



Sportmanagement II

Cornerstones of (Sports) Marketing

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- I. Introduction to Sports Marketing**
- II. The four domains of Sports Marketing**
- III. Marketing of sports**
- IV. Marketing through sports**
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What is Marketing?

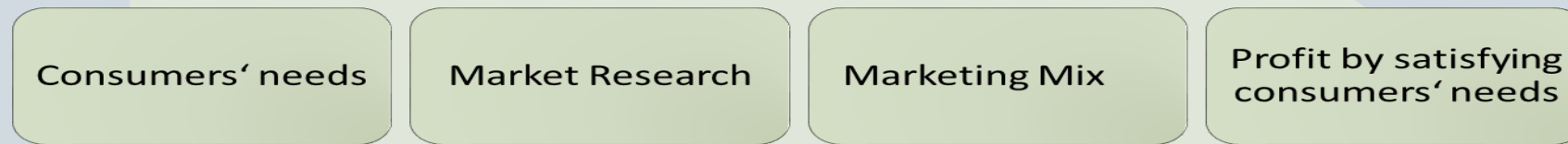
“The process of planning and executing the conception (product), pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.”

Marketing does the following...

- ... assesses the needs and wants of potential customers
- ... analyses the internal organizational and external market environment
- ... segments the market
- ... positions the product in the market
- ... implements a number of decisions, the „marketing mix“
- ... secures appropriate relationships with the customer
- ... analyses, evaluates and adjusts
- ... explores new market space (blue oceans)
- ... gains and sustains positioning advantages
- ... takes care of the achievements of USPs

Marketing as a philosophy

Marketing has the philosophy to think from the consumers' end. Their needs are the anchorpoint of marketing activities.



NOT:



The philosophy of sport marketing is to satisfy the needs of sport consumers.

Creating Perceived Value for the Customer

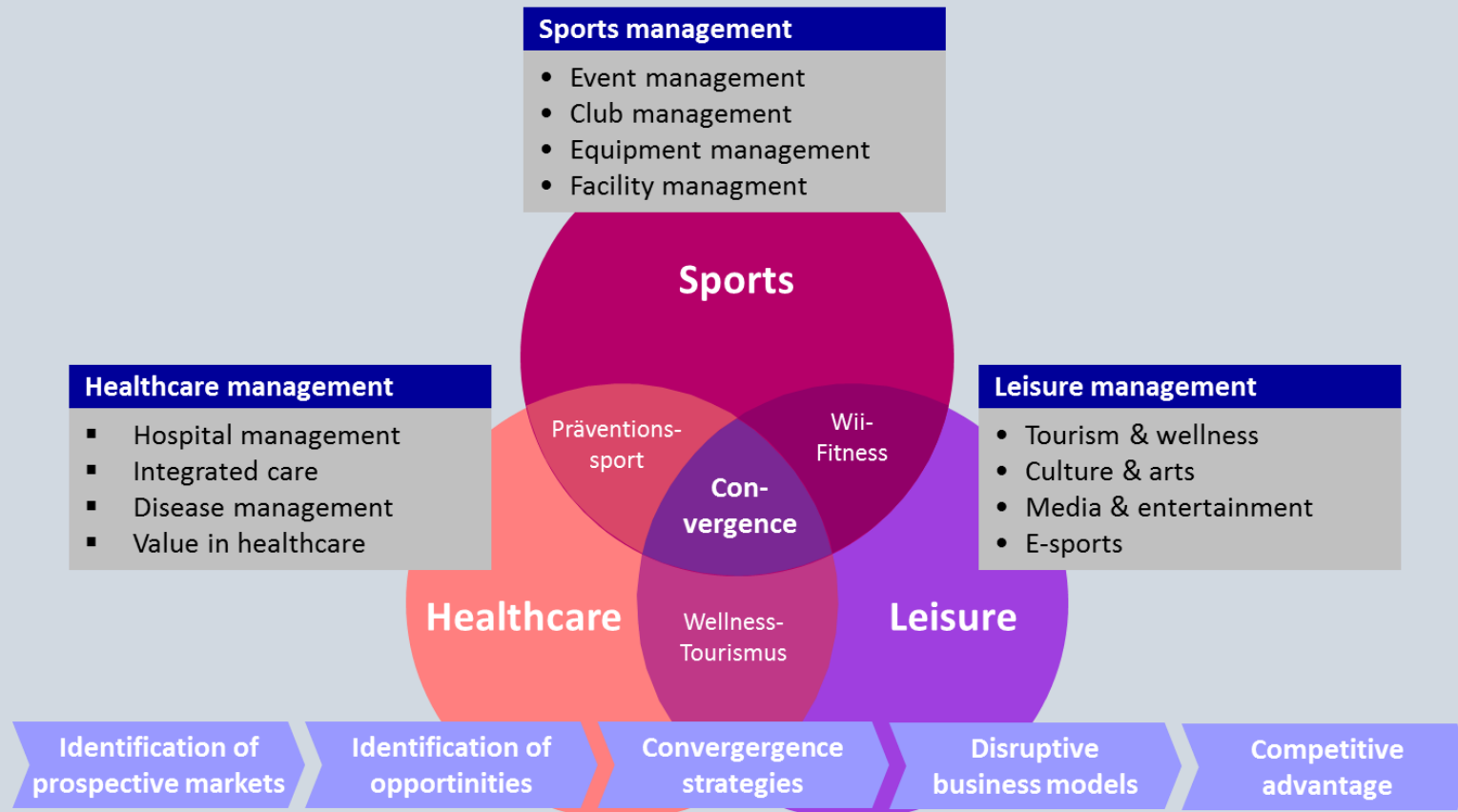
„Sports centres, pools, theatres, art galleries, libraries, museums, gymnasia, are merely, warehouses holding tangible and intangible products that have no value except that brought to them by the customer.“

(Brown 1985)

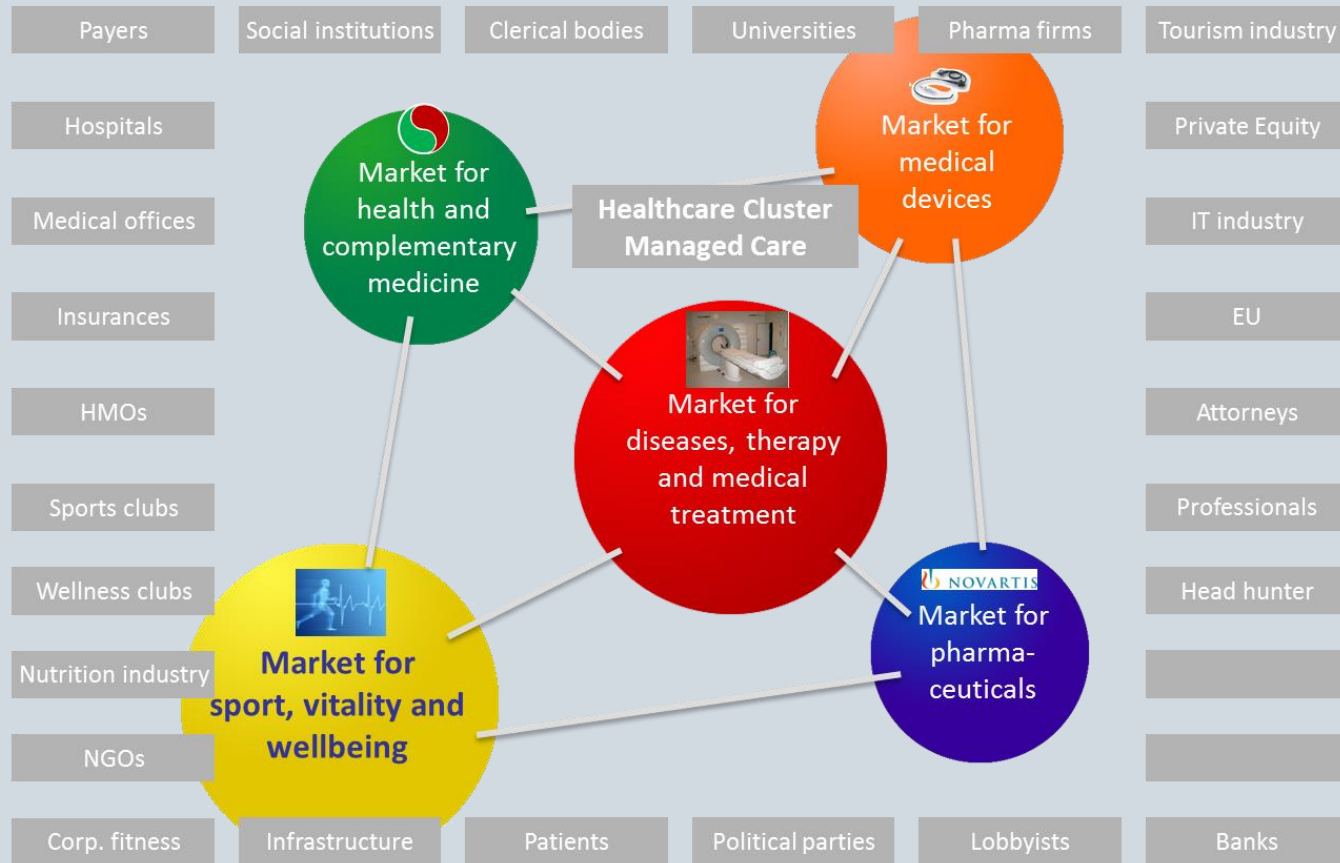
Sport Marketing

- is the application of marketing concepts to sport products and services
- increasingly converges towards healthcare, fitness and vitality
- incorporates B2B as well as B2C markets
- challenges entrenched wisdoms of sports ethics: sports is business
- sketches out definitions of the relevant sport market
- can be seen as an scientific as well as practical discipline
- includes products, services and problem solution bundles
- increasingly reflects the TIMES logic: telecommunications, information, media, entertainment, and sports
- reflects the customer based problem solutions with respect to sports
- enters the sphere of new media and digital arenas, such as social media

Convergence in Sports Markets



Convergence in Sports Markets



Convergence in Sports Markets

Converging business models and industries



Sports management

Sports equipment

Sports trading

Sports facilities & infrastructures

Media & communications

Sport consulting & coaching

Sports clubs & administrations

Sports associations

Sports communications

Event management

Leisure management

Tourism, travel, hotelling

Wellness (SPA)

Leisure facilities

Corporate leisure management

Media & entertainment

E-games

Sportive lifestyle products

Leisure ware

Clerical services

Healthcare management

Hospital management

Out-patient care

Integrated care

Health maintenance organizations

Medical devices & equipment

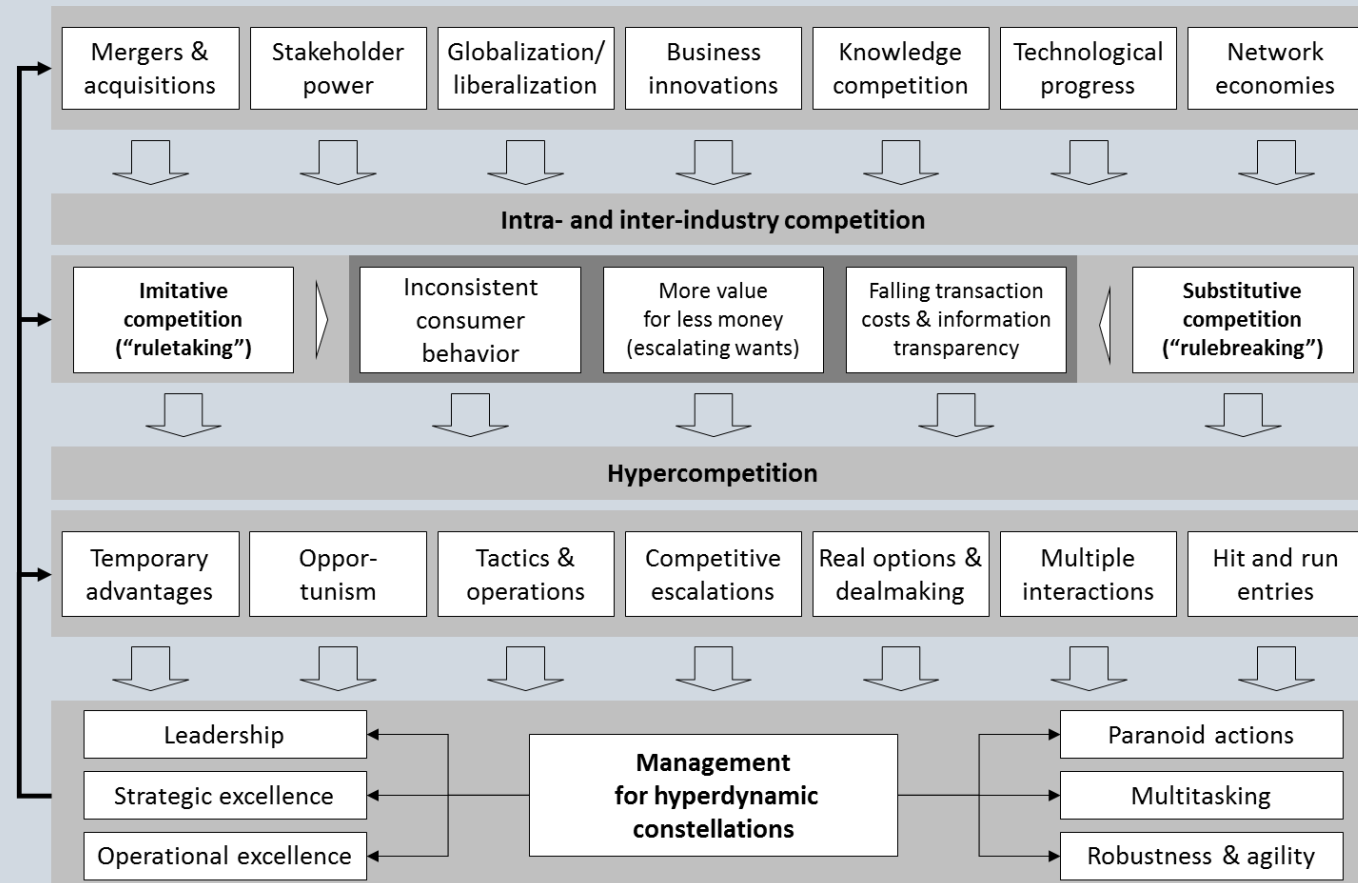
Pharma & nutrition industrie

Disease management

Corporate fitness

Employee recreation programs

Hyper-competition in Sports

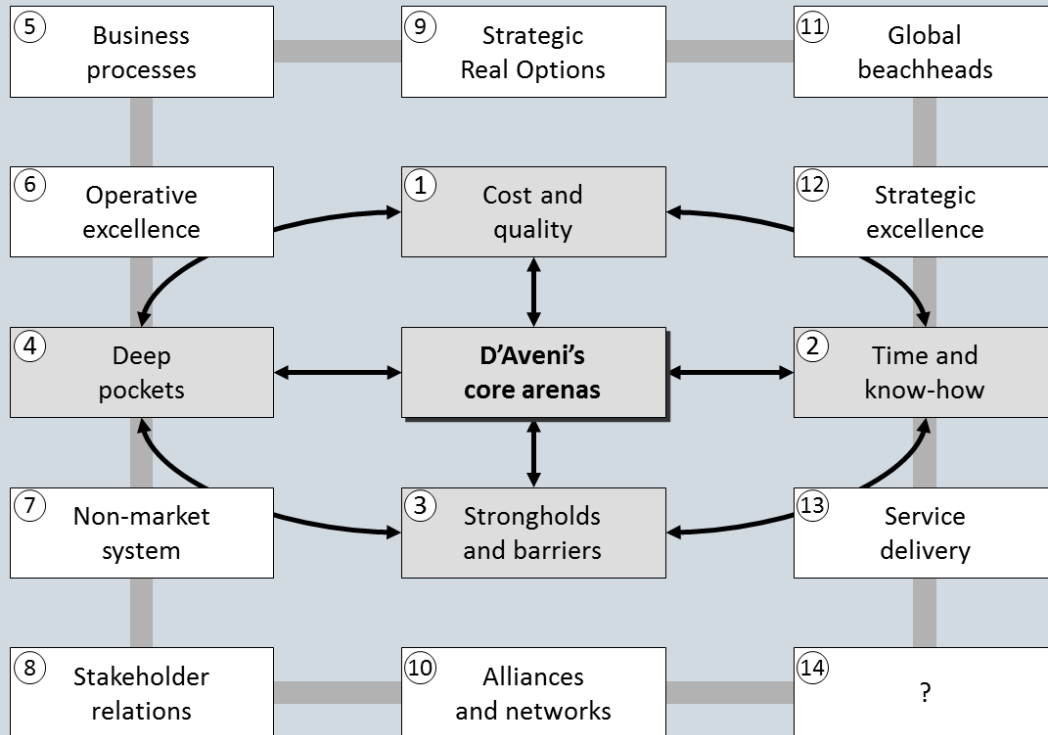


Wanted: Marketing for Hypercompetition

Paradigm		Traditional competition view	Pluralistic competition view
		De-Escalation	
Multifocal management: Handling multiple bottlenecks	Focus		
	Industry	<ul style="list-style-type: none"> • Focus on incumbents • Clear and committed rules • Structure-Conduct-Performance 	<ul style="list-style-type: none"> • Interacting industry segments • Nestructuring / networking • Industrial convergence
	Strategic group	<ul style="list-style-type: none"> • Positioning wars within strat. gr. • Stabile, abgrenzbare Gruppen • $P = f(\text{Mobilitätsbarrieren})$ 	<ul style="list-style-type: none"> • Inter-group competition • Fluid entry barriers / KSFs • $P = f(\Delta \text{ mobility barriers})$
	Strategic business unit	<ul style="list-style-type: none"> • Consistent business definition • KSF "obedience" • Portfolio management 	<ul style="list-style-type: none"> • Multiple planning units • Network structures • Management of paradoxes
	Baseline marketing End products	<ul style="list-style-type: none"> • Segment-Target-Position • Unique Selling Proposition • Marketing-mix strategies 	<ul style="list-style-type: none"> • Create-Target-Position-Renew • Multiple paradigm positioning • Marketing and political mix
	Resources, technologies, competencies	<ul style="list-style-type: none"> • Focus on resource strongholds • Asset stock protection • Utilization of slacks 	<ul style="list-style-type: none"> • Focus: Dynamic capabilities • Inter-partner learning • Real options thinking

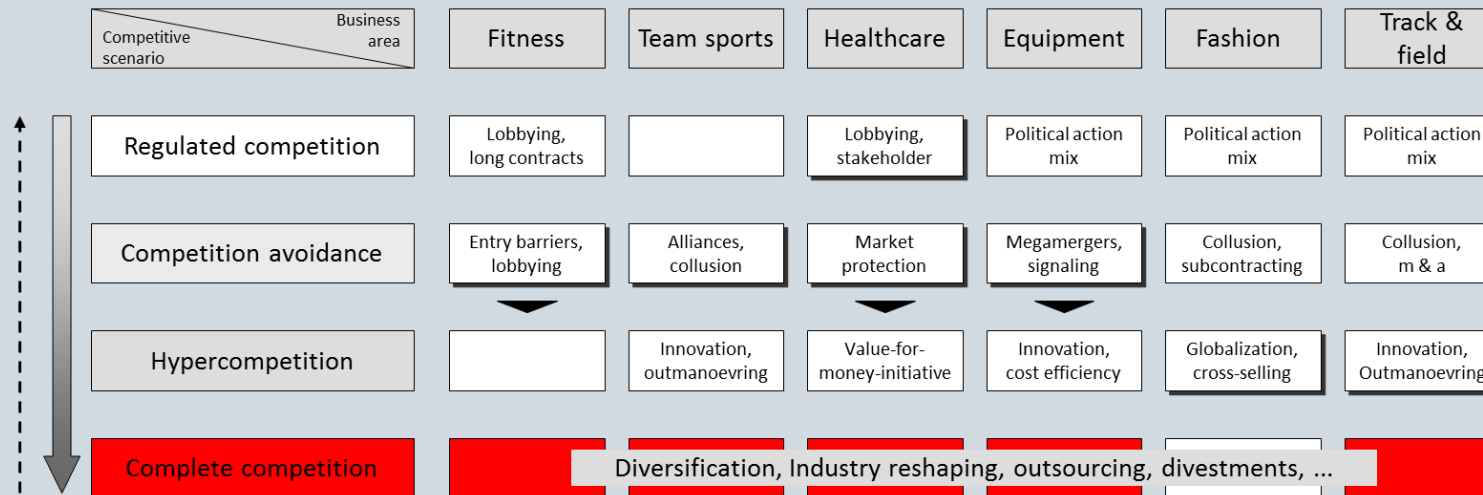
Battlefield of Hypercompetition: Competing on Multiple Dimensions

Core implication: Create responsive and robust enterprises!



