize the unique nature of sports and allow leagues to carry out their functions as co-ordinators’.

Furthermore, sporting organisations compete on and off the pitch but need each other in order to produce the sporting competition (this is a unique characteristic of the sports product as explained later). This phenomenon, where economic and

sporting competition are linked in exactly the opposite way, is known as ‘**associative competition**’ (Heinemann, 2001). Whereas companies in traditional industry sectors seek to gain a monopoly situation in order to determine the market, sporting organisations are concerned to retain some level of parity between them, otherwise sports as a product would be in danger of losing much of its appeal and value (Sloane, 1997; Szymanski/Kuypers, 1999; Greenfield/Osborn, 2001).

In addition, the **focus on the sporting performance** is another unique characteristic of the sports business. Simultaneously, sporting organisations (above all some professional soccer clubs) have a sometimes relatively ‘unhealthy’ relationship to the principle of profitability. The overall aim of each and every company in ordinary business sectors is to make as much profit as possible. Sporting organisations, however, are intended to win games, cups and competitions (Dempsey/Reilly, 1998). The Sir Norman Chester Centre for Football Research (2002) notes that football clubs were intended to act as sporting clubs in the first place and therefore have never been run as pure profit maximisers. Banks (2002, p. 36) provides some figures illustrating the main difference between sporting organisations and ordinary companies in terms of money:

‘The most fundamental difference between [sports] and mainstream business is its attitude to profit. The uniqueness of [sports] as a business in its attitude to profits and dividends can be illustrated by the fact that since the rush to the stock market in 1997 and 1998 few [British football] clubs have consistently made profits and even those that have, have paid mainly insignificant dividends.’

Shilbury/Quick/Westerbeek (2009, p. 21) add that ‘viability and winning games are important outcomes and become the primary measure of attractiveness for sporting organisations.’ However, it has to be emphasised that more and more sporting organisations realise that financial success and sporting success also might go hand in hand. One of the prime examples is Bayern Munich which has established itself as a very solid and successful club from both a financial and sporting point of view.

Probably the most important characteristic of the sports market is the **extent of public perception** which is extraordinary and behind any comparison with other business sectors. Shilbury/Quick/Westerbeek (2009, p. 6) note that ‘very few businesses in the world are viewed with such simplicity and such personal identification by the consumer.’ But it’s not only the personal involvement of consumers (a phenomenon which will be addressed later) but also the extensive media coverage of sports. Morrow (1999), for example, claims that the extent and type of the coverage football receives would be greatly diminished if it were only an ordinary business. The problem of sports’ extraordinary public perception occurs when people are interfering in sporting organisations’ decisions. Indeed, numerous decisions

made by a club are discussed in public (i.e. the media or in pubs). This, in turn, makes it difficult for sporting organisations to decide independently and without pressure from outside. Related to the extent of public perception is a phenomenon which is named by Freyer (2011, p. 77) as ‘**everyone’s an expert**’:

‘There are only few areas where so many laymen and external people try to have a say in decisions. It starts with the “employees”, the members of clubs and associations, but also leads to the “consumers”, the spectators and the media. Many consider themselves as sports experts and would have lined up a different player on a different day against a different opponent with a different training preparation and different tactics.’

1.2.2 The sports product

According to Shank (1999, p. 16) a **sports product** is ‘a good, a service, or any combination of the two that is designed to provide benefits to a sports spectator, participant, or sponsor.’

Sports products as provided by sporting organisations can be divided into the core product and product extensions (see Fig. 1). The **core product** is the initial game, the sporting event or competition, whereas the **product extensions** are all goods or services which relate to the core product such as merchandising, catering, hospitality, or information services.

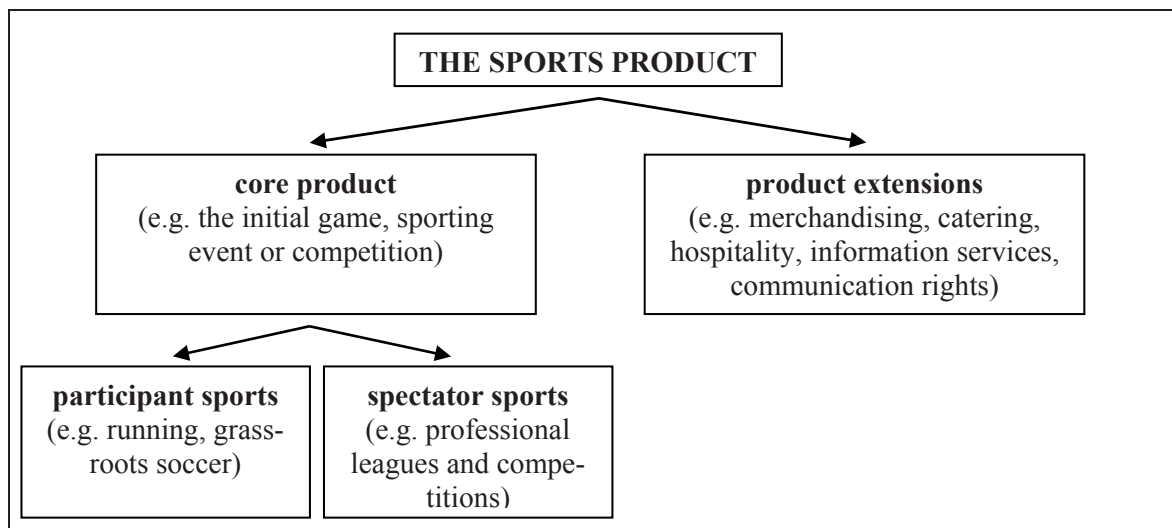


Fig. 1: The sports product
Source: Bühler/Nufer (2010), p. 48

The core product combines all characteristics of a service (intangibility, inseparability of production and consumption, heterogeneity, perishability), whereas the product extensions can be goods or services. The core product can be differentiated

between participant sports and spectator sports. The differentiation makes sense as both forms target different consumer groups. Besides, the message differs. In case of participant sports sporting organisations try to stimulate as many people as possible to become active in the specific sport, whereas in the case of spectator sports sporting organisations are trying to attract people to attend the event/game. Attendance at sporting events could be classified as a people-based service directed at people's minds following Lovelock's (1991) classification of the nature of the service act. The motives to actively engage in a sport or just passively watch it are very different and therefore sporting organisations need different techniques to promote their products (Bühler/Nufer, 2010). Although the importance of participant sports increases in view of the fitness wave, spectator sports is the bigger part of the sports industry with billions of people watching sports events either live or on television. However, the core sports product shows some unique characteristics with which sports marketers have to deal with.

