The Business of Sports and Entertainment

2012-13 Membership Edition
(7th Edition)

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Preface

One of the greatest values of an “elective” course like sports and entertainment marketing is its ability to transform the classroom into a dynamic atmosphere where progressive “new age” learning can take place while reinforcing the same academic standards students learn within the confines of a generic business or marketing class. The examples used to support each lesson resonate on a different level for students thanks to course content that most students take a genuine interest in.

Unfortunately, many instructors today wishing to integrate elective studies into the classroom face the inevitable challenge of being handcuffed by severe budget constraints. Sports Career Consulting, LLC (SCC) understands the current budget crises and is empathetic to the needs of the school system. And, while we’re all certainly advocates for the adoption of current, up-to-date and effective class resources, the realist in us knows that isn’t always an option. This publication is available to teachers to help ease some of those pressures.

Today the business and marketing world has evolved into a multi-dimensional work-in-progress for companies around the globe. Sports and entertainment companies are no exception. From the NBA and Nike to Paramount Pictures and Geffen Records, organizations pay a premium to remain ahead of the curve in a world of evolving technologies and shifts in trends within the industry. This publication is designed to share those practices with you, and ultimately, your students.

One hallmark of SCC’s educational programs is our ability to adapt, providing flexible alternatives for teachers looking to maximize the resources available to them. Initially, SCC’s content was predominately provided in digital format, broken down chapter by chapter. Because many educators still prefer a traditional textbook as a primary means for introducing subject matter, this book was developed as an additional resource. While this publication is not intended to replace a traditional textbook, it does take a step closer to bridging the gap between the non-traditional approach of most of our material and the traditional means of classroom instruction. In fact, for those teachers who require a traditional hard cover or paperback text book for the classroom, this publication and the accompanying student workbook may soon be available for purchase online in the format of your choice. Visit www.sportscareerconsulting.com to learn more.

For those instructors comfortable with a more progressive teaching style, SCC’s membership programs offer the flexibility of adapting resources to meet the rigorous needs of your lesson planning. In addition to some key supplemental material (PowerPoint slides, weekly current events news including questions for class discussion, access to sports business podcasts, links to audio, video and other media, projects, classroom games and much more), members can edit all resources to serve as the perfect supplement to whatever other resources you utilize in class.

Please note, this publication is not meant to replace the use of any existing textbook, nor is it the goal to be sole provider of instructional material for your class. SCC believes you should find a resource that offers the best fit for your teaching style. Just as important, as you know, is to continually search out other supplemental resources for your course. At SCC, we are confidant you will find our program to be an excellent resource for all business or marketing classes in your quest to provide the best classroom experience possible for your students.

So, whether your school offers a sports and entertainment specific marketing class or a general business class with this topic area as a medium for introducing the basic principles of marketing, we believe you’ll find this and other SCC resources to be a cutting edge provider for enhancing the classroom experience for you and your students.

Enjoy!
Acknowledgements

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I would also like to thank all of our existing members from around the country...thanks for helping us grow!

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Especially my wife Kim, for her trust and continued belief in me, and my two princesses for all the inspiration a father could ever ask for.
“Sport has become a major social institution in American Society, and indeed, the modern world.”
Unit one provides students with an understanding of the evolution of sports and entertainment as it relates to business. Identifying industry “pioneers” and important milestones will assist students in the comprehension of how the sports and entertainment industry has become the multi-billion dollar industry it is today.

*TEACHER’S NOTE*

Lesson 1.4 of this unit reviews a number of industry pioneers. The list is pretty extensive, but by no means is it “all-inclusive”. Challenge your students to create a list of their own pioneers. Make sure they can identify specific areas where the individual has made an impact and how it helped shape the state of the industry.
Unit 1: History of SEM

Objectives

1) Define the acronym SEM
2) Identify factors that contributed to the growth of the sports and entertainment industry
3) Discuss the impact specific individuals had on the evolution of the industry
4) Recognize specific milestones relevant to industry growth
5) Define media
6) Understand the importance of media (broadcast) rights

Lessons

Lesson 1.1 Genesis of Sports & Entertainment Marketing
Lesson 1.2 Factors Contributing to Industry Growth
Lesson 1.3 Media Impact on Industry Growth
Lesson 1.4 Industry Pioneers
Lesson 1.5 Important Milestones in SEM History
Lesson 1.6 Where Are We Now?

Key Terms

Fandom Media Media (Broadcast) Rights
SEM

Discussion Topics

The sports and entertainment industry is a multi-billion dollar field. What factors do you think led to its enormous growth?

Increased media coverage has had a major impact on industry growth. What are some of the different ways you could follow your favorite team or celebrity?

Can you think of any individuals that may have helped sports and entertainment grow to the size it is today?
Lesson 1.1

Genesis of Sports and Entertainment Marketing

A. The origins of sports and entertainment marketing (SEM)
   1. What is SEM?
      a. **SEM** is the acronym for sports and entertainment marketing
   2. Sports and entertainment marketing is a relatively new player in a field of multi-billion dollar industries.
      a. Forms of sports marketing started as early as 1858 (first known athletic event to charge admission took place at a baseball game)
      b. Entertainment as we know it today (movies, radio, television, music) exploded from 1900 on, and as technology improved, so did the products being offered
         i. Silent movies progressed to sound, and radio eventually expanded to television;
         ii. Vinyl records evolved into tape and CD and today’s digital formats
      c. The 1900’s also brought the advent of carnivals, amusement parks, and theme parks which evolved from (but did not completely replace) fairs, circuses and festivals
   3. Many events have influenced the industry’s transition from leisure activity to big business
      a. Evolved as fan support grew with willingness to spend discretionary income
      b. Emergence of radio and television offered more opportunity for consumption of sports and entertainment products
      c. Corporations began to see the benefit with sports and entertainment affiliations, resulting in a marketing and sponsorship boom
      d. Celebrity endorsements and naming rights deals became common industry practice
      e. Advancement of technologies making it easier to consume sports and entertainment while more sports and entertainment properties are introduced

4. Size and scope of the sports industry
   a. The sports business industry is one of the largest and fastest growing industries in the United States
   b. Research conducted in 2012 by [Plunkett Research](#) estimates the overall size of the entire sports industry in the U.S. is around $435 billion
   c. Comparatively:
      i. More than twice the size of the auto repair services and parking industries
      ii. Larger than such industries as insurance carriers and legal services

5. Sports industry revenue breakdown (in 2012)
   a. $77.3 billion in sales of U.S. sporting goods *equipment by manufacturers*
   b. $41.5 billion in sales of U.S. sporting goods *equipment by retailers*
   c. $33.9 billion in racetracks, sports teams and other spectator sports
   d. $24.5 billion in revenues for the “Big 4” U.S. sports leagues
      i. NFL, MLB, NBA, NHL
   e. $21 billion in revenue in fitness and recreation centers
   f. $20 billion in revenue in golf industry
   g. $7.8 billion in NCAA sports revenue
   h. $.63 billion in NASCAR revenue

6. Size and scope of the entertainment industry
   a. Industry extends from movies, television and radio, to theatre, home entertainment, amusement/theme parks, gaming and much more
   b. Consumers have shown an insatiable appetite for entertainment resulting in an industry boom
      i. Broadly measured, the entertainment and media industry spans multiple sectors
         (a) There are 9,566 FM radio stations in the United States
         (b) Over 1.4 billion movie tickets are sold each year in U.S. theaters
         (c) Analysts at Veronis Suhler Stevenson estimate that total U.S. communications and media spending hit $1.12 trillion in 2011 (up from only about $891.5 billion in 2008) and will grow to $1.4 trillion by 2014
Lesson 1.1

Genesis of Sports and Entertainment Marketing

7. Entertainment industry revenue breakdown (according to latest US Census Data) 
   a. $91 billion in film/theatrical/DVD rental/related revenues
   b. $80 billion in TV broadcast and cable revenues
   c. $76 billion in music industry revenues (CDs, downloads, radio, concerts, etc.)
   d. $18 billion in electronic gaming
   e. $12 billion in amusement/theme park revenues
   f. $7 billion in theatrical productions
Lesson 1.2

Factors Contributing to Industry Growth

A. Many factors in sports and entertainment business led to its enormous growth
   1. Increase in numbers of those participating in sports and entertainment
      a. The U.S. Youth Soccer Association reports that there were 100,000 registered players in 1974. Today the organization has grown to 3.2 million registered players and over 800,000 coaches and volunteers.  
      b. The number of U.S. golfers has risen to 12.6% of the population vs. 3.5% 50 years ago.
      c. According to the National Federation of State High School Associations, the sport of lacrosse has seen a 280% increase in participation in the last decade.
      d. Among sports and recreation activities that grew more than 15% the past 10 years, skateboarding led the way with a 74.1% growth, according to the National Sporting Goods Association (NSGA).
         i. "Skateboarding saw a remarkable increase in the last 10 years, due in part, to the television exposure provided by ESPN’s X-Games," said NSGA Vice President of Information & Research Thomas B. Doyle.
   2. Increase in numbers of those following sports and entertainment
      b. NBC, along with its cable channels and website, will broadcast 5,535 hours of the London games—about 2,000 hours more than the Beijing games and compared with a total of 14 hours from the 1964 Tokyo games.
   3. Increase in sports/entertainment offerings
      a. More options for sports as participants
         i. Disc golf the sport spread to 560 courses nationwide by 1995 and doubled that number by 2000. In 2010, the Professional Disc Golf Association counted 3,276 courses around the U.S.
         ii. Hawaii will soon become the first state to sanction surfing as an officially recognized high school sport, possibly as early as 2013.
      b. Media broadcast offerings
         i. According to the Sports Business Journal, ESPN’s coverage features over 65 sports (including MLB, NBA, NFL’s Monday Night Football, NASCAR, MLS, FIFA World Cup, WNBA, college football, men’s and women’s college basketball, golf, Little League World Series, fishing, spelling, billiards, poker, arena football, eating championships, and the X Games), 24 hours a day in 15 languages in more than 150 countries.
         ii. DirecTV now offers over 285 channels as part of their “premiere” package, including over 50 channels dedicated specifically to sports programming (and that doesn’t include the seventeen “specialty” packages that require an additional subscription like the NBA League Pass, NFL Ticket or NHL Center Ice).
   4. Attendance increases had an enormous influence on the size and scope of the sports and entertainment business industry
      a. For the 2011-12 campaign, NHL attendance was 21,470,155, just short of the league record of 21,475,223 set in the 2008-09 season broke the league’s attendance record for the fourth consecutive season (attendance dipped slightly by 2 ½ percent in 2010-11).
         i. To put the league’s growth into perspective, the NHL’s attendance in 1978-79 was just 7,758,05.
         ii. Click here for a link for more attendance figures for other sports leagues for the 2011-12 season and click here to learn more about how social media and marketing have helped the NHL grow its fan base.
      b. Over 75 percent of movies in the top 50 all-time highest-grossing films (before inflation) were released after the year 2000. The highest grossing film in the 70s was Star Wars, at just under $800 million and in the 80s was E.T., at just $750 million.
         i. In the summer of 2012, Marvel’s the Avengers needed just 19 days in theater to surpass $1 billion in gross sales.
   5. Media coverage of sports and entertainment has grown significantly in the past half-century, placing athletes and entertainers in the public eye with incredible frequency.
Factors Contributing to Industry Growth

a. Television and radio provide alternative news sources to newspapers
b. Profit potential for media centers encourage increased competition for top stories
c. Introduction of Internet makes information available “on demand” with increased frequency and accessibility
   i. Tiger Woods explains “Arnold Palmer...came along at the same time television was exploding in America. Now we’ve got global Internet access. Our sport wasn’t global when I began playing the Tour. Now it is. You can log on anywhere in the world and see what any player did in any tournament or for the year. With that international boom, that international stream of information, golf is getting exposed to parts of the world that it never even thought of getting into.”
d. The international marketplace continues to provide a platform for driving sales of sports and entertainment products and services
   d. J.K. Rowling’s (UK) Harry Potter series
e. Athletes like the NBA’s Dirk Nowitzki (Germany), MLS’s David Beckham (England) and Thierry Henry (France), the NHL’s Alexander Ovechkin and Evgeni Malkin (Russia), the PGA Tour’s Rory McIlroy (Ireland), Tennis stars Maria Sharapova (Russia), Novak Djokovic (Serbia), Rafael Nadal (Spain) and Roger Federer (Switzerland), Track star Usain Bolt (Jamaica), Boxer Manny Pacquiao (Philippines) and MLB’s Albert Pujols (Dominican Republic), Ichiro Suzuki and Yu Darvish (Japan) help their respective sports, teams and leagues draw fans from all over the world
   i. Five of the top seven players selected in the 2011 NBA Draft were International players
f. European musicians like the Rolling Stones, U2, Adele and Coldplay, Columbian artist Shakira, Canadian Justin Bieber and Barbados-born Rihanna sell millions of records (and downloads) to consumers all over the globe
g. Actors and actresses such as Cate Blanchett, Kate Winslet, Colin Farrell, Emma Watson and Russell Crowe help boost International box office sales for the films in which they have a prominent role
h. Global events like Wimbledon, the Tour de France, FIFA World Cup, Olympic Games, the Iditarod and Cannes Film Festival attract world-wide attention, providing an exceptional marketing opportunity for ticket sales, sponsorship sales, licensing and merchandise opportunities while providing a tremendous economic impact for host cities
   i. In March of 2010, ESPN, CANAL + Events and Tignes Ski & Snowboard Resort (in France) launched the first Winter X Games to be held outside the United States, providing yet another example of the global growth and expansion of sports, entertainment and events
   i. The global demand for footwear and sports apparel continues to grow with international brands like China’s Li Ning, South Korea’s Fila, Japan’s Mizuno and Germany’s Adidas and Puma fiercely competing with American brands like Nike and Under Armour for market share
   i. A number of NBA All-Stars have recently opted out of relationships with American brands to pursue deals with Chinese sportswear brands, including Steve Nash who left Nike to sign with (Luyou, a Chinese sporting goods manufacturer), Jason Kidd who left to sign with the Chinese footwear brand Peak (who also endorses Shane Battier), Baron Davis left Reebok for Chinese sportswear giant Li-Ning, while Kevin Garnett left adidas to sign with Anta and Kevin Love signed with a new Chinese shoe brand, 361 Degrees
j. Prominent American sport properties are making a push to expand their presence overseas by hosting regular season games (not exhibition games) outside of the U.S.
   i. In 2012, Major League Baseball opened the regular season with a game played in Japan between the Seattle Mariners and Oakland A’s in front of a capacity crowd of 44,227 at the Tokyo Dome
   ii. Also in 2012, New England Patriots’ owner Robert Kraft publicly announced that he felt the NFL should bring an expansion franchise to London
   iii. Viewers of the 2012 NBA Finals in the United States had the option of listening to ABC’s broadcast of the game in Spanish by sampling pressing the ‘Audio’ menu button on the television’s remote control
Lesson 1.2

Factors Contributing to Industry Growth

i. An American mixed martial arts promotion company (UFC) The UFC staged a bout (*UFC 120* featuring Michael Bisping and Yoshirio Akiyama) at London’s O2 arena in 2010. The event had an attendance of 17,133, breaking the European attendance and gate receipts record which was set by the MEN at UFC 105. It was also the biggest box office sporting event in O2 Arena history.20

ii. In 2010, the WWE generated almost 30% of its business internationally with sales of about $135 million. According to a report in the *Sports Business Journal*, WWE is placing more emphasis on its global expansion strategies, ranging from event broadcasts to merchandise sales and live events.21

A. Signs of continued industry growth

1. Indications point toward heavy increases in consumption of sports and entertainment
   a. Overall industry revenues continue to climb, domestically and internationally
      i. The worldwide video game industry is poised to reach $70.1 billion by 2015, thanks to the combined growth of console, portable, PC, and online video games, according to market researcher DFC Intelligence.22
      ii. According to the 2012 mid-year U.S. music sales report from Nielsen SoundScan, sales of digital music albums were up 14% from the previous years while digital tracks were up 6% 23
      iii. Pandora radio now boasts over 150 million users 24
      iv. The global theme parks market is projected to reach $29.5 billion by 2015, according to a report by Global Industry Analysts, Inc. 25
      v. Also according to Global Industry Analysts, Inc., the global footwear market is expected to reach $195 billion by 2015 26
      vi. Electronic books accounted for $282.3 million in sales in the first quarter of 2012, up 28.1% from 2011 and for the first time in history, ebook sales generated more revenue than hardcover books 27
      vii. In 1994, Nike’s soccer brand revenues were $40 million. In 2012, the company reported soccer revenues of more than $2 billion (adidas’ soccer division also surpassed $2 billion in sales in 2012). 28
      viii. NFL media fees will reportedly double to $8 billion annually by the end of the decade 29
   ix. *Forbes* reports that NBA revenues will likely eclipse $4 billion for the first time in 2012-13, up from $3.8 billion realized during their last full season in 2010-11 30
   x. Centerplate, the leading hospitality partner to North America’s premier sports, convention and entertainment venues, is now also the fastest growing restaurant chain in America, according to Nation’s Restaurant News. Centerplate served over 100 million guests in 2010 alone 31
   xi. *Newsweek* reported that ESPN had record revenues of $8.5 billion in 2011 32

b. Television audiences continue to grow in size while sports and entertainment properties expand the various means for distributing content (social media, streaming etc)
   i. The Game 5 telecast of the 2009 The 2012 NBA Finals on ABC between the Miami Heat and Oklahoma City Thunder was broadcast in 215 countries and 47 languages
   ii. The 2012 NBA Finals was also generated the second highest ratings since ABC started carrying the series in 2003 was covered by 55 international TV, radio & websites and generated approximately 30 million daily page views on web around the world throughout the finals (a) 278 million people around the world follow the NBA through social media alone
   iii. American viewers tuned into the European Championships 2012 Final in record numbers on ESPN, as the sport continues to grow in popularity in the U.S. The average viewing attendance for all 31 matches at Euro 2012 was 1.3 million, which represented a 51 percent increase on the numbers from the 2008 edition of the tournament. 33

c. The value of major league sport franchises continues to grow at a furious pace. In 1973, the late George Steinbrenner bought the New York Yankees for just under $9 million. In 2012, *Forbes* magazine valued the historic franchise at $1.85 billion.33
Lesson 1.2

Factors Contributing to Industry Growth

i. Also in 2012, Forbes reported that the Dallas Cowboys franchise was the most valuable in the NFL at $1.85 billion.
ii. Forbes also reported that the average NFL team is now worth over $1 billion over 250 percent more than when Forbes began calculating team values ten years ago and up 66 percent from just five years ago.

A. Fandom

1. The level of “fandom” in today’s culture shows no signs of slowing down
   a. Fandom is a term used to refer to a subculture of fans characterized by a feeling of sympathy and camaraderie with others who share a common interest.
      i. Ultimately, fandom is what motivates the sports and entertainment consumer to make purchase decisions relating to available sports and entertainment products.
   b. The term fandom can be used to describe all types of fan groupings or “subcultures”
      i. Star Wars or Star Trek fans
      ii. Fans of the Black Eyed Peas music group
      iii. Manchester United fans
      iv. Based on a study commissioned by the popular English soccer club, Manchester United claims to be the most popular sports franchise in the world. Its fan base has doubled in the past five years to 659 million people, nearly one tenth of the world’s population.
      v. Fans of the Broadway musical Lion King
      vi. Fans of Madden Football video games
      vii. Fans of a particular comic book series
   c. Impact of fandom
      i. ESPN’s “State of Sports 2007” survey found that a whopping 90% of male respondents claimed to be sports fans on some level.
      ii. ESPN’s “State of Sports 2008” survey found that over 50% of respondents claimed to more of a sports fan than they were five years ago.
      iii. ESPN’s “State of Sports 2010” survey found that 58% of respondents would prefer to receive free season tickets to their favorite sports team than be promoted at work.
      iv. Fans have, in a limited number of occasions, successfully organized on behalf of a cancelled television series to lobby networks to bring back their favorite show (examples include Jericho in 2007 and Chuck in 2010)
   d. The intensity levels of fandom vary, ranging from a casual sports fan who might take in one NBA game per year to those fans that put the “fan” in “fanatic” (and otherwise engage in behavior that other fans might otherwise find to be irrational)
      i. Self-named Clippers fan “Clipper Darrell” spent $12,000 customizing his BMW to reflect his love for the Los Angeles Clippers (complete with the license plate “CLIPERD”).
      ii. A rabid Alabama Crimson Tide fan allegedly poisoned the 130-year-old live oak trees at Auburn University’s historic Toomer’s Corner (just after hundreds of Tigers fans gathered soon after the team won the 2011 football national championship).
      iii. On opening night, Activision says that approximately 1.5 million gamers lined up outside 13,000 stores to buy a copy of Modern Warfare 3 at midnight.
      iv. In 2012, University of Kentucky fans paid between $7,500 to $12,500 for the opportunity to attend a basketball camp (called John Calipari Basketball Fantasy Experience) and “essentially experience what it’s like to be a Kentucky basketball player.”
      v. Fandom explains why people propose at sporting events.
Lesson 1.2

Factors Contributing to Industry Growth

e. The existence of fandom is what ultimately fuels today’s non-stop, around the clock media coverage of celebrities and sports stars and drives a culture in which athletes and celebrities are often quickly forgiven for highly publicized transgressions when they perform

i. Four years after dropping Michael Vick as a product endorser, Nike re-signed the star quarterback to a new deal in 2011 after his play on the field and public appearances helped him to rehabilitate his image

ii. While many media pundits publicly chastised LeBron James’ decision to announce which team he would be joining in 2010 in a one hour ESPN special, the show (aptly named “The Decision”) drew very high ratings as nearly 10 million people tuned in to watch

iii. Despite all the scrutiny surrounding singer Chris Brown (including his widely publicized assault of then-girlfriend Rihanna, a disturbance in a nightclub with rapper Drake, and poor album reviews), his 2012 release of “Fortune” managed to debut at the top of the Billboard 200 chart

f. Because of the strong emotional connection fans maintain with their favorite sports teams, wins and losses on the grandest of stages can yield incredible influence (both positive and negative) on a community at large

i. After struggling with one of the worst national disasters in US history (Hurricane Katrina), fans in the New Orleans area often cited the New Orleans Saints Super Bowl win as an inspiration for the city’s resurrection

ii. Representing their country just four months after a devastating tsunami rocked Japan, their women’s soccer team pulled off one of the greatest upsets in sports history by defeating the heavily favored Germans in the 2011 World Cup and, ultimately, beating the United States in the championship game. “Our playing is to be an encouragement for the victims of the disaster,” said Coach Norio Sasaki after the monumental victory while the headline in the New York Times the following day read: “A Resilient Team Soothes a Nation.”

iii. On the flip side, after beating Louisville in the 2012 Final Four for the right to play in the NCAA basketball championship game, University of Kentucky fans turned destructive in celebration in downtown Lexington, including setting fires and couches on fire

iv. Violence also erupted on the campus of Penn State in 2011 after students (fans) learned of the school’s decision to fire legendary football coach Joe Paterno in the wake of the now infamous child sex abuse scandal

v. Fandom can, unfortunately, also result in an unhealthy (and potentially dangerous) subculture of fans that become too emotionally invested and obsessive with their favorite sports teams or celebrities

vi. In 2012, a man was sentenced was sentenced to serve time in prison after he broke into rap mogul Sean “Diddy” Combs’ vacation home in the Hampton and reportedly ate food, drank soda and went to sleep in an upstairs bedroom. The suspect, who told police he “was actually hoping to stay like 15 to 17 days”, was also ordered to stay away from Diddy’s house for at least five years.

vii. After missing a crucial last second shot in the 2012 NBA playoffs, Los Angeles Lakers guard Steve Blake reported to authorities that his wife had received various threats to the family (including death threats) on Twitter

viii. An Ohio State fan, after learning that a high school recruit announced his decision to attend rival school Michigan by posting a photo of the player burning a recruiting letter from Ohio State, pledged on Twitter to pay “$2,000 to whoever sidelines this kid permanently.” He would later apologize and offer to donate the money to the University of Michigan.

ix. In 2012, marketers at StubHub and ESPN tapped into the concept of fandom and created the “Hall of Fans”, a new exhibit that will “honor and celebrate the nation’s best fans.”
Lesson 1.3

Media Impact on Industry Growth

A. What is media?

1. Media refers to a means of communicating a message to large numbers of people.

2. In the earliest days of sports, fans would have to wait to read the paper to “see” the game.
   a. It was not until the 1936 Olympics (broadcast by ABC radio) that Americans were truly exposed to the amazing talents of Jesse Owens, one of America’s greatest athletes of all time.
   b. Now, fans can follow athlete performances live through television, radio, Internet as well getting information through national papers, local papers, magazines, and industry specific journals.

3. Media rights
   a. Media rights (or broadcast rights) are fees paid by broadcast companies to sports or entertainment properties for the opportunity to provide live coverage of the property’s games and events on television, the radio or the Internet.
      i. Many media rights deals provide exclusive coverage rights.
         (a) Because of the NFL’s deal with DirecTV, no other television network can broadcast out of market games in their respective geographic markets. In other words, if you are a Green Bay Packers fan living in Virginia, you would need to order DirecTV for the opportunity to watch Packers games at your home each week.
      ii. Media rights contracts are not reserved for national broadcasting companies as sports franchises work to maximize revenues by selling regional broadcasting rights.
         (a) Time Warner Cable paid a reported $3 billion for exclusive rights to broadcast Los Angeles Lakers games in the L.A. market for the next twenty years, starting with the 2012-13 season.
      iii. Rights fees are growing at a rapid rate.
         (a) Media rights fees for the Rose Bowl (per year) were $2 million in 1974. By 2015, they are expected to command $80 million per year.

b. Why are media rights important to sports and entertainment properties?
   i. In a word, revenue.
      (a) NASCAR generates a reported $570 million annually in media rights for television and radio broadcasts.
      (b) According to the Chicago Tribune, a dispute over the value of the Chicago Cubs’ broadcast contracts complicated efforts to sell the iconic franchise. Because media rights are such an important piece to any major league sports organization’s bottom line, negotiations to sell the franchise momentarily fell apart until the issue could be resolved.
      (c) According to Nielsen (a company who measures ratings): “Ratings are used like currency in the marketplace of advertiser-supported TV. When advertisers want a commercial to reach an audience, they need to place it in TV programs which deliver an audience. The more audience a program delivers, the more the commercial time is worth to advertisers.”

   c. Why are media rights important to broadcast companies?
      i. Companies want to invest in advertising that will reach as many consumers as possible and sports and entertainment events provide an effective platform for advertisers to do that.
         (a) In 2012, the Super Bowl set a record for American television viewing for the third year in a row when the Nielsen Co. estimated more than 111 million people watched the New York Giants outlast the New England Patriots in Indianapolis.
         (b) According to figures released by FIFA in 2011, the 2010 FIFA Men’s World Cup Final in South Africa was broadcast in every single country and territory on Earth, including Antarctica and the Arctic Circle, generating record-breaking viewing figures in many TV markets around the world. The in-home television coverage of the competition reached over 3.2 billion people around the world, or an astonishing 46.4 percent of the global population.
         (c) According to the research firm Kantar Media, advertisers have spent $4.55B during CBS’ coverage of the men’s NCAA basketball tournament over the past decade in an effort to reach the millions of fans tuning in.
Lesson 1.3

Media Impact on Industry Growth

(c) According to the research firm Kantar Media, advertisers have spent $4.55B during CBS’ coverage of the men’s NCAA basketball tournament over the past decade in an effort to reach the millions of fans tuning in.55

d. Media rights examples
i. Network/Cable TV
   (a) In 2007 the NBA extended its deals with TNT, ESPN and ABC through the 2015-16 season, generating over $930 million per year in revenue for television broadcast rights.56
   (b) In 2011, NBC won a bidding war to retain its rights to broadcast the Olympic Games through 2020 for $4.38 billion.57
   (c) Also in 2011, ESPN signed a deal reportedly worth nearly $500 million over the next 12 years for the exclusive broadcast rights of Wimbledon.58

ii. Satellite TV
   (a) DirecTV’s exclusive agreement for broadcast rights for out of market NFL games was extended in 2010 for four years at a reported $1 billion per year (a 43% increase on an annual basis over the previous deal)50

iii. Satellite Radio
   (a) Reuters suggested in an online news story that Sirius satellite radio has invested “billions” on rights to the NFL, NBA, NASCAR.50

iv. Network Radio
   (a) In 2009, the NFL extended its deal with Westwood One as its exclusive network radio partner in a deal worth over $30 million.59

v. Multimedia rights
   (a) Within the 17 months of acquiring Host Communications and folding it into its college division, IMG invested more than $700 million in multimedia rights fees.60

e. Ratings
   (a) Radio, cable and broadcast television programming measure their effectiveness through ratings, which are expressed as a percentage of the potential TV audience viewing at any given time.
   (b) Basically, a rating refers to the number of households or people tuned into a particular radio or television program at a specific time.
   (c) Examples61
      (i) NBC’s coverage of the 2012 Olympic Games Opening Ceremony registered the best overnight rating for a non-U.S. Olympic Opening Ceremony ever, earning a 23.0 overnight rating according to The Nielsen Company.
      (i) Nielsen can identify peak hours in which the most people are tuned in to watch or listen; viewing of NBC’s coverage of the 2012 Opening Ceremony peaked at 8:30 p.m. when 45.73 million viewers were watching.
      (ii) Nielsen can also identify specific markets in which ratings were the highest; San Diego drew the highest local TV rating, 27.8, for NBC’s Opening Ceremony broadcast, while Washington D.C. and West Palm Beach tied for the second highest local rating at 26.8.
      (iii) Click here to view the hourly breakdown for opening ceremony ratings and click here to see a list of the top twenty markets with the highest ratings.
   (d) Without ratings, broadcast companies would have a difficult time selling advertising and sports/entertainment programs would not be able to command million dollar rights fees.
   (i) In the 2012 Olympics, NBC’s ratings increased significantly compared to their previous ratings, which helped to increase their revenue.

Click here to view the hourly breakdown for opening ceremony ratings and click here to see a list of the top twenty markets with the highest ratings.

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Lesson 1.3

Media Impact on Industry Growth

1. NBC renewed hockey deal in 2011 (worth nearly triple the previous rights deal) largely because overall NHL television ratings in the United States increased by 84 percent over the last four years (the 2011 Winter Classic was the most-watched regular season hockey game in the U.S. in 36 years). 

2. According to Nielsen, the 2011 FIFA Women’s World Cup Finals between the United States and Japan was the most-watched and highest-rated soccer telecast on an ESPN network and was seen by an estimated 13.4 million viewers, providing more incentive for ESPN to spend more on World Cup rights when it is time to negotiate a new deal.

3. After the previous year’s July 4th telecast of the Nathan’s Famous Fourth of July International Hot Dog Eating Contest set a viewership record with nearly 2 million live viewers, ESPN announced in the summer of 2012 that they extended the broadcast rights deal through 2017.

A. The progression of media and its impact on the business of sports has been significantly influenced by several specific events:

1. 1921 – First baseball game on radio (Philadelphia Phillies at Pittsburgh Pirates)
2. 1935 – First full season broadcast (Chicago Cubs)
3. 1946 – First major sports event on television (Joe Louis boxing match)
4. 1954 – First sports exclusive magazine hits the stands, *Sports Illustrated* is introduced
5. 1970 – *Monday Night Football* kicks off
6. 1973 – Tennis match between Billie Jean King and Bobby Riggs (billed as the “Battle of the Sexes”) watched by 48 million in the US and 90 million worldwide
7. 1995 – DirecTV and the NFL join forces to offer the *NFL Sunday Ticket*, a subscriber based cable program enabling customers to watch any games of their choice
8. 1999 – Major League Baseball broadcasts World Series on the Internet
9. 2002 – The pay-per-view boxing match between Mike Tyson and Lennox Lewis generates a record $103 million in sales
10. 2009 – CBS’ free online broadcast of the 2009 Men’s NCAA Tournament reaches an audience of 7.5 million
11. 2012 – NBC provides unprecedented LIVE coverage of EVERY Olympic event by streaming content online in addition to its traditional television coverage

B. In the early days of team sports, concessions and tickets provided the only real source of revenue for team owners. Today, because of the numerous multi-media opportunities available, organizations have more options available to them to drive revenue. Examples could include:

1. National television contracts
2. Local television contracts
3. Cable television contracts
4. Sale of radio rights
5. Streaming Internet audio
6. Online revenue
7. Team specific publications

C. Sports and entertainment business coverage has become widespread and easily accessible:

1. National publications devote consistent coverage to the business of sports
   a. CNN / MONEY and CNBC feature sports business columns on their Websites
   b. The *Wall Street Journal* employs a regular sports business columnist
   c. *Forbes* magazine frequently offers readers exclusive sports business related reports and news
2. A Portland, Oregon radio station offers a weekly, hour-long sports business talk show (*Sports Business Radio*) that is nationally syndicated and carried on Sirius satellite radio
3. Today, local newspapers all around the country offer readers sports business related coverage on a regular basis on their websites
   a. The *New York Times* new regularly covers sports business stories online
   b. South Florida’s *Sun-Sentinel* and the *Milwaukee Journal Sentinel* feature a “Business of Sports” blog online
Lesson 1.4

Industry Pioneers

A. Discuss the legacy of sports industry pioneers and their impact on the industry’s evolution

1. Pierre de Coubertin 69
   a. Responsible for the re-introduction of the Olympic Games in the 18th century after Emperor Theodosius I had abolished the games existence in 393 A.D.
   b. Fourteen countries and 245 athletes competed in the Games

2. Bill Veeck
   a. One of the most imaginative sports entrepreneurs of the past century and the most creative marketer in baseball history
   b. Sent 3’7” Eddie Gaedel to the plate in an official game in one of the most outrageous promotions seen in professional sports
   c. Introduced “Bat Day” – the first of many giveaway days featuring premium items which have become commonplace in sports today

3. Mark McCormack
   a. Became the first sports agent with an agreement to represent Arnold Palmer
   b. Founded International Management Group (IMG), the largest sport marketing agency in the world
   c. Is credited with developing the concept that customers would all like to identify with athletes

4. Mildred “Babe” Didrikson Zaharias 70
   a. Widely regarded as the greatest female athlete of all time
   b. Won Female Athlete of the Year award six times
   c. Entered team track event and won the entire meet
   d. First female athlete to sign an endorsement contract, signing with Wilson Sporting Goods in 1948
   e. Co-founder of the Ladies Professional Golf Association (LPGA) in 1950

5. Roone Arledge
   a. Recognized as the visionary for “Monday Night Football”
   b. Responsible for the integration of slow motion and the replay into broadcasts

6. Jackie Robinson
   a. Broke segregation barrier in pro sports when offered a contract to play for Major League Baseball’s Brooklyn Dodgers
   b. Went on to win a batting title and Most Valuable Player award

7. Mohammed Ali
   a. Transcended every barrier (from racial to political) to bring the sport of boxing to a global level of recognition
   b. Uncanny ability to generate publicity, arguably unmatched by any other athlete in history
   c. Became a celebrity on an international scale

8. William (Bill) H.G. France Sr.
   a. Founded the National Association of Stock Car Auto Racing (NASCAR)
   b. Founded the International Speedway Corporation (ISC), which owns and/or operates such venues as Daytona International Speedway, Phoenix International Raceway, North Carolina Speedway and the Michigan International Speedway

9. Pete Rozelle
   a. As commissioner of the National Football League (NFL), guided the league from relative instability to arguably what has become the model for professional sports leagues today
   b. In 1960, Rozelle, in his first year as commissioner, the value of the Dallas Cowboys was $1 million. The storied franchise is now valued at nearly $1 billion.
Industry Pioneers

10. Michael Jordan
   a. Responsible for the emergence of athlete/shoe company partnerships because of successful marketing and sales of Nike sneakers
   b. Marketed as “Air Jordan”
   c. Helped the National Basketball Association (NBA) gain recognition as a global product because of his worldwide appeal and the marketing efforts of the league
   d. In 1998, Fortune Magazine estimated that Jordan alone generated $9.9 billion for the economy
   e. Starred in the movie *Space Jam* in 1996 with Bugs Bunny
   f. Endorses many products even after retirement from the NBA including Nike shoes, Gatorade, Hanes brand clothing, Rayovac batteries, Ball Park hot dogs and Chevrolet

11. David Stern
   a. Credited for the NBA’s economic turnaround after becoming commissioner. Since he took over in 1984, the NBA’s revenue has increased by 500%
   b. Responsible for positioning the NBA as a global brand
   c. Opened international NBA offices in Barcelona, Hong Kong, London, Melbourne, Mexico City, Miami, Paris, Singapore, Taiwan, Tokyo, and Toronto
   d. Responsible for the creation of the WNBA
   e. Developed a minor league basketball system (NBDL) directly affiliated with the NBA

12. Jon Spoelstra
   a. Widely regarded as one of the most innovative and successful sports marketers
   b. During his tenure as president of the New Jersey Nets, the team set its all-time attendance record and sell-outs at Meadowlands Arena increased from zero to 25 and local sponsorship sales went up from $400,000 to $7,000,000
   c. In his 11 years with the Portland Trail Blazers as Senior VP/General Manager, there was never a game that wasn’t sold out and he was integral in making the Blazer front office a model for all team sports

13. Phil Knight
   a. Founder of Nike, Inc.
   b. Named the “Most Powerful Man in Sports” by *The Sporting News* in 1992
   c. Started by selling running shoes from the trunk of his car
   d. Grew Nike to a multi-billion dollar company with effective marketing strategies, primarily by luring top athletes (such as Michael Jordan and Tiger Woods) to endorse Nike products

A. Discuss the legacy of entertainment industry pioneers and their impact on the industry’s evolution

1. P.T. Barnum
   a. Credited as the creator of the circus
   b. Branded his shows “The Greatest Show on Earth”
   c. His museum grossed over $100,000 in its first three years and he would later become the second richest man in the United States
   d. Had a New York newspaper print his obituary before his death as a publicity stunt, only to pass away two weeks later

2. Walt Disney
   a. Developed the first fully synchronized sound cartoon when Mickey Mouse was featured in *Steamboat Willie*
   b. Went to Hollywood with only $40 in his pocket, drawing materials and an animated film
   c. Produced the first full-length cartoon feature film, *Snow White* in 1937
   d. Invested $17 million into Disneyland in 1955. By 2003, more than 400 million people will have visited the California attraction
   e. Opened Magic Kingdom in Walt Disney World in 1971. Since then, three subsequent parks have opened in Paris, Hong Kong and Tokyo
Lesson 1.4

Industry Pioneers

3. Adolph Zukor
   a. Founded Paramount Pictures
   b. In 1912, made entertainment history when he daringly offered the American public its first feature-length film, “Queen Elizabeth,” starring Sarah Bernhardt
   c. Became one of the first producers to generate significant crowds at his theaters, creating the first real opportunities to generate substantial revenue through ticket sales
   d. In 1919, bought 135 theaters in the Southern states, making him the first individual owner of a theater chain
   e. Built the Paramount Theater in New York City

4. Charlie Chaplin
   a. Introduced “slap-stick” comedy
   b. In a 1995 worldwide survey of film critics, Chaplin was voted the greatest actor in movie history
   c. He was the first, and to date the last, person to control every aspect of the filmmaking process — founding his own studio, producing, casting, directing, writing, scoring and editing the movies he starred in
   d. In 1916, his third year in films, his salary of $10,000 a week made him the highest-paid actor — possibly the highest paid person — in the world

5. Louis Armstrong
   a. Revolutionized the musical genre of Jazz, raising its level of popularity to where it is today
   b. His death on July 6, 1971, was front-page news around the world, and more than 25,000 mourners filed past his coffin as he lay in state at the New York National Guard Armory
   c. In 2001, New Orleans International Airport was re-named Louis Armstrong International to honor his legacy and as a tribute to his impact on the city

6. Lucille Ball
   a. Known for her talents as an actor, musician, comedian, model and producer
   b. She was TV’s first leading lady
   c. For four out of its six seasons, I Love Lucy was the No. 1-rated show on television; at its peak, in 1952-53, it averaged an incredible 67.3 rating, meaning that on a typical Monday night, more than two-thirds of all homes with TV sets were tuned to Lucy

7. Jerry Siegel and Joe Schuster
   a. Creators of “Superman” comic strip, introduced in 1939
   b. “Superman” was considered to be the first comic book superhero to gain international fame
   c. “Superman” is later adapted in Hollywood in the form of four movies that would gross $328 million at the box office, making it one of the top 20 highest grossing film series of all-time
   d. Paved the way for the future of comic book superheroes, many of which would later become blockbuster Hollywood movies (Batman, Spiderman, X-Men, Wonder Woman, Daredevil and the Incredible Hulk)

8. Rodgers and Hammerstein (Richard Rodgers and Oscar Hammerstein)
   a. Rodgers, a composer, and Hammerstein a librettist, collaborated on nine musicals
      i. Of the nine, five are considered classics; Oklahoma!, Carousel, South Pacific, The King and I and The Sound of Music
   b. The pair also contributed much of the creative work in Walt Disney Studio’s Cinderella

9. The Beatles
   a. Created the first concept album (songs unified by a common theme)
   b. The Rock and Roll Hall of Fame proclaims The Beatles “revolutionized the music industry”
   c. Set a music industry record (that will unlikely be broken) when they occupied all five of the top positions on Billboard’s Top Pop Singles chart

10. Elvis Presley
    a. Sold over 1 billion albums worldwide, far more than any other artist in history
    b. Revolutionized television performances with his controversial dancing style
    c. Dubbed as “Undisputed King of Rock and Roll” by the Rock and Roll Hall of Fame
Lesson 1.4

Industry Pioneers

d. Proved pop music icons can also star on the big screen by becoming an accomplished actor, starring in *Blue Hawaii, Jailhouse Rock* and *King Creole*
e. His home (Graceland) ranks as one of the top tourist attractions in the city of Memphis and is ranked by CitySearch Online as the 7th best tourist attraction in the country! 85

11. William Hanna and Joseph Barbera 86
   a. Founded Hanna-Barbera studios
   b. One of the first animators to bring live characters to television (Flintstones, Yogi Bear, The Jetsons, Scooby Doo and The Smurfs)
   c. Helped drive the popularity of Saturday morning cartoons as we see today
   d. Many of their characters have become cultural icons by crossing the boundaries into film, books, toys and many additional forms of media

12. Theodor Seuss Geisel (“Dr. Seuss”) 87
   a. Generally regarded as the greatest author of children’s books of all time
   b. His 46 children’s books, which he both illustrated and wrote, have sold more than 220 million copies and have been translated into twenty languages as well as Braille
   c. His books have seen adaptations in animation film format, Broadway musicals and success in Hollywood (*The Grinch* and *The Cat in the Hat*) 88

13. Hiroshi Yamauchi 89
   a. Took over a small company founded by his great-grandfather in 1949 called Nintendo
   b. He transformed Nintendo from a small card making company in Japan to the multi-billion dollar video game company it is today
   c. Leaders in the home video game industry throughout the 80s and early 90s, selling its Nintendo Entertainment System, Super Nintendo and Nintendo 64, Wii and games like Super Mario Brothers and Tecmo Bowl to millions of customers worldwide
   d. Nintendo’s incredible success in the video game industry led to other entries into market such as Sony (Playstation systems) and Microsoft (X-box systems). Nintendo’s primary console, the Wii, is still the top selling console in overall unit sales to this day.

   a. Steve Allen created *The Tonight Show*, the first of its kind to interview guests and introduce musical and comedy acts
   b. Ed Sullivan hosted an immensely successful television show from 1948 to 1971 that featured everything from dancing dogs and jugglers to the Beatles
   c. Johnny Carson took *The Tonight Show* to a new level of popularity, essentially putting the concept of late night television on the map

15. Mort Sahl 91
   a. Revolutionized the format of stand up comedy by becoming the first comedian to break away from covering the traditional light and un-offensive material and drawing on his own personal experiences as an opportunity to relate to the audience
   b. He was the first comedian to openly adopt political material
   c. The first comedian to record a comedy album
   d. First stand-up comedian to appear on the cover of *Time* magazine
   e. His style eventually paved the way for a future generation of comedians such as Lenny Bruce, Woody Allen, George Carlin, Dennis Leary, Chris Rock, Dane Cook, Louis CK and many others

16. Jim Henson 92
   a. Created the *Muppets* and Kermit the Frog
   b. Had arguably the most profound influence on children of any entertainer of his time
   c. Created the characters for *Sesame Street* (Bert and Ernie, Big Bird, Grover and the crew)
   d. His characters have entertained hundreds of millions of children worldwide
Lesson 1.4

Industry Pioneers

17. Steven Spielberg
   a. One of the world’s most proficient film producers
      i. Produced many of today’s highest grossing films (Jurassic Park, E.T., Jaws, Men in Black, Shrek, Indiana Jones and Schindler’s List)
      ii. Successfully integrated a commercial tie-in with a major motion picture with the use of Reeses Pieces in the blockbuster film E.T., The Extra Terrestrial

18. Steve Jobs
   a. Co-founded Apple Computers in 1972 from his garage with Steve Wozniak
   b. Co-founded Pixar, the Academy-Award-winning animation studios in 1986
   c. Pixar’s five films have earned more than $2.0 billion at the worldwide box office to date, including Toy Story, Toy Story 2, Monsters, Inc., Finding Nemo and A Bug’s Life
   d. A leader in the online music distribution revolution by offering the first pay-per-song service to music fans worldwide with Apple’s iTunes music store, introduced in 2003
   e. Served as chairman for Apple at a salary of $1 per year until his death in 2011 93

19. Vince McMahon 94
   a. In June 1982, McMahon purchased the World Wrestling Federation from his father, who decided to retire from the wrestling business
   b. Strategically took the WWF national, eventually leading to Wrestlemania in March 1985. Celebrities such as Mohammed Ali, Liberace, and baseball’s Billy Martin turned the extravaganza into a media spectacle
   c. The crowning of the WWF as a national powerhouse came in March 1987 at Wrestlemania III. Over 78,000 fans jammed Detroit’s Pontiac Silverdome to witness the legendary Hulk Hogan defeat Andre the Giant
   d. Admitted professional wrestling was not a sport, but became the first person to refer to his product as “sports entertainment”
   e. Battled with World Wildlife Fund to keep the acronym WWF. Courts ruled the World Wildlife Fund had the name first and owned the rights to the WWF acronym. The World Wrestling Federation is now known as World Wrestling Entertainment (WWE)

20. Michael Jackson 95
   a. Known internationally as the “King of Pop”
   b. 1982 blockbuster album, Thriller, became the biggest-selling album of all time
   c. First African American artist to find stardom on MTV, breaking down innumerable boundaries both for his race and for music video as an art form
   d. Won a record eight Grammys in one night
   e. Earned the largest endorsement deal ever (at the time) when Pepsi paid him $5 million to be their spokesperson in 1983
   f. Jackson’s three-song medley during halftime in 1993 led to the extravaganza that currently defines today’s Super Bowl performances
   g. In the first three weeks after his death, over 9 million digital copies of his songs were sold online, setting a record that’s likely to stand for years. Before that, no music act had ever rung up even 1 million digital tracks in a single week. In that same period, fans also bought more than 2.3 million Jackson albums. 96

21. JK Rowling 97
   a. Author of the Harry Potter series of books
   b. In a generation where the youth demographic statistically prefers television, film and video games, all seven Harry Potter books have landed in the top 20 best-selling children’s books of all-time
   c. The final installment in the Harry Potter series became the world’s fastest-selling book when it sold nearly 15 million copies worldwide in its first day
   d. Nearly a half billion books have been sold and have translated into 67 languages and and the last four books have consecutively set records as the fastest-selling books in history
Lesson 1.4

Industry Pioneers

e. The 2011 release of *Harry Potter and the Deathly Hallows, Part 2* took just 17 days to gross $1 billion in worldwide box office sales.

22. Ted Turner
   a. Popularized cable television by creating “super stations” with a basic programming menu of sports, news and old movies
   b. In 1996, Turner sold his company to Time Warner for $9 billion
   c. He won the prestigious America’s Cup sailing race in 1977 with his yacht *Courageous*
   d. Sold the NHL Atlanta Thrashers and NBA Atlanta Hawks for $250 million.

23. Sean “Puffy” Combs (aka Diddy)
   a. Founded Bad Boy Entertainment in 1991
   b. Considered to be one of the first to bring the rap and hip hop genre “mainstream”
   c. Accomplishments include ownership of a clothing label, restaurants, a successful recording career, producer and actor.

24. Shawn Fanning and Sean Parker
   a. Co-founders of Napster, an online file-sharing portal that many consider to be the most innovative Internet program of all time
   b. Napster, at its peak, had over 80 million registered users
   c. Program opened the door to the digital music revolution, paving the way for successful commercial online music companies such as Apple’s iTunes, Rhapsody, Spotify, Pandora, Rdio and MOG

25. Evel Knievel
   a. Legendary motorcycle daredevil and entertainer
   b. Knievel’s nationally televised motorcycle jumps, including his 1974 attempt to jump Snake River Canyon at Twin Falls, Idaho, represent four of the twenty most-watched ABC’s Wide World of Sports events to date
   c. His achievements and failures, including his record 37 broken bones, earned him several entries in the Guinness Book of World Records
   d. Became one of the first athletes to enjoy success as an individual brand with merchandising efforts including a bendable action figure and a pinball machine
   e. Widely recognized as a pioneer who opened the door for a future generation of action sports athletes
Lesson 1.5

Important Milestones in Sports and Entertainment Marketing History

A. Significant dates in the history of the sports industry (as it relates to the business of sports)
1. 1869 Cincinnati Red Stockings become the first sports team in history to have each member of the team on salary
2. 1923 First known individual player endorsement deal between golfer Gene Sarazen and Wilson Sporting Goods
3. 1928 Coke teams up with the Olympics as an “official sponsor” of an athletic event
4. 1949 The first major female endorsement deal takes place with Wilson Sporting Goods agreeing to sponsor the Ladies Professional Golf Association (LPGA)
5. 1951 Eccentric owner of the Chicago White Sox, Bill Veeck, sends 3’7” Eddie Gaedel to the plate in an official game as a publicity ploy as one of the most outrageous promotions seen in professional sports
6. 1979 An all sports television network makes its debut on cable television as the world gets its first glimpse of ESPN
7. 1980 Evidence of the power of an alliance between corporations and sports is taken to a new level as Syracuse University becomes the first college to offer naming rights to a facility as they introduce the “Carrier Dome”
8. 1984 The Olympics become commercialized, and made profitable for the first time under the leadership of Peter Ueberoth
9. 2003 The lucrative possibilities of naming rights reaches new heights as the Chicago Bears become the first professional franchise to sell the naming rights of their team as Bank One becomes the “presenting” sponsor and in all media the team is mentioned as “The Chicago Bears presented by Bank One”
10. 2010 FIFA (the governing body for soccer internationally) estimates that just over 3 billion people – nearly half of the world’s population – tunes in to watch the 2010 FIFA Men’s World Cup Final held in South Africa

B. Significant dates in the history of the entertainment industry (as it relates to the business of entertainment)
1. 1550-1700 Outdoor entertainment and recreational games are introduced, such as bowling, music and dancing
2. 1919 Recording and sound on motion picture film is developed
3. 1920 The first radio stations begin airing regularly scheduled programming
4. 1931 RCA establishes the National Broadcasting Company (NBC)
5. 1951 The first color television sets are offered to consumers
6. 1955 Disneyland opens in Anaheim, California
7. 1961 The first regional theme park, Six Flags, opens in Texas
8. 1980 Turner Cable Network launches the first all news television network, CNN
9. 1981 IBM makes the first personal computers available for consumers
10. 1981 Music Television (MTV) is launched
11. 1983 The first compact disc is released
12. 1985 Nintendo introduces its home entertainment system for video games
13. 1996 German inventor Fraunhofer Gesellschaft receives a patent for MP3 technology
14. 2003 Apple introduces iTunes, the first commercial online music service
15. 2006 Nintendo launches the Wii platform, revolutionizing the video game industry with the introduction of motion sensor technology
16. 2009 Amazon introduces a digital book “e-reader” device known as the Kindle
Lesson 1.6

Where Are We Now?

A. How big is the sports industry now?
   1. The number of fans following sports and the rate at which they consume content is astounding
      a. According to the *Sports Business Journal*, 200 million Americans, or 7 of every 8 adults, consider
         themselves sports fans.
      b. American fans spend an average of 8 hours per week consuming sports content.
      c. According to statistics posted on sports news site thebiglead.com, more than 200 million sports
         fans visited sports related websites in the month of March alone (in 2012), with Yahoo! Sports
         leading the way with nearly 50 million visitors.
   2. Fantasy sports
      a. According to the Fantasy Sports Ad Network, the fantasy sports industry has an estimated total
         market impact of $4.48 billion dollars annually (about 32 million people in the United States and
         Canada play fantasy sports each year, a number that has grown 60 percent in the last four years).
      b. Fantasy sports have grown to include everything from soccer to fantasy bass fishing leagues.
   3. Major sporting events now attract so much attention that they can actually have an adverse impact on
      worker productivity
      a. Employers paid out an estimated $175 million in wages to workers for time on the job spent
         sneaking peeks at games online, checking scores or managing office pool brackets during the first
         two days of the 2012 March Madness basketball tournament. According to a report from employ-
         ment consulting firm Challenger, Gray & Christmas, the tournament sucked 90 minutes out of
         each workday for 2.5 million workers.
      i. At $122 billion, the amount of spending the NCAA’s annual basketball tournament generates
         is equal to Iceland’s GDP. Click here to see an infographic examining the amazing numbers
         behind the business of March Madness.
      b. A study conducted by the European Central Bank suggests that the soccer World Cup (played
         every four years) significantly slows down activity in the world’s stock exchanges.

B. How large has the entertainment industry become?
   1. Movies
      a. The top 5 biggest combined grossing movies in a single weekend at the box office ever were movi-
         es released within the last five (Marvel’s *The Avengers*, *Harry Potter and the Deathly Hallows: Part II*,
         *The Dark Knight*, *The Hunger Games*, *Spider-Man 3*).
      b. Actors and actresses are being paid more now than ever, particularly those with proven “star
         power” who can draw a crowd (Tom Cruise earned a reported $75 million between May 2011 and
         May 2012).
   2. Music
      a. In 2011, Apple announced that over 15 billion songs had been downloaded from its iTunes store
         i. By contrast, 2006 was the first year to see over 1 billion digital download tracks sold.
   3. Books
      a. The wild popularity of Author Suzanne Collin’s *The Hunger Games* series of books shows the cross-
         over appeal books have with other forms of entertainment, spawning a box office smash and top
         selling soundtrack
         i. In March 2012, Amazon announced that Collins had become the best-selling Kindle ebook
            author of all time.
         ii. With just a $78 million production budget, the first *Hunger Games* still produced the third-larg-
             est weekend gross opening ($152.5 million) of any movie in history (at the time of its release).
         iii. The film already ranks in the top 50 of the highest-grossing films worldwide.
Lesson 1.6

Where Are We Now?

iv. *The Hunger Games* soundtrack sold a whopping 175,000 copies in its first week, becoming the first theatrical soundtrack to debut atop the Billboard 200 chart since Michael Jackson’s *This Is It* in 2009.

v. The soundtrack also shot up the charts on iTunes, reaching the top spot on the digital music stores’ chart in just one day.

b. In 2011, author John Locke became the first self published writer to sell over one million copies of books in Amazon’s kindle digital bookstore.

4. Video games
   a. In 2011, the video game “Call of Duty: Modern Warfare 3” became not only the fastest video game to reach $1 billion in sales, but also the fastest-selling *entertainment product* of all time when it surpassed the milestone in just 16 days.
   b. Following the success of Nintendo’s wildly popular “motion sensor” technology introduced with its Wii platform, Microsoft launched a controller-free gaming system in 2010 to rave reviews. The Kinect system sold 1 million units in its first ten days in the marketplace.
   c. EA Sports announced that its popular college football video game NCAA Football 12 sold 700,000 copies during its first two weeks on store shelves, a franchise record (sales were up 17% compared with last year’s NCAA Football 11).
   d. The popular Angry Birds franchise of mobile games set a record in 2012 when “Angry Birds Space” took just 76 days to reach the 100 million downloads plateau.

5. Theatre
   a. By the summer of 2012, Broadway smash Wicked had already grossed over $2 million in ticket sales while The Book of Mormon, which has been on Broadway for over a year, was still performing to crowds of 102.63% capacity.
   b. Broadway raked in over $1.1 billion during its 2011-2012, 53-week season, making it the highest grossing season in Broadway’s history for the second year in a row.
Case Study

*Industry Pioneers: A Unit 1 SEM Case Study*

Many people know the legacy of PT Barnum, particularly the creation of the circus as we know it today. His accomplishments as an entertainment marketer are legendary.

Barnum also enjoyed some success as a politician. He served several terms as a State legislator in Connecticut and is credited with casting the deciding vote for abolishing slavery after the Civil War.

Perhaps the most interesting accomplishment of Barnum’s legacy, however, is the impact he had on the English language. It could be argued that he introduced more terms to our language than any other individual in modern history.

For example, Barnum would refer to the actions of prominent people who would sit in the best seats at the circus for the sole purpose of being noticed as “grandstanding.”

After a local politician threw his hat into a circus ring at a Barnum show to declare his candidacy, the phrase “throwing your hat in the ring” was born.

When the time came to load all the circus animals on the train for departure for the next city, Barnum would declare that it was “time to get the show on the road.”

Because his shows were always under the famous big top canopy, there would always be a performance, regardless of weather conditions. Barnum would proclaim that his shows would go on “rain or shine.”

Barnum’s proclamation that his show was “the greatest show on earth” is a catch phrase associated with the circus to this day.

Ironically, the phrase he is perhaps most often credited with coining (“a sucker is born every minute”) was never uttered by PT Barnum.

**Case Study Questions**

1.) Do you think PT Barnum’s impact as a marketing pioneer has any affect on today’s sports and entertainment industry executives? Why or why not?

2.) Do you think Barnum’s introduction of the phrases identified in this case study are an indication of his ability to effectively market his product? Why or why not?
Case Study

Industry Pioneer-Bill Veeck, Baseball’s Original Marketing Maverick: A Unit 1 SEM Case Study

Few have done for baseball and the field of sports marketing than William Louis (Bill) Veeck Jr. His father owned the Chicago Cubs in the early 1900s, and young Bill was weaned on the game. As the owner of three different teams, Veeck believed that fans should have a good time at the ballpark whether the team played well or not. Many of his innovations commonly enhance the fan experience today, including Fan Appreciation Day, electronic scoreboards, names on the backs of uniforms, fireworks nights, promotional giveaways, and expanded ballpark concessions menus.

As a driving force in the business aspect of the sports industry, Veeck’s reach consistently extended beyond the simple sports marketing promotion. As owner of the Cleveland Indians in 1947, he signed Larry Doby, the first black player in the American League, only a few months after Jackie Robinson broke the MLB color barrier with the Dodgers. The next year, Doby helped lead the Indians to the only World Series championship they’ve won since 1920. That team drew over 2,620,627 million fans, an attendance figure the franchise wouldn’t match until 1995.

His boldest, most controversial maneuvers came after he purchased the lowly St. Louis Browns in 1951. He quickly sensed the need to overcome the weakness of the team through marketing, noting that, “After a month or so in St. Louis, we were looking around desperately for a way to draw a few people into the ballpark, it being perfectly clear by that time that the ball club wasn’t going to do it unaided.”

He once sent 3’7” Eddie Gaedel to the plate as a pinch hitter. He mused, “What can I do, I asked myself, that is so spectacular that no one will be able to say he had seen it before? The answer was perfectly obvious. I would send a midget up to bat.” Not surprisingly, Gaedel, the only player whose uniform number was a fraction (he wore Number 1/8), walked. Veeck also staged “Grandstand Manager’s Day,” where fans made decisions about such strategies as bunting, putting on the hit and run, and changing pitchers by holding up signs that said “Yes” on one side and “No” on the other. The Browns won, 5-3. The fans’ winning percentage of 1.000 was considerably better than the 51-102 the team compiled the rest of the season.

Not all was fun and games, however, for Veeck. One of his zany promotions didn’t end so well and went down in sports marketing infamy. As owner of the 1979 Chicago White Sox, he permitted --though wasn’t primarily responsible for -- “Disco Demolition Night.” (Veeck’s son Mike, a legend in his own right, reportedly came up the promotion.) On July 12, between games of a twi-night doubleheader, a local disc jockey blew up disco records in center field, damaging the playing surface. Many in the capacity crowd rioted, and the second game had to be forfeited.
Veeck was as reviled by most of the “baseball establishment,” as he was beloved by his teams’ fans and players. To say that he was often at odds with his fellow owners (or, as he called them, the “forward-looking fossils who run the game”) would be an understatement. One of his most famous quotes is that, “baseball must be a great game, because the owners haven’t been able to kill it.” As if his promotional antics didn’t anger them enough, his testimony on behalf of Curt Flood angered fellow owners more. The groundbreaking suit against MLB’s reserve clause led to the establishment of free agency for baseball players, and has forever changed the face of the game – and the game’s salary levels.

His anti-establishment activities weren’t limited to baseball. Veeck was a strong civil rights advocate in an era where that wasn’t the most popular thing to be. He participated (on his wooden leg) in the Selma, Alabama protest marches, and met often with civil rights leaders.

He was inducted into the Baseball Hall of Fame in 1991. The last words on his HOF plaque sum up his approach to sports marketing: “A Champion of the Little Guy.”

Case Study Questions

1. What qualities did Veeck have that made him successful as a sports marketer?

2. How did Veeck combine “sports,” “entertainment,” and “marketing”?

3. Why would other owners and baseball executives have not supported Veeck’s unconventional approach to marketing and promotions?

4. How would you assess his contributions to 1) Major League Baseball; and 2) the field of sports and entertainment marketing?

5. Would you want someone like Bill Veeck to be the owner of your favorite professional sports team? Why or why not?

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http://espn.go.com/classic/s/Veeck_Bill.html
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Unit 1 Review

Unit 1 Overview:

Unit one provides students with an understanding of the evolution of sports and entertainment as it relates to business. Identifying industry “pioneers” and important milestones will assist students in the comprehension of how the sports and entertainment industry has become the multi-billion dollar industry it is today.

Unit 1 Key Terms Defined:

Fandom: A term used to refer to a subculture composed of fans characterized by a feeling of sympathy and camaraderie with others who share a common interest

Media: A means of communicating a message to large numbers of people

Media (broadcast) rights: Fees paid by broadcast companies to sports or entertainment properties for the opportunity to provide live coverage of the property’s games and events on television, the radio or the Internet

SEM: Acronym for Sports and Entertainment Marketing

Unit 1 Objectives:

1) Define the acronym SEM
2) Identify factors that contributed to the growth of the sports and entertainment industry
3) Discuss the impact specific individuals had on the evolution of the industry
4) Recognize specific milestones relevant to industry growth
5) Define media
Unit 1 Review

Unit 1 Discussion Questions:

The sports and entertainment industry is a multi-billion dollar field. What factors do you think led to its enormous growth?

Several factors have predominately influenced industry growth:

- Consumer (fan) willingness to spend disposable income on sports
- Introduction of radio and TV
- Corporations spending sponsorship dollars
- Endorsements and naming rights gain popularity
- Increase in numbers of those participating in sports
- Increase in numbers of those following sports
- Attendance increases at events
- Increased Media coverage
- Global nature of sports and entertainment

Increased media coverage has had a major impact on industry growth. What are some of the different ways you could follow your favorite team or celebrity?

The media has made sports and entertainment news readily available and easily accessible:

- Radio
- Television
- Newspaper
- Internet
- Magazines
- Satellite radio
- Satellite television / Pay-Per-View
- Industry Specific Journals

Can you think of any individuals that may have helped sports and entertainment grow to the size it is today?

The Unit 1 outline lists a number of important industry pioneers who have contributed to industry growth in Lesson 1.4.
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120) http://www.foxnews.com/entertainment/2012/07/02/2012-movie-box-office-records/
“I’m tired of hearing about money, money, money, money, money. I just want to play the game, drink Pepsi, wear Reebok.”

- Shaquille O’Neil
Unit two describes the basic concept of sports and entertainment marketing and highlights the idea that sport is a form of entertainment. Students will be introduced to the fundamental concept of sports and entertainment marketing: the marketing of sports versus the process of marketing through sports.

Students will also begin to familiarize themselves with general marketing principles that are integrated within the framework of sports and entertainment business. They will be introduced to marketing philosophies such as defining the primary marketing functions and understanding what industry marketers are trying to achieve. Unit two will also provide an introduction to how innovation and advances in technology have changed not the sports and entertainment marketplace.
Objectives

1) Define sports marketing and entertainment marketing
2) Explain the two primary types of sports and entertainment marketing
3) Compare and contrast sports marketing and entertainment marketing
4) Describe the seven functions of marketing
5) Understand what makes sports and entertainment products unique
6) Explain the concept of competition for entertainment dollars
7) Identify the five P’s of event marketing
8) Explain the event triangle

Lessons

Lesson 2.1 Sports & Entertainment Marketing Defined
Lesson 2.2 The Fusion of Marketing with Sports & Entertainment
Lesson 2.3 Sports ARE Entertainment
Lesson 2.4 Primary Marketing Functions
Lesson 2.5 Understanding the Sports & Entertainment Product
Lesson 2.6 Competition for the Entertainment Dollar
Lesson 2.7 Reaching Consumers
Lesson 2.8 Introduction to Event Marketing & Management

Key Terms

Cross Promotion
Customer Loyalty
Discretionary Income
Entertainment
Entertainment Marketing
Event Triangle
Intangible Product Attributes
Marketing
Perishability
Products
Sports Marketing
Tangible
Unit 2: What is SEM?

**Discussion Topics**

Consider what you do with your leisure time. How do you spend your entertainment dollars?

What entertainment options are available to you in your community?

What are some examples of sports and entertainment marketing witnessed in our everyday lives?

Sports and entertainment marketing is represented by more than Shaquille O’Neal and Brett Favre playing games or Tom Cruise playing a movie role for millions of dollars. What other activities represent the activities of sports and entertainment marketers?

Sports products can be represented in a variety of ways. What are some examples?

Entertainment products can be represented in a variety of ways. What are some examples?

Think about the various events offered in your community. How much effort is required to prepare, plan and execute that event? Is marketing involved? How?
Lesson 2.1

Sports & Entertainment Marketing Defined

A. Marketing
1. **Marketing** is the process of developing, promoting, and distributing products, or goods and services, to satisfy customers’ needs and wants.
2. The term “marketing” has grown to encompass many business activities such as selling, promotion and publicity.

B. Sports
1. Webster’s dictionary defines sports as “a source of diversion or physical activity engaged in for pleasure.”
   a. Sports can be a participation or spectator activity, and it is a form of entertainment either way.
2. When we examine sport defined in terms relating to the sports and entertainment industry, we see a slight variation in definitions. Consider the following definition: “Sport, as used in contemporary sport management and in relation to the sport business industry, denoted all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or organizing any sport business, activity, or experience focused on or related to fitness, recreation, sports, sports tourism, or leisure.”
   a. This definition incorporates a business-oriented, broader description of the term, helping us to understand the unique nature of sports and entertainment as an industry.

C. Sports Industry
1. The sports industry is the market in which the businesses and products offered to its buyers are sport related and may be goods, services, people, places or ideas.

D. Entertainment
1. Webster’s offers the following definition: “To entertain is to amuse or to offer hospitality.”
2. **Entertainment** is whatever people are willing to spend their money and spare time viewing rather than participating.

E. Leisure time
1. Leisure time is the time available to people when they are not working or assuming responsibilities, often times referred to as “free time.”
2. It is the goal of the sports and entertainment marketer to provide a product or service that can satisfy the needs and wants of those individuals who choose to be entertained during their leisure time.
Lesson 2.2

The Fusion of Marketing with Sports & Entertainment

A. After examining the definitions of sports and of marketing, how do we integrate the two to paint an accurate portrayal of the sports and entertainment marketing function?

