

Sports & Entertainment Marketing

Unit Two Outline, 2020-21 School Year

Unit 2:

What is Sports & Entertainment Marketing?

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 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
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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
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KEY TERMS

Cross Promotion
Entertainment Marketing
Intangible Product Attributes
Products

Customer Loyalty
Event Triangle
Marketing
Sports Marketing

Discretionary Income
Fan Engagement
Perishability
Tangible

Lesson 2.1

Sports and 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 ¹
 - 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" ²
 - 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 ³
- 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 ⁴
- 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.”⁵
 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 the 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, Samsung, Panasonic, Visa, General Electric and others spending millions to [sponsor](#) the 2020 Summer Olympic Games in Tokyo as a tool to brand their product globally on the international stage
 - ii. [Gatorade](#) affiliating its product with athletes like Usain Bolt, Serena Williams, JJ Watt, Cam Newton, Paul George, Abby Wambach and Bryce Harper
 - (a) In 2020, Gatorade unveiled its “[Goat Camp](#)” campaign featuring Leo Messi, Serena Williams, Usain Bolt and Michael Jordan.
 - (b) The Goat Camp campaign concept: A mythical performance destination where promising athletes can learn from the best of the best. The specially selected GOAT athletes are identified, and they are given a golden ticket that gives them access to the camp.
 - (i) Click [here](#) for a great behind-the-scenes look at the campaign’s creation from thedrum.com
 - (ii) Click [here](#) to see the commercial from Gatorade’s YouTube channel
 - iii. A CEO entertaining potential customers at a PGA Event in the hospitality area as a sales tool
 - iv. Acura aligning its brand with some of the biggest entertainment events by sponsoring the Sundance Film Festival and New Orleans Jazz & Heritage Festival
 - b. Product placement (also called product integration) to promote a specific product
 - i. Brands like Coca-Cola, Audi and Ben & Jerry’s being prominently featured in the blockbuster film, ‘*Avengers: Endgame*’
 - ii. Judges on the hit TV show *American Idol* drinking Coke products during episodes
 - (a) Coke eventually ended their sponsorship after 13 years but AdAge examined how the relationship “transformed TV advertising” (click [here](#) to read the story)
 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. Organizers of the 2019 FIFA Women’s World Cup branding the event with the slogan “[Dare to Shine](#)” in hopes of communicating a message that inspires youth and future generations of athletes
 - iii. Marvel Studios spending an estimated \$200 million in marketing on the box office smash ‘*Avengers: Endgame*’⁶
 - (a) Compare that to 1980 when the average cost of marketing a studio movie in the U.S. was \$4.3 million
 - iv. A country club offering a special rate to increase its membership
 - v. New Balance 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 ⁷
 - 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
3. Sports marketing activities could include:
 - a. Allstate sponsoring the Sugar Bowl
 - b. An MLS team offering payment plan options for season ticket buyers
 - c. The Big East athletic conference agreeing to a 7-year television contract with ESPN worth an estimated \$130 million ⁸
 - d. A corporation's purchase of a courtside tickets to entertain clients at NBA games
 - 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 blimp flying over sporting events
 - i. Click [here](#) to see video of Met Life blimp behind scenes flying over Phoenix Open
 - h. Fans receiving free bobble head dolls at a baseball game
 - i. Foot Locker stores offering special sales or coupons to help increase sales
 - j. A local restaurant sponsoring the local high school soccer team



Refer to the "Stadium Project" from your flash drive to help students gain an understanding of the sports marketing and sport management functions. The project encourages them to evaluate a number of factors ranging from stadium security and concessions to marketing, PR and ticket sales. This project can be found in the "ACTIVITIES & PROJECTS" folder on your thumb drive.