As mentioned above, the core product (i.e. the match/competition) is a joint product. Teams (e.g. in sports such as soccer, rugby, basketball) or individuals (e.g. in sports such as boxing, tennis) need each other to create the core sports product. In addition, sports marketers have no control over the quality of the core product because every game and/or competition is highly spontaneous and unpredictable (Morrow, 1999; Shilbury/Quick/Westerbeek, 2009). The **uncertainty of outcome** is the lifeblood of every competition as one cannot be certain how the competition will end. But it's not only the final result which is unpredictable; it is also the game itself which cannot be planned. Shank (1999, p. 3) explains:

‘One important way in which sport differs from common entertainment forms is that sport is spontaneous. A play has a script, and a concert has a program, but the action that entertains us in sport is spontaneous and uncontrolled by those who participate in the event. When we go to a comedic movie, we expect to laugh, and when we go to a horror movie we expect to be scared even before we pay our money. But the emotions we may feel when watching a sporting event are hard to determine. If it is a close contest and our team wins, we may feel excitement and joy. But if it is a boring event and our team loses, the entertainment benefit we receive is quite different. Because of its spontaneous nature, sport producers face a host of challenges that are different than those faced by most entertainment providers.’

Not only the two teams (or as in tennis: the two individual players) facing each other create the core sports product, but also the spectators watching the sports event on site. The atmosphere, created by the fans, can be an important part of the overall product and one for which the media and sponsors are willing to pay. Furthermore, a lot of people attend sporting events because of the atmosphere. They even pay for something they produce themselves. Therefore, spectators attending

live games become so-called ‘**co-creators of value**’ or (combining the terms producer and consumers) ‘**prosumers**’ (Welling, 2005; Burmann/Welling/Schade, 2008).

1.2.3 *The sports consumer*

Two main groups of individuals can be identified as customers for sporting organisations: active participants and passive spectators. In the case of **participants sports** sporting organisations try to inspire as many people as possible for their products and services as well as encourage them to actively participate in their sports facilities. In the case of **spectators sports** the aim of sporting organisations is to motivate them to attend the sporting events on site or at least to follow them via the media.

Participants and spectators sports are based on **completely different motives**. Participants might engage in sports because they see sports as part of a healthy life, whereas spectators view sports as entertainment. Although participants sports is a growing business resulting from a changing health and fitness consciousness, spectators sports still is the more important part of the sports business in view of billions of people around the world watching major sports events such as the Olympics or Football World Cups simultaneously on TV or on the internet. Spectators attend sporting events because of numerous reasons: some want to see an intense match, some others want to watch their team winning and again other spectators enjoy the supporting programme rather than the game itself. The challenge for sporting organisations is to fulfill **different needs of various customer groups** (Banks, 2002). In addition, sports consumers are different in numerous ways from ordinary consumers of ordinary companies. This becomes clear especially in the case of traditional soccer supporters (Bühler/Nufer, 2006; Bühler, 2006; 2005):

1. Fans are usually more passionate about their favourite football club than consumers are about their preferred brand. The degree of **passion** in the context of sports is beyond comparison.
2. Fans are quite loyal to their team. This high level of **loyalty** is explained by Dempsey/Reilly (1998) with the fact that supporters find something in football that they cannot find anywhere else, e.g. the escape from the ordinary workaday world, the adrenalin rush and thrill of a match or the feeling of being part of a community. Therefore, fans pledge allegiances to their clubs.
3. Passion and loyalty lead to the third difference: football fans are often irrational in their consumer behaviour. This kind of **irrationality** leads to the fact that purchase decision are seldom taken on commercial grounds, or as Cashmore (2003, p. 23) puts it: ‘Part of being a fan involves buying all manner of product related to the object of adulation’ regardless of price or quality.

A related consequence of loyalty is the fact that football supporters don't have a real choice when it comes to purchase decisions. While ordinary consumers may have their preferences, they normally have a choice between several products. Football supporters, however, would rarely change to another club only because the ticket price of the competitor is more reasonable. The whole issue of fan loyalty, irrational consumer behaviour, passion, identity and identification lead economic analysts and professional investors to the conclusion that football supporters are '**captive consumers**' (Pierpoint, 2000, p. 31) within a '**captive market**' (Morrow, 1999, p. 169). Captive market is thereby defined as a group of consumers who have limited choice in terms of the products they can select/purchase or have no other alternative but to buy a product from a specific source respectively (Banks, 2002; Conn, 2001).

BIRGing and CORFing are two other extraordinary phenomena which are characteristic of sports fans and once again show how sports consumers differ from consumers of other business sectors:

BIRGing ('basking in reflected glory') means that people are trying to demonstrate a link to successful others. People pursuing BIRGing make themselves out to be successful by publicly presenting common characteristics of the successful person and themselves. For example, significantly more fans wear replica shirts after their team has won than in case the team has lost. Also, sports fans use the term 'we won' although they didn't actually score or prevent a goal. However, when their team loses, sports fans are **CORFing** ('cutting off reflected failure') which means that they disassociate themselves from the losing team in order to prevent a negative image transfer. Empirical research shows that significantly less people wear merchandising articles of the respective club when the team has lost. Then it's not 'we who lost', but 'they lost' (Strauss, 2006; Posten, 2009).

Chapter 2 of this book will elaborate on more characteristics regarding to sports marketing. The following section, however, explains the general structure of the book and introduces the individual chapters.

1.3 Introduction of the structure and individual chapters of the book

Why a book on 'International Sports Marketing'? In the 20th and 21st century, sports has become a worldwide and truly global business sector. In view of an ongoing professionalisation and commercialisation of sports, the importance of management-/business-related know-how increases significantly. Although a lot of sporting organisations are medium-sized companies when it comes to annual turnover or number of employees, they're often managed in a voluntary capacity. A

number of sports clubs and associations still lack the necessary business basics as well as a basic understanding of marketing in order to ensure substantial business activities.

The present book tries to contribute to the professionalisation of sports management and sports marketing by describing the various perspectives of sports marketing in a global context. This book has been written in order to take the reader on a journey around the world, to introduce the international sports markets and to generate insight into new approaches in sports marketing. The target group of this book are students of sports economics and sports marketing (undergraduate, graduate and postgraduate) – and therefore the future decision makers in international sports marketing – but also lecturers and researchers of sports science or business management with a focus on sports management, furthermore practitioners of sports marketing and finally everyone interested in the fascinating combination of sports on the one hand and marketing on the other.

The book series ‘Sportmanagement’ (by the publishing company Erich Schmidt Verlag in Berlin) seems to be an appropriate series to publish this book because the series itself intends to be a ‘double bridge gaping’: between **sports and business** on the one hand and between **theory and practice** on the other. The series brings together various works in the context of sports management under a common thematic roof in order to intensify the dialog between science and practice. It’s open to junior scientists as well as established academics and practitioners wishing to publish innovative contributions in the field of sports management and sports marketing.

The book series ‘Sportmanagement’ in general and the current book ‘International Sports Marketing’ specifically **apply the basic management and marketing disciplines to the area of professional sports**. Not only are the principles of economic activities are explained but also the **unique characteristics of the sports** business considered. Furthermore, a bridge will be forged continuously from the general to the particular.