Competition takes place on many items in parallel!

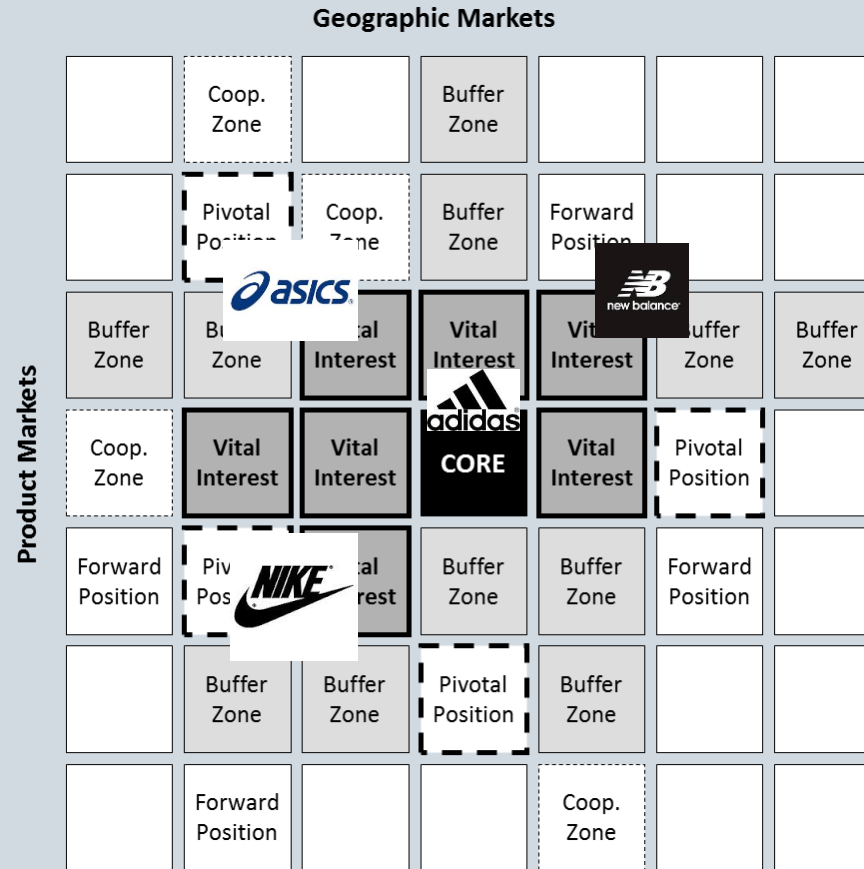
Being Braced for Hypercompetition: Being Agile, Robust and Responsive



Dynamic competition analysis according to CAST*-approach

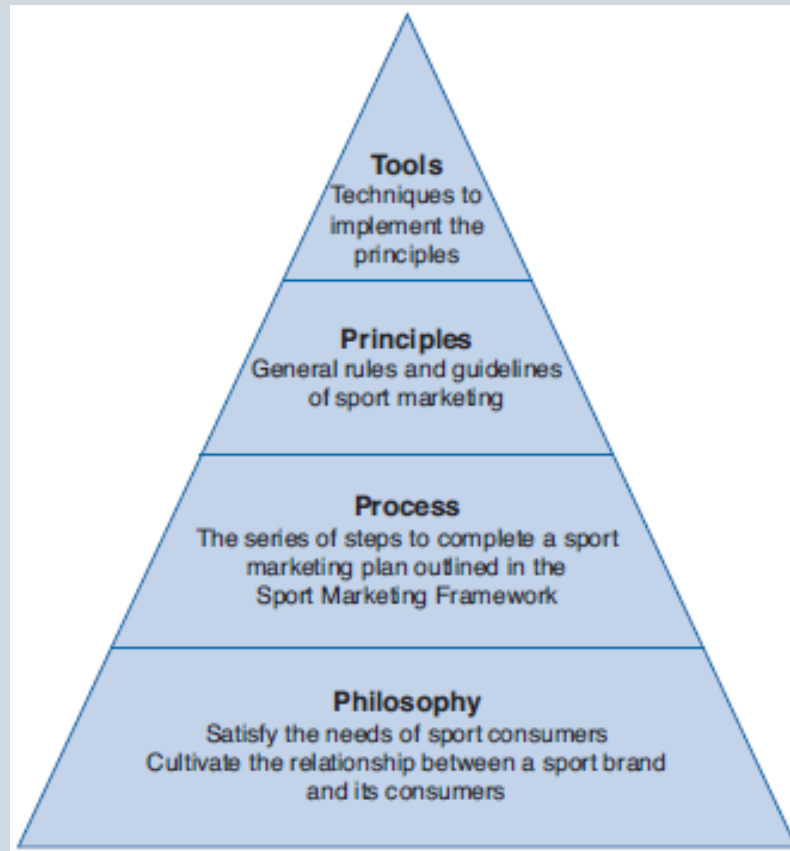
- (1) Description of competitive situation of each business area (status quo)
- (2) Description of realistic competitive scenarios (best and worse case)
- (3) Development of measures and action plans for seizing opportunities and fencing off risks
- (4) Consolidation of business plans on aggregated corporate level
- (5) Development of a balanced short term and long term agenda concerning hypercompetition
- (6) Strategy implementation and ad-hoc-roll-out of responsive short-term actions

Being Braced for Hypercompetition: Being Agile, Robust and Responsive



Source: Adopted from D'Aveni (2002).

Structure of Sport Marketing



Source: Smith, A.: Introduction to Sport Marketing, p.7.

Sports Marketing - Definitions

Kaser/Oelkers (2007, p.12):

„Sport Marketing means using sports to market products“

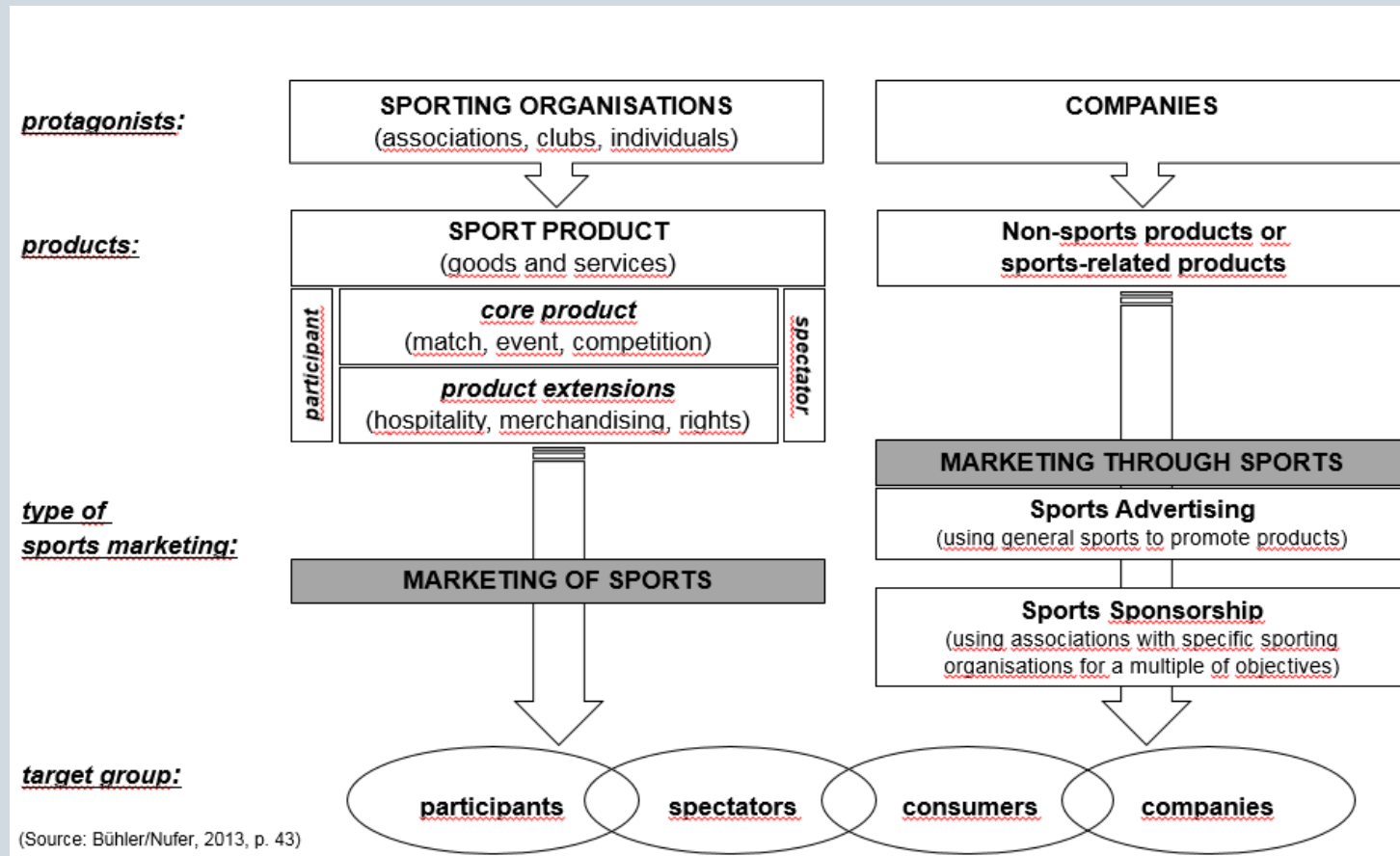
Shilburg/Quick/Westerbeck (2009, p.15):

„Sport marketing is a social and managerial process by which the sport manager seeks to obtain what sporting organisations need and want through creating and exchanging products and values with others“

Van Heerden (2001, p.93)

„Sport marketing is the specific application of theoretical marketing principles and processes to sport products and services; the marketing of non-sport and sport-related products and services through an association - such as a sponsorship – with sport; and the marketing of sport bodies and codes, their personalities, their events, their activities, their actions, their strategies and their image“

Model of Sports Marketing



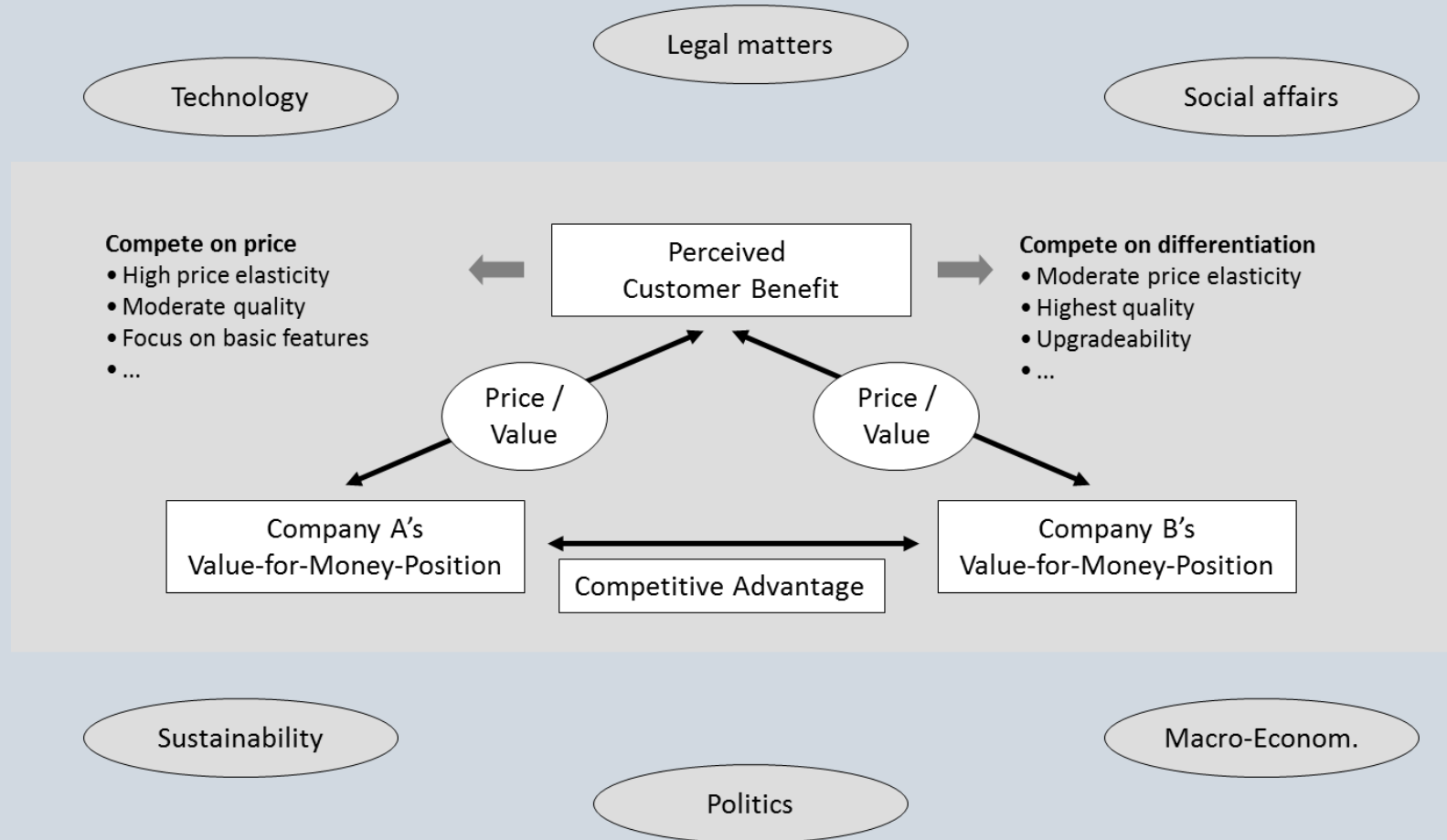
Sports Products vs. Non-Sports Products

Sports Products	Non-Sports Products
Spectator Sports (Live audience vs media-based audience)	Goods and Services not directly related to sports
Participation Sports (attract more participants vs make participants to consume more)	
Sporting Goods, Apparel	
Sports-related Products	

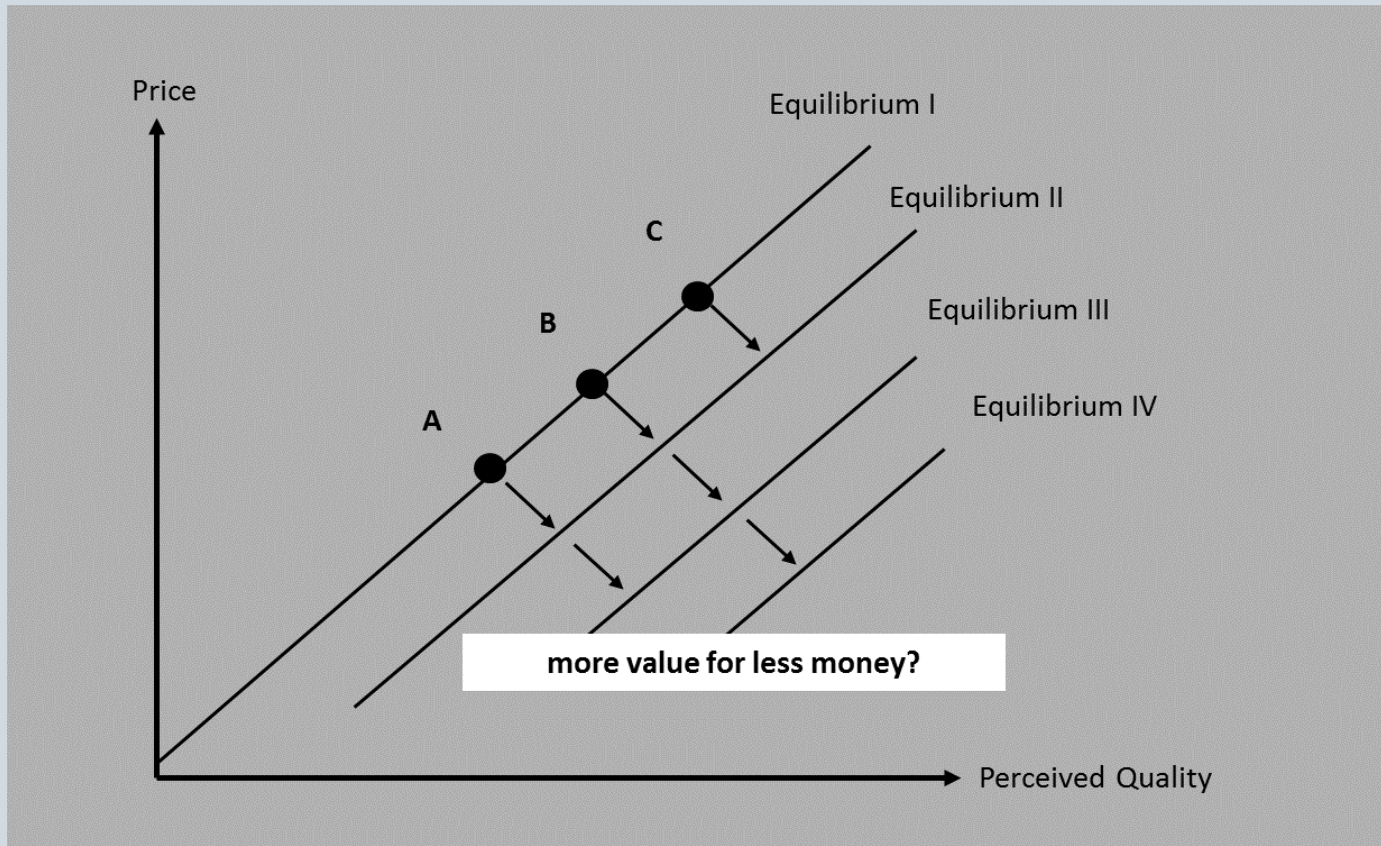
Level of Integration

Traditional strategies	Sponsorship-based strategies
<p>Employ components of traditional marketing</p> <ul style="list-style-type: none">• Market segmentation• Target market• Marketing Mix	<p>Employ a sponsorship-based relationship with a sports entity, e.g.</p> <ul style="list-style-type: none">• Sponsoring• Venue Naming Rights• Endorsement• Licensing