1. In the book *Sports Marketing: A Strategic Perspective*, Matthew Shank defines sports marketing as “the specific application of marketing principles and processes to sport products and to the marketing of non-sports products through association with sport.”

2. We define **sports marketing** as the act of using sports as a platform to market products or services and increase sales or the process of marketing and selling the sports property itself.

B. There are two types of sports and entertainment marketing, 1) Marketing *through* sports and entertainment and 2) Marketing *of* sports and entertainment

1. Marketing *through* sports and entertainment

   a. Companies use sports and entertainment as a vehicle to gain exposure for their products
      i. Coca-Cola, McDonald’s, Adidas, Visa, BMW and others spending millions to sponsor the 2012 Olympic Games in London as a tool to brand their product globally on the international stage
      ii. **Gatorade** affiliating its product with athletes like Derek Jeter, Peyton & Eli Manning, Jimmie Johnson, Usain Bolt, Sidney Crosby and Landon Donovan
      iii. A CEO entertaining potential customers at a PGA Event in the hospitality area as a sales tool
      iv. HP serving as presenting sponsor of the Sundance Film Festival
      v. Apple highlighting Siri’s new sports feature (ability to find scores and schedules for users) as a key selling point for their new mobile operating system

   b. Product placement (also called product integration) to promote a specific product
      i. Acura vehicles being prominently featured in the blockbuster film, *The Avengers*
      ii. Judges on the hit TV show *American Idol* drinking Coke products during episodes

2. Marketing *of* sports and entertainment

   a. The marketing of the sports and entertainment products themselves
      i. The Potomac Nationals minor league baseball club offering a “holiday” ticket package to fans
      ii. Major League Soccer’s Sporting Kansas City franchise branding the 2012 season with the slogan “Live for It” in celebration of the team’s stadium naming rights deal with the LIVESTRONG foundation
      iii. Disney Studios spending over $100 million in marketing and promotion for the 2012 box office bust *John Carter*
      iv. A country club offering a special rate to increase its membership
      v. Puma advertising the launch of a new sneaker or shoe line
      vi. Field Turf selling and installing a synthetic grass football field at a high school

C. Sports marketing vs. Sports management

1. The field of study known as sports marketing is often confused with sports management, but how do we differentiate between the two?

   a. **Sport management** is the study and practice of all people, activities, businesses or organizations involved in producing, facilitating, promoting or organizing any sport-related business or product.

   b. Although the terms are often used interchangeably, sports management is best described as the application of management concepts and principles to the sports industry while sports and entertainment marketing refers to the marketing concepts and principles to both the sports and entertainment industries.

   c. Theoretically, sports marketing is considered a function of the broader field of study, sports management.

2. Sport management areas of study might include:

   a. Sport law
   b. Facility management
   c. Human Resources
   d. Sport governance
   e. Leadership
Lesson 2.2

The Fusion of Marketing with Sports & Entertainment

3. Sports marketing activities could include:
   a. Tostitos sponsoring the Fiesta Bowl
   b. A MLS team offering payment plan options for season ticket buyers
   c. The ACC athletic conference agreeing to a 15 year television contract in 2012 with ESPN worth an estimated $3.6 billion
   d. A corporation’s purchase of a courtside tickets in a NBA Arena
   e. A sign or banner displaying a company’s logo on the dashboards at a hockey rink
   f. Coca-Cola paying for “pour rights” at an event or facility
   g. A local restaurant sponsoring the local high school soccer team
   h. The Goodyear Blimp flying over sporting events
   i. Fans receiving free bobble head dolls at a baseball game
   j. Nike partnering with Microsoft to launch new fitness technology with Nike+ Kinect Training
   k. Foot Locker stores offering special sales or coupons to help increase sales
   l. Eli Manning hosting Saturday Night Live

D. Entertainment marketing

1. **Entertainment marketing** is the process of developing, promoting, and distributing products, or goods and services, to satisfy customer’s needs and wants through entertainment, or any diversion, amusement, or method of occupying time
   a. Entertainment marketing can be focused on both content and delivery
      i. For example, a studio makes money by producing films (content) and the theater (delivery) makes money showing the “product” (along with concessions)

2. Entertainment presents itself in many forms
   a. Examples of entertainment
      i. Seeing the Houston Symphony perform at Jones Hall in downtown Houston
      ii. Attending a LSU Tigers football game
      iii. Reading one of Suzanne Collins’ novels in *The Hunger Games* trilogy
      iv. Visiting the Seattle aquarium
      v. Going to a Zac Brown Band or Adele concert
      vi. Listening to the newest Lady GaGa song on your mp3 player
      vii. Watching the Broadway musical “Lion King”
      viii. Going to the Ringling Bros. and Barnum & Bailey circus at the American Airlines Center in Dallas
      ix. Disney’s California Adventure park’s 2012 introduction of the new ‘Cars Land’ attraction based on the popular animated hit movie franchise “Cars”

* TEACHER’S NOTE *

The key concept that should be the focus in Unit 2 is marketing through sports and entertainment and act of marketing the sports and entertainment products themselves. Students should be able to differentiate between the two and offer examples of each. Utilize the discussion topic presented in the PowerPoint presentation to reinforce this lesson. Students should also be able to distinguish between sports management and sports marketing. Refer to the “stadium project’ to help illustrate this concept. ALSO, for a unique twist on a stadium project, please see the “Google Earth Stadium Project” located in the “IDEA SHARE & BONUS MATERIAL” folder on your CD-ROM.
Lesson 2.3

Sports ARE Entertainment

A. Comparing and contrasting sports and entertainment

1. There are many similarities between sports and other forms of entertainment as each activity is one that entertains or occupies our time
   a. Watching a Broadway show
   b. Listening to music on an mp3 player
   c. Watching a movie
   d. Watching a football game
   e. Playing a game of soccer

2. According to Peter Guber (Chairman and founder of Mandalay Entertainment, Co-owner of the NBA’s Golden State Warriors and former studio chief at Columbia Pictures and chairman and CEO of Sony Pictures whose films have reportedly earned more than $3 billion in worldwide revenue and have been nominated for numerous Academy Awards): 10
   a. “I believe sports is entertainment. I know there’s athletic excellence. But when I watch a game—let’s say I’m watching Charles (Barley’s) show on (TNT)—it’s not just for the athletic excellence. Every piece of information is available in that telecast: scores, highlights, standings, analysis—0-right? I watch it because it’s entertaining. It’s about being entertained. It’s about being consumed. You’re a consumer, and you’re consumed by the entertainment, you’re engaged by the entertainment.” 11

3. There are several key differences between sports and entertainment
   a. Unscripted
      i. Consumers of sports do not know the outcome of the event in which they are participating
   b. Emotional attachment
      i. Traditionally, consumers of sports products have an emotional investment or interest in the outcome of the event (winning vs. losing, close games vs. “blow outs”)
   c. Differences in customer loyalty
      i. Customer loyalty is a customer decision to become a repeat consumer of a particular product or brand
      ii. Entertainment consumers lack the desire to be team or brand loyal, but rather want only to satisfy their own entertainment needs
      iii. If a company’s movie, book, sitcom, amusement ride, video game, magazine, CD, DVD or video does not deliver the expected level of entertainment, it is likely that the consumer will turn to a competitor’s product

4. Integration of sports with entertainment and entertainment with sports
   a. Cross promotion is the convergence of two entertainment properties working together to market products or services
      i. Madonna performing at half time of the 2012 Super Bowl and Wiz Khalifa performing with Adam Levine just before the 2012 Preakness Stakes
      ii. Major League Baseball partnering with HBO to cross promote Opening Day with the season premier of hit series, ‘Game of Thrones’
      iii. ESPN’s ESPY awards
      iv. To promote the release of their film, “The Campaign,” actors Will Ferrell and Zach Galifianakis threw out the first pitch and announced the lineups at a 2012 Cubs game
      v. In 2012, Converse engaged in a cross promotion by teaming with the Gorillaz to release a co-branded Chuck Taylor sneaker collection along with a song called “DoYaThing,” which featured Gorillaz, Andre 3000 and former LCD Soundsystem frontman James Murphy
      vi. Occasionally two sports properties may choose to engage in cross-promotion as the New Orleans Hornets and Saints did, just after the Hornets won the NBA’s 2012 Draft Lottery, when they launched a “select-a-seat” promotion exclusively for Saints season-ticket holders12
Sports ARE Entertainment

b. Cross promotion can be an effective sales and branding tool for all parties involved
   i. Variety.com reports that a significant factor in ESPN’s successful launch of its Chicago-based website on all things Windy City was cross promotion, suggesting the cable company used “plenty of cross-promotion as a way to attract listeners to the site”.
   (a) It took just six months for ESPNChicago to become the city’s top sports site, attracting about 590,000 unique visitors in the month of June alone while the city’s historic newspaper company’s (Chicago Tribune) online sports section drew just 455,000 unique visitors.

c. However, not all cross promotions are successful
   i. In 2011, 20th Century Fox engaged in several cross promotional efforts, including a tie-in with TNT and the NBA playoffs and an advertising campaign with Farmers insurance, to promote the release of the film “X-Men: First Class”, yet the film was largely underwhelming at the box office, yielding around $36 million less in its opening weekend than 3 of the other 4 installments of the film’s franchise (the third film, “X-Men”, did just as poorly)
   ii. A badly botched a Spider-Man 2 promotion in which MLB had planned to feature the Spider-Man logo on each base during the All-Star Game provides a cautionary tale to marketers considering cross promotional strategies. The league received such opposition from fans and baseball purists that the promo was eventually pulled.
Lesson 2.4

Primary Marketing Functions

A. Pricing

1. Assigning a value to products and services on the basis of supply and demand
   a. Tickets to the Super Bowl are very expensive because demand is high while tickets to see two marginal teams compete during the pre-season will be less expensive, particularly if the game is not sold out, because demand is lower
   b. When tickets to the opening ceremony for the 2012 Olympics were first released, 1.8 million people requested more than 20 million tickets but 8 million tickets were available for the Games and were only available online to UK residents. As a result, tickets were reportedly being sold for as much as $10,000.  
   c. When demand fluctuates as frequently as it does in the ticketing world, companies must implement strategies to help identify the best price points to match demand
      i. This is why many organizations are moving toward a “dynamic pricing” structure where games in higher demand cost more than the same ticket for a game with lower demand (more on dynamic pricing in unit 9)
   d. To illustrate the importance of pricing, consider when Red Box first launched, they introduced a price point of $1 in an effort to capture a piece of the lucrative movie rental business. While Redbox continues to thrive, Netflix continues to struggle after increasing its subscription rates by as much as 60 percent (as of August 2012, its stock remains more than 70 percent below its 2011 peak price).  

B. Distribution

1. Determining how best to get products and services to consumers
   a. EA Sports sells their products at Target and in Best Buy stores, because they know their target consumers shop at those stores for video games and entertainment
   b. Warner Bros. announcing plans to offer movies directly for rent or purchase through Facebook, becoming the first Hollywood studio to introduce a video-on-demand service on the world’s largest social network
   c. Hotel chains offering movie rental opportunities from the comfort of a hotel room (below are the top selling on demand theatrical movie titles in hotel guest rooms from 2011)  
      i. Bridesmaids (Universal Pictures)
      ii. The Hangover Part II (Warner Bros.)
      iii. Limitless (Relativity Media)
      iv. Fast Five (Universal Pictures)
      v. Little Fockers (Universal Pictures)
      vi. Just Go With It (Sony Pictures Entertainment)
      vii. The Lincoln Lawyer (Lionsgate)
      viii. No Strings Attached (Paramount Pictures)
      ix. Hall Pass (Warner Bros.)
      x. Life As We Know It (Warner Bros.)
         (a) A company record 37 titles generated $1 million or more in sales revenue on LodgeNet interactive TV systems in 2011
   d. Sports and entertainment companies must determine which distribution strategies will help to maximize sales, whether that is mass distribution in as many outlets as possible or exclusive partnerships with individual retailers to create exclusivity and drive demand
      i. Sales of Lady Gaga’s record setting 2011 album Born This Way received a boost because the album was available at several nontraditional retail outlets, including drug store chains Walgreens and CVS  

2. Sometimes a retailer will arrange for exclusive distribution of a particular product or brand to drive traffic to their store or website
   a. In the summer of 2011, Supermodel Heidi Klum teamed up with New Balance to create a lifestyle footwear collection targeting women on-the-go where the shoes would be sold exclusively at Amazon.com
   b. Exclusive distribution doesn’t always guarantee success however, illustrated by the disappointing sales of Sears’ 2011 “Kardashian Kollection”
Primary Marketing Functions

C. Promotion

1. Communicating information about products and services to consumers
2. Typically involves ongoing advertising and publicity and sales
   a. Prior to the start of NFL training camp, Nike announced that former college QB Tim Tebow would have his own Nike shoe through a combined EA Sports/Nike cross promotion that coincided with the rollout of the NCAA Football 2011 video game
   b. GameFly, Inc., an online video game rental subscription service, announced a national summer-long promotion with Six Flags last summer, in which the online video game rental company offered Six Flags guests extended “free” trials of their subscription service as well as providing one million gift cards available for giveaway at toll booth exits at each park 21
   i. Said David McKillips, Senior Vice President Corporate Alliances & Partnership Marketing for GameFly: “This promotion provides great exposure for GameFly via the Six Flags online and in-park digital assets, exit sampling, and also expands their reach to a broader audience.” 22

D. Financing

1. Creating a budget and revenue projections for a company’s marketing plan
   a. According to a report in the Wall Street Journal, since going public in 2005, Under Armour has quickly grown into a company generating $1 billion in annual sales, and is now projecting to double annual revenue to $2 billion by 2013
   b. In Hollywood, a decrease in sales of DVDs and significant increase in production and marketing expenses has prompted industry wide reforms that include a crackdown on budgets 23
   i. In production of the fourth installment in the Pirates of the Caribbean, super producer Jerry Bruckheimer worked with a budget at least a third less than the last “Pirates” movie and a major reduction in the number of shooting days and visual effects shots 24
2. Analyzing the cost effectiveness of existing or previous marketing efforts
   a. In 2012, the US Army chose to end it NASCAR sponsorship after the Air National Guard spent $650,000 to sponsor a 2010 NASCAR Sprint Cup race that resulted in just 439 recruitment leads, none of which ended up joining the Army 25
3. Providing customers with flexibility in purchasing company products or services
   a. Like many professional sports franchises, MLB’s Washington Nationals offer payment plans for customers purchasing ticket packages. According to the team’s website, the Nats’ “Grand Slam E-Z Payment Plan allows season ticket holders to pay a fraction of the total cost of their tickets in easy monthly payments. This is available for either Full, Half, or Partial Season Ticket Plans 26

E. Selling

1. Communicating with consumers to assess and fill their needs, as well as anticipating future needs
2. Involves the following activities, cultivating prospective buyers (or leads) in a market segment; conveying the features, advantages and benefits of a product or service to the lead; and closing the sale (or coming to agreement on pricing and services) 27
3. Many professional sports teams utilize a call center to revenue generated by ticket sales
   a. A call center is a physical location where calls are placed, or received, in high volume for the purpose of sales, marketing, customer service; typically through the use of telemarketers
   b. Call centers employ a staff to perform telemarketing activity with the goal of selling ticket packages over the telephone
   c. Example
      i. In 2012, the University of Minnesota athletics department outsourced their ticket sales operation to a third party organization (Aspire Group) to help boost ticket sales for Gopher athletic events. Aspire deployed a full-time sales staff to work in Minneapolis on the effort. Said Gophers’ Associate Athletics Director Jason LaFrenz, “We need to put more butts in seats.” 28
Lesson 2.4

Primary Marketing Functions

F. Marketing information-management
   1. Gathering and using information about customers to improve business decision making
      a. Professional sports teams began offering smaller ticket packages (half-season, quarter-season, five-game packages) after determining through customer research that full season ticket plans were often too costly and/or time consuming for many fans to purchase.
      b. As visitors pass through the turnstiles at Disneyland in California, guests are randomly selected to answer interview questions from friendly staff members equipped with hand held data recording devices. This provides Disney management with up to date information about park guests, such as where they are from, how many are in their group, and how many times they have visited the theme park in the past.

G. Product and service management
   1. Designing, developing, maintaining, improving, and acquiring products or services so they meet customer needs
      a. One of Nike’s product management efforts includes the “Nike Field Tester Program” in which selected applicants will wear Nike shoes for typically 4-8 weeks. Testers keep a daily written account of information relating to the product. Additionally, testers are required log the number of hours the shoes were worn each day, the surfaces shoes were worn on, observations regarding the shoe’s fit, performance and durability.
      b. Executives from professional sports teams are always working to improve their product, recognizing the importance of fielding a competitive team to meet the demands of consumers (fans)
      c. While brands like Nike attempt to exploit the foam sandal footwear niche created by Crocs (in 2011 they released the “Gato Beach” product line), Crocs countered by rolling out a much wider product offering of their own to include an enhanced version of their core product that features “dual-density technology”, as well as traditional flip flops and classic sneakers. While the brand’s core product is still its Dutch boy Swiss cheese foam clog, Crocs has added “Duets,” which utilize “dual-density technology,” and standard flip flops, as well as designs molded as classic sneaker styles.
      d. In 2011, Internet radio service Pandora announced plans to expand its service by including a comedy genre with the addition of over 10,000 comedy clips featuring more than 700 comedians to its audio archives.
Understanding the Sports & Entertainment Product

A. Sports products
   1. Products
      a. **Products** are tangible, physical goods as well as services and ideas.  
         i. **Tangible** products are capable of being physically touched.
      b. Sports products are the goods and services designed to provide benefits to a sports spectator, participant or sponsor.
      c. Examples of sports products
         i. Licensed merchandise - A Houston Rockets hat
         ii. Participation - Tickets to a Fort Worth Cats baseball game
         iii. Equipment and apparel - Louisville Slugger baseball bat
         iv. Promotional items - A bobblehead giveaway/promotional item
         v. Sports facilities - The Verizon Center arena in Washington, D.C.
         vi. Marketing research – A report on participation levels of soccer in the United States provided by the American Sports Data research firm
         vii. Marketing / Management services – Services provided by Octagon Consulting Group such as competitive analyses and sponsorship valuations

B. Entertainment products
   1. Several segments of the entertainment industry rise to the top as predominant money makers
   2. These segments include:
      a. Film and cinema
      b. Television
      c. Music (includes recorded music and concerts/shows)
      d. Radio
      e. Video games
      f. Theme parks
      g. Publications (newspaper, magazine, book)

C. The unique nature of sports and entertainment products
   1. Sports and entertainment products often share common characteristics of services
   2. Two primary characteristics of services
      a. Services are perishable
      b. Services are intangible
   3. Many sports and entertainment products are perishable
      a. **Perishability** is the ability or need to store or inventory a product
      b. Once a game or event has already taken place, they no longer carry a value and cannot be sold
         i. According to Mullin, Sutton & Hardy in *Sports Marketing*: “No marketer can sell a seat to yesterday’s game, yesterday’s concert or yesterday’s ski-lift ticket.”
         (a) According to data from Ticketmaster, over 50 million tickets to sporting events went unsold last year, representing roughly $900 million in lost/uncaptured revenue.
      c. Perishability can also apply to playing careers which impacts product quality
         i. Dallas Mavericks owner Mark Cuban said in a recent interview, “I wrote a blog post a few years back saying that NHL players lost more than 1 billion in wages for their missed season. It could be more than that if the NFL walks out. The players can’t ever get that money back. Their playing time is perishable.”
   4. They are also often intangible
      a. **Intangible product attributes** are the unobservable characteristics which a physical good possesses, such as style, quality, strength, or beauty.
         i. Copyrights, logos, graphics and trademarks would also be considered intangibles
Lesson 2.5

Understanding the Sports & Entertainment Product

b. Even tangible items such as a soccer ball or music CDs have less significance than the feeling or emotion that the activity itself reveals

5. Examples of sports activities that would be considered intangible
   a. The *exhilaration* we get from running our best marathon
   b. The *thrill* of winning a competition
   c. The *satisfaction* of scoring well on a challenging golf course
   d. The *pride* we feel when teams we support win
   e. The *emotional attachment* fans invest in their affiliation with a favorite team
   f. The *connection* fans feel with other fans (whether they know them or not) supporting the same players or teams

D. Importance of a quality product
   1. Even the best marketers and salespeople in the world can’t promote or sell an undesirable product. No matter how much effort an organization puts into its marketing, promotion and sales efforts, they will face challenges generating and sustaining interest in the product if they don’t offer consumers and fans a quality product.
      a. Vince McMahon, founder of WWE, infamously launched a professional football league (the XFL) in 2001 with grandiose plans of competing with the NFL. In its initial stages, thanks to a very successful marketing campaign, the league enjoyed outstanding ticket sales, sponsorship sales and television ratings. Fans, however, quickly discovered the product on the field was severely lacking, and the league was forced to close its doors after just one very lackluster season.
         i. “Those initial (TV) ratings tell you they had superior promotion,” said Stephen Greyser, a Harvard Business School professor who co-authored a Harvard Business Review study on the XFL and still highlights the XFL as a case study in his Business of Sports course in an interview with the Sports Business Journal. “They just did not put as much emphasis on building the product as they did on building the hype.”
      b. While the NBA’s Dallas Mavericks were already one of the league’s more popular teams, its popularity boomed during its 2011 playoff run, culminating with the winning of the NBA championship. From April (when the playoffs began) to June (when it won the championship), the team saw a 156% increase in “likes” on its Facebook page and gained 97% more followers on Twitter.
      c. Thanks to the VCU men’s basketball team run to the Final Four in the 2012 NCAA tournament, visits to the vcu.edu main home page increased by over 8 million hits while donations to the athletics department increased by a whopping 376%.
      d. The success of the US Women’s Soccer team at the 2011 World Cup led to a sharp increase in interest in following and supporting the product
         i. Twitter announced that at one point during the championship game, a tweet record had been broken: The game had led to 7,196 tweets per second. By contrast, the Green Bay Packers’ Super Bowl victory over Pittsburgh led to a high of 4,064 per second while news of Osama bin Laden’s death hit 5,106.
         ii. From June 26 to July 17, Women’s World Cup content across ESPN.com, ESPNsoccernet and espnW.com generated 16 million page views and 12 million visits.
         iii. The championship game was ESPN’s most-viewed and highest-rated soccer match in the broadcast company’s history with an average of 13.5 million viewers and was also the second most-watched daytime telecast in cable television history.
         iv. The challenge for the U.S. Women’s soccer team now becomes capitalizing on the success of their World Cup efforts to continue performing on the field to maintain a consistent level of interest and fan support

E. Impact of Technology
   1. Advancements in technology have led to new product innovations and forced an evolution in the way sports and entertainment marketers work to reach consumers
Lesson 2.5

Understanding the Sports & Entertainment Product

a. MP3 technology
   i. A podcast is a digital media file (could be audio or video), or a series of such files, that is distributed over the Internet using syndication feeds for playback on portable media players and personal computers.

      (a) The NHL’s league website (nhl.com) features a podcast page which includes podcasts of its NHL radio show (“This Week in the NHL”) and podcasts for individual teams in both audio and video format (the Minnesota Wild podcast show is referred to as the “pondeckast”, St. Louis Blues have a “BluesCast”, Washington Capitals have a “Caps Report” etc.)

      (b) Podcast technology opened the door for comedian Adam Corolla to reinvent and revive his career after his network show was cancelled. Since launching his self-produced podcast show, “The Carolla Podcast” is frequently been the most popular podcast on iTunes, even edging out President Obama’s weekly address and drawing over 3 million downloads in a given week.

      (c) In an effort to continue building on the success of its ’30 for 30′ series, ESPN announced in 2012 that they’d be augmenting future films with podcasts featuring popular sports personality Bill Simmons.

b. Streaming audio and video capabilities
   i. Online sports talk “radio” (ESPN Radio)
   ii. Internet radio stations (Pandora)
   iii. Websites offering short films, video clips and movie trailers (Hulu)
   iv. Sirius and XM satellite radio (who merged in 2009)
   v. Online video rentals (Netflix, Blockbuster etc.)
   vi. Streaming live video events

      (a) In 2013, many major global sporting events like Winter X Games 15, Masters Golf Tournament, British Open Golf Tournament, FIFA Women’s World Cup, Wimbledon and NCAA Tournament will be streamed through the Internet allowing fans to watch online and/or on mobile devices.

      (b) A recent report in Business Week suggested that adding live sports broadcasts “may help YouTube expand revenue by keeping viewers on its site longer to woo more advertisers. YouTube’s contract to show cricket from the Indian Premier League, which gives the Google unit a share of ad revenue from games and the league’s website, brought in 55 million visits from more than 250 countries.”

      (c) The NFL streamed the Super Bowl for the first time in 2012, offering a live broadcast of the game on NBC Sports’ website and to Verizon wireless mobile devices (over 2 million fans watched the NBCSports.com stream).

      (d) ESPN, already a leader in streaming live sports, plans to take things even further by making more content available to consumers on mobile devices through the WatchESPN app (according to ESPN Research, the NBA Finals averaged over 330,000 viewers on WatchESPN and their broadband channel, ESPN3)

      (i) The two matches between Portugal/Spain and Germany/Italy in the UEFA Euro 2012 championship semifinals (soccer) attracted 598,000 and 553,000, respectively, on ESPN3 and WatchESPN while nearly 350,000 fans watched the 2012 Rose Bowl online at ESPN3.

      (ii) According to Shazam, its Super Bowl audio tagging led to “record engagement,” with football fans tagging content millions of times during the game, the half-time show.

c. Emerging “interactive” technologies
   i. Shazam (a mobile phone app that helps users identify music) partnered with American Idol in 2012, allowing viewers to identify what songs contestants were performing, click links to buy the songs, get Twitter feeds from insiders, follow the official social media channels, and see video and photos from AmericanIdol.com. Shazam’s “audio tagging” technology was also featured during broadcasts of the 2012 Super Bowl, Grammy Awards & Olympic Games.

      (a) According to Shazam, its Super Bowl audio tagging led to “record engagement,” with football fans tagging content millions of times during the game, the half-time show.
Lesson 2.5

Understanding the Sports & Entertainment Product

ii. At FanFest during Major League Baseball’s All-Star weekend, a FanZone touch-screen station was on-site, allowing fans to create and purchase customized name and number all-star jerseys

(a) Click [here](#) to see similar technology from FanZone in Winnipeg at the MTC Center (home of the NHL’s Winnipeg Jets)

d. E-Commerce

i. E-Commerce refers to the consumer’s ability to purchase goods and services (sports and entertainment related or otherwise) online on the Internet

(a) Compact discs, DVDs and other forms of music and video
(b) Individual songs, shows and movies in digital format
(c) Subscriptions to listen to Major League Baseball games live
(d) Tickets to events
(e) Online video games and in-game purchases
   (i) Electronic Arts (EA) reportedly earns $110 million each year from microtransactions such as acquiring new players in their FIFA soccer game franchise
(f) Customized jerseys from NFLshop.com

e. Advertising

i. Signage and displays

(a) American Airlines Arena unveiled new technology capable of delivering “live and dynamic billboard advertising”, making the NBA’s Miami Heat the first U.S. sports franchise to tap into the next generation of outdoor media systems designed to drive revenue

(b) The Kansas City Royals teamed up with Cisco Systems and AT&T Inc. to launch a new video platform that offers customized advertising, capable of delivering live game video, concessions menus and customized fan content

   (i) “Technology enables us to enrich the experience for our fans, who are celebrating 40 years of Royals baseball this year,” said Kevin Uhlich, Royals senior vice president of business operations

(c) Advertising firm “Instadium.com” sells promotional materials and “touchpoints” to advertisers at venues such as Coors field in Denver. They have ads positioned in hundreds of locations around the stadium, from rotational signage around the field perimeter to ads in the restrooms, concessions areas, and concourses. Fans can’t help but be exposed to their messages.

   (a) In recent years, NHL organizations have turned to virtual advertising to generate incremental revenues from their television broadcasts. Eight NHL clubs have sold digital inventory on the glass behind the net, a prime asset with terrific on-camera visibility. On average, teams can reportedly generate $500,000+ from virtual ads on the glass, an inventory piece that costs just $2,700 per game ($113,400/year) in production costs from Sportsvision. While virtual advertising has been widely adopted in the sports marketplace for the past ten years, notably with behind-the-plate signage in baseball, it is gradually becoming utilized in hockey.

iii. Interactive “shopping” experiences

(a) A recent trend in the sports and entertainment marketing world is the implementation of strategies that utilize QR codes (a barcode that can be scanned by camera-enabled mobile devices that direct consumers to various digital content like web pages, or other phone functions like email and text messaging)

(b) The Detroit Red Wings feature specific QR codes in their game day program, allowing ticket holders to find more information, watch videos, or buy related merchandise—all without leaving their seat. To ensure that fans took full advantage of the technology, the Red Wings broadcast a how-to instructional video during timeouts on the Joe Louis Arena jumbotron.
Lesson 2.5

Understanding the Sports & Entertainment Product

(c) Last year, KEEN footwear placed QR codes on print advertisements featured in *Backpacker* magazine that delivered content to consumers ranging from exercise videos to their online store.

(d) Footwear brand And1 features a QR code on advertisements for their annual basketball Summer Pro League which takes players to a website where they can, among other things, register to play in the league.

(e) Perhaps best described as a “futuristic digital shopping experience”, Adidas launched an interactive [wall] at select retail stores providing consumers with an opportunity to spin, twist, turn and enlarge computer representations of the footwear, learn more about individual products or even order through a touchscreen. The technology also allows Adidas to watch shoppers as they interact with the wall’s features.

(i) For more details about the adidas interactive wall, click [here].

(f) Audio / Visual Enhancement

(i) High Definition broadcasts

(a) In a sentiment shared by many sports consumers, popular ESPN writer Bill Simmons discusses how HD television has revolutionized the fan (viewer’s) experience: “It’s a new world for sports fans: an intimacy that can’t be found otherwise, unless you’re paying through the nose for great seats. I thought I’d like sports less when I got older. Actually, I like them more. And it’s partly because of HD. I’m constantly saying to myself, I can’t get over how great that looks!” 57

(b) Over 1,000 FM radio stations are now broadcasting in high definition (special HD-ready receivers are required to hear the high quality signal) 58

(ii) Blu-ray video

(a) Sales of Blu-ray discs surged by 23 percent in 2011, according to The Digital Entertainment Group 59

(b) According to a report released by a London based home media research firm, Blu-ray movies will represent more than 50% of all video sales by 2014 60

(g) Video games

(i) Games now feature enhanced graphics, creating a more realistic user experience while game players now enjoy greater accessibility and interactive capabilities through the Internet.

(ii) Today’s video game enthusiasts enjoy motion sensor technology, allowing for users to simulate various activities (ranging from simple movement like running and jumping to sports activities like bowling or tennis) with (Wii and PlayStation Move) or without (Microsoft Kinect) a video game controller.

(iii) Video game technology continues to rapidly improve at a rapid pace

(a) The popular ‘Madden’ franchise will offer enhanced features like voice control and a virtual twitter feed with the release of ‘Madden NFL 2013’

(b) Video game technology developed by Electronic Arts used in its Tiger Woods Golf franchise is now being used to improve the game of real golfers.

(h) Apparel/Footwear/Sporting Goods

(i) In 2011, Columbia Sportswear introduced its line of Omni-Heat Thermal Electric apparel (including electrically heated jackets, a line of heated boots and a $400 pair of electrically heated gloves) targeting active outdoors activists such as winter sports enthusiasts and those who enjoy hunting and fishing.

(ii) Adidas made a splash in the basketball marketplace during the 2011 NBA Playoffs with the launching of “The Lightest Basketball Shoe Ever,” a sneaker Adidas execs proclaim to be two ounces lighter than the nearest competitor.
Lesson 2.5

Understanding the Sports & Entertainment Product

(a) In 2012, Nike introduced its own “Flyknit” lightweight shoe (described as “newly-designed Flywire technology to loosen and tighten with the natural motion of the feet that features a snug fit that fits like a sock”) while Under Armour also launched a lightweight “Spine RPM” running shoe (described as “a shoe designed to function much like the human spine — agile when it needs to be but rigid when it must be”)  

(i) Click [here](#) for a video discussing the technology behind Nike’s flyknit technology

(ii) Click [here](#) for a video discussing the technology behind Under Armour’s spine technology

iii. Runners in the New York Marathon have MapMyRun technology available to them, allowing friends and family to track their progress in real-time, including status updates for each participating runner automatically posted to Facebook and Twitter accounts as runners pass pre-determined mile markers 61

iv. Expanding on the success of their Nike+ technology, the shoe giant unveiled a new product (Hyper Dunks) in 2012 that features a pressure sensor, allowing athletes to measure such physical attributes as speed and jumping ability while tracking movement recording activity. The company also released the Fuel Band, a wristband device that measures measures and records a users’ everyday activity, calories burned and other useful information.

v. Under Armour is developing a shirt that will feature technology that can track your heart rate, breathing and even your G-force as you workout using specially designed sensors that pick up electrical signals from your heart (the product is tentatively scheduled for release sometime in 2013) 62

(a) To read more about Under Armour and its commitment to innovation and technology, click [here](#)

vi. Inspired by dimples on a golf ball (which reduce aerodynamic drag), Nike released its “TurboSpeed” track suit in time for the 2012 Olympic Games, claiming the technology could shave up to 0.023 seconds off 100-meter sprint times — a difference that could have elevated Walter Dix from a bronze to the silver medal at the Beijing Olympics. The uniform’s efficiency was tested during hundreds of hours in a wind tunnel over a twelve year period and they are eco-friendly, made from 82 percent recycled materials. 63

(a) Click [here](#) for a video discussing the technology behind Nike’s TurboSpeed technology

vii. Complex.com compiled a list of their rankings for the top 25 greatest sneaker innovations of all time. Click [here](#) to see the slideshow.

i. Broadcasting / Viewer Experience and accessibility to programming

   i. DirecTV offers its NFL Sunday Ticket subscribers access to the “NFL Game Mix”, an exclusive channel that displays up to eight games at once in real-time, allowing viewers to select games with a peak in the action for which to tune in to

   ii. ESPN’s “Goal Line” channel features unlimited live cut-ins and highlights from numerous top college football games during each Saturday of the college football season, plus up-to-the-minute commentary from ESPN analysts and experts 64

 iii. Today’s viewing experience offers more flexibility to consumers when providers offer broadcasts on a number of platforms, like Turner Sports’ “multi-platform coverage” of the 2011 PGA U.S. Open Championship

   (a) Said David Levy president of sales, distribution and sports for Turner Broadcasting System, Inc. “Fans will have a fully immersive viewing experience at their fingertips on TNT, PGA.com, mobile phones and tablets that will allow them to enjoy the excitement of the 93rd PGA Championship from anywhere.” 65
Lesson 2.5

Understanding the Sports & Entertainment Product

iv. With the re-emergence of 3D technology (3D has been around since silent films in the early 20th century), the viewing experience has been taken to a whole new level
   (a) CBS beamed the 2010 NCAA basketball championship game in 3D to 100 movie theaters across the U.S. In 2012, live public screenings of the Wimbledon finals were shown in 3D in Europe, North America, Africa, Latin America and Asia while BBC, a British broadcasting company, provided 3D coverage of several Olympic events to fans in London.
   (b) While 3D has created excitement among consumers, film studios have successfully cashed in on the craze by increasing revenue as they have been able to raise ticket prices up to 35% for films presented in 3D
      (i) Ticket prices in the U.S. hit an all-time high in 2011, according to the National Association of Theatre Owners, rising to an average of $7.93 per ticket from $7.89 from the previous year 66
      (ii) The 2012 summer blockbuster *The Avengers* shattered opening weekend records (grossing $200.3 million in box office sales) thanks in part to the fact that 52 percent of those who watched the film chose to purchase higher priced tickets to see the movie in 3D 67
   (c) However, despite the increase in availability of 3D ready equipment, the technology has not caught on as quickly as many industry insiders anticipated
      (i) In 2012, DirectTV dramatically cut back on the number of hours it airs 3D programs, citing lack of content as the reason while AT&T’s U-verse entirely eliminated its 3D lineup because of low customer demand 68
   (d) Like anything else, broadcasting technology will continue to evolve. Many sports executives are already investigating the possibilities of Google’s “glass” project (ability to stream video from the athlete or performer’s perspective through a pair of technologically advanced glasses) and the impact it could have on the overall viewing experience

j. Augmented reality
   i. Augmented reality (AR) is essentially the practice of taking the same graphics used on television screens or computer displays and integrating them into real-world environments
   ii. Currently, it is one of the hottest trends in the sports and entertainment marketing world as companies experiment with ways to utilize augmented reality to immerse fans in a more realistic entertainment experience and many industry insiders believe augmented reality will be a “game-changer” when it comes to connecting fans with their favorite sports and entertainment brands
   iii. An augmented reality campaign led to unprecedented buzz surrounding the popular summer music festival, Coachella, when a hologram of rapper Tupac Shakur (who died 15 years ago) performed alongside Snoop Dogg, resulting in over 10 million views on YouTube in less than two days
   iv. Just after the New York Giants won the 2012 Super Bowl, the team launched an augmented reality campaign to create a truly unique experience for their fans by encouraging them to “wear” the team’s championship ring and/or pose with the legendary Lombardi Trophy
Lesson 2.6

Competition for the Entertainment Dollar

A. Discretionary Income
   1. **Discretionary income** is money left to spend after necessary expenses are paid.
   2. There is only so much discretionary income available in today’s economy
      a. The competition for entertainment dollar increases when the economy is in a recession
         i. The results of a Fortune poll released in May of 2009 showed discretionary spending in America to be at a thirty year low.
      b. Regardless of economic conditions, the role of the sports and entertainment marketer is to find ways for consumers to spend those dollars with their organization
   3. Competition for the entertainment dollar is always on the rise with new, innovative ways to entreat constantly being introduced to the market
   4. What types of entertainment are offered in your area?
      a. Sporting events
      b. Live music and entertainment
      c. Video games
      d. Theatre
      e. Festivals and events
      f. Movie rentals
      g. Theme parks
      h. Movie theaters
      i. Excursions (hiking, rafting, etc.)

B. Consider the many entertainment options available to residents in the Denver Metro Area
   1. Sports (professional and major colleges) and activities
      a. Denver Broncos (NFL)
      b. Denver Nuggets (NBA)
      c. Colorado Avalanche (NHL)
      d. Colorado Rockies (MLB)
      e. Colorado Crush (Arena Football League)
      f. Colorado Rapids (Major League Soccer)
      g. Colorado Springs SkySox (Minor League Baseball)
      h. Colorado Mammoth (National Lacrosse League)
      i. University of Colorado Buffaloes (NCAA)
      j. Colorado State University Rams (NCAA)
      k. University of Denver Pioneers (NCAA)
      l. Air Force Falcons (NCAA)
      m. The International Golf Tournament (PGA Tour)
      n. Bandimere Speedway (National Hot Rod Association Championship Drag Racing)
      o. Grand Prix of Denver (Auto racing)
      p. Dew Action Sport Tour (Action sports)
      q. Mountain climbing/hiking/camping
   2. Entertainment
      a. Theme and entertainment parks
         i. Six Flags
         ii. Water World
         iii. Lakeside Amusement Park
      b. Movies
         i. Movie theaters
         ii. Blockbuster video; Redbox
         iii. Drive in
Lesson 2.6

Competition for the Entertainment Dollar

c. Music
   i. House of Blues
   ii. Red Rocks

d. Venues
   i. Pepsi Center
   ii. Invesco Field
   iii. Coors Field


e. Performing Arts/Theatre
   i. Boulder’s Dinner Theatre
   ii. Colorado Ballet
   iii. Colorado Children’s Chorale
   iv. Comedy Works, Inc.
   v. Denver Center for the Performing Arts

f. Festivals
   i. The Denver Mariachi Festival
   ii. Colorado Music Festival
   iii. Bravo! Vail Valley Music Festival
   iv. Cherry Creek Arts Festival
   v. Colorado Renaissance Festival

g. Museums/Art/Culture
   i. Astor House Museum
   ii. Black American West Museum & Heritage Center
   iii. Buffalo Bill’s Museum & Grave
   iv. Cherokee Ranch and Castle
   v. Children’s Museum of Denver
   vi. Colorado Sports Hall of Fame

h. Zoos/Aquariums/Gardens
   i. Downtown Aquarium
   ii. The Denver Zoo
   iii. Butterfly Pavilion and Insect Center
   iv. Denver Botanic Gardens

i. Specialty Tours/Attractions
   i. Cave of The Winds
   ii. Cripple Creek & Victor Narrow Gauge Railroad
   iii. Dinosaur Ridge
   iv. United States Mint
Reaching Consumers

A. The Elusive Fan
1. A classic sports marketing book entitled “The Elusive Fan” was published to examine the volatility of the sports/entertainment marketplace and the challenges today’s sports business professionals face
   a. Excerpt from the book: “It’s an October Saturday in Chicago. On television are two MLB playoff games, two preseason NBA games, fourteen college football games, five golf tournaments, an AHL game, an international horse race, two NASCAR races, and eight soccer matches. The University of Illinois and Northern Illinois University football teams and the AHL’s Chicago Wolves have home games. Hawthorne Race Course has a full card and there’s harness racing at Balmoral Park. There are twenty-nine high school football games and the final round of the boys and girls Illinois high school state championship golf tournaments. Youth and recreational league games are also being played in every community of the Chicago area. What about the Chicago Bulls, Bears, Blackhawks and Northwestern Wildcats? The Bulls played at home last night, the Bears play at home tomorrow, the Blackhawks are away and the Wildcats had their midseason bye. Of course this does not include the hundreds of satellite television channels broadcasting soccer, rugby or cricket games all over the world; the millions of sports Web sites with fantasy games, insider information and gamecasts; and a wide variety of increasingly realistic sports video games.”
   b. The primary challenge for today’s sports/entertainment business professional is capturing consumer interest and building loyalty once that connection has been made
      i. Why is loyalty important? Most marketers follow the widely accepted “20/80 rule”: 20% of customers account for 80% of company sales
         (a) Batman fans will see The Dark Knight Rises in theaters whether or not the film receives positive reviews (many fans actually camped out for days in extreme heat hoping to get tickets to the midnight premiere)
         (b) Because NASCAR fans are among the most brand loyal in all of sports, more Fortune 500 companies invest in NASCAR marketing programs than any other major sports property
            (i) According to Steve Phelps, chief marketing officer for NASCAR: “We have the most brand loyal fans in all of sports. More than three out of five avid NASCAR fans agree that even in tough economic times, they will continue to support NASCAR sponsors over other brands.”
      ii. Because loyalty is so important, many sports and entertainment organizations implement “loyalty programs” to reward core customers
         (a) UCLA’s athletics department recently unveiled a loyalty-based point system that will help determine the order by which fans get to choose their seats in the new basketball arena before it opens its doors for 2012-13 season
         (b) Hoping to create more brand loyalty among consumers, Sports Authority (a sporting goods retailer) launched a rewards program in 2012. Named “The League”, the program provides members with benefits like cash back on purchases, member-only in-store events and a birthday reward.
   c. New and emerging sports and entertainment offerings keep the marketplace in a constant state of competition and evolution
      i. Nike recently announced that its action sports division is the fastest growing category within the Nike Brand. The Company anticipates doubling its current estimated $390 million business by 2015.
         (a) Nike’s global marketing director for action sports addressed the launch of the ad campaign targeting the action sports consumer: “We want to connect with a younger consumer and a larger community of action sports.”
      ii. Many industry analysts are beginning to ponder the growth potential of cricket in the U.S.
         (a) The American College Cricket Championship began in 2009 with just five participating colleges but has grown quickly to feature 30 colleges in 2012.
Lesson 2.7

Reaching Consumers

(b) Joe Favorito, a long time and well respected industry expert, put it this way in a 2011 blog post: "On April 2 it generated 45 percent of all page views on ESPN’s mobile platform, and over a million views in the United States alone. Its final was watched not by millions, but by billions around the world, and its professional league, which started just days after its international final, saw sellout crowds, waves of blonde haired cheerleaders and loud music. It is also the subject of one of the most talked-about documentaries of the upcoming Tribeca Film festival. No it’s not football or baseball, or NASCAR or even soccer or the X games. And it’s not Charlie Sheen. It is cricket, and while it is still not registering in mainstream America or with the media, it is becoming a bigger player on the global sports landscape than ever before. Should we care in North America? The numbers say yes we should.”

iii. ESPN’s action sports X Games franchise’s consumer products and licensing business does more than $120 million in retail sales each year.

iv. In a sport once publicly denounced by Senator and former Presidential Candidate John McCain, Mixed Martial Arts (MMA) has gained mainstream appeal.
   (a) The sport is now sanctioned in every state with an athletic commission except New York
   (b) UFC’s pay-per-view audience surpassed boxing and World Wrestling Entertainment for the first time in 2006, and has been on top ever since
   (c) UFC events are now being broadcast to a half billion homes worldwide, but Dana White, President of the UFC, recently stated that he is working on deals that would double that number in the near future.

v. Participation in the sport of lacrosse grew by more than 8 percent in 2011 according to the annual participation survey conducted by US Lacrosse, released in 2012. The US Lacrosse report found over 680,000 players competed on organized teams in 2011. By comparison, US Lacrosse first began tracking overall lacrosse participation in 2001, when just 253,931 people played on organized teams.

B. Examining the Elusive Fan
   1. Many factors impact a consumer’s decision to participate in sports and entertainment
      a. Primary influencers are money and time
      b. Other factors can include personal issues like spending time with family, camaraderie among friends and relaxation
   2. Innovation, enhancement of the overall fan (consumer) experience and careful market research become essential components of marketing plans and strategies
   3. According to the book, an elusive fan is defined by seven major characteristics:
      a. Pressurized competitive environment
         i. The sports marketplace is extremely crowded
         ii. Paintball, while not a direct competitor of the NHL, poses an indirect threat as the sport gains popularity and has the potential to attract new sports fans
      b. Higher fan expectations
         i. Fans demand a higher consumer experience than ever before with more concessions options, newer facilities and advances in broadcast technologies
      c. Paradox of commercialism
         i. A conflict between business and game exists as the business of sports grows while fans still crave the spirit of competition and integrity of the game
Lesson 2.7

Reaching Consumers

(a) In 2012, Indianapolis Motor Speedway featured signage on the racing surface for the Indy 500 for the first time in its history. Said a spokesperson familiar with the event, “That’s the tricky part of operating an iconic sports venue, such as the Indianapolis Motor Speedway, Fenway Park, Wrigley Field. That’s the balancing act. How do you maintain the integrity of the facility but at the same time be able to compete in this new world of sponsorship sales where [marketing] revenue is important to help us [keep] down ticket prices and get brands involved that will activate to help us build the overall brand of the Indianapolis 500.”

(b) Many sports marketing executives wrestle with the decision as to whether they should sell the rights to advertise on the front of their jerseys

(i) In 2011, the WNBA announced a partnership with Boost Mobile that will place ads on the uniforms of 10 of the league's 12 teams, with the Boost corporate logo appearing on uniform fronts directly below the players’ numbers.

(ii) In 2011, Major League Soccer’s Philadelphia Union announced the controversial decision to sell the jersey sponsorship rights to Bimbo (correctly pronounced Beem-bo), the world’s largest bakery, in a four year, $12 million deal.

(iii) While the debut continues, sports teams who choose NOT to sell jersey advertising are passing up the potential for extremely lucrative sponsorship deals

(i) In 2012, the NBA sponsored patches on the shoulder of team jerseys beginning with the 2013-14 season, with teams projected to generate $100 million annually in revenue from the jersey ads.

* TEACHER'S NOTE *

To see the top English Premier League top jersey sponsorship deals, have students review the lesson 2.7 student handout marked “Lesson 2.7 student handout – top jersey deals”. The file can be accessed from your CD-ROM or online.

(iii) As it becomes more and more challenging to generate a profit in professional sports, many organizations look for new and creative ways to generate advertising dollars

(a) In 2011, the Florida Panthers announced they would convert every seat in the BankAtlantic Center’s lower bowl to the color red in conjunction with the team’s “We See Red” marketing campaign and that the logo for one of their sponsor’s (Zimmerman Advertising) would appear on the front of each seat (a deal that will reportedly generate revenue in the mid-six figures each year for the team).

(b) In 2012, the NFL relaxed its long standing policy of not allowing teams to solicit advertising dollars from any gambling entity when they approved the Baltimore Ravens’ effort to open conversations with casinos about signage, radio advertising and ads in game programs.

(d) New technology

(i) Never before have consumers had so much information or access to sports and entertainment products at their fingertips with the proliferation of media channels

(ii) The fan experience is being consistently upgraded as a direct result of new technologies and advances in social media as consumers can absorb the sport experience from almost anywhere

(a) Devices like the Slingbox or mobile devices and tablets enable users to watch live sports or television programming remotely

(b) A 2012 survey conducted by the sports media group Perform suggests that 26 percent of sports fans use social media to follow leagues, teams, and players, up from just 15 percent in 2011.
Lesson 2.7

Reaching Consumers

e. Individualism
   i. Society as a whole has become less focused on group interaction and developed more specialized interests
   ii. Individualism has slowly resulted in the deterioration of the popularity of team sports
      (a) The fastest growing sports in America and internationally are individual sports
      (b) Pickleball, a sport that could be described as a tennis-badminton-pong hybrid that was invented more than fifty years ago, is the fastest growing sport in North America and has been for the last four years.
      (c) Internationally, the fastest growing sport is stand up paddle boarding (also known as SUP) with over 1.2 million participants in 2011 (an 18 percent increase over the previous year).

f. Change in family structure/behavior
   i. Today, more than half of all U.S. families are divorced, single parent or diverse groups of unrelated people
   ii. As a result, the decision making process for sports and entertainment participation becomes more complicated

g. Time pressure
   i. The time demands Americans face today offer fewer hours for the consumption of sport in any capacity, be it as a spectator or participant
   ii. It is not simply the activity itself that poses challenges for consumers
      (a) Consider the plight of a sports fan that purchased tickets to see a Colorado Avalanche. Tip-off is at 7:00 p.m. and the fan leaves work at 5:00 to meet a friend at a local restaurant for a pre-game dinner. Given traffic and parking issues, that fan may not get home until 11:30 p.m. That two or three hour game has now eaten up nearly six hours of the consumer’s day.
Lesson 2.8

Introduction to Event Marketing & Management

A. Event marketing
   1. Event marketing
      a. Event marketing refers to the actual marketing and management of an event by its organizers
      b. Event examples
         i. Tour de France
         ii. Competitive Eating Events
         iii. Cannes International Film Festival
         iv. US Air Guitar Championships
         v. America’s Cup
         vi. ESPY Awards
            (a) To encourage celebrities to attend events like the ESPYS, event marketers often provide gift bags for guests or sponsors
            (b) The 2012 gift bags given to ESPY guests included vacation packages, gym memberships, P90X2 workout DVDs, gift cards, Vita chocolate, spa gift certificates, sailing lessons, a Sodastream machine (the term “bag” is a little misleading because the gifts were delivered in a Samsonite suitcase)
      c. Event marketing has become a profitable segment of the sports/entertainment industry
         i. Media Business Report estimates that marketers will spend an estimated $38 billion on event marketing in 2012 (up from $9 billion spent in 2009)
         ii. The London Olympics are expected to generate an estimated $15.5 billion in revenue
         iii. In 2012, WrestleMania 28 broke the attendance record at Sun Life Stadium in Miami where 78,363 fans watched a battle between popular wrestlers The Rock and John Cena, generating $8.9 million in sales
         iv. The organizer’s of Montreal’s International Jazz Festival operate on a hefty $30 million budget
         v. Since opening in downtown Washington, D.C. 15 years ago, the Verizon Center arena has hosted nearly 3,000 different events and attracted over 34 million fans
      d. For sports and entertainment events, event marketing can involve a number of different marketing activities
         i. Marketing the event to athletes or entertainers/celebrities to recruit and secure their participation to elevate the attractiveness of the event as a whole
         ii. Creating a publicity strategy incorporating a plan to utilize the media to increase coverage of the event
         iii. Promoting the event to the general public to increase attendance or follow the event through the media
         iv. Marketing the event to corporations to urge sponsorship and general event support
         v. Working with government officials to provide public support
         vi. Marketing to private vendors that can provide services for the event
   2. Corporate support of events
      a. The role of corporate support in event marketing has increased dramatically in the past few decades. Without sponsorships and corporate support, many events would not only fail to generate a profit, some would cease to exist.
         i. The ADT Championship, one of the LPGA’s most prestigious events, was eventually canceled in 2009 because the event sponsor, Stanford Financial, went into receivership and the event was unable to secure a new sponsor in their place
         ii. The Olympics Games are sponsored by 11 companies who pay almost $1 billion for worldwide marketing rights to Summer and Winter Games over a four-year cycle
      b. To entice corporate support, event marketers must integrate the “5 P’s of Event Marketing” to their strategy to help sponsors achieve the results they are looking for as an event sponsor or partner
Lesson 2.8

Introduction to Event Marketing & Management

3. The 5 P’s of event marketing ¹⁰¹
   a. Participation
      i. Involves getting consumers to attend the event and interact with the company, whether visually, verbally or interactively
   b. Product/brand experience
      i. Refers to the activity of distributing samples or having the consumer try on or try out your product at the event
   c. Promotion
      i. Focuses on the generation of media exposure by creating stories within the event and further increasing corporate awareness through promotions that might include event-related coupons and sweepstakes
   d. Probe
      i. Conduct research before, during and after the event to make sure that you are effectively reaching and penetrating your target audience
   e. Prospect
      i. Implies that companies should approach event marketing as a long-term commitment
      ii. Involvement with an event can require several years to establish before a company will reap the reward on their investment

B. The event triangle ¹⁰²
   1. The event triangle is the model for studying the exchanges developed in sports marketing
      a. It places emphasis on the relationships between producers and consumers
   2. Three key components of the triangle
      a. Event
         i. A function that will draw participants, spectators and sponsors
         ii. Could be amateur or professional
         iii. Typically offers entertainment for spectators
         iv. Provides exposure for sponsors
         v. More event examples
            (a) Super Bowl
            (b) FIFA World Cup
            (c) High school state tournaments
            (d) Local charity golf tournament
            (e) Local blues or other music festivals
         vi. With so many events being offered, event organizers often find creative new venues to host events in an effort to generate public interest
            (a) Two years ago, Red Bull launched its “King of the Rock” one-on-one basketball tournament to be played on the island of Alcatraz (it is the only official sporting event held on Alcatraz and the first time basketball has been played on the hard concrete of “The Rock” since the inmates left the island more than 50 years ago) ¹⁰³
            (b) In 2011, the NCAA hosted the first-ever college basketball game on an aircraft carrier to celebrate Veterans Day (the vessel was the USS Carl Vinson, the same ship that the body of Osama bin Laden was brought to in order to be buried in the North Arabian Sea) ¹⁰⁴
Lesson 2.8

Introduction to Event Marketing & Management

b. Sponsor
   i. Opportunities for companies to utilize events as a means for communicating a message to consumers, often times to large groups of consumers
   ii. Utilize the event to market its products or services
   iii. Leverage its relationship to advance future business opportunities

c. Spectators
   i. Those attending the event as a source of entertainment
   ii. Typically must pay to attend the event

1. Exposed to promotions for the event and event sponsors

C. Event management
1. While the primary focus of event marketing is to attract all three components of the event triangle (event, sponsor, spectators), the primary function of event management is to ensure the event logistics are properly planned and executed
2. Event planning
   a. Factors sports and entertainment marketers consider when planning an event
      i. Working with vendors
      ii. Facility selection
      iii. Staffing and volunteers
      iv. Traffic and parking
      v. Transportation
      vi. Security
      vii. Concessions
      viii. Ticketing and admissions
      ix. Sponsorship
      x. Awards (including award ceremonies)
      xi. Special accommodations
      xii. Weather
      xiii. Hotels and lodging

3. For example, while some members of the Campus Rail Jam Tour were likely tasked with marketing roles in an effort to maximize attendance and attract sponsors, event management personnel would be responsible for event logistics
   a. In late May of 2011, organizers of the 2011 Campus Rail Jam Tour trucked in 30 tons of snow to build a snowboard and ski course in downtown Portland, OR. Organizers paid a reported $2,500 to have six dump trucks haul snow down from nearby Mount Hood in order to build an appropriate venue for the snow sport competition to take place
   b. The event was also successfully marketed as over 6,000 spectators showed up to watch the competition
With the ultra popular, annual X-Games event, the ESPN network was able to successfully exploit an effective platform for cross promotion. For the 2003 event, ESPN began generating buzz by circulating free X-Game-branded sampler CDs at movie theaters and concert venues and running a retail promotion with the Coalition of Independent Music Stores (CIMS). The free CD offered music from a broad sampling of genres, including artists Linkin Park, Deftones, Motley Crue, Trapt and Inspectah Deck from the Wu-Tang Clan. The CD was distributed by ESPN street teams at such summer concerts as Ozzfest, Lollapalooza and the Vans Warped tour and included bonus video footage of X-Games athletes.

In addition, the network created commercials featuring Snoop Dogg, featuring the tag line: “X Games comes to L.A. It’s off the hizzle fo’ shizzle, dizzle.” In past X-Games events, ESPN has featured live musical performances, ranging from bands comprised of competing athletes to major record label acts like Eminem and No Doubt.

X-Games IX (2003) on ESPN drew 55 million viewers and the event was later released in a DVD format that featured highlights from the L.A. games, including the inaugural X Games surfing contest and the first-ever 360-degree spin on a motocross bike. A CD soundtrack of the film was included with each DVD.

**Case Study Questions**

1.) How has ESPN cross promoted its X-Games brand with other forms of entertainment?

2.) Why do you think ESPN selected this particular medium to cross promote its X-Games events?

3.) Do you think ESPN’s decision to cross promote was effective? Why or why not?
Unit 2 Review

Unit 2 Overview:

Unit two describes the basic concept of sports and entertainment marketing and highlights the idea that sport is a form of entertainment. Students will be introduced to the fundamental concept of sports and entertainment marketing: the marketing of sports versus the process of marketing through sports.

Students will also begin to familiarize themselves with general marketing principles that are integrated within the framework of sports and entertainment business. They will be introduced to marketing philosophies such as defining the primary marketing functions and understanding what industry marketers are trying to achieve.

Unit 2 Key Terms Defined:

Cross Promotion: The convergence of two entertainment properties working together to market products or services

Customer Loyalty: Customer decision to become a repeat consumer of a particular product or brand

Discretionary Income: Money left to spend after necessary expenses are paid

Entertainment: Whatever people are willing to spend their money and spare time viewing rather than participating

Entertainment Marketing: The process of developing, promoting, and distributing products, or goods and services, to satisfy customer’s needs and wants through entertainment, or any diversion, amusement, or method of occupying time

Event Triangle: The model for studying the exchanges developed in sports marketing

Intangible Product Attributes: The unobservable characteristics which a physical good possesses, such as style, quality, strength, or beauty

Marketing: The process of developing, promoting, and distributing products, or goods and services, to satisfy customers’ needs and wants

Perishability: The ability to store or inventory a product

Product: Tangible, physical goods as well as services and ideas

Sports Marketing: The act of using sports as a platform to market products or services and increase sales or the process the of marketing and selling the sports property itself

Tangible: Products that are capable of being physically touched
Unit 2 Review

Unit 2 Objectives:

1) Define sports marketing and entertainment marketing
2) Explain the two primary types of sports and entertainment marketing
3) Compare and contrast sports marketing and entertainment marketing
4) Describe the seven functions of marketing
5) Understand what makes sports and entertainment products unique
6) Explain the concept of competition for entertainment dollars
7) Identify the five P’s of event marketing
8) Explain the event triangle
Unit 2 Review

Unit 2 Discussion Questions:

Sports products can be represented in a variety of ways. What are some examples?

*Sports products could include:*

- Licensed merchandise
- Participation
- Entertainment
- Equipment and apparel
- Promotional items
- Sports facilities
- Marketing research
- Management services

Entertainment products can be represented in a variety of ways. What are some examples?

*Entertainment products could include:*

- Film / Cinema
- Television
- Music / Concerts
- Radio
- Video Games
- Theme Parks
- Publications (newspapers, magazines, books)

Think about the various events offered in your community. How much effort is required to prepare, plan and execute that event? Is marketing involved? How so?

*There are a number of possible answers to this question. The goal of this discussion topic is to get students to consider the variables required for successful execution of the event management process. This question provides an excellent forum for introducing various marketing strategies and concepts.*
Unit 2 Review

Unit 2 Discussion Questions:

What are some examples of sports and entertainment marketing witnessed in our everyday lives?

*Sports and entertainment marketing influences:*

- What we decide to do on vacation (scuba diving, hiking, fishing, sailing)
- What we wear (shoes & apparel)
- Which movie we decide to see
- Which commercials we see during our favorite weekly sitcom or television show

Sports and entertainment marketing is represented by more than Shaquille O’Neal and Brett Favre playing games or Tom Cruise playing a movie role for millions of dollars. What other activities represent the activities of sports and entertainment marketers?

*Sports marketing activities could involve:*

- Gatorade using athletes to endorse products
- Spalding manufacturing equipment used by athletes of any skill level world-wide
- The Chicago Cubs staff responsible for servicing their ticket holders
- Individual arenas and facilities where events take place
- The NBA levying fines to players involved in fights
- The Dan Patrick Show on ESPN Radio and their online broadcasts
- All consumers who purchase game tickets, equipment, shoes, t-shirts or watch and listen to the games on television, radio and the internet

What entertainment options are available to you in your community?

*The goal of sports and entertainment marketing is to capture consumer interest in a manner persuasive enough for them to spend their entertainment dollars with your organization.*

- Sporting Events
- Music & Movies
- Video Games
- Theatre
- Festivals & Events
- Movie Rentals
- Theme Parks
Unit 2 References & Resources

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“It’s alright to be Goliath, but always act like David.”

- Phil Knight, Nike Founder

Now Playing...

SEM Business Principles
Unit three provides an introduction to the basic principles that create the foundation for the business of sports and entertainment. Students will explore the many segments that make up the industry and gain an understanding of how sports and entertainment organizations generate revenues in an effort to achieve profitability.
Unit 3: SEM Business Principles

Objectives

1) Define and provide examples of sports and entertainment industry segments
2) Explain the concept of revenue streams and why they are important to an organization
3) Understand the general financial structure of a sports franchise
4) Recognize how entertainment companies generate revenue
5) Define ancillary products
6) Define and understand the importance of product placement
7) Describe industry trends
8) Provide an example of how an organization may track shifts in industry trends
9) Understand the concept of economic impact

Lessons

Lesson 3.1 Industry Segments
Lesson 3.2 The Financial Structure of Sports Business
Lesson 3.3 The Financial Structure of Entertainment Business
Lesson 3.4 Tracking Industry Trends
Lesson 3.5 Economic Impact

Key Terms

Ancillary Products Economic Impact Industry Segment
Product Placement Revenue Stream Royalties

Discussion Topics

What are industry segments? What are some examples of sports and entertainment industry segments?

How do you think sports teams generate revenue? Do you think most professional sports teams are profitable?
Lesson 3.1

Industry Segments

A. There are many segments of the sports and entertainment business industry
   1. **Industry segments** refer to a grouping of similar types of products or services offered to consumers by businesses within the same industry

B. Sports business segments
   1. Sports tourism
   2. Sporting goods
   3. Sports apparel
   4. Amateur and Olympic sports
   5. High school athletics
   6. Collegiate athletics
   7. Professional sports
   8. Motor sports
   9. Recreation
   10. Outdoor sports
   11. Health clubs and fitness facilities
   12. Sports marketing firms
   13. Event management
   14. Sports-governing organizations
   15. Venue and facility management
   16. Extreme or “action” sports

C. Entertainment business segments
   1. Filmed entertainment
   2. Television networks (broadcast and cable)
   3. Television distribution (station, cable and satellite)
   4. Recorded music
   5. Video games
   6. Radio services
   7. Internet
   8. Publishing sector (newspapers, books, magazines)
   9. Digital media services
   10. Broadcasting-satellite services
   11. Theatre
   12. Casinos and gaming
   13. Fine arts
   14. Theme parks and amusement parks
Lesson 3.2

The Financial Structure of Sports Business

A. Team Sports

1. Professional team sports are finding it increasingly difficult to achieve financial success and turn a profit
   a. In 2011, the NBA laid off over 100 employees (representing an 11% reduction in staff) as a cost-cutting
      measure after reporting the league reportedly lost $300 million during the 2010-11 season (22 of the 30 fran-
      chises reportedly lost money) and hundreds of millions in previous seasons
   i. Because so many NBA teams are reportedly losing money, the owners chose to lockout the players in
      an effort to create a new financial plan that would create a healthier economic situation for each NBA
      franchise
   ii. According to an article published in the USA Today, in its negotiations with the players’ union, the NBA
      wanted to cut $750 million in player payroll as a first step in re-establishing profitability throughout the
      league (the league argued that, because NBA players are the highest-paid pro athletes with an average
      salary of $5 million, it is nearly impossible for teams to make money)
   b. Though soccer’s popularity is growing in the U.S., Major League Soccer players’ average salary is just
      $148,000. Average player salaries for basketball, baseball, and hockey are about $5.3 million, $3 million,
      and $2 million, respectively. Yet, reports indicate just half the MLS clubs are currently profitable.
   c. Despite selling out every home game and winning a NBA championship (including 13 home sellout playoff
      games), Miami Heat owner Mickey Arison told CNBC that the franchise lost money in 2012
   d. In 2010, Major League Baseball’s Texas Rangers became the first team in MLB history to file for bankrup-
      tcy and appear in the World Series in the same season
   e. Financial challenges are not limited to major league franchises. According to a report from the local ABC
      affiliate in Fresno, CA, the city’s minor league baseball team (Fresno Grizzlies) lost over one million dollars
      last season.
   f. A large gap exists in revenues between NHL franchises, something the league hoped to address in negotia-
      tions with the NHL Players Association in 2012 in an effort to help more teams achieve profitability (for an
      in-depth look at the NHL’s revenue model, click here)

2. Revenue Streams

   a. Revenue streams are the means for an organization’s cash inflow, typically as a result of the sale of com-
      pany products or services
   b. As a result of increasing revenue streams, inflated media rights fees and new means for generating revenues
      in professional sports, overall franchise values have risen exponentially in the past decade, a trend that is
      expected to continue
   c. Sports teams historically relied on several specific streams to generate the majority of their revenue
      i. Ticket sales
      ii. Sponsorship
      iii. Licensing and merchandise
      iv. Concessions
      v. Parking
   d. Teams operating today have several additional, often very lucrative, revenue streams
      i. Luxury suite sales
      ii. Premium and club seating sales
         (a) Often times the lack of suites or premium seating options within a venue or facility will prompt a
             sports franchise to lobby for a new stadium (or facility expansion and renovations)
             (i) Since 1990, 125 of the 140 MLB, MLS, NBA, NFL and NHL teams have built or rebuilt arenas,
                 at a cost of $33.8 billion -- and the public has picked up 54 percent of that tab, according to
                 research by Robert Baade and Victor Matheson, economists at Holy Cross
Lesson 3.2

The Financial Structure of Sports Business

(ii) Tom Chuckas, president of the Maryland Jockey Club, said in an interview with The Associated Press: “I believe there’s an opportunity for the Preakness to generate additional income, which in turn would flow through the rest of the year and improve the condition of the Maryland Jockey Club. To do that, there has to be additional amenities at Pimlico. Churchill Downs has 65 skyboxes that they sell to corporate partners and corporate sponsors. At Pimlico, I don’t have any amenity like that.”