This book is divided into three main parts including 15 chapters in total. **Part I** introduces the **Principles of International Sports Marketing** and consists of four chapters. Following this first chapter which presents the **Introduction and Perspectives** of this book, the editors explain in Chapter 2 the principals of **Marketing in Sports** in greater detail. Simon Chadwick then describes in Chapter 3 how **Internationalisation in Sports** works. In the fourth and last chapter of Part I Robin Heinze and Frank Daumann introduce a **Lifecycle Model for the Internationalisation in Sports**.

Part II of this book takes us on a journey of **Sports Marketing Around the World**. The ‘world map of sports marketing’ as presented in Fig. 2 illustrates the various regions and countries covered in the nine individual chapters of this second part.

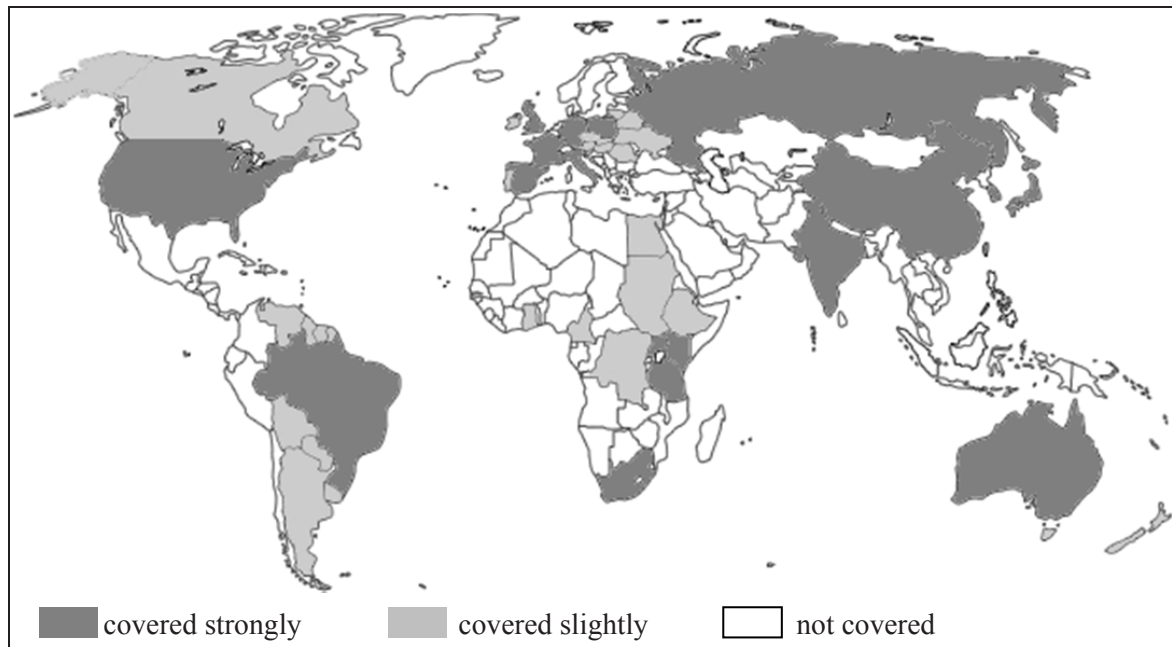


Fig. 2: The world map of sports marketing (regions covered in this book)

Our journey around the world starts with the chapter on **Sports Marketing in Western Europe** written by the editors themselves. Andrzej Sznajder then introduces in Chapter 6 the status quo of **Sports Marketing in Eastern Europe** before Frank Daumann, Lev Esipovich and Ilia Solntsev present their insights on **Sports Marketing in Russia**. In Chapter 8 Dae Ryun Chang and Chungyeol Lee describe the various aspects of **Sports Marketing in Asia**. The journey then leads to Oceania where Con Stavros and Mark Stewart present their viewpoint on **Sports Marketing in Australia**. Matthew Shank and Mark Lyberger explain in Chapter 10 the perspectives of **Sports Marketing in North America**, followed by the chapter on **Sports Marketing in South America** written by Gonzalo Bravo and Bárbara Schausteck de Almeida. The journey concludes with two chapters dedicated to Africa: Brendon Knott and Kamilla Swart describe the status quo of **Sports Marketing in South Africa**, Dennis Floyd Jones and Paschal Wanzalla Soita finally present in Chapter 13 their viewpoint on **Sports Marketing in East Africa**. The book therefore covers not only the ‘traditional regions’ of sports marketing (i.e. North America and Western Europe), but also emerging sports marketing regions (e.g. Asia, Africa) as well as countries hosting some of the largest sporting events in the following years (e.g. the Winter Olympics 2014 in Sochi the Summer Olympics in Rio, the FIFA World Cup 2014 in Brasil and 2018 in Russia). However, the ‘world map of sports marketing’ also reveals some regions which have not been

covered in this book. The reason for these ‘white spots of sports marketing’ is a clear lack of sports marketing academics in the respective countries. For example, the Middle East becomes more and more important in global sports marketing (either by huge investments in overseas football clubs such in the case of the Qatar Foundation and FC Barcelona or by hosting major sporting events in the region like the World Handball Championship 2015 and the FIFA World Cup 2022 in Qatar). But as a matter of fact, sports marketing is somehow underdeveloped in the Middle East and academic interest in sports marketing only starts to reveal itself. The same goes for the African countries which have not been covered by the two chapters on sports marketing in Africa although there are other reasons for the underdeveloped status of sports marketing (i.e. a considerable lack of resources).

The final **Part III** then deals with the **Future of International Sports Marketing** and consists of two chapters written by the editors: Chapter 14 describes **What Corporate Management can learn from Sports** and the final chapter presents a **Summary and Outlook** concerning international sports marketing.

In view of the fact that this book contains different chapters of different authors from different regions of this world, it also presents different writing styles and even different spelling rules. For example, the ‘professionalisation and commercialisation of sports’ in Great Britain differs from the ‘professionalisation and commercialisation of sports’ in North America. As editors we have decided that the authors should stick to the spelling rules as employed in the respective countries. However, in order to present some kind of consistency each chapter of this edited book follows a **common didactical structure**:

- At the beginning of each chapter the **learning outcomes** will be presented. The reader discovers the main aspects he or she will get to know in the course of the respective chapter.
- Then an **overview of the chapter** will be presented in order to provide details about the structure of the chapter.
- The first section of each chapter is the **introduction** where the reader is led to the respective topic.
- The following main parts of the individual contributions typically follow a **coherent structure from general to particular**.
- Each chapter (with the exceptions of this introductory chapter and the final chapter) includes a **case study** in order to outline specific issues using the example of a specific (and ideally real-life) case.
- The main body of each chapter ends with a **conclusion** of the most important aspects and an **outlook** for the years to come.
- Each chapter includes ten **discussion questions**. There is no sample solution because all questions can be answered by applying the information provided in the main body of the chapters.