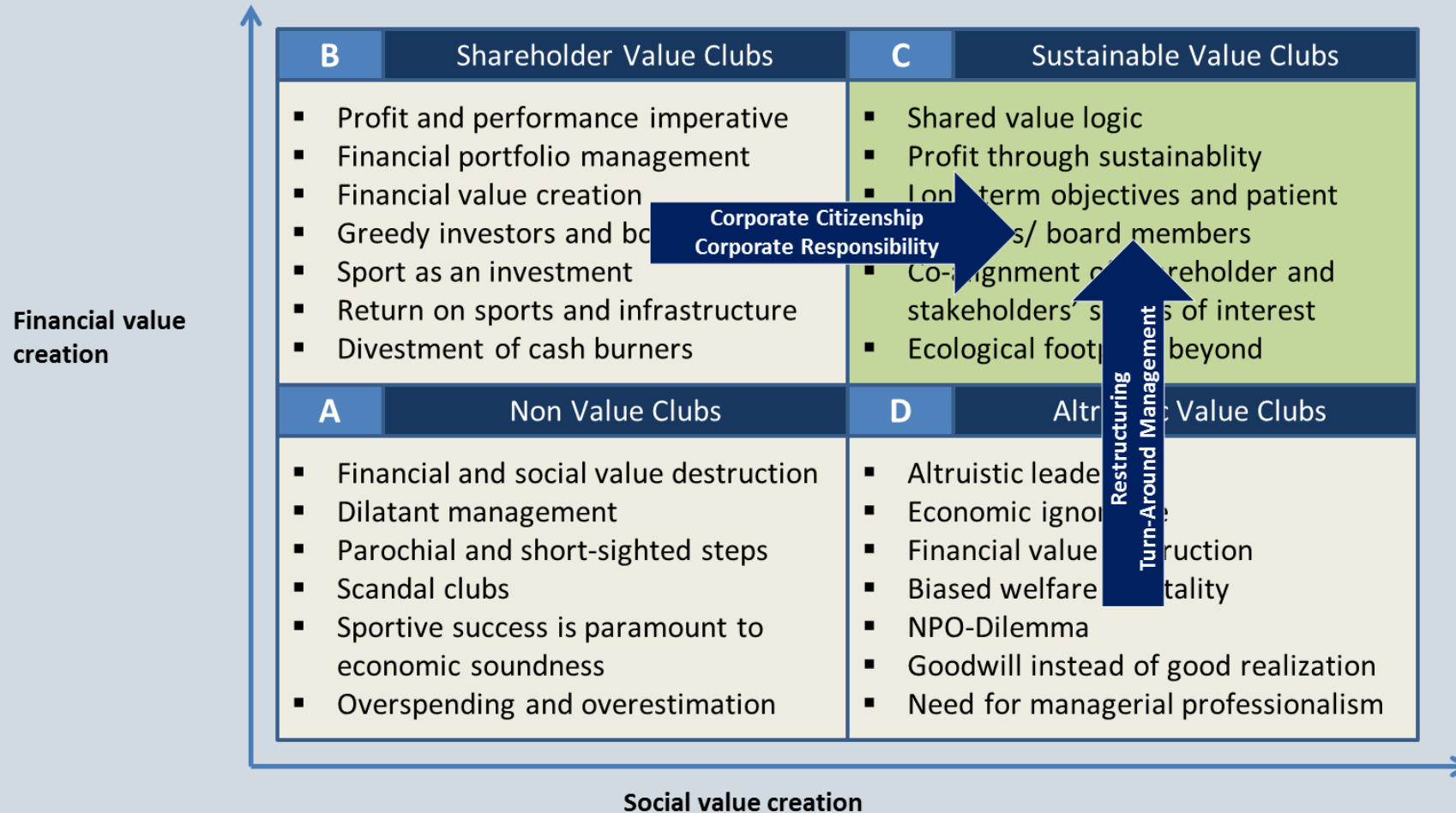
Competitive Advantages in Sports



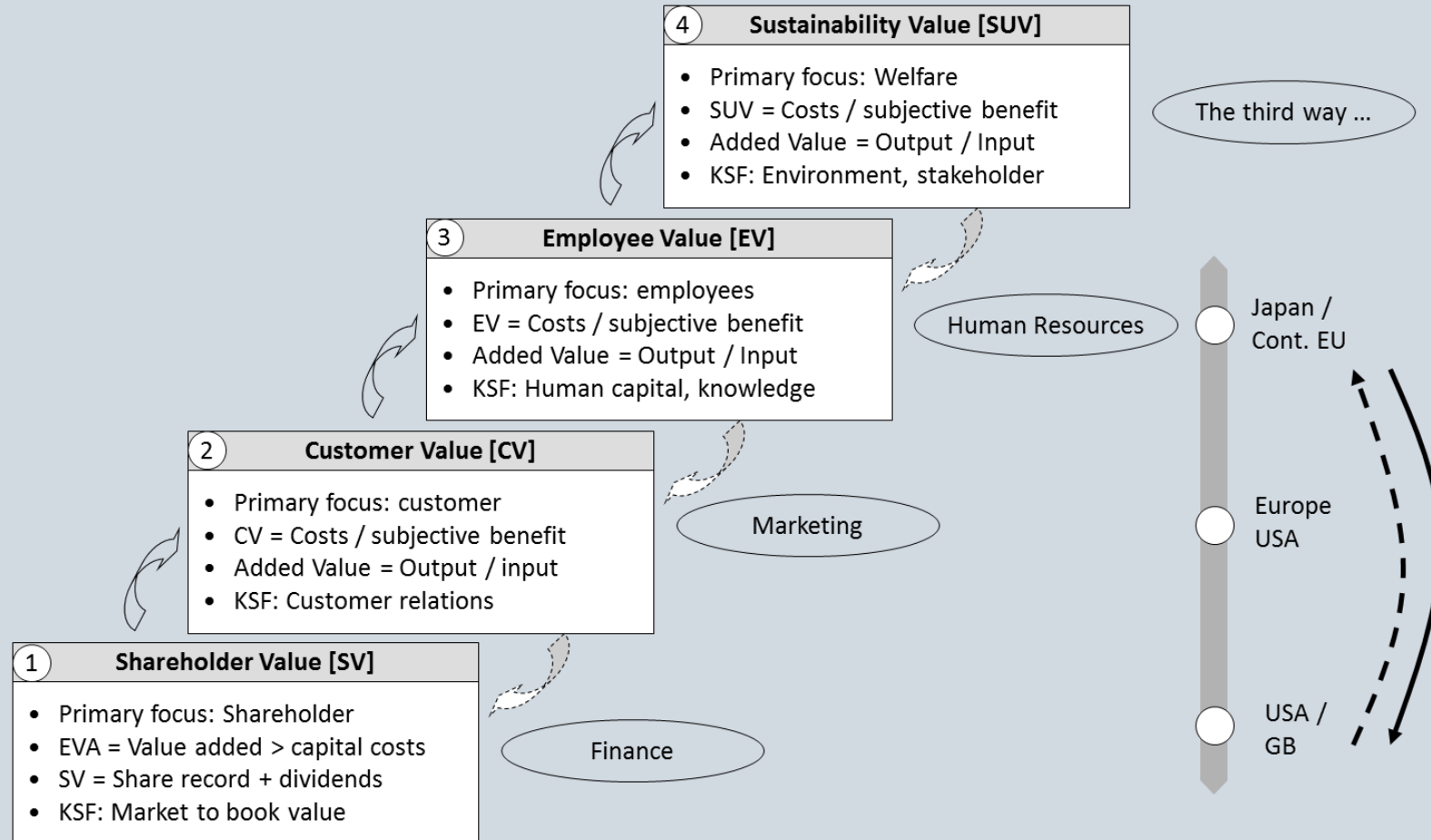
Value for Money ...



Competing on Financial and Social Values



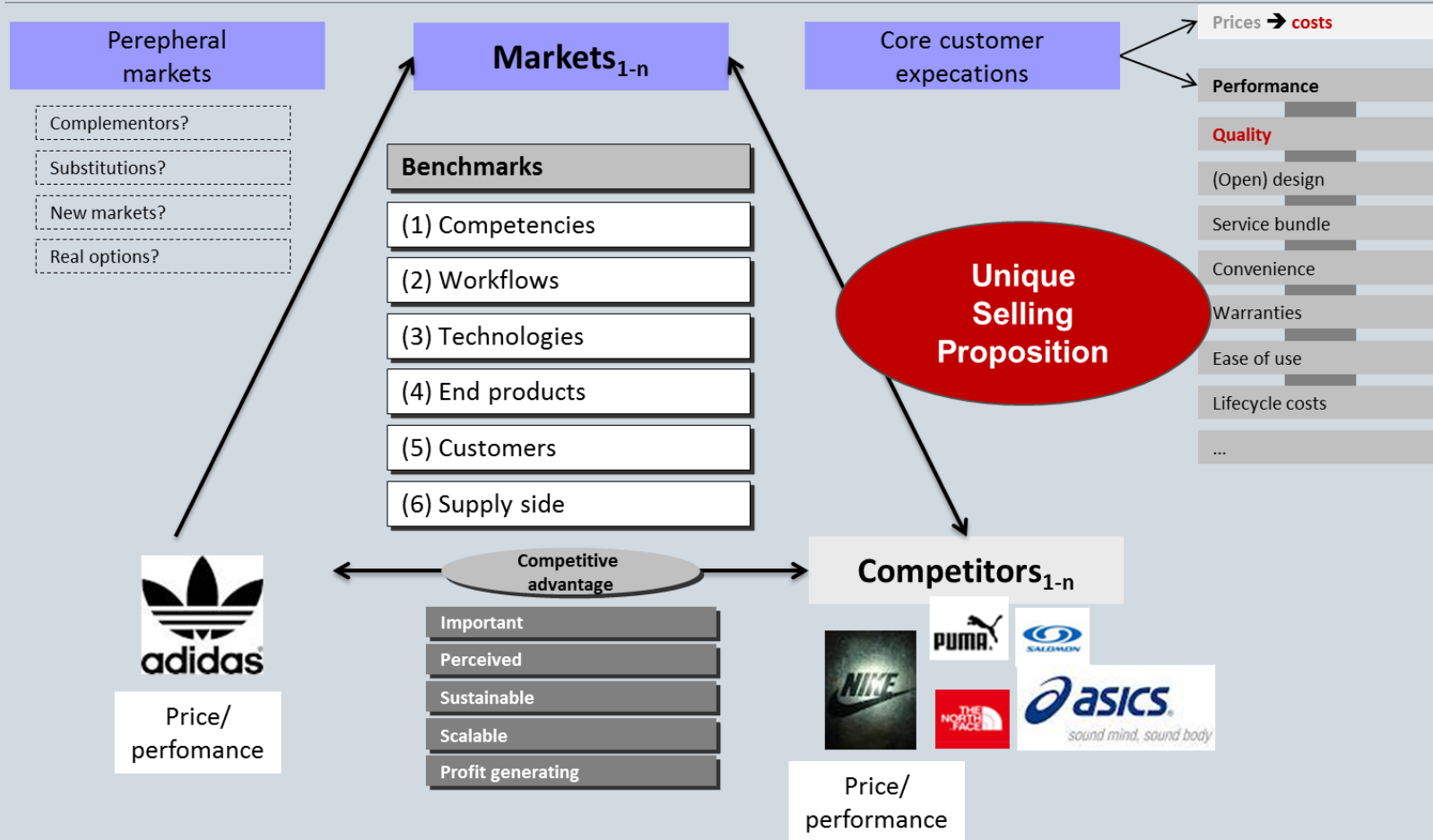
Value Dimensions in Management



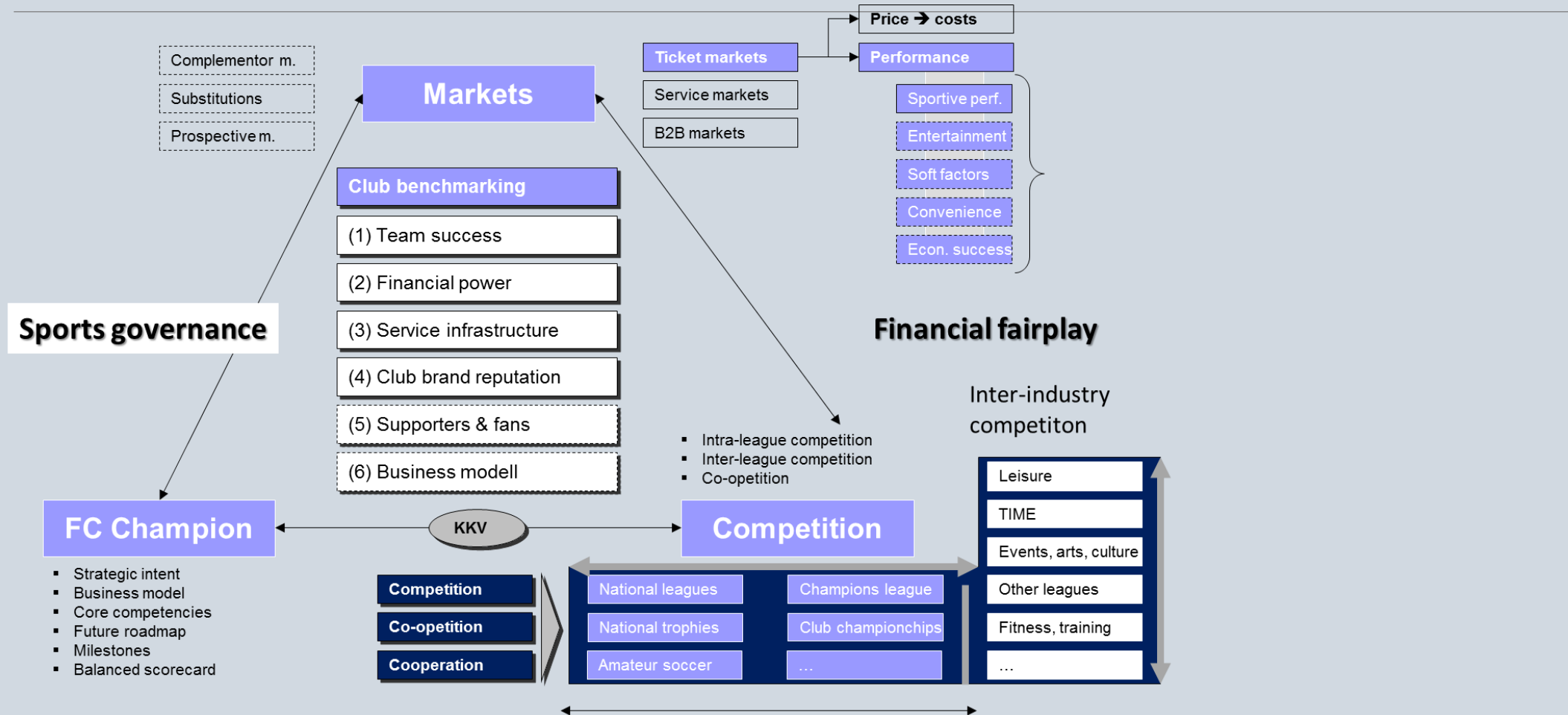
Applying the 3-C-Concept



Strategic Positioning in Sports



The Case of Soccer Clubs



Dimensions of Strategic Positioning

1

Where to position?

Selection of (global) product/market arena

2

How to position?

Key buying criteria: price, quality, service, ...

3

When to position?

Timing strategy: pioneer, follower, laggard

4

How to achieve position?

Implementation of strategy (value system design)

5

With whom to cooperate?

Competence sharing

6

What profit position?