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 ⁹
 - 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)
 - ii. Much like paying rights fees to sports leagues, broadcast companies also pay for the rights to broadcast major television events

- (a) Last year, NBC signed an 8-year deal for the rights to continue broadcasting the Golden Globes, (paying an estimated mid-\$20 million per year according to [Deadline](#)) insuring the network will remain the official network for the popular awards show through at least 2026
 - (b) ESPN spends billions for the broadcast rights to live sports programming
 - (i) One [estimate](#) suggests ESPN could lose over \$800 million in ad revenue without college football games to broadcast in 2020
- 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 an 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 Justin Timberlake song on your mp3 player
 - vii. Watching the Broadway musical "Lion King"
 - viii. Seeing a Cirque du Soleil show in Las Vegas
 - ix. Sea World [opening](#) its 'Infiniti Falls' (featuring the world's biggest drop on a river raft ride) to help revive its brand, or Disney investing billions in theme park additions like Avatar or 'Star Wars: Galaxy's Edge'
 - (a) Click [here](#) to see how the introduction of new rides helped to boost SeaWorld attendance last year
 - (b) Click [here](#) to see *LA Times*' ranking of the top theme park additions for 2019
 - (c) Click [here](#) to see why Disney invested \$500 million on an 'Avatar' branded theme park
 - (d) Click [here](#) for a behind-the-scenes look at the creation of Disney's 'Star Wars: Galaxy's Edge'
 - (i) Click [here](#) to see how the marketing hype helped the new attraction to sell out its reservations within two hours of going on sale
 - (e) Click [here](#) for actual ride footage of Millennium Falcons: Smugglers Run inside Star Wars: Galaxy's Edge at Disneyland



The "ACTIVITIES & PROJECTS" folder contains a "Theme Park Project" that requires students to create a business plan for a new theme park. The project is very comprehensive and might be a better fit if introduced later during the course, but you could always simplify if you wanted to share it in class at this point.

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 (Barkley'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
 - b. ESPN broadcasts a number of events such as the national spelling bee and a hot dog eating contest. Because ESPN is the broadcaster, would you define those events as sports or entertainment?
 - i. Click [here](#) to see ESPN's intro/promo for the Nathan's Famous Hot Dog eating contest staged annually on July 4th, comparing eating champion Joey Chestnut to some of the most iconic, legendary athletes of all-time



*** ACTIVITY IDEA ***

As a class, come up with a name for a new sports and entertainment network to compete with ESPN, Fox Sports, Comcast Sports etc. Then, have students come up with ideas for programming to fill a week's worth of scheduling. Refer back to lesson 1.3 and media rights and give them a fictitious budget along with fictitious rights fees. Give them an option to create a cable network or an online platform (like Amazon or Netflix). Have them explain why they chose the programming they did and what type of advertisers they might attract.

*** VIDEO SUGGESTION ***



ESPN explored the rivalry between two legendary competitive eaters in their popular '30 for 30' documentary series. Click [here](#) to view the trailer for 'The Good, The Bad, The Hungry' starring Japanese star Kobayashi and his American rival, Joey Chestnut on espn.com. The entire film may also available for purchase on Amazon.com or the iTunes store or on Netflix. As a reminder, please review the film before sharing in class to make sure it is appropriate for your students.

*** DISCUSSION IDEA ***



This might be a good stopping point for those lecturing in class to briefly gauge student interest in some of the "alternative" sports and events that some networks are beginning to broadcast more events like eating competitions, spelling bees and drone racing. The next big thing? E-Sports. Ask them if they think those events should be considered "sports" and/or should be broadcast on channels like ESPN. Follow that up with a question asking why they think ESPN would carry coverage of these events (ultimately it comes down to ratings as referenced in lesson 1.3 on media impact).

To expand the discussion, use the Internet in class to see if you can create a list of 10 different examples of events similar to the spelling bee that air on channels like ESPN, Comcast Sports Network or Fox Sports 1. For a fun twist, have students come up with their own list of alternative events that they would pitch to a network like ESPN, Comcast Sports Network or Fox Sports 1 and present a mock sales pitch in class convincing executives at the network to carry their programming.