(iii) Key components of the Louisiana Superdome’s $85 million renovation in 2011 included construction of a new 4,500 seat “club area, remodeling of 137 existing suites (and addition of 16 new luxury suites) and the addition of 4 club “lounges” in an effort to create new revenue streams for the Saints franchise.

(iv) According to a report in the San Jose Mercury News, the San Francisco 49ers sold $138 million worth of luxury suites in the as-yet un-built Santa Clara football stadium. The stadium, approved by Santa Clara voters in June, will be finished sometime after construction begins in January 2013.

 iii. Television contracts

(a) TV contracts provide big money for franchises in the game of sports business, now accounting for a major portion of a team’s overall annual revenue

(i) In 1973, the NBA signed a contract with CBS, yielding $27 million in revenue over 3 years

(b) In 2006, the NBA inked a deal with ABC/ESPN worth $2.4 billion through 2008 (the contract was extended in 2007 to run through the 2015-16 season but terms were not disclosed)

(c) The Pac-12 conference agreed to a 12-year television contract with Fox and ESPN in 2011 worth about $3 billion, allowing the conference to quadruple its media rights fees and start its own network

(d) The contract, which will begin with the 2012-13 season, will be worth about $250 million per year, guaranteeing each of the 12 schools in the conference about $21 million each per season (in 2010 the entire conference generated just $60 million in rights fees)

(e) According to the book The Cartel: Inside the Rise and Imminent Fall of the NCAA by Taylor Branch: “In 2010, despite the faltering economy, a single college athletic league, the football-crazed Southeastern Conference (SEC), became the first to crack the billion-dollar barrier in athletic receipts. The Big Ten pursued closely at $905 million. That money comes from a combination of ticket sales, concession sales, merchandise, licensing fees, and other sources—but the great bulk of it comes from television contracts.”

* TEACHER’S NOTE *

To see a breakdown of all the collegiate athletic conference media deals, consider distributing the handout marked “Lesson 3.2 student handout – collegiate athletic conference media deals” now. The file can be accessed from your CD-ROM or online.

iv. Additional media contracts and rights fees (satellite, radio, Internet)

(a) In 2007, Sirius Satellite Radio reached an agreement to broadcast NASCAR races and related events over a five-year period for $107.5 million (the deal was extended in 2012 through 2016 but terms were not disclosed)

(b) CBS paid $6 billion for the rights to broadcast the NCAA Tournament (March Madness) over an 11 year period, a deal that ends in 2013 that also included the right to stream games over the Internet (the online broadcasts generated an estimated $60 million in ad revenue with its March Madness on Demand package in 2012)
Lesson 3.2

The Financial Structure of Sports Business

(c) The Yankee’s YES Network struck an agreement with Major League Baseball to make their games available on the Internet within the New York area. The franchise now gains a significant new revenue stream, from the millions of broadband users in the market who are not sitting in front of their televisions but are in offices and other locations with a laptop or a wireless device.\(^15\)

v. Additional revenues

(a) The Green Bay Packers renovated Lambeau Field in 2003 with the goal of creating an added revenue stream by building an atrium that could host events (from corporate outings to weddings) year round. In 2011, thanks in part to the number of events hosted in the atrium, Lambeau enjoyed its busiest year ever and the franchise generated a record profit.\(^16\)

(b) The Boston Red Sox created Fenway Sports Group, a marketing firm that creates businesses that are built on the team’s community, firm and business relationships. They use their connections with media, charity, retail and entertainment firms to develop publicity campaigns for such organizations as Boston College, create online ads, manage events and much more. The company also owns equity in other properties like Red Sox Destinations and Roush Fenway Racing. They were profitable in their first year, and brought in more than $200 million.\(^17\)

3. Costs/expenses could include:
   a. Facility rental/leasing arrangements
   b. Staff and player salaries (payroll)
      i. Also includes retirement and health care benefits
      ii. In professional sports, player salaries are most often the biggest expense to a franchise
         (a) The driving issue for NBA owners as it relates to the current lockout isn’t revenues but expenses as Commissioner David Stern said the NBA is spending more than it’s taking in
         (b) Said Stern: “The owners generate $4 billion a year, more than that actually. The players get well over $2 billion in salaries and benefits. We just need something that continues our business success and revenue generation — but which lightens the player expense load on the owners.”\(^18\)
   c. Marketing
   d. Investment in the customer
   e. General operating expense
   f. Stadium/venue/facility financing
   g. Information management/research
   h. Team expenses (travel etc.)
   i. Maintenance and security

B. A sports franchise’s basic financial model

1. To gain a better understanding of the financial structure of sports business, let’s review the NFL’s \underline{Green Bay Packers’ financials}.

2. Packers’ revenue\(^19\)
   a. Packers’ total revenue in the 2011-2012 season (fiscal year ending March 31): $302 million
   b. Primary revenue streams
      i. National revenue from the NFL: $171.6 million, which includes $102.5 million in national TV revenue
      ii. Local revenue: $130.4 million
         (a) Includes ticket sales, suite sales, premium seating sales, sponsorship etc.

3. Packers’ expenses
   a. Green Bay Packers total expenses for 2011-2012: $259 million
   b. Primary expense (cost)
      i. Player payroll cost (includes team expenses): $155.4 million
Lesson 3.2

The Financial Structure of Sports Business

4. Net income and profit
   a. The overall net income was $42 million
   b. Green Bay Packers profit from operations for 2011-2012: $27.9 million, an increase of $20.1 million

C. Franchise Valuation
   1. Unlike industrial or financial business, which is generally valued on cash flow and assets, sport franchises are valued on their revenues for two reasons:
      a. For the long term, the operating expenses within each league are about the same for every team
      b. Franchise revenues most closely measure the quality of a team’s venue and track athletic performance, ultimately the two most critical elements in the evaluation of team’s overall value
   2. Professional sport team values have risen over the past decade and are expected to rise to unpredictable levels for the next few years
      a. In 2012, the Los Angeles Dodgers were sold to an ownership group that included former LA Lakers star Magic Johnson for a whopping $2 billion. The team last traded hands in 2004 when maligned owner Frank McCourt purchased the club for $430 million.
      b. In 2011, the NHL’s Atlanta Thrashers were sold to a group in Winnipeg (where the team will be relocated) for $170 million, $35 million more than Forbes’ had valued the franchise in 2010
Lesson 3.3

The Financial Structure of the Entertainment Business

A. Entertainment business revenue streams
   1. Similar to sports products in that both products can be developed into merchandise, used for promotion, and create profit through sales of ancillary products, licensing, and royalties.
   a. **Ancillary products** are products related to or created from the core product.
   2. Because there are so many different types of entertainment products, the revenue generated by marketing can be very diverse.
      a. A single blockbuster Hollywood film can generate a number of ancillary products
         i. **Videos**
         ii. **DVDs**
         iii. **Electronic games**
         iv. **Rights can be sold to cable television**
         v. **Rights can be sold to pay-per-view television**
         vi. **Film can be the basis for a video game, TV series, book, or clothing line**
         vii. **Rights can be sold for licensed merchandise (toys, games, apparel, etc)**
      b. The sale of those ancillary products makes a profit for the film creators in the form of sales, royalties and licensing fees.
         i. **Royalties** are payments made to the owner of copyrighted work for use of their material.
            a. Songwriters like Bob Dylan and Paul McCartney receive compensation when other artists “cover” (record or perform their own version) of the original song.
            b. For example, Adele’s recording of “Lovesong” featured on her smash album ‘21’ was originally recorded by The Cure (which hit #2 on the Billboard chart in 1989). Adele’s success will be shared long term with The Cure in the form of royalties.
            c. *Rolling Stone* magazine reported in that the show *Glee* pays an average of $15,000 to $30,000 per song in licensing fees, with the biggest names getting more.
            d. According to Pandora co-founder Tim Westergren, the streaming online radio service has paid out over $1 billion and in royalty fees to musicians and record labels.
      c. A typical Hollywood marketing strategy includes planning the merchandising and product tie-ins before planning the casting and film production schedule.
         i. Increasingly, studios plan the merchandising, products, DVD and electronic games and toys they will tie in with their proposed film before the actors and other technical staff are determined.
         ii. Movies seen as revenue generators, artistic statement is secondary.
         iii. If a film can be developed into a franchise (a series of films which will tie together), it will be.
            a. **Harry Potter, James Bond, Batman, Pirates of the Caribbean, Star Wars, Twilight, The Hunger Games**
               i) In 2011, Harry Potter edged out Star Wars to become the top-grossing franchise of all time. The eight Potter movies have accumulated $2.223 billion, compared to $2.218 billion for Star Wars. They’re also the only two franchises to have crossed the $2 billion mark, though James Bond and Batman would join the party when adjusted for ticket price inflation.
               iv. Film producers will often plan original merchandise tied to the film and also product placement of existing products within the film.
   3. Product placement
      a. **Product placement** is an advertising approach in which commercial products and services are used within the context of certain media where the presence of a particular brand is the result of an economic exchange.
         i. Commonly referred to as product “tie-ins” or product integration.
         ii. When the featured product does not pay for the exposure, it is referred to as a *product plug*.
         iii. Product placement can be present in a number of media outlets.
            a. Theatre, film, television, music, video games and books.
Lesson 3.3

The Financial Structure of the Entertainment Business

iv. Not all product appearances are paid
   (a) Of the 40 top box-office films in the US Box Office in 2011, nearly 43 percent featured Apple product placements, including iPads, MacBooks, and iMacs despite the fact that Apple allegedly never pays for product placement. 27
   (b) World Wrestling Entertainment (WWE) World Heavyweight Champion, Phillip Jack Brooks (a.k.a. CM Punk) has a Pepsi logo tattooed on his left shoulder despite reportedly not being a paid endorser of Pepsi products
   (c) Hit AMC series *Mad Men* featured Jaguar automobiles in a 2012 episode with the cast suggesting the cars were beautiful but unreliable (it should also be noted that Lincoln and Chrysler both spend a lot of money advertising around the show) 28

b. Product placement is one of the fastest growing advertising mediums in the entertainment industry
   i. PQ Media predicts product placement will double its 2009 figures to more than double by 2014, when it is projected to be a $6.1 billion market 29
   ii. In-game product placements generated $77.7 million globally in 2006 and are expected to top $1 billion in worldwide in-game advertising spending by 2014 partnered with Chevrolet as the first ad partner attached to its Kinect Xbox 360 gaming interface when Chevy’s Volt electric car will appear as a product placement in “Kinect Joy Ride,” one of the first games designed for the popular console 30
   iii. In-video (music videos) product placement revenues totaled $15-$20 million in 2009 and is expected to see significant continued growth again in 2012 with unlimited potential in the future 31
   iv. In 2012, it was revealed that the 23rd James Bond film (*Skyfall*) managed to secure $45 million in product placements, or roughly a third of the film’s overall budget while more than doubling the previous record of $20 million in the Tom Cruise thriller, “Minority Report” 32
      (a) Daniel Craig, the star of the film, defends the idea of product placement in an interview with the Huffington Post: “We have relationships with a number of companies so that we can make this movie. The simple fact is that, without them, we couldn’t do it. It’s unfortunate but that’s how it is. This movie costs a lot of money to make, it costs as nearly as much again if not more to promote, so we go where we can.” 32
   v. The concept has become so prominent that one filmmaker (Morgan Spurlock from *Super Size Me*) chose to create an entire film based on the idea of product placement in which the documentary (called *The Greatest Movie Ever Sold*) follows his efforts to fund the entire movie through corporate product placement deals

   c. Product placement and brand integration is presenting itself in new, more aggressive forms
      i. According to Adam Kluger, CEO and founder of the Kluger Agency: “Brands are tripling their revenue (just) because of a mention in a Jay-Z song, so we go after the companies and partner them with the demographic. If you hear an artist talking about his new Fila sneakers, you’re going to think about it when you go shopping.” 33
      ii. During the NBA’s All-Star weekend, one brand made unmistakable cameo. Rather than competing in a traditional game of “horse”, three top NBA players engaged in a shooting competition, spelling out G-E-I-C-O rather than H-O-R-S-E.
      iii. In celebration of the 25th anniversary of the Discovery Channel’s wildly successful “Shark Week” program, Volkswagen created a *Volkswagen Beetle Shark Observation Cage* to replace the standard shark cage used in prior airings of the show 34
      iv. More and more record labels are looking for ways to recoup lost revenue through declining CD sales and product placement provides a new avenue for generating revenue (and padding the pocket books of the entertainers themselves)
Lesson 3.3

The Financial Structure of the Entertainment Business

(a) According to a report published in *Rolling Stone*, Britney Spears made a half million dollars from the product placement in her music video for “Hold It Against Me,” which featured products such as a Sony television, Make Up Forever eye shadow and dating website Plenty of Fish.

(b) The 9.5 minute music video for Lady Gaga’s hit song “telephone” featured product placement for 10 different brands, including Virgin Mobile, Miracle Whip, Diet Coke, HP and Wonderbread (among others) and has been viewed nearly 110 million times on YouTube.

(i) Not all artists are advocates of product placement as pop star M.I.A. had this to say about Gaga’s “telephone” video: “Lady Gaga plugs 15 things in her new video. Dude, she even plugs a burger! That’s probably how [record labels] are making money right now—buying up the burger joint, putting the burger in a music video and making loads of burger money.”

(v) Even authors and publishing companies engage in product placement. For example, auto brands make heavy appearances in the *Twilight* books (Volvo is mentioned 16 times in the original book and six times in *Eclipse*).

(vi) Gordon Hodge, who follows the comic books business for Thomas Weisel Partners, told the Wall Street Journal in 2011 that the product placement in comic books “market is worth about $400 million to $450 million, with Marvel controlling about 37% and DC capturing around 33%.”

(a) Marvel Entertainment has placed the Nike swoosh onto a character’s T-shirt and on a car door in several of its popular comic books (including “New X-Men”)

(b) DC Comics, home to characters such as Batman and Aquaman, is launched “Rush City,” boasting visible promotional support from General Motors Corp.’s Pontiac. As part of the series, a new hero known as “The Rush” will be prominently featured driving a Pontiac Solstice in the comic book. “The car will be as essential to the character as the Aston Martin was to James Bond,” says David McKillips, vice president of advertising and custom publishing for DC Comics.

(d) Is product placement effective?

(i) The decision to feature Reese’s Pieces in ET catapulted the product-placement craft into the Hollywood mainstream. Sales of the candy subsequently increased 80%. 

(ii) Etch A Sketch, Mr. Potato Head and Slinky were toys in the blockbuster Disney movie *Toy Story*. Subsequently, Etch A Sketch sales increased 4,500 percent; Mr. Potato Head sales increased 800 percent; Slinky, out of business for 10 years, made a furious comeback after getting over 20,000 orders.

(iii) A Billabong brand jacket featured in the second *Twilight* film ignited a buying frenzy. The brand quickly sold out of the jacket and it could later be found on eBay going for many times its retail price.

(iv) Thanks to a product placement ad in the popular social network game “Farmville”, Microsoft gained over 400,000 Facebook fans on their Bing fan page in just one day.

(e) Reverse product placement

(i) Reverse product placement occurs when real life products are developed that match products featured in a fictional context

(a) In 2012, Staples (an office supply chain store) began selling “Dunder Mifflin” branded copy paper products after entering a licensing agreement with NBC for the rights to use the name and images from the popular sitcom

(ii) In 2011, brandchannel.com named Willy Wonka the “greatest example of reverse product placement of all time” in commemoration of the film’s 40th anniversary (today, under the Nestlé umbrella, the Wonka candy company still produces a range of candy, from SweeTarts to Nerds, Gobstoppers to Laffy Taffy and still makes extensive use of the “golden ticket” for marketing opportunities).
Lesson 3.3

The Financial Structure of the Entertainment Business

iii. For the *Twilight* films, reverse product placement occurs with the Infinite Jewelry Co.’s “Bella Engagement Ring.” After Edward proposed to Bella in the last film, Infinite created a line of replica engagement rings in different price ranges, from $35 to $1,999. President Shelli Ashton said Infinite worked directly with Twilight author Stephanie Meyer to create both the ring and “Bella’ Bracelet.” The result? According to Ashton, the company sold “tens of thousands of bracelets and rings all over the world including Russia, Japan, Brazil, Germany and Australia.” 

iv. In 2011, a deal was announced between Frito-Lay and Wal-Mart in which 1.5 million packages of “Cheesy Poofs”, the snack made famous in Comedy Central’s cartoon show *South Park*, would be available exclusively at Wal-Mart stores to celebrate the show’s 15th season.
Lesson 3.4

Tracking Industry Trends

A. Trends are constantly shifting within the sports and entertainment industry, making it critical for marketers to effectively track them

1. Shifts in industry trends
   a. Customer buying patterns
   b. Consumer preferences / distastes
   c. Effective marketing techniques (product placement for example)
   d. Product and/or service modifications
   e. New technology
   f. Efficient communication tools

2. How do sports and entertainment marketers adjust accordingly?
   a. Before any adjustment can be made, marketers must first be aware of changes or shifts in trends
   b. How do sports and entertainment marketers effectively track industry trends?
      i. Monitor sports and entertainment news online
      ii. Read trade or business magazines, journals or newsletters
      iii. Consider the marketing efforts involved when attending competitor events
      iv. Attend sports/entertainment business conventions, exhibitions and events
      v. Obtain research from sports/entertainment marketing firms
      vi. Read local or national news publication
      vii. Observe activity of competitors
      viii. Communicate with others within the industry
   c. Marketers evaluate trends that fit their respective marketing plans and implement changes accordingly
      i. In the sports and entertainment industry, the trend toward consuming video content online has industry executives developing strategies to capture fan interest
         a) In 2012, the Atlantic Coast Conference (ACC) launched a branded YouTube channel, marking the first and only official partnership between YouTube and a major collegiate sports conference. 
         b) Streaming video content online continues to be one of the hottest trends in the entertainment industry with consumers watching more than 1 billion hours worth of instant-streaming videos on Netflix in the month of June alone (2012).
         c) As more and more consumers shift focus to tablets and mobile devices, marketers will respond accordingly
            i) Young males spend more time consuming media on XBOX than playing video games, according to Sean Bratches, ESPN Executive Vice President of Sales & Marketing.
            ii) As a result, ESPN says it expects distribution for Watch ESPN, currently available in about 40 million homes, to double in 2012.
      ii. Top sports industry trends to watch for 2012 and 2013
         a) Gamification
            i) Gamification refers to the concept of applying the thought process behind designing games to non-gaming applications in an effort to make them more compelling to consumers. Marketers believe that if you’re able to successfully tap into the natural human instinct of competition, it will result in high levels of engagement with whatever it is they are promoting.
            ii) For example, the Los Angeles Kings implemented gaming mechanics into their website and social networks. Kings reward fans for the loyalty and interaction with the Kings brand online. Users accumulate points for watching highlight videos, posting to the Kings’ site, and sharing team news on social networks. In return, they earn badges and trophies which unlike reward like merch behind scenes videos and private arena tours.
Lesson 3.4

Tracking Industry Trends

(b) Social TV
   (i) Marketing executives at the Coca-Cola, estimating that 60% of the Super Bowl’s 111 million viewers would be using a second screen during the game, launched a social TV campaign featuring their popular popular polar bears hosting their own Super Bowl party, reacting to the game, ads, consumer tweets and Facebook messages in real time. The campaign was a resounding success, with 9 million fans joining the “Polar Bowl” at some point during the game.  

(c) Augmented reality

(d) Social broadcasting
   (i) UFC has been a trend setter in the social broadcasting space, offering free fights to their Facebook fans (UFC was the first major sports property to stream an event live and exclusively on Facebook) and streaming fights via YouTube and Xbox Live

(e) Targeting the female demographic
   (i) Women comprise about 1/3 of ESPN’s adult audience for sports programming, nearly 1/2 of the Super Bowl’s viewership and purchase 46% of NFL merchandise
   (ii) Under Armour slightly shifted its course by focusing more on women athletes in their campaign they have acknowledged women who don’t look at themselves as a female athlete but as an athlete…communication has relied heavily on various digital initiatives including a luncheon of a facebook page exclusively for women.

(f) Twitter
   (i) In 2012, the Philadelphia Wings of the National Lacrosse League became the first pro sports team in history to use their player’s Twitter handles on the back of their jerseys
   (ii) Later in 2012, the NBA began selling official t-shirts that featured the Twitter handles of several star players above their jersey numbers, replacing their last names

(g) Hi-tech stadiums
   (i) The New England Patriots installed a proprietary wireless network for Gillette Stadium’s club seating areas providing fans access to exclusive video on mobile devices including exclusive camera angles, a continuous replay loops, game highlights and real time stats

(h) Superfans/Fan Immersion
   (i) Major League Baseball unveiled its Fan Cave located in New York City to be home of an MLB dream job contest winter. MLB basically paid the lucky applicant to watch virtually every game on 15 Sony TVs and tweet/blog about the experience. The Fan Cave also hosted players from the league, parties and other events through the season.

(i) Web apps
   (i) Sports Illustrated features a “Snapshot” app in the Google Chrome browser that delivers exclusive photos of global sporting events and allows users to customize the app to create a “channel” for their favorite team/sport while allowing fans to share favorite images through Facebook and Twitter

(j) Flashy Uniforms
   (i) Nike has grabbed attention in years past by outfitting the University of Oregon Ducks football team with a variety of flashy uniforms. Within the last year, both Under Armour (Maryland football) and Adidas (Baylor, Louisville & Cincinnati basketball/March Madness and for the McDonald’s High School All-American game) generated a lot of publicity for the brands and for the schools with flashy uniforms.
Lesson 3.4

Tracking Industry Trends

(k) Connecting with Social Celebrities

(i) During their Stanley Cup run in 2012, the Los Angeles Kings connected with actor Rainn Wilson via Twitter which led to Wilson attending his first NHL game where he tweeted live commentary from the game, providing the team with free exposure through a celebrity connection.

(ii) Rainn Wilson wasn’t the only celebrity with NHL ties during the NHL playoffs. The NHL turned its Twitter account (@NHL) over to actress Alyssa Milano in 2012, where she tweeted from her smartphone during a game.

(iii) During a 2012 NBA Playoff game, the league turned its @NBATV Twitter feed over to Knicks’ star Amar’e Stoudemire, encouraging fans to interact with the player during the game by using the hashtag #AMARETAKEOVER

* TEACHER’S NOTE *

After reviewing Lesson 3.4 in class, consider reviewing the handout labeled “Lesson 3.4 - Student Handout - Trends for 2012-13” (located in the folder marked “Lesson 3.4” in the unit three folder on your CD-ROM) in class. The file features Tomas Jancia’s (an industry executive who monitors trends) presentation predicting this year’s top trends. Ask students if they are familiar with the concepts presented and if they agree with the predictions.
Lesson 3.5

Economic Impact

A. Impact of sports and entertainment on economy
   1. Economic impact
      a. Sports, entertainment and events inevitably make an impact on the host city’s economy
      b. Economic impact can be defined as the net change in an economy resulting from sport or entertainment event related activity
         i. This change is caused by either the activities involved in the development of new facilities and/or the revenue generated from visitor and public spending, employment opportunities and taxes
         ii. Direct effects are the purchases needed to meet the increased demand of visitors for goods and services
            a. Darren Rovell, a well-respected sports business reporter sent the following tweet while attending the 2012 Masters golf tournament “My hotel room in Augusta normally costs $73.32. Tonight, during Masters week, $401.02!”
            b. Indirect effects are the ripple effect of additional rounds of re-circulating the initial spectators’ dollars
      c. Examples
         i. According to a report from UK Music, a London-based group that includes songwriters, managers and record companies, tourists visiting U.K. music festivals and concerts contribute at least $1.4 billion a year to the local economy
         ii. A Florida Golf Economy Report commissioned in 2012 suggested the golf’s direct effect on Florida’s economy is approximately $7.5 billion and that the golf industry as a whole generates a total economic impact of $13.8 billion state-wide
         iii. In rare instances, individual superstar athletes like can provide an economic engine on their own
            a. At the height of his popularity during his playing days, Fortune magazine suggested in a story titled, “The Jordan Effect,” estimated that NBA superstar Michael Jordan was responsible for having an economic impact of at least $10 billion (an entire book, Michael Jordan and the New Global Capitalism, was later published discussing Jordan’s impact on global economy)
            b. A phenomenon often called the “Tiger Effect” is a reference to the economic impact many speculate Tiger Woods has on the entire golf industry
            c. According to a 2012 story featured on Forbes.com, “New York Knick point guard Jeremy Lin is a one-man economic recovery that even Ben Bernanke couldn’t dream up in his Federal Reserve meetings. Lin-sanity has taken the country by storm and as a result created a spending frenzy that’s benefiting a broad range of companies, tax rolls and even the stock market. Lin’s salary this season is a modest (by NBA standards) $800,000, but by some calculations, he’s turned into the $170 million man.”
               i. In the first four days following Lin’s departure from the Knicks (he signed a free agent deal with the Houston Rockets), Madison Square Garden shares on the stock market fell a collective $93 million in value
               ii. When they announced signing of free agent LeBron James, the Miami Herald referred to the Heat’s newest star as a “walking, talking, free-throw-shooting stimulus plan” while a Reuters news report suggested the Heat franchise was being valued at $600 million (just two years earlier Forbes valued the franchise at just over $360 million)
               iii. Meanwhile, with LeBron on the roster, Forbes estimated the value of the Cavaliers’ franchise at $476 million. Without King James, the team was worth $355 million. The 26 percent one-year drop was the highest since Forbes begin valuing NBA franchises in 1998.
            e. Hollywood film production can also provide an economic boost to local communities
               i. The crew hired to work on the set of The Avengers created jobs for 2,000 people in Cleveland (a typical movie crew is about 100 to 150 people) and employed more than 3,870 state-wide while production was estimated to have generated $25 million in spending
Lesson 3.5

Economic Impact

A study by the Washington, D.C., think tank Center on Budget and Policy Priorities reported that more than 40 states now offer some sort of financial incentive for film companies (compared to only a handful less than a decade ago) in an effort to encourage movie studios to film in their communities.

To further illustrate the impact on the economy sport can have, consider the potential implications to local businesses had the 2011 lockout not been resolved.

In Minneapolis, the Downtown Council estimated potential losses at $9 million per game to downtown businesses without Vikings games, which could have cost $72 million over the course of the NFL season.

In a story featured on msnbc.com, the situation was summarized like this: “Beyond the rich players and even wealthier team owners arguing over how to divvy up $9 billion in revenue a year, the people who would suffer most if there’s no NFL season this year are those whose jobs, businesses and even charity work depend on games. It’s the 2,500 ticket-takers, janitors and other game-day employees at the Superdome in New Orleans, and the suburban dry cleaner who washes all their uniforms. It’s the receptionists and accountants for the New York Jets, and the high school band booster club that sells burgers and beer at Carolina Panthers games. It’s the Episcopalian church that sells parking spots for Tennessee Titans games, the hotel across the street from the stadium in Houston and the ticket broker who opened a store facing Cowboys Stadium. And on and on it goes, across the communities of all 32 teams.”

To measure economic impact, an economic impact study is often conducted. These studies attempt to determine the financial implications an event has on a particular market or region. In addition to fiscal impact, studies will often note the increase in community visibility and enhancement of overall community image as additional benefits to hosting large events in a particular region or area.

A study may be conducted prior to a city placing a bid to host an event (or building a new facility) as a vehicle for persuading local officials or the community at-large that bringing the event to the area will be a positive thing for the local economy.

Organizers of Tokyo’s bid to host the 2020 Olympics suggest the event would generate economic activity worth $37.9 billion (including a $21.1 billion economic benefit for the Tokyo metropolitan area and $16.3 billion for the rest of the national economy) while creating more than 152,000 jobs for Japanese residents.

Forecasters at the College of Charleston’s Office of Tourism Analysis conducted a study that predicts the 2012 PGA Championship will impact Charleston, SC (and surrounding areas) economy by $193 million ($92 million will come from the direct visitor spending; $26 million comes from labor income, which is calculated from 832 jobs; and $75 million from media exposure with more than 154 hours of planned TV)

* TEACHER’S NOTE *

To further investigate the concept of economic impact and economic impact studies, consider sharing the handouts marked “Unit 3 - Student Handout - Economic Impact Study”, “Unit 3 - Student Handout - Economic Impact Study 2” and “Unit 3 - Student Handout - Economic Impact Study 3” with your class. The handouts provide excellent examples of how an organization might analyze economic impact.
Lesson 3.5

Economic Impact

d. Studies can also be conducted after the event takes place to measure the overall impact the event had on the local economy

i. Based on figures provided by the United States Golf Association and event organizers, the Conference and Visitors Bureau of Montgomery County estimated the PGA Tour’s 2011 U.S. Open gave an economic boost of $130-$150 million to Montgomery County in the form of booked hotel rooms and spectator spending at local shops and restaurants67

3. Sports Corporations

a. Sports corporations typically operate as not-for-profit organizations

b. A sports corporation’s (also referred to as “sports authority”, “sports foundation” or “sports commission”) primary objective is to attract events to the communities they represent

i. The Greater New Orleans Sports Foundation is responsible for bringing the Ironman competition in 2010, Super Bowl XLVII in 2013, the Bassmaster Classic in 2011, and the NCAA Basketball Final Four (men’s and women’s) to the city of New Orleans 68

(a) According to the organization’s website, the GNOSF has turned a $25 Million investment, from public and private sources, into a $1 Billion Economic impact 69

(b) According to Scott Ratcliff, executive director of the Mississippi Gulf Coast Sports Commission: “The Sports Commission was formed to provide information and support to the public and the private sectors on the importance of sports and to begin the process of establishing the Mississippi Gulf Coast as a major sports destination.”

c. Sports corporations can sometimes be the driving force behind economic impact studies

i. According to Naples News, the Florida Sports Foundation commissioned a study to learn exactly what the Boston Red Sox and Minnesota Twins presence meant to the local economy during their stay in the area throughout spring training. Specifically, they wanted to learn who comes from where to see games, how many games they watch while in town, whether they come solely for spring training baseball and how much they were spending. That information would then be used to help determine whether to spend $75 million to build a new spring training facility. 70

B. Impact of economy on sports and entertainment

1. Sports and entertainment are not recession proof

a. According to Brett Yormark, chief executive of the NBA’s New Jersey Nets: “We’re not just competing for people’s entertainment dollars anymore, We’re going up against milk and orange juice” 71

i. As a result of a $1 million decline in revenues thanks in large part to sponsors pulling funding as the economy tanked, the Iditarod Trail Sled Dog Race in Alaska was forced to significantly slash the prize purse provided to race winners as well as cut employee salaries and benefits. Said Stan Hooley, Executive Director for the Iditarod Race: “This event, not unlike a lot of other sporting events — and any other ventures, really — isn’t immune to what’s happening with this country’s economy.” 72

ii. The Preakness Stakes

(a) Attendance for the 2009 Preakness Stakes was just under 78,000, the 2008 Preakness was attended by more than 112,000 fans representing a 30% decrease in just one year 73

(b) The 2009 Preakness also suffered a 10% decline in corporate sponsorships while the number of corporate tents in the infield dropped from 45 in 2001 to about 30 for 2009 74

(c) As the economy began to show signs of life, attendance at the 2010 Stakes rebounded, showing a 10% increase over the previous year and the 2012 Preakness Stakes attracted a crowd of 121,300, setting a new attendance record for the event75
iii. In 2010, the Minnesota Timberwolves cited the struggling economy as the primary factor in the decision to lower ticket prices. Said Glen Taylor, owner of the NBA franchise, “The economy right now is uncertain and we’ve listened to our fans’ concerns and responded by providing reduced ticket pricing, new payment plan options and protection against job loss - all of which are important to Minnesotans right now. I don’t want these uncertain times to deter our fans from coming out to Target Center and enjoying NBA basketball.”

iv. According to a Bloomberg.com report, golf in the U.S. is growing for the first time in five years as the economy strengthens, illustrated by the steady increase in the number of rounds played on American golf courses in 2012.

v. The Wichita County Mounted Patrol in Texas gave up on the Red River Rodeo when it couldn’t raise enough sponsorship funding, ending a tradition that lasted 52 years. The rodeo typically cost organizers from $60,000 to $70,000 to host.

vi. The concert business struggled in 2010, and analysts pointed to the tough economic times as the reason for slower sales. The top 50 North American tours in 2010 combined for an overall take of $1.69 billion, down about 15 percent from $1.99 billion in 2009. However, as the economy has improved, the industry has enjoyed significant growth (a 16% increase in sales in 2011) and continues to show signs of improvement (including an 11% increase in the number of tickets sold in the first six months of 2012 to the top 100 North American tours).
Tracking Industry Trends: A Unit 3 SEM Case Study

By 2002, George Lucas, the genius behind the digitized special effects in the Star Wars movies, had not yet made the leap into computer animated full-feature films. Then came the success of “Monsters, Inc.”, which sold 11 million copies in DVD and VHS formats in the first week, “Shrek”, which earned the honor of being the best-selling DVD of all time, raking in nearly $900 million in DVD and VHS sales in two months. Those figures proved to be enough to prompt Lucas to establish LucasFilm Animation in 2003 to compete with industry moguls DreamWorks Animation and Pixar Animation Studios. Ironically, Lucas founded Pixar but sold them in 1996 to raise capital for his other projects.

Lucas was not the only studio to see the lucrative potential of computer animation in film. Sony entered the market in 2002 with the launch of Sony Pictures Animation. Sony Pictures Animation is a collaborative project with the company’s digital effects unit, Imageworks. The Sony animation team developed a digital tool called “shapers” that allows animators to re-shape character models into stronger poses and silhouettes. It also can generate subtle distortions such as “squash,” “stretch,” and “smears,” typical of traditional, hand-drawn animation.

Sony’s first two major films were Open Season, released in September 2006 and Surf’s Up, which hit U. S. theaters in June 2007. Open Season earned $84.3 million at U. S. theaters and $104.8 million abroad, plus $95 million in DVD sales. Surf’s Up earned slightly less ($58.9 million U. S., $86.5 million in foreign theaters, with a little over $50 million in DVD sales).

Other studios have noted the financial potential of computerized animation and have developed their own projects. Fox Filmed Entertainment’s company Blue Sky Studios released the highly successful “Robots,” in March 2005. The film, with a production budget of $80 million, generated over $260 million in worldwide sales. Blue Sky’s 2006 release, Ice Age – the Meltdown, the follow up to Ice Age, was one of the most successful films in this genre, with U. S. theater receipts of $195 million, $452 million in international receipts, and almost $130 million in DVD sales in its first two months. Disney’s Buena Vista Studios’ Ratatouille, a story about a rat who wants to be a chef, debuted in June 2007. The film had a $150 million budget -- and grossed over $620 million in worldwide theater receipts alone, not counting the DVD sales.

The computer animation trend does not show any signs of slowing down. Sony has scheduled Hotel Transylvania for a September 2009 release. Disney, working with Pixar Animation, has six projects scheduled between 2008 and 2012, including 3-D reissues of its blockbusters, Toy Story and Toy Story 2.

** Case Study Questions **

1.) Why do you think George Lucas and Sony entered the computer animated film market?

2.) What do you think it takes to be successful when developing a computer animated feature film?

3.) With the market becoming more competitive, what do you think the future holds for this genre?

4.) What are some of the advantages of producing films through computer animation? What are some of the disadvantages?
Unit 3 Review

Unit 3 Overview:

Unit three provides an introduction to the basic principles that create the foundation for the business of sports and entertainment. Students will explore the many segments that make up the industry and gain an understanding of how sports and entertainment organizations generate revenues in an effort to achieve profitability.

Unit 3 Key Terms Defined:

Ancillary Product: A product related to or created from the core product

Economic Impact: The net change in an economy resulting from sport or entertainment event related activity

Industry Segment: A grouping of similar types of products or services offered to consumers by businesses within the same industry

Product Placement: An advertising approach in which commercial products and services are used within the context of certain media where the presence of a particular brand is the result of an economic exchange

Revenue stream: The means for an organization’s cash inflow, typically as a result of the sale of company products or services

Royalties: Payments made to the owner of copyrighted work for use of their material

Unit 3 Objectives:

1) Define and provide examples of sports and entertainment industry segments
2) Explain the concept of revenue streams and why they are important to an organization
3) Understand the general financial structure of a sports franchise
4) Recognize how entertainment companies generate revenue
5) Define ancillary products
6) Define and understand the importance of product placement
7) Describe industry trends
8) Provide an example of how an organization may track shifts in industry trends
9) Understand the concept of economic impact
Unit 3 Review

Unit 3 Discussion Questions:

What are industry segments? What are some examples of sports and entertainment industry segments?

Industry segments can be defined as a grouping of similar types of products or services offered to consumers by businesses within the same industry.

Segments could include (see Lesson 1.1 in your unit 3 outline for more examples).

- Sports apparel
- Motor sports
- Recorded music
- Theatre
- Video games

How do you think sports teams generate revenue? Do you think most professional sports teams are profitable?

Professional team sports (particularly major league franchises) are finding it increasingly difficult to achieve financial success and turn a profit, due in large part to inflated athlete salaries.

Sports teams rely on the following revenue streams in an effort to turn a profit:

- Ticket sales
- Sponsorship
- Licensing & Merchandise
- Concessions
- Parking
- Fan clubs / Kid’s clubs / Special events
- Luxury suites
- Premium / club seating
- TV contracts
- Other media contracts (satellite, radio, internet)
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“The man who complains about the way the ball bounces is likely the one who dropped it.”

- Lou Holtz, Legendary Notre Dame Football Coach

Now Playing...
Marketing Applications
Unit four begins to integrate basic marketing principles with the sports and entertainment industry and explores the dichotomy of the term “sports and entertainment marketing” by defining the roots of the phrase.

Students will be introduced to the components comprising the marketing mix as well as basic marketing concepts. Students will investigate the importance of target markets, segmentation and positioning strategies. In addition, they will learn the importance of market research and its correlation with advertising.
Unit 4: What is SEM?

Objectives

1) Explain the marketing concept
2) Identify the components of the marketing mix
3) Define target market
4) Identify the five bases of segmentation
5) Illustrate the concept of positioning
6) Differentiate between customer and consumer
7) Explain the importance of market research
8) Identify specific forms of advertising and explain why businesses advertise
9) Understand the concept of digital marketing

Lessons

Lesson 4.1 The Basic Marketing Concept
Lesson 4.2 The Marketing Mix
Lesson 4.3 Target Markets
Lesson 4.4 Market Segmentation
Lesson 4.5 Positioning
Lesson 4.6 Understanding the Sports & Entertainment Consumer
Lesson 4.7 Market Research
Lesson 4.8 Advertising
Lesson 4.9 Digital Marketing

Key Terms

Advertising
Demographics
Exchange Process
Market Segmentation
Marketing Concept
Marketing Mix
Niche Marketing
Social Media
Target Market
Discussion Topics

Do you think sports and entertainment organizations implement the same general marketing strategies and practices as companies in other industries? Why or why not?

Which concepts are important to sports and entertainment marketers?

Why is marketing a necessary and beneficial function to businesses?

Who do you think the sports and entertainment business consumer is? Why is it important to know who the consumer is?
Lesson 4.1

Basic Marketing Concept

A. Marketing concept
   1. The **marketing concept** is the view that an organization’s ability to sell its products and services depends upon the effective identification of consumer needs and wants and a successful determination of how best to satisfy them.
   2. Why are marketing activities so important to business? ¹
      a. Financial success is a direct result of an organization’s ability to effectively market its products and services.
      b. A business achieves profitability when they offer the goods and services that customers need and want at the right price.
      c. Marketers strive to identify and understand all factors that influence consumer buying decisions.

B. Needs vs. Wants
   1. A need is something a consumer must have and cannot live without.
      a. Without food, we cannot survive.
   2. A want is something a consumer would like to have.
      b. You might want a Nintendo Wii or tickets to an upcoming game, but you can survive without them.

C. Exchange process²
   1. The exchange process is a marketing transaction in which the buyer provides something of value to the seller in return for goods and services that meet that buyer’s needs or wants.
   2. The exchange process has three requirements:
      a. There must be at least two parties involved.
      b. Some means of communication must be present between all parties, and typically a desire must be present to engage in a partnership with the other party or parties.
      c. Each party must be free to accept or decline.

D. Benefits of marketing³
   1. The marketing process serves many purposes and provides numerous benefits for the consumer.
      a. The ability to add perceived value to goods and services.
      b. Making the buying process easy and convenient for consumers.
      c. Creating and maintaining reasonable prices.
      d. Offering a variety of goods and services.
      e. Increasing production.

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¹ Financial success is a direct result of an organization’s ability to effectively market its products and services.
² A business achieves profitability when they offer the goods and services that customers need and want at the right price.
³ Marketers strive to identify and understand all factors that influence consumer buying decisions.
⁴ A need is something a consumer must have and cannot live without.
⁵ A want is something a consumer would like to have.
⁶ The exchange process is a marketing transaction in which the buyer provides something of value to the seller in return for goods and services that meet that buyer’s needs or wants.
⁷ The exchange process has three requirements: There must be at least two parties involved, some means of communication must be present between all parties, and typically a desire must be present to engage in a partnership with the other party or parties. Each party must be free to accept or decline.
⁸ The marketing process serves many purposes and provides numerous benefits for the consumer: The ability to add perceived value to goods and services, making the buying process easy and convenient for consumers, creating and maintaining reasonable prices, offering a variety of goods and services, and increasing production.
Lesson 4.2

The Marketing Mix

A. The four P’s of marketing (marketing mix) 4

1. The marketing mix consists of variables controlled by marketing professionals in an effort to satisfy the target market
   a. Product
      i. Goods, services, or ideas used to satisfy consumer needs
      ii. Designed and produced on the basis of consumer needs and wants
   b. Price
      i. Determined by what customers are willing to pay and production costs
   c. Place
      i. The process of making the product available to the customer
      ii. Marketers must identify where consumers shop to make these decisions
      iii. Careful consideration is given to determining the distribution channels that will offer the best opportunity to maximize sales
   d. Promotion
      i. Information related to products or services are communicated to the consumer
      ii. Marketers determine which promotional methods will be most effective

B. Applying the marketing mix

1. Consider how Wilson Sporting Goods might implement the marketing mix in an effort to maximize sales of its tennis racquets
   a. Product
      i. Wilson manufactures racquets to meet the needs of tennis players with varying skill levels
      ii. Beginner racquets are made with cheaper material, while racquets designed for advanced players feature Wilson’s “nCode molecular technology frame construction”
   b. Price
      i. Price levels for Wilson’s racquets vary depending on quality and target consumer
      ii. Beginner racquets sell for as little as $20 while some of Wilson’s upper end racquets command a price of nearly $300
   c. Place
      i. Wilson has a number of distribution channels, making its tennis racquet product line widely available and easily accessible to consumers
         1. Sporting goods stores (Dick’s Sporting Goods, Big 5 Sporting Goods)
         2. Discount stores (Target, Wal-Mart, Fred Meyer etc.)
         3. Specialty stores & fitness clubs (West Hills Racquet Club etc.)
         4. Internet (amazon.com, fogdog.com, tennis-warehouse.com etc.)
   d. Promotion
      i. Wilson’s promotes its upper end racquets as a higher quality product than the racquets sold by competitors
      ii. Company ads may feature the tagline “nCode racquets are designed to be stronger, more stable and more powerful than ordinary racquets”
Establishing the Marketing Mix: A Unit 4 SEM Case Study

Consider the marketing machine that is international soccer’s dream franchise, Manchester United. The franchise’s success in establishing a solid marketing mix has effectively helped to brand the organization as one of the most recognizable professional sports teams in the world.

Manchester United has consistently offered an excellent product in an extremely successful soccer team, but the success on and off field has helped the organization maintain its marketability. The continued exposure of a quality product has resulted in high volumes of merchandise sales, furthering the development of the brand with fans gobbling up everything from replica jerseys and apparel to key chains and coffee mugs.

The key to continued fan support for Manchester United has been the effective development of price points. The organization has positioned itself as a premium product, one which commands a higher ticket price. The simple foundation of the economic principle of supply and demand has no doubt weighed heavily into the pricing strategies as with the club selling out the majority of its home games. Access to seats is limited to the organization’s “membership”.

Adding to Manchester United’s appeal is the venue in which they perform. With a historic tradition rivaled by very few sports stadiums, Old Trafford Stadium plays host to over 200,000 visitors from all over the world every year for tours alone. The team’s website features information on the stadium, but also highlights an online video lounge, player interviews, team news and a host of other attractions that drive traffic. With thousands of visitors to the site each day, the organization has an excellent opportunity to make its products, such as tickets and merchandise, available to consumers. Fans also have an opportunity to see games live on television on MUTV, a television channel dedicated to Manchester United. MUTV is owned by the franchise, allowing for the team to maintain control of the broadcasting rights. In addition, fans can listen live on the radio and Internet.
Manchester United also engages in multiple promotional opportunities, including a host of sponsor partnerships. The mass worldwide appeal of the franchise provides exceptional marketing opportunities for sponsors, and the club has effectively turned those sponsorships into unique promotions for fans, including offers for a Manchester United credit card (MasterCard) and insurance discounts (complete with an online quote from Man U’s website). Manchester United also has valuable sponsors in Nike, Vodafone (mobile phone company), PepsiCo, and Anheuser-Busch. In 2005, a company called Serious USA will launch a line of DVD trading card collectibles featuring Manchester United. Also in 2005, the team website featured a promotion providing fans the extraordinary chance to “Fly To Milan With The United Team”, donated by United’s official car supplier Audi UK.

**Case Study Questions**

1.) How as Manchester United implemented each element of the marketing mix?

2.) Do you think Manchester United has been successful in integrating those components? Why or why not?

3.) How has the marketing mix helped Manchester United in branding their franchise?
For many years, the Los Angeles Dodgers were the low-cost, high-volume providers of major league baseball services in Southern California. Even during the middle 1990s, tickets were relatively inexpensive (for well under $20 you could sit between the baselines in the second deck), as was parking (around $5 per car). Options at the concessions stand were limited, but reasonable; the famous “Dodger Dog,” with a sparse selection of condiments, was only a few dollars. The game presentation was uncluttered. And, of course, Dodger Stadium has always been a jewel. However, after two sales of the team (to Fox Entertainment in 1998, then to the McCourts in 2004) things changed. According to Team Marketing Report, the Dodgers’ nearly $30 average ticket price for 2008 was one of the highest in baseball.

The Los Angeles Angels of Anaheim have filled this void. Their budget-friendly “fan cost index” of $140.42 (which includes four tickets, parking, two beers, four sodas, four hot dogs, two game programs, and two caps) is the second most affordable in Major League Baseball.

The Angels approach is to provide a premium on-field product combined with lower prices that make it easy for fans to watch games in person. Angels’ management is less concerned with measures such as revenues per fan on which many other teams focus. Instead, they seek to increase overall revenues through volume, making more on parking, concessions, and other game-related revenue streams.

The approach seems to be working – both on and off the field. Prior to 2002, the Angels made the playoffs three times in 41 seasons. They have participated in post-season play five times in the last seven years, including a World Series championship in 2002. Attendance is way up. Most of Angel Stadium of Anaheim’s 45,050 seats are sold -- and filled. The team’s average attendance of nearly 3,400,000 over the past five years is second in the American League. Angel Stadium is an attractive, pleasant venue with three restaurants, updated amenities, landscaped courtyards, and an interactive game area for kids (the “Pepsi Perfect Game Pavilion”).

One strategy is to build a long-term fan base by marketing to families (especially, to female heads of households), kids, and teens. They advertise in both English- and Spanish-language media, a necessity in Southern California. Many teams limit giveaway promotions for the first 15,000 or 20,000 fans. The Angels don’t; their promotional nights allow everyone to receive the items given away. Giveaway promotions directed at kids go beyond the common 12- to 14-year age cutoff. At Angel Stadium, kids up to age 18 qualify for both kids ticket prices ($5 general admission seats) and promotions.

(Continued on next page)
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Aside from season tickets, there are a variety of ticket packages available. For certain special games, fans can purchase four upper level seats, plus get coupons for four hot dogs and four soft drinks – all for $39. The price hasn’t changed since 2001. Nine- and 11-game packages provide additional cost savings for frequent customers.

The team has also worked to make games more accessible on TV and radio. All games are televised locally, with 50 games on a strong local station and the rest on regional or national cable sports networks. Broadcasts in both English and Spanish over powerful radio stations also extend the team’s reach.

**Case Study Questions**

1. Many teams prefer to maximize revenues per attendee, even if it means less revenue per game. Why do you think they use this approach?
2. Why do you think the Angels provide giveaways to all fans, rather than only a limited number? Is there any effect on revenues other than ticket sales?
3. If the Angels implemented a substantial ticket price increase, how would it affect other elements of their marketing mix?
4. Describe how the Angels have evaluated the market and made decisions accordingly when developing their marketing mix.
5. Do you think that the Angels’ marketing mix has been effective? Why or why not?
6. What elements of the mix will the Angels need to consider adjusting in the future to create opportunities for growth?

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Lesson 4.3

Target Markets

A. Before we examine target markets, we must first understand what determines a market
1. The group of potential consumers who share common needs and wants
2. That consumer group must have the ability and willingness to buy the product
3. Businesses strive to meet the needs and wants of those consumers

B. A target market refers to people with a defining set of characteristics that set them apart as a group
1. Target
   a. The target is a specific group of consumers with a defining set of characteristics
   b. This market shares one or more similar and identifiable needs or wants
2. Considerations when evaluating a target market
   a. Sizeable
      i. The size of the market
      ii. Market can have too many or too few consumers
   b. Reachable
      i. Ability for marketers to reach consumers
      ii. Marketer must have a means for communicating with target group of consumers
   c. Measurable and identifiable
      i. Refers to the ability to measure size, accessibility and overall purchasing power of the target market
   d. Behavioral variation
      i. Marketers seek to find similar behaviors within each respective target market
      ii. For example, motivation of buying for the corporate season ticket holder is different than for the individual season ticket holder

3. Target market strategies are influenced by several factors
   a. Diversity of consumer needs and wants
   b. Organization size
   c. Attributes of company products and/or services
   d. Size and strength of competitors
   e. Sales volume required for profitability
C. Niche marketing

1. **Niche marketing** is the process of carving out a relatively tiny part of a market that has
   a special need not currently being filled.

2. Cable television channels often seek niche audiences to appeal to specific target groups with a common set of interests, such as ESPN designing programming to appeal to sports fans.

3. Niche marketing often offers a unique opportunity to consumers or one that has not been offered in the past.
   a. Lululemon Athletica is a Canadian retailer that distributes product in Canada and the U.S. The company targets its branded yoga and fitness apparel to a niche consumer of female athletes.
      (a) Often times after a niche has proven to be a successful market opportunity, competitors soon follow
      (b) Lululemon, positioned as a high-end brand, has enjoyed explosive growth in the past several years (in 2012 they were named the 7th most valuable brand in Canada). On the heels of their success, Under Armour has introduced a new yoga line, Gap introduced its GapBodyFit line, Forever 21 began selling active wear and both Nordstrom and Target expanded their store branded women’s sportswear offerings (even lingerie company Victoria’s Secret now sells yoga pants).

   b. As the running category continues to gain steam (sales of running shoes were up 14% in the last year), brands like Vibram and their “five finger shoes”, Fila with skeletoes, and Adidas with adiPURE (among others) have carved a niche with “minimalist” running shoes, designed to create a “barefoot” jogging experience while still providing protection for the feet.
      (a) While minimalist shoes make up just 4% of all running shoes sold (representing about $260 million in business), sales of minimalist shoes more than doubled in the first quarter of 2012, according to a report from industry analyst Matt Powell at SportsOneSource.

3. *Sports Illustrated* captured a lucrative niche market with the annual Swimsuit Issue. What started in 1964 as a five page supplement in February has grown into a multi-billion dollar specialty issue which has impact in fashion, travel, product placement and many additional marketing tie-ins.

4. Niche can also be a term applied to a particular sport that is not considered to be “mainstream”
   a. Archery is a niche sport that is experiencing rapid growth, thanks in part to popularity of *The Hunger Games* book series.

   b. Other niche sport examples could include many Olympic sports, beach soccer or arm-wrestling.
      i. For example, based on the game in J.K. Rowling’s “Harry Potter” books, the sport of “Quidditch” was created on a small college campus in Vermont a in 2005. The sport now boasts 700 teams in 25 countries, has a governing body (International Quidditch Association), an official rule book and a World Cup (the 2011 event reportedly cost more than $100,000 to stage).

   ii. Many fringe sports that are still hoping to be included in future Olympic Games would also qualify as niche sports.
      (a) Click [here](#) to read a history.com feature discussing “5 Sports That Haven’t Made It Into the Olympics (Yet)”

**CLASS DISCUSSION**

*Use lesson 4.3 as an enzyme for sparking a lively classroom discussion on niche markets using the questions provided on your CD-ROM or online. Challenge your students to explain why this is an important business and marketing concept.*
Lesson 4.4

Market Segmentation

A. Market segmentation
   1. Market segmentation is the process of identifying groups of consumers based on their common needs.
   2. Segmentation is the first step toward understanding consumer groups as it assists in determining target markets, the marketing mix and developing positioning strategies.
   3. Segmentation is important because it allows businesses to customize their marketing mix and strategies to meet the needs of the target market.

B. Bases for segmentation
   1. Demographic
      a. Demographic information provides descriptive classifications of consumers.
      b. Focuses on information that can be measured.
         i. Age
            (a) Fans of the PGA and LPGA tours tend to be among the “baby boomer” age demographic (45-64), according to data from Scarborough Sports Marketing.
            (b) The 8-13 age group (often referred to as the “tween” market) has provided a powerful demographic for entertainment products for a long time. When pop superstars like Hannah Montana get older, a new pop sensation rises to meet the demand for a new tween idol that appeals to this demographic. Justin Beiber certainly appears poised to fill that role as his popularity continues to reach new heights as evidenced by the 21 million people following him on Twitter, his 43 million friends on Facebook and the 750 million views of his music video “Baby” on YouTube (it is the most-watched video in YouTube history).
         ii. Income
            (a) Since 2000, the number of NASCAR fans earning $100,000 or more has doubled from 7% to 16% of its fan base, and those with incomes of $50,000 or more has risen from 35% to 48%.
            (b) According to league data, the average household income for NHL fans is $104,000, highest of the four major sports with Major League Baseball ($96,200), the NBA ($96,000), and the NFL ($94,500).
         iii. Household statistics
            (a) According to a 2012 report from Leichtman Research Group, 69% of households in the U.S. have at least one high definition television set, up from 17% in 2006.
            (b) A survey by CNBC has found that half of all American households own at least one Apple device, and the average Apple-buying household has a total of three.
         iv. Occupation
            (a) Scarborough Research released demographic figures relating to fans of the IndyCar, suggesting 29% of the fan base were “blue collar”, while 37% were “white collar”.
         v. Gender
            (a) According to data from Scarborough Sports Marketing published in a 2011 issue of Sports Business Journal, fans of MMA are 78% male and 22% female.
            (b) The Twilight film franchise has created an unusual gender-based demographic. While the primary market is female, the surprise is that the films have appealed to a wide swath of ages in the gender. Overall, 95% of the audience is female, and 45% were 25 or older—which means that a film with teenage characters is almost as popular with adult females as with teens and tweens. In marketing terms, this is a huge success in having the product traverse all ages of the gender being targeted.
         vi. Education
            (a) 68% of NHL fans have attended college.
Lesson 4.4

Market Segmentation

c. If a target market is a group of people with a defining set of characteristics that set them apart as a group, then marketers want to learn as much about that group as possible to assist in the development of an effective and successful marketing strategy
   i. Triple A baseball posts its demographic information online for prospective sponsors to review
      (a) 40% of the fan base earns $46-75k per year in salary
      (b) 42% of the fan base has an Undergraduate Degree
      (c) 91% of the fan base has a major credit card
      (d) 69% of the fan base owns their own home

2. Product usage
   a. Reflects what products consumers use, how often they use them, and why
      i. Sports individual game ticket buyers vs. season ticket buyers

3. Psychographic
   a. Grouping consumers based on personality traits and lifestyle
      i. Sports fans, music lovers, individuals who enjoy attending live events

4. Benefits
   a. Refers to a perceived value consumers receive from the product or service
      i. Season ticket holders typically enjoy additional “perks” such as exclusive invitations to pre-game chats with the team coaches and/or staff

5. Geographic
   a. Dividing of markets into physical locations
      i. North, South, East and West regions of the United States
      ii. Urban and rural areas of a particular state
   b. Sports consumers are characteristically loyal to particular regions when making purchase decisions

C. Selecting multiple segments
   1. Because many segments may be valid in helping marketers make decisions, marketers often choose to use several segments
   2. Ultimately, a decision is made based on what best fits the organization’s target market
Lesson 4.5

Positioning

A. Positioning
1. Positioning is the fixing of a sports or entertainment entity in the minds of consumers in the target market.
2. Positioning is important to all sports and entertainment products
   a. Sports leagues (NFL vs. Arena Football League)
   b. Sports teams (The Los Angeles Lakers in the 1980’s as “Showtime”)
   c. Sporting goods (Under Armour as comfortable performance apparel)
   d. Sports drinks (Gatorade as a performance beverage)
   e. Movie studios (Pixar as a leader in animated films)
   f. Entertainers (Sylvester Stallone, Arnold Schwarzenegger and Bruce Willis as iconic action film stars)
   g. Entertainment products (DVD vs. Blu-Ray)
   h. Facilities and venues (Premium seating vs. general seating)
3. Positioning is about perception
   a. In an effort to position its product as beverage that is as effective as traditional sports drinks in replenishing fluids after a workout, Vita Coco Coconut Water signed Major League Baseball star Josh Hamilton to endorse its brand in 2012.
   b. Wheaties cereal has positioned itself as a brand affiliated with athletic performance and its slogan, “the breakfast of champions”, has remained since the brand’s introduction in 1924
      i. With declining sales, General Mills (parent company of the Wheaties brand) eventually introduced a new spin off product aimed to take advantage of consumer perceptions of the Wheaties brand. General Mills developed three formulations of the cereal (dubbed Wheaties Fuel) with the help of a sports nutritionist and five world class athletes: the NFL’s Peyton Manning, the NBA’s Kevin Garnett, gold medal-winning decathlete Bryan Clay, the MLB’s Albert Pujols, and triathlete Hunter Kemper.
4. Positioning also refers to the place the product occupies in consumers’ minds relative to competing products.
5. Described by marketing experts Jack Trout and Al Ries, “positioning is what you do to get into the mind of the (consumer)”.

B. Positioning strategy
1. Products or services are grouped together on a positioning map
   a. Products or services are compared and contrasted in relation to one another
   b. Marketers must determine a position that distinguishes their own products and services from competitor products and services.
      i. Reebok has engaged in a unique marketing initiative by positioning itself as a leader in “The Sport of Fitness”, a phrase it has incorporated into its cross-promotional efforts with the CrossFit brand
2. Selecting a positioning strategy
   a. Identify all possible competitive advantages
      i. Products, services, channels, people or image can be sources of differentiation
      ii. Organizations often position their products relative to competitor weaknesses
   b. Choose the right competitive advantage
      i. How many differences to promote?
      ii. Unique selling proposition
         a. 5-hour Energy Drink focuses on its small packaging size and claims to provide a long lasting energy boost without the “usual jitters associated with energy drinks.” These purported features are intended to provide the competitive advantage necessary for distinguishing this energy drink from the many competitors on the market while endorsement deals with athletes like golfer Jim Furyk and NASCAR driver Clint Bowyer to draw attention to the brand.
Lesson 4.5

Positioning

c. Positioning errors to avoid
   i. Which differences to promote?
   ii. Are the differences legitimate?
      (a) In 2012, Skechers paid $40 million in deceptive advertising charges to settle a claim made by the Federal Trade Commission that the footwear company’s assertion that its Shape-ups shoes would help people lose weight and strengthen muscles was unfounded.

3. Product differentiation
   a. Product differentiation refers to a positioning strategy that some firms use to distinguish their products from those of competitors.
   b. Kentwool (a 168-year-old company known for selling upscale niche clothing) recently introduced a $25 pair of golf socks to the marketplace, positioning the product as “performance” apparel for the golf aficionado.
      i. In an interview with CNBC’s Darren Rovell, Kentwool CEO Mark Kent explains: “Ninety-five percent of all socks are fashion based. Five percent are performance based. We basically set out to put ourselves in the top one percentile of that five percent to make the highest performing sock in any market segment. So to differentiate yourself you have to become in layman’s terms the Ferrari of the market, you have to be the fastest car on the street or the best performing sock in the marketplace.”

4. Re-positioning
   a. Re-positioning is a marketer’s plan for changing consumers’ perceptions of a brand in comparison to competing brands.
   b. A private golf course may be suffering slumping membership sales. As a result, the course management may choose to open up the course to the public, which will ultimately require a well planned re-positioning strategy.
      i. Re-positioning involves identifying who the new target market is and a strategy for creating awareness and demand within that market.
      ii. Part of the re-positioning effort in this case would require sending a message to the target market that the club is affordable by public standards.
      iii. Slogan might be “Enjoy the benefits of a private club at public course rates!”
   c. Chocolate Milk has adopted a re-positioning strategy in its efforts to communicate the product’s benefits as a post-workout recovery drink to fitness-minded consumers via its 2012 “My After” campaign.
A. Customer vs. Consumer
   1. The customer is the individual who *buys* the product or service
   2. The consumer is the individual who *uses* the product or service
      a. Let’s say Frito Lay invests in four club seats at Jacobs Field in Cleveland for their customer service and sales staff to entertain clients and prospective clients at Major League Baseball games. Frito Lay is the customer while their staff members and their clients are the consumers.
   3. The customer can also be the consumer
      a. John Smith buys four tickets to take his family to see the Yankees play the Red Sox. Because he bought the tickets, he is considered a customer. Because he used the tickets with his family, he is also the consumer.

B. Who is the sports and entertainment business consumer?
   1. Marketers sell sports and entertainment participation
      a. It could be participation by event attendance or physical participation in the event itself
   2. Marketers target those consumers with free time, discretionary income, and a desire to be entertained

C. Who are the sports consumers?
   1. Sports consumers are people who may play, officiate, watch, or listen to sports, or read, use, purchase, and/or collect items related to sports \(^{41}\)
   2. Could also include: \(^{42}\)
      a. Manufacturers
      b. Resellers
      c. Sports governing bodies
      d. Institutions
      e. Media sports enterprises

D. Sports consumers participate in the exchange process in two ways \(^{43}\)
   1. Spectators as consumers
      a. Benefit by watching the event or game
      b. Exchange for tickets and entertainment
   2. Participants as consumers
      a. Benefit by playing, competing, or participating in the event
      b. Exchange for equipment and/or participation
Market Research

A. Market research

1. Market research is the process of systematically collecting, recording, analyzing, and presenting data related to marketing goods and services.
   a. Market research provides an opportunity for companies to get to know their customers.
   b. Marketing research gathers information pertaining to:
      i. Consumers
      ii. Competition
      iii. Company
      iv. Culture/climate

2. The information gathered through marketing research is used to:
   a. Form links between consumers and companies
   b. Identify and define marketing opportunities and potential challenges
   c. Generate, refine, evaluate and monitor marketing activities
   d. Analyze and understand the company, its industry and its competition

B. Steps in the research process

1. Identify the problem, concern or additional desired information to be gathered
2. Select and design research
   a. Primary research is the original research conducted for a specific marketing situation
      i. Surveys
      ii. Direct mail
      iii. Telephone
      iv. Interviews
      v. Focus groups
         (a) Despite an already solid attendance track record in which the team has led the league in attendance in all 11 years of its existence (drawing nearly 5 million fans to date), Minor League Baseball’s Lakewood BlueClaws decided to cap attendance at 8,000 fans per game in 2012, based on feedback from fans during focus groups that large crowds were negatively impacting the game-day experience.
   b. Conduct secondary research
      i. Secondary research is published data that has been collected for some other purpose (collect data)
         (a) Census reports
         (b) Demographic analyses
         (c) Trade associations
         (d) State agencies
         (e) Commercial research firms
   c. Collecting data
      i. A census is a method used for obtaining statistical information that counts every member of a population
         (a) The U.S. 2010 Census results showed an increase in the nation’s Hispanic population of 43 percent since 2000, (four times the nation’s overall 9.7 percent growth rate), as such the sports and entertainment industry has seen a boom in the number of marketing initiatives targeting the Hispanic audience.
         (b) Also according to census data, more than 10 percent of the overall population in the Phoenix area is Hispanic age 18-34, one of the largest such ratios in the country. Based on this information, Major League Baseball’s Arizona Diamondbacks adjusted how they market to those prospective ticket buyers, after an off-season study indicated the team’s Hispanic fans’ preferences in terms of ticket sections or package options were significantly different than the general market.
      ii. A sample is a method for accumulating statistical information that is only obtained from a subset of a population
Lesson 4.7

Market Research

3. Report and analyze
   a. Qualitative research data
      i. Typically involves large numbers of respondents, typically 100 or more, and yields results that are representative of the total population
   b. Quantitative research data
      i. Generally gathered in the form of focus groups (groups of six to ten respondents who carry on a group discussion which is led by a trained moderator)
         (a) Another common form of qualitative research is in-depth one-on-one or two-on-one interviews

4. Communicate results of research

C. Examples of market research applications
   1. Emerging industry trends (such as the growth of 3-D programming)
      a. After more than two years of testing and research, ESPN made the decision to more aggressively pursue opportunities to deliver 3D programming to fans
         i. According to the vice president of emerging technologies for ESPN in a statement: “The results of this research will enable ESPN to quantify what it takes to produce, transmit and enable the 3D experience for our fans.”
         ii. More research conducted by the ESPN Research + Analytics team revealed that sports viewers enjoyed 3D broadcasts more than programming in HD and experienced nearly twice the engagement levels with the television ads
            (a) The company said that it conducted one of the most in-depth studies on 3D TV to date, collating data during its coverage of the 2010 FIFA World Cup from more than 1,000 testing sessions and 2,700 lab hours at the Disney Media and Ad Lab in Austin, Texas. The Ad Lab used five different 3D manufacturers’ products.
            (b) As a result of the findings, ESPN continues to expand the live content being broadcast on its 3-D network in 2012, including the X Games (winter and summer), NBA Finals, 20 regular season college football games, the Masters, and five days of Wimbledon coverage. They also announced in 2011 that their fledgling 3D network (ESPN 3D) would begin offering programming 24 hours a day, 7 days a week.
               (i) “As we continue to expand the number of 3D events on the channel, it made sense operationally to transition ESPN 3D to a 24-7 network,” said Sean Braches, executive vice president, sales and marketing for Disney and ESPN Media Networks.
   2. Additional market research applications explore many additional topics in sports and entertainment
      a. Sport participation
      b. Violence in sports
      c. Advertising
      d. Media outlets
      e. Viewer and listener ratings
      f. Financing
      g. Effectiveness of marketing efforts
         i. Sony Pictures spent three years in promotion and marketing in preparation for the 2011 theatrical release of “The Smurfs” and, as a result, the studio’s prerelease market research showed high awareness of “The Smurfs” among families with young children
Lesson 4.8

Advertising

* TEACHER’S NOTE *

Be sure to reference the “ad samples” PPT provided on the CD-ROM containing your membership resources for excellent discussion starter material. The advertising samples presentation can be found in the lesson 4.8 folder on your disc.