Economic value capture

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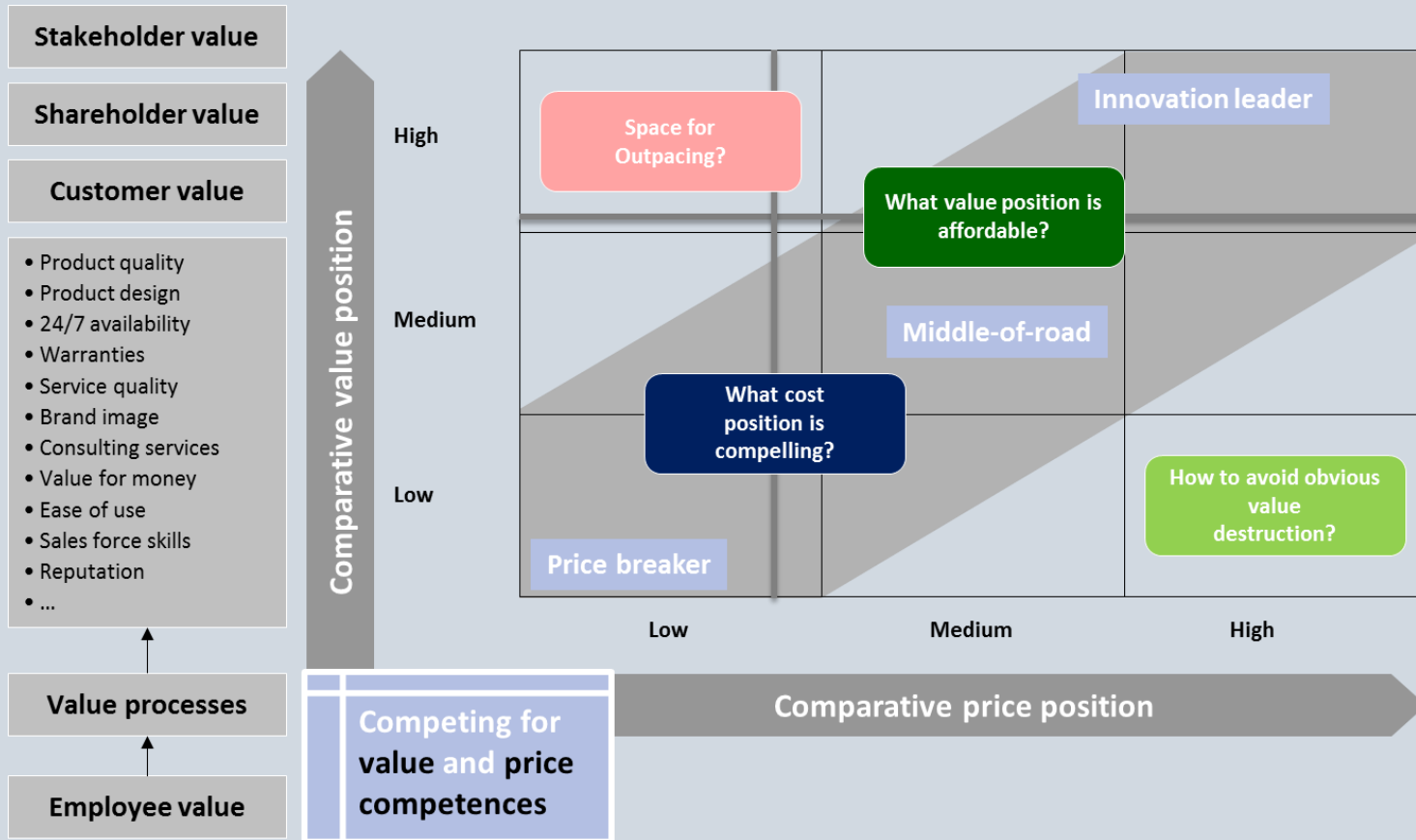
Competence sharing

6

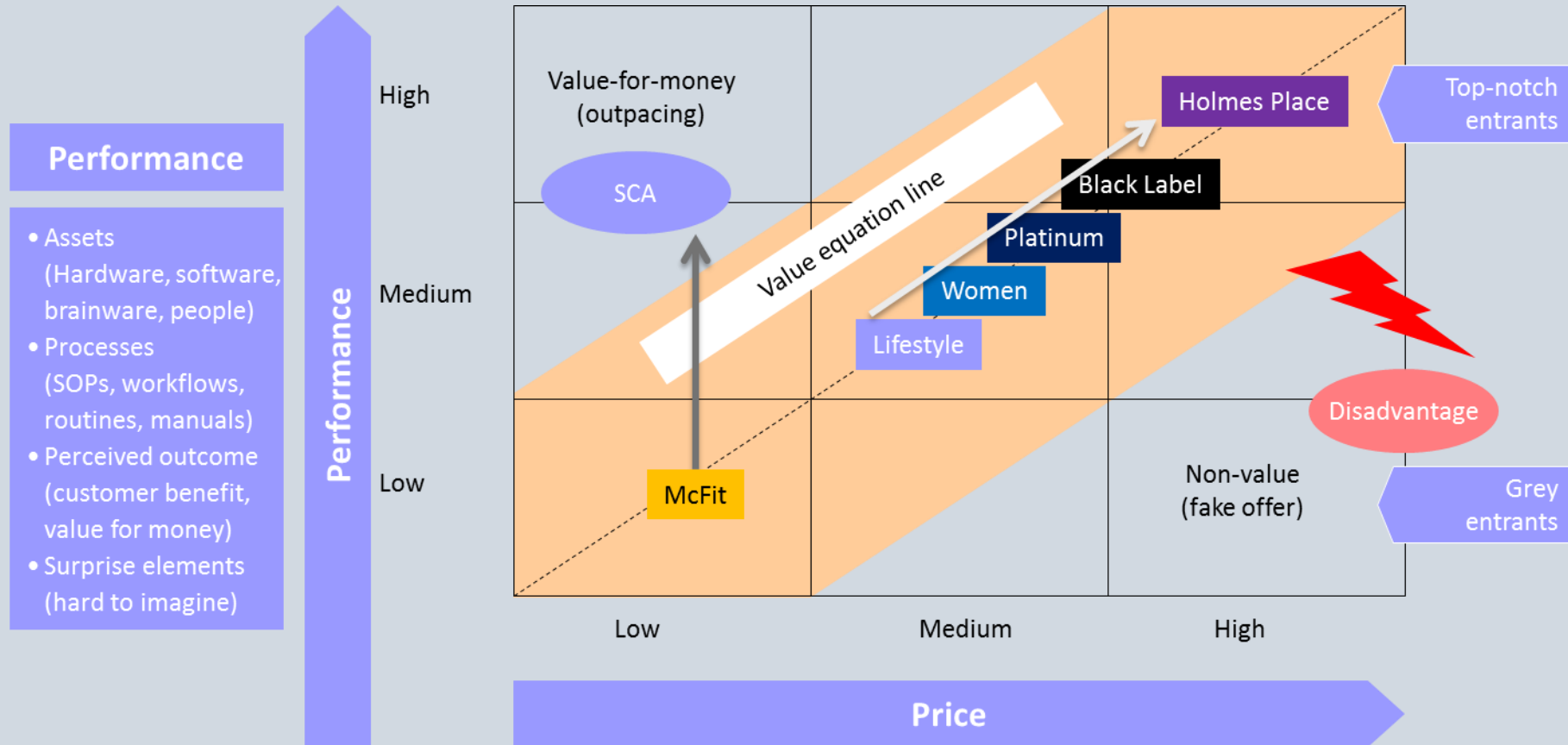
What profit position?