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
- d. Despite the differences, sometimes it can be difficult to differentiate between sports
- 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. Shakira and J. Lo performing at half time of the 2020 Super Bowl

*** DISCUSSION IDEA ***



How much do performers like Shakira and J. Lo get paid for appearing during the Super Bowl Half-Time Show? Great question.

The answer? NOTHING. The NFL does not pay the performers anything for appearing, suggesting that the millions of viewers tuning in to watch will give performers' brands (and music sales) a generous boost, more than adequately compensating them for their time.

Click [here](#) for an in-depth explanation as to why the NFL does not pay halftime performers.

- ii. Major League Baseball partnering with HBO to [cross promote](#) with the hit series, 'Game of Thrones'
- iii. [FOX Sports](#) partnering with The Simpsons for the Daytona 500 to help amplify marketing efforts with the hashtag #DaytonaDay
 - (a) Click [here](#) to see one of the commercials
- iv. ESPN's ESPY awards
- v. Minor League Baseball's Jacksonville Jumbo Shrimp partnering The ECHL (minor league hockey) Jacksonville Icemen playing as the "Frozen Shrimp" for a game as a cross-promotion with another area team, Minor League Baseball's Jacksonville Jumbo Shrimp for a "Shrimp Night" promotion
- vi. To help promote "Stadium Series" game at Coors Field, the NHL Network cross-promoted the event with MLB Network when on-air personalities from the NHL Network appeared on MLB Network programming and vice versa
 - (a) MLB Network also built the "Rink at Studio 42" which appeared on-set during some MLB Network programming ¹²
- vii. In 2019, the NFL partnered with Epic Games in a cross promotion that provided gamers playing 'Fortnite' with an opportunity to purchase and customize NFL team "outfits" representing their favorite NFL teams
 - (a) Click [here](#) for more details via NFL press release
 - (b) Click [here](#) for a brief promotional video clip posted on Fortnite's YouTube channel
- b. Cross promotion can be an effective sales and branding tool for all parties involved
 - i. In promotion of the arrival of 'Cars 3' in theaters, Disney/Pixar [teamed up](#) with NASCAR
 - (a) The cross promotion included widespread activations to generate excitement for the 2017 race season and other NASCAR programs

- (i) 'Cars 3' had a presence at various NASCAR races and events with physical displays and co-branded merchandise
 - (ii) NASCAR used the 'Cars 3' partnership to help promote NASCAR Acceleration Nation, its youth program, as well as the NASCAR Hall of Fame
 - (iii) 'Cars 3' incorporated the voices and characters of several young and upcoming NASCAR drivers
- ii. In 2019, the NWHL's Boston Pride partnered with the NHL's Boston Bruins to help provide marketing, branding and financial resources to the upstart women's team in hopes of boosting the popularity of women's hockey in the Boston area
 - (a) Said NWHL commissioner Dani Rylan in an interview published on [Forbes.com](https://www.forbes.com):
"It's a multi-year deal and their support will help us offset various costs. A lot of the focus will be on marketing and promotional support and a commitment to grow the game in the Massachusetts area, from the grassroots all the way to the pros."

*** DISCUSSION IDEA ***



Last season, Minor League Baseball teamed up with the Cartoon Network for a "Best Summer Ever" marketing campaign. A number of MiLB teams featured animated shows at the ballpark, along with other promotions to tie-in with the theme. The cross-promotion also included an anti-bullying campaign.

Click [here](#) for additional details via a joint press release. After reading the press release, ask students how each property (MiLB and Cartoon Network) would benefit from the partnership. What other cross-promotional opportunities might make sense for the properties? After the discussion, student should have a better understanding of the cross-promotion concept, particularly why a sports or entertainment property would engage in this type of marketing activity.