A. Advertising
1. Advertising is any paid, non-personal form of communication by an identified company promoting goods and services
   a. Advertising is presented in many different formats
      i. TV commercials and infomercials
      ii. Print advertisements
      iii. Direct mail
      iv. Internet (banner advertising, “pop up” ads, social media ads)
   v. Social media
2. What role can advertising play in helping marketers achieve their goals? 56
   a. Effective communication
   b. Create awareness
   c. Create or change image
   d. Associate a brand with feelings and emotion
   e. Precipitate behavior
   f. Establish and maintain positive public perceptions
   g. Assist in the increase in sales

B. Types of advertising 57
1. Print media
   a. Any written form of communication used to inform, persuade, or remind consumers about products or services offered
2. Outdoor advertising
   a. Traditionally includes any outdoor signs and billboards
   b. Offers a high level of visibility
   c. Provides 24-hour advertising
      i. In 2011, Gillette unveiled a creative twist on traditional billboard advertising with their “Everyday Masterpiece” campaign in New York City’s SoHo neighborhood that featured a Derek Jeter billboard showing the various stages of men’s grooming in which the All-Star shortstop’s face was repainted on a daily basis to reflect a stubble look, shave prep, and a clean shaven appearance (a cycle that carried was repeated for one month) 58
3. Mass transit advertising
   a. Uses public transportation, such as buses, bus stands, taxicabs, and subways to post advertising messages
      i. Syracuse University Athletics implemented an aggressive mass transit marketing campaign that included SU Athletics branded taxi tops throughout New York City as well as signage on area buses in an effort to drive awareness and build excitement for the upcoming football and basketball seasons 59
4. Broadcast media
   a. Any visual and/or audible form of communication used to inform, persuade, or remind consumers about goods or services offered
      i. Radio advertising
         (a) Advertisers match their target market to a radio station that segments a particular market
         (b) Has the ability to reach a wide audience
Lesson 4.8

Advertising

ii. Television advertising
   (a) Includes commercials and infomercials
      (i) The fitness craze known as P90X relied on a carefully crafted TV infomercial strategy to build a $400 million-a-year (and growing) empire
      (ii) According to a story appearing in the Oregonian, fitness company Nautilus’ strategy of airing infomercials to reach consumers was credited for the company’s improved financial health in the first quarter of 2012.
   (b) Is traditionally the most expensive form of broadcast media

5. Online/digital media
   a. Advertising through various digital media platforms
      i. Banner ads, pop-ups etc.
      ii. Digital broadcasts
         (a) The $60 million in digital advertising sales earned by NBC through its online coverage of the London Games was three times what the network earned for the 2008 Games in Beijing.
      iii. Social media channels (Facebook, Twitter, etc.)
      iv. Mobile
         (a) Ad revenue for Sports Illustrated’s Swimsuit Issue on tablets (iPad etc.) increased by 42 percent in 2012.

6. Specialty media
   a. Known more commonly as promotional products
   b. Includes “everyday” items displaying a company name or logo
      i. Calendars
      ii. Pens
      iii. Magnets
      iv. Coffee mugs

7. Additional forms of media
   a. Marketers often use many other creative ways of communicating advertising messages to consumers
      i. Blimps
         (a) Goodyear, Outback, Met One (“Snoopy One”)
      ii. Supermarket carts and grocery bags
         (a) Select grocery stores in Oregon offer “eco-friendly” grocery bags featuring the Portland Trail Blazers, University of Oregon Ducks and Oregon State University Beavers logos
      iii. Hot air balloons
      iv. In-theater advertisements
      v. Airplanes trailing banner messages over beaches or outdoor events
         (a) In 2011, Alaska Airlines took aerial advertising a step further when they introduced the Major League Soccer Portland “Timbers Jet”, a Boeing 737 featuring a paint theme featuring the Portland Timbers’ name and logo in the team’s trademark colors (to celebrate the new airplane, Alaska Airlines granted early boarding to Portland International Airport passengers wearing an official Timbers jersey throughout the 2011 MLS season).
         (b) In 2012, Virgin America unveiled a San Francisco Giants-themed plane, complete with the Giants logo and with a black beard and mustache painted under the craft’s nose in an usual tribute to popular pitcher, Brian Wilson
      vi. Alternative transportation
         (a) In addition to advertising via mass transit, Fox took to their advertising to the streets during the popular Comic Con festival in 2012 by positioning popular animated characters from “Family Guy”, “The Simpsons”, “Bob’s Burgers” and “The Cleveland Show” and positioning them in San Diego pedal cabs.
Lesson 4.8

Advertising

(b) LSU Athletics took a unique advertising as part of the 2012 basketball campaign when they teamed with adverCar (a company that pays individuals to affix advertising messages to their personal vehicles), essentially paying fans to drive their message into local neighborhoods, shopping centers and commuter routes.

A. Up-front marketing

1. Marketers and media agencies may choose to buy ads in the spring selling period known as the “upfront”, which is when networks sell much of the ad time for fall. Buying early sometimes affords marketers more creative flexibility, allowing them to ask for unique ways to promote their brands.

2. Upfront provides a measuring stick for networks to create a more accurate sales forecast and they typically sell 75% to 80% of the ad inventory that accompanies their new season.
   a. The upfront commitments for the 2012-13 television season generated nearly $9.1 billion in commitments for advertising sales to five major networks, including $2.6 billion for CBS, $2.4 billion for ABC, $1.9 billion for Fox and $1.8 billion for NBC.
      i. In another nod to the importance of ratings, advertisers were reportedly most interested in buying time in NBC’s highest-rated program, “Sunday Night Football”.
      ii. CBS also reportedly sold more than 50% of its ad inventory for its 2013 broadcast of Super Bowl XLVII in the upfront period.
   b. However, Upfront commitments should not be confused with actual advertising revenue because, while advertisers make an initial promise before the season starts, a good portion of any marketer’s ad spend can and will change as shows are cancelled or rearranged on a schedule or if ratings are not meeting pre-determined levels of expectation.

B. Advertising (Ad) and Public Relations (PR) agencies

1. An ad agency is an organization that decides on and implements an advertising and marketing strategy for a customer while a PR agency is responsible for determining an effective public relations strategy for each respective client.
   a. Nike contracts the Wieden + Kennedy ad agency to manage and oversee some of their advertising campaigns.
      i. Wieden + Kennedy won an award at the 2012 Cannes Lions festival for its advertising spot featuring Carmelo Anthony, created for the Jordan Brand.
      ii. Wieden + Kennedy is also responsible for the wildly popular “It’s Not Crazy, It’s Sports” ad campaign for ESPN, addressing the culture of fandom in the sports industry.
   b. After National Basketball Players Association president Derek Fisher leaked news to the media that NBA Players’ Association executive director Billy Hunter’s family members (and their businesses) had allegedly been paid almost $4.8 million by the union, Hunter quickly hired a PR agency to help manage the situation.

2. Why do companies work with agencies?
   a. Expertise
   b. Time constraints
   c. “Fresh” perspectives
   d. Access to athletes, celebrities, entertainers

3. Questions organizations address when selecting an agency.
   a. Does the agency have a solid, comprehensive marketing plan in place?
   b. Does the agency have comprehensive marketing skills?
   c. Can the agency effectively determine the target market and find a means to reach them efficiently?
   d. Does the agency have a track record of success?
   e. Has the agency worked with others in your industry?
Lesson 4.8

Advertising

4. Additional considerations for organizations opting to work with an agency
   a. Comfort level with the representative that will be handling the account
   b. Making sure all written copy is customer centered
   c. Selection of an agency that views itself as a partner of the organization

5. Agency extension example
   a. Creative use of in house advertising capability
   b. The Red Sox, as a way to generate additional revenue, leveraged relationships in the industry and throughout the community and created a spin-off agency, the Fenway Sports Group
      i. FSG was so successful that they were profitable in their first year and their client base included NASCAR, Boston College, and even the rival New York Yankees
Lesson 4.9

Digital Marketing

A. Digital Marketing
1. What is digital marketing?
   a. Digital marketing can be described as actively promoting products and services using digital distribution channels as an alternative to the more traditional mediums such as television, print and radio.
   b. Today’s consumer is more cognizant of the marketing messages all around them, leaving them more likely to tune out advertisements or other forms of marketing communication.
      i. In the “golden age” of television, an advertisement on one of the big three networks could reach 70 percent of the viewing audience.34
      ii. According to Seth Godin (author of Permission Marketing), today’s consumer receives roughly one million marketing messages a year on average.
      iii. Overwhelmed consumers are becoming adept at tuning out marketing messages.
         (a) E-mail filters to block spam
         (b) Digital video recorders (DVR) to skip commercials
             (i) The Big Four networks (ABC, NBC, CBS & Fox) all filed lawsuit against satellite cable provider Dish Network in 2012 after it introduced a new DVR feature that allows Dish viewers to automatically skip commercials
         (c) Caller ID to screen telemarketers
         (d) Recycling direct mail pieces without opening them
   c. Business and marketing professionals refer to this abundance of marketing messages as “clutter.”
      i. Clutter is a major problem for today’s marketer.
      ii. The cost of selling has almost tripled over the past decade.75
      iii. Consumer trust with traditional marketing means is eroding (broadcast media, print media etc.)

2. How does clutter impact marketers?
   a. Marketers today must determine ways to effectively cut through the clutter if the firms they represent are to financially thrive.
      i. Digital marketers must become more creative and free thinking in their approach to promoting company products and services.
   b. Sports, entertainment and event marketing provide an effective means for cutting through today’s marketing clutter.

B. Digital Marketing Strategies
1. Digital marketers turn to technology to help reach target consumers.
   a. Digital marketing strategies
      i. Internet marketing
      ii. Mobile marketing
      iii. Social marketing
      iv. Viral marketing
   b. A key goal for digital marketers is to focus on interactive elements, encouraging consumers to actively participate in promotions.
      i. U.S. interactive marketing spending will reach $55 billion by 2014, making up 21% of all marketing spending, according to a report issued by Forrester Research.76
      ii. To promote its fall drama “Person of Interest,” CBS created interactive billboards in New York City and Los Angeles which took photos of passersby, then incorporated those faces into the billboard’s display, accompanied by a phone number and identification number to text-message. If the person sends the text, they receive a link to their “classified file” and can post the photo on Facebook or Twitter.77
      iii. During the 2012 U.S. Olympic track and field trials, Nike created an interactive "Camp Victory" experience on-site that promoted various Nike products. The exhibit featured a 15-foot-tall digital wall that provided a visualization of the fastest runs from the Olympic trials and head-to-head treadmill races for fans.
Lesson 4.9

Digital Marketing

iv. In 2011, Subway launched SubwayDunkFresh.com starring Clipper Blake Griffin during the lead up to NBA All-Star weekend featuring an app that allows users to choose from any of five Griffin dunks, upload a photo themselves on Blake’s body, and create a video throwing down one of his monster jams. Users could then share the video with friends via Facebook, email, or Twitter. 78

v. It isn’t always enough to simply host a Facebook page, so many organizations develop creative ways for engaging fans with interactive elements 79
(a) Phoenix Suns fans can have their picture taken by Suns personnel at a game and retrieve it for free on the team’s Facebook page
(b) The Los Angeles Lakers provided a virtual tour of the team’s locker room for their fans on Facebook
(c) Vancouver Canucks fans could play a virtual hockey game on the team’s Facebook page to win prizes and coupon vouchers
(d) Racing fans can test their NASCAR IQ via a number of quizzes and polls featured on NASCAR’s Facebook page

vi. Dana White, President of the Ultimate Fighting Championship (UFC), once used the official Twitter account of UFC and his own personal Twitter profile to host a scavenger hunt that rewarded UFC fans with a variety of prizes. To drive awareness for upcoming fights, White provided a call-to-action to fans via Twitter, posting his location and offering up a prize to the first person who can meet him at that location. He later posted a viral video to YouTube that showed a fan tracking him down to win free UFC gloves within just 3 minutes and 33 seconds of his post. UFC’s originality and authentic approach to using Twitter has drawn an avid fan following online (White has over 2 million followers; UFC has over 700,000 followers). 80

vii. Visa’s Olympic Games campaign, “Go World,” featured an interactive social media campaign called the “global cheer”, in which fans could create and submit cheers for their favorite Olympians the form of a one-click cheer, post or video on Visa’s Facebook page, YouTube channel or through partner websites, including NBCOlympics.com, Yahoo and Sports Illustrated. The YouTube channel alone had over 30 million views by the Opening Ceremony.

2. Internet marketing

a. The Internet, far more than any other medium, has given consumers a voice, a publishing platform and a forum where their collective voices can be heard, shared and researched, creating a more powerful and educated audience than ever before 81

b. Consumer-Generated Media (CGM) encompasses the millions of consumer-generated comments, opinions and personal experiences posted in publicly available online sources on a wide range of issues, topics, products and brands. CGM is also referred to as Online Consumer Word-of-Mouth or Online Consumer Buzz. CGM originates from: 82
i. Blogs
ii. Message boards and forums
iii. Social media
iv. Discussions and forums on large email portals (Yahoo!, AOL, MSN)

v. Online opinion/review sites and services/ feedback/complaint sites
(a) Millions of consumers use sites like Angie’s List and rateitall.com to help determine which companies to do business with
Lesson 4.9

Digital Marketing

c. Sports and entertainment properties use the Internet for a host of marketing functions
   i. Ticket sales
   ii. Sponsorship sales
   iii. Merchandise sales
   iv. Additional revenue streams (advertising sales)
   v. Community relations
   vi. Player/staff fan connection (blogs, chats etc.)
   vii. Additional promotion

d. Internet marketing example
   i. The Lakewood BlueClaws Baseball Club uses the Internet (specifically eBay and Craigslist in addition to the team’s own website) to sell available luxury suite and premium seat inventory. The team also utilizes Twitter and Facebook to stay connected with fans. 83

3. Mobile marketing
   a. Mobile marketing refers to two different marketing means: one refers to marketing on or with a mobile device (such as a mobile phone) while the other (more traditional) is meant to describe marketing “on-the-go” (taking the product, brand or service to the consumer)
   b. Modern mobile marketing represents an area of massive potential growth
   i. In 2011, Americans alone sent over 2.3 trillion text messages (that’s 6.3 billion per day) 84
   ii. Analysts also estimate that mobile marketing revenues are expected to grow to $24 billion by 2013, jumping from just $1.8 billion in 2007. One of the main drivers of this growth is the fact that most consumers have mobile devices on them nearly all the time, and the always-connected nature of the device. 85
   iii. Nearly 56 million consumers used their mobile device to shop in 2011, a number that is expected to grow to 117 million by 2015 86
   iv. According to exclusive research from Experian Simmons, a part of Experian Marketing Services, 29 percent of cell phone owners today believe their phone will be the primary device for their entertainment needs in the future 86
   v. In the past year, almost 80% of sports fans who own a smartphone or tablet have used their mobile device to check in on their favorite players or teams, according to a recent study 87

c. “Apps”
   i. Apps are individual software programs designed to run on the Internet, computer, phone or other electronic device typically designed to increase functionality or ease of use
      (a) In June of 2012, Apple announced that 30 billion apps had been downloaded from their online “apps” store, generating over $7 billion in revenue (it has taken just three years to reach that mark) 88
   ii. The sports and entertainment industry has taken note of the apps trend and launched a number of sports and entertainment related apps
      (a) Lance Armstrong’s foundation (LIVESTRONG) offers a “calorie tracker” app so consumers can use their mobile devices to keep track of what they are eating to encourage healthier lifestyles
      (b) Perhaps the most commercially successful app developed by a major league sports property, Major League Baseball’s “At Bat” app reached 5 million paid downloads for the 2012 season by the all-star break 89
      (c) With the “Fandango” app, users can watch film trailers, find showtimes, buy tickets and get directions to the theater, all from their mobile device
      (d) With apps like Zippo’s “concert lighter”, cell phones have become the new lighters for today’s concert goers (the app has been downloaded nearly 15 million times
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(e) Apps like ESPN’s Fantasy Football app allow users to manage their fantasy football teams from the palm of their hand.

(f) Nike Golf launched an app (called “Nike Golf 360 or NG 360”) in 2012 that allows users to track their rounds (including statistics), improve technique and view golf-specific workouts.

d. Traditional mobile marketing

i. The NBA’s Jam Van tour is an interactive basketball program that travels from the United States to China. The Jam Van is a 67-foot 18-wheeler that transforms into 8,000 square feet of basketball and interactive “off-court” activities.

ii. The Green Bay Packers’ annual “Tailgate Tour” visits five Wisconsin communities in five days during the summer while raising money for local non-profit organizations via tailgate parties at each stop. Along the way, the “Tour” also makes unannounced stops, often at schools.

iii. In 2011, Hard Rock took its world famous collection of music memorabilia on the road with the “Hard Rock International 40th Anniversary Memorabilia Tour.” It traveled to over 30 Hard Rock cafes around the USA in an 80-foot-long double-wide truck specially constructed to exhibit 64 memorable artifacts once owned by popular musicians, such as a Jimi Hendrix custom Gibson Flying V guitar that he played at the Isle of Wight Festival in 1970, Janis Joplin’s handwritten love letter to a boyfriend, Buddy Holly’s glasses, Michael Jackson’s iconic jacket, Katy Perry’s famous “birthday” dress and Justin Bieber’s skateboard, among other things.

(a) In another example of “interactive” marketing, the Hard Rock folks asked fans to vote for which items should be included in the tour via their Facebook page (they also allow fans to follow the tour through their blog and/or Facebook page while allowing visitors to check in on foursquare).

iv. In 2011, the Chicago Cubs deployed a Cubs “trolley”, equipped with 8 flat-screen TVs and Cubs memorabilia, that would make appearances throughout the city at parades, street festivals and sponsor locations.

v. Nike deployed a branded “sportswear ice cream truck” to the streets of New York City, selling everything from branded Nike gear to ice cream while the Jordan Brand’s #RISEABOVE truck traveled from Los Angeles to Washington DC during the summer in 2012 to promote its newest sneaker, the Super.Fly.

e. Modern mobile marketing

i. Major League Soccer encouraged fans to cast votes for their favorite players to be included in the All-Star game via text messaging. Fans were instructed to text the last name (or twitter handle for those who chose to vote via Twitter) of their favorite player to a specific number to cast their vote.

ii. The Atlanta Symphony continues the tradition of introducing members of the ASO to the audience with an evening-long live, on-site broadcast of the concert on large 15’x20’ screens, which are permanently affixed on either side of the stage. The live feed will include a pre-concert show, as well as live intermission interviews of guest artists and musicians from the Orchestra, fueled by text-message questions sent by the audience the night of the concert.

iii. The 2012 NBA Slam Dunk Champion was crowned based on fan votes via text message.

iv. Show’s like Dancing with the Stars and American Idol often encourage fans to “text to vote.”

4. Social media (marketing)

a. Social media describes the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives, media and to otherwise interact.
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b. Social media presents itself in the form of many variable applications
   i. Twitter, Facebook, Google+, Evite (social networking)
   ii. Flickr (photo sharing)
   iii. YouTube, Vevo, Metacafe (video sharing)
   iv. Digg, StumbleUpon (news sharing)
   v. Miniclip (game sharing)
   vi. Tumblr, Blogger, WordPress (blog network)
   vii. LinkedIn, Plaxo (professional networking)
   viii. Foursquare, Gowalla, Facebook Places (location based networking)

c. In today’s digital marketing era, harnessing the power of social media has become a top priority of sports and entertainment properties of all shapes and sizes
   i. Athletes, celebrities, leagues, teams, events and corporate sponsors are all shifting the focus to digital marketing strategies as they compete for attention in the social media space
      (a) Among team sports internationally, the Los Angeles Lakers are the only non-soccer team to rank among the top five in most combined Twitter followers and Facebook “likes” (they rank fifth behind FC Barcelona, Real Madrid and Manchester United and Chelsea) 99
      (i) Sites like Starcount.com track the popularity of social media users and publish the results online. As of August, 2012, based on the site’s criteria of cumulative Facebook “likes”, Twitter followers and YouTube views, the most popular sports brands were:
         1. FC Barcelona
         2. UFC
         3. Cristiano Ronaldo
         4. Real Madrid
         5. Manchester United FC
         6. David Beckham
         7. Nike Football
         8. London 2012
         9. NBA
         10. LeBron James

* TEACHER’S NOTE *

Be sure to reference the “ad samples” PPT provided on the CD-ROM containing your membership resources for excellent discussion starter material. The advertising samples presentation can be found in the lesson 4.8 folder on your disc.

d. Why is social media important to a sports or entertainment marketer?
   i. In theory, social media is free
   ii. Allows an organization to reach a massive audience
      (a) Facebook: More than 1 billion users 100
      (b) Google+: Nearly 200 million users and is growing at a pace of more than 25 million new members per month 101
      (c) LinkedIn: 160 million Professionals representing every company on the Fortune 500 in over 200 countries 102
      (d) Twitter: Over 555 million registered users, more than double the number of users in 2011 103
      (e) YouTube: 4 Billion Views Per Day (2nd biggest search engine behind Google) 104
      (f) Foursquare: 20 million users who “checked in to locations more than 2 billion times in the last two years
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iii. Social media is still experiencing rapid growth, presenting unlimited potential for marketers
(a) According to a recent study, 26 percent of sports fans indicated they use social media to follow leagues, teams and players in 2012, up from just 15 percent in 2011.105
(b) When the last Summer Olympics began in Beijing in 2008, Facebook had 100 million users and Twitter had just 6 million users, compared with over a billion Facebook users and 555 million Twitter users when the London Games kicked off in 2012.106
(c) A research project conducted by Catalyst Public Relations in conjunction with the *Sports Business Journal* revealed that 61% of MLB fans and 55% of NFL fans consider themselves bigger fans after they began following their teams through social media outlets.107

e. Popular social media platforms
i. Facebook
(a) The marketing staff at Oregon State University used information collected on the Beaver’s Facebook page from “friends” to contact them in an attempt to increase the donor base. People from 20 countries are now represented on OSU’s page, 92 percent of them are younger than 44 and 58 percent are 18-24, providing a much greater reach than traditional donor marketing campaigns.108
(b) For its midseason showcase, the Winter Classic, the NHL partnered with NBC to conduct a Watch-and-Win promotion on Facebook where fans were asked to register at the league’s Facebook page. During the game, names of selected winners would appear on the TV screen. Those fans would then receive phone calls from NHL staffers with questions related to the Winter Classic game. Prizes including a Honda CR-Z and a trip to the NHL All-Star Game were awarded for correct answers. The effort helped boost awareness and usage of the NHL’s Facebook page, now with more than 1.7 million fans. The game on TV also grew to an average audience of 4.5 million viewers, the largest draw for a regular-season NHL game since 1975.109
(c) ESPN has expanded its presence on Facebook just prior to March Madness in 2012, adding the ESPN3 video player’s streaming capabilities and launching a redesigned page featuring the SportsCenter brand.
(d) The Boston Celtics created the “3-Point Play”, a Facebook game where fans picked three Celtic players and predicted a specific statistic for an upcoming game. Points were then awarded based on accuracy and the risk level of a fan’s picks. After each game, the top-scoring fan won tickets to an upcoming home game.
(i) According to a story published in 2012, the Celtics have added 85,000 Facebook fans to their marketing database and sold almost $200,000 in tickets to those fans as a result of the 3-Point Play program.110
(c) New Era, who became the officially licensed hat for the NFL in 2012 (replacing Reebok), used its Facebook page to provide fans with a sneak peek at the brand’s new hats on NFL draft day.

* TEACHER’S NOTE *

During the 2012 NBA Playoffs, many teams jumped on the opportunity to leverage the buzz surrounding the newly launched “timeline” feature on Facebook by offering fans several variations of photos to download as their new “cover” photo. To see examples with a few discussion questions, locate the file marked “NBA Playoff Teams Facebook Timeline” from the “2012 Bonus Material” folder.

ii. Twitter
(a) Twitter’s popularity has exploded recently, in large part because it allows for the user to control the dialogue without any filter, creating a direct line of communication between the athlete, celebrity or sports/entertainment property and the fan.
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(b) Approximately half of the NBA’s players (220 and counting) are on Twitter, including almost all of the game’s biggest stars [111]
(c) At the start of the NHL playoffs, the New York Rangers gnome, the team’s unofficial mascot, debuted on Twitter (@NYRGnome) with tweets that offered behind-the-scenes photos and giveaways
(d) In 2012, a trend emerged when major events began integrating Twitter within the broadcast
   (i) The Miami Heat were voted “Team of the Year” on ESPN’s ESPY award show, thanks to voting on Twitter, while Harry Potter was named “Best Hero” by fans on Twitter at the MTV Music Awards
(e) Many teams, like the NHL’s New Jersey Devils, featured Twitter related messaging (from Twitter “handles” to “hashtags”) on team merchandise
(f) In 2012, Nike debuted a Twitter campaign on New Year’s Eve with the hashtag #makeitcount that was supported (via tweets) by Nike endorsed athletes all over the world
   (i) The campaign drew the ire of officials in the United Kingdom and Nike subsequently became the first company to have a social media advertising campaign banned when it was ruled that star soccer players Wayne Rooney and Jack Wilshere’s tweets didn’t clearly state they were advertising [112]

* TEACHER’S NOTE *

Be sure to reference the “ad samples” PPT provided on the CD-ROM containing your membership resources for excellent discussion starter material. The advertising samples presentation can be found in the lesson 4.8 folder on your disc.

(g) Sports Networker’s Twitter sports marketing guide analyzes the top twitter users in sports (teams like the Lakers and Real Madrid who enjoy the highest follower counts on Twitter) and offers five key steps for marketing a brand and interact with fans [113]
   (i) When in Doubt, Tweet
   (ii) Respect the Fan
   (iii) Use the Resources You Have
   (iv) Follow Back and Listen
   (v) If it isn’t Broken, Don’t Fix it

iii. YouTube
   (a) The Vancouver Whitecaps, MLS expansion team opening play in 2011, took full advantage of YouTube by launching a “30-Day Countdown” marketing initiative that featured thirty consecutive days of viral videos introducing the team to the city of Vancouver, decorating landmarks, interviewing celebrities, displaying 3D billboard projections, and more [114]
   (b) JK Rowling took to YouTube to create buzz prior to her Pottermore [announcement] on the Harry Potter YouTube channel by placing an interactive placeholder which featured a collection of owls that refused to budge, shaking their heads if touched — referring to the teaser line, “The owls are gathering... Find out why soon.” [115]
   (c) Rolex, in support of its long and storied relationship with Wimbledon, launched a “Golden Moments at Wimbledon” channel on YouTube
   (d) The Harlem Globetrotters have successfully created a connection with fans by creating memorable content on their YouTube channel, including a clip of one of their players dunking a basketball without jumping (which has garnered over 4 million views already). In 2012, they added an interactive element by challenging fans to the “World’s Largest Game of H.O.R.S.E.” Fans were encouraged to submit video of their best trick shots and would later be attempted by a Harlem Globetrotter player. “Letters” were awarded weekly, based on fan voting, and prizes were distributed accordingly. [116]
iv. LinkedIn
   (a) Many sports and entertainment business professionals utilize LinkedIn, not only as a networking and recruiting tool, but also as a means by for exchanging ideas and information and tracking current industry trends.

v. Flickr
   (a) For the Portland Timbers inaugural MLS season, the team created a marketing campaign that featured Portland residents holding axes, chainsaws, and team scarves. The ads were placed throughout Portland. The team then tied its fans into this campaign by inviting them to come to the team’s official store to have their photo taken in the same style as the marketing campaign photos. Nearly 1,500 fans showed up and the photos were later posted on the team’s Flickr page, available for fans to download.  

   (b) The Milwaukee Bucks post photos of the Bucks’ gameday experience on their official Flickr page, providing fans with a behind the scenes look at the team.

vi. Pinterest
   (a) In 2012, the Puerto Rico Open became the first official PGA Tour event to actively use Pinterest during tournament as a promotional tool and means for engaging fans.

vii. Instagram
   (a) In 2012, Major League Baseball became the first professional sports league to have every single one of their franchises on Instagram while creating web-based versions of their Instagram feeds so fans could view photos from the league and their favorite teams online.
   (i) Just one month into the 2012 season, there was already a 400% increase in Instagram photos posted from big league parks compared to the entire 2011 season when more than 40,000 photos of ballparks were posted.
   (ii) Click here for an info graphic detailing the explosion in Instagram posts from MLB ballparks in 2012 and here for an info graphic depicting how Instagram won gold at the 2012 Olympic Games in London.

viii. Google+ Hangouts
   (a) In 2012, the Minnesota Timbewolves and Minnesota Lynx hosted a Google+ “hangout” with season ticket holders, allowing fans to interact directly with front office executives.

ix. Other examples of social media applications
   (a) The Boston Celtics created a customized, branded “Evite” for users of the popular evite.com website in an effort to help group leaders organize and promote a Celtics outing.
   (b) In 2011, MTV launched a Tumblr featuring original and re-blogged content and staff members liveblogged the MTV Movie Awards on the Tumblr.
   (c) In 2011, Vevo invested in the exclusive rights to broadcast the popular music festival, Bonnaroo (in 2010 YouTube had the rights). Vevo only began airing live concerts on its site last year, but already CEO Rio Caraeff says such deals are driving revenue into the mid- to high seven figures, and attracting between 5 million and 10 million unique viewers for each event.

x. Comprehensive social campaigns
   (a) Sports and entertainment organizations must continue to expand their social presence by creating access points for consumers across multiple social media platforms.
   (i) Many NHL teams have partnered with the website www.beardathon.com to help raise money for their team charity as a way to piggyback on a longstanding NHL tradition where players do not shave during the playoffs. In 2012, the “beard-a-thon” began integrating a number of social media elements, including Twitter, Pinterest, Facebook and even a Facebook app that allowed those unable to grow facial hair the opportunity to participate through augmented reality.

1. The beard-a-thon effort raised over $520,000 for charities in 2012.
Lesson 4.9
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(b) Taking it a step further, the Boston Bruins launched a unique “network” (called the DEN page) to serve as a portal to all the team’s social media efforts, from Facebook to Pinterest, a gateway to its mobile app, and a home for video and other digital content offerings (the site attracts more than 2.5 million fans every month) 121

5. Location-based marketing
   a. Location based social networking allows users to “check into” businesses at a physical location using a mobile device while alerting their friends and contacts know where they are and, in some instances, to receive coupons and discounts at the establishment at which they are visiting (think of it as the convergence of social media and mobile marketing)
   b. The MLB Fan Cave in New York is a customized Foursquare-linked smart phone vending experience that dispenses official MLB baseballs upon user command. Pedestrians on the streets of NYC who encounter the experience can use their smart phones to check into “THE FRANCHISE on SHOWTIME” via Foursquare, notifying the intelligent storefront to release a baseball.122
   c. The 2012 Olympic Games in London featured a number of location based marketing tie-ins
      i. Leading up to the 2012 Olympic Games, Foursquare users were encouraged to check-in to Olympic venues around the world (the official Foursquare featured more than 40 historic sites and venues from past Olympic Games) for an opportunity to win a trip to London
      ii. GetGlue sports fans were able to collect stickers for watching all their favorite Olympics sports

6. Viral marketing
   a. Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message’s exposure and influence 123
   b. Viral marketing is the digital marketer’s version of “word-of-mouth” advertising
   c. Viral marketing examples
      i. Nike launched a video as a way to tie in with the 2012 Euro Cup (named “My Time is Now” featuring some of the biggest names in soccer) that racked up nearly 10 million views in just three days 124
      ii. One day before the London Olympic Games opening ceremony, the 2012 USA Swimming national team posted a video of themselves lip-synching the hit “Call Me Maybe.” The video quickly went viral, amassing more than 3.5 million views in just a few short days (including 600,000 views in just 24 hours). 125

A. Ultimately, this shift in marketing trends creates new opportunities and growth potential for the sports and entertainment industry
   1. John Meindl, President of SPORTSBRANDEDMEDIA says on their website: “Sports, TV, movies and music each offer successful marketing models. But when sports and branded entertainment work in unison, the result can cut through the clutter of advertising messages and enable you to reach your target audience in a unique and effective way.” 126
Case Study

New Era Marketing Strategies: A Unit 4 SEM Case Study

With such options as sports talk radio, blogs, and instant messaging, fans have no shortage of ways to communicate their feelings about their favorite team or player. Organizing the chaos is another matter.

That’s the philosophy behind Cavfanatic.com, an interactive site for fans of the NBA’s Cleveland Cavaliers. Jeff Lillibridge, the Cavaliers’ Director of Web Services, envisions the site as “the place to interact with anything Cavaliers.”

The team has provided message boards for the team’s fans for several years, and blogs have long allowed the team’s fans (and those of its opponents!) to vent their frustrations with or sing the praises of their favorite team, player, or member of the front office.

However, Cavfanatic.com carries “social networking” to another level. Launched during the spring of 2008, the web 2.0 platform encourages expanded user-generated content, including uploading of photos and videos. There is also a video blog. Podcasting is not currently available, but the site’s technology allows for it. While players do not interact directly with the site’s participants, radio broadcasters, such as Austin Carr and Campy Russell, do. Fans can join one or more of over 50 groups, including those for other Cleveland sports teams. Chat rooms are open for real-time interactions.

The Cavaliers work to make the site user-friendly by keeping interactions simple. More complex tasks, such as buying tickets, happen elsewhere on the team’s main web site. Fans who participate are rewarded with points that can be accumulated and cashed in for such benefits as discounts on merchandise from the team store.

Initial reaction has been enthusiastic. Multiple forums attract responses at any given time, resulting in heavy traffic volumes to the site. One general thread established in the early months generated over 15,000 posts.

Case Study Questions

1. What do you think is the most important thing the Cleveland Cavaliers hope to accomplish by establishing Cavfanatic.com?

(Please see the next page for case study questions)
2. How will peaks and valleys in the team’s performance or news about the team’s activities affect traffic on the site?

3. Can the team monetize the site to pay for such costs as web hosting and site management? What specific things can they do?

4. From a social marketing perspective, how can the team use the responses of fans to address public relations issues?

5. What other areas of the business might benefit from the forum social network provides?

6. Does the Cavs effort to launch Cavfanatic.com indicate a level of recognition by the sports and entertainment industry that social marketing can be a powerful medium? Why or why not?

Information from this case study obtained from:

Interview with Jeff Lillibridge, Director of Web Services for the Cleveland Cavaliers, conducted by Dr. Bruce Herbert.
Unit 4 Overview:

Unit four begins to integrate basic marketing principles with the sports and entertainment industry and explores the dichotomy of the term “sports and entertainment marketing” by defining the roots of the phrase.

Students will be introduced to the components comprising the marketing mix as well as basic marketing concepts. Students will investigate the importance of target markets, segmentation and positioning strategies. In addition, they will learn the importance of market research and its correlation with advertising.

Unit 4 Key Terms Defined:

Advertising: Any paid, non-personal form of communication by an identified company

Demographics: Information that provides descriptive classifications of consumers

Exchange Process: Marketing transaction in which the buyer provides something of value to the seller in return for goods and services that meet that buyer’s needs or wants

Market Segmentation: The process of identifying groups of consumers based on their common needs

Marketing Concept: The view that an organization’s ability to sell its products and services depends upon the effective identification of consumer needs and wants and successful determination of how best to satisfy them

Marketing Mix: Consists of variables controlled by marketing professionals in an effort to satisfy the target market

Niche Marketing: Process of carving out a relatively tiny part of a market that has a very special need not currently being filled

Social Media: Describes the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives, media and to otherwise interact

Target Market: Refers to people with a defining set of characteristics that set them apart as a group
Unit 4 Review

Unit 4 Objectives:

1) Explain the marketing concept
2) Identify the components of the marketing mix
3) Define target market
4) Identify the five bases of segmentation
5) Illustrate the concept of positioning
6) Differentiate between customer and consumer
7) Explain the importance of market research
8) Identify specific forms of advertising and explain why businesses advertise
9) Understand the concept of new era marketing
Unit 4 Review

Unit 4 Discussion Questions:

Do you think sports and entertainment organizations implement the same general marketing strategies and practices as companies in other industries? Why or why not?

Sports and entertainment organizations do utilize the same fundamental marketing concepts that drive businesses in other industries, in large part because those strategies have proven to be effective time and time again.

Which concepts are important to sports and entertainment marketers?

- The marketing mix
- Target markets
- Market segmentation
- Positioning
- Understanding consumers
- Market research
- Advertising

Why is marketing a necessary and beneficial function to businesses?

The marketing function is necessary for any business. Some of the benefits derived from marketing sports and entertainment products and services could include:

- The ability to add perceived value to goods and services
- Making the buying process easy and convenient for consumers
- Creating and maintaining reasonable prices
- Providing a variety of goods and services
- Increasing production

Who do you think the sports and entertainment business consumer is? Why is it important to know who the consumer is?

Having a firm grasp on exactly who its consumers are allows sports and entertainment marketing professionals to develop the most effective strategies for reaching them to sell company products and services.

Marketers sell sports and entertainment participation. It could be participation by event attendance or physical participation in the event itself. Marketers target those consumers with free time, discretionary income, and a desire to be entertained.

Sports consumers are people who may play, officiate, watch, or listen to sports, or read, use, purchase, and/or collect items related to sports.
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111) http://sports.espn.go.com/espn/page2/story?page=burnsortiz/110425_nba_social_media&sportCat=nba
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“There is no victory at bargain basement prices.”

- Dwight D. Eisenhower, 34th President of the United States
Unit five prepares students with the basic fundamentals required to develop an effective marketing plan. The situation or SWOT analysis is an important tool for any organization in determining key characteristics of their business and is integral to the planning process. Students will also learn the importance of creating a solid mission statement and the role finance plays in the development of the marketing plan. Unit five also examines additional components critical to the creation of a successful marketing plan.
Objectives

1) Understand what the marketing plan is and why it is an important tool for sports and entertainment marketers
2) Identify the key components of the marketing plan
3) Successfully compose a mission statement
4) Explain the purpose of a situation or SWOT analysis
5) Identify the four elements of a situation analysis
6) Recognize the importance of understanding the financials within the marketing plan
7) Determine which information is important to address within the marketing plan

Lessons

Lesson 5.1 What is the Marketing Plan?
Lesson 5.2 Components of an Effective Marketing Plan
Lesson 5.3 The Mission Statement
Lesson 5.4 The Situation Analysis (SWOT)
Lesson 5.5 Financing
Lesson 5.6 Key Information in the Marketing Plan

Key Terms

Balance Sheet
Budget
Competition
Forecast
Income Statement
Market Share
Marketing Plan
Mission Statement
Situation (SWOT) Analysis
Discussion Topics

Why is a marketing plan important? Would the practice of developing marketing plans be relevant in the sports and entertainment industry? Why or why not?

What types of sports and entertainment organizations might benefit from a marketing plan? How and why?

What kind of information is important to a marketing plan?
What is the Marketing Plan?

A. Marketing plan
   1. The marketing plan is a written document that provides direction for the marketing activities for a specific period of time.
      a. The plan is a critical planning tool for any business, regardless of industry, as it provides direction for the organization by defining goals and strategies

B. Why is a marketing plan important?
   1. It communicates the goals, objectives, and strategies of a company to its employees
   2. Some marketing plans are prepared to be included as part of a complete business plan
      a. with the goal of obtaining financing from outside investors or bank for a new venture

C. Marketing plans can vary in complexity and time frame
   1. The complexity of the marketing plan is determined by the size and type of the organization
      a. The plan is also influenced by the organization’s goals and objectives
   2. The time period covered by the plan also varies with organization size and type
      a. A new minor league baseball franchise may only plan for two years given the risk for minor league organizations to be short-lived
      b. A major league baseball team may create a five to ten year plan to implement complex and long-term marketing strategies

D. Understanding the market
   1. Before completing the marketing plan, organizations must understand their market
   2. An organization must research and evaluate many factors within a market
      a. The product
      b. The consumer
      c. The economy
      d. Target markets
      e. Existing market distribution channels
      f. Buying trends
      g. Competitor performance

E. Understanding competition
   1. Competition refers to a rivalry between two or more businesses selling products or services to the same customers or markets
   2. When two or more businesses sell the same goods or service, they are competing for the same consumers. Competition impacts price points, product features and marketing strategies because businesses are fighting for an edge that will persuade consumers to choose their products or services over those of competitors.
      a. PS3, Microsoft Xbox 360 and Nintendo Wii compete for consumer dollars in the video game market
      b. The Dallas Stars, Dallas Cowboys, Dallas Mavericks, Texas Rangers and FC Dallas compete for consumer dollars in the Dallas-Fort Worth area
      c. Redbox, Blockbuster and Netflix compete for consumer dollars in the movie rental business
      d. Market share is a key indicator of how well one company is performing against competitors within the marketplace
         i. For example, Nike had the most market share among brands competing in the tennis athletic shoe market in 2011.
            a) Nike 28.12%
            b) Adidas 27.88%
            c) K-Swiss 16.11%
            d) New Balance 12.99%
            e) Prince 6.6%
            f) ASICS 5.58%
            g) Wilson 2.47%
Lesson 5.1

What is the Marketing Plan?

3. A monopoly occurs when there is no competition in the marketplace
   a. During the 2011 NBA lockout, the National Basketball Association filed suit in a U.S. District Court in Manhattan seeking a ruling that the lockout does not violate antitrust laws while lawyers representing the NBA Players Association have argued they regard the league as a monopoly because players have no viable alternatives for basketball employment in the United States other than playing in the NBA.
   b. In 1984, the U.S. Supreme Court ushered in the modern era of escalating media rights fees when it declared the NCAA's control of football television rights to be an illegal monopoly. Today, schools that 30 years ago received less than $1 million a year from television can generate $20 million or more a year in revenue from the sale of television rights.
   c. A lawsuit alleged that EA Sports had “engaged in unlawful and anti-competitive agreements that nearly doubled the price of its popular game, Madden NFL, drove competition out of the market and prevented new competitors from entering.” The company settled in 2012 for $27 million but only with respect to their NCAA and Arena football licensing agreements, not its Madden franchise.

4. Types of competition
   a. Direct competition occurs between sellers of similar products and services
      i. Li Ning, an upstart Chinese footwear and apparel brand is a direct competitor of Nike, Adidas, Puma and Under Armour, has already displaced Adidas as the number two brand in China based on sales of footwear, apparel and accessories. The company is positioning itself to surpass Nike as the top footwear and apparel brand in China. Li Ning’s goal is to be number one by 2013.
   b. Indirect competition occurs between sellers that compete for the same share of consumers’ discretionary income (competition for the entertainment dollar)
   c. It is possible for some products and services to compete directly at times and indirectly at others
      i. Georgia Tech, Atlanta Falcons and NASCAR in the Atlanta market
   d. Substitute products are products (or services) that consumers may choose to use rather than a particular company’s product
      i. Watching games in HD on television rather than attending the game in person
Lesson 5.2

Components of an Effective Marketing Plan

A. Components of an effective marketing plan

1. Mission statement
   a. A mission statement is a written statement that captures an organization’s purpose, customer orientation and business philosophy

2. Executive summary
   a. Provides an overview of complete plan
   b. Highlights key information within the document

3. Situation or SWOT analysis
   a. The situation analysis (also referred to as SWOT) provides information that is helpful in matching the organization’s resources and capabilities to the competitive environment in which it operates
   b. Reviews four key factors pertaining to the company’s current market situation
      i. Strengths
      ii. Weaknesses
      iii. Opportunities
      iv. Threats

4. Marketing goals and objectives
   a. Identifies what the company hopes to achieve with the marketing plan and a timeline for which the plan is to be carried out
   b. To be effective, objectives should follow the S.M.A.R.T. criteria
      i. Specific
      ii. Measurable
      iii. Action-oriented
      iv. Realistic
      v. Time bound

5. Market research / Marketing strategies
   a. Defining a specific marketing approach intending to create segmentation and positioning objectives with the goal of influencing consumer purchase decisions
   b. Plan should include any relevant market research to help support strategy and implementation decisions
   c. Developing a strategy includes the process of designing an initial marketing strategy for a new product based on the product concept

6. Implementation
   a. Refers to the process of putting the marketing plan into action

7. Evaluation and control
   a. The phase in which determinations are made whether the plan achieved the desired results
   b. The control process is on-going and allows for adjustments and changes to the plan as needed to attain desired results

8. Additional components that may also be present within marketing plan
   a. Table of contents
      i. Most marketing plans will feature a table of contents to help readers quickly and easily access key segments of the plan
   b. Problem identification statement
      i. Provides direction for the analysis as a whole if an organization hopes to overcome a specific challenge
   c. Communication and/or publicity plan
Lesson 5.3

The Mission Statement

A. Mission statement
   1. Many organizational marketing strategies are founded on the basis of the mission statement content
      a. A mission statement should address the following questions
         i. What business are we currently in?
         ii. Who are our current customers?
         iii. What is the scope of our market?
         iv. How do we currently meet the needs of our customers?
   2. To be effective
      a. Mission statement should be shared and supported by employees
      b. Should explain why your organization exists and what it hopes to achieve

B. Mission statement examples
   1. Mission statement for the International Olympic Committee’s marketing commission
      a. “Olympic marketing helps perpetuate the work of the Olympic Movement, by providing resources, programmes and financial support. All programmes and actions of a partner should be designed to enhance and protect the Olympic image and Olympic values.”
      a. “The International Skateboarding Federation (ISF) is formally organized and incorporated as Skateboarding’s International Federation and World Governing Body. The ISF has been established to provide direction and governance for the sport of skateboarding worldwide; The ISF’s goals include but are not limited to:
         (a) “To make skateboarding available to everyone in the world who wishes to participate,
         (b) To guarantee skateboarding continues to provide the freedom of self-expression and creativity,
         (c) To promote and support the sport of skateboarding in order to guarantee its future,
         (d) To continue to maintain the integrity and authenticity of skateboarding as a sport, a passion and a lifestyle,
         (e) and to apply these rules of governance in a fair and equitable way, and to do so through the leadership and expertise of the skateboarding family world-wide”
   3. The Lance Armstrong foundation mission statement
      a. “The Lance Armstrong Foundation (LAF) inspires and empowers people affected by cancer. We help people with cancer focus on living; we believe that unity is strength, knowledge is power and attitude is everything. From the moment of diagnosis, the LAF provides the practical information and tools people with cancer need to live life on their own terms.”

* TEACHER’S NOTE *

For more examples of mission statements, refer to the student handout marked “Unit 5 - Student Handout - Mission Statements” provided on the CD-ROM containing your membership resources. The handout (in both .pdf and PowerPoint format) can be found in the folder marked “Lesson 5.3 - Mission Statement” within the unit 5 resources folder. Ask students to discuss whether they feel each mission statement effectively conveys the company message. After students have reviewed the sample mission statements, ask them to create one on their own.
Lesson 5.4

The Situation Analysis (SWOT)

A. Components of the situation or SWOT analysis

1. **Strengths**
   a. Resources and capabilities that can be used as a basis for developing a competitive advantage
      i. Patents
      ii. Strong brand names
   b. Positive reputation among customers

2. **Weaknesses**
   a. Qualities that give a business a competitive disadvantage
   b. The absence of certain strengths may be viewed as a weakness
      i. Lack of patent protection
      ii. Weak, unrecognized or ineffective brand name
      iii. Poor reputation among customers
      iv. Lack of resources
      v. Inadequate distribution channels

3. **Opportunities**
   a. Events that could facilitate company profit and growth
      i. An unfulfilled customer need
      ii. Arrival of new technologies
      iii. A particular market niche that has not yet been exploited
      iv. Mergers
      v. Entry into new markets

4. **Threats**
   a. Events that could have a negative impact on the company
   b. Could be internal, such as falling productivity, or external, such as lower priced products offered by competitors
      i. Shifts in consumer tastes away from company products
      ii. Emergence of new substitute products
      iii. Government regulation
Lesson 5.4

The Situation Analysis (SWOT)

B. Hypothetically, let’s say you were conducting a SWOT analysis for an apparel and footwear company competing with companies like Nike, Adidas and Under Armour for market share

1. **Strengths**
   a. Strengths might include:
      i. Steady and consistent growth in profits
      ii. Innovative new technology (lightweight, stretchable fabric) that increases consumer performance
      iii. Products tied to effective endorsement campaign (Serena Williams wears your new technology during matches)

2. **Weaknesses**
   a. Weaknesses might include:
      i. Too much reliance on sales of products online and not enough in retail environments (your products are not available at Dick’s or Foot Locker)
      ii. Low brand awareness (not enough consumers are familiar with your brand)
      iii. Dependency on sales of apparel products with a track record of limited growth in footwear (75% of total sales come from the apparel category)

3. **Opportunities**
   a. Opportunities might include:
      i. Well defined objectives with company-wide support (everyone in the company understands and supports the goal of increasing footwear sales in the next fiscal year)
      ii. Positive industry outlook (forecasts call for substantial growth in the footwear and apparel markets for the next three to five years)
      iii. Positive association with endorsers (Serena Williams’ popularity is extremely high and she uses your product and will be featured in an upcoming campaign promoting the brand)

4. **Threats**
   a. Threats might include:
      i. Competitors launching new, similar product (Puma is launching a similar lightweight, stretchable fabric apparel line in the upcoming year)
      ii. Rising raw material prices (the cost of producing products will rise)
      iii. Poor economic conditions (consumers are spending less)
Financing

A. A critical element to an effective marketing plan focuses on finances.\(^ {15}\)
   1. Forecast
      a. The forecast predicts the costs and expenses as well as anticipated revenue
      b. A forecast simply provides a target figure and is not expected to be 100% accurate
         i. In the Seattle Sounders’ original business plan, the goal was to sell 12,000 tickets per game in its inaugural MLS season. However, the team averaged nearly 30,000 in its first year and has maintained that pace every year throughout their existence.\(^ {16}\)
         ii. Sometimes an organization can fall short of projected revenues as the University of Oregon did just one year after opening Matthew Knight Arena, the Ducks’ luxurious new basketball facility, when they fell $275,000 short of what it projected to generate in revenue through ticket sales, meaning the U of O athletic department would be responsible for absorbing the $400,000 hit.\(^ {17}\)

B. Budget
   1. A budget details the financial impact of each part of the marketing plan
      a. The budget also requires careful review of other financial statements, including the income statement and projected expenses
         i. In fiscal year 2011, the National Guard reported that it spent $32,775,000 in its total NASCAR sponsorship fees. That represented 8.6% of its total recruiting budget.\(^ {18}\)

   *TEACHER’S NOTE*

   For an example of a budget, refer to the student handout marked “Unit 5 - Student Handout - Olympic Budget” provided on the CD-ROM containing your membership resources. The handout can be found in the folder marked “Lesson 5.5 - Financing” within the unit 5 resources folder.

C. Balance sheet
   1. The balance sheet indicates the current value of the company
      a. Shows current assets (cash, property, equipment, receivables) and current liabilities (debts owed and loans)

D. Income statement
   1. An income statement is a record of profit and loss
      a. Identifies all revenues received and expenses paid

E. Financing example
   1. Let’s say your favorite college football team’s operating budget for the upcoming season is $450,000
      a. One of the key challenges facing any athletic department from a financial perspective is the fact that away football games create a significant expense and can place a severe strain on the budget
      b. The program’s primary football revenues could include
         i. Corporate sponsorship
         ii. NCAA revenue distribution
         iii. Ticket sales
iv. “Guarantee games”
   (a) A guarantee game is a game where a Division1-A program’s football team will pay a smaller school opponent to go to its campus for a game. Because the larger school believes it should be favored to win, it becomes worthwhile to guarantee money to the smaller school for participating in the game and traveling.
   (b) For example, the University of Montana football team received a $500,000 guarantee for a 2011 football game at the University of Tennessee.

c. Example of football program’s potential travel expense
   i. The team’s travel to an away game might cost the program $16,000
   ii. Costs are lower when the team plays opponents in a closer proximity because overnight stay wouldn’t be required
   iii. Travel also becomes much more expensive when the team is required to fly rather than drive, so playing a team further away might require a $65,000 travel expense
      (a) Airfare = $48,000
      (b) Food = $7,000
      (c) Lodging = $6,000
      (d) Bus transportation = $4,600

d. Budget evaluation
   i. In the future, the athletics program might look for ways to minimize travel expenses to stay as close to budgeted travel costs as possible
      (a) Programs may have some control over the schedule, so each road trip is evaluated on whether it fits the budget, ease of reaching the destination, game times and availability of commercial flights
      (b) The program might also look to partners such as Nike and different hotel chains as a means for minimizing expenses through discounts to try to remain within the budget
Lesson 5.6

Key Information in the Plan

A. In addition to a SWOT analysis, companies must thoroughly detail and expand upon each of the primary components of the plan.

1. Product planning
   a. What event, product, or service will be marketed?

2. Marketing-information management
   a. Who are the company’s competitors?
   b. Who are potential customers?
   c. What characteristics define the target market?
   d. What motivates consumers to buy?
   e. How do we insure repeat purchases?

3. Distribution strategy
   a. How will the company’s product get to the consumer?

4. Pricing
   a. How much does the product cost the company to produce?
   b. What is the optimal price for the product?
   c. What is the estimated demand?

5. Promotional strategies
   a. How will the company integrate an effective promotional mix into the plan?
   b. What forms of advertising will they use?
   c. Will those decisions be cost-effective?

6. Financing
   a. What is the projected overall revenue?
   b. What costs are involved?
   c. What economic conditions will influence marketing efforts?
   d. What other factors should be integrated within the budget?
   e. What is the time frame that should be considered?

7. Risk management
   a. What legal liability could the company face?
   b. What laws could affect marketing strategies?

8. Sales
   a. What sales strategy will be employed?

9. Execution strategy
   a. How will the plan be carried out in a manner that will allow for the organization to accomplish its goals and objectives?
      i. An excerpt from the Vancouver Organizing Committee for the 2010 Olympic Games implementation strategy:
         (a) Create awareness and excitement, across Canada, of the Olympic and Paralympic movements and the 2010 Games
         (b) Make the Games relevant to the entire country fostering the spirit of Canada’s Games
         (c) Generate interest and excitement in the corporate community
         (d) Target companies and industries that are profitable and can afford the required investment levels
         (e) Create opportunities for sponsors to activate their sponsorships and maximize their return on investment throughout the entire term of the sponsorship agreements
         (f) Create a positive image and build a solid reputation of fiscal responsibility

10. The future
    a. Where is the business going?
    b. What is the future for company competitors?
Lesson 5.6

Key Information in the Plan

B. Example of key information addressed in a marketing plan (hypothetical)

1. Product planning
   a. Before Gatorade makes the decision to introduce any new products to the market, they must first develop a marketing strategy to help maximize beverage sales
   b. They must also consider how to market existing products

2. Marketing-information management
   a. Gatorade must evaluate each of their competitors (VitaminWater, Powerade etc.)
   b. Identify the target consumers
   c. Understand how those make purchase decisions

3. Distribution strategy
   a. Will Gatorade utilize a mail order strategy through EastBay? Will they create an online shopping portal to sell online? Provide product at retail stores?
   b. Which combination of distribution channels best fits their overall sales strategies?

4. Pricing
   a. What will beverage production costs be? What range of potential price points makes sense for the product(s)? Will any discounting strategies be implemented? What type of demand can be expected for the new sports drink products at each of the price variations?

5. Promotional strategies
   a. What will Gatorade’s promotional campaign include?
   b. What type of media will be utilized to communicate information about the shoe to consumers? Social media? Advertising? Endorsements?
   c. What will the budget be? Which promotional mediums will provide the best bang for the buck?

6. Financing
   a. How much beverage (volume) will Gatorade expect to sell?
   b. What is the forecast for gross income?
   d. What is the projected net profit?

7. Risk management
   a. Are there potential legal ramifications for Gatorade’s planned marketing strategy?
   b. Does the product pose any physical risk to consumers? Is there a risk of consumers getting sick from drinking the beverages?

8. Sales
   a. What sales strategy will help Gatorade to maximize the sales volume of the sports drinks? Personal selling? Online sales?

9. Execution strategy
   a. How will the plan be carried out in a manner that will allow for Gatorade to accomplish its goals and objectives?

10. The future
    a. What are the short term and long term goals for Gatorade?
    b. What does the future hold for companies like VitaminWater and Powerade? Are other beverage companies a potential threat in Gatorade’s product category? Why or why not?
Case Study

Sports and Entertainment Marketing Plans: A Unit 5 SEM Case Study

In an effort to increase revenue generated by University of Portland athletics, the marketing team revamped marketing strategies by re-writing an outdated marketing plan for the 2004-2005 athletic season. The plan helped to expand the breadth of sales opportunities available to the athletic department marketing team. Tricia Miller, Director of Marketing for Pilot Athletics summarized the effort by saying “The marketing plan elucidates our goals and provides the framework to reach these goals. It often becomes a fluid marketing plan as we make adjustments throughout the season relative to market conditions.”

The plan outlined the key factors that would help them to brand and promote University athletics. The goal was to increase the number of tickets sold to University sporting events, particularly men’s basketball and women’s soccer, which they identified in the S.W.O.T. analysis as the most popular spectator sports at the University among both the student population, alumni and fans throughout the Portland area. Also included in the plan were identification of a target market, positioning and branding strategies, promotion/events planning, communication goals and a defined approach to advertising.

Another important consideration in the Pilots strategic planning was careful analysis of competition. In addition to several other division one collegiate athletic programs within a two hour drive of Portland (including Portland State, Oregon State and the University of Oregon), the Pilots must also contend with the growing popularity of high school sports and the professional teams within the market.

Upon completion of the S.W.O.T. analysis, they opted to shift the focus of their marketing efforts to students, creating programs to encourage student attendance at athletic events. The rationale was simple, as Tricia explained, “These are our future alumni, future season ticket holders, and future donors. Perhaps the most important factor contributing to our evolution in strategy is the electric atmosphere our fans can create – a real home court advantage if you will – enhancing the experience for everyone involved.”
Was the plan effective? The Pilot Athletic Department reached all of their goals for the season in both men’s basketball and women’s soccer, with women’s soccer ticket sales seeing an overall increase of 59.7% (including a 134.2% increase in student attendance) and men’s basketball witnessing a 26.9% boost in overall ticket sales (including a 36.7% increase in student attendance).

After the successful implementation of the 2004-05 marketing plan, the Pilots have already begun adjusting the plan to further improve ticket sales efforts for the 2005-06 season.

**Case Study Questions**

1.) What was the University of Portland athletic department working to achieve with the marketing plan? What was the goal?

2.) What role did the S.W.O.T. analysis play in the creation of an effective marketing plan for Pilot athletics?

3.) Why do you think the University of Portland has decided to spend the time developing another marketing plan for the next season?
Unit 5 Overview:

Unit five prepares students with the basic fundamentals required to develop an effective marketing plan. The situation or SWOT analysis is an important tool for any organization in determining key characteristics of their business and is integral to the planning process. Students will also learn the importance of creating a solid mission statement and the role finance plays in the development of the marketing plan. Unit five also examines additional components critical to the creation of a successful marketing plan.

Unit 5 Key Terms Defined:

**Balance Sheet:** Indicates the current value of the company

**Budget:** Details the financial impact of each part of the marketing plan

**Competition:** A rivalry between two or more businesses selling products or services to the same customers or markets

**Forecast:** Predicts the costs and expenses as well as anticipated revenue

**Income Statement:** A record of profit and loss

**Marketing Plan:** A written document that provides direction for the marketing activities for a specific period of time

**Mission Statement:** A written statement that captures an organization’s purpose, customer orientation and business philosophy

**Situation (SWOT) Analysis:** Provides information that is helpful in matching the organization’s resources and capabilities to the competitive environment in which it operates
Unit 5 Review

Unit 5 Objectives:

1) Understand what the marketing plan is and why it is an important tool for sports and entertainment marketers
2) Identify the key components of the marketing plan
3) Successfully compose a mission statement
4) Explain the purpose of a situation or SWOT analysis
5) Identify the four elements of a situation analysis
6) Recognize the importance of understanding the financials within the marketing plan
7) Determine which information is important to address within the marketing plan
Unit 5 Review

Unit 5 Discussion Questions

Why is a marketing plan important? Would the practice of developing marketing plans be relevant in the sports and entertainment industry? Why or why not?

- The marketing plan is a critical planning tool for any business, regardless of industry
- Provides direction for the organization by defining goals and strategies
- Sports and entertainment organizations view this process as the creation of a business “game plan”
- It communicates the goals, objectives, and strategies of a company to its employees

What types of sports and entertainment organizations might benefit from a marketing plan? How and why?

Almost any sports and entertainment organization will utilize a marketing plan. The plan helps to define their strategy for achieving corporate goals such as improving public opinion, selling more tickets or sponsorships and cross promoting with other forms of entertainment or events.

Some examples could include:

- An LPGA event creating a marketing plan for boosting sponsorship revenues
- The NHL developing a plan for managing the negative publicity surrounding the league as a by-product of the season long labor dispute/lockout
- A chain of movie theaters implementing a strategy to increase matinee ticket sales
- A record company determining the best way to communicate information about an artist’s upcoming album release
3) http://adage.com/globalnews/article?article_id=141601
5) http://bplans.com/g/print_glossary.cfm?full=yes
6) http://www.prenhall.com/divisions/bp/app/armstrong/cw/glossary_6.html#m
7) Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner, Slide #12
8) http://www.olympic.org/uk/organisation/commissions/marketing/index_uk.asp
9) http://www.internationalskateboardingfederation.com/
10) http://www.volunteermatch.org/search/org57968.jsp
11) http://www.quickmba.com/strategy/swot/
12) *Sports & Entertainment Marketing*, South-Western Educational Publishing, p. 26
13) http://www.thecollegianur.com/2008/10/30/away-football-games-deplete-the-team%E2%80%99s-budget/
14) http://connect.oregonlive.com/user/bgraves/index.html
15) *Sports & Entertainment Marketing*, South-Western Educational Publishing, p. 258, 259
16) http://www.vancouver2010.com/dl/00/40/16/-/40160/prop=data/10ct75/40160.pdf
“I’m not a businessman, I’m a business, man.”

- Jay-Z

Unit 6

Now Playing...

Branding and Licensing
Unit six addresses the concepts of branding and licensing, two very important principles in the sports and entertainment marketing business. Branding, as a function of marketing, contributes to the overall perception consumers carry with respect to a particular company or its products. Successful branding strategies can be seen all over the sports and entertainment industry, with examples like ESPN, *Sports Illustrated*, MTV, Gatorade and the New York Yankees. Licensing has become a critical revenue producer for all properties in the sports and entertainment industry and continues to grow at an astounding pace. Unit six explores the factors contributing to that growth.
Objectives

1) Define branding
2) Define brand equity and brand extension
3) Differentiate between corporate brand, product brand and store brand
4) Determine the characteristics of an effective brand name
5) Define licensing
6) Discuss the licensing process
7) Distinguish between licensor and licensee
8) Explain the advantages and disadvantages to a licensee
9) Identify the four key considerations of on-site merchandising

Lessons

Lesson 6.1 Branding
Lesson 6.2 Licensing
Lesson 6.3 The Licensing Process
Lesson 6.4 Merchandising

Key Terms

Brand Extension  Branding  Corporate Brand
Licensee  Licensing  Licensor
Product Brand  Slogans  Store Brand
Trademark

* TEACHER’S NOTE *

For some added classroom fun relating to branding, play the “Name That Brand!”, “What’s That Slogan?”, and “What’s That Tagline?” games PowerPoint. For the licensing lesson, play ““Name That Team!”. You can find them in the “Games and Classroom Fun” folder on your CD-ROM.
Has anyone seen a Farrelly Brothers or Quentin Tarantino film in the past? Why did you choose to see that particular movie? Did you have an idea of what the movie film would be like?

With the rise in popularity of “retro” or “throwback” sports jerseys and apparel, overall sales of merchandise are booming. What might deter anyone in our class from opening up a shop and selling these vintage clothes themselves?

When you see a favorite celebrity (entertainer or athlete) in an advertisement for a particular product, do you remember the product name (brand)? Why do you think that is? Discuss…
Lesson 6.1

Branding

A. Branding

1. **Branding** is the use of a name, design, symbol, or a combination of those elements that a sports or entertainment organization uses to help differentiate its products from the competition.
   
   a. Describes a company’s or event’s efforts to develop a personality and make its products or services different from the competition.
   
   b. Branding mechanisms
      
      i. Brand mark
      
      ii. Logo
      
      iii. Trademark
      
      iv. Graphics
      
      v. Slogans and taglines
         
         (a) Slogans are short, memorable catch phrases used in advertising campaigns designed to create product affiliations among consumers.
         
         (b) For example, Dick’s Sporting Goods advertising often features the slogan “Every season starts at Dick’s.”
         
         (c) To generate excitement about the team’s move from New Jersey to New York, the Brooklyn Nets launched a marketing campaign just after finishing their last game in their old home with the Twitter-friendly slogan #HELLOBROOKLYN

   * TEACHER’S NOTE *

   To take a closer look at the concept of slogans, review the student handout marked “Unit 6 - Lesson 6.1 - Student Handout – Slogans” in the Lesson 6.1 folder on your CD-ROM. The handout spotlights various New Balance advertisements that featured the slogan from their 2012 marketing campaign, “Let’s Make Excellent Happen.”

c. When a brand name or trade name is registered, it also becomes a trademark.

   i. A trademark is a device that legally identifies ownership of a registered brand or trade name.
      
      (a) In 2011, the NCAA paid $17.2 million to secure the registered trademark for the phrase “March Madness.”
      
      (b) In 2012, Houston Rockets star, Jeremy Lin (then with the New York Knicks), was granted the trademark for the phrase “Linsanity.”
      
      (c) Anthony Davis, standout freshman on the NCAA champion Kentucky Wildcats basketball team, trademarked the phrases “Fear the Brow” and “Raise the Brow” just prior to being selected first in the NBA Draft, a reference to his connected eyebrows.
      
      (i) “I don’t want anyone to try to grow a unibrow because of me and then try to make money off of it,” Davis told CNBC in an interview. “Me and my family decided to trademark it because it’s very unique.”

   d. Protecting the brand
      
      i. Organizations will go to great lengths to protect their brand from a legal perspective.
      
      (a) According to Michael Napolitano, Licensing Director for Major League Baseball in an interview, Major League Baseball spends millions of dollars per year on trademark protection.
      
      (b) According to the Oregonian: “Adidas is well known for aggressively guarding the logo it’s used for more than 55 years. It has pursued at least 325 infringement matters in the United States, including 35 lawsuits and 45 settlement agreements, according to court records.”
      
      (i) In the summer of 2011, Adidas filed suit against a small California footwear company (Radii Footwear) for trademark infringement, claiming two of Radii’s lifestyle sneakers infringe on the distinctive three stripes synonymous with the Adidas brand.
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(c) In 2012, Rawlings filed suit against rival manufacturer Wilson, over the glove Wilson supplied to Cincinnati Reds star, Brandon Phillips citing the “metallic gold-colored webbing, stitching and lettering” design on the glove as copyright infringement (Rawlings owns the trademark to the term “gold glove”).

(d) Since 1967, Chapman High School in Kansas had been referring to its sports teams as the “Fighting Irish” and featuring a mascot bearing a similar resemblance to the fighting leprechaun logo used by the University of Notre Dame. In 2012, the school received a cease and desist letter from Notre Dame, ordering them to discontinue using the logo. Unwilling to spend the money necessary to challenge the University in court, the school held an art contest to design a new logo for school athletics.

2. Characteristics of a successful brand
   a. Positive, distinctive and generates positive feelings and association
   b. Easy to remember and pronounce
   c. Logo is easily recognizable
   d. Implies the benefits the sports or entertainment product delivers
   e. Consistent with the image of the rest of the product lines and company/organization and/or city
   f. Legally and ethically permissible

3. Brand building
   a. Brand awareness
      i. The process of working toward maximizing recognition of a particular brand
         (a) Many comic book fans associate comics with Marvel because of brand awareness. Because Marvel Entertainment has such a strong brand, the Walt Disney Company purchased the company for $4 billion.
   b. Brand image
      i. Consumer perceptions linked to a particular brand (health, excitement, fun, family etc.)
         ii. Example
             (a) The Disney brand is associated with family fun and entertainment
   c. Brand equity
      i. The value placed on a brand by consumers
      ii. Nike has strong brand equity because consumers have long associated the brand with top level athletes and quality products
   d. Brand loyalty
      i. Consumer preference for a particular brand as compared to competitor products or services
         (a) In the recreational/sport fishing category, Plano brand tackle boxes have established a loyal customer base, maintaining a significant share of the market year in and year out. Plano tackle boxes were again the preferred brand among anglers, representing 55.8% of all tackle box purchases.
         ii. Brand loyalty is a critical factor influencing the concept of fandom, the higher the level of brand loyalty, the greater likelihood of an increased level of intensity in fandom
            (a) In 2011, Forbes ranked the “most rabid” NFL fans in terms team (brand) loyalty. According to the report, Green Bay Packers fans ranked number one overall while New York Jets fans ranked last.