Economic value capture

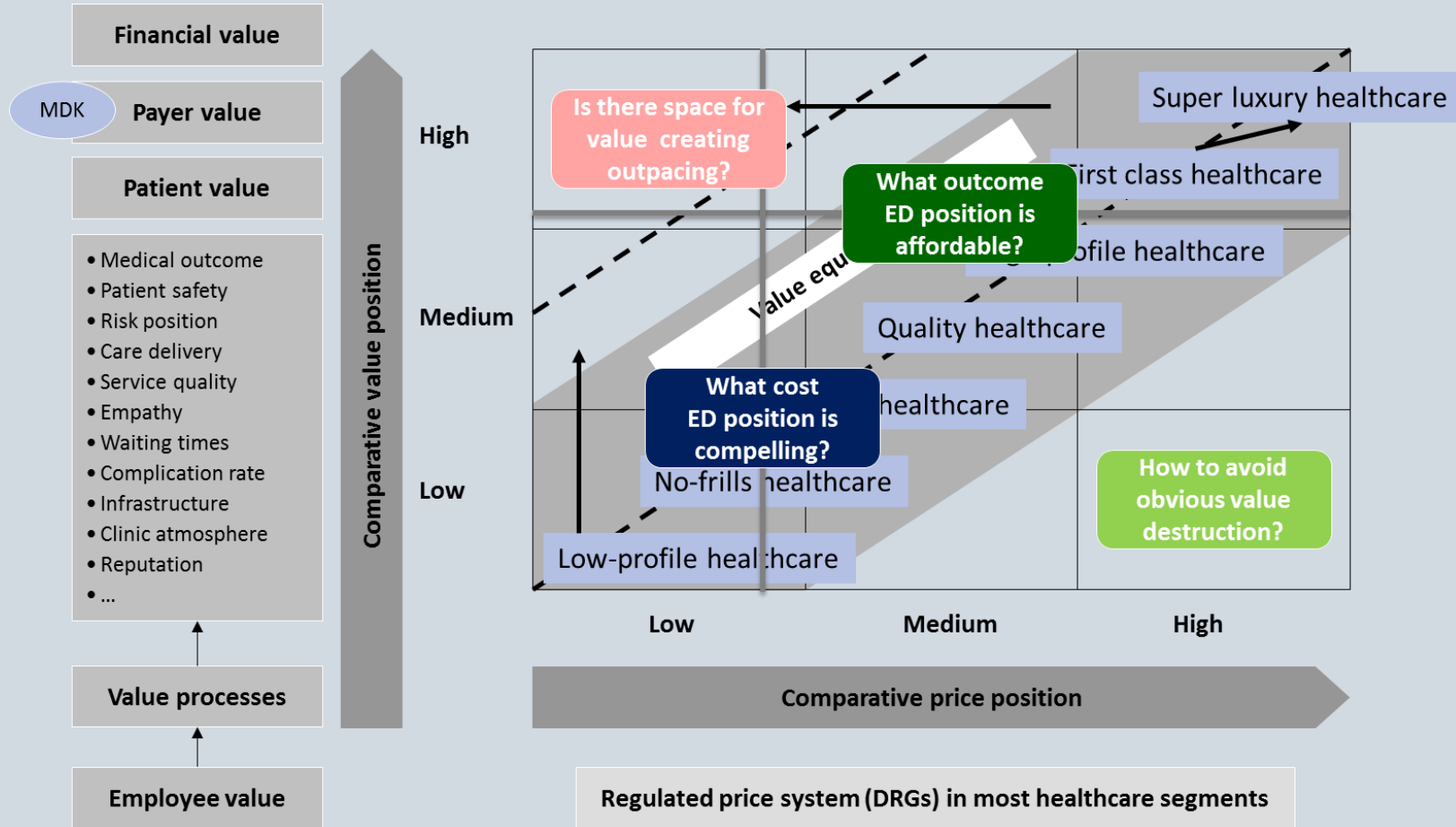
Value Creation in Sports



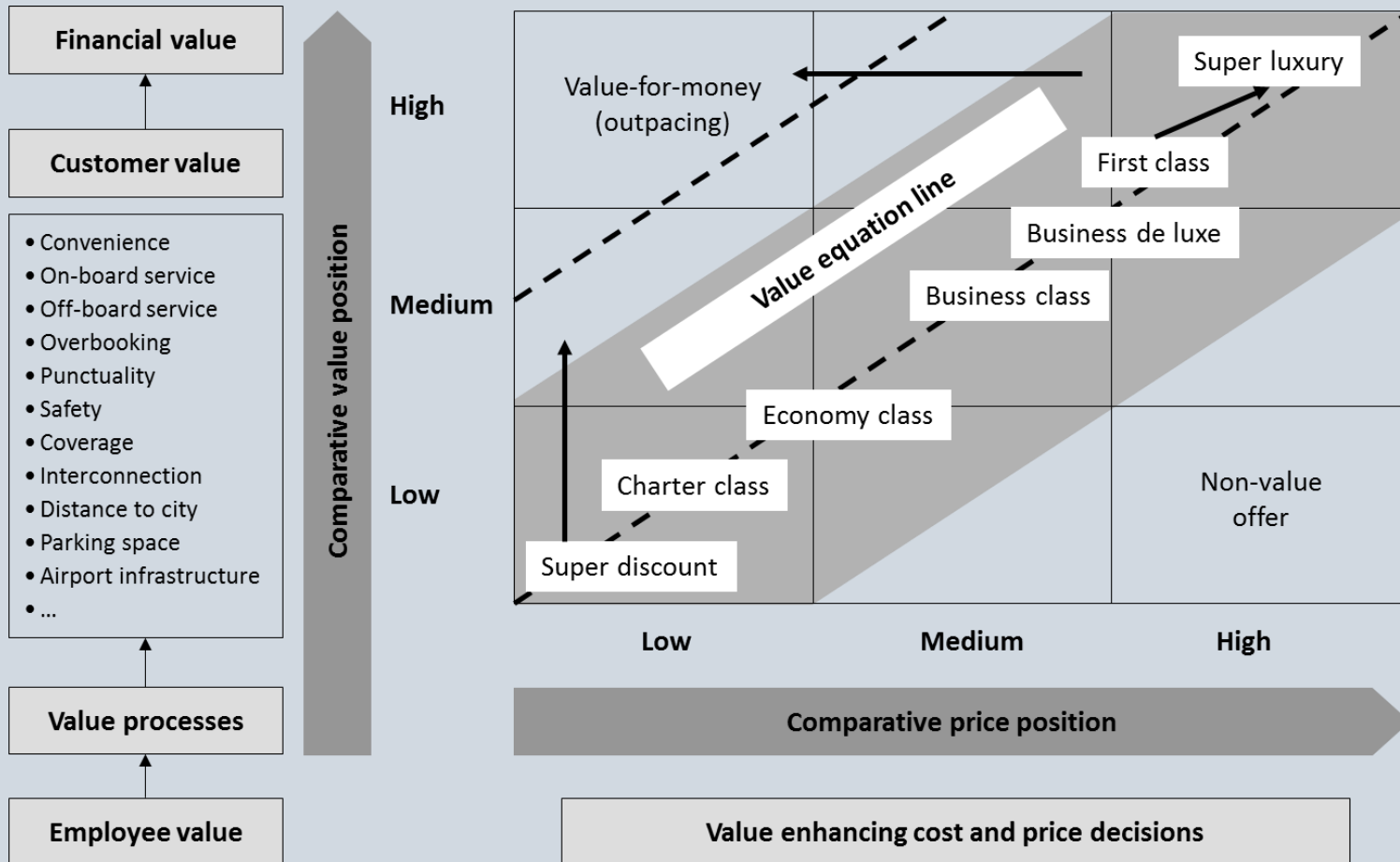
Value Creation in Fitness



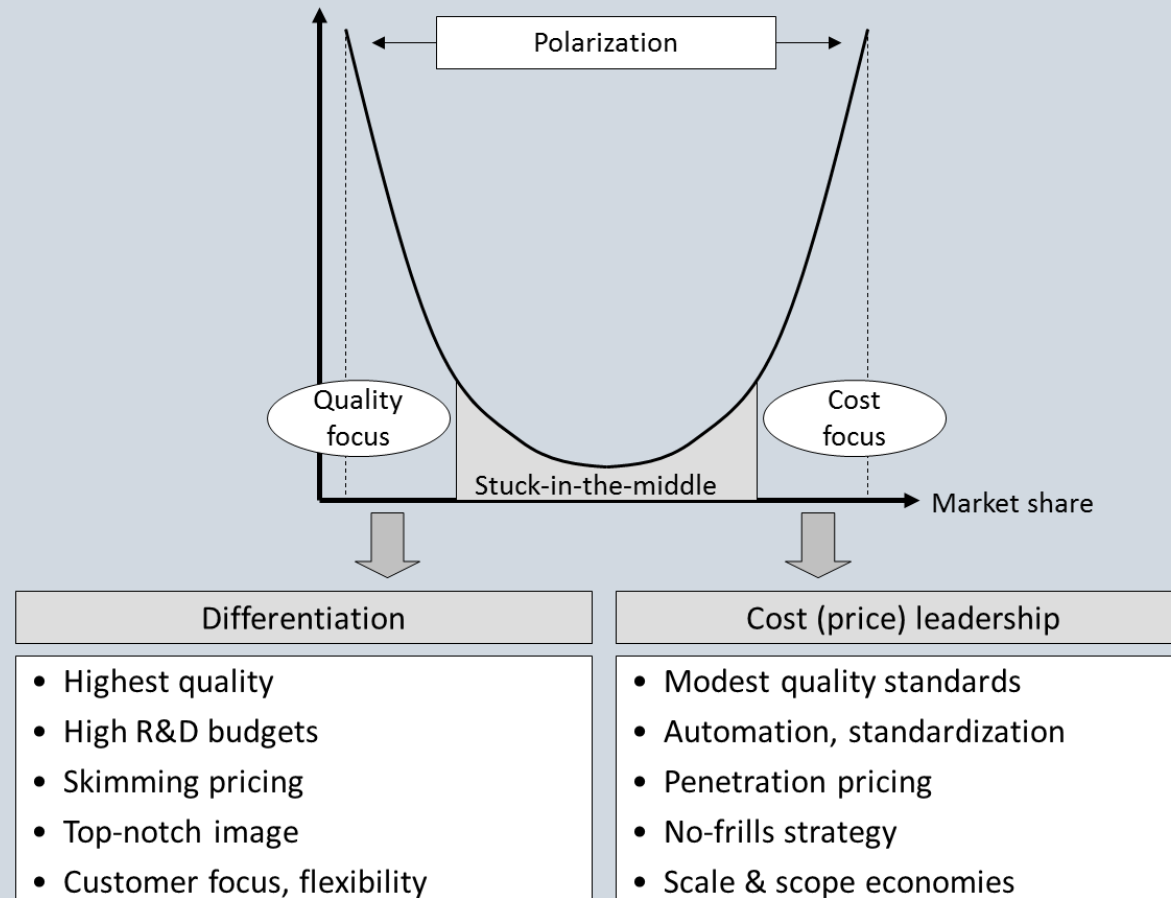
Value Creation in Healthcare



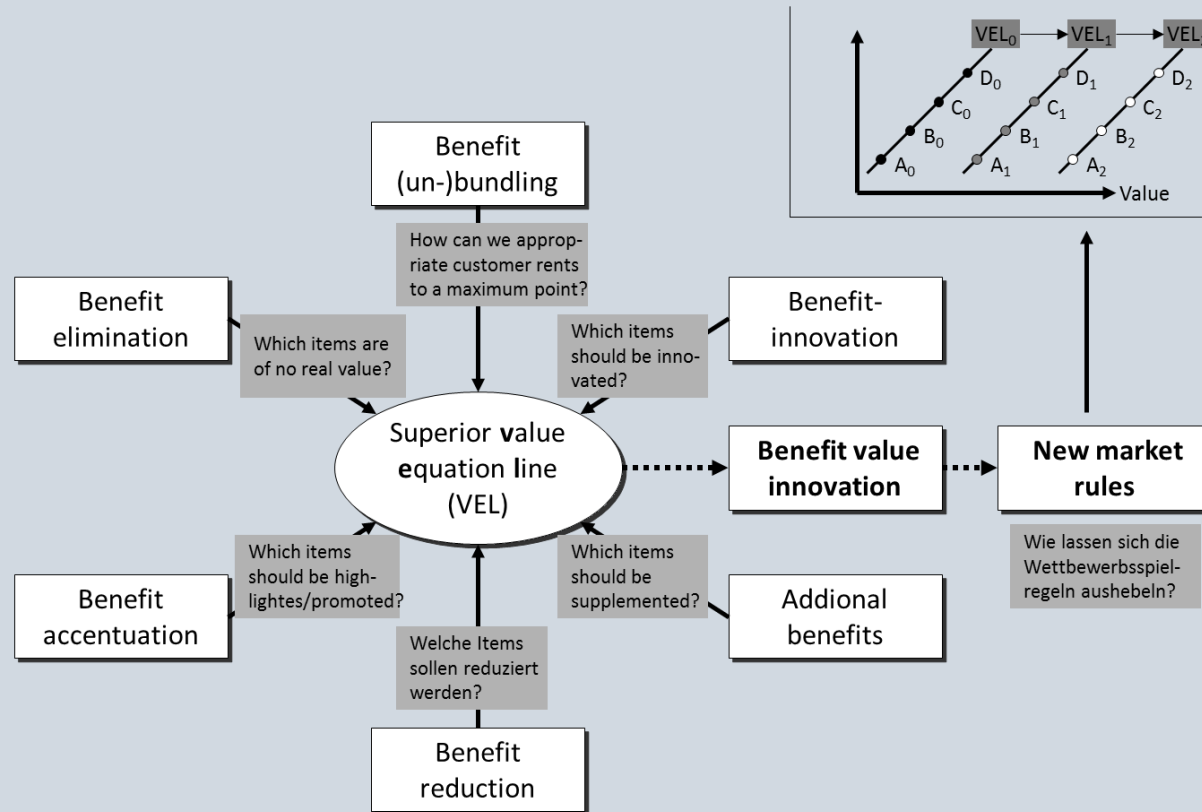
Value Creation in the Airline Industry



Applying Porter to Sports Marketing

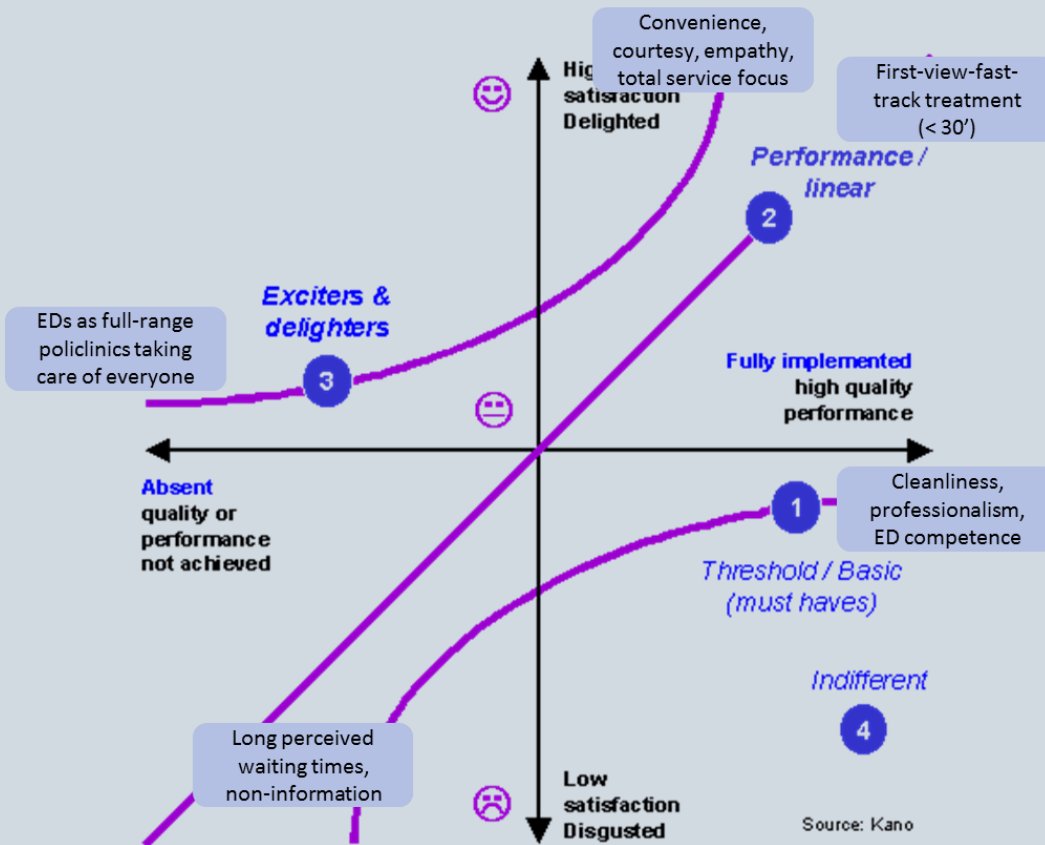


In Search of Blue Oceans



Source : Rasche (2001) with reference to Kim/Mauborgne (1999), p. 85.

Applying the KANO-Logic to Sports



(1) Threshold / Basic attributes

Attributes which must be present in order for the product to be successful, can be viewed as a 'price of entry'. However, the customer will remain neutral towards the product even with improved execution of these aspects.

(2) One dimensional attributes

These characteristics are directly correlated to customer satisfaction. Increased functionality or quality of execution will result in increased customer satisfaction. Conversely, decreased functionality results in greater dissatisfaction. Product price is often related to these attributes.

(3) Attractive attributes

Customers get great satisfaction from a feature - and are willing to pay a price premium. However, satisfaction will not decrease (below neutral) if the product lacks the feature. These features are often unexpected by customers and they can be difficult to establish as needs up front. Sometimes called unknown or latent needs.

(4) Enragers

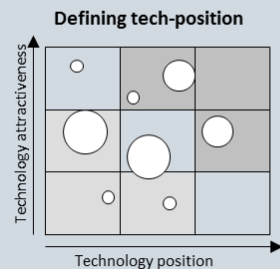
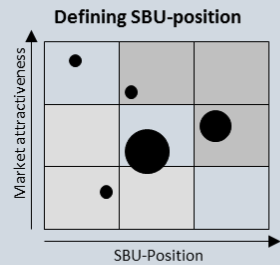
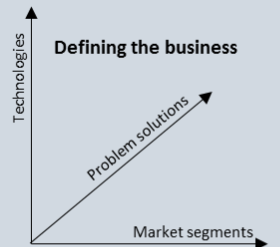
Product differentiation can either be gained by a high level of execution of the linear attributes or the inclusion of one or more 'delighter' features. But, it should be remembered that customer expectations change over time, and a cup holder in a car may be today's delighter, but tomorrow it will be expected. Some users of Kano also suggest that an additional set of attributes can be classified as 'enragers' - features which annoy the customer (patient).

Strategic Marketing in a Nutshell

1	Strategic intent: How to define the relevant market and business model? What are our core aspirations? How define technology, competence and market roadmaps?
2	Strategic market coverage: Where to compete? What are our global ambitions? What about niche occupation? Which product / market segments?
3	Strategic positioning: How to compete and on which core items? What makes us unique? What differentiates us? Quality, price, service, innovation, flexibility, ...
4	Strategic timing: When to compete? How identify and seize windows of opportunity? Technology entry, product & market entry? When to drop out of (saturated) markets?
5	Strategic value chain configuration: How to control for cost-efficient value delivery? Make, buy or cooperate? Where to locate value chains and functional units?
6	Strategy implementation: How to execute and achieve financial results? How to allocate scarce resource and budgets? How to control for results? How to use BSCs?
7	Strategic decision making process: How to achieve an approved strategy? What are the decision rules? Which authorities are involved? Which leadership style is dominant?
8	Strategic performance control: How to meet milestones and project targets? How to transform strategic ambitions into operational excellence?

Strategic Marketing in a Nutshell

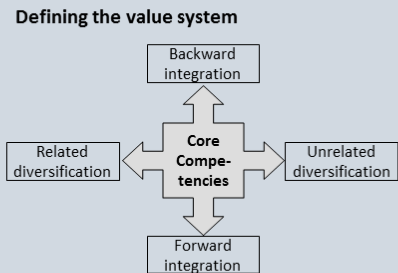
Where to compete?



How to compete?

Defining the competitive discipline

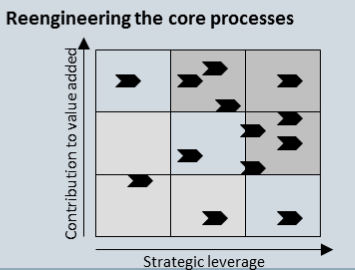
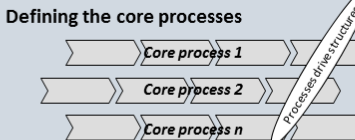
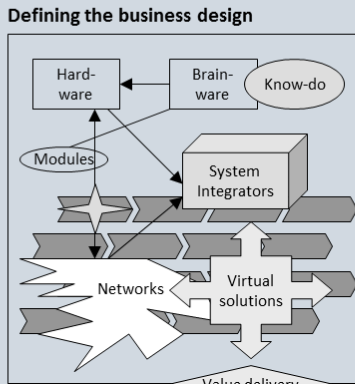
Discipline	Relevance	Skill pos.
Innovation	+++	+
Service	++	++
Time/flexibility	+++	+
Quality	+	+
Costs/Price	+	+++



Defining the profit „sweet points“

Profit sources (examples)		
Price differentiation	After-sales services	Leverage of fixed costs
Bundling & unbundling	Niche occupation	Capitalize on regulation
Brand loyalty	Franchising/skill cloning	Focus on core value drivers
Compensatory pricing	Outpacing	Installed customer base
Yield Mgmt.	Experience curve effects	„Choke Point Control“
Lobbying	Channel control	Bargaining power

How to operate?

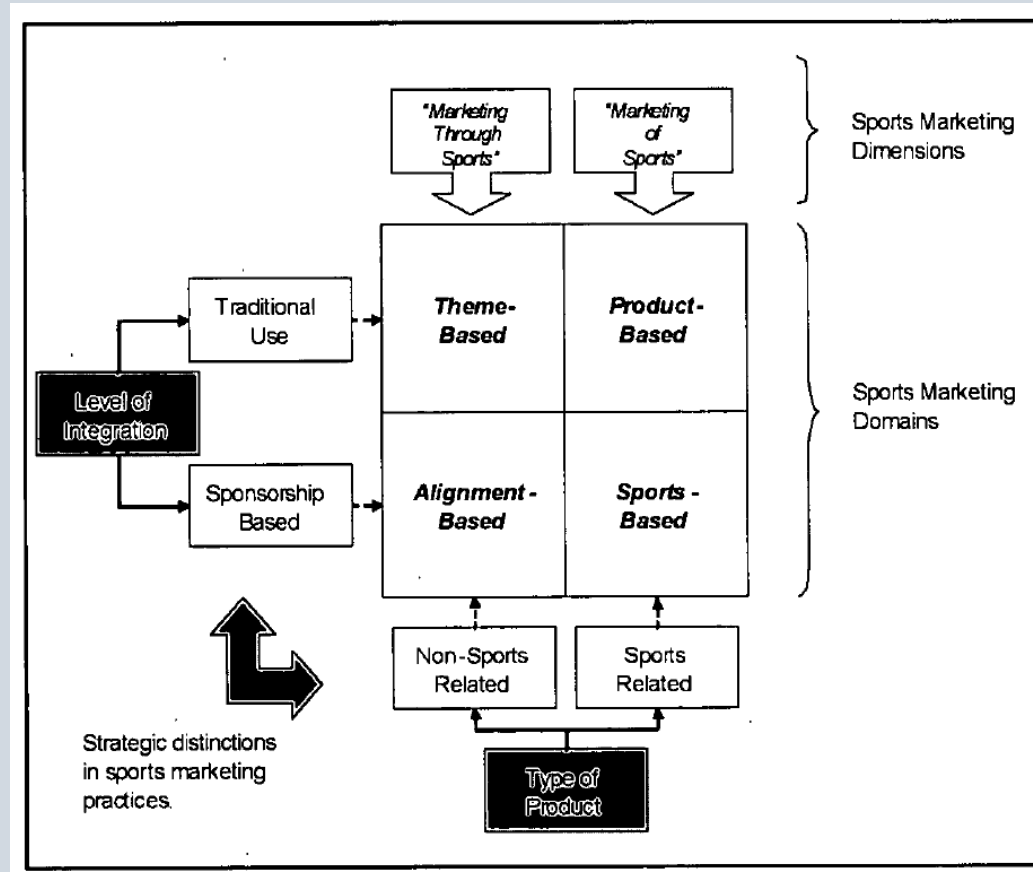


How to manage?

Defining guiding cornerstones

Governance structure	
Operative business units	Ownership structure
Asset management	Alliances, networks
Leadership principles	
Incentive systems	Performance criteria
Information policy	Reporting processes
Corporate culture	?
Corporate standards	
Ingrained values: respect for diversity, political correctness, failure tolerance, pay for performance, ...	

The Four Domains of Sports Marketing



Source: Fullerton, S./Merz, G.R.: The Four Domains of Sports Marketing: A Conceptual Framework, in: Sport Marketing Quarterly, 2008, 17, p. 90-108.

Theme-based Strategies

- lowest level of integrarion of sports within the sports marketing

Target Marketing

Budweiser Using Sports Media to Reach Consumers (Super Bowl; Sports Illustrated)
Cadillac Using Golf Magazine to Reach Upscale Segment
Cadillac Appealing to Target Market Based on Ability to Fit Four Sets of Clubs in the Trunk

Product

Sports Bars Feature Sports TV Programming as Part of their Product Assortment
Clothing Featuring a Sports Motif (Men's Underwear and Tie Featuring Golf Graphics)
Kodak Film Packaging Featuring Generic Sports Images
M&M Packaging Featuring Checkered Flag Graphic and Racing Team Labeling
Crunch 'n Munch Packaging Featuring a Young Boy Playing Basketball
Tag Heuer's Invitational Golf Tournament for Buyers of an Expensive Model of Its Watch
Visa Signature Credit Card Providing Access to Exclusive Properties (Pebble Beach GC)

Promotion

Detroit Newspaper's Hospitality Facility at Ryder Cup Competition
McDonald's Advertisement Featuring Kids After Winning a Sports Competition
Sony Advertisement - You Can Enjoy Sports More on a Sony High Definition TV
New Zealand Radio Station - 99 FM - "Breakfast with Balls" Theme
Panasonic Laptop Computers and Football - Toughness and Performance
Gillette and State Farm Insurance Using Virtual Advertising during MLB Broadcasts
Kraft's Game Day Cake Recipe during Time Period Preceding the Super Bowl
Ambush Marketing (Wendy's, American Express, Pepsi-Cola, and Telecom New Zealand)

Pricing

Bars Offering Discounts to Recreational Sports Participants (softball players)
Hospitality Industry Offering Discounts to Ticket Holders of Select Sports Events

Distribution

Hard Rock Café at Rogers Centre in Toronto
Big Boy Restaurant at Detroit's Comerica Park
Levy Restaurants at Sports Venues (Wrigley Field, Comerica Park)
Alcoholic Beverages at Sports Venues (Mike's, Cuervo, & Bass Ale)
FedEx at Ryder Cup Venue (Oakland Hills)
Budweiser Distribution in NASCAR Geographic Markets (i.e., Darlington)

Source: Fullerton, S./Merz, G.R.: The Four Domains of Sports Marketing: A Conceptual Framework, in: Sport Marketing Quarterly, 2008, 17, p. 99.

Product-based Strategies

Target Marketing

- PGA Focus on Women (through Golf for Women Magazine Ad)
- WNBA's Los Angeles Sparks Targeting the Gay & Lesbian Segment
- MLB Targeting the Hispanic Market
- NBA Targeting Chinese-Speaking Fans
- Adidas' Advertisement in SportBusiness International to Reach Sport Business Professionals
- Real Madrid's Relationship Marketing Program Targeting Avid Fans
- MLB Road Show in 13 Cities in Germany

Product

- NHL Changes in Rules to open up the Game and Eliminate Ties
- MLB's San Diego Padres' Spanish Language Radio Broadcast
- Luxury Boxes for Large Corporate Customers
- Expensive Premium Seats for Wealthy Fans
- NCAA Football Rules Changes to Speed up the Game
- Signing Star Player to Improve Product (Chicago Bulls Signing of Ben Wallace)
- Sporting Goods with Performance Characteristics (golf clubs, golf balls, tennis rackets, bowling balls)
- Sporting Goods Tailored to Target Market (Smaller Basketball for Female Players)

Promotion

- Creative Appeals in Advertising (New Balance – “for the love of the game”)
- Internet Site for Dissemination of Information (FIFA, New York Yankees, Plymouth Whalers, Nike)
- Direct Mail (Chicago Bears Season Ticket Renewal Solicitation)
- Newspaper Advertising (Teams and Events (Memphis Grizzlies and the PGA Championship))
- Sales Promotion – Giveaways (Los Angeles Dodgers Bobblehead Dolls; Harlem Globetrotters Ball)
- CD-ROM (Bowflex Mails to Prospects Identified through Direct Response Advertising)
- Free Trial (Bally's 30-Day Complimentary Membership; Golf Products “Demo Days”)
- Discount Coupons (Curves 2-for-1 Offer)
- Free Participation (Coupon for Free Game for Registered League Bowlers)
- Premiums (Golf Magazine Giving a Dozen Titleist Balls to Subscribers)

Pricing

- Discounts for Member of Recognized Groups (AARP & AAA)
- Group Discounts for Informal Groups (Parties, Students)
- Bundling of Tickets, Food, Beverages, and Other Products (Atlanta Braves Grand Slam Ticket Pack)
- Bundling of Events (Ford Field College Football Package)
- Programs to Make Participation Affordable (USGA's “First Tee” Program)
- New Lines of Athletic Shoes Selling at Lower Prices
- Premium Tickets Sold at Premium Prices (Chicago Cubs Wrigley Field Premium Ticket Service)
- Auction – Price Determined by Bidding (Lennox Lewis Fight; Detroit Tigers On-Deck Seats)

Distribution

- NHL Expansion to Warm Weather Locations (Miami, Phoenix, Atlanta, Tampa Bay)
- MLB Relocation Decision (Move Montreal Expos Team to Washington, DC)
- Location of Special Events (2010 World Cup of Soccer in South Africa)
- Competitions in International Markets (NFL Europe)
- Internet Ticket Procurement (Ticketmaster, Stubhub.com, Print-at-Home)
- Alternative TV Distribution (i.e., NFL Sunday Ticket, ESPN, the Golf Channel, Pay-Per-View)
- Satellite Radio (NASCAR on Sirius Radio)
- Audio and Video Streaming on Internet (i.e., MLB.TV)
- Distribution via Mobile Technology (i.e., Mobile ESPN)
- Construction of Participation Facilities Based on Supply and Demand (Brunswick Bowling Centers)
- Mobile Retail Facility Going to the Customer (Callaway Golf Tour Fit Van)

Source: Fullerton, S./Merz, G.R.: The Four Domains of Sports Marketing: A Conceptual Framework, in: Sport Marketing Quarterly, 2008, 17, p. 102.