- iii. The NBA Finals partnered with Sony and the box office release of 'Spiderman: Homecoming' for a cross-promotional short film that starred key personalities representing both the movie and the league (Robert Downey Jr., Stan Lee, Magic Johnson, DJ Khaled and Jon Favreau)
 - (a) According to [forbes.com](https://www.forbes.com), the cross promotion successfully drove "a substantial amount of online engagement to both the NBA and the film"
 - iv. 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" ¹³
 - (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 ¹⁴

- v. Some cross promotions occur between unlikely partners, like the 2018 partnership between the NFL and Cirque du Soleil who teamed up to create the “NFL Experience Times Square”
 - (a) Click [here](#) to learn more about how and why the two properties collaborated on the project
 - (b) In 2019, Cirque du Soleil partnered with another sports property, this time with international soccer star Lionel Messi for ‘*Messi10 by Cirque du Soleil*’
 - (i) Click [here](#) to read the official release from the Cirque du Soleil website
- vi. Peloton and ESPN partnered to offer a Celebrity Spin Class featuring such stars as Rory McIlroy, Booger McFarland, Gordon Hayward, Kyle Rudolph, Kyla Ross, Dawn Staley, Colleen Quigley and Michele Smith
 - (a) The company held its largest ever spin class with more than 23,000 people streaming from home
- vii. Travis Scott teamed up with Fortnite for the premiere of a new song in 2020, “Astronomical”
 - (a) Over 12.3 million players participated in the event setting a new record
 - (b) Click [here](#) to watch as Travis Scott comes to life in the game of Fortnite
- c. However, not all cross promotions are successful
 - i. 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. ¹⁵

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
 - i. Supply and demand not only impacts ticket prices but concessions, parking and merchandise as well
 - (a) At Super Bowl 54 at Hard Rock Stadium in Miami in 2020, entrees from concessions area ranged from \$22 hibachi steak bowls to \$34 sausages and stone crab claw cocktails at a whopping \$85, burgers cost \$16, popcorn \$15, footlong hot dogs, chicken sandwiches and pizza cost \$14 and pretzels \$9 while parking lots with a 20 minute walk away from the stadium put some fans out anywhere between \$50-\$100 and parking passes near the stadium were selling in the thousands (via [ab7news.com](https://www.ab7news.com))
 - ii. Due to lagging fan attendance, the University of Minnesota decreased ticket prices for men's hockey and basketball games last season
 - (a) The athletic department announced that season tickets for men's basketball would start at \$340, the lowest price since the 1995-96 season ¹⁶
 - b. 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 alternate ticket pricing strategies like "dynamic pricing", where games in higher demand cost more than the same ticket for a game with lower demand (*more on dynamic pricing in unit 9*)
 - c. The secondary and broker markets have a large impact on ticket pricing and availability
 - i. The anticipation of seeing Zion Williamson (the NBA's top overall draft pick) play his first professional game caused prices for his summer-league debut to [skyrocket](#) by over 220% on the secondary market
 - d. Supply and demand play a significant role in driving fans' buying behavior, especially for popular events, shows and games
 - i. Take for example Wimbledon where tickets to the 2016 Final sold out just 27 minutes after going on sale online
 - (a) Event officials anticipated a high demand for tickets and raised prices accordingly, yet *The Guardian* reported that over 111,000 fans were waiting in an online queue when only 22,000 *total* tickets were available
 - (b) As a result, tickets being resold on the secondary market commanded outrageous prices, starting at over \$3,000 with the most expensive selling for nearly \$25,000 ¹⁷
 - e. In 2020, Topps launched Project 2020 which involved 20 artists all putting their own unique design and spin on 20 baseball cards, a yearlong event that would ultimately produce a set of 400. The company made nearly 315,000 sales for the first 75 cards (not including 20 hand-numbered artist proofs that retailed for \$200 and sold quickly).
 - (a) [ESPN](#) reported, on release of artist Ben Baller's Mike Trout card, Topps website crashed an estimated five times and roughly 10,000 cards were sold in the first 60 minutes
 - (b) Click [here](#) for details on the project and a complete list of cards with artists.