To see the complete list and rankings, locate the student handout marked “Unit 6 - Lesson 6.1 - Student Handout – Rabid NFL Fan Rankings” in the Lesson 6.1 folder on your CD-ROM or online.
Lesson 6.1

Branding

4. Event branding opportunities  
   a. Naming rights  
      i. ING, a financial institution that provides banking and insurance services, has the naming rights to the 
         popular New York City Marathon  
   b. Promotions and co-promotions  
      i. PowerBar, another sponsor of the ING NYC Marathon, utilizes its partnership to provide a special 
         promotional opportunity to race participants by offering 20% off all PowerBar products at the PowerBar 
         store online  
   c. Sponsorship opportunities and presenting rights  
      i. While ING enjoys the naming rights to the annual NYC Marathon, several other sponsors enjoy “Principal” 
         status, such as ASICS, United Airlines, Foot Locker, The New York Times and Timex  
   d. Merchandising opportunities  
      i. Licensing opportunities are often available which would include the authorized use of a brand, brand 
         name, brand mark, trademark, or logo  
      ii. ASICS is a “principal” (primary) sponsor of the NYC Marathon. Part of their sponsorship agreement 
         provides them with merchandising opportunities in that much of the merchandise sold online or on-site 
         is co-branded by ASICS (they are also the presenting sponsor of the official Marathon Store).  
   e. Hospitality  
      i. Companies may have the opportunity to entertain clients, prospective customers and employees with 
         tickets to the event  
      ii. Most events offer hospitality packages, which typically include access to VIP areas and include food and 
         beverages

* TEACHER’S NOTE *

To see more examples of how the ING New York City Marathon has created awareness for sponsors, review the 
oficial handbook from the ING NYC Marathon in class. See if your students can find examples of event branding 
within the document. The handbook is a PDF on your CD-ROM marked “Lesson 6.1 - Student Handout - ING NYC 
Marathon Handbook.”

5. Forms of branding  
   a. A corporate brand represents an entire company or organization  
      i. Walt Disney Company  
      ii. National Football League 
      iii. Apple  
   b. A product brand represents a particular product of a company or organization  
      i. Rock Band video games  
      ii. Harry Potter  
      iii. iPod, iPhone, iPad  
   c. Store brands (also called private labels) are the products retailers sell as their own brands  
      i. Gander Mountain, an outdoor sports store, carries brand name merchandise from Columbia Sportswear 
         and Wrangler, but also offers many products under the label of Gander Mountain  
      ii. Athleta activewear for women (apparel primarily targeting the niche yoga and pilates consumer) is actu- 
         ally a store brand under the Gap, Inc. umbrella
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6. Branding in sports and entertainment business
   a. Sports and entertainment organizations and companies work hard to develop strong brands as a means for
      differentiating themselves from one another.
   b. Branding provides a unique means for product differentiation in that individuals (athletes, actors, musicians)
      can have a tremendous impact on sales
      i. Fans of Johnny Depp will pay to watch nearly any movie for which he plays a role and will purchase
         DVDs, memorabilia and other licensed merchandise
   c. Brand extension refers to the use of a successful brand name to launch a new or modified product or service
      in a new market.
      i. Celebrities and athletes in today’s marketing age are becoming managers of their own brands
         (a) Forbes magazine Senior Editor Matthew Miller says “Celebrities are brands, and they are market-
             ing to us and there’s stuff we consume off of them, from movies to albums to concerts to books to
             speaking tours to everything in between, and we sort of all buy into it.”
         (b) Musician Jimmy Buffet’s list of brand extensions is expansive; from restaurants (Margaritaville
             cafes), casinos and footwear (Sole of the Tropics flip-flops) to his own radio station on Sirius and a
             complete line of Margaritaville-branded food and beverages.
         (c) Celebrities use their star power to launch product brands, like Boston Red Sox star David Ortiz (Big
             Papi En Fuego Hot Sauce) and Usain Bolt (Bolt branded SOUL headphone line), popular music
             stars Kanye West, Rihanna, Jay-Z, Taylor Swift, Justin Bieber, Tim Mcgraw (fragrance lines),
             Actress Emma Watson (teen clothing line), American Olympic gold winning gymnast Nastia Liukin
             (girls clothing line for JC Penney)
         (d) Rap mogul Dr. Dre launched Beats Electronics (makers of high end headphones branded as “Beats
             by Dre”) in 2006 and in 2011, he sold 51% of the audio company for $309 million.
         (e) Athletes and celebrities also leverage their popularity to open restaurants (according to a recent
             article in ESPN the Magazine, over 200 athletes are also restaurant owners), such as John Elway’s
             “Elway’s Colorado Steakhouse” in Colorado or Aerosmith’s “Mount Blue” in Massachusetts.

* TEACHER SUGGESTION *

Now is a good time to prompt a class discussion to see if students can identify any additional examples of brand extension! You might also want to access the “brand extension” assignment in lesson 6.1 as it relates specifically to this topic.

ii. Brand extension is not limited to individual athletes and celebrities
   (a) When Adidas introduced a new line of branded toiletries (deodorant, anti-perspirant, after shave and
       body spray) to the market, they were practicing brand extension
   (b) The entire Pirates of the Caribbean film franchise is an extension of a Disney brand (originally a
       theme park ride) that has been around for years and the films have now made nearly $3 billion at the
       box office (that is the booty from the films alone, not including licensed merchandise sales, which
       range from Halloween costumes to nail polish to lamps).
   (c) NBC’s hit reality show “The Biggest Loser” has spawned a number of brand extensions over the
       past few years, ranging from Biggest Loser drink mixes and exercise DVDs to cook books and
       video games. Through its various brand extensions, the Biggest Loser brand generates an estimated
       $100 million annually.
   (d) In 2011, the Food Network began offering concessions items at eight Major League ballparks,
       including the “Red, White & Blue” steak sandwich which was developed specifically for stadium
       cuisine in the Food Network kitchen in New York City.
Branding

(e) In 2012, HBO announced plans to publish a “True Blood” cookbook that will feature photos from the popular show’s first four seasons, side stories and a slew of “authentic southern” recipes.

(f) ESPN has since grown to include ESPN2, ESPN News, ESPN Classic, ESPNU, ESPN Deportes, ESPN Films, 47 international channels; the largest sports-radio network in America; a magazine (ESPN the Magazine), restaurants (ESPN Zone), and a website that clocks 52 million unique visitors a month; and its own $100 million theme park in Florida.

7. Importance of developing a strong brand

a. There are a number of benefits associated with the development of a strong brand

i. Strong brands have the power to create business value and impact more than just corporate revenues and profit margins

ii. Strong brands also create competitive advantage, command price premiums and decrease cost of entry into new markets and/or categories

iii. Strong brands reduce business risk and attract and retain talented staff

iv. Strength of a brand can carry the brand in a tough economy

(a) The Harry Potter brand continues to enjoy unparalleled success, even while the global economy continues to sputter. With the release of the last of the Potter film in 2011, estimates place the value of the Potter brand to be somewhere in the neighborhood of a remarkable $15 billion.

v. Re-establishing brand position and strengthening the brand is a critical component for maintaining a strong brand

(a) One strategy for re-establishing or strengthening a brand is the process of rebranding, which can be described as the updating or creation of a new name, term, symbol, design, or a combination thereof for an established brand with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors.

(i) Gatorade determined it needed to see more growth within the teenage segment of its customer base

(ii) In a rebranding effort aimed at recapturing the attention of the high school athlete demographic, Gatorade launched a “G Series” of sports drinks

(iii) The G Series campaign targets not only mainstream sports but also emerging sport athletes like skateboarders, surfers, and other non-traditional sports participants.

(b) Often times a re-branding effort includes the development a new logo or the alteration of an existing logo

(i) In 2012, a number of sports properties included a logo update or re-design as part of their branding strategy, including the Miami (formerly “Florida”) Marlins, Brooklyn (formerly “New Jersey”) Nets, Carolina Panthers, Utah State University Aggies and the University of Houston Cougars

1. According to the Sports Business Journal, the development of the Marlins new logo alone took 28 months to complete, but it has been a big hit among fans, translating to a significant uptick in sales of Marlins-branded products.

vi. Opportunities may exist for two strong brands to collaborate on a marketing initiative

(a) Co-branding is the practice of using multiple brand names to jointly promote or market a single product or service

(i) In 2012, Reebok and Marvel partnered to launch a limited edition sneaker collaboration featuring shoes inspired by some of the most popular characters in the Marvel Universe (including Wolverine, Spider-Man and Captain America among others). The co-branded kicks were available online and through Finish Line retail stores.
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(i) In 2012, the Collegiate Licensing announced a partnership with Barbie for a co-branded, University-themed Barbie doll collection featuring Auburn University, The University of Alabama, University of Arkansas, and Louisiana State University.

* TEACHER SUGGESTION *

The section below identifies a number of recent rankings of “top brands” from various publications and research companies. Use this section to re-emphasize that a brand can be anything from Apple to an individual athlete or celebrity.

a. Top brands of 2012
   i. A brand analyst and strategy company (Millward Brown Optimor) annually ranks the world’s most powerful brands measured by their dollar value
   ii. Top global brands of 2012
      (a) Apple
      (b) IBM
      (c) Google
      (d) McDonald’s
      (e) Microsoft
      (f) Coca-Cola
      (g) Marlboro
      (h) AT&T
      (i) Verizon
      (j) China Mobile

b. Top sports/entertainment industry related global brands of 2012 (overall rank listed in parenthesis)
   i. Apple (1)
   ii. Microsoft (5)
   iii. Amazon.com (18)
   iv. Disney (43)
   v. Nike (44)

c. In 2011, Forbes magazine ranked the most valuable sports team brands based on overall brand value (defined as “the portion of a team’s overall value that is derived from its name”)
   i. New York Yankees (MLB) - brand value: $340 million
   ii. Manchester United (UEFA Champions League) - brand value: $269 million
   iii. Real Madrid (UEFA Champions League) - brand value: $264 million
   iv. Dallas Cowboys (NFL) - brand value: $193 million
   v. Bayern Munich (UEFA Champions League) - brand value: $179 million

d. In 2011, Forbes magazine ranked the most valuable sports business brands based on overall brand value
   i. Nike – brand value: $15 billion
   ii. ESPN - brand value: $11.5 billion
   iii. Adidas - brand value: $5 billion
   iv. Gatorade - brand value: $2.5 billion
   v. Reebok - brand value: $1.5 billion

e. In 2012, Forbes magazine ranked the most powerful and highest earning celebrities
   i. Jennifer Lopez
   ii. Oprah Winfrey
   iii. Justin Bieber
   iv. Rihanna
   v. Lady Gaga
Case Study

Harry Potter - Brand Wizard: A Unit 6 SEM Case Study

How do you know when you’ve hit it big? Well, if selling millions of copies of books, grossing millions at the box office and selling millions more in licensed merchandise didn’t provide your first, second and third clue, the announcement of a planned theme park might be a pretty good indication. We’re not talking a special ride at a theme park…we’re talking a complete theme park…20 acres worth.

Universal unveiled plans in late May of 2007 that a Harry Potter theme park will open inside Orlando’s Islands of Adventure theme park (already home to ‘Marvel Super Heroes’ and ‘Dr Seuss islands’). The “Wizarding World of Harry Potter” is slated to open doors to the general public at the Universal Orlando Resort sometime in 2009.

The timing of the news couldn’t have been better in helping maximize the Potter hype. The summer of 2007 featured the release of the newest Potter film (Order of the Phoenix) and the last in the series of Potter books (Deathly Hallows), both virtual locks to score big at the box office and best sellers list respectively. Pottermania, it would seem, was at an all-time high. Of the park, Harry Potter author JK Rowling said: “The plans I’ve seen look incredibly exciting, and I don’t think fans of the books or films will be disappointed.” If the marketing success the Potter brand thus far are any indication, there will be little margin for disappointment.

Let’s take a moment to examine the Potter brand by its extravagant numbers:

- Six Potter books have been published, collectively selling over 325 million copies worldwide
- Only two books have sold more copies than Potter; The Bible (2.5 billion copies sold) and The Thoughts of Chairman Mao (800 million)
- The Potter series of books have been translated into 61 different languages
- The first film in the Potter franchise grossed $976.5 million at the global box office alone, not counting DVD sales or rescreening rights for television
- Each subsequent film has made it to the list of the top 20 highest grossing films in history
- The films have spawned six Harry Potter video games and, ultimately, led to the licensing of over 400 additional Harry Potter products (including an Harry Potter branded iPod)
• In the U.S., advertising expenditures for Harry Potter branded merchandise (including books, movies, DVDs and other promotional products) totals $269.1 million from 1998 to date. Outside of the U.S. from 2000 to date, $119.3 million was spent on total advertising for all Harry Potter branded merchandise in Canada, Germany, Italy, Netherlands, Norway, South Africa, Switzerland, and the U.K. (nielsen.com)

• More than $11.8 million has been spent by U.S. consumers on Harry Potter-licensed trademark cookies, candy and gum products since June 2002 (nielsen.com)

• Since 2002, the Harry Potter movies have aired on U.S. television a total of 366 times (nielsen.com)

What does all this mean from a business and marketing perspective? Quite simply, the boy wizard Harry Potter has spent the last decade growing into a household name, as recognizable as Elvis, The Beatles, Tiger Woods or Michael Jordan, providing marketers with a plethora of promotional opportunities. What other brand properties spark a national trend of “themed” book release parties?

Take for instance this excerpt from a recent posting in the Seattle Times: “Bring wands, lightning bolts and maybe a few tears to celebrate the release of the seventh and final book in the Harry Potter series.” The paper featured two pages of library and book store listings, all celebrating Potter release parties. Some will feature movie marathons and trivia contests. Others will host costume contests, “wizard rock songwriting workshops” and “sorting hat” activities. One even boasted of a rock band, The Parselmouths, performing live on-site.

To get an even more intriguing sense of how powerful the Potter brand has become, let’s go beyond the numbers. Consider the following reports as they relate to the Potter phenomenon:

• Applications to boarding schools have boomed in the wake of Potter’s success

• Many parents of children with learning difficulties claim that the books themselves offer a perfect workbook for those wishing to improve their grasp of language

• Owls are reportedly increasingly in popularity as household pets (much to the dismay of Animal Rights activists)

• The locations used in the movies have become extremely popular tourist destinations (though some sites have been chastised by Warner Brothers’ legal department for advertising the connection)

• The fictitious Potter vocabulary of “Quidditch,” “Muggles,” “Gryffindor,” “Slytherin,” “Hogwarts,” et al, has now become part of household vernacular

It is certainly no wonder how the Potter sensation has attracted such widespread corporate appeal, morphing over the years into a multi-billion dollar marketing machine. There is no question that the young wizard’s impact crosses cultural and economic boundaries, appealing to both youth and adult consumers. That pervasive allure affords Potter marketers an exceptional platform for cross-promotional efforts, continuing to move the needle on the Potter brand.
The Harry Potter brand has partnered with products as diverse as bubble bath to electronic games. Notably, EA Games introduced several Harry Potter video games, Mead offered Harry Potter School Supplies, Mattel released a Harry Potter Edible Polyjuice Potion Maker and Lego produced, well, Harry Potter lego kits. This broad-based cross-promotional strategy is the driving force behind the wildly popular wizard’s merchandising success.

In terms of brand recognition, Potter enjoys a tremendous level of awareness among consumers. According to Nielsen, 59% of U.S. consumers age 12 and older were aware that the 5th Potter film was scheduled to hit theaters in 2007. 57% of those interviewed (ages 12+) conceded that they had seen one or more of the previous Potter films.

That leads us to the obvious question…what is the Potter brand worth? Some estimate the Potter brand - encompassing books, films, DVDs, video games and other merchandising products - is valued at nearly $6 billion (www.news.com). The Potter series author, JK Rowling, is a billionaire, and several British reports have reported that she has a higher net worth than Queen Elizabeth. That’s when you know you’ve hit it big.

**Case Study Questions**

1) How do the concepts of licensing and branding relate to Harry Potter?

2) Is Harry Potter a brand? If so, what type of brand? Corporate brand, product brand or store brand? Explain your answer in detail.

3) Describe how the important components of brand building (brand awareness, image, equity and loyalty) are present with the Harry Potter phenomenon.

4) Explain how brand extension is present with the Potter brand. Be sure to cite specific examples to support your answer.

5) Is licensing a relevant topic when discussing the Potter brand? Why or why not?

6) In terms of Potter merchandise, who is the licensor? Who might be a licensee?

* This case study was extracted from SCC’s blog site (*The Sports and Entertainment Business Blitz*). The blog is another free resource for your class and is accessible online. Posts typically feature several questions for class discussion. Visit the blog at: www.sportscareerconsulting.com/blog.
Lesson 6.2

Licensing

A. Licensing

1. Licensing industry continues to enjoy tremendous growth
   a. Industry has increased from $160 billion in 2001 to nearly $192 billion in 2011
   b. 2011 worldwide retail sales leaders of licensed merchandise
      i. Disney Consumer Products - $31.5 billion (1)
         (a) Disney delivered the top merchandising programs once again in 2011, supporting evergreen franchises which for Disney included Mickey Mouse, Disney Princess, Disney Fairies, Toy Story and Cars.
      ii. Mattel - $7 billion (4)
         (i) As a reflection of fashion, cultural relevance and aspiration, the Barbie brand remains relevant to girls of all ages with representation in more than 45 different consumer products categories including apparel, accessories, home decor, beauty, publishing, sporting goods and electronics. As the No. 1 die-cast vehicle brand in the world, Hot Wheels continues to reach boys of all ages through programs and lifestyle products including apparel, sporting goods, publishing and innovative toys. Already a global phenomenon in more than 35 countries, Monster High centers around the fashionable teenage descendants of the world’s most famous monsters.
      iii. Warner Bros. Consumer Products - $6 billion (5 - tie)
         (a) With more than 3,700 active licensees, WBCP continues to offer a rich portfolio of entertainment properties including DC Comics (Batman, Superman, Green Lantern, The Flash, Wonder Woman and Supergirl); and Harry Potter, the most successful film franchise of all time. WBCP will likely see sales growth as the result of highly anticipated film releases in 2012, including The Dark Knight, The Hobbit: An Unexpected Journey (December 2012) and Man of Steel (June 2013), which will no doubt provide large and unique opportunities for licensees and retailers around the world.
         (b) Marvel Entertainment, Inc. - $6 billion (5 - tie)
         (i) Marvel’s key drivers for retail sales in 2010 were tied significantly to the theatrical release of Thor and Captain America, while future earnings appear on the verge of continued growth with two more highly anticipated film releases in 2012 (The Avengers and The Amazing Spider-Man)
      iv. Nickelodeon Consumer Products - $5.5 billion (7)

* TEACHER’S NOTE *

To see the 2012 rankings which features a complete list of the top 125 global licensors, locate the student handout marked “Unit 6 - Lesson 6.2 - Student Handout – Top 125 Global Licensors ” in the Lesson 6.1 folder on your CD-ROM.

2. Licensing refers to an agreement which gives a company the right to use another’s brand name, patent, or other intellectual property for a royalty or fee
   a. The licensor is the company or individual granting the license
      i. Licensor examples
         (a) Cartoon Network
         (b) National Football League
         (c) NASCAR
         (d) Walt Disney Company
         (e) HIT Entertainment (home of Bob the Builder and Barney)
         (f) WWE
         (g) vii. The American Society of Composers, Authors and Publishers (ASCAP)
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b. The **licensee** is the company or individual paying for the rights to use the licensor’s name or property
   i. Licensee examples
      (a) Mars, Inc. (Shrek Snickers bar with green filling)
      (b) Mattel, Inc. (Harry Potter toys and consumer products)
      (c) Reebok (NFL apparel)
      (d) Hasbro (Marvel toys)
      (e) EA Sports (rights to put NFL players, stadiums and teams in its games)
      (f) Lincoln (for rights to use hip-hop artist Common’s music in an ad campaign for the popular Navigator model of SUV)

3. The 3 P’s of licensing\(^3\)
   a. Profit
      i. Determine price points that will establish higher profit margins
   b. Promotion
      i. Merchandise does not sell itself
         ii. Trained sales staff and effective promotion are the keys to higher sales volumes
   c. Protection
      i. It is important to copyright or trademark all names, logos, or slogans associated with the product
         (a) Michael Jordan has owned the trademark on his name since May 1988 \(^39\)

B. Licensing and merchandise \(^40\)
   1. Licensed products and merchandise are not manufactured by leagues, teams, or schools, but rather by independent companies under an agreement with a sports entity \(^41\)
   2. Licensed products are an extremely lucrative business
      a. In 2012, sales of licensed New York Yankees-branded fragrances exceeded Macy’s (exclusive retailer of the product) initial projections by 40 percent, prompting the company to significantly increase the number of stores in which the cologne/perfume was available (industry analysts estimated sales in the $12 million to $14 million range) \(^42\)
      b. Following Whitney Houston’s tragic death in 2012, analysts estimated her estate could earn $50 – $100 million within one year from album sales, DVDs, merchandise and other licensing deals \(^43\)
      c. Over the span of Star Wars’ lifetime, $20 billion and counting of licensed goods has been sold, this on top of the $4.4 billion in tickets and $3.8 billion in home entertainment products\(^44\)
      d. Organizers of the 2012 Summer Games in London are projecting over $1 billion in sales of licensed merchandise (which would set an Olympic record for merchandise sales) \(^45\)
      e. The LA Kings set an all-time Staples Center merchandise sales record during the clinching game of the Stanley Cup (and the day after) by selling $2.5 million in licensed gear — and that was just in the arena store \(^46\)
      f. Fans spend about $2.9 billion a year on National Football League merchandise, according to Ira Mayer of the Licensing Letter, a trade publication \(^47\)
      g. Total NBA product sales last year were about $3 billion \(^48\)
      h. Back-to-back Rose Bowl appearances meant big business for the Wisconsin Badgers as sales of licensed merchandise hit $3.3 million in 2011, an all-time school record \(^49\)
   3. Licensed goods are available in retail department stores, chain stores, league-sponsored retail outlets, games/events and on the Internet
      a. Licensed merchandise is made available through many channels of distribution
         i. Consumers can purchase licensed products in a wide variety of outlets, ranging from team stores, online websites, retail outlets and specialty stores
      b. Special promotional deals create partnerships between the licensor and the licensee to help boost store traffic
         i. Sweepstakes and contests are run by the sponsor, with the prize being tickets to the sporting event
Licensing

4. Because of high demand for licensed products and the wide distribution channels, both licensees and licensors face challenges from rampant counterfeiting
   a. Soon after the announcement that the Atlanta Thrashers NHL franchise would relocate to Winnipeg, Jets merchandise began appearing all over the Internet, despite the fact the franchise had yet to begin manufacturing any licensed merchandise. In an article appearing in the Winnipeg Sun, the newspaper reported finding a sweater described by an online site as being authentic with a price of just $28, however, officially licensed sweaters are expected to fetch closer to $130.  
   b. Major League Baseball uses a hologram sticker that makes a T-shirt or hat an official MLB product, making it easier for fans to identify counterfeit merchandise. MLB runs undercover investigations against merchandise counterfeiters year-round but it ramps them up every year for All-Star week.  
   c. During the 2011 Stanley Cup Final, authorities in Boston and Vancouver, B.C., seized more than $500,000 of fake merchandise, Prochnow said. When the Bruins celebrated their championship with a parade in Boston, more than about $20,000 worth of counterfeit items was found.  

5. Licensing has become a huge part of sports and entertainment business with players, teams, event names, entertainers and logos appearing on almost anything you can imagine
   a. NCAA school logos find their way on to everything from pillows and bedding to waste paper baskets, wall clocks and bird houses  
   b. DeLea Sod Farms, the company that supplies the New York Yankees with sod for their field, signed a licensing deal with the Yankees franchise and Major League Baseball to sell the sod at $7.50 for five square feet (and officially licensed Yankees grass seed) at New York City-area Home Depots  
   c. Team Grill’s licensing deal with the NFL’s New England Patriots allows them to produce two team branded gas grills that retail for $699 and $1,499  
   d. When Universal Studios in Orlando, Fla., opened its Wizarding World of Harry Potter attraction in 2010, the park’s revenue from licensed merchandise revenue doubled from the previous year (products included souvenir magic wands, Slytherin scarves, Dumbledore steins and Voldemort key chains, among other items based on the blockbuster movie series)  
   e. In 2011, Major League Baseball signed a three-year licensing deal with EyeBlack.com, a Maryland-based manufacturer of protective adhesives used to reduce sun glare, who will create branded versions of their products for all 30 MLB teams, the MLB World Series and the MLB All-Star Game  
   f. In 2011, Sher-Wood (known primarily for manufacturing hockey sticks and other equipment including gloves and elbows pads) introduced a line of USB flash drives that come in the shape of a hockey player. Every NHL team is represented, as is the Canadian National team.  

C. Collectibles and memorabilia
   1. Collectibles and memorabilia have a major impact on the licensing industry  
      a. According to the New York Times, there are 5 million autographs collectors in the United States alone  
      b. According to Collector’s Digest, the sports autograph market is worth $500 million  
      c. A piece of music memorabilia is sold every 15 seconds on eBay  
      d. Americans spend an incredible $57 billion on sports memorabilia  
   2. Like licensed merchandise, collectibles and memorabilia can be extremely lucrative  
      a. Michael Jackson’s iconic ‘Thriller’ jacket sold for $1.8 million at a 2011 auction  
      b. Photos taken from the Beatles’ first U.S. concert sold for $68,500 in 2011, even though the pre-sale estimate for the memorabilia was only between $2,000 to $3,000  
      c. In 2012, a signed, game-used Kobe Bryant face mask sold on eBay for over $67,000  
      d. A historic document written by Dr. James Naismith 113 years ago featuring the original rules of basketball was sold for $4.3 million at a 2010 auction (with proceeds going to the Naismith foundation, which promotes sportsmanship)  
      e. In 2012, a 1928 World Series home run ball hit by legendary Yankee Lou Gehrig was auctioned off, ultimately fetching $62,617 (with the seller using the proceeds to help her son pay off his medical school debt)
Lesson 6.3

The Licensing Process

A. Why do organizations engage in the licensing process?  
   1. Many factors contribute to the mass appeal of licensed products  
      a. Intangibility of sports  
      b. Consumer affinity for particular teams and/or brands  
      c. Brand awareness  
   2. Licensee advantages  
      a. Positive association with the sports entity  
      b. Greater levels of brand awareness  
      c. Help to build brand equity  
      d. Receive initial distribution with retailers  
      e. Expanded and improved shelf space  
      f. May be able to charge higher prices  
      g. Potential to lower advertising and promotional costs  
      h. Increased possibility of success and profitability  
      i. Connection with an athlete, sports team, entertainer, or corporation  
   3. Licensee disadvantages  
      a. Athlete, league, celebrity, organization or sport may fall into disfavor  
      b. Success depends on athlete/celebrity performance  
      c. Styles change quickly  
      d. Royalties and licensing fees can be expensive  
      e. Manufacturing costs and risks  
      f. Competition can drive up costs associated with licensing fees  
      g. Competition can have a negative impact on market share  
   4. Licensor advantages  
      a. Expansion into new markets  
      b. Increase its brand equity  
      c. Minimized risk  
      d. Enhanced company image and publicity  
      e. Increased profit from fees and royalties  
      f. Increased brand awareness or recognition  
   5. Licensor disadvantages  
      a. May lose some control over the elements of the marketing mix when an outside party sells products connected to licensor’s brand  
      b. Potential for licensee’s manufactured products to be of poor quality, potentially creating a negative perception of the licensor’s brand  

B. How does licensing work?  
   1. Licensing process  
      a. Licensees pay a licensing fee  
      b. Fees include the ability to use specific logos, slogans or other trademarked images for use in the creation of company products  
      c. Licensees take on production issues and assume the risk by manufacturing product  
      d. Licensing in the music industry  
         i. When you hear a Cee Lo Green song while watching a television advertisement for 7UP, the brand likely invested a significant sum of money for the rights in a licensing fee for the rights to use the song in the commercial
Lesson 6.3

The Licensing Process

ii. The rights to use music through a license are bought and sold every day
   (a) Lionsgate, the studio that produces “Mad Men”, shelled out a reported $250,000 (about five times
       the typical cost of licensing a song for TV according to a Wall Street Journal blog post) for the
       rights to use The Beatles song, “Tomorrow Never Knows,” in the closing scene of a 2012 episode of
       the popular AMC series 68

iii. Examples of music licensing are all around us
   (a) Listening to the radio
   (b) Watching a movie and hearing music during a particular scene
   (c) Listening to music on Rhapsody online
   (d) Hearing music in a restaurant or store
   (e) Watching American Idol contestants perform hit songs from various recording artists

2. Licensor and licensee relationship 69
   a. Licensing provides greater profit, promotion, and legal protection for the licensor
   b. The licensor approves the product and collects the licensing fees and royalties
      i. Warner Brothers granting permission, for a hefty fee, to Electronic Arts to use the Harry Potter character
         for the development of a new video game

3. Character vs. corporate licensing 69
   a. A sports or entertainment entity permits a licensee to use specific characters for a fee
      i. Marvel licenses a manufacturer to use the images of the characters from The Avengers
   b. A corporation permits a licensee to use the corporate image of name for a fee
      i. NASCAR licenses a manufacturer to use their corporate logo on a baseball cap

C. Impact of licensing on consumers 70
   1. Increased opportunity to associate with an athlete, sports team, entertainer, or corporation
   2. Increased supply of available products
   3. Competition can result in lower prices, new products and better quality
Lesson 6.4

Merchandising

A. In-house merchandising
   1. When the demand for licensed products is minimal, an organization may choose to handle their merchandising in-house
      a. In-house merchandising refers to managing the merchandising process within the organization itself, rather than outsourcing or acquiring licenses
      b. The key benefit of in-house merchandising is the probability of increased profits
   2. Steps in the in-house merchandising process
      a. Design the logo and slogan or tagline (if it is not already available)
      b. Determine merchandise type, quality and quantity
      c. Interview local merchants (vendors) and select the company that can best fit the organization’s needs (on the basis of quality, type, quantity, pricing etc.)
      d. Determine distribution outlets
      e. Train sales staff
      f. Prepare on-site merchandising strategies
   3. If an organization feels an in-house merchandising approach is not be the most efficient strategy, they may choose to outsource the effort to a third party
      a. For example, last year the Big 10 Conference signed an exclusive five-year deal with sports retail vendor MainGate to sell merchandise for its football championship and the men’s and women’s basketball tournaments

B. On-site merchandising
   1. Refers to the process of selling merchandise at the physical location of the event
   2. The primary purpose is to maximize income for a sports or entertainment event
      a. Organizations maximize income through the sales of concessions and merchandise
   3. Four key considerations for a successful on-site merchandising plan
      a. The location of where the merchandise is being sold
      b. The physical layout and appeal of where the merchandise is being sold
      c. How well the sales operation is performed
      d. The appeal of the merchandise or product itself
   4. Best practices for selling on-site merchandise
      a. The heaviest traffic for merchandising is upon arrival and departure
      b. Test marketing is important to ensure the effectiveness of a good or service
      c. Training of sales personnel varies with the event

C. Online merchandising
   1. Refers to the process of selling merchandise on the Internet
      a. Online sales now represent more than half of overall sales for the Green Bay Packers’ Pro Shop
   2. Making merchandise available online opens up a new sales channel for a sports or entertainment organization to purchase related goods and services
      a. Organizations maximize income by providing a customized shopping environment and allowing consumers access to a wider variety of products and services
      b. U.S. e-commerce sales totaled $165.4 billion in 2010, up 14.8% from the previous year, according to estimates released in 2011 by the U.S. Commerce Department
      c. Canadians spent $16.5 billion online in 2010, and are expected to shell out $30.9 billion in 2015
   3. Distribution methods
      a. Direct shipping to consumer
      b. In-store pickup
Lesson 6.4

Merchandising

4. Advantages
   a. Easier to control inventory
   b. Opportunity to offer exclusive merchandise
      i. According to USA Today, sales at the NASCAR.com Superstore jumped 359% after Dale Earnhardt Jr. announced he’d be joining a new team — even though images of the new merchandise weren’t yet available.  
      ii. In 2012, the NFL Players Association launched an online store featuring authentic merchandise of more than 1,800 NFL players, becoming the first retailer to give fans the choice to own licensed apparel of every NFL player.
      iii. Opportunities to reach out-of-market consumers
         (a) In 2010, Kansas State University’s online store sold $131,500 of Wildcats merchandise and of that revenue, Kansas residents were responsible for just $56,100 of the purchases.

5. Disadvantages
   a. Security concerns in making transactions online
   b. Potentially higher distribution (delivery) costs
   c. Consumers inability to touch, feel or “test-drive” products before buying can be a deterrent and lead to higher return rates

* TEACHER’S NOTE *

As a fun way to wrap up unit six, ask your students if they have ever wondered how teams that have just clinched a championship win can be wearing championship hats and t-shirts just minutes after the victory. Obviously that merchandise has been printed in advance, but what happens to all the gear that was printed for the other team? For an interesting look behind-the-scenes, read this story.
The practice of collecting autographs and other memorabilia is certainly not a new phenomenon, but never before has the industry reached such potential for profitability. By the late 18th century, it is said that Europeans were collectors of letters written by famous individuals. It is also believed that consumers have been collecting sports souvenirs since the inception of spectator sports. By the late 1800s, tobacco companies began the practice of inserting trading cards in packages to encourage purchase of their products. Movie posters would become popular collectibles by the 1960’s.

As the popularity of sports and entertainment grew, so too did the appeal of collecting memorabilia. When the demand for authentic sports and entertainment collectibles began to rise, many collectors would see the opportunity to turn a profit by selling their items. Soon, collectors would have the ultimate platform for trading with the introduction of the Internet. According to the half.ebay.com Website, a piece of music memorabilia is sold every 15 seconds on E-bay. According to Collector’s Digest, the sports autograph market is worth nearly $500 million. The industry has become so lucrative that several companies have been founded to insure memorabilia collections.

Now, all types of collectibles are bought, sold and traded online. In 2002, a fan paid $10,000 for a wad of chewed bubble gum discarded by Arizona Diamondbacks baseball player Luis Gonzalez. A poster from the 1932 movie, “Mummy”, sold for $453,500. According to the Guinness Book of World Records, John Lennon’s 1965 Phantom V Rolls-Royce was purchased for $2,229,000 in 1985. In 2005, the contract that sent Babe Ruth from the Boston Red Sox to the New York Yankees will be auctioned off and is expected to fetch more than $500,000.

Baseball memorabilia, however, seems to hold a special place in the hearts – and checkbooks - of collectors. In June 2005, Sotheby’s Auction House auctioned off the 1920 contract that sent Babe Ruth from the Boston Red Sox. The high bidder paid $996,000. Todd McFarlane purchased Mark McGwire’s 70th home run ball in February 1999 for $3 million. He also paid hefty (though much smaller!) sums for the balls McGwire blasted over NL fences for his 67th, 68th, and 69th homers, putting the four balls together in a traveling collection. Baseball cards have long been a favorite of collectors. In 1991, Wayne Gretzky and former Los Angeles Kings owner Bruce McNall purchased the rare T206 Honus Wagner card, produced by the American Tobacco Company in 1909, for $451,000. They sold the card to Wal-Mart and Treat Entertainment in 1995 for $500,000.

Case Study Questions

1.) Why do you think pieces of memorabilia have become so valuable?

2.) Do you think the buying and selling of collectibles impacts the sale of sports and entertainment licensed products? Why or why not?

3.) Do you think the memorabilia market will continue to grow or has it reached its peak?

4.) What (or who) determines the value of an item of sports memorabilia?

Unit 6 Overview:

Unit six addresses the concepts of branding and licensing, two very important principles in the sports and entertainment marketing business. Branding, as a function of marketing, contributes to the overall perception consumers carry with respect to a particular company or its products. Successful branding strategies can be seen all over the sports and entertainment industry, with examples like ESPN, Sports Illustrated, MTV, Gatorade and the New York Yankees. Licensing has become a critical revenue producer for all properties in the sports and entertainment industry and continues to grow at an astounding pace. Unit six explores the factors contributing to that growth.

Unit 6 Key Terms Defined:

**Brand Extension:** The use of a successful brand name to launch a new or modified product or service in a new market

**Branding:** The use of a name, design, symbol, or a combination of those elements that a sports organization uses to help differentiate its products from the competition

**Corporate Brand:** Represents an entire company or organization

**Licensee:** A company or individual paying for the rights to use the licensor’s name or property

**Licensing:** Refers to an agreement which gives a company the right to use another’s brand name, patent, or other intellectual property for a royalty or fee

**Licensor:** A company or individual granting the license

**Product Brand:** Represents a particular product of a company or organization

**Store Brand:** Products retailers sell as their own brands

**Trademark:** A device that legally identifies ownership of a registered brand or trade name
Unit 6 Review

Unit 6 Objectives:

1) Define branding
2) Define brand equity and brand extension
3) Differentiate between corporate brand, product brand and store brand
4) Determine the characteristics of an effective brand name
5) Define licensing
6) Discuss the licensing process
7) Distinguish between licensor and licensee
8) Explain the advantages and disadvantages to a licensee
9) Identify the four key considerations of on-site merchandising
Unit 6 Review

Unit 6 Discussion Questions

Has anyone seen a Farrelly Brothers or Quentin Tarantino film in the past? Why did you choose to see that particular movie? Did you have an idea of what the movie film would be like?

Branding is extremely important to sports and entertainment organizations. Directors of popular Hollywood films often have a unique brand of movies (such as the Farrelly’s or Tarantino’s) which provides consumers with a very good idea as to whether or not a particular film will appeal to their tastes.

Branding, by definition, is the use of a name, design, symbol, or a combination of those elements that a sports or entertainment organization uses to help differentiate its products from the competition. Brand examples could include:

- New York Yankees
- National Hockey League (NHL)
- Walt Disney
- Bad Boy Records
- Michael Jordan

With the rise in popularity of “retro” or “throwback” sports jerseys and apparel, overall sales of merchandise are booming. What might deter anyone in our class from opening up a shop and selling these vintage clothes themselves?

Aside from the general issues of having enough start up capital to finance the venture, we need to be cognizant of the licensing process. We should develop a fundamental understanding of how licensing works, and who benefits from the licensing process.

- Licensing refers to an agreement which gives a company the right to use another’s brand name, patent, or other intellectual property for a royalty or fee
- You would be required to pay a licensing fee (typically millions of dollars) just for the right to use team names, colors, logos and player names
- Once you have purchased that right through a licensing fee, you now have the opportunity to manufacture and sell licensed products

When you see a favorite celebrity (entertainer or athlete) in an advertisement for a particular product, do you remember the product name (brand)? Why do you think that is? Discuss as a class.

Regardless of student response, this question will prompt a discussion that can be an effective introduction to the material presented in Unit 6.
1. Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner
6. Napolitano, Michael. E-mail interview. 27 May 2008.
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64. http://www.huffingtonpost.com/2012/05/09/kobe-bryants-mask-charity_n_1502593.html
67. Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner
69. NC Education Center, Objective 6.02
70. Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner
71. The Ultimate Guide to Sports Marketing, S. Graham, p. 204
73. NC Education Center, Objective 7.0266.
“Don’t compromise yourself. You are all you’ve got.”

- Janis Joplin, Member of the Rock and Roll Hall of Fame
Unit seven provides a basic introduction to sales and emphasizes its importance to sports and entertainment business. A basis for a fundamental understanding of promotion is also explored. Students will be able to identify steps within the sales process, recognize the role of customer service and identify various forms of promotion. Students are encouraged to work through related class activities, particularly role plays or simulation exercises, to gain a clear comprehension of the sales process.
Objectives

1) Define and give examples of sales
2) Identify three personal selling categories
3) Identify four sales methods
4) Name at least five steps in the sales process
5) Detail why customer service is important
6) Recognize some common characteristics of successful sales professionals
7) Define promotion
8) Identify the elements of the promotion mix
9) Describe and offer an example of five forms of promotion

Lessons

Lesson 7.1 Understanding Sales
Lesson 7.2 The Sales Process
Lesson 7.3 Sales Strategies, Skills & Techniques
Lesson 7.4 Importance of Customer Service
Lesson 7.5 Sales Professionals
Lesson 7.6 Promotion

Key Terms

Customer Service
Feature-Benefit Selling
Objection
Personal Selling
Promotion
Promotion Mix
Proposal
Sales
Up selling
**Discussion Topics**

Think about the last experience you had with a salesperson. What was the interaction like? Was the salesperson helpful? Was it a positive experience or negative experience? Did the salesperson’s assistance impact your purchase decision?

Think about the last experience you had with a customer service representative. What was the interaction like? Were they accommodating? Was it a positive experience or negative experience? Did the customer service representative’s assistance resolve your issue? Do you think that company’s customer service should be improved? Why or why not?

What role do you think promotions play in sports and entertainment organization’s marketing strategies? Can you give an example of a promotion for a sports or entertainment event you have recently attended (movie, game, play etc)?
Lesson 7.1

Understanding Sales

A. Sales
   1. **Sales** can be defined as the process of determining customer needs and wants through planned, personalized communication intended to influence purchase decisions and ensure satisfaction.
   
   2. Sales activities in the sports and entertainment field could include:
      a. Selling group tickets to a play
      b. Negotiating an event contract with a facility or venue
      c. Soliciting donations from alumni to fund scholarship opportunities
      d. Selling an event sponsorship package

B. Why is selling important?
   1. Selling is the revenue-producing element of the marketing process
   2. Sales is the only revenue-producing function for an organization
   3. Selling helps customers make informed buying decisions
      a. Results in customer satisfaction and repeat business

C. Personal selling
   1. **Personal selling** entails any person-to-person communication in which the seller has an opportunity to influence the consumer’s buying decisions
      a. The process is a two-way communication between a representative of the company and the customer
      b. Personal selling is the only form of sales that involves direct contact between the sales professional and potential customer
         i. In a non-traditional example of personal selling, members of the Western Kentucky University football team go door-to-door selling football tickets. That season, players sold 300 season tickets and the Hilltoppers enjoyed the second-highest average attendance figures in school history. Since the introduction of the door-to-door selling effort, student attendance has increased more than 80 percent.
   2. Benefits to personal selling
      a. The salesperson can immediately tailor the message he or she is communicating based on the prospective customer’s response, feedback and buying signals
      b. It allows for the communication of more information specifically relating the customer needs than any other form of promotion
      c. Potentially confusing or complex information can be explained and the salesperson can be assured that the prospective customer has a complete understanding of the information being conveyed
      d. The likelihood of the customer paying attention to the information being shared is greatly increased because the communication is face-to-face
      e. Personal selling provides the best opportunity to establish solid working relationships, enhancing the probability of developing long term relationships with consumers
   3. Personal selling categories
      a. Inside sales
         i. Sales professionals that sell company products and services over the phone, Internet, or other means of communication from inside the company’s office
         ii. They either make outgoing calls to prospective customers or receive incoming orders or phone calls pertaining to company products or services
            (a) According to a report from two Illinois State University researchers, the most successful collegiate athletic departments are making as many as 3,500 outgoing phone calls each week to try to sell more tickets, an effort that their research suggests can generate $1 million or more in additional revenue for the school’s athletics program
         iii. Often utilized for products and services that require minimal investment levels, such as smaller ticket packages
         iv. In most instances, an inside sales staff consists primarily of telemarketers
            (a) Telemarketers are sales professionals that make outbound telephone calls to prospective customers in order to sell company products and services
Lesson 7.1

Understanding Sales

b. Outside sales
   i. Sales professionals that primarily communicate with customers in person
   ii. Could include a ticket sales or sponsorship sales position
   iii. Also referred to as “field sales” or “external sales”
c. Box office sales
   i. Sales professionals located on site at a venue or facility who sell to customers in person at the event or to future events
   ii. Movie theaters sell most of their tickets through box office sales, although more and more consumers are buying movie tickets in advance online through services like Fandango
d. A general rule of thumb among sports and entertainment companies is that everyone employed by the organization represents a salesperson on some level
   i. If someone who works in accounting knows a friend interested in purchasing tickets, they would be expected to refer that friend to someone on the sales staff who can help them with their purchase

D. Sales methods
1. Feature-benefit selling
   a. Product attributes (or features) are the basic, physical, and extended characteristics of an item
      i. For example, many professional sports teams sell tickets in club seating levels where the seats often have distinct product attributes that set them apart from general seating, such as wider seats, taller seat backs or video screens on the seats in front of them
   b. Customer benefits are the advantages or personal satisfaction a customer will get from a good or service
      i. Comfort, convenience, and space are benefits of club seating
   c. The feature-benefit selling process involves matching specific product attributes to a customer’s needs and wants
      i. A company may have purchased club seats to entertain clients and would want to reward them for their business by allowing them to sit in the most comfortable seats possible at the game or event
2. Full menu marketing
   a. The selling of a variety of products or services that meet virtually any customer needs and/or wants
      i. A sales professional working for a minor league sports team may meet with a company and have the ability to offer a small sponsorship, a major sponsorship featuring exclusivity benefits, season tickets, group tickets, VIP tickets, parking or a combination of those options
3. E-Commerce
   a. The buying and selling of goods and services on the Internet
      i. Any consumer who is a fan of Disney may go online and purchase DVDs, plush toys, action figures, watches, ornaments or many other products
4. Direct mail
   a. Direct mail is a sales effort conducted exclusively by mail
   b. Characteristically sent to large numbers of prospective customers soliciting orders for company products and services
   c. To be effective, the direct mail approach must be:
      i. Targeted
      ii. Personal
      iii. Measurable
      iv. Testable
      v. Flexible
Lesson 7.1

Understanding Sales

d. Direct mail examples
   i. Ticket brochures
   ii. Pocket schedules and team posters
   iii. Solicitation (sales) letters
   iv. Fliers, postcards and additional print media

(a) To increase ticket and pay-per-view purchases, World Wrestling Entertainment (WWE) distributed a direct mail piece to 700,000 consumers promoting its annual “SummerSlam” event
   (i) Said Eddie Hill, SVP of marketing at the WWE, “Direct mail is one of our best targeted tactics.”

(b) In an effort to leverage the team’s accomplishment of earning their first NHL Playoffs berth since 2007, the Tampa Bay Lightning utilized a direct mail strategy to boost ticket sales by sending 30,000 specially designed postcards to area businesses (the postcards featured each recipient’s company name on the name plate above a player’s locker in the Lightning locker room)
   (i) As a result, the team generated over $500,000 in new ticket revenue through their direct mailing campaigns. Said Lynn Wittenburg, VP of Marketing for the Lightning in an interview with the National Sports Forum, “The direct mail campaign was a quick and effective way for us to make the phones ring.”

v. A creative spin on traditional direct mail

(a) Under the guidance of sports marketing guru Jon Spoelstra, the New Jersey Nets basketball team sent rubber chickens wearing tank tops featuring a special message to season ticket holders who had not yet renewed for the upcoming season. The tank tops read: “You’re about to fowl out! However, you can avoid the bench and keep on playing. Just read the attached.” Included in the package was a renewal letter. The result of the campaign was a 93 percent renewal rate, up from an average of around 80% in the years before Spoelstra took over as team president.
Lesson 7.2

The Sales Process

A. Sales process
   1. Steps to effective implementation and management of the sales process
      a. Understand the product or service
         i. What inventory (seat locations etc.) is available to be sold?
         ii. How much does the product or service cost?
         iii. What are the features and benefits to your product or service?
      b. Identify prospective customers and develop leads
         i. Leads are the names of individuals and companies who could become future customers
         ii. This step is often referred to as prospecting
      c. Qualify and gather information about a prospective customer
         i. Do they have experience with your team, venue, or event?
         ii. What influence do they have over the purchasing decision?
      d. Contact prospective customers (the sales call)
         i. The sales call is the initial form of communication in which the salesperson makes contact with the prospective customer
         ii. Sales calls can take place via telephone, e-mail or in person
         iii. Utilized by both inside sales and outside sales representatives
         iv. Often times salespeople will use a pre-written script to help guide them with a telephone sales call
      e. Establish credibility, rapport and a reason to communicate with the customer
         i. Secure a sale or, more likely, schedule a face-to-face appointment
         ii. The face-to-face appointment provides a valuable opportunity for the sales professional to build rapport and establish a relationship with the customer
      f. Identify and confirm a customer’s needs
         i. Sales people often conduct a “needs analysis” to determine where company products and services may be able to assist a prospective customer in meeting their organization’s goals and objectives
      g. Presentation and proposal
         i. Increase customer awareness and interest in company products and services
         ii. This communication takes place in some form of a presentation
         iii. This information can be presented in the form of a proposal
         iv. A proposal is a written recommendation of products or services his or her organization may offer to meet those customer needs uncovered in the needs analysis
         v. Each proposal is customized to meet specific customer needs
      h. Ask prospective customers to act on an interest in company products or services
         i. Asking for acceptance of the proposal or for a purchase decision
      i. Handle objections
         i. Objectives are a prospective customer’s concerns or hesitations in making a purchase decision
            (a) Occur when there is lingering doubt or unanswered questions in the mind of the prospect
            (b) The prospective customer may be favorably inclined to make a purchase but needs clarification, more concessions, or approval by another party
         ii. It is the responsibility of the sales professional to uncover and overcome each objection to the customer’s satisfaction
Lesson 7.2

The Sales Process

iii. Objection examples
(a) “I’m not a sports fan”
(b) “I don’t have time to attend games”
(c) “We don’t have a budget for a sponsorship…”
(d) “I need to discuss this with my boss…”
(e) “I can get the same results for less money by doing something else…”
(f) “Tickets are too expensive…” (19.1% of respondents to ESPN’s “State of Sports” survey indicated that ticket prices were the “biggest rip-off” in sports) 9

j. Close
i. The close is the stage of the sales cycle where the prospective customer and the sale professional come to an agreement on pricing and services, in which the customer typically commits to a purchase of some kind
ii. The close is when the prospective customer becomes an official client
iii. Sales professionals often make the mistake of thinking this is the last step of the sales process

k. Follow up
i. The follow up stage is critical to ensure a satisfied and happy customer
ii. The organization is responsible for ensuring all services agreed upon throughout the sales process are fulfilled
iii. Much new business for any organization comes from existing business

l. Fulfillment and service
i. Fulfillment is the process of following through and delivering on all promised services to the customer
ii. Meeting and exceeding customer expectations is integral to retaining their business in the future
iii. Renewal is the agreement between the organization and customer to continue the business relationship for a pre-determined, often times contractual, period of time
iv. Renewals also occur between ticket holders and an organization

m. Evaluation
i. Measuring the results of a promotional investment (season tickets, luxury suites, sponsorships, endorsement agreements) help an organization determine its effectiveness
ii. Evaluations are typically objective (sales fluctuations) but can also be subjective (increased media attention or public awareness)
iii. It is important for the sales professional to be involved in this step of the process to gain a better understanding of whether or not they are meeting client needs
iv. Many sports and entertainment organizations set ticket, merchandise and concessions sales objectives with daily, weekly, and monthly targets. The sales data is then compared with information from the same date for the previous year.
(a) Disneyland might set a daily guest target of 50,000 visitors during the winter months in 2012 based on sales results during that period in previous years, then establish similar goals for weekly merchandise sales and monthly concessions sales
(b) For example, in 2010, attendance at Disneyland Resort jumped 20 percent in winter months compared to the same period the previous year 10
Lesson 7.3

Sales Strategies, Skills and Techniques

A. Personal sales strategies
   1. Collaborative selling
      a. The sales person and client take time to understand one another and develop a relationship according to the
         sales person’s offer and the client’s needs
   2. Transactional selling
      a. The sales person and client have limited interaction and the sale is based mostly on price or a specific ele-
         ment
   3. Team selling
      a. A variation of collaborative selling that includes multiple people from the selling or buying organization, or
         both

B. Sales skills and techniques
   1. Prospecting is the process of consistently researching for and seeking out new customers for an organization’s
      products and services
      a. Prospecting is a very detail oriented process requiring careful research and analysis
      b. A sales professional might research local businesses online that fit the demographics of a qualified potential
         customer
      c. Sales professionals may explore a number of avenues when prospecting to develop quality sales leads
         i. Trade Shows
         ii. Industry Events
         iii. Networking Events
         iv. Consumer Lists
         v. Directories
         vi. Industry Publications
   2. Referrals occur when an existing customer recommends another organization or individual to a sales profes-
      sional as a potential customer
      a. Referrals are traditionally an extremely effective means for generating new sales
         i. Between 60% and 70% of all fitness industry sales are the direct result of referrals
   3. Networking occurs when a group of like minded business people gather to help each other to cultivate sales
      a. Sales people often involve themselves in local organizations and functions in an effort to connect with as
         many new people as possible
      b. Chamber of Commerce meetings provide an exceptional means for meeting other business professionals
         who could become future customers or offer referrals
   4. Cold calling refers to a sales professional’s effort to generate new business through outgoing telephone calls
      without any previous communication with the prospective customer
      a. The cold calling technique is generally a less productive means for generating sales than other
         techniques (networking and referrals) because the personal relationship element is non-existent
Lesson 7.4

Importance of Customer Service

A. Customer service
   1. **Customer service** is the action taken by the seller to make the relationship between the organization and its customers satisfactory
      a. Many organizations strive to meet and exceed customer expectations, often times integrating service goals with company mission statements
   2. Customer service represents a critical step in the sales process and is ultimately about gaining and retaining the customer base
   3. Customer service’s role is to help customers enjoy their relationship with the sports or entertainment organization
   4. The customer service experience begins when the customer arrives at the event and does not conclude until they have left their parking space after the event
   5. Minor league baseball has seen an increase of 50% in its total attendance in the last ten years, thanks in large part to its focus on providing the best customer service possible

B. Who are the customers?
   1. In past team business planning sessions, the National Basketball Association (NBA) has identified customers as “full season ticket purchasers, partial plan holders, individual game purchasers (walk-ups), group purchasers, sponsors, community relations program participants, people who read our publications, people who watch our games on TV, listen on the radio or log onto our site – in short, anyone with an interest”

C. The benefits of customer service
   1. There are a number of benefits to an organization that have a direct correlation with providing excellent customer service
      a. Increased levels of customer retention and cost reduction
      b. Decline in negative associations with organization via word-of-mouth advertising
      c. An opportunity to provide a source of differentiation
      d. Amplified levels of profitability
      e. Creation of brand loyalty
      f. New sales opportunities through positive word-of-mouth associations

D. Why is customer service important?
   1. According to Customer Service Institute, it can cost up to 5 times as much to acquire a new customer than it does to service an existing one
   2. According to the same institution, customers tell twice as many people about a bad experience over a good one
   3. 68% of all customers will eventually switch service providers (entertainment options, advertising outlets etc.)
   4. It takes twelve positive service incidents to make up for one negative incident
   5. Retention (renewal) is crucial to any sports team as season ticket and sponsorship revenue is a vital piece of the organizations’ financial viability
      a. How important is retention? Gavin Maloof, co-owner of the Sacramento Kings, once teamed up with Kings players and team personnel to hand deliver the Sacramento Kings’ season ticket renewal packages. Mr. Maloof devised the door-to-door effort as a way to make the season ticket holder experience more personal and further demonstrate the team’s loyalty to its fans as it undergoes a rebuilding process
      b. According to a story published in the National Sports Forum’s electronic newsletter, the Milwaukee Brewers believe that the key to retaining new customers and attracting new ones is to provide “over the top” customer service
         i. Said Jim Bathey, Vice President of Consumer Marketing for the team, “We have been successful at selling tickets over the last couple of years because our focus is to provide over the top customer service and because our (sales staff) develops personal relationships with our (customers).”
Lesson 7.4

Importance of Customer Service

E. Turning service into sales

1. For most segments of the sports industry, 70% of consumers are referred by word of mouth from existing customers.
   a. Sports and entertainment marketing professionals have a responsibility to retain those customers in an effort to grow its fan base.

2. Many organizations create marketing strategies that cater to both existing and new customers with an emphasis shifting toward existing customers.

3. Positive relationships with an organization’s customer base enable them to effectively implement and utilize referral programs.
   a. The minor league hockey franchise Corpus Christi Hooks offered a free, personalized team jersey to any ticketholder who referred up to three people to purchase Hooks season tickets.
   b. Soon after signing one of the biggest names in free agency (Mario Williams), the Buffalo Bills launched a referral campaign on the team’s Facebook and Twitter pages offering autographed footballs and mini-helmets to any fan that referred at least two friends to participate in the contest. Thanks in part to the referral effort, the franchise sold 1,650 new season tickets in the three days following the Williams signing (more than 3,700 fans entered the Facebook contest and the team gained 4,000 new Twitter followers).
   c. DirecTV, a longtime leader in delivering sports programming to fans, offers its customers $100 in credit toward their cable bill for every new customer they refer while providing a significant “new subscriber” discount.

4. “Up selling” opportunities become more frequent with happy customers.
   a. **Up selling** is the process of selling additional products to a customer at the time of the order.
      i. For example, a theatre fan might call to purchase tickets to an upcoming performance. During the conversation, the sales representative may suggest group tickets to that event or additional tickets to another upcoming play.
      ii. In 2011, the National Hot Rod Association recognized the importance of upselling and wound up revamping their entire sales staff and strategic sales philosophy by placing a priority on both retention and upselling emphasize retention and upselling. NHRA chief marketer Gary Darcy tells *Sports Business Journal*: “We’re really trying to build a relationship with fans, with the number one job being retention, the number two is upselling.”

5. Empathetic approach to service
   a. By recognizing the day-to-day challenges facing most consumers (fans) and understanding what consumers want, some organizations take an empathetic approach to sales and service.
      i. The Seattle Sounders soccer franchise gives season-ticket holders the opportunity to vote out the team’s GM every four years if they are disappointed in team performance, an approach that has helped cultivate one of the most loyal fan bases in American sports.
         (a) Per game, the Sounders outdraw the Mariners almost 2 to 1, their attendance of nearly 39,000 would place eighth in the English Premier League, merchandise sales are on a par with the Seahawks, and NBA commissioner David Stern called the Sounders “the most successful expansion team in the history of sports.”
      ii. In 2010, in response to a struggling economy and with concert ticket sales declining, Live Nation announced they would eliminate the ticket service fees on all purchases in the month of June leading up to the prime summer concert season. Said Michael Rapino, President and CEO of Live Nation, “A fan in every seat is our mission this summer. We know that’s tough in this economy, so it’s our job to find a way to make concerts more affordable.”
Lesson 7.4

Importance of Customer Service

F. How can organizations improve customer service? 25
   1. Meet and exceed levels of customer expectation
      a. As one recommendation within the two pages of service tips outlined in the 2001-02 NBA Marketing Plan, the league recommended that each team assign a personal Customer Service Representative (CSR) to each season ticket holder or group ticket account 26
   2. Provide a comfortable environment for fans
      a. Venues and facilities should be clean, music volume should not be too loud, and temperature should be comfortable (indoor events)
   3. Listen and respond to customer feedback (includes suggestions, criticism, compliments and complaints)
      a. The owner of the Washington Capitals, Ted Leonsis, took a proactive approach to encouraging valuable fan feedback. To engage the consumer in an effort to maximize the organization’s level of customer service, he turned to the web and used an online message board. He asked, “If you could change one thing about your experience with the Caps, what would it be?” His staff reviewed the fan input and created a response forum called “You Asked for It.” The most popular suggestions were listed with the team’s response which included the Caps’ plans for changes, new developments and ideas for new programs. 27
      b. In its “Ultimate Standings” (in which ESPN the Magazine ranks the best franchises in sports), ESPN crowned the Green Bay Packers as the best franchise in all of sports in 2011, a decision that was heavily influenced by the team’s approach to customer service and willingness to give the fans a voice.
         i. The magazine describes the relationship as such: “They dominated the customer-service categories of our survey, finishing first among all pro teams in areas such as “has a fan-friendly environment at games,” “has players who are accessible to fans,” “provides an avenue for fan feedback” and “shows a commitment to their community.” To decide how to best expand the south end zone of Lambeau Field, the Packers sent an online survey to more than 30,000 season ticket-holders, asking them what they’d like to see and what they would be willing to pay for new seats. When the team does build, it has announced it won’t seek public money.” 28
      c. Major League Soccer’s expansion Portland Timbers took the league by storm in 2011 from an attendance perspective, selling out every single home game (and every game since then), in large part because the organization worked closely with the team’s loyal group of fan supporters (the Timbers Army) in the development of the critical early stages of a marketing campaign 29
   4. Incorporate the customer service element into the organization’s mission statement
   5. Respond quickly to customer complaints
   6. Take a proactive approach in making sure the stakeholders (ticket holders, sponsors, donors etc.) know the organization appreciates their support
      a. In 2012, more than 200 University of New Mexico student-athletes called more than 4,000 current Lobo Club members (a group that raises funds “to help UNM student-athletes succeed on and off the playing surface”) to thank them for their support during the annual Thank-a-Thon, which raised more than $5 million in funds and donations for the 2011-12 athletic year 30
Lesson 7.5

Sales Professionals

A. What makes a good salesperson? 31

B. Criteria
   a. Belief in the product
   b. Good listener
   c. Sense of humor
   d. Self motivated and self disciplined
   e. Strong work ethic
   f. Personable
   g. Knowledgeable
   h. Someone who asks questions and listens
   i. Self confident (not to be confused with arrogant!)
   j. Ability to build relationships
   k. “Thick skinned” (ability to handle the inevitable frequent rejection)
   l. Effective time management skills

C. Skills
   a. Good salespeople will never lose contact with prospective customers
      i. This technique is often referred to as “knocking on old doors”
   b. Successful salespeople consistently ask everyone to buy
   c. Effective salespeople follow up with customers after the sale with the same dedication they demonstrated before the sale

D. “Game plan”
   a. Good salespeople will devise a sales strategy that best caters to their strengths
   b. A quality game plan includes gaining knowledge not only of company products and services, but of the backgrounds of prospective customers
   c. Effective salespeople devise and implement effective time management plans

E. What characteristics do employers look for in sales professionals?
   1. Rick Campbell, former Vice-President of Premium Seating for Comcast-Spectacor (Philadelphia Flyers and Philadelphia 76ers), offers insight on characteristics that shape an effective sales professional
      a. “We look for sales people who are self driven with a desire to learn, along with a sense of self confidence, knowledgeable about the industry, and a likeable personality. Building, maintaining and nurturing relationships are incredibly important to the sales cycle, so we want someone we know can be effective in that area. Finally, we want someone who can display a track record of excellence and can show how a strong work ethic led to those previous successes.” 32
Lesson 7.6

Promotion

A. Promotion

1. **Promotion** is any form of communication used to inform, persuade, or remind people about company products or services.

2. Promotion plays a significant role in the creation and maintenance of the levels of commitment and emotional involvement customers have in an organization.

3. Promotions exist as a tool to help generate sales and retain existing customers.

4. Sports and entertainment promotion can be described as creative events providing maximum exposure for an organization, including the creation and implementation of sponsorship and event marketing activities to attract an audience.

   a. Critical elements of sports promotion
      i. Athlete representation
      ii. Marketing consulting
      iii. Integrated event management
      iv. Sponsorship fulfillment

5. The goals of sports and entertainment promotion

   a. Generating sales
   b. Attracting a targeted audience
   c. Helping to create a positive image

B. Promotion mix

1. The **promotion mix** consists of any combination of advertising, sales promotion, publicity, direct marketing, and personal selling.

   a. Could include trade shows and other exhibition events
      i. Outdoor sports brands like KEEN, Columbia and Icebreaker invest in exhibit space at events like the Salt Lake City Outdoor Gear Show as a place to showcase their products to potential buyers (like REI)

2. Key factors that affect decisions regarding the promotions mix

   a. Stage of product life cycle
   b. Distribution channels
   c. Competitor strategies
   d. The product or service being promoted
   e. Organization resources
   f. Accessibility of various promotional methods

C. Forms of promotion

1. Sales promotions

   a. Sales promotion involves activities or communications that encourage consumers to purchase products or services.

   b. Sales promotions are usually short term, encouraging consumers to act quickly
      i. For example, a local health or fitness club may run a sales promotion offering “limited-time” membership opportunities.
      ii. To combat slipping attendance at its Disneyland Resort, Disney teamed up with Alaska Airlines to offer a “kids fly free” sales promotion in an effort to stimulate an increase in visitors
      iii. Residents of California can get discounted tickets at Disneyland just by showing their drivers license, in an effort by Disney to increase “local” traffic
      iv. Kraft and Disney launched a promotion where specially marked wrappers of Kraft Singles featured a 50% discount on tickets to any Disney On Ice show, redeemable for a short time during the summer in an effort to drive sales of both Kraft cheese and tickets to the shows.
Promotion

c. Sales promotion activities could include:
   i. Premium item give-aways
      (a) Examples of premium giveaways include free bats to the first 2000 fans through the gate at Yankee Stadium, or “swag bag” giveaways containing cosmetics and other gifts given out to attendees at the Cannes Film Festival
      (b) Promotions range from traditional (like the aforementioned “bat day” promotion) to the whacky and bizarre
   ii. Contests and sweepstakes
      (a) In an effort to tap into the hype surrounding the 20th anniversary of the “Dream Team” and the 2012 Olympic Games, Sunkist launched a “Team Up with USA Basketball” promotion, giving fans a chance to win one of three prizes, including a trip to Las Vegas to watch Team USA, a trip to Barcelona to watch the team tune up for the London Games, or a home theater system
      (b) Contests and sweepstakes
      (a) In an effort to tap into the hype surrounding the 20th anniversary of the “Dream Team” and the 2012 Olympic Games, Sunkist launched a “Team Up with USA Basketball” promotion, giving fans a chance to win one of three prizes, including a trip to Las Vegas to watch Team USA, a trip to Barcelona to watch the team tune up for the London Games, or a home theater system
   iii. Sampling
      (a) In 2012, Jamba Juice’s sponsorship of the Rock ‘n’ Roll San Diego Marathon & 1/2 Marathon provided them with the opportunity to provide product samples throughout the event
      (b) Every year during the college football season, Texas Pete Hot Sauce sponsors a tailgate tour, providing tailgating fans at ACC, Big Ten, Big 12 and Pac-10 schools with samples of its products
      (c) Pepsi, as part of their sponsorship of Major League Baseball, provided free samples of Pepsi Max to MLB fans attending the 2012 FanFest in Kansas City during the All-Star game
   iv. Point-of-purchase displays (also known as “POP” displays)
      (a) Each year, grocery stores around the country often feature creative POP displays featuring a Super Bowl or March Madness theme
      (b) Sunkist POP displays at grocery retailers featured cardboard cutouts of members of the original “Dream Team” as part of their 20th anniversary celebration promotion
   v. Discounts and Couponing
      (a) Shoppers saved $4.6 billion on consumer goods using coupons in 2011 – $500 million more than in 2010 – according to NCH Marketing Services
      (b) The day after Jeremy Lin signed with the Houston Rockets, Fathead discounted its Lin Knicks wall graphic from $100 to $16.36 (the year Harvard, where Lin played college basketball, was founded)
      (c) The Cincinnati Bengals resorted to a “buy one, get one free” ticket promotion to help reach a sell out for the 2012 regular-season finale just one day before the NFL’s blackout deadline (the game, which had playoff implications, would have been blacked out on local TV had the game not sold out)
   vi. Special events
      (a) In an effort to boost attendance at a men’s basketball game, the New Mexico State Athletics Department staged a “pajama party” which later erupted into a pillow fight. The event generated a lot of excitement among students, ultimately resulting in over 1800 students attending, a 125% increase over the per game average

2. On-Field promotions
   a. Promotions that take place on the playing field occur between game breaks
   b. Many sports organizations consider the on-field promotions to be one of their most valuable and profitable pieces of sponsorship inventory
   c. Promotions could include
      i. Half court shot
         (a) A VCU student once made a half court shot at half time of a VCU home basketball game to win a free Papa John’s pizza for every fan in attendance that night (the retail value of the 7,248 pizzas was around $100,000)
Lesson 7.6

Promotion

ii. Races
   (a) The Milwaukee Brewers feature a wildly popular “Sausage Race” at Miller Park home games. Four people in sausage costumes race around the infield warning track between the sixth and seventh innings at Brewers’ games to entertain fans. 51

iii. In-Venue promotions
   (a) Promotions taking place at areas within a facility not directly associated with the playing field
   (b) Example
      (i) MasterCard might have a booth set up somewhere on the concourse of an NBA arena offering a free t-shirt bearing the name of the home team for those willing to sign up for a credit card
      (ii) The Bridgeport Bluefish minor league baseball team partnered with Citibank on a special ticket promotion where all purchases made at a pre-determined game at the ballpark using a Citi credit or debit card received a $2.00 ticket discount. Fans were also eligible to receive the same discount on advance tickets purchased that day for any remaining home games this season by using their Citi card. 52

   (c) Other promotions could include
      (i) Contest giveaways
      (ii) Lucky game program or lucky seat
      (iii) Giveaways at the door
         1. Like any other promotions, giveaways range from the traditional (such as bobblehead nights) to the bizarre (the San Antonio Missions once gave away a dozen used cars to randomly selected fans including a 1991 Jaguar and a 1990 Cadillac during a “Used Car Night” promotion) 53
         2. From beanie babies to bobbleheads, finding the next “hot” giveaway item can have a major impact on attracting crowds. The last “in” promo item was a licensed/branded rubber band bracelet. Team Beans / Forever Collectibles (a manufacturer of collectibles, novelty and promotional products for the sports and entertainment industries) shipped 15 million packs of licensed Logo Bandz in June of 2010 alone. 54

3. Event promotions
   a. Event promotions focus on a single event, as opposed to multiple events
      i. Fireworks displays, film sneak previews, entertainment acts and special appearances
   b. Event promotions have the potential for an enormous impact on attendance
      i. According to a presentation on the Lake County Captains’ website, the team’s “Fireworks night” game promotions attract the largest crowds of the season, typically resulting in a sellout. 55
      ii. A special 2012 half-time performance from rapper Vanilla Ice helped the Minnesota Timberwolves sell out a regular season game against the Boston Celtics 56

4. Off-Site promotions
   a. Any promotional activities that occur away from an organization’s facility, venue or offices
      i. Clinics and camps
      ii. School functions (assemblies, etc.)
      iii. Exhibition games
   b. Research indicates off-site promotions enhance fan identification
      i. Fan identification is the emotional attachment an individual fan has toward a particular team or athlete
      (a) By playing an exhibition game in Baltimore in 2011 (dubbed the Baltimore Classic), the Washington Capitals (who played the Nashville Predators) created a great opportunity to gain new fans as a result of playing in a non-NHL market, particularly when the game was played close to home 57
Lesson 7.6

Promotion

5. Full season promotions
   a. Unlike event promotions, full season promotions take place at every game, match or event throughout an entire season
   b. Full season promotions are effective because of the increase in the number of impressions and an elevated level of fan/consumer awareness
      i. Higher frequency equates to increased exposure, resulting in an increased likelihood of the message having an impact with fans
      ii. Minnesota Twins home games used to feature a promotion in which three fans were given an attempt to throw a baseball from the upper deck into a giant inflatable Blue Bunny ice cream container blown up in deep right field. If their toss landed in the container, the fan (contestant) would win a one year supply of ice cream, compliments of Twins' sponsor, Blue Bunny. 58

6. Media promotions
   a. Promotional activities that involve a media sponsor or tie-in
      i. The presence of media promotions allow an organization to maximize attendance and event support throughout the community, ultimately helping the organization meet its goals and objectives
         (a) Portland, Oregon’s annual Blues Festival is sponsored by the local newspaper (Oregonian), local radio stations (Kink FM and KBOO), and a local online news provider (OregonLive.com)
         (b) In 2012, over 100,000 Blues Festival attendees donated over $900,000 at festival gates to help fight hunger. In addition, attendees donated more than 116,500 pounds of food. 59
In 2004, Nextel inked a 10-year agreement to participate as a NASCAR sponsor. The partnership, believed to be the largest sponsorship deal in the history of sports marketing, provides Nextel with numerous opportunities to market and promote the NASCAR Nextel Cup Series. The total investment for Nextel was a whopping $750 million over the 10-year life of the contract.