Alignment-based Strategies

- Sponsorship of non-sports good



Source: Fullerton, S./Merz, G.R.: The Four Domains of Sports Marketing: A Conceptual Framework, in: Sport Marketing Quarterly, 2008, 17, p. 104.

Traditional Sponsorship

Olympic Sponsorships (McDonald's, Lenovo, & John Hancock Life Insurance)
Volvo's Sponsorship of the Ocean Race
World Cup Sponsorships (Google!, Coca-Cola, McDonald's)
NASCAR Sponsorships (DeWalt, DuPont, Best Western, Budweiser & Pepsi-Cola)
Weetabix Women's British Open
PGA Tournament Title Sponsors (FedEx)
NFL "Official" Products (Coors Lite, Samsung HDTV)
Official Energy Bar of the New Zealand All Blacks (Moro)
Official Energy Source of the PGA Tour (Nature Valley Granola Bars)
Barclay's Premiership League
MLB's Chicago White Sox sponsorship by 7-11
Red Bull Sponsorship of MLS Team (New York Red Bulls)

Venue Naming Rights

Denver Sports Facilities (Coors Field, Pepsi Center)
Memphis Sports Facilities (FedEx Forum and AutoZone Park)
San Diego MLB Facility (Petco Park)
Detroit MLB Facility (Comerica Park)
College Venues (Ohio State's Value City Arena)
Minor League Sports (Memphis Redbirds' AutoZone Park)
International Venues (Allianz Arena, Lexus Centre, Coca-Cola Stadium)
Other International Venues (T-Mobile Arena, DeBeers Diamond Oval)

Endorsements

Sony High Definition TV and Peyton Manning
"Got Milk?" and Peyton, Eli, & Archie Manning
Prilosec and Brett Favre
Tag Heuer Watches and Tiger Woods & Michelle Wie
Buick and Tiger Woods
Accenture and Tiger Woods
Arnold Palmer and Invacare
Menard's Home Improvement and Dale Earnhardt, Jr.
Old Spice Fragrances and Tony Stewart

Licensing

Mattel "Hot Wheels" Cars and NASCAR
Rival "Crock Pots" and NASCAR
Monogram Lunch Meats and NASCAR
Visa and the NFL
MBNA and MLB's St. Louis Cardinals
Van Dillen Asiatech and FIFA World Cup
Hawthorne Village and the NHL
York Heating and Air Conditioning and NCAA Sports Teams (U of Michigan)
Danbury Mint (Watches) and NCAA Teams (University of Michigan)
Glidden Paint and an Array of Sports Entities (i.e., NFL, NCAA, NBA, & USOC)
Oak Grove Caskets and NCAA Teams (i.e., Ohio State University)

Sports-based Strategies

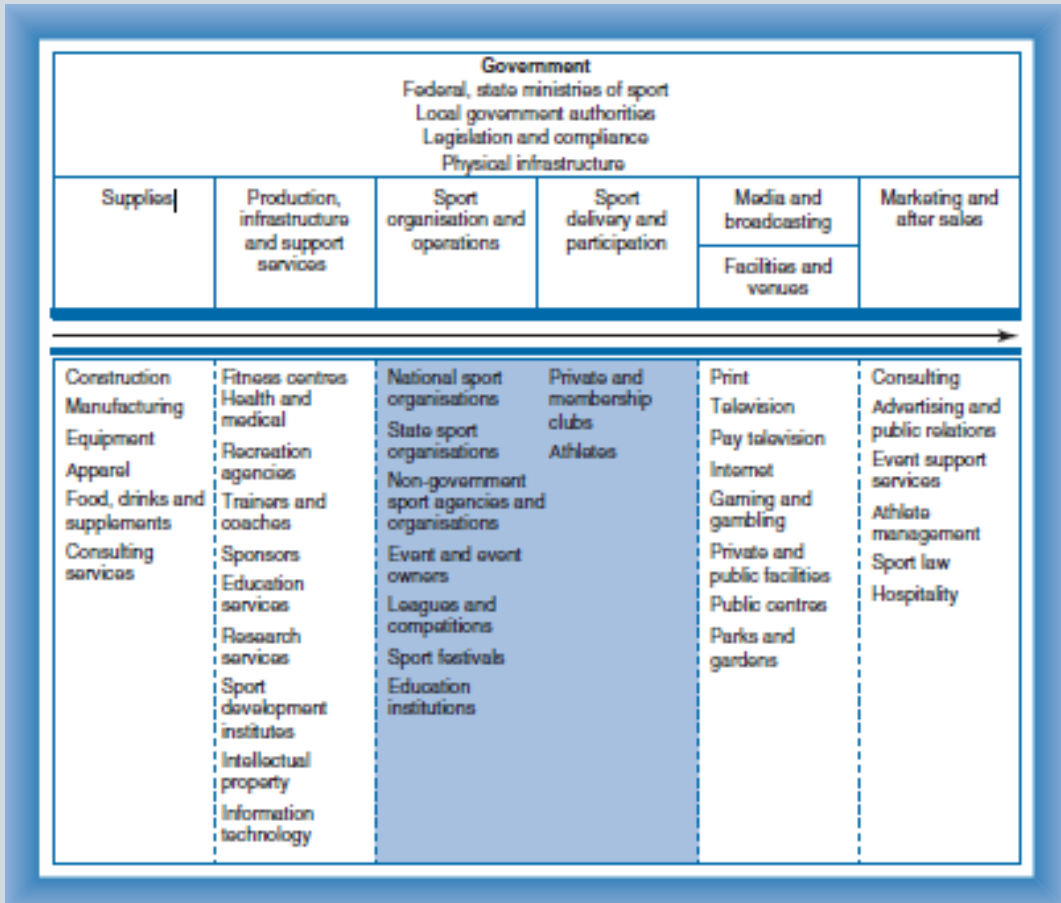


Characteristics of the Sports Industry

Sports industry consists of three different sectors:

- the Public Sector
- the Non-Profit Sector
- the For-Profit Sector
- adjacent and complementary industries
- supportive industries (big data, IT, 4.0-applications, social media, digital devices)

Value Chain of the Sport Industry



Source: Smith, Aaron: Introduction to Sport Marketing

Characteristics of the Sport Product

The sport industry provides a very special product.

Therefore understanding sport marketing is not only understanding marketing principles.

It is also understanding the sport market.

It is somehow difficult to define sport markets since they converge towards other markets, industries and customer segments

Value migration from other industries into the sport, fitness and vitality:
i.e. healthcare, media, entertainment, computer science

Characteristics of the Sport Product

- **Emotion and passion**

The sport industry deals with a product which is more emotional than hardly any other product. People are often passionate; loyalty and tradition play an important role. Products can be tangible and intangible or bundled.

- **On-field and off-field success**

Sports organisations do have two different levels of success to consider.

- On-field success: success in sport competition etc
- Off-field success: economic and financial success

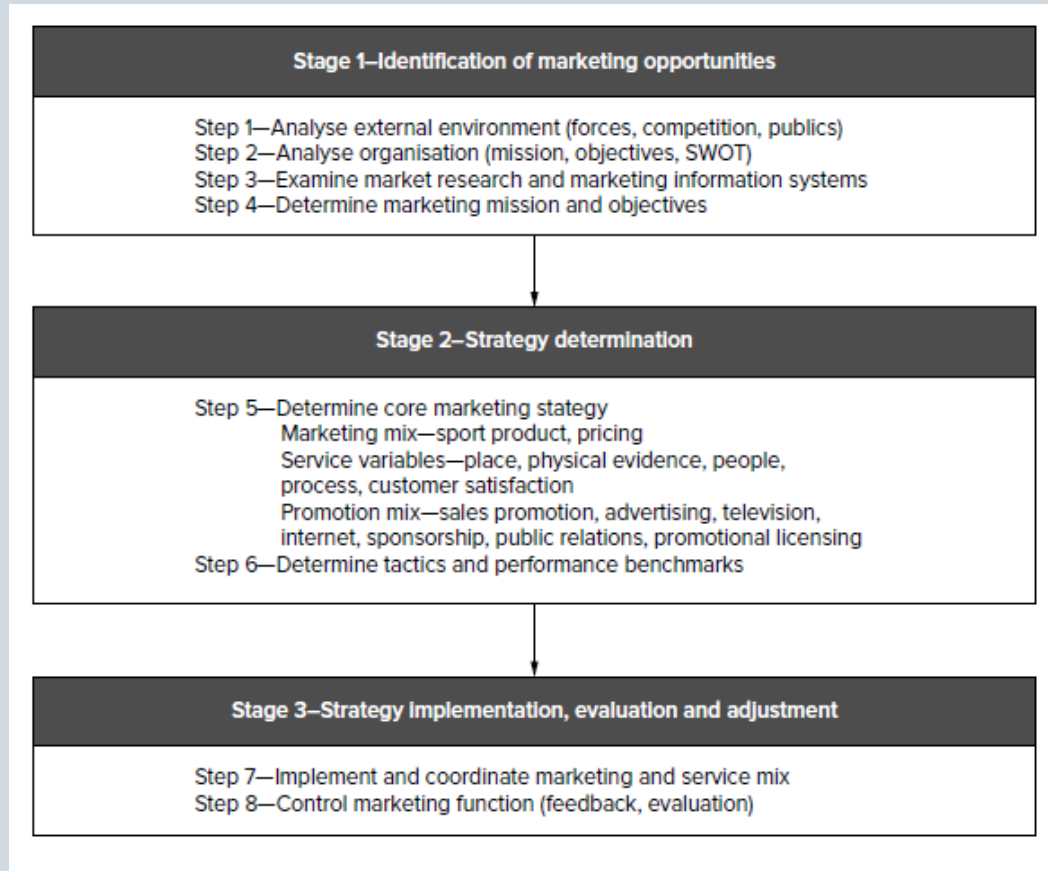
- **A level playing field**

➔ balanced competition

Characteristics of the sport product

- **Collaboration and cartels**
Sport leagues and competitions cling to regulation in order to keep competitive balance
 - ➔ Formula 1
 - ➔ Salary Caps
 - ➔ Investment Caps
- **Variable Quality**
- **Product and brand loyalty**
 - ➔ low cross-elasticity of demand
 - ➔ identification
 - ➔ blind optimism
- Over-spending and spiralling investment in soccer
- **Fixed supply schedules**

Strategic sport-marketing planning as a process



Source: Strategic Sport Marketing, p.22

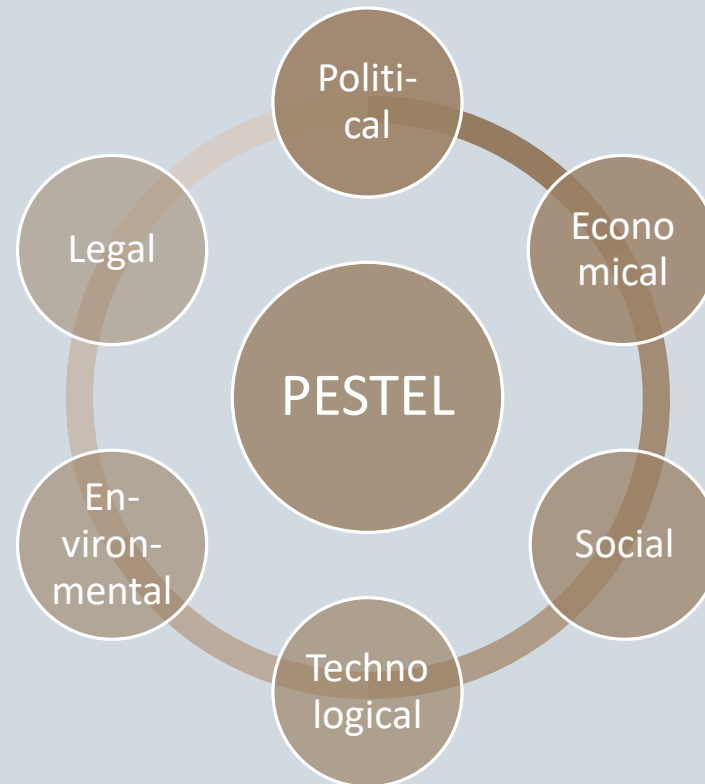
Detecting Market Opportunities

- In order to detect market opportunities we have to learn about
 - external environment
 - Real options and opportunities
 - industry competition and the 5-forces
 - the capabilities of the own institution
 - blue oceans and red oceans
 - business models
 - global value chain coordination
 - leadership and strategy
 - masterplan implementation

External Environment

In order to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization, the PESTEL analysis is a proper instrument.

PESTEL stands for



Sometimes PESTEL analysis is reduced to a PEST analysis, where environmental and legal factors are not considered

Example PEST analysis for PUMA

Puma AG Rudolf Dassler Sport, officially branded as PUMA, is a major German multinational company that produces high-end athletic shoes, lifestyle footwear and other sportswear. Formed in 1924 as Gebrüder Dassler Schuhfabrik by Adolf and Rudolf Dassler, relationships between the two brothers deteriorated until the two agreed to split in 1948, forming two separate entities, Adidas and Puma. Puma is currently based in Herzogenaurach, Germany.

The company is known for its football shoes and has sponsored acclaimed footballers, including Pelé, Eusébio, Johan Cruyff, Enzo Francescoli, Diego Maradona, Lothar Matthäus, Kenny Dalglish, Didier Deschamps and Gianluigi Buffon. Puma is also the sponsor of the Jamaican track athlete Usain Bolt. In the United States, the company is probably best known for the suede basketball shoe it introduced in 1968, which eventually bore the name of New York Knicks basketball star Walt "Clyde" Frazier, and for its endorsement partnership with Joe Namath.

Following the split from his brother, Rudolf Dassler originally registered the new-established company as Ruda, but later changed to Puma.[3]:31 Puma's earliest logo consisted of a square and beast jumping through a D, which was registered, along with the company's name, in 1948. Puma's shoe designs feature the distinctive "Formstripe", [3]:33 with clothing and other products having the logo printed on them.

The company also offers lines shoes and sports clothing, designed by Lamine Kouyate, Amy Garbers and others. Since 1996 Puma has intensified its activities in the United States. Puma owns 25% of American brand sports clothing maker Logo Athletic, which is licensed by American professional basketball and association football leagues. Since 2007 Puma AG has been part of the French luxury group PPR

Source: <http://www.managementparadise.com/forums/principles-management-p-o-m/208693-pest-analysis-puma.html>

PESTEL

Political Factors

Primarily, the company started their strategy by making the brand more profitable. This is to build a strong financial foundation. The main changes that had happened are from the accounting practices of the company. During the said changes and process of restructure, there are different political factors that might be considered. One of this is the environmental issues. As of now, more and more individuals and organizations are focusing on different issues regarding the environment. The fact that the company will be outsourcing from other countries, there are different international as well as local laws that must be considered in order to maintain the continuous process of the development. The trade restriction and tariffs are also another of the most important political factors that must be considered. This is due to the fact that the company already followed the strategy of Adidas and Nike in outsourcing their production in Asia. The primary reason for outsourcing of production is because, most of Asian countries offer lower labor cost and other taxes compare to Europe and America. In terms of political stability, due to the fact that the company is a multinational company that produce as well as sell their products in different parts of the world, there different political issues and events in other local partners that can affect the overall performance of the company.

Economic Factors

The said situation in the political factors, are somewhat connected with the different economic factors that might affect the development process of the company. Primarily is the situation of the home economy or the economic situation of Germany, in terms of monetary issues, stock exchange and the likes. The economy trends of happenings in the home economy are also important, so as the economic situations and trends of the partner countries. This is due to the fact that, this political factor has a great impact to the social mentality of the possible customers. The different employment laws in different countries must also be considered, this is due to the fact that different countries has their different cultures that might affect their beliefs as well as regulations regarding the human resource aspect of any company.

PESTEL

Social Factors

There are more social factors that might affect the development process of the company more than any other factors. This is due to the fact that social factor has the most important impact or effect to the taste or demand of the customers regarding one product or service. The fact that more and more people are into sports is a big chance or advantage for the company, because there will be a huge market for them. Another important thing is that sport is considered as one of the most important sector in the tourism industry, which considered as the most successful industry nowadays. On the other hand, sports are also considered as a form of exercise, for those who wants to have fit and healthy body.

One of this is the lifestyle trends; there have been a big change in the sports sector of the world. The sports sector has been constantly evolving in terms of personal tastes, popular games as well as technologies (Plunkett Research, Ltd 2008). There are different sports that are gaining popularity such as different extreme sports. The popularity of those new sports such as diving, skateboarding and extreme bike must be considered as one of the most important factors in the strategy-making and management of the company. It is also important to consider more the needs of women in sports wear, this is due to the fact that more and more women are going to sports this past few years. This can be seen in the dramatic floodtide of talented women athletes onto the American playing fields alone. In the USA, there are over 33% of female students in high school play sports. Furthermore, the population of those women who participates in the university sports has increased thrice. As of now, women are competing in almost every sport (US Diplomatic Mission to Germany 2008).