B. Distribution

1. Determining how best to get products and services to consumers
 - a. EA Sports sells their video game products at Target and in Best Buy stores, because they know their target consumers shop at those stores for video games and entertainment

- b. On Demand and streaming services have become prevalent options for consumers in today's marketplace
 - i. In the last few years, many major entertainment properties (including Disney Channel, ESPN, HBO and Showtime) are making a targeted approach to reach "cord cutting" consumers by offering specific packages that do not require access to cable or satellite television
 - (a) In 2015, Twitter became the first social media platform to distribute live sports programming when they live-streamed Wimbledon
 - (i) They then signed a one-year \$10 million deal with the NFL to stream ten Thursday night games for the 2016 season while also coming to terms with the NBA for an exclusive live programming agreement
 - (b) Twitter partnered with the NBA to offer a unique viewing twist for basketball fans (they already provide live stream video coverage of pre-game warm-ups, in-game and post-game highlights and post-game behind-the-scenes content), introducing an alternate camera angle view during the second half of live games, focused only on a single player
 - (i) Click [here](#) for more from techcrunch.com
 - ii. Topps Now, a subsidiary of Topps, the iconic trading card company, specializes in "utilizing on-demand printing technology" to produce daily trading card products "that capture the greatest moments from sports and pop culture" (via the Topps [website](#))
 - (a) In 2020, the company released a Dr. Anthony Fauci baseball card on-demand, commemorating his first pitch on Opening Day
 - (b) The card was only on sale for 24 hours, but it shattered the company's sales [record](#) when it sold 51,512 copies, demolishing the previous record set when it released a card featuring Toronto Blue Jays' rising star third baseman Vladimir Guerrero Jr.'s first MLB hit
- c. When COVID-19 disrupted the film industry and theaters were closed, studios were forced to re-think distribution strategies
 - i. *Trolls World Tour* was released as video on demand, skipping theaters entirely, and still racked up \$100 million in digital sales in just three weeks, according to the [Wall Street Journal](#), reportedly bringing in more revenue for Universal than the original *Trolls*' entire domestic theatrical haul
 - ii. Christopher Nolan's sci-fi thriller 'Tenet', one of the most highly anticipated films of 2020, completely shifted its distribution strategy after COVID-19 kept thousands of movie theaters across the United States closed
 - (a) The studio (Warner Bros) originally planned a July 17th release date, then delayed until July 31st, finally settling on an August 12th international release rather than a domestic release, with some experts [speculating](#) whether there would be a U.S. release at all with the studio turning to an on demand distribution strategy

*** DISCUSSION IDEA ***



The idea of "cord cutting" provides a fantastic example of distribution and the impact distribution strategies can have on a sports or entertainment property. Poll your students to see how they consume sports and entertainment content. Do they watch on TV? Mobile? Why might a sports

or entertainment business professional be interested in learning how consumers in their age group are consuming content? How might those marketers adjust distribution strategies accordingly?

The concept of cord cutting is nothing new. One of the biggest factors keeping some consumers from “cutting the cord” was live sports programming. With COVID-19, the dynamic has shifted. Ask students how they see the future of “cord cutting” post-pandemic.