Perhaps the most intriguing element to the story pertains to how the deal was ultimately brokered. NASCAR’s chief executive officer, George Pyne, called the deal “the sales story of the century”.

What makes this so interesting? The dialogue for discussions regarding the sponsorship opportunities was opened with a simple cold call, followed by a brief email to Nextel’s director of sports and event marketing, Michael Robichaud that read:

“Michael,

I hope all is well. I thought I would check in.

The entitlement is heating up big time to replace Winston. I have not been able to keep my feet on the ground with all the travel.

I will be down in DC the week of March 24th. Perhaps we can get together?

Would it be worth the time to present the entitlement and/or NASCAR to you and perhaps Mark?

Regards, BC”
That simple exchange would provide the spark that would ignite the sales cycle in NASCAR’s effort to replace Winston as the title sponsor for their cup series of events. Within four months, the cycle would come to a close when Brian Corcoran, director of corporate marketing for NASCAR, received an e-mail stating “the papers are signed”. The deal would be announced shortly thereafter.

Ultimately, it was NASCAR’s superior television ratings and creative inventory that made the partnership a reality. Nextel officials also saw a unique platform for effectively marketing their products and services. Without the cold call that started it all, however, the deal would never have come to fruition.

**Case Study Questions**

1.) *Is the NASCAR / Nextel partnership example a testament to the effectiveness of personal selling? Why or why not?*

2.) *Do you think the title sponsorship for the NASCAR cup would have been sold without a sales process in place? Why or why not?*

3.) *Do you think Nextel is pleased with the results of their sponsorship? Why is that important?*

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1 Information from this case study obtained from the June 23-19, 2003 issue of Street & Smith’s Sports Business Journal.
Unit 7 Overview:

Unit seven provides a basic introduction to sales and emphasizes its importance to sports and entertainment business. A basis for a fundamental understanding of promotion is also explored. Students will be able to identify steps within the sales process, recognize the role of customer service and identify various forms of promotion. Students are encouraged to work through related class activities, particularly role plays or simulation exercises, to gain a clear comprehension of the sales process.

Unit 7 Key Terms Defined:

Customer Service: The action taken by the seller to make the relationship between the organization and its customers satisfactory

Feature-Benefit Selling: Involves matching specific product attributes to a customer’s needs and wants

Objections: A prospective customer’s concerns or hesitations in making a purchase decision

Personal Selling: Any person-to-person communication in which the seller has an opportunity to influence the consumer’s buying decisions

Promotion: Any form of communication used to inform, persuade, or remind people about company products or services

Promotion Mix: Any combination of advertising, sales promotion, publicity, direct marketing, and personal selling

Proposal: A written recommendation of products or services his or her organization may offer to meet those customer needs uncovered in the needs analysis

Sales: The process of determining customer needs and wants through planned, personalized communication intended to influence purchase decisions and ensure satisfaction

Up selling: The process of selling additional products to a customer at the time of the order
Unit 7 Review

Unit 7 Objectives:

1) Define and give examples of sales
2) Identify three personal selling categories
3) Identify four sales methods
4) Name at least five steps in the sales process
5) Detail why customer service is important
6) Recognize some common characteristics of successful sales professionals
7) Define promotion
8) Identify the elements of the promotion mix
9) Describe and offer an example of five forms of promotion
Unit 7 Discussion Questions

Think about the last experience you had with a salesperson. What was the interaction like? Was the salesperson helpful? Was it a positive experience or negative experience? Did the salesperson’s assistance impact your purchase decision?

Regardless of student response, this question will prompt a discussion that can be an effective introduction to the material presented in Unit 7.

Think about the last experience you had with a customer service representative. What was the interaction like? Were they accommodating? Was it a positive experience or negative experience? Did the customer service representative’s assistance resolve your issue? Do you think that company’s customer service should be improved? Why or why not?

More than likely your students will have some interesting stories to share regarding experiences with sales people or customer service. Use this discussion to validate the importance of effective sales and service strategies in the sports and entertainment business.

What role do you think promotions play in sports and entertainment organization’s marketing strategies? Can you give an example of a promotion for a sports or entertainment event you have recently attended (movie, game, play etc)?

For those students who have had a recent experience with a minor league sports team, this question will prompt the sharing of some exceptional promotional ideas. Encourage students to think about promotions they might have seen for movies, sporting events, book or music releases. As an example, the highly anticipated release of the most recent Harry Potter book in June of 2007 led to many creative promotions at book stores.

Record all the promotional examples provided by students on the board or projector as they share them.
1) NC Education Center, Sports & Entertainment Marketing I, ME 6670, Objective 4.01
2) http://myespn.go.com/blogs/rcfnation/0-9-296/Western-Kentucky-goes-door-to-door----again.html
3) Sports Marketing: A Strategic Perspective, M. Shank, p. 249
4) NC Education Center, Sports & Entertainment Marketing I, ME 6670, Objective 4.01
5) http://www.dmnews.com/wwe-implements-mobile-barcodes/article/175459/
7) Marketing Outrageously: How To Market A Product Nobody Wants, Spoelstra, p. 214-217
8) http://www.gmarketing.com/articles/read/43/Overcoming_Sales_Objections.html
11) Health fitness management: a comprehensive resource for managing and operating programs and facilities, Mike Bates, p. 128.
12) www.abc.net.au/eightdays/glossary/default.htm
13) Sales Success in Sports Marketing, Miller, Shaad, Burch, Turner, p. 152
14) On The Ball: What You Can Learn about Business from America’s Sports Leaders, Carter, Rovell, p. 59
15) Portland Trail Blazers Business Planning Session Notes, Presented by NBA Marketing & Team Business Operations, Jan. 23
16) Sales Success in Sports Marketing, Miller, Shaad, Burch, Turner, p. 143
20) Sales Success in Sports Marketing, Miller, Shaad, Burch, Turner, p.94
21) http://www.milb.com/index.jsp;sid=482
22) http://www.sports-forum.com/newsletter/previous/article_id=467
26) The 2001-02 NBA Marketing Plan, distributed by the NBA league office to each NBA franchise
27) http://www.sportsbusinessjournal.com/article/65044
29) http://mobile.oregonlive.com/advorg/db_/contentdetail.htm?contentguid=mxkM6K4v&full=true#display
30) www.unmloboclub.org/thank-a-thon/
31) Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner
34) Sales Success in Sports Marketing, Miller, Shaad, Burch, Turner, p.93
35) http://www.onpoint-marketing.com/sports-promotions.htm
36) Adapted from Sports & Entertainment Marketing, Glencoe-McGraw Hill, 2nd ed., PowerPoint Slides, Chapter 8, Slide #7
38) Fundamentals of Sport Marketing, Pitts, Stotlar, Auxiliary Materials, PowerPoint Presentation, Slide #123
40) NC Education Center, Sports & Entertainment Marketing I, ME 6670, Objective 5.01
43) http://promo.espn.go.com/espn/contests/sunkist/2012/tx_cid=buttonsThumbail_sunkist12
47) On The Ball: What You Can Learn about Business from America’s Sports Leaders, Carter, Rovell, p. 59
48) NC Education Center, Sports & Entertainment Marketing I, ME 6670, Objective 5.01
49) http://myespn.go.com/blogs/rcfnation/0-9-296/Western-Kentucky-goes-door-to-door----again.html
50) http://www.sportsbusinessjournal.com/article/65044
“What about your mind, does it shine?”

- Singer Jack Johnson in the song “Gone”
Unit eight explores the concept of sports and entertainment sponsorship and celebrity endorsement. Throughout unit eight, students will begin to understand the significance of sponsorship and its impact on the financial viability of sports, entertainment and event properties. Students will also gain an understanding of why companies make the decision to engage in sponsorship as a promotional opportunity for their business, as well as the decisions required to insure their sponsorship program is a sound investment. In addition, unit eight provides a glimpse of several concepts important to the sponsorship field, including cause marketing, ambush marketing and a brief background on endorsements.
Objectives

1) Define and offer examples of sponsorship
2) List three ways a company might implement sponsorship programs
3) Identify three factors that have impacted the growth of sponsorship
4) Define and offer an example of cause marketing
5) Understand why a company would engage in sponsorship
6) Explain what criteria must be met for a sponsorship to be effective
7) Illustrate the concept of ambush marketing
8) Describe sponsorship inventory
9) Define endorsement

Lessons

Lesson 8.1  Sponsorship
Lesson 8.2  Sponsorship Growth
Lesson 8.3  Sponsorship Decisions
Lesson 8.4  Ambush Marketing
Lesson 8.5  Pricing Sponsorships
Lesson 8.6  Endorsements

Key Terms

Ambush Marketing
Cause Related Marketing
Endorsement
Gross Impression
Sponsorship
Discussion Topics

What are some examples of sponsorship?

Can you think of an example of sponsorship that you have been exposed to in the last year?

What are some examples of endorsements?

Why do companies pay celebrities and athletes to endorse their products?

Have celebrity endorsements ever influenced your decision to purchase a particular product or service?

Have you participated in any events that have relied on some type of marketing to attract consumer attendance?
Lesson 8.1

Sponsorship

A. Sponsorship
   1. **Sponsorship** is a form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits.  
      a. Sponsorship is not the same as advertising  
         i. Advertising is more direct and aims to stimulate a purchase in the short term  
         ii. Sponsorship aims to generate a bond between company and customer  
   b. Sponsorships provide a partnership between two parties  
      i. Sports and entertainment properties need sponsors to provide financial support, products and services  
      ii. Sponsors need sports and entertainment properties to provide an effective marketing tool  
      iii. For sponsorship to be effective, it must make sense for each party involved

2. Sponsorship examples
   a. Mercedes-Benz investing in a 10-year naming rights deal to rename the Louisiana Superdome to the Mercedes-Benz Superdome  
   b. Major corporations sponsoring NCAA college football bowl games  
   c. Mountain Dew sponsoring the Action Sports Tour  
   d. Visa spending millions to sponsor the FIFA World Cup

B. Sponsorship packages often include:
   1. Right to use team or event marks, logos, names, or trademarks
   2. Potential for exclusive association
      a. Exclusivity provides a sponsor the unique opportunity to be the only company sponsoring in a particular product category
      b. If Bank of America holds exclusivity rights as part of its package to sponsor a golf event, no other bank will have an opportunity to participate in the event as a sponsor
   3. Opportunity for title or presenting sponsorships
   4. Right to use various designations or phrases
      a. Procter & Gamble’s recent sponsorship of the National Football League designates Tide (a P&G brand) as the “Official Laundry Detergent of the NFL”
      b. Additional examples
         i. “Official broadcaster of…”
         ii. “Official product of…”
         iii. “Official sponsor of…”
         iv. “Presented by…”
         v. “Brought to you by…”

* TEACHER’S NOTE *

Consider visiting (or encouraging your students to visit) [http://www.nascar.com/guides/sponsors](http://www.nascar.com/guides/sponsors) for a link to a comprehensive listing of NASCAR sponsors. The list provides a great example of partnership possibilities available to corporations via sponsorships.

   c. Right to conduct promotional activities
   d. Additional forms of company exposure and media time (billboards, commercials)
   e. Product and merchandise (game tickets, licensed merchandise)
Lesson 8.1

Sponsorship

C. What makes sponsorship an effective promotional opportunity for a company?
   1. Allows companies to reach consumers by appealing to their lifestyle
      a. The marketer’s message is communicated more effectively when consumers are participating in something they enjoy, such as attending a sporting event or a movie
         i. Can be particularly effective in sports because of the high levels of brand loyalty
   2. Sponsorships often allow companies to reach segments they normally would not
      a. Audi signed sponsorship agreements with equestrian events, ski races and sailing because research showed that participants and followers of those sports fit the profile of typical Audi buyers
         i. When Lothar Korn, Head of Marketing Communications for Audi was asked how an affiliation with sailing adds to Audi’s image, he responded by saying: “Sailing has a lot in parallel with the image of Audi. It can strengthen some aspects of our brand: if you look at the dynamism, at the elegance and the design of the boats, if you look at the technology... Audi is ‘Vorsprung durch Technik’ - ‘Lead through Technology’-, and technology is also very important for the MedCup too, it is a high-tech sports environment. Light weight plays an important role for the boats, they make good use of carbon, and so light weight is also one of Audi’s main strengths, so there are a lot of parallel elements.”
   3. In today’s digital marketing era, traditional marketing efforts have proven to be less effective while more creative approaches, such as sponsorship, offer a more creative and successful means for connecting with consumers

D. Five common ways businesses implement sponsorship programs
   1. Retail promotions
      a. Includes point of sale promotions
      b. Generally the goal of a retail promotion is to drive traffic to a sponsor’s place of business
         i. As NASCAR fans in Charlotte geared up for the 2012 Coca-Cola 600, several area Walmart stores hosted special events which provided fans with NASCAR merchandise, cars on display, racing simulators and appearances by drivers Denny Hamlin, Bobby Labonte, Bill Elliott and Michael Waltrip
   2. Media awareness
      a. Refers to the number of people you reach within an audience of a specific segment
      b. Typically the focus is on impressions
         i. Impressions refer to the number of people exposed to the promotion
         ii. Hankook Tire America Corporation immerses itself in a number of sports marketing programs. The company’s rationale is provided on its Website: “Hankook enjoyed more than four billion impressions through its Sports Marketing Programs in baseball, hockey, basketball and football. This level of impressions has brought the Hankook name to millions of households, both reinforcing the Hankook brand while introducing the Hankook name to countless households nationwide.”
      c. While impressions are still important, no longer are they an exclusive motivation for a sponsor to engage in a relationship with a sports or entertainment property with activation playing a more significant role in a successful sponsorship strategy
         i. In an interview published in the Sports Business Journal, Michael Kelly, Executive VP of marketing for Phillips-Van Heusen said: “The days of slapping your logo on a sport and counting the impressions are over... Our partnership with the IZOD IndyCar Series is a good example of how to simultaneously activate our brand at Macy's, and re-energize a sport — we are so intertwined that what benefits one will ultimately be good for all three.”
Lesson 8.1

Sponsorship

3. Venue/event on-site promotion
   a. Allows a company to connect with the audience of a particular event \(^{11}\)
      i. Companies are buying fan enthusiasm, access to spectators (crowds), and media benefits associated with the event
   b. Provides opportunities for a company to network with other sponsors
      i. In 2012, more than 20 million All-Star ballots were distributed on-site at the 30 Major League ballparks, and in approximately 100 Minor League ballparks. Firestone, the official tire of MLB, was once again the exclusive sponsor of the 2012 In-Stadium All-Star Balloting Program.\(^{12}\)

4. Internal sales and marketing tool
   a. Helps companies to:
      i. Maintain an existing customer base
      ii. Attract new customers
      iii. Enhance employee relations and motivate/reward staff
      iv. For example, as part of 24 Hour Fitness’ sponsorship of USA Basketball, ran an internal sales promotion for their staff that awarded trips to USA Basketball exhibition games leading up to the London Games as a prize \(^{13}\)
         (a) According to Carl Leibert, CEO of 24 Hour Fitness in an interview with the *Sports Business Journal*: “If you ask our team members, they’re excited about our partnership with the U.S. Olympic team, but the USA Basketball affiliation was something our front-line employees were continuously asking about. The other side of this is our members love it.” \(^{13}\)

5. Product introduction \(^{14}\)
   a. Sports sponsorships are a great marketing tool for companies to introduce new products because, generally, sports promotions can provide a quantifiable demographic
      i. Ford may sponsor a “test drive” promotion at a NASCAR event, offering an opportunity for fans to drive a new car model. The promotion enables Ford to capture the information of an identifiable number of the program’s participants.
Microsoft’s “Free” Sponsorship: A Unit 8 SEM Case Study

NASCAR sponsorships don’t come cheap. Primary sponsorship of a race car, which allows a company to put its logos and colors on a car’s hood – the prime position for maximum exposure during a race – currently runs around $20 million a season. This represents a big jump over a decade or so ago, when around $8 million would buy the same spot. However, the potential payoff can be huge. According to RaceStat, a syndicated NASCAR research project, 71 percent of the NASCAR audience reported that they “almost always” or “frequently” choose a product involved in NASCAR over one that is not, simply because of the sponsorship.

Sports organizations look to big corporations to help underwrite rising operating costs for one important reason: big time sports and entertainment are expensive. Even minimal sponsorship packages cost tens of thousands. Relatively few companies can afford the investment required for a partnership with premier sports properties that will maximum corporate visibility.

Enter Microsoft. Leave it to the software giant to circumvent the “system” and get its name in front of millions for virtually nothing. The company has taken a different – and somewhat controversial – approach to its sponsorship of Michael Waltrip’s #00 NASCAR Sprint Cup Series car. The company has been attempting to get those who sell its products and the small businesses using its small business software to pay thousands of dollars each in exchange for promotional images on representations of the #00 car (note that these “secondary sponsors” do not get to put their logos on the car itself). These smaller firms can post these images on web sites as part of their promotional efforts. Of course, Microsoft itself gets the biggest benefit from securing the $1,000,000+ spot the Waltrip team has provided on the REAL car for its Microsoft Small Business logo.

Microsoft isn’t the first to offload some its financial exposure onto those who do business with it. Target Corporation, a longtime sponsor for the Chip Ganassi Racing team, has offered vendors a piece of the action: They might get a NASCAR-themed display in Target stores or even have their logo prominently featured on a car for a single race. Other corporations put the finger on suppliers, retailers of their products, or others with whom they do business in an attempt to recover part of a large investment in NASCAR.

(Continued on next page)
The reception in the first few months has been lukewarm at best. Approximately 40 firms have forked over $165,000, or a little over $4,000 per participant. Michael Malina of Rainmakers International, the Santa Monica, Calif., media placement firm that brokered the deal between Microsoft and Waltrip, says the Waltrip team will need at least another 200 sponsors to break even on the investment.

Microsoft is utilizing its web site to attract additional secondary sponsors. In bold letters, it promises participants “Images of their company’s logo on the #00 car.” As a company spokesman makes clear, however, they’re only images.

**Case Study Questions**

1. **Why is sponsorship an important medium for businesses for promoting brands?**

2. **What is your opinion of Microsoft’s strategy? Do you think the “secondary sponsors” are getting enough value for their investment?**

3. **From Microsoft’s standpoint, what are the risks of this arrangement with Waltrip? With the “secondary sponsors”?**

4. **Can you think of additional ways that NASCAR teams can expand sponsorship opportunities to smaller firms?**

5. **You are managing the marketing function for a small firm. A representative from Microsoft offers you a “secondary sponsorship.” What factors would be important to you when evaluating this opportunity?**

**SOURCES:**

Microsoft’s ‘Free’ NASCAR Sponsorship, Forbes.com, 8/12/08
NASCAR.com
entertainment.howstuffworks.com
http://www.jayski.com/teams/nascar-sponsors.htm
Lesson 8.2

Sponsorship Growth

A. Sponsorship spending in North America shows consistent growth over the past 20 years
   1. Growth of sponsorship in North America (includes sports, entertainment and events)  
      a. 1980 - $300 million  
      b. 1987 - $1.75 billion  
      c. 1996 - $5.4 billion  
      d. 2001 - $9.3 billion  
      e. 2007 - $14.91 billion  
      f. 2012 Projections - $18.87 billion  
         i. Sports - $12.95 billion  
         ii. Entertainment tours and attractions - $1.92 billion  
         iii. Causes - $1.73 billion  
         iv. Arts - $892 million  
         v. Festivals, fairs and annual events - $823 million  
         vi. Associations and membership organizations - $548 million
   2. Projected global sponsorship spending in 2012 according to IEG will reach $51 billion
   3. Sponsorship investment levels
      a. Sponsorship is a primary source of promotion for many major corporations
      b. Companies with the highest levels of investment in sports sponsorship programs in 2011 (according to IEG) include:
         i. PepsiCo $340-345 million  
         ii. Coca-Cola $265-270 million  
         iii. Anheuser-Busch $255-260 million  
         iv. Nike $215-220 million  
         v. AT&T $175-180 million

B. Factors influencing growth of sponsorship
   1. Unique promotional opportunity (“outside the box” mentality), providing some separation from traditional media
   2. Technology and increased media interest in sports and entertainment programming
      a. Bolstered by the increased commercialization of radio and television through commercials
      b. Introduction of new media outlets
         i. Pay per view  
         ii. Satellite television  
         iii. “On Demand” viewing capabilities  
         iv. Streaming audio and video online  
         v. Broadband cable  
         vi. Satellite radio
   3. Growing frustration with traditional media
      a. Companies began feeling that it was too challenging to distinguish themselves from the large number of additional companies advertising
      b. The average individual sees 5,000 sales messages daily, making it hard for companies to get consumers to remember their products
   4. Increased levels of consumer acceptance
      a. Studies have indicated that public perception of sponsorship is far more positive than traditional forms of advertising
Lesson 8.2

Sponsorship Growth

5. Global nature of sports and entertainment 21
   a. Sponsorship provides a means for crossing the language barrier
   b. The Olympics Games consistently receive multi-national support via sponsorships from an industry-diverse clientele

C. Cause marketing
   1. **Cause marketing** refers to marketing efforts that tie an organization with a charitable cause
      a. 79% of respondents to a recent study said they would switch brands (provided price and quality were equal) to one supporting a “good cause” 22
         i. The Boomer Esiason Foundation Website explains that with cause marketing programs, a corporation receives tangible benefits – such as a marked increase in sales – from tying its marketing strategy to the fundraising needs of a charitable cause 23
      b. Cause marketing has proven to be extremely effective, and sponsorship provides a valuable platform for cause marketing programs 22
   2. Cause marketing has become one of the most popular trends in sports and entertainment marketing
      a. In 1990, cause marketing sponsorship spending in the U.S. totaled only $120 million, according to the IEG Sponsorship Report. By 2012, spending on cause marketing is projected to reach $1.73 billion.
      b. According to a report from Performance Research, 41% of U.S. consumers believe companies can best improve brand perceptions by increasing their cause sponsorships 24
   3. Cause marketing is not: 25
      a. Pure philanthropy or sponsoring an event without expecting a return on the investment
   4. How can you tell if it is cause related marketing? 25
      a. There is a marketing objective associated with the activity
      b. The marketing activity is measured
      c. The program is promoted
   5. Cause marketing example
      a. After watching footage of children playing soccer with a ball of trash in Darfur, Tim Jahnigen launched the “One World Futbol” program which distributes specially made soccer balls that will never go flat. The program received a giant boost in 2012 when Chevrolet, as part of their sponsorship of Manchester United, agreed to sponsor the distribution of 1.5 million of the balls over the next three years. 26

* TEACHER’S NOTE *

Cause marketing is one of the hottest trends in the sports, events and entertainment industry and is expected to have a significant impact on the way companies approach sponsorship in the future. To further engage your students as it relates to the topic of cause marketing, consider distributing the Internet activity marked “Unit 8 - Internet Activity-Cause Marketing” and/or the project marked “Cause Marketing Project”, available on your CD-ROM and online. You may also want to consider taking things one step further by developing (or contributing to) an actual cause related campaign in your community in conjunction with the efforts of a local business.

D. Sponsorship as a unique medium 27
   1. What differentiates it from traditional media?
      a. Allows a company to tap emotional and intimate appeals of customers
      b. Integrates the positive feelings of sports and entertainment events with company products, services and staff
      c. Sponsorships help reach segmented targets that mass media typically proves ineffective
      d. Showcases a company’s products and services in an environment representative of a consumer’s particular lifestyle
Lesson 8.3

Sponsorship Decisions

A. Why do companies make the decision to engage in sponsorship programs?
   1. Companies make the decision to sponsor based on the desire to achieve a desired result
   2. Companies typically use sponsorship as a vehicle to:
      a. Increase brand loyalty
      b. Create awareness and visibility
      c. Change or reinforce image
      d. Drive retail traffic
      e. Drive sales
      f. Showcase community responsibility
      g. Display brand attributes
      h. Entertain clients and hospitality
      i. Recruit and retain employees
      j. Create merchandising opportunities
      k. Build company awareness
      l. Differentiate products
      m. Associate with particular lifestyles
      n. Business-to-Business marketing
      o. Distinguish from the competition
      p. Introduce a new product or service to a large audience
      q. Enter new markets

B. Deciding what to sponsor
   1. As sponsorship continues to grow, companies continue to be inundated with sponsorship requests
   2. Companies must filter through proposals to find which sponsorship opportunities will present the best opportunities to effectively promote their brands
      a. Software is now available to help filter those requests to determine which proposals meet the needs of a company
         i. Sponsorwise software manages sponsorship proposals for an impressive client list including Kraft Foods, Nintendo, Snapple Beverage Co, Balance Bar, Lexus, US Bank and Verizon Wireless
      b. Red Bull successfully reaches their target audience (young action sports fans) through a sponsorship with the U.S. Open of Surfing in California. Conversely, it would not make sense for Red Bull to partner with the PGA for a seniors golf tournament.
      c. Coke has successfully branded their products on an international scale. Implementing sponsorships of international events has been a natural fit in helping them achieve their global goals.
         i. Coke’s worldwide sponsorship expenditure on the Atlanta games in 1996 nearly reached $650 million
         ii. Coke’s sponsorship of the 1998 soccer World Cup in France approached $250 million
         iii. Coke’s sponsorship of the Athens games in 2004 came in at $145 million
         iv. Coke’s sponsorship of the Beijing games in 2008 was reportedly in the $400 million range
         v. IEG estimated that Coke spent roughly $600 million on their sponsorship of the 2010 FIFA World Cup in South Africa
         vi. While Coca-Cola did not disclose their overall investment in the London games in 2012, they did roll out Olympics-themed marketing campaigns in 110 different countries
            (a) As a result of their investment in global event sponsorship, Coke’s corporate logo is recognized by 94% of the world. Comparatively, the Olympic rings are recognized by only 92%.
Lesson 8.3

Sponsorship Decisions

d. Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship
   i. Examples include Staples Center, Minute Maid Park, Air Canada Centre
      (a) In 2011, The Sports Authority paid a reported $150 million over 25 years to replace Invesco for the naming rights to the Denver Broncos’ Mile High Stadium.
      (b) The Dallas Mavericks play in American Airlines Arena while the Miami Heat play in the American Airlines Center when both teams squared off in the 2011 NBA Finals. Front Row Marketing Services estimated that the airline received more than $10 million per game in national advertising exposure.

3. Criteria companies consider when deciding what to sponsor
   a. Property and company image compatibility
      i. Does the property offer the imagery the company wants to establish?
         (a) WWE reported that a decision to create on air content suitable for a younger audience (the rating for “Raw” was changed from TV-14 to PG) generated a significant spike in interest from more new sponsors.
      ii. Is it a lifestyle with which the company wants to be associated?
         (a) Brands like Quicksilver, Billabong, O’Neill, Volcom and Hurley sponsor events each year because the surfing lifestyle is one for which they strive to be associated with.
      iii. Are the co-sponsors companies with which the company would want to be associated?
   b. Audience the sponsorship reaches
      i. Adidas sponsored the Euro 2012 soccer tournament and Summer Olympics because the audience includes millions of soccer fans. As a result, they expected to sell more than 7 million soccer balls featuring the ‘Tango 12’ design (the same design featured on “official match” balls used during the Euro 2012 tournament and Olympic Games).
   c. Working with retailers
      i. Does the sponsorship include a retail component that can directly impact sales?
   d. Media impact
   e. Exclusivity
      i. Sponsors must consider whether or not they are the only brand within a specific category (soft drink, bank, insurance provider etc.) sponsoring the event
      ii. Without exclusivity, it rarely makes sense for a company to sponsor if a competing brand is sponsoring the same event
   f. Potential increase in consumer sales
      i. No sponsorship can guarantee an increase in sales

C. To be effective, sponsorship programs must meet the needs of the sponsoring party. The following criteria are consistent with effective sponsorships:
   1. Frequent impressions
      a. Gross impression refers to the frequency in which a company product or service is associated with the event or entertainer
      i. Each time a consumer sees a company logo throughout the course of a sporting event, movie, television broadcast or other event, the brain records that image
      ii. The goal of a sponsorship is for consumers to remember that image the next time they make a purchase
      iii. While impressions are an important ingredient to a successful sponsorship, other criteria must also be met
Lesson 8.3

Sponsorship Decisions

2. Leveraging (activating) the sponsorship
   a. The action taken to escalate its impact and to increase the overall value of the sponsorship
   b. The most effective campaigns combine the sponsorship and events that activate them with additional advertising, direct marketing, PR and merchandising
   c. Most companies spend $1-3 per dollar spent on the sponsorship fee itself in leverage/activation
   d. Companies must engage in promotion of the event prior to the actual event date
   e. Effective sponsorships require careful strategic planning
   f. In a recent poll conducted by Turnkey Sports & Entertainment in conjunction with the *Sports Business Journal*, 24% of the 1,100 senior-level sports industry executives surveyed indicated that the most attractive element for sponsors when negotiating new deals was “more activation options” (making it an even more popular response than “lower fees”)
   g. Companies can activate a sponsorship in a number of different ways
      i. At the 2012 All-Star Games, league sponsors utilized the event as a platform for activating their sponsorships with Major League Baseball
         (a) Part of *Chevrolet’s MLB sponsorship* activation strategy included a wide range of activities tied to the 2012 All-Star Game, including a test-drive track at Kauffman Stadium, a presence at FanFest, numerous vehicle displays, the awarding of a Chevrolet vehicle to the All-Star Game MVP (Melky Cabrera of the San Francisco Giants), and the re-launch of the 38-year-old “Baseball, hot dogs, apple pie, and Chevrolet” ad campaign
      ii. In 2011, Taco Bell used QR codes on fountain drink cups and other packaging to give customers access to exclusive content relating to its sponsorship of MTV’s Video Music Awards
      iii. In some cases, part of the activation strategy may include the use of a spokesperson. For example, JEEP’s activation of their USA Basketball sponsorship surrounding the 2012 Games featured NBA star Chris Paul endorsing the brand in television ads.

3. Company commitment
   a. Sponsorships are typically ineffective without long-term commitment
      i. Successfully creating a link between the sponsor and the event takes time, several years in some cases
      ii. Companies sometimes make the mistake of pulling the sponsorship if they do not see an immediate return on the investment
   b. The sponsorship should be a company-wide effort
   c. Support is essential from the entire organization, including staff

4. Commitment for the right reasons
   a. Organizations cannot afford to make the mistake of committing sponsorship dollars to a property simply because the company president or CEO is a fan of a particular sport, entertainer or event

5. Communication
   a. Communication between the sponsor and sponsee (event provider, entertainer or property) is essential for success
   b. A clear understanding must be in place of what is included and what is not included in any sponsorship agreement to eliminate false expectations

6. Fan (consumer) connection
   a. A connection should take place between the fans (consumers) and the sponsor, without the feeling of products or services being advertised, so the fans feel the sponsors are adding value to the event
      i. Successful sponsorships can effectively communicate the message that the event would not be possible without the sponsor’s support
         (a) This is why we frequently hear statements like the one posted on the Website for Toronto’s *Scream Literary Festival* that reads: “The Literary Festival would not be possible without the kind and generous support of our private and public sponsors, and we thank them all immensely”
         (b) Similarly, an advertisement appearing in a 2011 issue of the *Sports Business Journal* stated: “Vail Resorts thanks our partners for a tremendously successful 2010-2011 ski season.”
Lesson 8.4

Ambush Marketing

A. What is ambush marketing?

1. **Ambush marketing** occurs when one brand pays to become an official sponsor of an event and other competing brands attempt to connect with the same event, without paying direct sponsorship fees.
   a. Ambush marketing is a legal tactic
   b. It is often referred to as “guerilla” marketing
   c. It is a strategy that has proven to be very successful
   d. The technique presents many challenges for those hosting the event
   e. Ambush marketing results in the perception that companies are affiliated with an event when they actually are not
   f. Allows for penetration into events in which a competitor may have exclusivity rights

2. When does ambush marketing occur?

   a. It is a strategy used frequently when the event is on a grand stage
      i. Super Bowl
      ii. Olympics
      iii. Soccer World Cup
      iv. Boston Marathon
      v. Tour de France

3. Notable events in the history of ambush marketing tactics:

   a. 1992 Olympics
      i. Michael Jordan (sponsored by Nike), covered the Reebok logo on his apparel with the American flag during the gold medal ceremonies

   b. 2000 Olympics
      i. Adidas ‘thorpedoed’ Nike at the 2000 Sydney Olympics. Nike was the official clothing supplier while Adidas sponsored the swimming super-hero, Ian Thorpe. At the medal presentation, Thorpe “accidentally” draped his Adidas towel over the Nike logo on his official team tracksuit. Thus Nike was nowhere in the famous photograph that was seen by millions of people in Australia and all over the world.
      ii. Notable events in the history of ambush marketing tactics:

   c. 2002 Boston Marathon
      i. As Adidas-sponsored runners crossed the finish line under full coverage of cameras, they were treated to spray painted Nike ‘swooshes’ honoring the day of the event without mentioning the race itself.
      ii. More than 300 college students sporting Reebok-branded tattoos on their foreheads were seeded into the crowd along the Marathon route. Reebok-endorsed “office” linebacker Terry Tate (featured in prominent Reebok television spots) led the charge along the running route. The ambush was effective, with Reebok forming a sea of red (via more than 2,500 consumers turned into walking billboards) along the route and creating its own “unofficial” sponsorship of the Marathon, much to the chagrin of Adidas.

   d. 2006 FIFA World Cup
      i. Hundreds of Dutch fans had to watch their team’s 2-1 win over the Ivory Coast in their underwear at the 2006 World Cup in Germany after security at entry points to the stadium caught wind of an ambush marketing ploy
      ii. The fans arrived at the game wearing orange lederhosen displaying the name of Dutch brewery Bavaria and were ordered to remove them by stewards before being allowed to stadium.
      iii. Anheuser Busch’s Budweiser was the official beer for the tournament and FIFA has a reputation for fiercely protecting its sponsors from brands which are not event or organization partners

   e. 2008 Olympics
      i. Chinese sportswear maker Li Ning signed an agreement with Olympic Sports Channel, affiliated with State-owned China Central Television (CCTV). Under the deal, journalists, presenters and guests appearing in the studio would wear Ling Ning’s clothes with visible logo throughout the Olympic coverage, despite adidas’ presence as official sponsor of the Games.
Lesson 8.4

Ambush Marketing

B. Ambush marketing tactics

1. Sponsorship of sub-categories in an event
   a. Some companies, such as Nike, will strategically sponsor individual teams and individual athletes without sponsoring the event
      i. This strategy allows the company to gain exposure at the event without the major investment
   b. The results of this form of sponsorship are often equally as effective as sponsoring the event itself
   c. Must be aggressively marketed to be successful

2. Sponsorship of the broadcast of the event
   a. Effective because the media audience is larger than the on-site audience
      i. In the 1984 Olympic Games, Kodak sponsored the TV broadcast of the Games (as the USA track team’s sponsor) despite Fuji being the official Olympic sponsor

3. Purchasing advertisements at a competitor’s event
   a. For the 1996 Atlanta Olympics, Nike went to the extreme of purchasing all the outdoor poster sites in Atlanta in an effort to ambush Adidas, the official sponsor of the 1996 Games.
   b. In 2012, a British company (Virgin Media whose interests include airlines and broadband service) launched a multimillion dollar ad campaign featuring Jamaican gold medal winner Usain Bolt sporting a silver goatee identical to that of company founder Richard Branson. The campaign was promoting Virgin’s “super fast” broadband service, despite the fact that BT was the official broadband partner of the 2012 Olympic Games.
      i. Just a few days after the Opening Ceremony of the 2012 Games, regulators in the UK banned Virgin Media from running the ads after rival BT complained the claim was misleading.

4. Engage in non-sponsorship promotions that coincide with the event
   a. Competitors use mainstream media advertising and additional promotions to gain exposure for their company during the course of the event
   b. Pizza chain Papa John’s ambushed rival Domino’s Pizza’s product placement campaign in an episode of popular television show The Apprentice. In the episode, Apprentice teams were tasked with creating a new flavored pizza. Concurrently, Domino’s launched spots for its new American Classic Cheeseburger Pizza during the show. A new pizza flavor was created by the marketer itself, not by any of the teams on The Apprentice.
   c. Papa John’s then one-upped Domino’s by purchasing local ad time during “The Apprentice” touting a meatball pizza, which “coincidentally” was the flavor pizza made by both Apprentice teams. The spot showed Papa John’s Founder John Schnatter in a boardroom encouraging people to tell the competition “they’re fired” and asking “why get a pizza made by the apprentice when you can get a pizza made by the pros at Papa John’s.”

5. Create visibility without “official” affiliation with an event in non-traditional ways
   a. Geico once paid several lower-ranked men’s and women’s tennis players up to $5,000 to wear “ambush advertising patches during high-visibility matches” at Wimbledon. Because lower ranked players earn only minimal wages, many were willing to slap the Geico logo on their uniform, in part to help pay travel expenses.
   b. During live television coverage of the British Open, Hugo Boss effectively ambushed the PGA. The high-end menswear apparel company parked a sailboat prominently adorned in company logos in the waters off Turnberry, Scotland which appeared in the tournament’s worldwide television coverage. The sailboat’s extensive branding was easily picked up on camera, providing significant media value for the Hugo Boss brand as their target demographic watched from around the globe. While some companies paid large sums of dollars to advertise through ABC’s coverage of the tournament, Hugo Boss found a sneaky way to effectively incorporate its brand into the coverage.
Lesson 8.4

Ambush Marketing

C. Impact of ambush marketing
1. Is ambush marketing an effective strategy?
   a. When properly executed, ambush marketing can be extremely effective for a company
   b. American Express’ ambush of the 1996 Atlanta Olympics saved the company $40 million (the fee for an official sponsorship) but yielded tremendous results. A study conducted following the games asked consumers to name six companies associated with the event. 54% of the respondents named American Express while 72% named Visa. Visa was the event’s official sponsor.56
   c. Ambush marketing has proven to be particularly successful in the shoe and apparel market. The official footwear and apparel of the NBA is Adidas. However, many of their competitors have individual NBA stars contracted to promote their respective brands (it should be noted that Adidas has several individual players under contract as well, such as Derrick Rose and Dwight Howard).
      i. Nike with LeBron James, Kobe Bryant, Kevin Durant and Blake Griffin
      ii. Reebok with John Wall
      iii. Jordan Brand with Carmelo Anthony, Ray Allen, Dwyane Wade & Chris Paul
      iv. Under Armour with Brandon Jennings
   d. The question of whether or not ambush marketing is an ethical practice is an on-going debate among professionals in many industries
2. How does ambush marketing affect the organization responsible for hosting the event?
   a. Ambush marketing threatens the ability to sell event sponsorships for event owners and cuts into the event profitability
   b. The Sydney Organizing Committee for the Olympic Games (SOCOG) had a staff of 60 individuals with legal backgrounds to protect themselves against ambush marketing57
3. How do companies and/or governing bodies combat ambush marketing?
   a. Ambush marketing is a very difficult marketing strategy to combat
   b. In a first for an Olympics, the British Parliament passed a law against ambush advertising, making even the smallest offenders punishable by fines of $30,000 or more. The goal was to protect the investment of official Olympic sponsors including Adidas, Coca-Cola and McDonalds, which have paid a reported more than $1 billion for the right to use the Olympic name and logo.
   c. From the London Organizing Committee for the 2012 Olympic and Paralympic Summer Games’ website: “It is evident that many people are eager to use the Games to boost their business activities by marketing their products in connection with London 2012. Official London 2012 sponsors have that right. But to protect those partners’ investment in the Games, and to give them the exclusive association with London 2012 for which they will pay, LOCOG must prevent ambush marketing. This is something that all major sports events have to tackle and must take legal steps to prevent.” 58

To see the documentation detailing LOCOG’s strategy for protecting the Olympic brand leading up to the 2012 Games, access the handout provided on your CD-ROM marked “Unit 8 - Student Handout - Brand Protection.” It can be found in the lesson 8.4 folder on the disc.

   d. As Yankees’ star shortstop Derek Jeter approached his milestone of 3,000 hits in 2011, his management team sent an aggressive message to those companies for which Jeter did not have an affiliation by sending messages to companies not aligned with Jeter to pressure them not to run any advertising attached to the event. Jeter’s team is calling “anything more than the blandest of congratulatory print or TV ads an attempt at (ambush) marketing” and Excel Sports Marketing’s Casey Close, who reps Jeter, said, “If we have to protect, or if we have to make phone calls, or if we have to send letters, or if we have to do whatever is necessary, we will.” Close said that he and his marketing team would “do what is necessary’ to protect Jeter’s name from being hijacked by companies attempting to portray themselves as sponsors over the 3,000th hit.” 59
Lesson 8.5

Pricing Sponsorships

A. What is inventory?
   1. The first step to the sponsorship sales process is defining inventory
      a. **Inventory** defines exactly what assets an event or property has available to sell
      b. An inventory sheet outlines each specific piece of inventory available for sale
         i. Inventory could include many sponsorship elements, such as advertisements in game programs, on-site signage or broadcast opportunities
   2. In some cases, sponsors seek ways to make signage stand out at venues to maximize exposure for their brand, forcing sports and entertainment organizations to become a little more creative in ways to expand their inventory
      a. In the summer of 2011, TaylorMade-adidas Golf Co. designed an 80 foot replica of its new driver (golf club) and attached it to the foul pole at Petco Park to increase visibility at San Diego Padres games. The nine-story tall structure was part of a three-year marketing agreement between the golf gear maker and the ball club where the goal is to drive home the message that the launch of its R11 driver was “larger than life,” Taylor-Made chief executive Mark King said in a statement.

B. Pricing sponsorships
   1. Pricing
      a. Pricing is complex because of the variety of elements included in a property or event’s inventory
      b. After determining what inventory is available, values are then assigned to each piece of inventory
      c. A **rate card** is a printed list of sponsorship fees charged by a sports or entertainment property for association rights
         i. The rate card is essentially an inventory sheet with associated values
      d. Assigning value can be challenging because sponsorship as a medium is generally considered to be intangible
         i. Sponsorship pricing can be dependent upon event attendance and other similar factors (the sponsee’s public image etc.), contributing the challenge of determining and maintaining effective price points
      e. The overall sponsorship package which is ultimately assigned a price can be described as the sum of all benefits attributed to a particular sponsorship, including tickets, hospitality, signage, merchandise, program ads etc.
   2. Considerations when pricing sponsorships
      a. Price should be based on value, not on budgets or needs
      b. Rights and benefits included in the package
      c. Value should be placed only on those elements that can be successfully fulfilled
      d. Cost/benefit ratios

* TEACHER’S NOTE *

Take a moment to distribute the handouts for this lesson located in the “Lesson 8.5 – Pricing Sponsorships” folder. They will provide students with examples of rate cards and inventory sheets.
Lesson 8.6

Endorsements

A. What is an endorsement?
   1. An endorsement is a partnership between an athlete or entertainer and a company in which the athlete or entertainer receives compensation in return for their support and approval of a company product or service.
   2. The celebrity agrees to allow the company to use his or her likeness to promote company goods and services.
   3. Endorsement examples:
      a. Gatorade featuring athletes like Muhammad Ali, Dwyane Wade, Derek Jeter, Candace Parker, Bill Russell, Serena Williams, Michael Jordan, Mia Hamm Peyton Manning and others in a new ad campaign as part of their re-branding effort.
      b. Subway featuring “famous fans” like Blake Griffin, RG3, Apolo Ohno, Carl Edwards, CC Sabathia, Michael Phelps, Ryan Howard, Justin Tuck, Michael Strahan, Ndamukong Suh & Nastia Liukin in advertising campaigns.
      c. Clint Eastwood promoting Chrysler in a Super Bowl commercial.

B. What celebrities appeal to marketers?
   1. Sports and entertainment marketers seek a defined set of characteristics among celebrities to determine which performer provides the best fit for their company. Typically, an organization will evaluate the following:
      a. Success and high levels of performance.
      b. Media following.
         i. Is this individual in the “limelight”?
      c. Work ethic and moral values.
      d. Personality traits.
         i. How articulate is the celebrity?
         ii. Does the performer have celebrity “status” (recognizable)?
         iii. How popular is the celebrity?
      e. Does the celebrity have a positive image?
         i. When an athlete or celebrity is able to embody a number of these characteristics, they are likely to find endorsement success.
            (a) Li Na, the first Chinese player to win a Grand Slam event when she won the French Open, became a quick target for corporations around the globe. Mercedes-Benz signed her to a deal worth reportedly $5.8 million over three years while her agent summarized his client’s rise in popularity by telling the Sports Business Journal, “She has captivated a country. We could do 25 deals.”
      f. Aligning the appropriate athlete or celebrity with the brand can be very challenging and doesn’t come without risks.
         i. According to Ad Week, marketers these days “have fewer stars in their eyes.” Only one in 10 ads now features a celebrity, down from a peak of 19 percent in 2004, according to Millward Brown, which has tracked the trend, mostly by way of TV spots, for the last dozen years.
         ii. More than 100 current NBA players have been signed to wear Nike shoes, but only three of them -- LeBron James, Kobe Bryant and Kevin Durant -- figure prominently in the company’s marketing efforts off the court.
   2. Effective endorsement campaigns:
      a. The most successful campaigns will feature athletes or celebrities who actively promote the product or brand.
         i. In a 2011 publicity stunt that began as a harmless exchange on Twitter, the Professional Bull Riders (PBR) announced that NFL star Chad Ochocinco would attempt to ride an official PBR bull on during an intermission at the Built Ford Tough Series Lucas Oil Invitational presented by Cooper Tires. Ochocinco fell well short of the required eight seconds for a successful ride, but for he was well-sponsored none-the-less. Afterward, he tweeted, “Thank u to all my sponsors for tonight, Reebok, Wrangler, Ford, Stanley, Dewalt, Blue-Emu, Rocklive ….”
Lesson 8.6

Endorsements

ii. Despite just having won an incredibly emotional match, Roger Federer (who has long endorsed Rolex) paused to put on his Rolex brand watch moments after clinching the Wimbledon crown (and before accepting the championship trophy).

iii. While being introduced as the newest member of the Denver Broncos franchise at a press conference watched by thousands, Peyton Manning carefully positioned a Gatorade bottle (a brand he has long endorsed) near the podium.

b. Consumers must actually believe the athlete or celebrity uses the product or service otherwise the campaign’s credibility risks being undermined.

i. Did consumers believe Tiger Woods drove a Buick (Buick dropped Tiger as a long-time pitchman two years ago) or that supermodel Kate Upton eats at Carl’s Jr.? Do they trust Snooki as a pitchman when she’s telling them how great Google Chrome is?

(a) Craig Bierley, Buick’s director of advertising and promotions, told Ad Week in an interview: “I’m not sure anyone really believed that Tiger Woods drove a Buick. I think you start to push the limits of credibility.”

ii. Alternatively, there is no question what brand of shoes Kobe Bryant, LeBron James or Kevin Durant would actually wear because it is obvious they wear Nike shoes when they play.

c. Companies invest a lot in celebrities to promote their products so aligning with the right athlete or entertainer is paramount.

i. Prior to the 2010 NBA Draft, Reebok locked up budding superstar and eventual number one overall pick John Wall to a five year deal, reportedly worth $25 million. Reebok is banking on Wall successfully replacing Allen Iverson as the face of their basketball brand in a move that has yet to pay off.

ii. In 2011, Jersey Shore star “The Situation” landed a six figure deal to endorse FLOW Formal, a company that produces tuxedos and other formal wear. An executive from FLOW explains: “He’s more popular as a reality star than some Hollywood celebrities. We wanted to get a recognizable face for customer. We’re trying to bring younger people back to wearing formal wear.”

iii. Athlete endorsement earnings in 2011, according to Sports Illustrated’s “Fortunate 50” annual list of the 50 top-earning American athletes, published in 2012:

(a) Phil Mickelson $57 million
(b) Tiger Woods $54.5 million
(c) LeBron James $33 million
(d) Kobe Bryant $28 million
(e) Dale Earnhardt Jr $24 million

3. Finalizing the selection process

a. Background checks
b. Discussion with celebrities to determine levels of commitment
c. Development of a contract and having each party carefully review the terms
d. Familiarizing the celebrity with the product or service in which they will endorse
e. Marketers can refer to a prospective endorsers “q score” to determine the individual celebrity’s marketing potential

i. According to the q scores Website, a q score “measures the familiarity and appeal of personalities in a variety of categories to determine targeted audience attraction.”

(a) Basketball Hall of Famer Michael Jordan remains the best-known and most-liked pro athlete, nearly a decade after he retired as a player. He is recognized by 89 percent of fans and has a positive Q Score of 43 percent. Denver Broncos quarterback Peyton Manning is tops among active athletes. He’s recognized by 88 percent and has a positive Q Score of 32 percent.
Lesson 8.6

Endorsements

f. Failure to live up to expectations may result in a sponsor parting ways with the athlete or celebrity, particularly in the midst of any negative publicity surrounding the individual
i. In a report published in Ad Age, the stunning loss suffered by the U.S. Women in the 2011 World Cup may have cost team members an estimated $10 million in potential endorsement deals (experts also suggested that the team’s tournament run was still impactful enough that it would still spark a surge in interest that might would carry over to some endorsements, regardless of the outcome of the final match and Bank of America announced just a few days after the tournament that it had signed team stars Hope Solo, Abby Wambach, and Alex Morgan to serve as spokespeople for the brand)73
ii. Brazilian soccer star Ronaldinho was earning $750,000 per year from an endorsement deal with Coca-Cola until they terminated the contract in 2012 after he was seen sipping a Pepsi at a press conference74

C. Endorsement effects on sales
1. Studies have shown that celebrity endorsements can be extremely effective in helping a company drive sales of its products or services
a. In 1984, Puma sold only 15,000 tennis racquets a year. In 1985, following Becker’s first victory in Wimbledon and his backing of Puma rackets, sales jumped to 150,000 rackets75
b. In 2000, Nike Golf signed Tiger Woods to play its golf ball. By 2005, Nike Golf enjoyed revenue growth of an astounding 24 percent per year.76
i. Orders doubled for Callaway Fusion drivers after Phil Mickelson won the 2006 Masters with one77
c. Given the incredible sales success of his branded grills, George Foreman now sorts through as many as 20 endorsement offers per week78
d. After signing on with Converse, Dwyane Wade’s support of the brand made an immediate impact as his likeness contributed to an 82 percent increase in sneaker sales in the first two years of the campaign79
i. In 2009, Wade decided to part ways with Converse and signed a new deal with Jordan Brand (Nike is the parent company to both shoe brands)
e. 1-800-Flowers teamed up with Justin Bieber for what was originally intended to be a small Valentine’s Day promotion. It turned into one of the biggest campaigns in the company’s history and led to an annual relationship with the teen pop sensation.80
f. Virgin Media announced it had generated nearly $1.6 billion in revenue through an increase in broadband and TiVo sales during the first quarter of 2012, citing the Usain Bolt marketing campaign as one of the primary factors for their success81
Case Study

Endorsements: A Unit 8 SEM Case Study

What began as a sponsorship of a minor league baseball franchise in 1933 has become perhaps the most successful example of the power of celebrity endorsement in developing company image and building a brand.

The 1933 sponsorship with the Minneapolis Millers brought the Wheaties brand of breakfast cereal enough success that they would partner with over 100 additional minor league teams by the end of the decade. The sponsorships provided a platform for athlete testimonials, with many players attesting that the cereal was truly “breakfast of champions.” Popular athletes began to appear on the cover of the Wheaties cereal boxes in the 1930s. In addition to featuring athletes, Wheaties effectively built its brand identity by packaging the cereal in an orange box, a tradition that is still carried on today.

The campaign grew wildly in the 1940s, resulting in a boom of athlete testimonials ranging from baseball, football and automobile racing stars to broadcasters, jockeys and circus stars. In 1939, the Major League Baseball All-Star Game showcased 46 players who endorsed the Wheaties brand. The game had a total of 51 players. Shortly after the All-Star game, Wheaties sponsored a telecast of a baseball game between the Cincinnati Reds and the Brooklyn Dodgers, the first ever commercial sports broadcast on television.

Since 1939, when baseball legend Lou Gehrig became the first athlete to grace a Wheaties cereal box, hundreds of professional athletes, Olympic athletes, entire sports teams, and a few entertainers (The Lone Ranger and the Mickey Mouse Club) have been promoted.

Wheaties has also featured several prominent athletes as spokespersons over the years. Only seven individuals have achieved this honor, including Bob Richards, Bruce Jenner, Mary Lou Retton, Walter Payton, Chris Evert, Michael Jordan, and most recently, Tiger Woods.

Case Study Questions

1.) Do you think the Wheaties sports marketing campaign has been a success? Why or why not?

2.) Why do you think Wheaties moved away from sponsorship and began focusing on athlete endorsements?

3.) Why do you think the brand has fewer athlete endorsements today than it did in the 1930s and 1940s?

** NOTE: Information from this case study obtained online from http://en.wikipedia.org/wiki/Wheaties
Case Study

Beckham, Inc.: A Unit 8 SEM Case Study

David Beckham is a conglomerate unto himself. Analysts put the potential value of the Beckham brand at around $375 million worldwide.

Part of this calculation depends on Beckham extending his reach in the United States. Thus, there was more than soccer success on his mind when he signed a five-year, $250 million contract with the Los Angeles Galaxy, covering both playing salary and additional endorsements. It was a marriage of convenience. Beckham needs more intensive U.S. exposure. The team -- and Major League Soccer, the league in which the Galaxy plays -- both need to overcome Americans’ general disinterest in the sport. Seldom has an entire sports league had so much riding on the fortunes of one player. The Galaxy plans to put Beckham at the center of its marketing efforts. “We will absolutely market the Galaxy as a global brand,” said Tim Leiweke of AEG, the sports and entertainment company that runs the Galaxy.

Even before his lucrative player/endorsement deal with the Galaxy, Beckham was earning tens of millions of dollars a year in revenues from endorsements. Beckham has pitched sunglasses (Police), clothes (Marks & Spencer), soft drinks (Pepsi), cell phone service (Vodafone), hair gel (Brylcreem), grooming aids (Gillette), theme parks (Disney), consumer electronics (Motorola) -- even nutritional supplements (GO3). Plus, of course, his work for adidas, which has netted him plenty of pounds, dollars, or any other relevant currency. The deals with adidas, Disney, Vodafone, and Pepsi alone have been valued at just under $40 million a year. Approximately 25 percent of his endorsement earnings come from Asia, where his appeal to teenage girls in Japan makes him a hot commercial property.

His marriage to Victoria Adams, also known as Posh Spice, lands him squarely at the confluence of international celebrity, fashion, sports, and music.

Now in his early 30s, Beckham is at a crossroads. Like all athletes, soccer players have a limited playing career. Beckham is well past the midpoint of his. His future success, especially in the U.S., will depend upon his ability to transcend soccer and build a brand that outlasts his playing career.

Case Study Questions

1. Given the team’s target market, why is it important for the SaberCats to provide additional experiences beyond the game itself? Is elevating the level of game attractiveness important for other teams? Explain.

2. What does David Beckham have so many endorsement deals? What makes him an effective endorser?

3. Why does Beckham need to become better known than he already is in the United States in order to maximize his value as an endorser?

4. With the end of his soccer career in sight, what types of products should Beckham become associated with if he is to maintain a profitable stable of endorsements?

5. What commercial opportunities does Beckham have because of his relationship with a member of a popular singing group that he might not have without it?

Unit 8 Overview:

Unit eight explores the concept of sports and entertainment sponsorship and celebrity endorsement. Throughout unit eight, students will begin to understand the significance of sponsorship and its impact on the financial viability of sports, entertainment and event properties. Students will also gain an understanding of why companies make the decision to engage in sponsorship as a promotional opportunity for their business, as well as the decisions required to insure their sponsorship program is a sound investment. In addition, unit eight provides a glimpse of several concepts important to the sponsorship field, including cause marketing, ambush marketing and a brief background on endorsements.

Unit 8 Key Terms Defined:

**Ambush Marketing:** Occurs when one brand pays to become an official sponsor of an event and another competing brands attempt to connect itself with the same event, without paying direct sponsorship fees.

**Cause Marketing:** Refers to marketing efforts that tie an organization with a charitable cause.

**Endorsement:** A partnership between an athlete or entertainer and a company in which athlete or entertainer receives compensation in return for allowing the company to use his or her likeness to promote company goods and services.

**Gross Impression:** Refers to the frequency in which a company product or service is associated with the event or entertainer.

**Sponsorship:** A form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits.
Unit 8 Review

Unit 8 Objectives:

1) Define and offer examples of sponsorship
2) List three ways a company might implement sponsorship programs
3) Identify three factors that have impacted the growth of sponsorship
4) Define and offer an example of cause marketing
5) Understand why a company would engage in sponsorship
6) Explain what criteria must be met for a sponsorship to be effective
7) Illustrate the concept of ambush marketing
8) Describe sponsorship inventory
9) Define endorsement
Unit 8 Review

Unit 8 Discussion Questions

What are some examples of sponsorship?

Sponsorship could include:

- Ford Motor Company paying $1 million for the naming rights to Ford Field
- Tostitos, Nokia and FedEx sponsoring NCAA college football bowl games
- Mountain Dew sponsoring the X-Games
- A minor league baseball team exchanging a pair of season tickets and a banner on their outfield wall for catering services for team events with Outback Steakhouse
- Bank of America as an official sponsor of the Portland Trail Blazers

Can you think of an example of sponsorship that you have been exposed to in the last year?

Students should be able to share some examples of personal experience with sponsorship exposure, whether it be at a local charity golf tournament or major league sporting event.

Have you participated in any events that have relied on some type of marketing to attract consumer attendance?

Answers could include:

- Any local festivals
- Any local sporting events
- Any local entertainment events
- Beach volleyball tournament
- Independent film festival
- Music festival
- Shakespeare or other theatre festivals

What are some examples of endorsements?

Examples of endorsements could include:

- Gatorade featuring Mia Hamm, Vince Carter and Peyton Manning in ad campaigns
- Michael Jordan acting as a spokesman for Rayovac batteries
- Sony featuring hit musical artists Franz Ferdinand in television commercials for the new Playstation game console
- P. Diddy appearing in television ads for Pepsi
Unit 8 Review

Unit 8 Discussion Questions

Why do companies pay celebrities and athletes to endorse their products?

Corporations contract celebrities and athletes to endorse their products and services for a number of reasons. Ultimately, the practice of implementing an endorsement campaign is utilized to drive sales of a particular product or service and potentially influence brand awareness and loyalty, as well as corporate image.

Have celebrity endorsements ever influenced your decision to purchase a particular product or service?

There is no right or wrong answer here.
1) The NASCAR Way, Hagstrom, p. 49
2) Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner
3) Sport Marketing, Mullin, Hardy, Sutton, 2nd ed., p. 261
5) It's Not Just a Game Anymore, Schaaf, p. 110
6) It's Not Just a Game Anymore, Schaaf, p. 111
8) It's Not Just a Game Anymore, Schaaf, p. 110-114
10) http://www.sportsbusinessjournal.com/article/66355
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14) It’s Not Just a Game Anymore, Schaaf, p. 118
17) http://www.prweb.com/releases/2012/1/prweb9089912.htm
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56) http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82_text.html
57) Sports…More Than Just the Score, McCauley, p. 41
58) http://www.sportsbusinessjournal.com/article/66311
64) http://www.adweek.com/news/advertising-branding/get-real-139908
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“Learning is a treasure that will follow its owner everywhere.”

- Chinese Proverb

Now Playing...
Ticket Promotion and Sales
Unit nine begins to explore the roots of sports and entertainment business by providing students with an understanding of the ticketing process. Ticketing, as a function of sports and entertainment marketing, has evolved into a complex process and proves to be one of the most important components of the SEM marketing mix. This unit will cover the way tickets are sold and marketed, and the importance this revenue stream has on an organization’s financial viability.
Objectives

1) Understand the importance of ticket sales to the sports and entertainment industry
2) Identify factors that influence a fan’s decision to purchase tickets
3) List at least five ticket sales strategies
4) Define ticket package
5) Explain the concept of frequency escalator
6) Describe how ticketing technology has provided innovative alternatives for customers

Lessons

Lesson 9.1 Role of Ticket Sales in Sports & Entertainment Business
Lesson 9.2 Ticket Sales Strategies
Lesson 9.3 The Ticket Sales Cycle
Lesson 9.4 Ticketing Technologies

Key Terms

Frequency Escalator
Group Tickets
Season Tickets
Season Ticket Equivalents
Ticket Package
Discussion Topics

Have you ever been approached by a salesperson from a sports or entertainment organization? What were they selling? Did you decide to purchase?

What types of promotions have you seen implemented by a sports team? What did you think of the promotion? Did you or someone you know decide to attend as a result of the promotion or special offer?

What types of promotions have you seen implemented by an entertainment organization? What did you think of the promotion? Did you or someone you know decide to attend an event or make a purchase decision based on the promotion or special offer?
Lesson 9.1

Role of Ticket Sales in Sports and Entertainment Business

A. How important is the ticket sales function to the sports and entertainment industry?
   1. A fan’s participation in a game or event can be as important as the athletes and performers as they create an exciting atmosphere that energizes the performers and enhances the consumer experience.
   2. Ticket sales provide the financial backbone for any organization within the industry.
      a. According to an article published in the *Sports Business Journal*, “ticket sales are the lifeblood of most franchises.”
      b. Sales from tickets and club seats can account for more than half of a typical franchise’s local revenue in all four major sports leagues, ranging as high as 80 percent for some teams.
   3. Within the industry, the ticket sales process is sometimes referred to as:
      a. “Meat in Seats”
      b. “Butts in Seats”
      c. “Fannies on Fabric”

B. Ticket sales affect other functions of the sports and entertainment business
   1. Sponsorships increase in value with the increase in ticket sales.
      a. For example, sold out games and events maximize exposure for a sponsoring company, thus enhancing the value of their sponsorship investment.

C. Ticket sales are affected by other functions of the sports and entertainment business
   1. Ticket sales decline with the presence of negative publicity.
      a. For example, communities are less likely to support athletes and entertainers who have developed a negative image or have a poor public persona.