- The **references** provide details for every source (books, studies or internet sources) used in the main body of the chapter.
- In the section **guided reading** additional references will be provided in order to enable the reader to deal with a specific aspect in more detail.

Central terms in the main body of the chapters are consistently emphasised in **bold type**. Basic definitions, illustrative examples as well as all case studies are printed in a **frame**. Direct quotations are provided with the precise source citation (e.g. Nufer (2014), p. 150), whereas indirect quotations do without page references (e.g. Bühler (2014)) in order to ensure an easy flow of reading.

At the end of this book the **profiles of the editors and the authors** are provided, giving the reader the opportunity to contact the various contributors of this editing book directly. The editors, in particular, will be pleased to receive feedback and suggestions.

1.4 Introduction of the German Institute for Sports Marketing

In 2012 the German Institute for Sports Marketing has been founded by the editors of this book in order to support and contribute to the ongoing professionalisation of sports marketing – not only in Germany but also in an international context.

DEUTSCHES INSTITUT FÜR SPORT MARKETING

Academic – Independent – Professional

The aim of the German Institute for Sports Marketing (DISM – Deutsches Institut für Sportmarketing) is the **professional development and strengthening of sports marketing** both in science and practice. The DISM consequently pursues the purpose of a ‘double bridge gaping’: between sports and business on the one hand and between theory and practice on the other hand.

The DISM seeks to provide empirical, independent and professional expertise for sports clubs, sports associations, sports sponsors and other stakeholders of the

sports business. We offer a wide range of **consultancy** as well as **further education**. We also seek **international collaboration** with other academic institutions and everyone with an interest in sports marketing.

Additional information:

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Twitter: www.twitter.com/_sportmarketing

Discussion question

1. What's the status quo of sports marketing like?
2. Differentiate between the old and the modern understanding of marketing in the context of sports!
3. Discuss the following question: is sports marketing just a type of general marketing or is it a new and independent marketing discipline?
4. Which basic perspectives can be differentiated in sports marketing?
5. Define and explain the term 'sports marketing'!
6. What are the main characteristics of the sports market?
7. Why is the sports product so special?
8. Characterise the sports consumer!
9. Which countries can be identified as the most professional ones in terms of sports marketing?
10. How can the 'white spots of sports marketing' be explained?

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Links

Book series ‘Sportmanagement’ (published by Erich Schmidt Verlag, Berlin):

<http://www.esv.info/set/SPM01/katalog.html>

German Institute for Sports Marketing:

<http://www.sportmarketing-institut.de>

Chapter 2: Marketing in Sports



André Bühler



Gerd Nufer

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Learning outcomes

Upon completion of this chapter the reader should be able to

- describe the overall tasks of marketing.
- explain the different stages of a marketing conception.
- know the main instruments of marketing.
- define the term ‘sports marketing’.
- differentiate sports marketing from ‘normal’ marketing.
- outline the two most important types of sports marketing.
- assess the role of sports for advertisers.
- evaluate the essential meaning of marketing for sporting organisations.

Overview of the chapter

In this chapter the principals of marketing will be explained and transferred to the context of sports. Following a brief introduction the principals of marketing will be outlined and explained in further detail. Then the subject of sports marketing will be introduced from different perspectives using various definitions and approaches. Afterwards the focus is on the unique characteristics of sports marketing before a model of sports marketing will be presented. Then it will be shown how professional sporting organisations might market their products and themselves. The chapter concludes with a detailed case study using the example of FC St. Pauli which is one of only few real brands in German sports.

2.1 Introduction

Sports Marketing is booming. In 2012, companies have spent around €2.8 billion for sports sponsorship in Germany alone (FASPO, 2012). In the 2010/11-season the 18 football clubs of the German Bundesliga have generated more than €150 million from selling branded products and therefore set a new record regarding sales of merchandise (PR Marketing, 2012). Each and every weekend thousands of sports clubs compete for spectators. All these examples can be related to sports marketing without any further differentiation. However, sports marketing has many facets, but only few really know the real meaning of sports marketing. What is sports marketing – and what is it not? Why is there a growing meaning of brands in sports and which role will marketing in the context of sports play in the future? The answers to these – and many more – questions will be provided by this chapter. However, in order to understand the true meaning of sports marketing, one has to understand the principles of marketing first.

2.2 Principles of marketing

In this segment the general terms of marketing will be defined and explained. Furthermore, the single stages of the marketing management process will be outlined in detail.

2.2.1 Defining marketing

The term ‘marketing’ derives its origin from the United States of America, where the main definitions regarding marketing come from. Kotler (1994, p. 5), for example, stated:

‘Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.’

The American Marketing Association (quoted in Kotler, 1997, p. 15) defines marketing as such:

‘Marketing (Management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.’

The above definitions can be illustrated as follows:

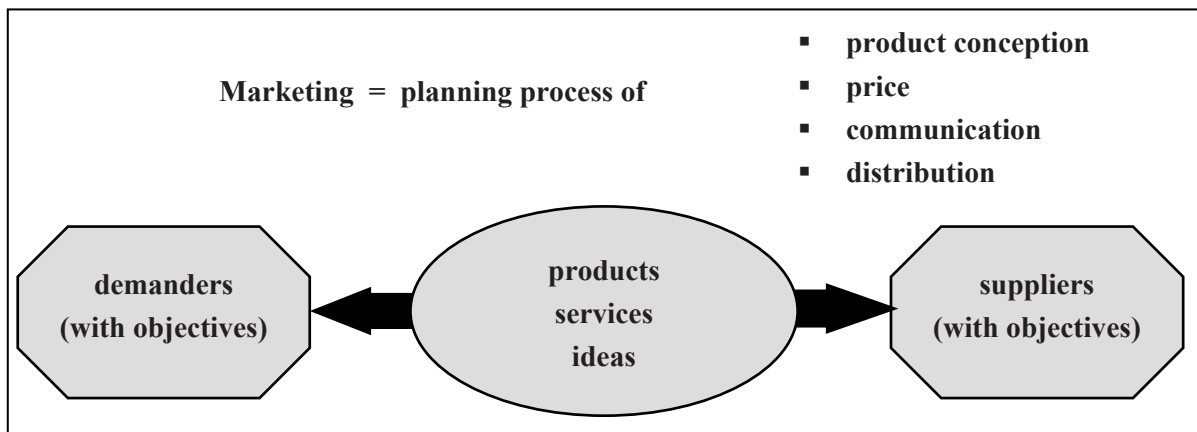


Fig. 1: Illustration of the term ‘marketing’
Based on: Ramme (2004), p. 2

The term ‘marketing’ has been avoided for a long time in Germany in favour of the term ‘distributive trade’. It was not before the 1970s that marketing has been established in the German-speaking countries. Ramme (2009) explains this process with a certain change of markets. Until the 1950s German economy has been de-

financed by seller's markets where demand exceeds supply and therefore puts the seller in a strong negotiation position. However, sales markets soon turned into buyer's markets where supply exceeds demands and therefore puts the buyer in a strong negotiation position. As a consequence, companies had to redirect their strategy towards market-orientated business management which is characterised by a systematic focus on the market or customer respectively. Bruhn (2010, p. 14) emphasises the central philosophy of marketing as such:

Marketing is a managerial mentality. It is specified in the analysis, planning, implementation and controlling with regard to every internal and external business activity focusing on the customers' benefit and consequent orientation towards the customer in order to achieve market-related business objectives.'