- 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 partnerships with individual retailers to create exclusivity and drive demand
 - i. According to the *Sports Business Journal*, a sports performance beverage brand aiming to compete with Gatorade (called Glukos) elected to pursue a distribution strategy that focused on special retail stores in several specific categories: sporting goods, running, outdoors, cycling, golf and vitamin retailers ¹⁸
 - ii. Retail chain Sports Authority provided an excellent distribution channel for Under Armour to sell its products
 - (a) [San Francisco Gate](#) reported that when Sports Authority filed for bankruptcy (and announced it would be closing all its stores), Under Armour executives were forced to cut the company's sales forecasts by nearly \$5 billion¹⁹
 - (i) Subsequently its stock quickly dropped by almost 4% the next day
 - (b) However, as consumer shopping habits continue to shift to online distribution channels, brands like Under Armour will likely continue to see robust sales
 - iii. To help expand distribution of its popular 'Sims' franchise, EA and Maxis created a new version of Sims game specifically for mobile devices
 - (a) The Sims Mobile game has many of the same features as the PC version, but EA/Maxis saw an opportunity to take advantage of a new distribution channel to increase both fan engagement and profits
- 2. Sometimes a retailer or brand will arrange for exclusive distribution of a particular product or brand to drive traffic to their store or website
 - a. To promote the release of the 4:44 album, Jay-Z [inked](#) an exclusive (and lucrative) partnership with Sprint to provide free copies of the album to current Sprint customers via Jay-Z's streaming service, Tidal
 - i. Despite limiting consumer access through exclusive distribution channels, it took just one week for the album to go platinum
 - b. [Billboard](#) reported that Lady Gaga and Elton John partnered with Macy's to create a new line of products focused on the theme 'Love Bravery' - products were sold exclusively at Macy's, with portions of the proceeds going to charity
 - c. According to [Forbes](#), Under Armour released sunglasses specially designed for golfers to help players better read greens, gauge distances and detect nuances in the terrain. The product was available exclusively at PGA Tour Superstore locations.
 - d. In 2020, Kanye West teamed up with Gap to bring Yeezy brand to new audiences
 - i. Yeezy brand is best known for pricey sneakers that sell out online very quickly. However, according to [USA Today](#), Yeezy will “develop a new line to deliver modern, elevated basics for men, women and kids at accessible price points” through an exclusive distribution deal with Gap
 - e. Exclusive distribution doesn't always guarantee success however, illustrated by the disappointing sales of Sears' “Kardashian Kollection” ²⁰
- C. Promotion
 - 1. Communicating information about products and services to consumers
 - 2. Typically involves ongoing advertising and publicity and sales
 - a. One of the Cincinnati Reds' most popular season-long promotions involves a free pizza giveaway from local pizza chain [LaRosa's](#) every time Reds pitchers strike out at least 11 batters in a home game

- i. According to bizjournals.com, LaRosa's gave away an average of \$900,000 worth of pizza the last in three years as a result of the promotion but has only given away \$62,000 in pies halfway through the 2016 baseball season (which isn't necessarily a good thing for the company) ²¹
 - (a) According to LaRosa's executive vice president of marketing: *"(The chain) loves the giveaway and so do its franchisees. They bear the brunt of the cost, but the giveaway is great publicity for the local chain, and it generates a ton of customer traffic."* (via bizjournals.com)
 - ii. In 2020, LaRosa's shifted gears after COVID-19 kept fans from the ballpark
 - (a) According to the company's [website](http://www.larosas.com): *"Each season since 2012, our "Strikeouts for Slices" program has rewarded every fan in attendance for home games with a free small pizza whenever Reds pitchers struck-out 11 or more opposing batters – totaling nearly \$5 million of dollars-worth of pizza since the program began. This season we are changing the "Strikeouts for Slices" program. Since there won't be fans at Great American Ball Park, LaRosa's will support The Cincinnati Reds Community Fund by contributing \$1,000 to the Fund every time Reds pitchers strike-out 11 or more batters in each of the 60 games (home and away) that the Reds play this season. The Reds Community Fund was created in 2005 to fund underserved youth, with more than 800 youth baseball and softball teams in the Greater Cincinnati area benefiting from its support."*
 3. Short-term promotions are often created in an effort to drive immediate sales
 - a. Monster Energy (a NASCAR sponsor) worked out an arrangement with Pocono Raceway to offer free admission to an event if fans brought an empty Monster can to recycle at the track ²²
- D. Financing
 1. Creating a budget and revenue projections for a company's marketing plan
 - a. Nike's long term revenue projections of \$50 billion by 2023, up from \$32 billion in 2019, are on track, according to market researcher Susquehanna Financial Group ²³
 - b. Budgets and projections/forecasts are never an exact science
 - i. The 2020 holiday release of the film 'Cats' was forecast to produce \$14-20 million at the box office in its opening weekend, but it came up considerably short with just \$6.5 million, leading some to speculate the film would be one of the biggest flops in box office history ²⁴
 2. Analyzing the cost effectiveness of existing or previous marketing efforts
 - a. The US Army chose to end its NASCAR sponsorship after the Air National Guard spent \$650,000 to sponsor a 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 using telemarketers
 - b. Call centers employ a staff to perform telemarketing activity with the goal of selling ticket packages over the telephone