Technological Factors

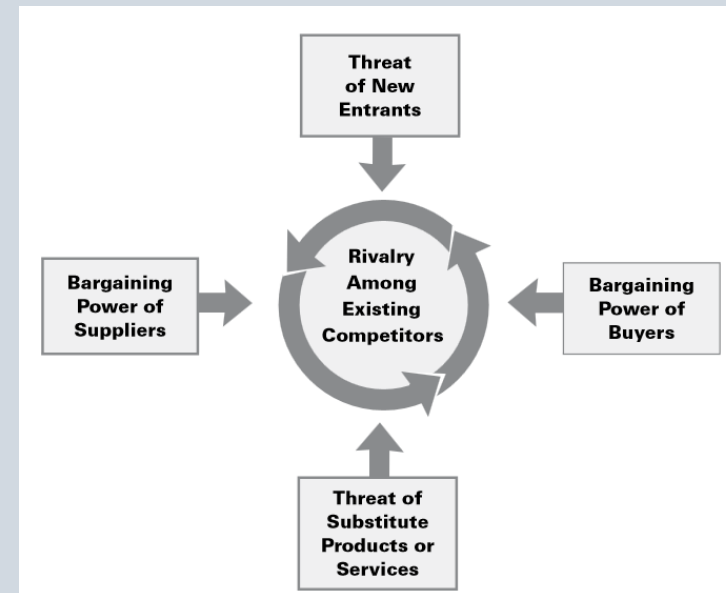
In terms of the technological factors, it focuses on the series of R&D activities as well as applications of automation and new technologies, most especially those that are connected to the Internet. Another important thing that might affect the development is the maturity of the technology; this is due to the fact that technology is considered as restless in terms of development. Furthermore, the global communication is also another important aspect, this is important because the company is operating in different part of the globe. It is also important to consider the different laws like the intellectual property issues.

Industry Competition – 5 Forces Model

The five forces Model, developed by Michael Porter, identifies and analyzes 5 competitive forces that shape every industry, and helps determine an industry's weaknesses and strengths.

The 5 Forces are

1. Competition in the industry
2. Potential of new entrants into industry
3. Power of suppliers
4. Power of customers
5. Threat of substitute products



Source: Porter, M.E.: Five Competitive Forces that Shape Strategy, in: Harvard Business Review, January 2008, p. 4.

Porter's 5 forces



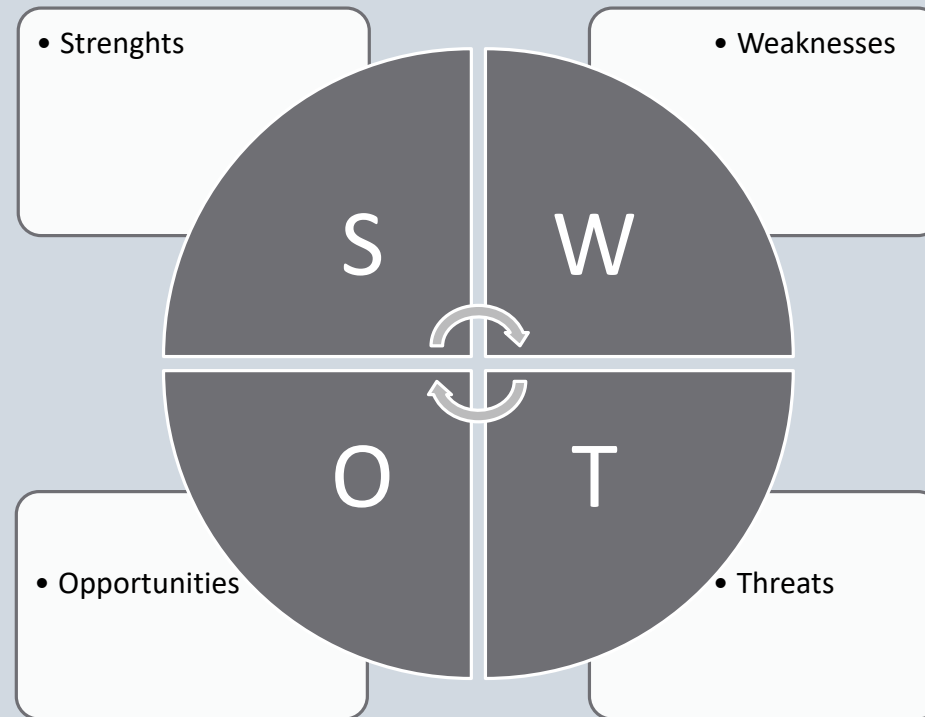
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SWOT Analysis

Based on the results of the PEST(EL) analysis and a comparison of the results with the internal capabilities of an institution is carried out. An appropriate instrument to do so is the SWOT analysis



Example: SWOT Analysis PUMA

STRENGTHS

1. Puma is established over 90 countries and employs around 8300 employees all over the world.
2. Puma is the main producer of enthusiast driving shoes and racing suits in both Formula One and NASCAR.
3. Puma has entered into partnerships with famous companies like Ferrari and BMW.
4. Puma brand is very innovative and has a very rich Research and Development team. The Company produced the first screw boots for football and "Mexico 68" with the innovative brush soles, which were the most comfortable running shoes.
5. Puma has an excellent brand name throughout the world.
6. The brand has excellent management and marketing strategies and has advertised the products very well and eye-catching throughout the world.
7. Puma has entered into sponsorships with various players and teams in different sectors of the sporting industry.
8. Puma was the official sponsor of the FIFA football World Cup.

Weakness	<ol style="list-style-type: none">1.Puma has tough competition and limited market share compared to Nike and Adidas2.The company has less financial strength compared to the other brands in the industry
Opportunity	<ol style="list-style-type: none">1. The company can attain more sponsorship as more international events in the sporting industry are taking place.2.The company can start entering the lifestyle section of the industry
Threats	<ol style="list-style-type: none">1. The current economic situation is very bleak, hence expansion is minimal.2. There is extensive completion from existing players an new players which is growing in the industry.3.Imitations of the brand is extensively increasing

Source: <http://www.mbaskool.com/brandguide/lifestyle-and-retail/3511-puma.html>

Mission, Objectives, and Strategic Intent

Based on the external and internal review, the institution has to set up

- vision
- mission statement
- organizational objective

The mission statement provides direction for the sport, defining and clarifying its meaning and reason for existence.

In other words, the forthcoming parts of the business plan have been developed because of your mission.

The mission statement is an instrument to evaluate the quality of ambitions.

Functions of the mission statement

A good mission statement tells people what the sports business stands for.

Nature and intentions of your business should be mentioned.



The Chicago Bulls organization is a sports entertainment company dedicated to winning NBA Championships, growing new basketball fans, and providing superior entertainment, value and service.



"To bring inspiration and innovation to every athlete* in the world."

Mission statements ...

... are simple, but not necessarily short.

... tone and contents should fit to your vision.

... do not copy other companies statements.

... inspire and motivate (Komatsu: Encircle Caterpillat, Nike: Just Do IT!)

... are the bedrock and foundation for strategy development

... adress all relevant stakeholders

... are the strategic glue of an organization

... must with the culture of an organization

... employ stretch goals as a means to outperform the market

Operational Objectives (SMART-Rule)

- Operational goals refer to the broad aims a sports organisation tries to achieve.
- Mission and objectives



To be the Fastest Sports Brand in the world. The company's mission not only reflects PUMA's new brand positioning of being Forever Faster, it is also the guiding principle for the company expressed through all its actions and decisions. Our objective is to be fast in reacting to new trends, fast in bringing new innovations to the market, fast in decision making and fast in solving problems for our partners. Fast is also how the company will pursue the strategic priorities of PUMA in the short and mid-term: **Brand, Product and Sales.**

Goals and Objectives

Goal : specific target, an end result or something to be desired.
major step in achieving the vision of the organisation.
tells us, where the institution wants to be

description

Objective: measure of change in order to bring about the achievement of the goal.

measurement

SMART: specific, measurable, attainable, realistic, time-focused

BSC: learning & growth, processes & activities, markets & customers, financials & value creation

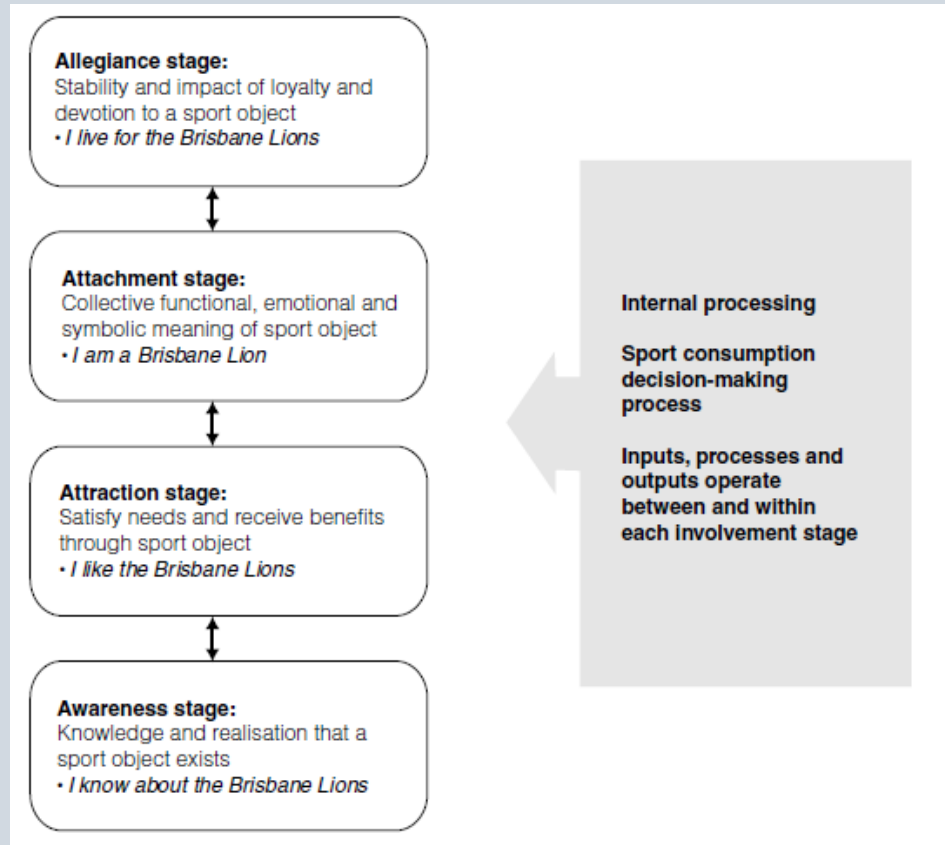
BMC: business model canvas as a means to get things done

Goals and objectives (Ex.)

Example Goal	Example Objective
50 qualified and active coaches	Increase qualified/active coaches by 50% by December 2005
Membership base of 500 persons	Increase membership by 25% by December 2005
Profile in the community as a club of excellence in health and safety	Reduce incidences of injury on the field by 50% by December 2005
Achieve financial independence	Increase sponsorship by 100% by December 2005

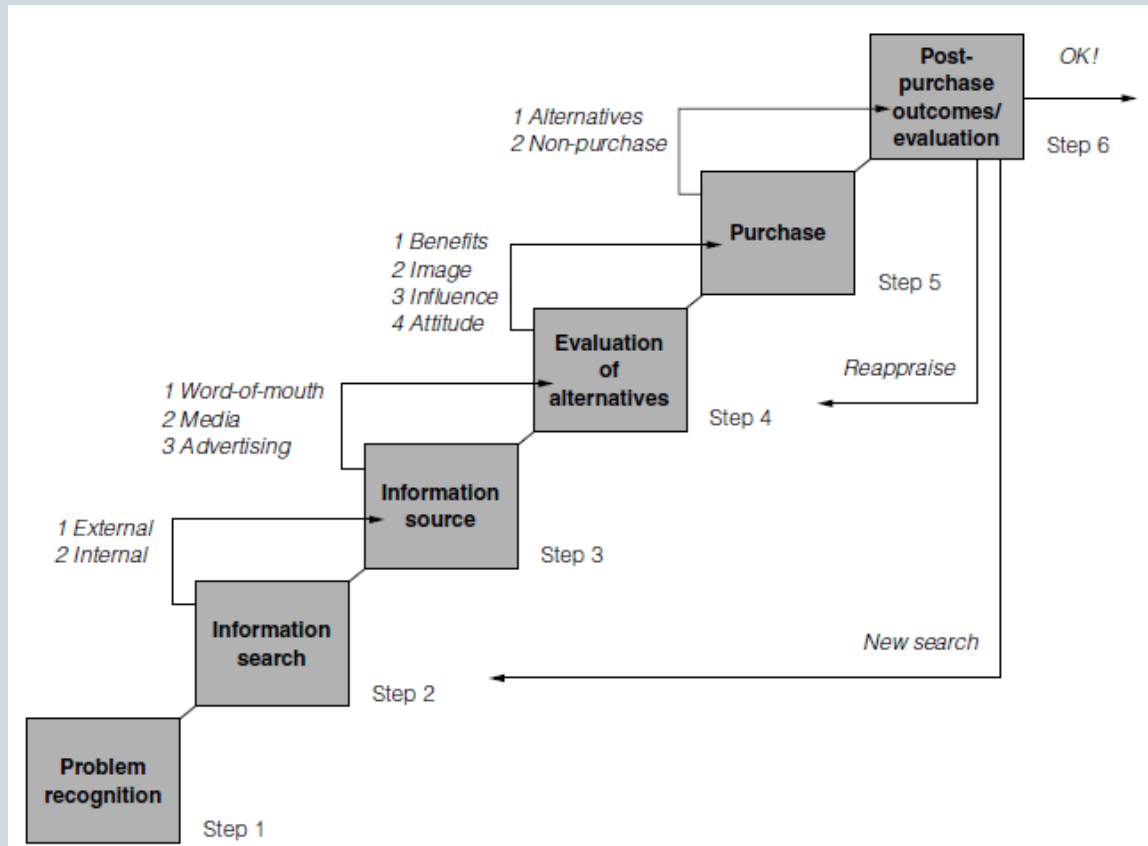
Source: <http://www.leoisaac.com/planning/strat027.htm>

Consumer Behavior



Source strategic Sport Marketing p. 44

Sport Consumers Decision Process



Source strategic
sport marketing p.
55

Types of Sport Consumers

- **Sporting Goods Consumers**
buy sport products, equipment, apparel, books etc.
- **Sport Services Consumers**
demand for a sport-related service or experience, e.g. gambling, training, health activities
- **Sport Participants**
are actively engaged in sports, e.g. tennis players, sport club members
- **Sport Supporters and Spectator, fans**
demonstrate an active interest in sports.
- **Social Sports Media Activists**
as a new species of consumers

Consumers and Fans

Fans and customers do have different behavior.

Customers could eventually be loyal

Fans are enthusiastic; they identify with their team

Fans

- **Identify with** and follow the behavior of **the team or individual players** on that team, on and off the field, e.g. via team websites, newspapers, television, radio, wireless emails, etc.).
- **Purchase licensed merchandise**, e.g. jerseys, caps, mugs, etc. promoting the team.
- **Donate or pay extra** for permanent seat-licenses (PSLs) in order to buy season tickets.
- **Travel** to see games of that team outside of his local market.
- **Devote significant social time** attending, watching and discussing the team with others devoted to the same or other teams.

Identification vs. Loyalty

Loyalty is the repeat purchasing of a good or service by a consumer. A loyal customer is sensitive to differences in brands and prefers a brand or set of brands over others (see Odin, Odin and Valette-Florence 2001).



Customer

Identification is when an individual reacts to events that occur to the team or player as if the events happened to him or her (Kagan 1958).



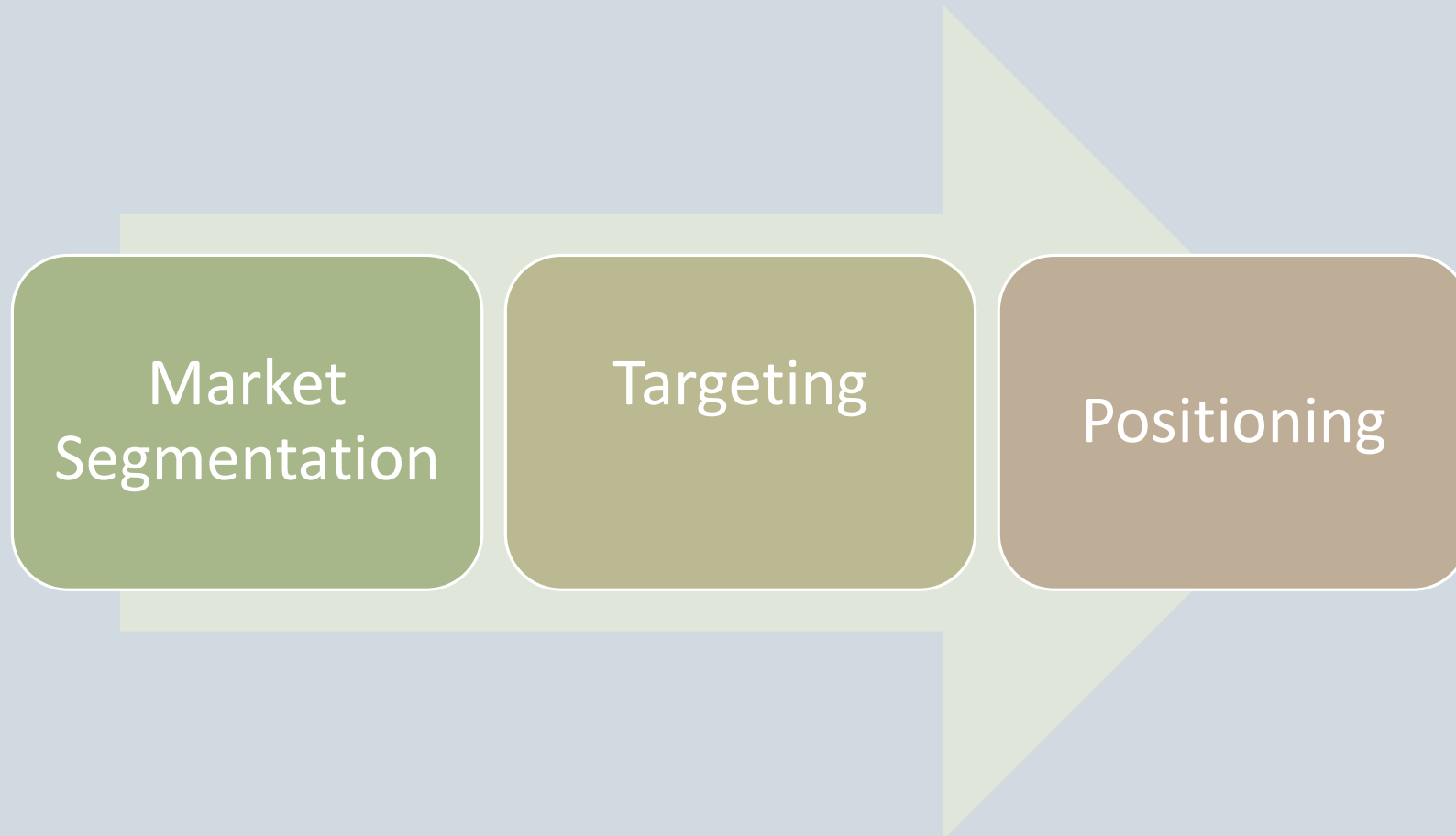
**Fan,
aficionado**

Major differences Marketing/Sport Marketing

Top 10 Differences Between Goods/Services Marketing and Sports Marketing

	Dimension	Goods/services	Sports & Entertainment
1	Purchasers	Customers	Fanatics
2	Adoption	Loyalty—repeat purchasers of the same brand (viz., lack of switching behavior)	Psychological <u>identification</u> with individuals and teams that goes beyond mere loyalty
3	Promotion & Media	Owner pays media for promotion	Fans, sponsors, and media pay to promote team/event
4	Distribution Channel	Static; More site-limited	Mobile; more flexible
5	Product	Adapted	Global
6	Price	Customer pays a given price for good/service	Two-part: Fans frequently pay for the <i>right</i> to pay for tickets
7	Facilities	Corporate owner buys/builds own facilities	Government (taxpayer) typically pays for facilities
8	Competition	Individual branding in competitive markets	Cooperative contractual relationships—monopoly power & anti-trust exemption
9	Exchange	Principally economic exchange	Principally social exchange
10	Employees	Contractual power favors owners	Contractual power favors employees (players)