2.2.2 Marketing management process

A marketing conception is generally speaking a holistic roadmap consisting of three conceptual levels which in turn are based on different fundamental questions (see Fig. 2). The marketing conception can also be seen as a sequential succession of different phases as illustrated in Fig. 3.

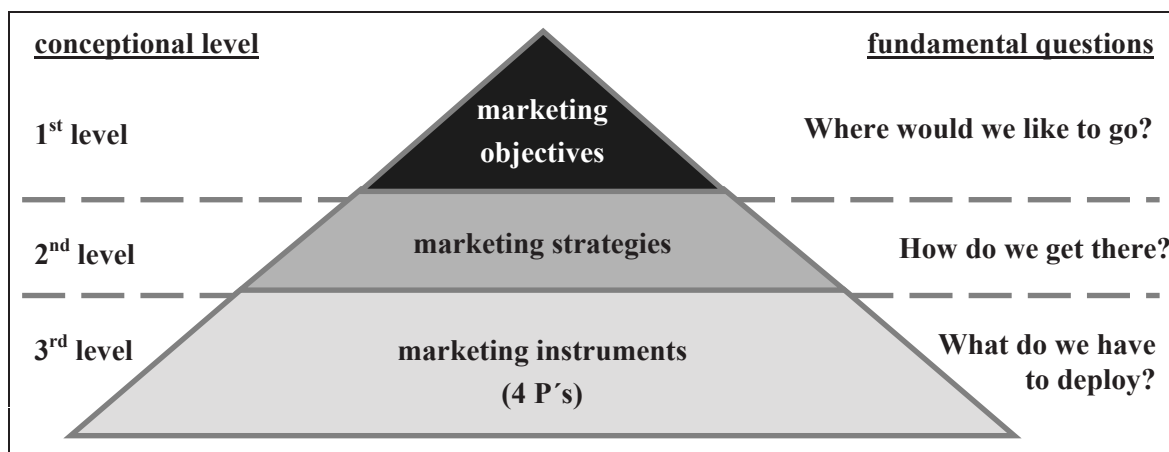


Fig. 2: Levels of the marketing conception
Based on: Ramme (2009), p. 216

Fig. 3 illustrates the process of a marketing conception. The single phases of the marketing conception will be explained in further detail in the following.

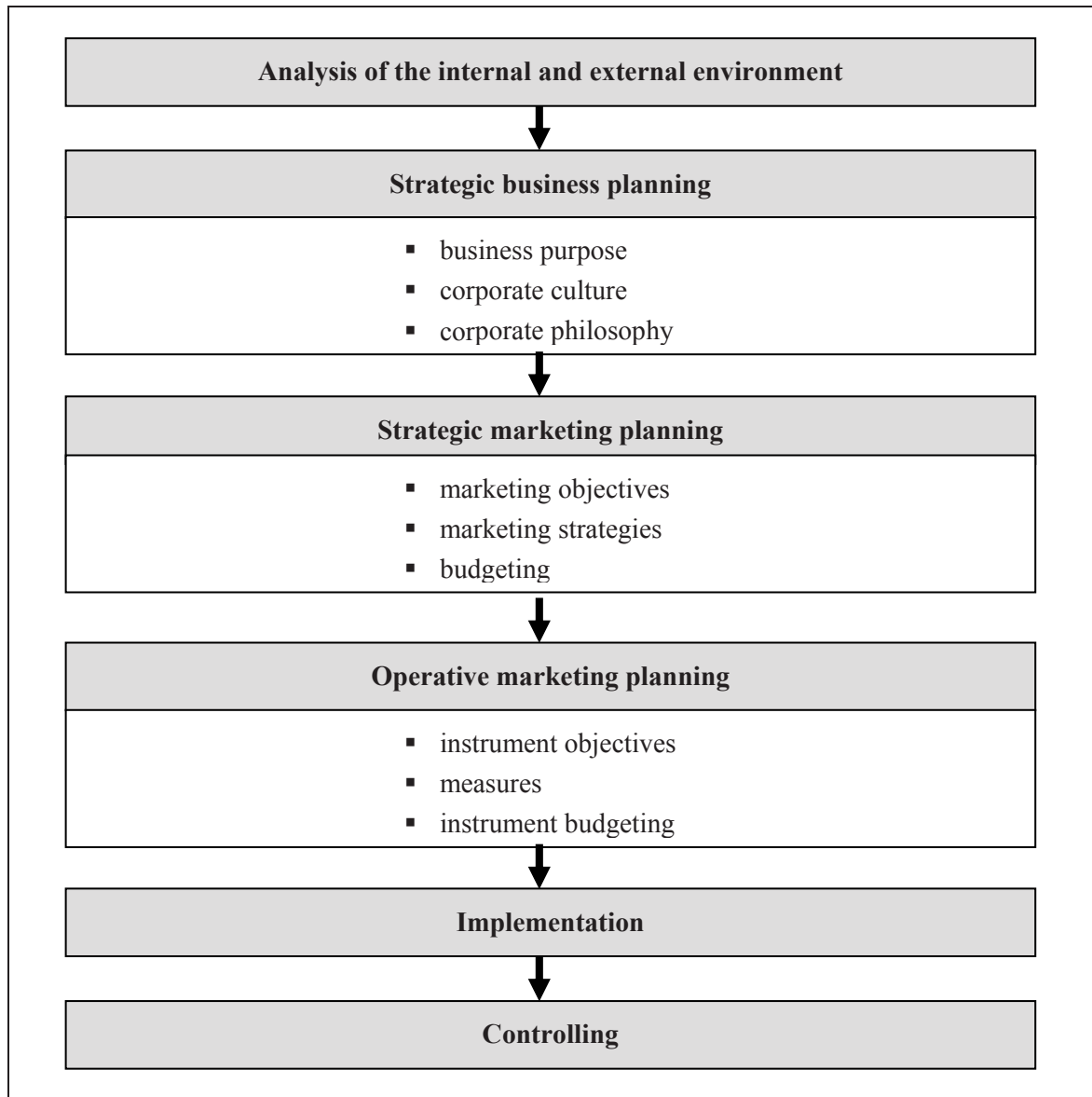


Fig. 3: Illustration of the marketing conception as a process
Based on: Meffert/Bruhn (1997), p. 116

2.2.2.1 *Analysis of the external and internal environment*

Each marketing conception should be based on a detailed analysis of the external and internal environment. One of the most popular instruments to analyse the internal and external business situation is the **SWOT-analysis**, which examines the internal strengths and weaknesses of the own company as well as the external opportunities and threats of the respective market.