- c. Example
 - i. 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
 - ii. Even as the COVID-19 pandemic cast uncertainty surrounding the 2020 college football season, the Aspire Group helped programs like the Georgia Bulldogs to [sell out](#) all of its season tickets
- F. Marketing information-management
 - 1. Gathering and using information about customers to improve business decision making²⁷
 - 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 handheld 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.
 - c. After conducting a series of [tests](#) utilizing virtual advertising technology in 2018, German soccer club Bundesliga announced plans to integrate augmented reality features to create more revenue opportunities
- G. Product and service management
 - 1. Designing, developing, maintaining, improving, and acquiring products or services so they meet customer needs ²⁹
 - a. To strengthen their position in the U.S. market and attract top creative talent, Adidas opened a design studio in Brooklyn
 - i. BrooklynFarm houses elite designers and developers but also encourages collaboration with music, film and technology personnel ³⁰
 - b. Executives from professional sports leagues and teams are always working to improve their product
 - i. Two years ago, NASCAR announced plans to break their three national series races into three stages with points awarded to top 10 finishers in each stage to increase both fan engagement and the level of competition
 - (a) Said Brian France, NASCAR Chairman & CEO: "*Simply put, this will make our great racing even better. I'm proud of the unprecedented collaboration from our industry stakeholders, each of whom had a common goal -- strengthening the sport for our fans. This is an enhancement fully rooted in teamwork, and the result will be an even better product every single week.*" ³¹
 - c. In an effort to appeal to more families, the Atlanta Falcons took the unconventional approach of lowering concessions prices at their new stadium by introducing \$2 hot dogs and sodas (less than half what most stadiums charge) as well as a handful of other low-cost items for the 2016-17 NFL season
 - i. Despite significantly reducing the price of concessions, the team saw a 16% increase in food and beverage sales at Falcons' games the following season
 - (a) Spending less on concessions meant more money to spend on merchandise as the Falcons enjoyed a 90% increase in merchandise sales last season after lowering food and beverage prices
 - (b) In addition to the financial advantage, the decision was viewed as a score for the franchise in many ways. Click [here](#) for a Forbes story describing how the "Atlanta Falcons' 'Fan-First Pricing' Model Yields Numerous Unforeseen Benefits".

- (c) The program was so successful that stadium operators [announced](#) another price reduction in 2020 just prior to the start of the Major League Soccer season, dropping prices on five of the venue's most popular items by 11% beginning with Atlanta United's first home match against FC Cincinnati
- ii. The concept has taken off and become a trend that is being implemented by professional and collegiate sports teams around the country
 - (a) Last year, the Baltimore Ravens, Detroit Lions, Baltimore Orioles, Atlanta Hawks and the University of Texas and Mississippi State football teams all reduced concessions prices, with the [Minnesota Twins](#) and [Kansas City Royals](#) introducing cheaper prices for hotdogs, soft drinks, beer and nachos at games for the 2019 season
 - (b) Before COVID-19 put the brakes on most sports stadiums ability to host fans for home games, the San Francisco 49ers [announced](#) they would no longer charge season-ticket holders for most food or drinks at Levi's Stadium
 - (i) However, there was a small catch: a 13% increase in season-ticket prices. For example, if a game ticket cost \$100 per game in one's season ticket package their ticket increased to \$113 per game, but all-you-can-eat were included at no cost
 - (ii) Included items:
 1. Chicken tenders
 2. Hot dogs (beef and vegan)
 3. Sausages
 4. Nachos (regular and loaded)
 5. Fries (regular and garlic)
 6. Pretzels, Popcorn and Peanuts
 7. Candies
 8. Pepsi Products
 9. Aquafina water
 10. Peet's Coffee and Hot Chocolate
 - a. Promotion did not include alcohol sales or burgers