Sports Marketing Strategy



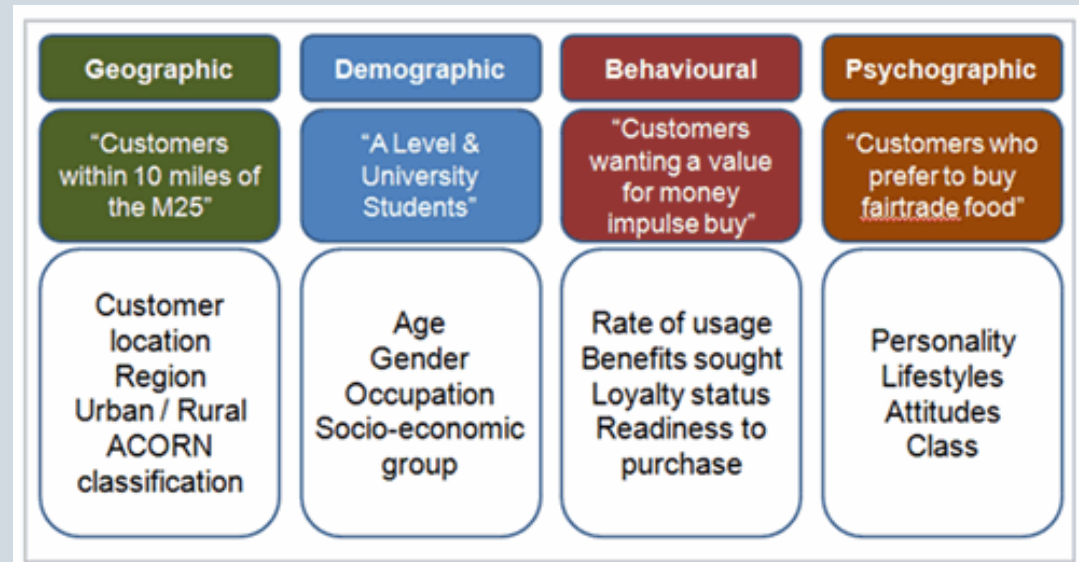
Market Segmentation

Assumption: Markets consist of market segments.

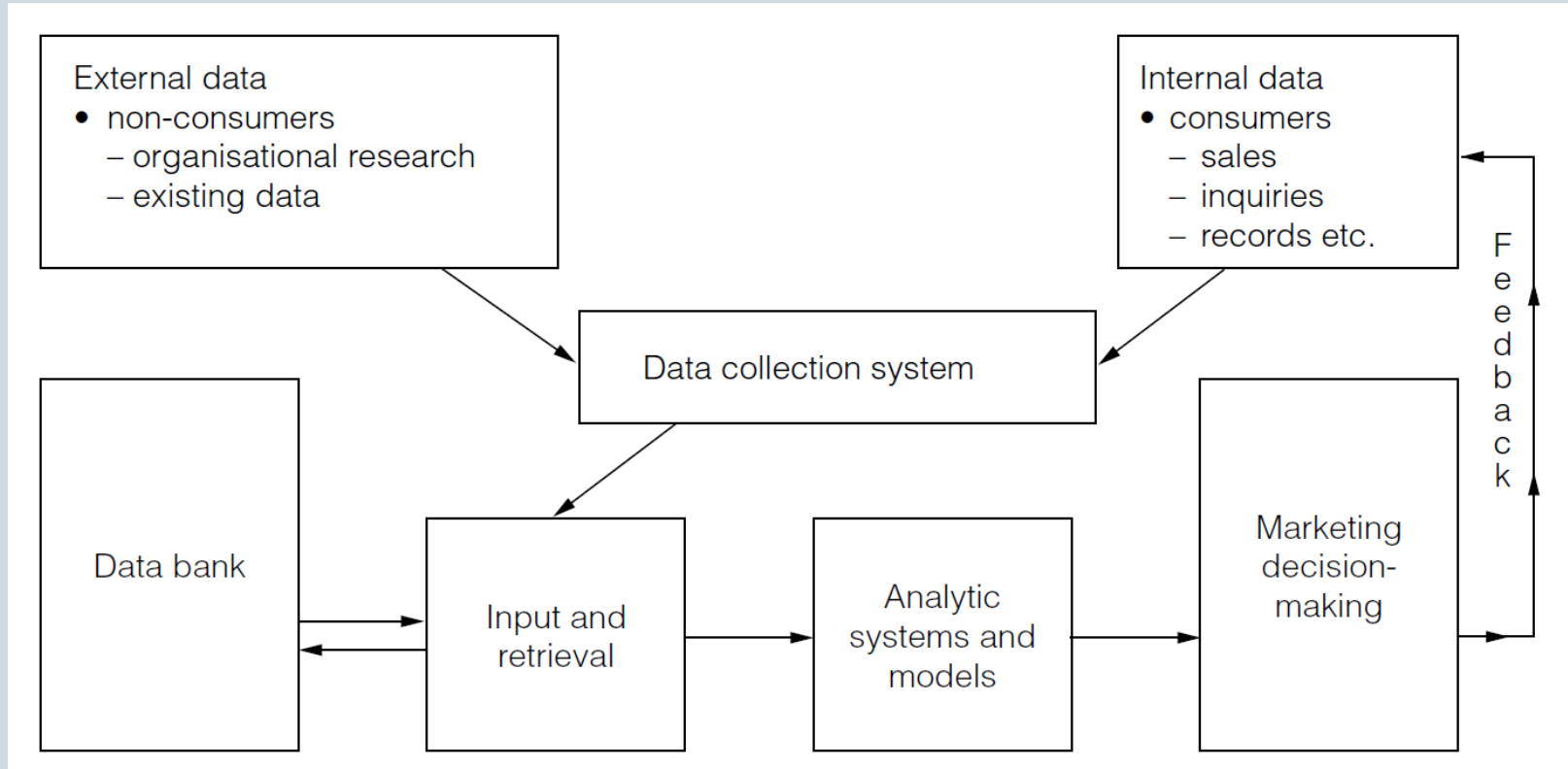
- All items of a market segmentation will behave similar with regard to their purchasing behaviour.
- Items from different market segments will behave different with regard to their purchasing behaviour.

Segmentation criteria have to be:

- measurable
- accessible
- substantial
- actionable

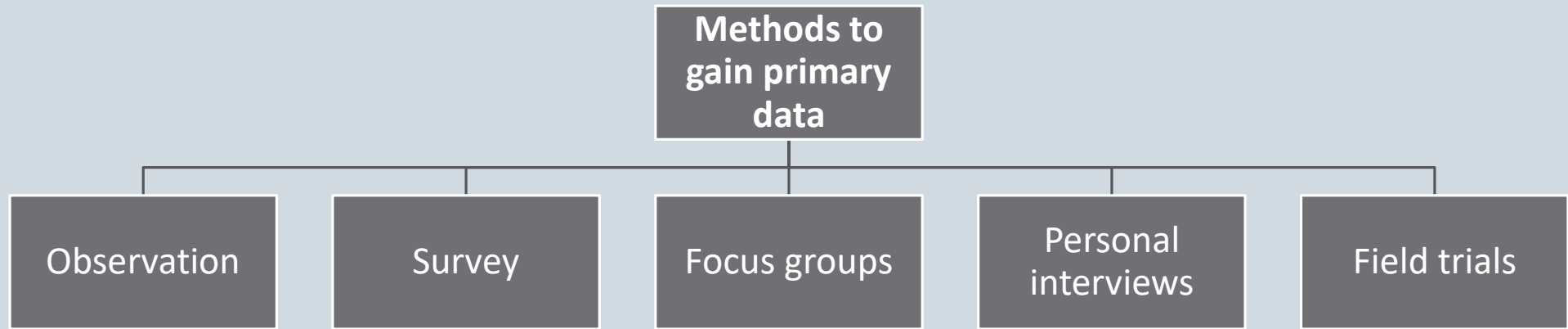


Marketing Information Systems



Source: Shilbury et al.: Strategic Sports Marketing, p. 64

Assessment methods



Targeting

After segmenting the market, firms will need to develop measure for sector attractiveness and choose their target segments.

Factors that affect sector attractiveness are:

- Segment size and growth
- Structural attractiveness
- Company objectives and resources

Targeting Strategies

There are three general strategies for selecting your target markets:

Undifferentiated Targeting:

- Mass Market Approach: One product fits all needs. There is no specific product variation

Concentrated Targeting:

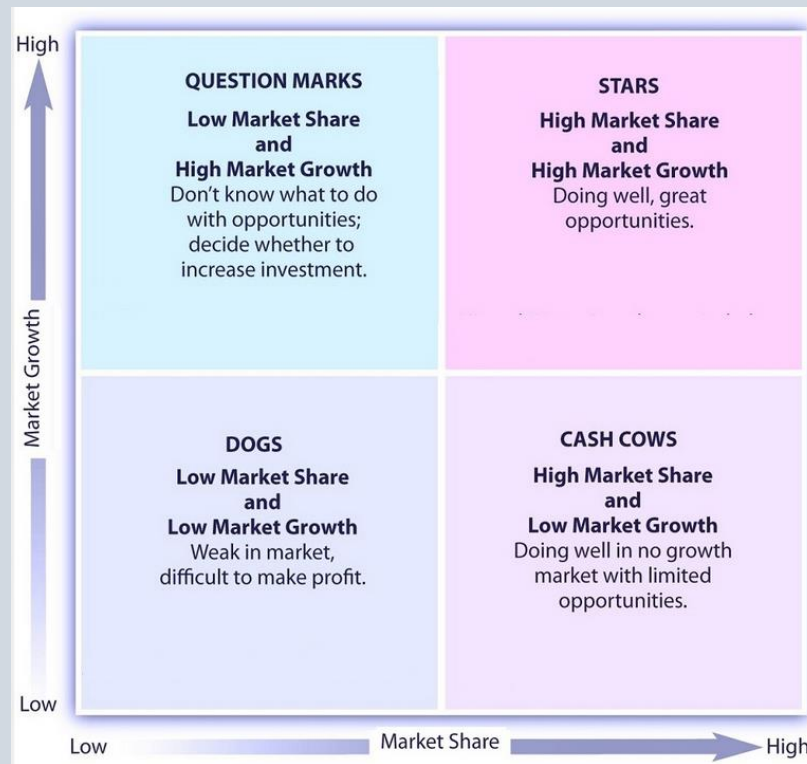
- focuses on selecting a particular market niche on which marketing efforts are targeted.
- focusing on a single segment so it can concentrate on understanding the needs and wants of that particular market intimately.
- Small firms often benefit from this strategy as focusing on one segment enables them to compete effectively against larger firms.

Multi-Segment Targeting:

- is used if a firm needs to focus on more than one well defined market segment and want develops different strategies for each of them.

Determining strategy

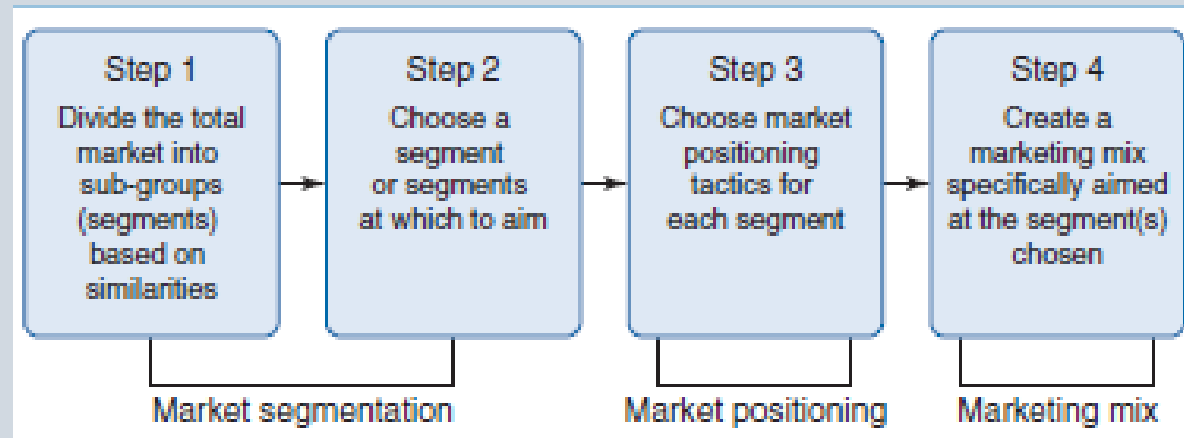
- Boston Matrix



Positioning

Three steps to position your product:

1. Identification of competitive advantages (competitive differentiation)
2. Selection of the right competitive advantage (creation of a unique selling proposition)
3. Communication and delivery of the chosen position



Source: Smith, A.: Introduction Sport Marketing, p. 87.

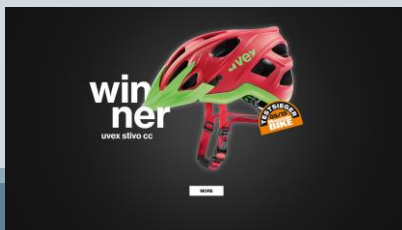
Determining Strategy

Ansoff Matrix



- Existing Markets

- New Markets



Existing Products

New Products



Marketing of Sports – the Marketing Mix

- Product/Brand
- Pricing
- Place
- Promotion
- Physical evidence
- People
- Process

Product

A product is what a business offers to satisfy needs; could be either goods or services

Sports products could be

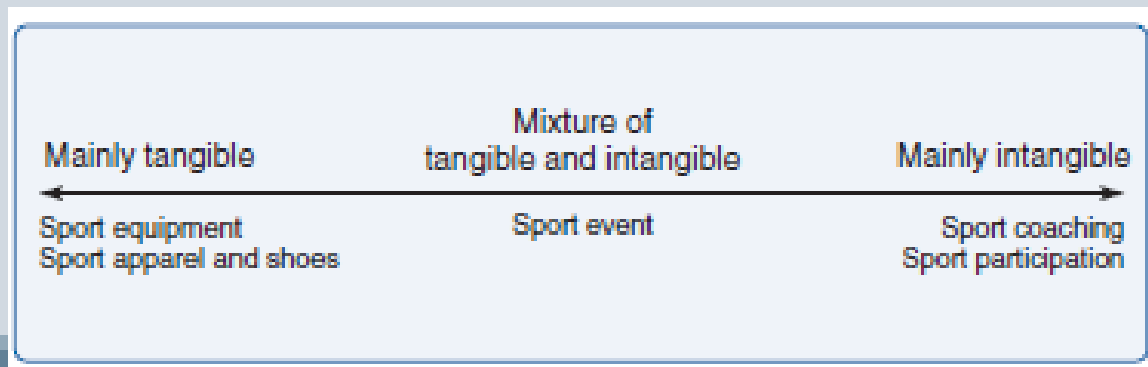
- ❖ **Goods**, e.g. running shoes, tennis rackets or sports clothing
- ❖ **Facilities**, e.g. tennis courts, sports arenas etc
- ❖ **Services**, e.g. a tennis lesson or a guided tour in the mountains, or the preparation of skies
- ❖ **Events**, e.g. sports competition
- ❖ **Programmes**, e.g. an aerobic class or a program to gain a certain sport licence

Sport as a Service

Sport itself is considered to be a service, because it is

- intangible
- inseparable with regard to consumption and production
- heterogenuous
- perishable

The Sports product Continuum



Source: Smith, A.: Introduction into Sports Marketing, p. 107

Branding

What is a brand?

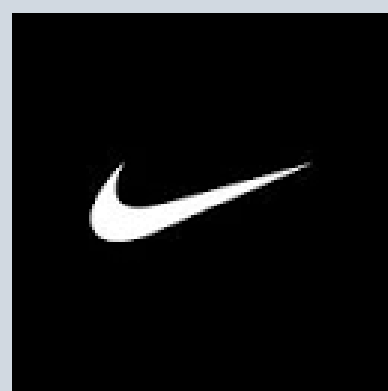
A brand can be a name, a design or a symbol that stands for a certain company, club, etc

What makes a good brand?

It is

- ❖ short
- ❖ positive
- ❖ easy to remember
- ❖ easy to recognize
- ❖ Unique

Sports brands



Price

- amount customers pay for a product.
- Pricing is the process of establishing and communicating to customers the value or costs of goods and services.
- Case Study: „*Pricing Valued Membership Packages at Victory*“

Pricing Strategies in Sports

	SUBSIDY		PROFIT	
Type of charge	No charge	Some charge	Economic charge	Commercial charge
Basis of policy	Social service – all residents have a recreational need – facilities available to all	Many people and groups have needs for specialist activities for health and recreation	Participants are main benefactors – hence have to pay full costs	Benefits participants exclusively. Charges include full costs and profit charges based on what market can bear. Profit used to subsidise other facilities
Types of facilities	Parks Libraries	Swimming pools Public tennis courts Arts centres Community centres	Entertainments Golf courses	Indoor tennis Health and fitness Squash Sauna Sunbeds
Profile of users	Representative of neighbourhood	High proportion of local people Youths/young people	Middle income groups Young adults	Middle to high income groups