It's often useful to combine a SWOT-analysis with a **benchmark analysis** in order to compare the strengths and weaknesses of the own company with those of the best competitor.

Another instrument for analysing the external environment is the so-called **PEST-analysis** which is often used by companies who operate in an international context. The objective of the PEST-analysis is the examination of specific markets (for example single countries or regions) resulting in the identification of the most suitable market for a company. The PEST-analysis takes political-legal factors, economic factors, sociocultural factors and technological factors into consideration.

Besides the SWOT-analysis and the PEST-analysis, which are often carried out by companies themselves, professional market research companies offer a wider range of instruments for analysing markets, customers and potential target groups. **Market research** generally differentiates between secondary and primary research. Secondary research (or desk research) uses already existing data from different sources such as official statistics, published surveys, market research reports and internal databases. If **secondary data** is not available (either because there is no access to existing data or data is not existent at all) **primary data** has to be generated. Therefore, companies can select from a wide range of data collection methods. The most popular amongst them are quantitative questionnaire surveys, qualitative interviews, experiments and observations (Berekoven/Eckert/Ellenrieder, 2009). The right selection of the specific **data collection method** depends on the suitability (will the correct data really be generated by the specific method?) and the financial resources as well as the timeframe.

2.2.2.2 *Strategic business and marketing planning*

The strategic business planning defines the purpose, culture and philosophy of a company (Nufer, 2012).

Most businesses are aiming for maximising profits. In the course of time additional **business purposes** have been developed, for example ecological, social and sociopolitical ones. However, those are only taken into consideration if they pay off in financial terms as well.

The **corporate culture** is based on evolved values, norms, symbols and rituals and is often shaped by the top management. A strong and unitarily corporate culture leads to internal cohesion and motivation for the organisational members.

The **corporate philosophy** results from the business purpose and the corporate culture and is reflected in general beliefs, behavior policy guidelines and guiding principles. Corporate philosophy therefore has a direct impact on the behavior of the organisational members and thus a strong influence on corporate marketing. Corporate philosophy sets the context in which marketing-related decisions take place.

The **strategic business planning** is based on precise and realistic business objectives which result in long-term business plans. The superior business objectives are broken down into the individual corporate divisions, which in turn should contribute to the general achievement of business objectives.

The **strategic marketing planning** orientates itself by the superior business objectives and the resulting specifications. However, when it comes to market- and customer-orientated business management the line between strategic business objectives and strategic marketing objectives is very fine. The aim of strategic marketing planning is to define strategic marketing objectives leading to marketing strategies and the fixing of strategic budgets.

Strategic marketing objectives can be differentiated in quantitative/economical objectives (e.g. increase of market share by 30% within the next five years) and qualitative objectives (e.g. image change from ‘old-fashioned’ to ‘modern’). Hermanns/Riedmüller (2001) also differentiate between **market-related objectives** (e.g. expanding in other markets), **revenue-related objectives** (e.g. increasing profits) and **performance-related objectives** (e.g. increasing satisfaction of members). In this respect it’s vital to evaluate the strategic marketing objectives on a regular basis with regards to validation and importance as well as to adapt some objectives to altered circumstances and recent trends.

There are a number of different **marketing strategies**. The most popular ones amongst companies according to Becker (2009) and Ramme (2009) are:

- **Market field strategies:** The criterion for this marketing strategy is the novelty of product and market which leads to four different strategies. The **market penetration strategy** aims to sell the already existing product on the proper market. The **market development strategy** wants to exploit new markets while maintaining the product. The **product development / innovation strategy** leads to regular improvements of the product or even new products in order to attract customers on already existing markets. The **strategy of diversification** aims at new markets with new products.
- **Market stimulation strategies:** The criterion for this marketing strategy is the way of influencing a market. The market might be stimulated by quality products (**preference strategy**) or low prices (**price-volume strategy**).
- **Market parceling strategies:** The criterion for this marketing strategy is the degree of differentiation when it comes to market cultivation. Either a mass market is cultivated by an undifferentiated marketing mix (**mass market strategy**), or different marketing instruments adapt to different segments of a segmented market (**market segmentation strategy**).
- **Competitive strategies:** the criterion for this marketing strategy is the relative position of the company towards the competitors. As market leader

companies are using the **market leader strategy** in order to maintain (or even increase) their market leadership. The **challenger strategy** is used by companies aiming for market leadership. With the **follower strategy** companies copy the market leader without becoming market leader themselves. The **niche occupation strategy** is used by smaller companies in general focusing on a market niche which has so far been disregarded by other suppliers.

2.2.2.3 *Operative marketing planning*

The aim of the operative marketing planning is the implementation of strategic marketing objectives by using different **marketing instruments**. The marketing literature (e.g. Kotler/Keller, 2011; Meffert/Burmann/Kirchgeorg, 2011) names four main marketing instruments: product policy, price policy, distribution policy and communication policy (also known as the four Ps: product, price, place, promotion). The entirety of all marketing instruments used by a company at a specific point of time is called the **marketing mix**. A balanced and optimal combination of different marketing instruments is important in order to achieve the pre-defined marketing objectives. The main marketing instruments will be explained on the following pages.

The **product policy** is often referred as the ‘heart of marketing’ according to Weis (2009, p. 221) in view of the fact that marketing mainly focuses on the product (or the service) and that the other marketing instruments build on decisions related to the product policy. The product policy mainly involves two tasks: first, decisions related to the product itself (e.g. the nature and quality of the product, the layout of the product packaging, or the branding). The **product quality** refers to the **core product** (technical-engineering features), the **product function** (reliability, profitability) and the **product shape** (packaging, design, colour).

Second, decisions related to the **product mix** (e.g. the entirety of different products a company offers). Here it can be differentiated between various alternatives for action: **product innovation** (development of new products), **product modifications** (further development of existing products), **product diversification** (addition of new product lines) and **product elimination** (cessation of specific products).

With regard to the product policy special meaning belongs to **branding** (i.e. the strategy of differentiating rather homogenous products by creating a distinct shape, name, packaging or image).

By pursuing a coherent **price policy** companies are trying to influence directly the prices of their products in order to establish them in the market. The price policy involves the following tasks:

- Fixing the **price level** in which a company wants to operate.
- **Pricing** of products newly added to the product line.
- **Price alteration** for products or product categories of an existing product line.
- **Price differentiation** of products, i.e. setting different prices for the same product in different market segments.
- **Price determination** for the various stages of the distribution process.
- **Price comparison** against competitive prices.

For the formation of prices companies can select from a range of **pricing strategies**, for example **cost-based pricing** (considering own costs in order to offer products economically viable), **demand-oriented pricing** (considering the customers' willingness to pay), **competitive pricing** (considering the prices of the competitors' products), **utility-oriented pricing** (based on the feature of performance or economic factors). Usually a combination of those pricing strategies is used in practice in order to define the **minimum price limit**, the **maximum price limit** and a **fair market price level**.