D. Many factors influencing ticket sales and attendance
   1. Team performance
      a. Winning teams traditionally draw bigger crowds
         i. As the Washington Nationals surged to the top of the standings by the 2012 all-star break, they had already achieved five of the ten most-attended games in franchise history while enjoying a 28 percent overall increase in attendance (or roughly 6,500 more fans per game).
         ii. As the LA Kings wrapped up their 2012 Stanley Cup victory, they had already sold out of partial ticket plans for the 2012-13 season and projected the same result for full season ticket inventory—a feat that had never occurred in the history of the franchise.
   2. Fan loyalty and fan support
      a. Some markets traditionally attract more fan support and larger crowds by nature
         i. New England with the Red Sox, Bruins, Celtics and Patriots
         ii. Hockey in Canadian markets
         iii. High school basketball in Indiana
         iv. High school football in Texas
         v. College football in the south (Texas, Alabama, Georgia, Florida)
         vi. Soccer in the Pacific Northwest
      b. Meanwhile other markets have a reputation for poor fan support
         i. Because so many Florida residents are transplants (not born and raised in the state), professional sports teams often have a difficult time attracting crowds
            (a) During the 2012 NBA Finals, ticket prices were 15-20% higher on the secondary market for the games in Oklahoma City, as compared to those in Miami.
            (b) According to a survey conducted by Quinnipiac University in 2012, the most popular Major League Baseball team in Florida is the New York Yankees, not the Miami Marlins or Tampa Rays.
Lesson 9.1
Role of Ticket Sales in Sports and Entertainment Business

c. The law of supply and demand also applies to ticket sales
   i. “Sellouts breed sellouts”

3. Highly visible athletes and entertainers
   a. The Los Angeles Galaxy of Major League Soccer sold 5,000 new season tickets in just one day after announcing the signing of mega-star David Beckham 
   i. The Beckham effect was felt by teams throughout the league, with the Houston Dynamo reporting a 200% jump in season-ticket sales
   ii. In 2009, the WNBA’s Candace Parker has helped the L.A. Sparks’ season ticket sales reach its highest point since 2005; twice as many were sold the day after she was drafted as the day before, and road crowds were three times bigger for the Sparks than for other WNBA teams.
   iii. After signing Albert Pujols to a lucrative free agent contract, the Los Angeles Angels quickly sold 4,000 season ticket packages, renewed 100 percent of their luxury suites and predicted an overall increase of 50% in revenue over the previous season (even ticket sales for spring training games saw an increase of 24 percent)
   iv. Superstars like Peyton Manning, Dale Earnhardt Jr., Jeremy Lin, and Stephen Strasburg all provided significant ticket boosts in 2012
   v. In the summer of 2010, the Miami Heat sold out of season ticket inventory in just a few hours after the announcement LeBron James announced in a one hour ESPN special that he would “be bringing (his) talents to South Beach.” One month later, the team had more than 6,000 names on a waiting list for season tickets.
   vi. Thanks to selling power of superstars Kobe Bryant, LeBron Wade and Dwyane Wade, the Los Angeles Lakers and Miami Heat sold out nearly every arena around the country when they came to town throughout the 2011-12 NBA season

4. Facilities, venues and stadiums
   a. Very few stadiums remain with rich traditions and history, but the lore of each adds to the appeal for fans to attend games
      i. Storied facilities with tradition also have a unique appeal that draws tourists
      ii. Examples
         (a) Fenway Park (Boston Red Sox)
         (b) Wrigley Field (Chicago Cubs)
         (c) Lambeau Field (Green Bay Packers)
            (i) In 2011 alone, over more than 137,000 fans went on paid tours of Lambeau Field, helping the Packers’ franchise to record revenues
         (d) Madison Square Garden (New York Knicks, New York Rangers New York Liberty, St. John’s University etc.)
   b. New stadiums have become the trend as a way to attract new fans and create opportunities to maximize revenues
      i. New stadiums and venues rely on improved amenities to excite consumers
         (a) The new $1.3 billion Yankee Stadium has an in-house museum, party suites, a members-only restaurant and many other luxury amenities. “We tried to reflect a five-star hotel and put a ballfield in the middle,” said Yankees COO Lonn Trost.
         (b) As a fan-friendly element of the Minnesota Twins ballpark, the stadium features three-sided shelters where fans can go to warm up on chilly game days
Lesson 9.1

Role of Ticket Sales in Sports and Entertainment Business

(c) Standing more than 110 feet tall, Charlotte Motor Speedway’s new 16,000 square foot HDTV (80-feet tall by 200-feet wide) features instant replays and live lap by lap action on its more than 650,000 pound videoboard during races (the board, for those keeping score, is 30 percent larger than the screen at Cowboys Stadium, which previously held the title of world’s largest television screen) \(^{13}\)

(d) Many stadiums now feature retractable roofs to ensure the fan experience will not be hampered by inclement weather

(e) The Miami Marlins new stadium, which opened in 2012, features a left-field beach with a swimming pool (fans buying seats in this area will have a view into the home bullpen), a bobble-head “museum”, a right-field porch where fans can catch home-run balls and sliding glass panels behind left field to showcase Miami’s skyline \(^{14}\)

(i) According to MLB.com, Marlins attendance was up a stunning 67 percent from the previous year at the 2012 Major League Baseball all-star break

5. Promotion and sales
   a. Promotional efforts help drive sales
      i. In 1952, the legendary Bill Veeck introduced “Bat Day” with the Cleveland Indians, a promotions tradition carried on today by many minor league baseball clubs, including the Indianapolis Indians \(^{15}\)
      ii. Most sports and entertainment organizations offer special ticket promotions and customized “packages”
         (a) In an effort to generate some excitement surrounding the franchise after a disappointing season, the Charlotte Bobcats leveraged the draft lottery as a ticket sales mechanism by launching a “pay-the-pick” promotion in which season ticket prices would be determined by which pick the Bobcats ended up with in the lottery (despite the fact they had better than a 25% chance of landing the number one overall pick, the ping pong balls did not bounce in their favor and they ended up with the second pick) \(^{16}\)
         (b) Concert promoters now offering VIP packages, offering fans opportunities to access the best seats for the show and often times exclusive access to the artist for a premium price. Packages might include a back stage tour and pre-show dinners.
            (i) Through the sale of premium packages, concert promoters and artists can make as much on 10% of their audience as they do on the other 90%. While an average concert ticket may cost $90, the VIP ticket can go for $1750. Broadway shows have also enjoyed a lot of success through the implementation of premium VIP packaging. \(^{17}\)
   b. Most organizations employ a full-time staff to manage promotions and sales
      i. LSU’s athletics staff features an entire department devoted to promotions, including a director, two assistant directors and two coordinators \(^{18}\)
      ii. The NBA’s Golden State Warriors employ a staff of five to focus specifically on group ticket sales \(^{19}\)
   c. The frequency of special promotions and size of sales staffs are dependent upon a team’s available ticket inventory
      i. The Green Bay Packers, whose home games have been sold out on a season ticket basis since 1960, do not have any ticket sales personnel on staff and, subsequently, do not typically host any ticket driven promotions at games \(^{20}\)
      ii. By contrast, the New Orleans Hornets have a staff of nearly 30 sales representatives with a ticket sales focus\(^{21}\)
      iii. After the announcement of the signing of free agents LeBron James, Chris Bosh and Dwyane Wade, the Miami Heat quickly sold out of ticket inventory. Soon after, the team let go a reported 30 ticket sales staff members. Explained team spokesperson Lorrie-Ann Diaz, “Now that the supply for (season tickets) has been exhausted we no longer require a season ticket sales team.” \(^{22}\)
Role of Ticket Sales in Sports and Entertainment Business

d. Successful promotion and sales strategies are dependent upon an organization’s willingness to conscientiously invest company resources in market research
   i. It is important to understand the behavior of ticket buyers
      (a) How do fans feel about the ease of buying tickets?
      (b) What motivates fans to buy tickets?
      (c) What factors impact a fan’s decision to attend a particular game?
   ii. It is important for an organization to utilize market research data
      (a) Does the organization review fan demographic information when creating ticket marketing strategies?
   iii. Market research is important in the creation of an effective ticket advertising strategy
      (a) Which newspapers and sections are fans most likely to read?
      (b) Which radio stations best fit fan demographics?
      (c) Which television stations are fan favorites?
   iv. In the past, the Cleveland Indians have analyzed ticket sales data and discovered several interesting statistics regarding factors that influenced attendance at home games
      (a) Fireworks after a game draw an additional 4,000 fans
      (b) Every one-degree temperature drop below 70 Fahrenheit costs 300 seats
      (c) When the New York Yankees come to town, attendance jumps 11,000

6. Ticketing Trends
   a. Like any other industry, business trends play an important role in how sports and entertainment properties market their products and services
   b. A popular industry trend is the development of “flex” ticket packages
      i. The “Orlando Flex” ticket package offers buyers access to a number of different parks, including Universal Studios, Sea World, Wet N Wild and Busch Gardens
      (a) Flex package purchasers only have to pay for parking once and the package is good for 14 consecutive days
      (b) Flex package buyers can “jump” between parks as many times as they wish during those 14 days
      ii. The New York Mets offer flex packages of 5, 11, or 17 games
         (a) Fans have the luxury of choosing any games they want
   c. Another current industry trend is the inclusion of food related promotions as a means for adding value to ticket packages in an effort enhance the overall game day experience
      i. The Houston Astros reserve 500 seats for each home game as $25 “all-you-can-eat” seats in three mezzanine sections where fans can, through the seventh inning, consume unlimited hot dogs, nachos, popcorn, peanuts, soda and water
      ii. The Kansas City Royals partnered with Jack Stack Barbecue that makes the company the exclusive tailgate caterer of Kauffman Stadium, creating a unique opportunity for fans interested in having their tailgate parties catered who now have the ability to choose from a variety of buffet menus
Lesson 9.2

Ticket Sales Strategies

A. Season tickets
   1. **Season tickets** provide consumers with a ticket to every home game for a particular sport or event for one package price
   2. Playoff (or post-season) tickets are not typically included with the package, however, teams have used the inclusion of playoff tickets as a powerful value-based incentive in the season ticket package
   3. Season tickets typically provide the core revenue stream for most professional sports teams, colleges and universities
   4. Most organizations include additional benefits for consumers purchasing season tickets to add value to their purchase
      a. Texas Rangers full season ticket buyers receive a number of benefits, including:
         i. 20% off concessions
         ii. Bonus tickets for select months
         iii. Complimentary coupons for upgrading seats on select dates
         iv. Personalized season ticket holder name plate on seats
         v. Private season ticket entrances
         vi. Annual season ticket holder picnic with player autographs
         vii. Season Ticket Holder End-of-Season Play Day on the field
   b. The Brooklyn Cyclones make an effort to personalize season ticketholder benefits
      i. Membership to “Cyclones Nation”, where ticketholders are issued a username and password providing access to an exclusive STH-only page on the Cyclones website, featuring an interactive blog, chats with the team’s General Manager and additional discounts
      ii. An opportunity to come take batting practice at the ballpark
      iii. The chance to stand on the field, side-by-side with the Cyclones team for a group picture that ticketholders can download and print for free
      iv. An exclusive invitation to see the team’s first practice of the year

5. Personal Seat Licenses
   a. A personal seat license (most often referred to as a PSL), gives the holder the right to buy season tickets for a specific seat within a stadium or venue
   b. Teams and venues typically offer PSLs as a means for generating additional revenue to help offset the debt incurred during the construction of the stadium or arena
      i. The San Francisco 49ers estimate raising half a billion dollars from seat license sales at a new Santa Clara stadium. If they succeed in raising that amount, it would be the second most of any U.S. team behind only the Dallas Cowboys.
      ii. PSLs have provided an excellent solution for generating revenue for many teams over the years, but not all organizations have found the concept to be perfect. Since 1999, Texas Tech basketball fans wanting the best season ticket locations for Red Raider basketball games at the luxurious United Spirit Arena were required to purchase PSLs. In 2010, Texas Tech announced plans to eliminate the PSL program.

B. Ticket packages and mini-plans
   1. A **ticket package** is a sales approach that involves grouping together a select number of games, often times at a discounted price
   2. Teams generally offer a special rate and/or an additional benefit for committing to a greater number of games
   3. Packages offer flexibility for consumer purchases by requiring smaller financial and time commitments to purchase game or event tickets
   4. Examples
      a. The Orlando Magic offer half season packages that include a number of customer benefits, including a free subscription to *E-Magic Insider* (e-mail newsletter)
Ticket Sales Strategies

b. The Calgary Flames offer weekend packages that feature only weekend games, creating a special package to make it easier for fans to attend.

c. Because Monday night games are difficult days for teams to draw crowds, the Fort Myers Miracle created the “Monday Night Club” where, for $30, “members” would receive a ticket to every Monday night home game through the entire season, free parking and a Monday Night Club t-shirt.

C. Season Ticket Equivalents

1. **Season ticket equivalents** refer to the sum of all of the various ticket packages sold converted to one measurable number.

2. Also referred to as FSE (full season equivalent)

3. Examples

   a. If the Washington Capitals sold 400 new quarter season packages, 800 new half season packages and 2,000 new full season packages in the off season, they would have sold 2,500 season ticket equivalents (FSEs)

D. Group tickets

1. Group tickets are a reserved block of tickets for a specific game or event

2. Groups usually require a minimum of ten or more individuals to qualify for group rates

3. Examples

   a. Broadway.com offers group discounts to many Broadway plays and musicals,

   b. including “Rent” and “Blue Man Group” for groups of 10 or more

   c. Colorado State University offers discounted ticket prices on all groups of twenty or more and features the group’s name on the football video board while providing additional perks for the group leader, including complimentary tickets, merchandise and autographed photos based on the number of fans in the group.

   a. Sea World offers group discounts for groups of 20 or more and provides bigger discounts for bigger groups

      i. Groups of 20-49 receive 10% discount

      ii. Groups of 50-99 receive 12.5% discount

      iii. Groups of 100+ receive 15% discount

1. In an effort to attract new fans and compete in a more competitive environment, many organizations have turned to unique “fan experience” packages to boost group ticket sales

2. Examples

   a. With a minimum purchase of 75 group tickets, fans can sign up for the Boston Celtics “Halftime High Five Kids Tunnel” where up to 25 members of the participating group have (open to those 14 years and younger) the opportunity to actually get on the court and high-five the Celtics players as they come back onto the court after half-time.

   b. The Los Angeles Sparks have offered a “traveling practice” program where, if a group purchases 1,000 or more tickets, the team will hold a full practice at the site of the ticket buying group’s choice.

   c. Through the team’s “Court of Dreams” ticket package, Oklahoma City Thunder fans have the chance to play on the court before the game. The team has hosted students from more than 13 area high schools at the Ford Center who have participated in various basketball “competitions” with winners getting their game night seats upgraded.

      i. Thunder Vice President of Community Relations Dan Mahoney on the program: “A lot of people would love to play on an NBA court, and through our group sales effort, we are able to provide that to our fans.”

   d. In 2012, the Philadelphia Phillies began offering an “Out of Towner” weekend package created specifically for Phillies fans from around the country to visit Philadelphia while taking in a three-game series at Citizens Bank Park

E. Theme night packages

1. A specific ticket package designed exclusively for a particular group

2. The goal of a theme night is to attract large groups to attend a game or event by customizing the experience to meet the needs of the selected group/organization
Lesson 9.2

Ticket Sales Strategies

3. Theme night examples
   a. The NBA’s Charlotte Bobcats host a Teacher Appreciation night, offering special promotional discounts on tickets for teachers.  
   b. The WNBA’s Chicago Sky promote an annual Girl Scout night, providing specially priced tickets for area Girl Scouts, a chance to meet a Sky player, a “fan tunnel” experience on game day and exclusive autograph sessions.

F. Individual game and single game ticket sales (advanced sales)
   1. Many organizations promote the sale of individual game tickets to fans prior to the start of the season, game or event
   2. Advance sales encourage fans to purchase tickets to individual events in advance to eliminate the risk of people changing their minds on the day of the game
   3. Examples
      a. The University of Wisconsin athletics office implements a policy that all reserved single game tickets MUST be purchased in advance and do not offer day-of-game (walk-up) single game sales. All day-of-game sales are general admission tickets only.
      b. After making a big splash in free agency and understanding fans would be excited to see new stars like Prince Fielder in action, the Detroit Tigers made 1,000 wristbands available — twice the number given out in previous years — prior to tickets going on sale for Opening Day at the Comerica Park box office. The game sold out in less than 45 minutes.
      c. The Houston Astros offered a “one day opportunity” to fans subscribed to the team’s email service. An offer for special promotional discounted tickets for future weekday games and lasted just one day (from 9:00 to 5:00). The promotion helped the franchise sell nearly 1,000 tickets.

G. Premium seat ticket packages
   1. Premium seats are tickets to a game or event that feature additional benefits or values
   2. Premium seats could include anything from suites, courtside seats, or seats elsewhere that receive preferential or “VIP” treatment
   3. Examples
      a. A company that leases a luxury suite at the Staples Center in Los Angeles receives tickets to each event throughout the year, including the Lakers (NBA), Clippers (NBA), Kings (NHL), Avengers (Arena Football), Sparks (WNBA) concerts and family shows.
      b. “Executive Club Seat Members” at the Georgia Dome in Atlanta receive VIP parking privileges, access to private “lounge” areas in the stadium (described online as “spacious, sun-filled atriums that feature living room style Lounges with big screen televisions with specialty grills and buffets in both areas also offer food selections prepared to order”) and access to exclusive concessions options.
      c. The Saenger Theatre in New Orleans offers the following benefits for their premium seat buyers: The best seating locations available, priority upgrades during renewals, discount beverage coupons, exclusive Premium Seat Holder commemorative season poster and offers to other local events.

H. Walk up ticket sales and promotional sales
   1. “Walk up” tickets refer to those tickets purchased by fans when arriving at the game, event or show
   2. For sports teams, this is also referred to as day of game sales
   3. Organizations plan creative promotions to drive walk up ticket sales
   4. Examples
      a. The Portland Trail Blazers promoted “Elvis Night”, encouraging fans attend the game dressed like Elvis. The game also featured Elvis singing during pre-game, Elvis singing the national anthem, an Elvis karaoke contest, an Elvis costume contest, an appearance by the Dunking Elvies and the opportunity for a fan to win a trip to Graceland.
      b. San Diego Gulls of the ECHL host a Disco night offering fans a discount if they come to the game in their disco outfits.
      c. MLB’s attendance was up 7.4 percent by the 2012 All-Star break, an increase Major League Baseball officials attributed to strong walk-up ticket sales (several teams even posted single-game records for walk-up sales).
Lesson 9.3

The Ticket Sales Cycle

A. Goal of sports and entertainment marketers
   1. The ultimate goal of sports and entertainment promotion according to Mullin, Hardy and Sutton is to “increase overall consumption of products or services through increased awareness and interest”.
      a. Essentially, the goal is to increase overall levels of ticket sales
      b. Sports and entertainment marketers achieve that goal by progressively gaining consumer commitment
      c. This strategy is called the frequency escalator
      d. Important because research indicates the long term financial implications of an organization are impacted most by existing customers, not by attracting new consumers
      e. On average, U.S. companies lose 50% of their customers in five years.

B. Frequency escalator
   1. The frequency escalator is a marketing tool that examines the attendance levels of fans.
      a. This concept is also referred to as the fan escalator
      b. The basic concept of the escalator is that sports and entertainment marketers focus not on getting new fans to games, but rather encourage those fans already attending to attend with more frequency with an increased level of commitment
   2. Unaware consumer
      a. The unaware consumer does not know a product or service exists and therefore does not attend games or events
      b. The sports and entertainment marketer reaches this group of consumers through:
         i. Advertising
         ii. Publicity
         iii. Promotional items such as pocket schedules, magnet schedules etc.
   3. Indirect user
      a. The indirect user is aware of the product or service, but does not directly participate by attending events, but rather consumes via another source (television, radio etc.)
      b. The sports and entertainment marketer goal with indirect users is to do something to get them to act. This group of consumers can be reached through:
         i. Promotional tickets
         ii. Individual and single game tickets
         iii. Theme nights
         iv. Group nights
      c. The marketer’s goal with this group is to move them to the next level of the frequency escalator. In this case, marketers are encouraging consumers to become light users.
   4. Light user
      a. Light users attend games and events for promotional giveaways, team performance and social interaction
      b. Light users have no established attendance pattern
      c. The sports and entertainment marketer reaches light users through:
         i. More promotions, give-aways etc.
         ii. Packaging strategies (offer the most popular opponents with a limited edition bobble head doll etc.)
      d. The marketer’s goal with this group is to encourage them to become medium users (purchase a mini plan ticket package)
Lesson 9.3

The Ticket Sales Cycle

5. Medium user
   a. Medium users attend less than half the times possible
   b. Keys to reaching this group include:
      i. Good service; developing a relationship with the customer
      ii. Appeal to their pride and feeling of prestige for the team affiliation
      iii. Encourage them with additional benefits such as improved seat locations and special discounts
      iv. Show them value of their participation and further reward of advancing to the next stage of the escalator
         (a) For example, an NBA team may encourage advanced participation through an invitation to a pre-game chalk talk or a “meet the team” type of function

6. Heavy user
   a. Heavy users participate or attend more than half the times possible
   b. Heavy users are the most important group to an organization and it is critical to an organization’s success that they make an effort to maintain them
   c. Examples of heavy users
      i. Season ticket holders
      ii. Tom Cruise fans that see each of his films in the theater and purchase all of his DVDs
      iii. Fans of the Dave Matthews Band who see the concerts each time they visit the fan’s city and purchase all of their CDs

7. Descending the escalator
   a. Descending the escalator occurs when consumers downgrade or eliminate their participation
   b. Caused by consumer over commitment or over-purchase
   c. Is often a byproduct of fan disconnect or discord with “their” team, event, or favorite performers

8. Frequency escalator example
   a. The University of Colorado’s experiment with Groupon to heavily discount game tickets as way to attract new fans to the stadium provides an example of how an organization approaches the frequency escalator concept (the Buffaloes managed to sell nearly 1,200 tickets in less than 24 hours)
      i. CU’s marketing director summed up the frequency escalator concept with the following statement in an interview posted on clickz.com: “While we would have liked to have sold more, we are happy with the results. What it does for us is potentially bring new people that may not otherwise go to a Colorado football game. It’s a way to introduce them to our product, get them to a game...and then, who knows? Maybe next year they buy a three-game pack. The idea is to see if they go beyond this year.”
Lesson 9.4

Ticketing Technologies

A. Distribution
   1. Technology has streamlined the ticket distribution process
      a. The Internet provides many access points for fans wanting to purchase tickets online
         i. TicketMaster.com
         ii. Individual team, league or event websites
         iii. Online ticket brokers
         iv. Fandango.com
      b. Consumers purchasing tickets online many times have the option of printing their own tickets
      c. AT&T Park, home to Major League Baseball’s San Francisco Giants, has a barcode system in place for scanning tickets as fans enter the stadium through electronic turnstiles (in yet another example of industry trends, this practice has quickly been adopted by many teams) 56
         i. This enables the team to avoid common ticketing problems
         ii. Giants officials can quickly deactivate lost or stolen tickets and reissue new ones and the technology virtually eliminates the possibility of erroneously selling the same seat more than once
      d. All events hosted at the Intrust Bank Arena in Wichita will feature mobile ticketing in which tickets are delivered directly to customers’ cell phones. If customers select mobile delivery, they then receive a digital bar-coded picture message that serves as an alternative to a physical, hard copy ticket. 57
      e. The Billboard Summer Blowout party (summer concert) was billed as the first event for which every ticket distributed via mobile devices, perhaps offering a glimpse of the concert industry’s potential plans for a widespread shift from paper ticketing to future paperless ticketing strategies 58

B. Database marketing
   1. Database marketing is the process of gathering information about existing and prospective customers, entering that information into a centralized database, and using that database to drive marketing efforts
   2. Database marketing has enjoyed continued growth as the new trend in direct marketing among many sports and entertainment organizations
   3. It enables marketers to capture information directly relating to their fan bases and allows for a more effective direct marketing campaign
      a. Example
         i. Thanks to an effective database marketing strategy, Minor League Baseball’s Indianapolis Indians managed to increase online ticket sales 64% in just one season. The club’s focus on building and maintaining an extensive database resulted in access to the email addresses for 60,000 previous ticket purchasers and fans who had previously signed up to receive emails from the team. 59
         ii. Ten years ago, the Staples Center hosted its first prime time boxing event (De La Hoya vs. Mosley). Arena marketers made a conscious effort to capture information about ticket buyers and begin building a database. Since then, the database has grown significantly and has helped the facility enjoy some of the most profitable nights in Staples Center history. 60
         iii. In 2011, The National Hockey League’s Pittsburgh Penguins tapped into its mobile database of 93,606 fans to launch a “text-to-win” promotion in honor of the team’s Fan Appreciation week. The team has been growing their mobile database for about five years, largely by asking consumers to join by texting the keyword PENS to the hockey club in order to receive news, recaps and special offers having to do with all things Penguins hockey. 61
   4. By segmenting fans based on their buying habits and demographic information, an organization can effectively
      a. Generate new business
      b. Boost renewal and retention rates
      c. Establish sales leads
      d. Increase fan loyalty
Lesson 9.4

Ticketing Technologies

e. Strengthen relationships with customers
   i. Segmentation allows for an organization to gain a better understanding of who their customers are and how best to satisfy customer needs and wants
f. Improve communications with fans

C. Service
   1. Many organizations have implemented online account manager programs for their season ticket holders as a vehicle for improving customer relations
      a. Memphis Grizzlies season ticket holders enjoy many benefits via the team’s Website, which allows customers to:
         i. Forward tickets electronically, allowing customers to email tickets to friends, family or clients—even at the last minute
         ii. Manage tickets by tracking ticket usage and managing guest lists online
         iii. Edit personal profiles to keep account info updated
         iv. Make payments, view statements, and renew ticket packages
   
   2. Technology makes communication easier and more effective between teams and consumers

D. Sales
   1. Dynamic ticket pricing
      a. Dynamic ticket pricing (also referred to as “variable” pricing) refers to the process of adjusting ticket prices on the basis of changing variables like weather, opponent, demand, availability or who is scheduled to pitch on a particular day
      b. Many teams already charge different prices for seats based on the opponent or other factors, but the dynamic pricing allows an organization to manage ticket sales efforts by carefully measuring supply and demand and creating price points accordingly
         i. For example, a Field Plaza level ticket at Petco Park in San Diego for a Saturday game against the rival Los Angeles Dodgers was priced at $59.00 on padres.com. That ticket drops to $35.00 for the same exact seat on the following Tuesday night for the game against the Arizona Diamondbacks.
      c. Dynamic pricing is gaining momentum
         i. Russ Stanley, managing vice president of ticketing sales and services for the San Francisco Giants explains: “This is coming on very, very quickly. Within five years, I think everybody’s going to be doing this.”
         ii. Heading into the 2012 season, 17 of the 30 major league teams will use some form of dynamic pricing, according to ticketnews.com
   
   2. Digital marketing and social media applications provide a great example of how technology has advanced the role of ticket sales in sports and entertainment
      a. A number of organizations have taken advantage of the power of social “couponing” sites such as Groupon to help maximize ticket sales
         i. In a 2012 promotion for a game against Seattle at RFK Stadium, Major League Soccer’s DC United sold 3,685 vouchers, ranging from $17 sideline seats to $131 packages that included a sideline pass to watch warm-ups, a midfield seat for the game and a post-match event, through popular social coupon site, Living Social
      b. Technology has a major influence on the effectiveness of database marketing strategies
         i. Social media platforms such as Twitter and Facebook proven to be as much as three times more effective in selling tickets than traditional marketing platforms, according to research from Ticketmaster
Lesson 9.4

Ticketing Technologies

E. Drawbacks to advanced technology

1. The selling of tickets by an unauthorized third party, called “ticket scalpers” or online brokers, has become commonplace online
   a. This practice has a negative impact on an organization’s bottom line, and ultimately drives ticket prices up for consumers
   b. The state of Florida recently toughened its ticket scalping laws to help consumers when Gov. Charlie Crist signed into law a new ticket resale bill that requires Internet brokers to offer better guarantees, outlaws the sale or use of “bot” software, and makes it illegal to scalp tickets to charity events
   c. The official London 2012 website warned fans attending the Olympics about more than 70 unauthorized websites claiming to offer tickets

2. Sports and entertainment properties are now being challenged to adapt to the seismic growth and legalization of the secondary ticket market
   a. Sports and entertainment properties are beginning to partner with secondary ticket sellers to share in the profits
      i. StubHub boasts partnerships with St. John’s, USC, Wisconsin and Georgetown Athletics (among many others) as the “official ticket marketplace”
      ii. RazorGator stakes its claim as the “official ticket package partner of the Ultimate Fighting Championship”
      iii. Ticketmaster paid $265 million for ticket reseller TicketsNow to secure a larger piece of the secondary market
      iv. TicketLiquidator launched in 2002 and boasts an inventory that includes more than 4 million tickets for over 83,000 events worldwide
   b. In 2011, the newly relocated Winnipeg Jets NHL hockey club, understanding the demand for tickets will be extremely high after quickly selling out of 13,000 season tickets, took a proactive approach to ticket resale. The team announced it would launch an extension of their website that would allow season ticket holders to post tickets they want to sell online and allow fans to buy them just like they would any concert or sporting event ticket.

3. Not all consumers want to adapt to changing technologies
   a. While the trend of “paperless ticketing” (allowing fans to enter the arena using “smart cards”, mobile phones or other digital devices) continues to gain steam, many companies are slow to embrace the practice because it makes distributing tickets to clients and employees more challenging
Ticket Promotion and Sales: A Unit 9 SEM Case Study

Sometimes the simplest ideas work the best. Attendance at the McAfee Coliseum has been lagging for some time for Oakland Athletics games for some time. The team regularly trades away its best young players, and, though it has made the American League playoffs several times in the past few years, people have not been as willing to buy tickets as they were in the team’s heyday in the late 1980s and early 1990s.

However, people love a sale and sometimes nothing draws a crowd more than deep discounts on tickets and food. The franchise now offers either $2 tickets or $1 hot dogs (all you can eat!) at most of their Wednesday games. The only exceptions are high-demand games, such as those featuring popular opponents like the Yankees, Red Sox, and Giants.

The $2 tickets are outfield and second-deck outfield seats regularly priced at $9 and $16. It’s either cheap seats or cheap food. Only one promotion is offered on any given night. These days it seems whichever promotion they choose, the fans will come. For a pair of Wednesday games in April 2008, attendance increased substantially. For the first $2 ticket night with Seattle, attendance was 21,126; it was 10,164 for the following Seattle game. The very next week, average attendance for the Tuesday and Thursday games with Minnesota (like Seattle, normally a weak draw) was 11,430. The Wednesday game with $2 tickets drew 15,242. Fans anticipate these special prices. Advance ticket sales run far ahead of normal rates. For the 2008 season, all $2 tickets for the season had already been purchased by early July.

The Athletics use the ticket and food promotions to promote the team’s logo merchandise, sell full-price tickets to other games, and fulfill obligations for minimum attendance guarantees made to sponsors.

**Case Study Questions**

1. Keeping the message simple is one key to successful promotions. Does offering significant ticket discounts or cheap concessions send a message to fans? If so, what is it?

2. Assume that the Athletics run ten “$2 ticket” promotions per month during the six-month regular season and that they would normally sell 1,000 seats in these sections at an average price of $12. For these “$2 ticket” games, they sell an average of 4,000 additional seats at the sale price beyond the number they would normally sell. Based on these figures, what is the total revenue gained (or lost) from the ticket promotion for the season?

3. If you want to encourage casual fans to sample Major League Baseball games, what other promotions might be effective? Why?

4. Why would minimum attendance guarantees be important to sponsors?

Source: Zachary Glare, Advertising & Marketing Manager for the Oakland Athletics
Unit 9 Review

Unit 9 Overview:

Unit nine begins to explore the roots of sports and entertainment business by providing students with an understanding of the ticketing process. Ticketing, as a function of sports and entertainment marketing, has evolved into a complex process and proves to be one of the most important components of the SEM marketing mix. This unit will cover the way tickets are sold and marketed, and the importance this revenue stream has on an organization’s financial viability.

Unit 9 Key Terms Defined:

**Frequency Escalator:** A marketing tool that examines the attendance levels of fans

**Group Tickets:** Group tickets are a reserved block of tickets for a specific game or event

**Season Tickets:** Provides consumers with tickets to every home game for a particular sport or full access to an entire event for a set price

**Season Ticket Equivalents:** Refers to the sum of all of the various ticket packages sold converted to one measurable number

**Ticket Package:** A sales approach that involves grouping together a select number of games, often times at a discounted price
Unit 9 Review

Unit 9 Objectives:

1) Understand the importance of ticket sales to the sports and entertainment industry
2) Identify factors that influence a fan’s decision to purchase tickets
3) List at least five ticket sales strategies
4) Define ticket package
5) Explain the concept of frequency escalator
6) Describe how ticketing technology has provided innovative alternatives for customers
Unit 9 Review

Unit 9 Discussion Questions

Have you ever been approached by a salesperson from a sports or entertainment organization? What were they selling? Did you decide to purchase?

There are no correct or incorrect answers.

What types of promotions have you seen implemented by a sports team? What did you think of the promotion? Did you or someone you know decide to attend as a result of the promotion or special offer?

Almost all sports teams fill their home schedule with special promotions with the goal of increasing attendance.

Some examples could include:

- A free premium item give away at the game
- A 2 for 1 ticket sales special offer
- A group discount on tickets to a future game
- Post game concerts or shows
- Pre-game autograph sessions or chalk-talks featuring players/coaches

What types of promotions have you seen implemented by an entertainment organization? What did you think of the promotion? Did you or someone you know decide to attend an event or make a purchase decision based on the promotion or special offer?

Many entertainment marketers offer special promotions as a means of increasing attendance or selling more products.

Some examples could include:

- A free movie ticket to American Wedding with the purchase of the American Pie 2 DVD
- A special discount on tickets to an upcoming show or concert
- A group discount on tickets to an upcoming show or concert
- A free “bonus” DVD with the purchase of a newly released music CD
- Publisher’s discounts on new release hardcover books
Unit 9 References & Resources

1) http://www.sportsbusinessjournal.com/article/65062
2) http://www.washingtonpost.com/blogs/nationals-journal/post/nationals-home-attendance-is-up/2012/06/19/gJQAzn8hnV_blog.html
5) http://nbcspor...
Unit 9 References & Resources

56) http://sanfrancisco.bizjournals.com/sanfrancisco/stories/2000/04/03/focus1.html
57) http://www.kansas.com/2009/12/28/1114697/intrust-bank-arena-offers-mobile.html#ixzz0vTu1uRDx
59) http://chiefmarketer.com/email/campaigns/indianapolis-indians-baseball-email-ticket-sale-0412bmv1
60) http://www.sportsbusinessjournal.com/article/65987
63) http://www.techdirt.com/articles/20090520/1444584955.shtml
65) http://www.sportsbusinessjournal.com/article/65889
68) http://www.usatoday.com/sports/olympics/london/story/2012-07-19/london-olympic-tickets-opening-ceremony/56340734/1
“The dictionary is the only place that success comes before work.”

- Vince Lombardi, Legendary Packers Head Coach

Now Playing...
Game Operations & Entertainment
Unit ten discusses the importance of game operations and game entertainment. The fundamental concept of game operations and entertainment is the way “breaks” in an event or game (half-time, time-outs etc.) are perceived by sports marketer as “opportunities”. The game operations process begins before any of the games are played when sports marketers identify the additional entertainment that will be added to the event to keep the audience involved and entertained.
Objectives

1) Describe the concept of the fan/spectator experience
2) Define the term game operations
3) Identify five elements of game entertainment
4) Explain what is meant by “game attractiveness” and how it influences attendance
5) Explain why game operations are important to a sports organization
6) Describe the relationship between game operations and other functions of the organization

Lessons

Lesson 10.1  The Spectator (Fan) Experience
Lesson 10.2  What are Game Operations?
Lesson 10.3  The Role of Game Operations in Sports Marketing

Key Terms

Game Attractiveness
Game Operations
Discussion Topics

When you attend a professional sporting event, is the actual game the only form of entertainment present? What other forms of entertainment are typically present?

Why do you think teams invest the time, energy and finances to implement game operations?
Lesson 10.1

The Spectator (Fan) Experience

* CLASS DISCUSSION *

Before introducing the concept of the spectator/fan experience, ask your students to think about the last time they attended a sporting event, concert or other form of entertainment. Encourage them to think about the experience as a whole, not simply the entertainment itself. All of those factors, ranging from parking to concessions, impact the overall fan experience. Also, ask students if they know when the fan experience begins and ends.

A. The spectator or fan experience as it relates to live events refers to the overall impression made on the sports or entertainment consumer
   1. It can determine whether the spectator or fan has a positive or negative experience at the game or event
   2. Positive or negative associations with the game or event ultimately determine whether the spectator (fan) will become a repeat customer

B. When does the spectator or fan experience begin?
   1. The fan experience begins the moment when a consumer begins thinking about purchasing a ticket to a game or event while the game or event day experience begins as the consumer travels to and arrives at the event
      a. If a fan has a difficult time navigating a website trying to purchase tickets to a game or event, the experience has already started on a sour note
      b. A negative experience finding parking, paying for parking or dealing with an unfriendly parking lot attendant can sour the consumer on the entire experience, even before setting foot in the stadium or arena
         i. For example, many fans attending the in the 2012 NCAA Division I women’s lacrosse championship game at Stony Brook University were stunned when they arrived at the event that the school was charging a $10 fee for event parking (by comparison, the 2012 men’s lacrosse championship game at Gillette Stadium in Massachusetts included parking with the ticket price). The parking cost rankled many of those in attendance, minimizing what should have been a fantastic overall spectator experience.
      c. High levels of traffic congestion arriving or leaving the venue could negate an otherwise entirely positive experience at the event, impacting whether the consumer would choose to attend again
         i. At an inaugural 2011 NASCAR event in Kentucky, traffic began backing up on the only main road into the track nine hours before the start of the race, and by late afternoon there were reportedly back-ups of as many as 10 miles in either direction. After 100 laps, cars still were exiting the interstate when traffic patterns were reversed. It was estimated that at least 15,000 fans didn’t reach the event.
            (a) Said Speedway Motorsports Inc. president Marcus Smith in a statement, “Our company has always been about enhancing the fan experience with first-class amenities and putting fans first. I feel terrible for the fans that had a bad experience at Kentucky Speedway and we are asking that they give us a chance to make it up to them.” Fans that didn’t make it to the race were told they could either exchange their ticket for any other race at an SMI track during the 2011 season or at the 2012 Kentucky Speedway race.
            (b) According to a survey published in the Sports Business Journal (conducted by Turnkey Sports), the top three biggest fan complaints about parking at sporting events included:
               (i) Time required to exit after the event (50%)
               (ii) Cost (31%)
               (iii) Lack of available parking near the stadium/venue (9%)
         ii. In an effort to pro-actively manage the traffic situation, the Brooklyn Nets worked with a traffic engineering expert to identify potential solutions for minimizing congestion on days when the newly minted Barclays Center would be hosting events
            (a) The solution was to discourage driving entirely, by cutting the number of parking spaces at the Barclays Center in half
Now would be a great time to engage students in a quick discussion. To enhance the discussion in class, consider passing out the student handout marked “Lesson 10.1 - Student Handout - Fan Experience” from your CD-ROM. The handout provides the complete results from the survey referenced above as it relates to traffic and parking and sporting events. Ask students if they agree with any of the complaints and whether they have any other gripes about the overall fan or game/event day experience from events they have attended in the past.

d. With so much competition for the entertainment dollar, much pressure is on a sports or entertainment organization to create an extremely positive spectator/fan experience

C. How do organizations manage, control and enhance the fan experience?

1. Technology

a. When it comes to security related issues and combating unruly fans, many teams and organizations offer “text” lines in which fans could report obnoxious behavior by sending a text message to team security

   i. At the average NFL game, about 3 people are arrested and 25 more are ejected 6

   ii. In 2012, every NFL team now offers some form of a text or cell phone hotline to report disruptive fan behavior

   iii. At Auburn University, fans can use their cell phone or PDA to send a text message with the word AU-BURN, a description of their problem and their location to 78247, and the text appears on a screen in a laptop in the press box. From there, officials can respond and use security cameras to zoom in on the section in question. 7

b. Apps can help fans get the most out of the spectator experience

   i. When Las Vegas Motor Speedway did research on the fan experience, parking came back as an area that needed improvement. As a result, LVMS worked with a technology company to create a “fan guide” app that takes consumers into the track and to their seats through information delivered to a smartphone.

      (a) At a speedway as large as Las Vegas, which seats 140,000 fans, parking in the wrong lot or entering through the wrong gate can lead to long delays entering the stadium and finding seats so the app helps prevent confusion by providing the easiest route to a parking space and to the fan’s seat. 8

      ii. The Meadowlands Stadium (home to the Giants and Jets) will offer smartphone apps that fans can use at the stadium that will provide on demand video replays, see how long the concession lines are, check game statistics and even monitor live feeds from other games around the country 9

c. Stadium amenities are designed to improve the overall spectator/fan experience

   i. Many sports teams have installed High-Definition jumbo screens at stadiums for the best possible viewing of replays and to allow fans in the upper level seating areas to get closer to the action

   ii. Interactive technologies

      (a) Mobile devices are not allowed at the PGA’s U.S. Open, but fans onsite can still utilize social media through onsite CourseLink kiosks that enable visitors to use Twitter, take photos and share personalized messages through Facebook and Foursquare 10

      (b) In 2011, American Express introduced an innovative feature at a PGA Tour event with a program dubbed the “Course Curator,” which enables Amex cardholders to customize their experience at the golf tournament by guiding them through the course and helping them to find their favorite golfers. “This has the potential to really change the golf-day experience for fans,” said Barry Hyde, the USGA’s chief marketing officer in an interview with the Sports Business Journal. 11

      (c) When it opens in 2014, the new San Francisco 49ers stadium will feature wi-fi throughout the building and will become the first “ticketless” stadium in the history of sports

      (d) Last year the Minnesota Twins introduced a “Tweet Board” at Target Field, which shares tweets from Twins games via a large video board with the crowd during games
Lesson 10.1

The Spectator (Fan) Experience

iii. In-seat technology
(a) Minor league baseball’s Round Rock Express launched a new service in the summer of 2010 that allows fans to order and pay for food and drinks from their smartphones. When the order is ready, a text message is sent back to the fan. Then, they pick it up at one of four stations at the stadium and skip waiting in line.  
(b) NFL Commissioner Roger Goodell has ambitions of bringing wi-fi to every NFL stadium, allowing fans to enjoy the same connectivity they enjoy while watching games at home while enjoying the NFL’s game day experience

iv. Ticketing technology
(a) The Cleveland Cavaliers introduced a digital ticketing system at a game in 2010 that allowed fans to purchase tickets online and later enter the arena by swiping a credit card or driver’s license.  

v. Built in 2011, Livestrong Sporting Park (home to Major League Soccer’s Sporting Kansas City franchise) boasts one of the most technologically advanced stadiums in all of sports (click here to see a graphic featuring some of the highlights)

a. Some organizations are now experimenting with “smart card” technology to simplify the fan experience
i. The Charlotte Bobcats will become the first NBA franchise to provide its full season ticket buyers a season-ticket smart card called the Season Pass. Season ticket holders will use the cards to gain entry to the arena (rather than printed ticket admission) and can load food and beverage costs onto the card in advance, allowing them to purchase concessions at the arena throughout the season.

2. Proactively controlling environment
a. Less than 40 of the roughly 120 largest NCAA Division 1 schools allow the sale of alcohol inside their stadiums and many limit sales to luxury suites, lounges or club-seating areas.

b. Because of the increase in complaints about intoxicated patrons disrupting fellow fans’ viewing of the game, the Los Angeles Dodgers took the drastic step of placing a ban on tailgating prior to all home games.

i. Organizations can gain a better understanding of fan behavior prior to an event taking place and make adjustments to staffing accordingly. For example, statistically Boston Bruins fans consume 30 percent more alcohol at the Boston Garden than Celtics fans do. As a result, management at the arena may choose to measures to proactively manage a potentially rowdier crowd.

c. Managing the experience
i. Understanding the intense rivalry between fans of the Portland Timbers and Seattle Sounders, management for both respective MLS clubs limited the number of tickets available for sale to the opposing team at its home games (seating all opposing fans in a section inaccessible to home fans) in an effort to curtail any potential confrontations during the game

ii. To avoid creating an unsettling fan experience, Major League Eating banned noisy vuvuzelas (after they burst on the scene at the last World Cup) at Nathan’s Famous International Hot Dog Eating Championship, an event that typically draws over 40,000 fans. Said Richard Shea, president of Major League Eating: “We refuse to let vuvuzela use damage the competitive eating aesthetic.”

iii. It is incumbent upon an organization to consider factors like parking and lines for bathrooms and concessions as part of the overall fan experience while developing strategies for improving those dynamics at events
(a) For example, Arrowhead Stadium (home to the NFL’s Kansas City Chiefs) recently renovated the stadium to expand the concourse to reduce congestion, increase the number of concession stands (and diversify the food offerings), and add more bathrooms, all with the intent of improving the overall fan experience
Lesson 10.1

The Spectator (Fan) Experience

iv. Failure to proactively control the environment and manage the experience can result in a shift in consumer perceptions. After a parking lot shooting following a San Francisco 49ers and Oakland Raiders pre-season game in 2011, USA Today conducted a poll online, asking fans whether stadium violence would impact their decision to attend a game. 35% of participants responded that it would. 19

d. Communicating expectations for fan behavior

i. NFL commissioner Roger Goodell issued of a “Code of Fan Conduct” policy which prohibits, among other things, “unruly, disruptive, or illegal” behavior; “drunkenness” resulting in “irresponsible” behavior; and “foul or abusive language or obscene gestures.” The code also proscribes “verbal or physical” harassment of opposing teams’ fans. 20

(a) In 2012, the NFL extended the policy even further, requiring any fan who gets kicked out of an NFL stadium for unruly behavior to take a $75 four-hour online class and pass a [code-of-conduct test](#) before being allowed to attend another NFL game

4. Game Operations

a. Game operations provide an effective vehicle for an organization to manage, control and enhance the fan experience
What are Game Operations?

A. The term **game operations** refers to the planning, organization and execution of game production, presentation, entertainment and promotion
   1. The game operations process begins in the creative minds of sports marketing professionals before any games are played
   2. This process includes the development of a game plan for incorporating all the elements of game entertainment
      a. National Anthem
      b. Pre-game groups
      c. Half-time entertainment
      d. Execution of promotions
      e. Dance team and stunt team integration
      f. Mascot coordination
      g. Managing any additional entertainment such as in-arena blimps
   3. The role of game entertainment in the sports business model is two-fold
      a. Enhance the experience for the fans while keeping them involved throughout the entire event
      b. The show actually starts hours before the game when the events that will take place are scripted out and shared with anyone who will be a part of the process, whether it is a mascot skit, a promotion during a break in the action or pre-game announcements read by the public address announcer
      c. Game entertainment creates opportunities to generate revenue by adding additional valuable inventory to include as part of sponsorship packages
         i. It also helps generate revenue by helping to sell more tickets
   4. Game day staff
      a. To execute and implement each element of the game operations plan, an organization typically has a game day staff in place
      b. The Boston Red Sox staff features a General Manager of in-game entertainment who is responsible for overseeing a crew that includes a DJ to run the music, seven people to edit the replays and type out the graphics that appear on the video scoreboard, two additional people who control an additional video board and four people running video cameras around the park
      c. Software programs like “Sound Director” and Total Sports Entertainment’s “Game Time Pro” make it easier for teams to manage game operations and entertainment

B. Why are game operations important?
   1. Successful game operations can help the organization achieve its goals
      a. Driving ticket sales
      b. Increasing sponsorship sales opportunities
      c. Generating publicity
         i. To generate buzz for a game last season, the Minnesota Wild brought in a member of the St. Paul SWAT team to rappel from the ceiling and drop the ceremonial puck
      d. Assisting in customer service
      e. Enhancing the overall event experience, regardless of the game’s outcome
         i. How important is game entertainment? To illustrate how much emphasis a professional sports team places on game production, consider that the NBA’s Nets franchise (while they were in New Jersey) spent nearly $2.5 million on game production in 2010 (according to the team’s financial reports)
Lesson 10.2

What are Game Operations?

2. Game operations also provide game attractiveness\(^{23}\)
   a. **Game attractiveness** refers to the customer’s perception of the event as a whole
   b. Game attractiveness is a situational factor that varies from game to game and week to week
   c. Event variables that contribute to game attractiveness
      i. Highly visible star athletes (Derek Jeter, Tom Brady, Candace Parker etc.)
      ii. Team record / opponent record
      iii. Opening day
      iv. Give-aways
   v. Presence of mascots, dance teams and cheerleaders
   vi. Prominent half time entertainment (Blues Brothers, The Extreme Dunk Team, Quick Change etc.)
   vii. Post-game concerts
   viii. Fireworks and other entertainment
   ix. Quality/variety of concessions items
      (a) Many teams have introduced outlandish concessions items as a way to increase game attractiveness
          (and generate publicity), including the Washington Nationals (8 pound “Strasburger”), the Charlotte Motor Speedway
          (deep-fried cupcakes, funnel cakes topped with chocolate sauce and chopped bacon), the Texas Rangers (“The Champion”,
          a $26 hot dog weighing in at 2 pounds) and several minor league teams like the Camden RiverSharks offering “Krispy Kreme”
          burgers
      (b) The Nationals’ stadium also features a unique concessions stand (called the “Taste of the Majors”) which
          spotlights items from other MLB cities when opponents roll into town
          (i) Items include a Chicago Dog, a St. Louis BBQ platter and a San Diego Fish Taco Platter (click [here](#) for a complete listing)

3. Traditions (seventh inning stretch etc.)
   a. Detroit Red Wings “octopus toss”
   b. Hockey “hat tricks”
   c. Kissing the bricks at the Brickyard 400
   d. “Lambeau Leap” at Green Bay Packer games
   e. Chants at soccer matches

*TEACHER’S NOTE*

The concept of “traditions” provides a great opportunity for class discussion. To enhance the discussion in class, consider passing out the “traditions” student handout (a past SCC blog post) from your CD-ROM in the folder marked “Lesson 10.1”. After reviewing the handout, distribute the “traditions” assignment (located in the same folder on your CD-ROM or online).
Case Study

SaberCats Football—More Than A Game: A Unit 10 SEM Case Study

The San Jose SaberCats of the Arena Football League understand what their target market—18- to 34-year old blue-collar males—wants: bombardment of the senses at budget prices. The SaberCats offer their young, tech-savvy Silicon Valley fans many opportunities for action and involvement. Ticket prices are reasonable, ranging from $18 to $52, with an average ticket price of $28. A family of four can purchase four tickets, four hot dogs and drinks, and get small gifts for $66.

At the core of the experience is the game itself. Arena Football League games provide rapid-fire excitement. The game is played on a 50-yard long, 85-foot wide playing surface. High-density foam rubber sideline barriers and 30’ x 32’ goalside rebound nets keep the ball—and the players—in play. The game is lightning fast. NBA-like scores result as teams can, and do, score quickly from anywhere on the field.

AFL fans aren’t necessarily also NFL fans. They enjoy the faster pace of the AFL product, as opposed to the more deliberate NFL version. They develop a close relationship with their local team. The SaberCats, one of the most successful AFL franchises in a league where franchise instability and movement is common, have not only been winners on the field (they’ve won eight division championships, seven in this decade, and have played in four “Arena Bowl” championship games in the last seven years, winning three of them), but also at the box office. Military-themed nights, with discount tickets for active and retired servicemen and featuring color guards, attract about 2,500 extra fans. The SaberCats have never drawn fewer than 10,000 fans in any game, a rarity among AFL teams.

SaberCats management understands well that the atmosphere surrounding the game is almost as important as the game itself. Fireworks, loud music, and large crowds that accentuate the excitement within HP Arena, the SaberCats home venue, hype young fans and build the team’s home field advantage. Cowbells are a familiar noisemaker at SaberCat games; the team was fined several years ago for distributing them to its season ticket holder. The SaberKittens dance team provides additional encouragement to young male fans.

Halftimes are events at SaberCat games. Entertainers, including hypnotists, contortionists, and members of local martial arts clubs, have performed. Once a year, the team offers fans “mini-concerts,” approximately 20-minute performances by artists such as Smashmouth, Third Eye Blind, and Ashanti. Games at which halftime concerts are held are always sold out. Fans come down to the field for halftime contests, such as throwing footballs at targets.

(Continued on next page)
After-game autograph and photo sessions are designed to develop the bond between fans and players. Fans, especially kids, are encouraged to come down to the sideboards for 15 to 20 minutes to meet the players.

The team’s laser-like focus on its target market extends to promotion. SaberCat marketing management knows which restaurants its fans frequent, what radio stations they listen to, and what publications they read. Its advertisements and other promotions emphasize the range of experiences fans encounter at games.

**Case Study Questions**

1. Given the team’s target market, why is it important for the SaberCats to provide additional experiences beyond the game itself? Is elevating the level of game attractiveness important for other sports teams? Why or why not?

2. John Fry, owner of a chain of more than 40 consumer electronics stores headquartered in San Jose owns the SaberCats. Many of the team’s 65 sponsors are suppliers to Fry’s Electronics, such as Samsung, Canon, Sharp, Logitech, Case Logic, and Casio. Their products are familiar to the team’s youthful, computer-oriented fan base. What opportunities exist for cross promotion between the SaberCats and the team’s sponsors?

3. Considering the game presentation, what would the team have to do to attract older fans?

4. Can you think of other pre-game or halftime entertainment that the team’s fans would want to see or participate in?

5. Describe how the SaberCats use various elements of the marketing mix to reach and satisfy the needs of their target market.

6. Explain various ways the SaberCats game entertainment staff would work with other departments to help enhance the overall fan experience whenever they come to a game.

**Sources:**

Scott Cooley, San Jose SaberCats Marketing Department (interview with Dr. Bruce Herbert)  
www.sanjosesabercats.com  
www.wikepedia.org
Lesson 10.3

Role of Game Operations in Sports Marketing

A. Game operations is an integral activity within the framework of a successful sports marketing organization as it can effectively assist the business in many areas

1. Ticket sales & attendance
   a. Keeps fans entertained throughout the event, increasing the likelihood that they will return for another game
      i. As technology continues to evolve and the at-home viewing experience improvise, sports teams feel more pressure to create an experience that trumps the experience of enjoying a game from the comfort of a fan’s own home. Understanding the challenge, the New Orleans Saints began providing season ticket holders that broadcast live commentary to fans in-stadium.
         (a) Click [here](#) to listen to game audio without the radio feature
         (b) Click [here](#) to listen to the same game audio, this time with the radio feature
   b. Provides game “attractiveness” which is a factor that directly influences game attendance
      i. The level of consumer perceived values increase when the game or event features additional entertainment and promotion
   c. Game operations include numerous connections to ticket sales promotions within the event. For example, a team may host a “Hawaiian Night”, offering $5 off tickets to any fans wearing tropical shirts to the game. Game operations may choose to implement:
      i. An all staff memo or email, encouraging them to dress in tropical attire if they plan to attend the game
      ii. National anthem performed by a Hawaiian musician or steel drum band
      iii. Hawaiian lei give-away to the first 500 fans through the gate
      iv. A limbo contest at a quarter break
      v. Hawaiian music or bands on the venue concourse
      vi. A hammock free throw shooting contest at half time
      vii. Hawaiian themed food at concessions stands

2. Sponsorship
   a. Adds value to sponsorship packages
   b. Creates new inventory available to sell
   c. Assists in the fulfillment aspect of a client sponsorship package
      i. For example, a team may sell a sponsorship for their “Hawaiian Night”. As part of the sponsorship package, game operations may be responsible for fulfilling several elements which could include:
         (a) PA announcements throughout the game announcing “Hawaiian Night”, sponsored by ABC Travel
         (b) A trip to Hawaii giveaway, presented by ABC Travel
         (c) Special on court promotions
         (d) Signage

3. Publicity
   a. A successful event will also help generate community “buzz” surrounding the team
      i. In addition to talking about the outcome of the game, fans may discuss the entertaining half-time act and the free coupon for a burger they won when the team scored 100 points
   b. Publicity can be used to help promote future events
      i. The Vancouver Whitecaps (MLS) enjoyed tremendous success with a “dime dog night” event, and later tweeted “10,866 hot dogs consumed tonight for dime dog night! Next one is July 31. #wcaps” as a way to promote a future game
   c. Special game entertainment promotions can be communicated to fans
      i. Minor League Baseball’s Oklahoma City RedHawks scheduled an appearance from the Famous Chicken to visit the ballpark and entertain fans. The special appearance was communicated via press releases and included in the team’s advertising.  

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Lesson 10.3

Role of Game Operations in Sports Marketing

d. Communications professionals are typically responsible for creating a connection between the team and the media, including the facilitation of access to players and coaches for interviews and providing game notes (statistics, information regarding the opponent etc.) for the media

4. Customer Service
a. Game operations affords organizations an excellent opportunity to effectively serve customers
b. Examples
i. Recognizing long-time season ticket holders on the Jumbotron

* TEACHER’S NOTE *

The use of the word “jumbotron” provides an excellent branding example...Jumbotrons are actually manufactured by Sony, although the term is synonymous among sports fans as a scoreboard type apparatus within stadiums and other facilities.

ii. Birthday greetings to season ticket holders over the PA
iii. Special congratulatory announcements on the scoreboard
c. Ultimately, customer service is about retention and keeping fans coming back for more
i. To achieve a high level of retention, game operations and entertainment staff must understand fan tastes and distastes, game situations and the atmosphere of the event as whole in an effort to help fans to enjoy the game or event experience in its entirety
(a) The Pittsburgh Pirates’ producer and director of in-game entertainment explains the music selection being played during at games at PNC Park: “We always try to have one or two very contemporary songs -- something on the iTunes most-downloaded list, something in the Top 10. Then, one or two good rock songs from the ’80s or ’90s. One or two classic rock songs -- this is Pittsburgh; everyone loves the classic rock -- and one or two oldies. We try to cover all the bases -- no pun intended.” 25
Case Study

Game Promotion & Entertainment:
A Unit 10 SEM Case Study

Following the departure of super star Michael Jordan, the NBA’s Chicago Bulls suffer dismal season after dismal season. Although the franchise finished last in their division the next four seasons, the team still managed to sell out most United Center home games, often playing to capacity crowds of over 22,000. In fact, the team sold out every home game in 1998-99 and 1999-2000, despite losing more than 70% of their games. ¹

How do they do it? The strategy, according to Steve Schanwald, the Bulls’ Executive Vice President of Business Operations, is to “keep the fans distracted…it’s a 48-minute game but the fans are here for two hours.” ² The entertainment is all encompassing and can take on many forms, including more than 1,000 different songs pumping over the speaker system, more than 50 television and movie clips (including John Belushi in “Animal House” and Bart from “The Simpsons”), a dance team (The Luva-Bulls), a break dancing team (The BreakaBulls), a male spirit team (The IncrediBulls) and inflatable mascots (InflataBulls). The game entertainment staff also has a number of on-court promotions to keep fans engaged throughout the contest. One such promotion, the “Dunkin’ Donuts Race”, is a fan favorite. The race is animated on the scoreboard and features “Dashing Donut”, “Biggie Bagel”, and “Cuppy Coffee”, and fans holding the coupon featuring the winner of the race have the opportunity to redeem the coupon at a local Dunkin’ Donuts for a free doughnut.

In addition to the entertainment provided on the court and in the arena, the Bulls strive to keep the entertainment experience alive throughout the stadium. According to Jeff Wohlschlaeger, Bulls Director of Game Operations, the team likes to entertain fans “from the moment they enter the building.” To do that, the United Center concourse must maintain a consistent level of excitement. The Bulls feature a theme for each home game (such as Mardi Gras) and live entertainment acts will perform throughout the concourse.

Information from this case study obtained from:

¹ http://www.nba.com/bulls/history/Chicago_Bulls_History-24393-42.html?nav=ArticleList
² Published in the March 1st, 2004 issue of Street & Smith’s Sports Business Journal.

Case Study Questions

1.) Do you think the Chicago Bulls overall success in ticket sales is contingent upon wins and losses on the court? Why or why not?

2.) The Bulls have effectively implemented a plan for keeping fans entertained. Do you think other sports teams share the same philosophy on keeping fans involved? Why or why not?

3.) Do you think the game operations efforts create other opportunities to generate revenue outside of ticket sales (sponsorship etc.)? Provide an example.
Unit 10 Overview:

Unit ten discusses the importance of game operations and game entertainment. The fundamental concept of game operations and entertainment is the way “breaks” in an event or game (half-time, time-outs etc.) are perceived by sports marketer as “opportunities”. The game operations process begins before any of the games are played when sports marketers identify the additional entertainment that will be added to the event to keep the audience involved and entertained.

Unit 10 Key Terms Defined:

**Game Attractiveness:** Game attractiveness refers to the customer’s perception of the event as a whole

**Game Operations:** The planning, organization and execution of game production, presentation, entertainment and promotion

Unit 10 Objectives:

1) Define the term game operations
2) Identify five elements of game entertainment
3) Explain what is meant by “game attractiveness” and how it influences attendance
4) Explain why game operations are important to a sports organization
5) Describe the relationship between game operations and other functions of the organization
Unit 10 Review

Unit 10 Discussion Questions

When you attend a professional sporting event, is the actual game the only form of entertainment present? What other forms of entertainment are typically present?

There are many forms game promotions may take as a part of the game operations process.

Game promotions could include:

- Team mascots
- Cheerleaders or dance teams
- Concessions vendors roaming the stands
- Light shows
- Entertainment acts
- On-field, interactive promotions featuring fans (tricycle races etc)

Why do you think teams invest the time, energy and finances to implement game operations?

Almost all professional sports teams add some element of game promotion for their home crowds.

Advanced game operations can strategically assist in:

- Enhancing the overall fan experience
- Increasing ticket sales
- Boosting sponsorships
- Positive sports communications efforts
6) http://cqresearcherblog.blogspot.com/2010/01/should-nfl-do-more-to-control-crowd.html
9) http://gizmodo.com/5599531/at-this-nfl-stadium-you-can-watch-replays-on-your-phone
12) http://weareaustin.com/fulltext?nxd_id=78195
15) http://online.wsj.com/article/NA_WSJ_PUB:SB125271416817105157.html
16) http://www.huffingtonpost.com/paula-duffy/dodgers-tailgating-ban-a_b_539017.html
17) http://www.boston.com/sports/hockey/bruins/articles/2011/06/05/garden_fans_on_the_money
20) http://cqresearcherblog.blogspot.com/2010/01/should-nfl-do-more-to-control-crowd.html
21) http://www.boston.com/sports/baseball/redsox/articles/2004/07/27/now_itthat146si_entertainment
22) http://msnbcmedia.msn.com/i/CNBC/Sections/News_And_Analysis/_Blogs/Beat%20Blogs/Sports_Biz/_PDFs/Nets_Financials.pdf
24) http://www.oursportscentral.com/services/releases/?id=3874733
25) http://www.pittsburghlive.com/x/pittsburghtrib/ae/s_613676.html
"If I had my life to live over again, I’d like to have ended up a sportswriter.”

- Former U.S. President, Richard Nixon
The topics covered in unit eleven introduce the various components of sports and entertainment communications including publicity, public relations, community relations and media relations. A key concept discussed is the integration of publicity with the sponsorship component of the sports and entertainment business model, as well as aligning publicity plans with promotional and sales efforts. Unit eleven also examines the various methods organizations employ to effectively communicate information about their products and services with customers, media and fans.
Objectives

1) Explain why sports and entertainment communications are important
2) Define publicity
3) Differentiate between publicity, public relations, media relations and community relations
4) Identify the three approaches to media relations
5) Describe the three ways community relations programs are implemented
6) Name the six functions of sports and entertainment communications
7) Explain how publicity impacts other areas of sports and entertainment business
8) Create a press release with all its essential elements
9) Recognize the types of information typically included in press kits
10) Understand some of the social issues that impact the business of sports and entertainment

Lessons

Lesson 11.1 Sports & Entertainment Communications
Lesson 11.2 Publicity
Lesson 11.3 Functions of Sports & Entertainment Communications
Lesson 11.4 Integrating Publicity
Lesson 11.5 The Publicity Plan
Lesson 11.6 Press Releases
Lesson 11.7 Press Kits
Lesson 11.8 Social Issues in Sports and Entertainment

Key Terms

Community Relations
Ethics
Foundation
Goodwill
Media Relations
Press Release
Public Relations
Publicity
Publicity Stunt


**Discussion Topics**

How do you find out when your favorite team is playing its next home game? Where do you go to find out how well your favorite player is performing? How do you know when your favorite actor will be featured in a new movie? What other sources might be available to help you find that information?

What instances can you think of where an athlete or entertainer has engaged in activities that generated negative publicity for themselves or the organization that employed them? What was the activity? How did you hear about that activity? Did that act have a negative impact on the celebrity or organization? Why or why not?

Can you think of a current event involving athletes or entertainers? What was the event? Why do you think they became involved? How did you become aware of their involvement?

Think about some of the stories you have read in the news recently and how they apply to the sports and entertainment industry. Can you think of any social issues that impact the business of sports and entertainment?
Lesson 11.1

Sports & Entertainment Communications

A. Sports and entertainment information
   1. Provides specific news as it pertains to sports teams and organizations, events and all other forms of entertain-
      ment
   2. Could include event schedules, player statistics, actor profiles etc.

B. Sources of sports and entertainment information
   1. Any news or media outlet is a potential source of sports and entertainment information
      a. MTV, Sports Illustrated, Jim Rome radio show, movies.com, USA Today
   2. Almost any type of information an individual could want is accessible through the media
      a. Radio, TV, Print, Online

C. Role of sports and entertainment communications in SEM
   1. The role of a communications staff employed by a sports or entertainment organization is to effectively dissemi-
      nate information for the benefit of the business
   2. Communications staff plays an integral role in the shaping and management of the organization’s image

D. Who is SID?
   1. SID is a sports organization’s (most often a college) Sports Information Director
   2. SID can present his/her self in many forms, including PR Director, Communications Director, Media Director or a host of other official titles
   3. SID is responsible for all communications relating to the organization

E. Publicity plays an even more crucial role to a sports and entertainment organization’s success in the age of the Internet
   1. The world of public relations has changed drastically, especially for entertainers whose careers are based on gaining and keeping public opinion
   2. How else has technology and the Internet shifted trends in the entertainment business climate?
      a. Musicians can now start a career entirely over the Internet using a web site and a strategic online marketing plan
         i. From weekend warriors to independent bands and Grammy-winning artists, thousands of musicians have embraced social networking sites like Facebook and YouTube to upload material, promote tour dates and albums while interacting with fans in an effort to build and/or grow a fan base
         ii. The Internet radio site Pandora boasts 100 million users in the U.S. alone and 22 million indicated in a poll that they have listened “in the last few days” making it easier for consumers to discover new bands
         iii. Through software applications like garageband, users can learn how to play songs from famous artists like Sting, Fall Out Boy and Colbie Caillat
            (a) Mark Foster, lead singer of Foster the People, wrote and recorded (playing all the instruments himself) the song “Pumped Up Kicks” in just one day using Apple’s popular Logic Pro software. After the demo went viral on the web, the song climbed the charts and eventually became a fan anthem at the band’s typically sold-out concerts.
            iv. Justin Bieber was originally “discovered” by a talent executive on YouTube when he was searching for new talent online. Pop stars Justin Timberlake and Usher would later engage in a bidding war to sign Bieber (he eventually signed with Usher).
      b. Actors, artists and celebrities engage with fans using social media to promote films, create buzz and dispel rumors
         i. When popular rock band Kings of Leon abruptly canceled their U.S. Tour in 2011, bassist Jared Followi-
            ll took to Twitter to address the band’s fans, saying “I cannot begin to tell you how sorry I am. There are internal sicknesses & problems that have needed to be addressed. No words. I love our fans so much. I know you guys aren’t stupid. I can’t lie. There are problems in our band bigger than not drinking enough Gatorade.”
Lesson 11.1

Sports & Entertainment Communications

c. Movie studio executives have the ability to place movie trailers online for people to download on their home computers or mobile devices
   i. On Apple’s Website, consumers can download the trailer for the 2012 film *The Twilight Saga: Breaking Dawn Part 2* right to their iPod, iPhone or iPad

d. Fans can discuss topics surrounding their favorite entertainers and celebrities on web sites like www.IMDB.com and read movie reviews with apps like Rotten Tomatoes

3. The instant accessibility provided by social media applications like Twitter creates new challenges for sports and entertainment communications professionals
   a. Sports and entertainment organizations have less control now over the flow of information between the organization and its fans
      i. In today’s age, major sports news is often communicated to fans directly from athletes via Twitter, like Brooklyn Nets’ star Deron Williams, who announced in 2012 that he would be re-signing with the franchise and putting an end to speculation that he would leave to sign with another team (he also signed the contract on an iPad) 6
      ii. In 2011, rather than allowing his team (the Boston Celtics) issue a press release, NBA legend Shaquille O’Neal became the first professional athlete to retire using a social media platform by posting “I’m retiring” and “Shaq oooout” to his Twitter account
      iii. The advent of social media has forced sports properties to evolve and embrace a new generation of fan communications
         (a) Major League Baseball debuted the [140 Club](#) in 2012, a curated Twitter service that compiles a list of MLB-related tweets in one spot for fans to see what the world is saying about baseball and what baseball is saying about the world
         (b) In an effort to answer fan questions and concerns regarding the 2011 NBA lockout, NBA Commissioner David Stern and Deputy Commissioner Adam Silver tapped into [Twitter](#) as a communications tool
         (c) In 2012, the Miami Dolphins announced the release of eccentric wide receiver Chad Johnson following a domestic abuse arrest via Twitter rather than a traditional press release or news conference
         (d) Several major universities like North Carolina, Nebraska and Oklahoma pay $7,000 to $10,000 a year to a company called [Varsity Monitor](#), who then keeps a watchful eye on the social media activity of the school’s athletes

* TEACHER’S NOTE *

Now would be a good time to poll the class to see whether they think universities should be allowed to contract with a company like Varsity Monitor to keep an eye on social activity of collegiate athletes. Ask students to consider the implications from the school’s perspective if one of their athletes engages in controversial activity online.

b. Meanwhile, athletes and celebrities now enjoy a unique platform to communicate directly with fans, providing a medium for delivering unfiltered opinions and dialogue
   i. Throughout the NFL lockout, many players took to Twitter to vent frustrations and update fans on the negotiations. For example, Chris Long of the St. Louis Rams tweeted “We definitely owe you guys a season, but we need to make sure we all get this right. … Thanks for yall’s patience.”

c. Social media can also create headaches for both the organization and/or the athlete/celebrity when the individual posts a controversial message
   i. Several Olympic athletes were sent home from the 2012 Games by the International Olympic Committee after posting racially insensitive tweets 7
   ii. Some organizations have taken a stance against social media use by its athletes, like the Florida State’s football coach Jimbo Fisher, who chose to implement a new team policy in 2012 prohibiting players from using Twitter
Lesson 11.2

Publicity

A. Publicity

1. Publicity is public information about a company/team, good, or service appearing in the mass media as a news item at no cost to the organization.
   a. When Roger Ebert reviews a movie on his television show, that particular motion picture is gaining publicity.
   b. When musicians perform at award shows, they are generating publicity.
      i. The attention Beyoncé’s performance drew at last year’s MTV Video Music Awards (she set a record for the most mentions on Twitter per second that night while the broadcast was the most-watched in MTV history) helped push “Love on Top,” a song many had never heard before the VMAs, quickly into the iTunes top 5.