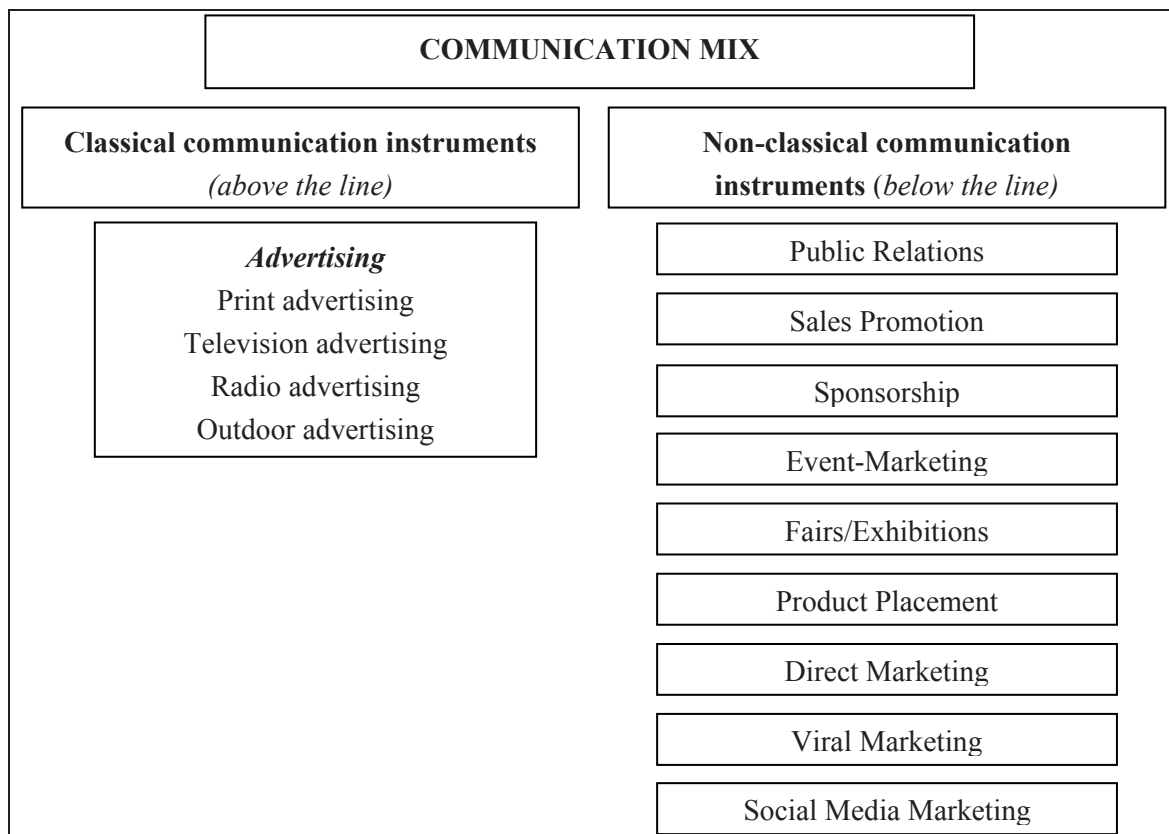


Fig. 4: Examples of communication instruments
Based on: Nufer/Bühler (2013), p. 36

The **communication policy** is intended to inform people about the product and to motivate them to buy the product. In order to achieve these objectives companies can select from a wider range of communication instruments which in its combination is called the **communication mix**. In general, the marketing literature differentiates between **classical communication** (also known as ‘**above-the-line tools**’) and more innovative, **non-classical communication instruments** (‘**below-the-line tools**’). Fig. 4 provides examples for both communication forms. The respective communication instruments will be explained in the following (Bühler, 2006a; Nufer, 2012):

- **Advertising:** Advertising activities such as print advertisements in newspapers, periodicals or magazines, television and radio advertising, or outdoor advertising (e.g. posters, illuminated signs, public transportation) intend to influence the customers’ purchase decision in favour of the advertising company. Classical advertising still is the most popular and most frequently used communication instrument. However, the effectiveness of classical advertising decreases in view of the sheer extent of advertising which results in information overflow and advertising clutter. Therefore, companies are increasingly trying to generate awareness by using humorous, ludicrous and in some cases even shocking advertising motifs (the latter is also known as ‘**shockvertising**’).
- **Public Relations:** PR helps companies to establish long-term relationships with various target and stakeholder groups (e.g. customers, journalists, shareholders, employees) and therefore establish trust and understanding. Public Relations therefore offers different tools such as press conferences, PR events (exhibitions, open day), donations to charitable activities, establishment of foundations in order to gain good publicity, and editorial contributions in papers and technical journals.
- **Sales Promotions:** In order to stimulate the sales of products and services companies apply specific sales promotion activities such as prize competitions and contests, discounts or special displays at the point of sale.
- **Sponsorship:** In order to generate awareness or improve the image, companies may sponsor different properties such as sports organisations, cultural events, ecological projects or academic institutions. The most popular form of sponsorship (sports sponsorship) will be explained in further detail later in this chapter.
- **Event-Marketing:** In order to promote the own brand in an interactive and experience-oriented way companies create their own events for their target groups.
- **Fairs/Exhibitions:** Fairs and exhibitions not only serve as a means for developing businesses or establishing business contacts, but also for promoting products and services.
- **Product Placement:** The promotionally effective integration of products in motion pictures and television programmes is a special communication instru-

ment because customers are generally bound to watch the film or programme and therefore cannot escape the promotion.

- **Direct Marketing:** In contrast to the classical advertising which generally aims at an anonymous mass of people, direct marketing tries to address the individual customer directly. The most popular direct marketing instruments are direct mailing (personalised sales letter) and telephone marketing.
- **Viral Marketing:** Whereas TV viewers often switch programmes when confronted with commercials, recipients of viral marketing clips often act as the transporters of the message because the respective clip is either not recognisable as a commercial or it's attractive enough to be forwarded to friends and families via e-mail or social networks such as Facebook or YouTube. As a consequence a very funny or extraordinary clip spreads like a virus and therefore reaches a lot of people for little money. Viral Marketing is based on the principle of word-of-mouth recommendation.
- **Social Media Marketing:** Media reception of users has been changed dramatically in the last few years. Social and business networks such as Facebook and LinkedIn have gained more and more relevance in peoples' everyday life. As a consequence, marketing communication shifts to the area of social media as well. Here target groups can be reached which cannot be reached by classical advertising anymore. In addition, social media marketing enables companies to address target groups more specifically because specific user data can be bought from social networks.

In view of the fact that companies have to compete with thousands of other advertising messages, businesses are well-advised to use their communication budget as efficiently as possible. Depending on the target groups and the marketing objectives it might make sense to use not only one communication instrument but many. Ideally all communication instruments are interconnected in order to generate the maximum promotional output.

Within the scope of the **distribution policy** all corporate activities have to be defined which lead to the transportation of goods from their location of origin to the location where the customer can get hold of the product. Therefore, time and distance have to be bridged in the most effective and efficiently way. The distribution policy also involves decisions regarding the site selection process of a company, the selection of distribution channels and distribution intermediaries as well as the physical distribution itself. Regarding the **site selection process** companies have to consider procurement options, production conditions and market potentials. Regarding the **distribution channels** the marketing literature generally differentiates between direct sales (e.g. through commercial agents, own branches and subsidiaries, telephone or internet sales) and indirect sales (e.g. through intermediate wholesaler and retailer, appointed dealers and franchising companies). Sales repre-

representatives or travelling salesmen are often used as **intermediaries**. With regard to the **physical distribution** of goods and products companies have to take the means of transport, the time of delivery and delivery deadlines into consideration (Berndt, 2005).

2.2.2.4 *Implementation and controlling*

After completing the strategic and operative marketing planning, the next task in the marketing process is to implement the plans. Possible problems in the **implementation phase** should already be anticipated as best as possible in the planning phase. It is vital that the marketing conception is realistically and suits the context in which a company operates. Risk can be minimised by establishing time schedules, organisation charts and financial schemes for each marketing project. Crisis management capability is essential in this phase in order to solve emerging problems as fast as possible.

In order to react to changing market conditions a constant monitoring of planned or realised marketing projects is important. **Marketing controlling** can be differentiated between process-orientated parallel controlling and result-orientated ex-post-controlling. The **process-orientated parallel controlling** (also known as **marketing audit**) involves a constant, systematic examination and monitoring of individual phases regarding the marketing conception with a special focus on the marketing management. Thereby, possible undesirable developments might be identified and fixed at an early stage. The **result-orientated ex-post controlling** mainly compares the end results of the completed marketing project with the preset marketing objectives in order to evaluate whether the marketing project was a success or a failure based on pre-defined key figures. Marketing controlling therefore offers a regulative influence on current marketing projects on the one hand, and important clues for future marketing projects.

2.3 **Principles of Sports Marketing**

Generally there arises the question whether sports marketing is just a slightly modified version of general marketing or a completely independent phenomenon. Schubert (2008, p. 87) refers to ‘an unexplained status of sports marketing and a non-existent legitimation as an independent marketing doctrine until now.’ Indeed there is a clear lack of a coherent definition, but simultaneously different opinions of what sports marketing really is. In order to establish sports marketing as an independent marketing doctrine – which in view of many different sports marketing courses at universities around the world has already been put in practice – it is necessary to constitute a common understanding of sports marketing (Nufer/Bühler, 2009).

To explain the role of sports marketing in an academic context is a first perspective to begin with. Generally it depends on the respective perspective whether the emphasis is put on sport or on marketing. Therefore sports marketing is often in an **academic field of tensions**. From a sports scientific point of view, sports marketing is a sub-discipline of **sports economics** and therefore a partial area of **sports science**. In this context, sports marketing is one of many management subjects contributing to successful sports management. Here the focus is on managerial aspects of sports marketing. Sports economists are asking themselves how modern sports marketing has to be organised and shaped in order to push sporting organisations in a managerial way. Besides, the economical values generated by sports marketing (e.g. through the value-added process in the sales of sport rights) is of sports economical interest.

By contrast, when looking from a marketing academic point of view, sports marketing simply is one of many sub-disciplines of marketing as illustrated in Fig. 5. In this respect it must be concluded that some sub-disciplines such as business-to-consumer marketing or business-to-business-marketing are well established in teaching and research. Other marketing disciplines such as gender marketing or sustainability marketing result from an altered zeitgeist and therefore can be viewed as relatively new research fields in the area of marketing. Sports marketing, however, might be well on the way to be accepted as an independent marketing doctrine.

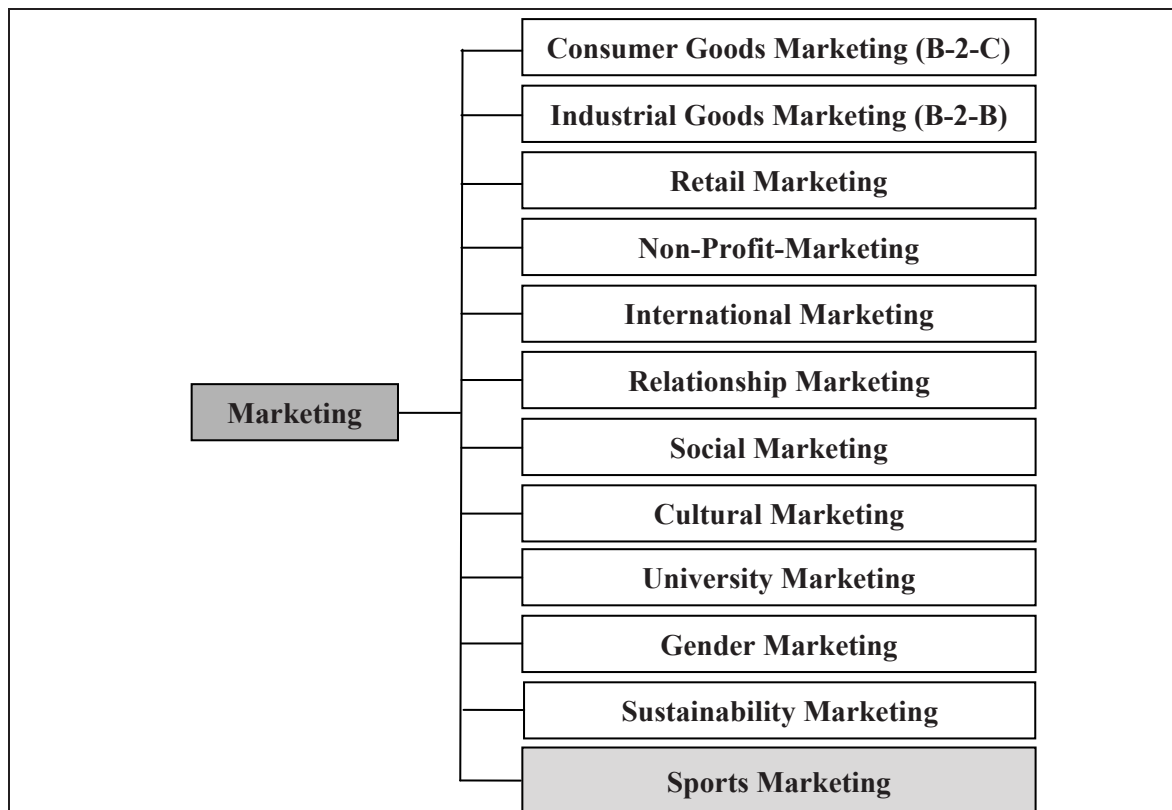


Fig. 5: Sports marketing as a sub-discipline of marketing