2. In the world of sports and entertainment communication, publicity is generated and defined by three primary components.
   a. Public relations
   b. Media relations
   c. Community relations

3. Publicity is essentially a by-product of those three components.
4. Organizations use publicity as a vehicle to increase sales.
5. Disadvantages of publicity:
   a. Publicity cannot be controlled by the organization.
      i. For example, Roger Ebert may give a particular film a negative review, discouraging consumers from purchasing tickets and going to the theater.
   b. Perceived as more credible than advertising.

B. Public relations

1. Public relations are activities that promote the image and communications an organization has with its employees, customers and public.
2. Often times referred to as “fan” relations in the sports industry.

C. Media relations

1. Media relations refers to the relationship between an organization and the media.
2. The goal of media relations is to develop and maintain a positive relationship with mass media outlets.
3. Media’s impact on sports and entertainment publicity efforts:
   a. “Magnifying glass effect” of media coverage.
      i. This effect refers to the constant media coverage of newsworthy events taking place, as well as the reactions and interpretations of those events by other sources.
   b. Featuring sports and entertainment news related items has proven to be profitable for media organizations.
      i. Increases circulation.
      ii. Boosts ratings.
      iii. Amplifies number of readers/listeners.
   c. A media blitz is a term used to reference an intense communications campaign which utilizes various aspects of media to reach as many consumers as possible.
      i. Every year, the NBA engages in a daylong media blitz to kick off coverage of the NBA All-Star Game and the celebrity-driven events that surround the game.
      ii. In 2012, the Canadian Football League launched the largest media blitz in league history by spending more than $10 million to promote the 100th anniversary of the CFL’s championship game (the Grey Cup). The effort included a national tour that brought the championship trophy to 100 communities throughout the country, government issuance of Grey Cup coins, and the Canadian postal system issuing 50 million CFL branded stamps.
Lesson 11.2

Publicity

4. What effect on an organization can media relations have? How can publicity and the media impact a sports or entertainment brand?
   a. A perception exists that the media has a tendency to seek out and report stories with negative connotations implicating sports and entertainment organizations, celebrities and athletes
   b. Many factors influence this journalistic tendency
      i. Inflated contracts of athletes and entertainers
         (a) In 2011, Floyd “Money” Mayweather earned $85 million and topped Sports Illustrated’s annual list of wealthiest athletes
         (b) Actor Ashton Kutcher reportedly earns $20 million for his role on NBC’s popular sitcom “Two and a Half Men” for one season (that’s $750,000 per episode, plus additional pay)
      ii. Drugs and alcohol
         (a) By July of 2012, nineteen NFL players had already been arrested on suspicion of driving under the influence, leading the commissioner to issue the following statement: “We are going to do some things to combat this problem because some of the numbers on DUIs and domestic violence are going up and that disturbs me. When there’s a pattern of mistakes, something has got to change.”
         (b) In 2012, one of the best-selling music artists of all time, Whitney Houston, died tragically at age 48. Despite her sales success, the former Grammy award winner will likely be remembered as much for her battles with drug addiction as her remarkable career.
      iii. Gambling
         (a) In 2012, a California man plead guilty to federal charges that he was part of a betting ring involving the University of San Diego’s basketball team who allegedly paid a former player to throw games as part of the scheme
         (b) Officials say the illegal betting market generates hundreds of billions of dollars every year, and the International Olympic Committee goes to great lengths to prevent events from being “fixed.” Sports betting is perfectly legal in the United Kingdom, and is considered a legitimate part of the national economy but, in 2012, the country’s gambling establishments partnered with government officials leading up to the London Games to report and prevent any event fixing. The BBC reported that Olympic organizers also set up an intelligence team to monitor suspicious betting patterns and tip the government with any information on individuals that may have attempted to fix Olympic events.
      iv. Violence
         (a) In 2012, boxer Floyd Mayweather spent two months in prison resulting from his guilty plea to domestic violence charges
         (b) Dallas Cowboys’ star Dez Bryant was arrested in 2012 on a family violence charge when allegedly assaulted his mother during an argument (although she called 911 to report the disturbance, she later decline to press charges against her son)
         (c) In 2012, the University of Georgia football program dismissed its star running back from the team following his arrest on felony weapons charges
      v. Performance Enhancing Drugs (Steroids)
         (a) The use of steroids and performance enhancing sports has been well chronicled in recent years with prominent Major League Baseball, track and field and cycling athletes having their legacies tainted by alleged drug use. The issue would later cross over to the entertainment industry when rappers 50 Cent, Mary J. Blige, Wyclef and Timbaland were mentioned in connection with a New York steroid report.
         (b) In 2012, after years of vehemently denying doping allegations, cycling sensation Lance Armstrong was again under fire when the U.S. Anti-Doping Agency accused him of doping for several years and suggesting they had 10 witnesses who would testify against the legendary cyclist
Lesson 11.2

Publicity

(c) 72 percent of respondents to a 2009 Associated Press poll suggested they felt Major League Baseball is “not doing enough to prevent the use of performance-enhancing drugs” 21

(i) In 2011, the Colorado Rockies’ Mike Jacobs became the first player suspended by Major League Baseball for a positive HGH test under the league’s new drug-testing procedures 22

(d) David Howman, the chief executive of the World Anti-Doping Agency, said in a 2011 interview that he believes one out of every ten athletes Olympic athletes are using performance-enhancing drugs 23

(e) San Francisco Giants star Melky Cabrera was suspended for 50 games less than two months after winning the 2012 MLB All-Star Game MVP award after testing positive for testosterone

vi. Escalating costs for attending events

(a) A whopping 63 percent of respondents to an Associated Press poll suggested that the high price of attending MLB games was “by far the biggest problem in Major League Baseball” 24

(i) Team Marketing Report’s 2012 Fan Cost Index report suggest that, on average, the cost of a family of four attending a Boston Red Sox game is $336.99 (figure includes 2 adult tickets, 2 child tickets, 4 small soft drinks, 2 beers, 4 hot dogs, 2 programs, parking, 2 adult-size caps) 25

(ii) Comparatively, the 2012 Fan Cost Index reports that taking in a Wilmington Blue Rocks game would cost a family of four only $50, almost $160 less than the Major League Baseball average 26 and $10 less than the Triple-A average 26

(b) According to the Sports Business Journal, average ticket prices for entertainment include: Broadway show ($88), Disney (adult $85), NFL ($77), NHL ($57), NBA ($48), MLB ($27) 27

* TEACHER’S NOTE *

To see a complete listing of Team Marketing Report’s Fan Cost Index for Major League Baseball in 2012, access the student handouts provided on your CD-ROM. The files are can be found in the lesson 11.2 folder on the CD labeled “Lesson 11.2 - Student Handout - MLB FCI.” The latest fan cost index reports for the NHL, NBA and NFL are also available in the folder.

vii. Recruiting violations and other unethical behavior in collegiate sports

(a) Nearly a year after the Hurricanes became wrapped up in an extra-benefits scandal, the NCAA visited the University of Miami again in 2012 to continue investigating claims that a former University of Miami booster (now incarcerated for his role in a $930 million Ponzi scheme) provided thousands of impermissible benefits to at least 72 athletes from 2002 through 2010 27

(b) The NCAA hit Penn State with a $60 million sanction, a four-year football postseason ban and a vacation of all wins dating to 1998, while stripping the school of scholarships for a four-year period in the wake of the Jerry Sandusky scandal in 2012

(i) The Big Ten conference released a statement after the NCAA’s sanctions came down, suggesting they fully supported the NCAA’s actions, saying in a news release it too condemned Penn State University for “egregiously” failing on “many levels -- morally, ethically and potentially criminally.” 28

a. Each respective league or governing body/organization has their own guidelines for discipline, however, intense media scrutiny often makes such punishments seem insufficient to the general public, creating further fan disenchament

b. Athletes and entertainers have a unique platform to involve themselves in a positive manner within the community. It is the responsibility of an athlete or celebrity (or sports/entertainment property) to direct media attention toward these efforts.

c. Many teams, organizations, leagues, athletes and entertainers do an excellent job of using the media to communicate positive contributions
Publicity

i. Those organizations who successfully communicate positive messages have an effective community relations strategy.

5. Three approaches to media relations
   a. Reactive
      i. Responds to informational and other inquiries from media sources and external entities
      ii. Player interviews, appearances, biographies, profiles etc.
   b. Proactive
      i. The point of initiation is the organization rather than an external entity or media source
      ii. Organizations take the initiative in providing information and creating publicity
      iii. Distribution of press kits, press releases
   c. Interactive
      i. Refers to an organization’s effort to create and maintain a strong relationship with the media.

D. Community Relations

1. Community relations focus on an individual or organization’s commitment to bettering their respective community.

2. The goal of a community relations effort is to assist in achieving an organization’s public relations objectives related to enhancing public understanding, gaining public approval and acceptance, ultimately leading to public support.

3. Community relations are typically implemented one of four ways
   a. Player or celebrity initiated
      i. The Michael J. Fox Foundation auctioned off a limited-edition collection of Nike shoes inspired by the actor’s Back to the Future character last year. The high-profile auction raised $9.4 million for the foundation, the largest private funder of Parkinson’s Disease research in the world.
      ii. Tiger Woods introduced an app in 2011 available to golf fans for $9.99 which featured a collection of tips on how to a guide to help golfers improve their swing with all proceeds going to the Tiger Woods Foundation.
   b. Team or organization initiated
      i. After tornadoes devastated the Dallas/Ft. Worth area in 2012, the Texas Tech football team visited Lancaster, one of the hardest hit suburbs, to help with disaster relief efforts.
      ii. The Miami Dolphins Foundation (whose mission is devoted to providing and supporting signature education, health, youth athletic programs and volunteer activities that inspire and engage communities throughout Florida) raised over $600,000 in 2011 through its annual “FinsWeekend”, an event that features former and current players, cheerleaders and staff participating in activities like fishing and golfing.
      iii. For decades the Boston Red Sox has supported and promoted the Jimmy Fund, a charity dedicated to fighting cancer among children and adults.
   c. League or governing body initiated
      i. The NFL is engaged in an effort to fight childhood obesity with the NFL Play 60 program.
         (a) From the NFL website: “As a brand and leader that believes in the power of sport, the promise of young fans and whose players embody health and fitness; the NFL and its Clubs are committed to reversing the effects of the childhood obesity epidemic. NFL PLAY 60 is a national youth health and fitness campaign focused on increasing the wellness of young fans by encouraging them to be active for at least 60 minutes a day.”
Lesson 11.2

Publicity

4. Foundations
   a. A foundation is an association established by an organization, athlete or celebrity to maintain, assist, or finance other institutions or programs that are of an educational, charitable, or social nature. Many athletes and celebrities have used their “celebrity status” to make a positive impact on issues important to them.
   b. Celebrity foundations can help individual athletes and entertainers shed negative images.
   c. Many high profile athletes and celebrities have formed foundations or take an active role in supporting or leading foundation-related activities.
      i. Derek Jeter formed his foundation during his rookie season with the New York Yankees. The foundation’s mission states aims to 1) create signature programs which will acknowledge and reward youths who avoid drugs and alcohol and those who choose healthy lifestyles 2) fund organizations which help prevent and treat teenage substance abuse and 3) leverage the integrity and popularity of Derek Jeter by hosting special events for today’s youth which serve as a platform for his message.
      ii. New York Mets’ star David Wright’s Foundation provides financial support and raises awareness for those in need, with a special focus on Multiple Sclerosis and children’s causes, especially in the New York City and Norfolk, VA metropolitan areas.
         (a) Jeter’s foundation would team up with Wright’s foundation for the Delta Batting Challenge where sponsor Delta Air Lines pledged $100,000 to the foundation of the athlete who finishes the regular season with the highest batting average. The runner-up’s foundation received $50,000.
      iii. Author J.K. Rowling was recently named president of One Parent Families, a U.K. nonprofit that supports, educates and advocates for single parents. Rowling, once a single parent herself, has been one of the organization’s major supporters and ambassadors since 2000.
      iv. In 2012, Forbes published a list of the “10 most generous celebrities”, in which Actress Jami Gertz and her husband Antony Ressler ranked first after donating more than $10.5 million to charities.
      v. Perhaps no foundation has illustrates the impact an athlete or celebrity can have supporting a cause than Lance Armstrong’s LIVESTRONG foundation. According to Forbes, LIVESTRONG enjoys yearly revenues of around $48 million.
Lesson 11.3

Functions of Sports and Entertainment Communications

A. There are six primary functions of sports and entertainment communications

1. Inform and communicate
   a. Communicate information with consumers
   b. Gather, present, and distribute information about the organization or product
   c. Involves publishing programs, brochures, updating websites etc.

2. Shape and enhance organization image
   a. Work with “cause” programs
   b. Important to all facets of sports and entertainment marketing, including corporations, teams, leagues, and individuals
   c. This function closely resembles marketing function
   d. Generate goodwill
      i. **Goodwill** is a general willingness to work with a person or organization based on a positive reputation or relationship
      ii. Companies can generate goodwill in a number of ways, often times through an affiliation with a particular sport, team, league or event

3. Recruiting tool
   a. Extremely important to colleges and Universities for recruiting student athletes
   b. Professional teams also must “recruit” potential draft choices and free agents
      i. In today’s era, the recruiting effort can sometimes go beyond the front office
         a) Just as Dwyane Wade recruited friends LeBron James and Chris Bosh to join him in Miami, reports surfaced suggesting Kobe Bryant helped recruit free agent *Steve Nash* to join the Lakers while NHL star Jonathan Toews revealed in an interview that he had been texting top free agents in an effort to assist the Chicago Blackhawks in their efforts to convince players to join the team
   c. Communities recruit franchises and events
      i. In 2009, bids for MLS expansion franchises became competitive as community leaders in major U.S. and Canada markets (Miami, Atlanta, Montreal, Ottawa, Portland, Ore., St. Louis and Vancouver) were all hoping to land the rights to a MLS team in each of their respective markets (Portland and Vancouver won the bids and began play in 2011)
      ii. In an effort to continue building momentum for a 2018 or 2022 World Cup bid, the U.S. Bid Committee (led by former President and honorary chair of the committee Bill Clinton) launched a website that featured an online petition encouraging fans to pledge their support to the effort

4. Introduce new products or innovations
   a. Build new product awareness and interest
   b. Position new product

5. Generate and collect feedback
   a. Determine acceptance and effectiveness of organizational policies
   b. Gather specific consumer data
      i. Attitudes
      ii. Preferences
      iii. Behaviors
Lesson 11.3

Functions of Sports and Entertainment Communications

6. Crisis management 45
   a. A coordinated effort to handle the effects of unfavorable publicity or of an unfavorable event
   b. Proactive crisis management strategies
      i. Forecasting potential crises
      ii. Planning how to handle potential crises such as how an organization will react if a player is associated with a situation that is certain to garner negative media attention
   c. Crisis management often includes a strong focus on public relations to recover any damage to public image and assure consumers that recovery is underway
   d. According to Joe Favorito, sports media expert and author of the book *Sports Publicity*, the key to effective crisis management is keeping everyone on track, following the flow of information, working with public authorities and media who may not be familiar with your situation or practices, and having the organization speak with one voice when problems arise 46
      i. Ralph Lauren and USOC officials came under fire in the lead up to the 2012 Olympic Games when it was revealed that the uniforms that Americans would be wearing for the Opening Ceremony were actually manufactured in China. After Congress publicly criticized both parties, a statement was released promising that all future uniforms would be made in America (Ralph Lauren has a contract with the USOC that runs through the 2020 Games).
      ii. In the aftermath of the alleged [bounty scandal] involving the New Orleans Saints and the NFL, both the league and the Saints franchise acted quickly to try to minimize the damage from negative publicity. The Saints released a statement via Twitter while the NFL reacted with swift and severe punishment.
      iii. In the wake of Dan Wheldon’s tragic death at a Las Vegas Motor Speedway event in 2012, many criticized the lack of communication from IndyCar officials who failed to release any formal statements or hold a news conference to answer questions surrounding track conditions, which many felt were unsafe from the get-go
         (a) “This wasn’t even our event,” said Jeff Motley, a communications director for Las Vegas Motor Speedway, which leased its track to IndyCar for the fatal race. “But they’ve left us to be the only ones to answer for this. There is such a thing as Crisis Management 101. And they flunked it.” 47
Lesson 11.4

Integrating Publicity

A. Importance of integration
   1. Many corporations (including those outside of the sports and entertainment industry) are beginning to view public relations as one all-encompassing arena that includes:
      a. Promotion
      b. Sponsorship and endorsement
      c. Marketing
      d. Sales
   2. Sports and entertainment organizations follow the same trend and integrate ticket sales to that mix
   3. Effectively integrating publicity within an organization’s marketing strategy positions the rest of the organization for success

B. Publicity affects many other critical components of the sports and entertainment business model
   1. Overall revenue
      a. The sports information director’s “assignment is to sell fans the illusion that the outcome of a game is so important that they are willing to support their faith with dollars” 48
   2. Sales
      a. The presence of negative publicity historically results in slumping sales while positive publicity can result in a significant uptick in sales
      b. Statistically, consumers have shown a decline in willingness to support organizations who demonstrate an inability to effectively control or manage their image
      c. A combination of poor on-field performance and consistent negative publicity off the field resulted in an almost 8,000 fans per game drop in attendance for the 2011 Los Angeles Dodgers for the season 49
         i. Under new ownership and a resurgence on the field, the Dodgers attendance rebounded in 2012, increasing by nearly 5,000 fans per game by the all-star break 50
      d. If the New York Times offers a poor review of a newly released film, movie-goers are less likely to flock to the theatre to see it
         i. The 2011 summer blockbuster Cowboys & Aliens” had a disappointing debut at the box office, grossing between $4-8 million less than projected sales. The sci-fi Western battled “reviews that were certainly mixed at best,” Gitesh Pandya, chief executive officer of Boxofficeguru.com, said in an interview. “For a (movie)like ‘Cowboys,’ reviews matter.” 50
         ii. Performing at award shows like the Grammy’s can give artists a major sales boost. In 2012, the exposure resulted in a major spike in sales for artists like Mumford & Sons (their song “The Cave” sold 120,000 copies the week after the show, up 205% over the previous week, and jumped to No. 11 from No. 68 on the digital tracks chart and their album Sigh No More jumped 169%.) 51
   3. Sponsorship and Endorsement
      a. Corporations do not want an affiliation with an individual or organization with image problems
         i. Gilbert Gottfried was fired by Aflac as the voice of its duck mascot in the wake of his controversial series of tweets about the tsunami that devastated Japan in 2011
         ii. Existing sponsors become unhappy customers and difficult to effectively service when they are disenfranchised with the organization they are sponsoring
   4. Promotions
      a. Some promotions can be offensive to some consumers
         i. In an effort to capture the spirit of the last World Cup, the Miami Marlins hosted a World Cup promotion in which they passed out vuvuzelas (loud horns which create an incessant buzzing sound) to the first 15,000 fans through the gates
            (a) Dan Uggla, Marlins’ second baseman, called the promotion “The worst handout or giveaway I’ve ever been a part of in baseball.” 52
Integrating Publicity

ii. In 2012, actor Woody Harrelson participated in one of Reddit’s “Ask Me Anything” (AMA) threads, but the actor’s answers infuriated the website’s users as he attempted to promote his film, “Rampart.” After Harrelson grew frustrated with fan questions and left the discussion, users called it “the worst AMA of all time” and an “epic fail by Woody Harrelson’s PR machine.” 53

c. Publicity can help generate revenue in other ways through the implementation of creative promotions
   i. The University of Notre Dame offers membership opportunities for kids 14 and younger to join “Clancy’s Kids Club” for an annual fee of $15. Members receive, among other things, free admission to more than 100 Notre Dame athletic events each year, a newsletter, t-shirts, coupons and invitations to special kid’s club events.54
   ii. Kid’s clubs are an effective tool by generating additional revenue as well as enhancing the team’s image
   iii. Kid’s clubs also enable the organization to begin building brand loyalty at a grass roots level

5. Game operations
   a. Game entertainment can become a source of negative publicity for a sports franchise
      i. Music can be too loud at games
      ii. Particular entertainment acts may be offensive to some fans
   b. Game entertainment can also be a valuable source of positive word-of-mouth advertising
      i. A child may choose to wear the face paint to school the next day to show off to friends, sparking interest within the schools. Game entertainment examples like face painting are prevalent among minor league baseball franchises and collegiate athletic events.

6. Merchandise
   a. Sales of team, player, or celebrity related merchandise tends to slump in the wake of negative publicity
      i. Sales of Kobe Bryant jerseys, perennially a top seller world-wide, dropped out of the top 50 in the wake of his off-court troubles55
   b. Positive publicity or associations can help increase merchandise sales
      i. In the years following Kobe’s off-court trouble, he was able to help re-shape an image while leading Team USA to a gold medal in the 2008 Olympics and the L.A. Lakers to the 2009 and 2010 NBA Championships
      ii. By 2010 (according to the NBA’s website), Kobe’s Lakers jersey had been the top seller at the NBA Store and nba.com for the past three seasons until 2011 when, ironically, LeBron James (another player who has suffered his fair share of image problems) overtook Bryant as the top jersey seller 56
      iii. When Jeremy Lin took the NBA by storm in 2012 (“Linsanity”), the publicity generated by Linsanity helped his jersey become the 2nd best seller in the NBA, just behind the Chicago Bulls’ Derrick Rose (and he only played in 25 games) 58
      iv. The hype surrounding the Brooklyn Nets new logo (designed by Jay-Z) led to merchandise sales records in 2012. On the first two days Brooklyn Nets gear was available, the franchise sold ten times the volume of gear that the team would normally sell in an entire year. 59

7. Television Audience/Ratings
   a. ESPN’s telecast of the National Football League draft drew 1.3 million fewer viewers in 2011 than the previous year, thanks in part to the labor dispute that had been threatening the possibility of a shortened or cancelled season 57

C. It is critical that an organization effectively communicate internally as well as communicating messages externally
   1. Employees in every department should be on the same page
   2. The workforce should be not only informed, but also involved
   3. Employees should be aware and contributing
   4. The organization must exercise the mentality that each employee is the face of the organization
   5. The staff must realize that they are representatives of the organization at all times
Lesson 11.5

The Publicity Plan

A. Publicity plan development considerations
   1. The goal of the plan is to monitor and gauge community response to each organizational effort
   2. Community relations efforts
      a. Speaker’s bureau
      b. Clinics and player appearances
      c. Mascot, cheerleaders, and band appearances
      d. Correspondence (fan mail, photo requests etc.)
   3. It is critical to recognize how consumers perceive the organization as a whole
      a. The organization must have a current understanding of consumer perceptions
      b. The organization must also have an accurate understanding of consumer perceptions
      c. The organization must then manage their publicity plan based on that information

B. Key strategies that should be included in any comprehensive publicity plan include:
   1. Identification of any specific information the organization intends to communicate
   2. A “hook” to make information newsworthy and grab the reader’s immediate attention

C. Other popular sports and entertainment publicity plan strategies
   1. Sneak previews to the press prior to your product release
      a. Movie makers with “private screenings” for film critics and media
   2. Careful selection of a spokesperson
   3. Launching an organization scheduled media blitz
   4. Distribution of sequential press releases to encourage media publication of new information
   5. Getting creative
      a. For example, an organization may establish a fun and interactive idea centered on an organization’s ticket release or upgrade process
   6. Creating a sense of urgency
      a. For example, the Dallas Mavericks may communicate that tickets for their home opener go on sale to the general public at 10:00 a.m. with a limit of only six tickets per customer

D. Common components of a publicity plan
   1. Press (news) releases
   2. Press kits
   3. Interviews
   4. Photographs
   5. Speeches and appearances at seminars, conventions etc.
   6. Online chats and forums
   7. Community involvement
   8. Local, regional and national talk shows or similar programming
   9. Press conferences
      a. Press conferences take place when an organization spokesperson or the athlete/entertainer addresses the media to answer questions or make announcements
      b. Press conferences generally imply that the organization has a newsworthy announcement featuring information of significant importance

E. Utilizing resources
   1. Organizations make an effort to use all the resources they have available to them
      a. Email, fax, Internet
      b. Telephone follow up calls
      c. Guest speaking opportunities for all staff when available
      d. Working with coaches, players and management to create a mutually acceptable expectation level for participation
Lesson 11.5

The Publicity Plan

F. Publicity “stunts”

1. **Publicity stunts** refer to specific events or activities that are activated with the sole purpose of achieving a high level of media coverage and public awareness.  
2. Publicity stunts can serve as an effective vehicle in generating public “buzz” surrounding an organization or athlete/entertainer.
   a. On the morning of the 2011 Preakness Stakes, the owner of a popular New York City frozen custard restaurant called the Shake Shack, tweeted a promotional offer: If Shackleford (a horse with the long odds of 12-to-1) won the race that afternoon, he would give away free cups of frozen custard that night. The stunt was a smashing success as, after Shackleford won, about 750 customers showed up to take advantage of his offer, ultimately becoming the busiest day in the chain’s history.
   b. Red Bull, no stranger to publicity stunt success, launched a [Golf Skee Ball] event in conjunction with the 2012 Masters where popular professional golfers Rickie Fowler, Lexi Thompson and Kelly Kraft were challenged with hitting golf balls into a giant man-made Skee Ball display.
   c. In 2012, Yahoo! Sports offered $5 million to any fan who correctly predicted a perfect March Madness bracket (according to CNBC’s Darren Rovell, there were about 9.2 quintillion possible combinations).
   d. In conjunction with the release of Angry Birds Space, Rovio turned the Space Needle (a Seattle landmark) into a [giant slingshot] representation of the popular mobile game.
3. When spontaneous, publicity stunts pose a risk and could yield undesired results.
   a. In 2012, an online pawn shop dreamed up a controversial publicity stunt that entailed delivering 900 pounds of Butterfingers to Copley Square in Boston after Patriots wide receiver Wes Welker dropped a critical pass in the Super Bowl. The company received so much negative publicity that they were compelled to issue a public apology.
4. In some instances, an event takes place where the public is not sure whether or not the activity was a publicity stunt.
   a. Former Heavyweight boxing champ Lennox Lewis and opponent Hasim Rahman squared off in a brawl during a press conference, leading many to question whether or not the fight was real or simply a publicity stunt to generate additional excitement for the pay-per-view event.
   b. At the 2012 Academy Awards, Actor Sacha Baron Cohen, promoting his new movie *The Dictator*, dumped ashes on host Ryan Seacrest on the red carpet. While many speculated whether the stunt was scripted, Cohen would later publicly apologize to Seacrest for the stunt. Reactions to the scene were mixed on Twitter, but according to *The Hollywood Reporter’s* poll at the time, 32 percent of people said the stunt was ‘so not funny,’ 57 percent said ‘it was hilarious’ and 12 percent said ‘it was a great Oscars moment but rude.’
Press Releases

A. Press releases
   1. A press release is a prewritten story about an organization or athlete/entertainer that is disseminated to various media.
   2. Often referred to as news or media releases
   3. Must be clear and to the point
   4. Every press release must address several specific pieces of information
      a. Date
      b. Release statement
         i. Typically states FOR IMMEDIATE RELEASE or TO BE RELEASED ON
      c. Headline
      d. Contact information
      e. The Lead
         i. Lead paragraph must grab reader’s attention
      f. Text (body of release)
         i. Should answer the questions who, what, where, when, why and how
      g. Pitch
         i. The release ends with identifying information, including a phone number and email address. This is where you pitch to the audience
         ii. Example: “Call this number to find out more about the new Dallas Stars “Adopt-a-Family” program
      h. End
         i. Press releases typically end with “end” or “#####”
   5. Must be creative and informative or the organization runs the risk of the media not reporting the information
   6. An effective release will feature a catchy title
   7. Press releases should be kept to one page if possible

B. Three categories of press releases define when information is disseminated
   1. Pre-release
      a. Occurs before the event takes place
      b. If a team wanted to release the signing of a key free agent to the media, an advance story would alert the media to a press conference the following day
   2. Live-release
      a. Occurs during the event
      b. A second story is released at the actual news release when the new player is formally introduced to the media at the press conference
   3. Post-release
      a. Occurs after the event has taken place
      b. The next few days following the press conference, additional releases are sent out referencing details of the player’s new contract, plans for success and past statistics

C. Information an organization may distribute via a press release
   1. Announcement of a team’s key free agent acquisition
   2. Release of game schedules
   3. Highlights of a new blockbuster film to be released
   4. Announcement of an upcoming promotion
   5. Description of an upcoming community relations event

Lesson 4.8 covers the concept of “upfront marketing” in advertising. ESPN pulled out all the stops for their upfront presentation in 2012 and issued a press release online to call attention to the event. Click here to review the press release and ask your students why they think ESPN put so much emphasis on the upfront presentation. Use the press release to illustrate the importance of communicating information like this to the media and consumers.
Press Kits

A. Press kits are important as they provide much information regarding an organization or event to media in a variety of ways

1. A press kit is a package of information distributed to the media to assist them in reporting

2. Press kits could include:
   a. Athlete, entertainer, organization or event background
   b. Fact sheets
   c. Biographies
   d. Photographs
   e. Statistical information
   f. Contact information
   g. Current press releases
   h. Related press clippings
   i. Historical chronologies
   j. Organizational newsletters
   k. Testimonials from key personnel
   l. Recommendations for features

3. Each piece included in the press kit should include contact information, as press kit material often becomes separated

4. Many organizations now create an electronic version of the media kit
   a. Ease of distribution
   b. Distribution to more outlets
   c. Allows for incorporation of audio, video and multimedia presentation materials

5. Frequently, organizations will send annually updated press kits to keep media informed
Lesson 11.8

Social Issues in Sports & Entertainment

A. Social Issues

1. Social issues in sports and entertainment refer to everything from the ethical actions of athletes, entertainers and sport/entertainment organizations to the sports and entertainment industry’s efforts to do their part to positively impact society.
   a. Ethics are the moral standards by which people judge behavior.
   b. Words often associated with ethical behavior could include honesty, integrity, respectfulness, confidentiality, non-discriminating, legal and socially responsible.
   c. Most sports and entertainment organizations feel they have an obligation to operate their business from an ethical standpoint.

B. Examples of hot button social issues

1. The “greening” of sports and entertainment
   a. Today’s consumer is more aware of how their buying decisions affect society and the environment around them, and are willing to make choices in their product purchases to have an impact on the world around them.
   i. A recent market research study concluded that environmentally-friendly packaging plays a vital role in consumer purchase decisions and helps greener companies gain a competitive advantage over non eco-friendly competitors.
      (a) Nike’s Team USA basketball uniforms designed for the 2012 Olympic Games were constructed from polyester created from the equivalent of 22 recycled plastic bottles.
      (b) Puma announced plans to launch a greener packaging initiative by phasing out the traditional cardboard shoe box and replacing it with a new package that includes a bag, ultimately using 65% less cardboard.
   c. In 2010, Pocono Raceway officially opened the track’s 25-acre solar farm. When fully operational, the farm will produce all of the power necessary to fuel not only the track but also adding electricity to the local power grid.
   d. As part of the Houston Astros’ “Play Green” environmental awareness campaign, the team hosted their inaugural E-cycle electronics drive prior to a 2010 home game in which they swapped two free tickets in exchange for unwanted electronics items.
   e. In an effort to become a leader in sustainable XYZ and align with the NBA’s green initiatives, the Portland Trail Blazers installed 10 electric vehicle charging stations in the Rose Quarter, the area which the Rose Garden arena is located. To encourage drivers of electric cars to utilize the space, the team announced that the first vehicle to arrive at an event at the Rose Garden would receive free parking in the garage.

* TEACHER’S NOTE *

Now would be a good time to distribute the case study marked “Unit 11 – Case Study – Title IX” in the Lesson 11.8 folder and work through the questions in class.
2. Gender equity in sports and entertainment
   a. Title IX is a federal law enacted in the United States in 1972 that mandates equal educational and athletic opportunities for students of both genders
      i. According to the Women’s Sports Foundation, one in thirty-five high school girls played sports forty years ago; one in three do today. Before Title IX, fewer than 16,000 women participated in college sports; today that number exceeds 200,000.
      ii. The summer of 2012 marked the 40th anniversary of Title IX and for the first time in history, American women outnumbered the number of men representing the United States at the Olympic Games
      iii. Eight women now hold the title of “General Manager” in minor league baseball, believed to be the most at any time.
      iv. In 2012, Shannon Eastin became the first woman to officiate an NFL game when she worked the opening game of the pre-season between the Green Bay Packers and San Diego Chargers
      v. Despite the progress that women’s sports have made since the law was enacted, controversy remains. For example, in 1972, women coached 90 percent of women’s college athletic teams. Today it’s only 42.9 percent.

3. Racial equality in sports and entertainment
   a. Hiring practices in the sports and entertainment industry have historically demonstrated a racial imbalance
      i. In 2003, the National Football League established the Rooney Rule, requiring all NFL teams to interview minority candidates for head coaching and senior football operations positions
      ii. As of August of 2012 in college football, 15 black head coaches led their programs at FBS schools, more than triple the number of black head coaches four years ago. It’s the most there have ever been, yet it only represents less than 13 percent of the total number (120) of FBS coaches.
      iii. In 2012, Major League Baseball joined the NBA as the only men’s professional sports leagues to receive a combined “A” for race and gender in an annual report released by the University of Central Florida’s Institute for Diversity and Ethics in Sport.
Cubs Care connects with its community. It couldn’t be any other way, considering the bond that exists between the team and the city of Chicago. The team and its players are woven into the fabric of the North Side of “the windy city.” The neighborhood surrounding Wrigley Field is known as “Wrigleyville,” owing as much to the mutual affection between team and fans as to the name of the famous ballpark at its center.

Thousands of non-profit organizations in the Greater Chicago area benefit from the funds and merchandise provided by the team, its players, the fans, and outside contributions. Cubs Care provides “financial support for youth sports, children with special needs, victims of domestic violence, and social service agencies in the community.” Established in 1991, the charity has distributed over $12 million and has recently averaged more than $1 million a year.

Funds come from a variety of activities. One of the most popular is the Cubs Convention, an off-season opportunity for fans to interact with players, team management, and broadcasters. To participate, fans must pay an admission fee. The three day event provides attendees with a chance to discuss plans for the upcoming season, have photos taken with their favorite players, and get autographs. In-season events include Meet the Team, Have a Ball, where those donating to Cubs Care can meet with players and receive autographed baseballs and Hey Dad, Wanna Have a Catch, which allows youngsters to play catch in the outfield with parents, run the bases, and spend time touring the playing field. Participants also receive baseballs, T-shirts, and can eat lunch in the Friendly Confines Café.

Players’ wives also help by participating in food drives, writing and editing books (Wrigley Field, A to Z is one recent publication), and organizing charity events.

Much effort goes into promoting youth baseball in Chicago. Cubs Care grants not only support Little League and other youth programs, but also have been used to rehabilitate and upgrade several fields. The fund has partnered with local agencies to refurbish and build four diamonds, named “Legends Fields” in honor of former Cubs players, at Hamlin Park. A $500,000 donation, made in partnership with the Chicago Park District, the City of Chicago, and the Thillens family, also helped revive Thillens Stadium, a historic local field first opened in 1938.

**Case Study Questions**

1. What role does the team’s management of Cubs Care play in its overall marketing strategy?

2. Can you think of other fund raising activities that would be consistent with the team’s approach to its participation in Cubs Care?

3. Why are community relations programs important to sports and entertainment organizations? Are they also important to athletes and celebrities? Why or why not?

4. Would a program similar to Cubs Care work as well in another city or in another sport where the fans are less passionate about the team, where the team hasn’t been around as long, or where the ties between team and community are not as strong? Why or why not?

Source: Pitching In, Fielding Dreams, Chicago National League Ball Club, L.L.C.
Unit 11 Overview:

The topics covered in unit eleven introduce the various components of sports and entertainment communications including publicity, public relations, community relations and media relations. A key concept discussed is a growing industry trend; the integration of publicity with the sponsorship component of the sports and entertainment business model, as well as aligning publicity plans with promotional and sales efforts. Unit eleven also examines the various methods organizations employ to effectively communicate information about their products and services with customers, media and fans.

Unit 11 Key Terms Defined:

**Community Relations:** Focus on an individual or organization’s commitment to bettering their community

**Ethics:** The moral standards by which people judge behavior

**Foundation:** An association established by an organization, athlete or celebrity to maintain, assist, or finance other institutions or programs that are of an educational, charitable, or social nature

**Goodwill:** A general willingness to work with a person or organization based on a positive reputation or relationship

**Media Relations:** The relationship between an organization and the media

**Press Release:** Prewritten story about an organization or athlete/entertainer that is disseminated to various media

**Public Relations:** Activities that promote the image and communications an organization has with its employees, customers and public

**Publicity:** Public information about a company/team, good, or service appearing in the mass media as a news item at no cost to the organization

**Publicity Stunt:** Specific events or activities that are activated with the sole purpose of achieving a high level of media coverage and public awareness
Unit 11 Review

Unit 11 Objectives:

1) Explain why sports and entertainment communications are important
2) Define publicity
3) Differentiate between publicity, public relations, media relations and community relations
4) Identify the three approaches to media relations
5) Describe the three ways community relations programs are implemented
6) Name the six functions of sports and entertainment communications
7) Explain how publicity impacts other areas of sports and entertainment business
8) Create a press release with all its essential elements
9) Recognize the types of information typically included in press kits
10) Understand some of the social issues that impact the business of sports and entertainment
Unit 11 Review

Unit 11 Discussion Questions

How do you find out when your favorite team is playing its next home game? Where do you go to find out how well your favorite player is performing? How do you know when your favorite actor will be featured in a new movie? What other sources might be available to help you find that information?

In today's information age, this kind of information is readily available in a number of formats. In most cases, information is distributed by the sports or entertainment organization. In other cases (typically the source of negative publicity), a story may be broken by a member of the media.

These could include:

- Internet
- Newspaper
- Television
- Radio
- Magazines

What instances can you think of where an athlete or entertainer has engaged in activities that generated negative publicity for themselves or the organization that employed them? What was the activity? How did you hear about that activity? Did that act have a negative impact on the celebrity or organization? Why or why not?

A hot topic now among sports fans and enthusiasts is the use of illegal performance enhancing drugs (steroids) among Major League baseball players. Other issues that seem prevalent among celebrities and entertainers include drug use/abuse and public behavior not conducive with the public’s perception of how “role models” should act.

What instances can you think of where an athlete or entertainer has engaged in activities that generated negative publicity for themselves or the organization that employed them? What was the activity? How did you hear about that activity? Did that act have a negative impact on the celebrity or organization? Why or why not?

Many times celebrities will get involved with events in which the general public is very aware. There is probably no better example of this right now than the negative publicity surrounding several of the major league sports (steroid scandal, Barry Bonds and Major League Baseball…NBA referee allegedly fixing games for gambling purposes…Michael Vick in the NFL).

Think about some of the stories you have read in the news recently and how they apply to the sports and entertainment industry. Can you think of any social issues that impact the business of sports and entertainment?

Social issues in sports and entertainment refer to everything from ethical actions of athletes, entertainers and sports/entertainment organizations to the industry’s efforts to do their part to positively impact society.
1) The Dream Job: Sports Publicity, Promotion & Marketing, Helitzer, p. 59
2) http://iml.jou.ufl.edu/projects/Fall02/Kaufman/page2.htm
3) http://www.billboard.biz/bbbiz/content_display/industry/e31588547861bb321c9604eb90f54f9d00
8) Sport Marketing, Presentation Notes, Slide 10 of the Promotion/Sponsorship Lecture
Ryan Langan, University of South Florida
12) Sport Marketing, Mullin, Hardy, Sutton, 2nd ed., p. 334
14) http://content.usatoday.com/communities/gameon/post/2012/06/mayweather-is-worlds-highest-paid-athlete/1#.T-C2GrVYsTY
18) http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/07/09/sports/s113830D57.DTL
19) http://www.turn2foundation.org/intro/mission.asp
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31) The Sports Business Program: Marketing Your High School Athletics, Lindauer, p. 20
32) Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner, Slide #168
34) http://www.socialmiami.com/soceyes.asp?g=miami-dolphins-finsweekend-5748
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59) http://www.cnbc.com/id/47831684
61) Sport Marketing, Mullin, Hardy, Sutton, 2nd ed., p. 336-337
62) The Dream Job: Sports Publicity, Promotion & Marketing, Helitzer, p. 179
63) Adapted from Sports... More Than Just the Score, McCauley, p. 120
64) http://online.wsj.com/article/SB10001424052702304432304576369601068513980.html?KEYWORDS=shake+shack#articleTabs=article
65) http://bit.ly/NdYwMm
66) Rovell, Darren (@darrenrovell). “Yahoo is offering $5 million for the perfect March Madness bracket. There are about 9.2 quintillion possible combinations.” 06 March 2012, 9:52 AM. Tweet.
68) http://springboardpr.com/2012/02/15/super-bowl-publicity-stunt-goes-bad-four-pr-lessons/
71) http://www.ais.msstate.edu/AEE/Tutorial/3203presselements.html
72) The Dream Job: Sports Publicity, Promotion & Marketing, Helitzer, p. 95
74) http://pr.e-agency.com/pdf/sports_division.pdf
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76) http://www.oregonlive.com/playbooks-profits/index.ssf/2012/02/nike_seeks_gold_with_introduct.html
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“You know you are on the road to success if you would do your job, and not be paid for it.”

- Oprah Winfrey
Unit twelve focuses on the broad range of career opportunities in the sports and entertainment industry. In this section, it is important to distinguish the difference between potential careers in operations and those careers in business. The incredible growth of the sports and entertainment marketing field provides increased opportunities for business careers within the industry.
Unit 12: Careers in SEM

Objectives

1) Identify the four primary career segments available in the sports industry
2) Identify career opportunities specific to entertainment
3) Discuss the future of the SEM job market
4) Discuss the preparation required for a career in SEM
5) Explain why a cover letter and resume are important

Lessons

Lesson 12.1 Careers in Sports
Lesson 12.2 Careers in Entertainment
Lesson 12.3 Preparing for Sports and Entertainment Marketing Careers
Lesson 12.4 Cover Letters & Resumes
Lesson 12.5 The Job Market

Key Terms

Career Development
Cover Letter
Resume
Discussion Topics

Do you think there are many career opportunities in sports and entertainment? Why or why not?

Do you think a potential career in this industry is attainable? How competitive do you think careers in this field can be?

By a show of hands, how many people in the class know what a resume is? How many have actually prepared a resume in the past? Why is a resume important? Can you pursue a professional career in sports and entertainment without one?

How would someone go about finding out about potential job openings? What do you think an individual would need to do to increase their marketability to sports and entertainment industry employers?
Lesson 12.1

Careers in Sports

A. Size and scope
1. The sports industry accounts for over 3 million jobs in the U.S. alone
   a. There are 12,660 professional US athletes
   b. Florida’s golf industry creates nearly 167,000 jobs
   c. Under Armour employs over 5,000 people
   d. ESPN employs more than 6,500 employees
   e. Globally, Nike employs more than 44,000 people
2. The inevitable incorporation of new growth areas such as e-commerce and new technologies points to a broader field with multiple new career opportunities
3. According to Melvin Helitzer’s book, The Dream Job, a new sports publication is launched on nearly a weekly basis

* TEACHER’S NOTE *

Click here to see an interesting info graphic that provides a general snapshot of the sports industry. It illustrates the size and scope of the industry as a whole while offering a breakdown of the number of jobs created by various industry segments.

B. Sports operations (management) careers
1. Sports operations careers are actively involved with what happens on the court or field and less involved with the business aspect of the field
2. Potential career paths
   a. Scouting
   b. Coaching
   c. Athletic training
   d. Video coordinator
   e. Equipment manager
   f. General manager
   g. Player development
   h. Operations
   i. Strength and conditioning
   j. Travel and accommodations management
3. Sports operations career profile
   a. The Video Coordinator for the Portland Trailblazers is responsible for providing video for basketball staff. The basketball staff uses the film to breakdown games and for scouting purposes. This position is extremely important, as video enables a team to gain an inside edge on competitors as they study opponent strategies and player tendencies. The job becomes increasingly demanding during the season, as the team plays many games and he is required to provide video on short notice.

C. Corporate sports marketing careers
1. Many major corporations like Pepsi, Coca Cola, Visa, American Express, and Federal Express employ individuals to manage their promotional campaigns, domestic and global sponsorship efforts as well as domestic and international sporting events and entertainment
Lesson 12.1

Careers in Sports

2. Potential positions in corporate sports marketing
   a. Sports Media Coordinator
   b. Suite Ticket Manager
   c. VP of Sports and Entertainment Marketing
   d. Director of Event and Sponsorship Marketing
   e. Corporate Communications Manager
      i. Helps develop the organization’s brand and marketing activities

3. Corporate sports marketing career profile
   a. The Sports Partnership Marketing Manager for a Fortune 500 company (Coca-Cola for example) might be responsible for overseeing a $200 million sports and entertainment marketing budget. He or she might be responsible for all media planning and advertising purchasing for the company’s related brands. He or she might also be the company’s representation in sponsorship negotiations and/or supervising any events the company is participating in. 3

D. Sports business careers
   1. Careers in sports business focus on helping the organization achieve its financial goals in some way, shape or form
      a. Major league sports (NBA, MLB, NFL, NHL, PGA, MLS)
         i. Tennis, lacrosse, beach volleyball, bowling
      b. Collegiate sports
      c. Motor sports
      d. Action sports
      e. Minor league sports
      f. Contact sports (Boxing, MMA)
      g. Horse racing
      h. Rodeo

2. Potential sports business career paths
   a. Ticket sales
   b. Sponsorship sales
   c. Marketing
   d. PR & Communications
   e. Legal
   f. Finance and accounting
   g. Information technologies
   h. Graphics design
   i. Box office
   j. Broadcast and journalism
   k. Publications
   l. Customer service
   m. Game operations

3. Sports business career profile
   a. The Vice President Public Relations, Madison Square Garden Sports oversees all of MSG Sports business public relations activity relating to the trade, business, consumer media, internal communications and industry relations. The position works closely with all divisions to ensure integrated activities and communication and also works closely with MSG Sports management to create targeted, impactful public relations plans that meet short and long term business objectives, support critical marketing partnerships, and powerfully deliver key messages to target audiences. 4
Lesson 12.1

Careers in Sports

E. Recreation and fitness careers
   1. Because of the broad range of industry segments covered, recreation and fitness careers offer many different career opportunities
   2. Potential careers
      a. Athletic Director
      b. Parks and Recreation Director/Manager
      c. Exercise Physiologist
      d. Corporate Fitness Director
      e. Fitness Program Coordinator
      f. Personal Trainer
      g. Physical Therapist
      h. Sports Nutritionist
      i. Wellness Coordinator
      j. Recreation Center Director
      k. Park Planner
      l. Marketing and Sales Directors
      m. Finance/Accounting
      n. Sales Representative
   3. Recreation and fitness career profile
      a. The Group Fitness Director for the Hawthorn Farm Athletic Club in Portland, Oregon is responsible for managing over 90 hours of classes per week ranging from cycling to aquatics and pilates and everything in between. He or she might be an ACE and AFFA certified group fitness instructor with additional certifications in BODYPUMP, BODYCOMBAT and Cycling.

F. Additional sports related career fields
   1. Sports agencies and professional services
      a. Specialty services
         i. Sports law
         ii. Advertising
         iii. Accounting
         iv. Sports medicine
         v. Event management and marketing
         vi. Sponsorship
         vii. Collegiate multi-media rights management
            (a) Learfield Sports, ISP Sports, IMG College
      b. Sports agents
         i. Jerry Maguire movie - “Show me the money”
         ii. “Super” agents such as David Falk and Drew Rosenhaus
         iii. Athlete representation agencies such as IMG
      c. Celebrity Speakers Bureau
   2. Facility management
      a. Manage facilities such as stadiums, arenas, golf courses etc.
         i. Comcast-Spectator and Global Spectrum
      b. Concessionaires
         i. Manage the food and beverage service for stadiums, venues and other sports or entertainment related facilities
            (a) Aramark, Levy Restaurants, Centerplate, Sportservice
Lesson 12.1

Careers in Sports

3. Sports associations
   a. International Olympic Committee (IOC)
   b. United States Golf Association (USGA)
   c. United States Youth Soccer Association (USYSA)

4. Sports corporations
   a. Colorado Springs Sports Corporation
   b. Oregon Sports Authority
   c. Florida Sports Foundation
   d. St. Louis Sports Commission

5. Sporting goods, footwear and apparel
   a. Manufacturers
      i. Nike, Adidas, Reebok
      ii. Burton, O’Neill
      iii. Rawlings, Spalding, Wilson
   b. Wholesalers
      i. Distribute to retailers from manufacturers
   c. Retailers
      i. Champs
      ii. Foot Locker
      iii. Dick’s Sporting Goods
Lesson 12.2

Careers in Entertainment

A. Potential career paths within segments of the entertainment industry

1. Gaming
   a. Video games
   b. Computer games
   c. Board games

2. Music
   a. Songwriting
   b. Performing

3. Acting
   a. Television
   b. Film
   c. Screenwriting
   d. Script writing (television)

4. Comedy
   a. Stand up performer
   b. Writer

5. Theme Parks
   a. Theme park engineer
   b. Theme park management; event planner; coordinator

6. Travel
   a. Travel director
   b. Local, domestic, international tours and cruises

7. Writing
   a. Magazines
   b. Fiction
   c. Non fiction

8. Arts
   a. Painting
   b. Sculpting
   c. Illustration

B. Entertainment job functions

1. Specific job functions within the entertainment industry
   a. Sales
   b. Marketing
   c. Financial management
   d. Legal work or consulting
   e. Negotiations
   f. Personnel management
   g. General maintenance
   h. Distribution

2. Entertainment business career profile
   a. The Senior Vice President of Marketing for Six Flags Amusement Park in St. Louis directs the worldwide strategic marketing initiative for the company. He oversees advertising, public relations, research, sponsorships, promotions and group sales, and works closely with the company’s regional vice presidents of marketing, the corporate vice president of public relations and marketing directors at the parks worldwide.
Lesson 12.3

Preparing for Sports and Entertainment Business Careers

A. Although securing a job in the competitive field of sports and entertainment marketing is challenging, young professionals can begin preparing themselves now
   1. Personal skills assessment
   2. Matching skills with interests
   3. Self preparation
      a. Researching
      b. Learning about the industry
      c. Becoming an expert in the field
   4. Networking
   5. Gaining experience
   6. Initiating contact and an aggressive job/internship/volunteer search

B. Employment tools
   1. Cover letters
   2. The resume provides background information about a prospective employee
   3. Quality professional and personal references
   4. Employers often request documentation to be submitted electronically via email or via an online website
   5. Cover letters, job interviews and resumes are all valuable employment tools for both the employer and prospective employee

C. Career development
   1. Career development refers to the process of gaining the skills and knowledge necessary for, in the short term, beginning a career in a desired field and, in the long term, creating opportunities for career advancement
   2. Athletes and celebrities aren’t the only ones who should be developing a personal brand
      a. From the Montreal Gazette: “Regardless of age, regardless of position, regardless of the business we happen to be in, all of us need to understand the importance of branding. We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You. You’re every bit as much a brand as Nike, Coke, Pepsi, or the Body Shop.”
      b. The career development process includes building your personal brand in an effort to become more marketable to prospective employers
   3. In addition to creating an effective cover letter and resume, there are a number of ways to build your personal brand
      a. Reading as much about the industry as you can
      b. Talking with industry professionals to learn more about the business
      c. Networking
      d. Volunteering, participating in an internship opportunity

* TEACHER’S NOTE *

This would be a good time to distribute the student handout marked “Five Keys to the Game” located in the Lesson 12.3 folder on your CD-ROM. The handout is a previous SCC blog post which outlines several key criteria for students to consider as it relates to career development. After reviewing the handout, distribute the “career development” assignment, also located in the Lesson 12.3 folder on your CD-ROM. The assignment can also be found online in the “assignments” section of the website.
D. Interview process

1. Careful preparation for the interview is essential
   a. Learn as much as possible about the company and the products and/or services they provide prior to the interview
   b. The individual should bring a copy of the resume and references for interviewer
   c. The interviewee must understand what the employer is looking for in prospective employees and tailor their skill sets to fit those needs
   d. Interviewee should dress appropriately
   e. Interviewee must offer a firm handshake during the introduction and look the interviewer in the eyes

2. After the interview
   a. The interviewee should send the interviewer a note thanking them for the opportunity and for their time as quickly as possible
   b. The prospective employee should place a follow up call to employer within one week following the interview
Lesson 12.4

Cover Letters and Resumes

A. The cover letter (also known as a letter of introduction or letter of application) tells the employer the type of position the individual is seeking and specifically how the applicant is qualified to fill the job opening.

1. An effective cover letter will:
   a. Draw the attention of the reader
   b. Encourage careful review of the resume
   c. Successfully highlight key personal achievements
   d. Explain why the candidate’s skill set is an effective match for the position

2. Cover letters should:
   a. Be addressed to prospective employer
   b. Specifically identify the position being offered
   c. Include a description of skill matches (qualifications)
   d. Highlight specific, applicable achievements
   e. Reaffirm interest in position
   f. State willingness and desire to meet face to face (interview)

B. A quality resume will help the individual reach the interview process, resumes that are not well prepared will likely be discarded.

1. An effective resume will include:
   a. Contact information
      i. Name
      ii. Address
      iii. Telephone number
      iv. E-mail address
   b. Experience and employment history
      i. Description of duties and responsibilities
      ii. Traditionally listed in reverse chronological order
   c. Education
      i. List of schools attended and degrees earned
      ii. Should include dates attended and related coursework
      iii. Include list of certificates, training, and/or licenses obtained
   d. Personal achievements
      i. List of affiliations with personal or professional organizations including volunteer or charitable organizations
      ii. Include personal and professional awards or recognition
   e. Reference list
      i. List of people prospective employers may contact for more information regarding an applicant
      ii. Include the name, title, name and location of business, telephone and fax number, and e-mail address
      iii. Avoid using family members as references
      iv. Portfolio (collection of relevant work) might be requested by some employers
Lesson 12.5

The Job Market

A. Forecast

1. Although the competition for careers in sports and entertainment business is fierce, the field has experienced and will continue to experience rapid growth

   a. The expansion of major league sports, growth of minor league sports and rapid expansion of sports related ventures by corporate giants like Blockbuster, Disney, Warner and Fox indicate continued growth in job opportunities

   b. Introduction of new entertainment and the rise in popularity of existing entertainment opportunities (action sports, rodeos, fishing)

2. Making oneself more marketable as an individual becomes increasingly important

   a. Gain experience
   b. Become knowledgeable
   c. Have a desire to learn (anyone is willing to learn, not everyone truly wants to learn)
   d. Strong references

      i. Job seekers in sports and entertainment must perform well when given the opportunity to gain the confidence of employers

         a) Strong performance will result in positive recommendations for future positions, either within the existing organization or with another company

3. Importance of networking

   a. It is often said that “it isn’t what you know but rather who you know.” That couldn’t be more accurate when it comes to the business of sports and entertainment and the employment process.

   b. The development of a strong network and ability to impress employers with hard work, dedication and effective job performance are paramount in building a career in the sports and entertainment industry

   c. Use of social media such as LinkedIn and Facebook can influence the employment process, both positively and negatively. While enabling people to connect with potential employers, it has also led to applicants being “shut off” because of “inappropriate” messages or pictures on their personal sites such as Facebook or MySpace. Employers do check these sites!

4. Expectations

   a. Careers in the sports and entertainment industry are in extremely high demand. Because of that demand, employers are in a position to offer lower salaries than similar positions in other industries.

      i. According to sportscareers.com, there is an overabundance of people seeking work in sports and willing to work for less money

   b. Job seekers must recognize the level of commitment required by professionals in the sports and entertainment industry. Most jobs require long hours on a pretty consistent basis.

   c. A willingness to make sacrifices is paramount

      i. According to sportscareers.com, the average sports worker will change jobs 8 times, and make 3 career changes, contributing to an annual industry turnover rate nearing 65%

      ii. Job seekers should be willing to move because there are only a limited number of potential positions in each respective market

   d. Competition for jobs in sports and entertainment is very high. As such, a positive attitude, strong work ethic and track record of success on-the-job are all essential characteristics for distinguishing candidates from one another.

   e. Although sports and entertainment professionals often make less money and work longer hours than a similar position outside of the industry, one thing remains constant: most sports and entertainment industry professionals enjoy going to work every day.
Lesson 12.5

The Job Market

5. Realistic expectations of a sports or entertainment career
   a. Just because someone works for the Dallas Cowboys does not necessarily mean they will be watching games every Sunday from a luxury suite. Working for Warner Brothers Studios does not mean an employee will be hanging out with Cameron Diaz or George Clooney on weekends.
   b. Many times, regardless of degree, job seekers must start with entry level positions just to get a foot in the door

B. Resources
   1. Industry books, magazines, periodicals and trade journals
   2. Newspapers
   3. Guidance counselor
   4. School career centers
   5. Online resources
      a. Monster.com
      e. http://www.teamworkonline.com
      f. http://www2.ncaa.org/portal/employment
      g. http://www.warnerbros.com
      h. Sports Career Consulting’s online career center
   6. Additional sources for job leads
      a. Company personnel offices
      b. Cooperative education experiences
      c. Employment agencies
      d. Family and friends
      e. Former employers
      f. Internships
      g. Job fairs
      h. Newspaper ads
      i. Placement agencies
      j. School personnel, such as career development coordinators, counselors and teachers
Case Study

Sports & Entertainment Careers:
A Unit 12 SEM Case Study

In 1997, Ryan Langan was a student at the University of Wisconsin-La Crosse majoring in Sports Management, when the Vice President of a local minor league basketball team was featured as a guest speaker in a class. Immediately following class, Mr. Langan approached the speaker and asked about internship opportunities with the team. Soon, he was involved in many aspects of the team’s day to day activities.

The following year, the team’s Vice President left the franchise to pursue an opportunity with another organization, but Mr. Langan was promoted to Director of Sales, where he was responsible for overseeing the development of corporate partnerships with local businesses as well as many other aspects of the team’s daily business operation.

After several years with the basketball team, Mr. Langan received a call from the recently departed Vice President, asking if he might have some interest in joining the Portland Trail Blazers ticket sales team. After weighing his options, Mr. Langan chose to interview with the Blazers, accepting a position soon after.

While with the Portland Trail Blazers, he went back to school to pursue an MBA at the University of Portland. Upon receiving the degree, Mr. Langan would learn that one of his professors would be leaving the University of Portland to accept the position of Dean of the Business School at the University of South Florida in St. Petersburg, Florida. He would later recruit Mr. Langan to join his staff as an Instructor of Sports Marketing. His class featured guest speakers from sports executives across the nation and was one of the first classes on campus to fill up each semester.

Currently, Mr. Langan is the MBA Director at the University of South Florida, coordinating the recruiting efforts of the University’s MBA Program.

Case Study Questions

1.) Do you think networking played an important role in helping Mr. Langan get to where he is today? Why or why not?

2.) Was Mr. Langan proactive in his pursuit of a career in the sports industry? Do you think that helped to advance his career in any way? Why or why not?

3.) Did his internship have any impact on breaking into the field as a sports marketing professional?
Unit 12 Overview:

The topics covered in unit eleven introduce the various components of sports and entertainment communications including publicity, public relations, community relations and media relations. A key concept discussed is a growing industry trend; the integration of publicity with the sponsorship component of the sports and entertainment business model, as well as aligning publicity plans with promotional and sales efforts. Unit eleven also examines the various methods organizations employ to effectively communicate information about their products and services with customers, media and fans.

Unit 12 Key Terms Defined:

Career Development: Refers to the process of gaining the skills and knowledge necessary for, in the short term, beginning a career in a desired field and, in the long term, creating opportunities for career advancement.

Cover Letter: Tells the employer the type of position you’re seeking and specifically how the applicant is qualified to fill the job opening.

Resume: Provides background information about a prospective employee.

Unit 12 Objectives:

1) Identify the four primary career segments available in the sports industry.
2) Identify career opportunities specific to entertainment.
3) Discuss the future of the SEM job market.
4) Discuss the preparation required for a career in SEM.
5) Explain why a cover letter and resume are important.
Unit 12 Review

Unit 12 Discussion Questions

Do you think there are many career opportunities in sports and entertainment? Why or why not?

There are a number of career paths in the sports and entertainment industry. Many potential avenues get overlooked by career seekers, such as careers in the health and fitness industry or working for a major corporation with their sports and entertainment marketing relationships (such as a Sports Marketing Executive position for Pepsi or Ford Motor Company).

Do you think a potential career in this industry is attainable? How competitive do you think careers in this field can be?

As stated previously, there are a number of opportunities and possible paths in the industry. However, competition for available positions can be fierce. The demand for sports and entertainment jobs is incredibly high. The candidates with the best chance of fulfilling an open position are those who have effectively marketed themselves through networking and gaining field experience.

By a show of hands, how many people in the class know what a resume is? How many have actually prepared a resume in the past? Why is a resume important? Can you pursue a professional career in sports and entertainment without one?

The resume is any individual’s gateway to obtaining a job in any field. It is one of the most important tools in helping candidates land jobs, as it allows employers to quickly get a snapshot of candidate qualifications, experience and highlights of individual skills and accomplishments. Without a resume, a career in sports and entertainment would be next to impossible to achieve.

How would someone go about finding out about potential job openings? What do you think an individual would need to do to increase their marketability to sports and entertainment industry employers?

Networking and gaining experience through volunteer and internship opportunities are the most effective means for securing future positions within the sports and entertainment industry. Individuals can learn more about job openings through trade journals, industry publications and the Internet.
1) http://www.top-business-degrees.net/sports
2) http://www.nba.com/blazers/community/Learn_More_About_Raman_Sposato-100949-41.html
3) http://www.onlinesports.com/sportstrust/sports10.html
5) http://www.hfac.com/programs/fitstaff.htm
6) http://www.entertainmentcareers.cc/encar/business_careers/business_careers_index.htm
7) http://www.sixflags.com/investor_exe_bios.asp
9) NC Education Center, Objective 9.02
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Sports Career Consulting offers the leading resources for sports and entertainment business education as well as events to high school educators around the country. SCC provides many resources, experiences and opportunities to learn about the business of sports and entertainment in and out of the classroom. Through our unique curriculum and events, high school students everywhere have an exceptional opportunity to learn fundamental business and marketing principles and then to apply that knowledge by taking an active role in marketing school sports, entertainment, fundraisers and events.

SCC’s core educational programs will appeal to many different teaching styles. For the traditional approach, SCC offers a membership to the Education Resource Center (ERC). When you join the ERC community, you will receive a CD-ROM that is packed with instructional material, from unit outlines, student handouts and exams to PowerPoints, classroom games and project ideas. ERC members also gain access to SCC’s website where they can participate in our idea exchange forum, download podcasts, peruse newsletter archives and download any updated or new instructional materials throughout the school year.

For teachers who prefer a more project-oriented approach, SCC’s Sports Business Program (SBP) offers a perfect solution for your needs. The SBP teacher’s guide will take you step-by-step through the process of transforming your classroom into a live, operational sports/entertainment business company where you will quickly find that creating an experiential based learning atmosphere will be a snap! Upon joining the SBP membership community, teachers receive a CD-ROM loaded with resources to supplement the teacher’s guide, including classroom activities, team marketing samples, marketing advice from industry executives for guidance in running your new business, templates for developing your sales and marketing material and much more!

Of course, for the teacher who wants it all, SCC offers a combo-package membership. The ERC and SBP were created specifically to compliment one another.

ERC and SBP members will also receive a sports and entertainment industry newsletter every Monday morning complete with links to related current events and corresponding questions for classroom discussion, just in time to help with the week’s lesson planning. Visit www.sportscareerconsulting.com/learnmore to further explore membership opportunities.

Here’s what they are saying about SCC:

“I just started unpacking the curriculum, WOW, I was expecting to spend 5-6 weeks on SEM---but will spend a good 9-12 weeks with all the material you have. Just amazing! You have made my job a lot easier.”

- Patrick Joyce, Marketing Teacher at Madison Memorial High School in Wisconsin

“The research and prep that you do for us is just awesome. Thank you!”

- Mike Gump, Marketing Teacher/DECA Advisor at Lake Oswego High School in Oregon

“Our Sports and Entertainment Marketing class was a great improvement over the Retail Marketing course I previously taught - the subject matter and curriculum was much more exciting for our students and very engaging. Between sports and entertainment topics, news and current events, there was always something to discuss and interest every student. I had less prep time and plenty of resources to last the whole year. We integrated both of SCC’s programs to help us manage some great experiential learning opportunities for our students, such as working gates at games, designing flyers and programs for plays and tournaments, and selling t-shirts for football. The best part is the flexibility the programs provide - you can pick and choose how much of the curriculum you want to use.”

- Carrie Johnson, Marketing Teacher at Mojave High School in California
To learn more about the amazing education opportunities SCC can provide you and your class, please visit us on the web at: www.sportscareerconsulting.com.