Lesson 2.5

Understanding the Sports & Entertainment Product

* DISCUSSION IDEA *



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

Sports products could include anything from licensed merchandise, equipment and apparel, promotional items, sports venues and facilities, marketing research and management services to participation in sport.

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

Sports products could include anything from film/cinema, TV, music/concerts, radio, video games and theme parks to publications like magazines, newspapers, online content or books.

A. Sports products

1. Products

- a. **Products** are tangible, physical goods as well as services and ideas ³²
 - i. **Tangible** products are capable of being physically touched ³³
- b. Sports products are the goods and services designed to provide benefits to a sports spectator, participant or sponsor ³³
- c. Examples of sports products
 - i. Licensed merchandise - A Houston Rockets hat
 - ii. Participation - Tickets to a Gwinnett Braves 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 / streaming
 - c. Music (includes recorded music and concerts/shows)
 - d. Radio
 - e. Gaming / eSports
 - 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” ³⁴
 - (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 ³⁵
 - c. Perishability can also apply to playing careers which impacts product quality
 - i. Several years ago, Dallas Mavericks owner Mark Cuban said in an interview when discussing the possibility of a work stoppage in the NFL, “*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.*”

*** INSTRUCTOR’S NOTE ***



To see an interesting graphic relating to the ticket sales and the concept of perishability, have students review the lesson 2.5 student handout marked “Lesson 2.5 student handout – perishability”. The file can be accessed from the lesson 2.5 folder.

- 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 ³⁶
 - i. Copyrights, logos, graphics and trademarks would also be considered intangibles
 - 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 ³⁷
 - 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.” ³⁸
- b. In 2018, Vince McMahon announced plans to revive the XFL, this time focusing on a football product without the gimmicks (and assurances that he would invest at least \$500 million in the product)
 - i. Click [here](#) to read more about the XFL announcement
- c. The league announced it would hire Oliver Luck, an industry veteran with a long track record of success, as its commissioner
 - i. The hire came at a steep price: A \$20 million guaranteed, multi-year contract, and the [Sports Business Journal](#) reported the deal could be worth more than \$30 million with incentives
 - ii. The pandemic forced the league to cease operations in March of 2020, the XFL suspended operations, laid off all its employees (including Oliver Luck) and announced no plans to return in 2021
 - (a) However, in August, it was [reported](#) that the XFL was purchased by an investment group led by Dwayne “The Rock” Johnson for \$15 million
 - (i) In a statement, XFL president and chief operating officer Jeffrey Pollack called the pending sale “a Hollywood ending” and said Johnson’s investors are “a dream team ownership group and the XFL is in the best possible hands going forward.”
 - (b) Before the league was forced to shutdown because of COVID-19, it had averaged 1.9 million television viewers per game and generated nearly \$20 million in gross revenues in 2020
 - (c) According to [court filings](#), it had projected \$46 million in gross revenues for the 10-game season, creating optimism that the XFL concept still offered potential as a viable sports and entertainment property

*** VIDEO SUGGESTION ***



ESPN featured the demise of the original XFL in their popular ‘30 for 30’ documentary series. Click [here](#) to view the trailer on [espn.com](#). The entire film is also available for purchase on [Amazon.com](#) or the iTunes store. As a reminder, please review the film before sharing in class to make sure it is appropriate for your students.



*** ACTIVITY IDEA ***

As a class, discuss why the original XFL failed. As for the restart, COVID-19 created an unprecedented challenge for any upstart league, and there is no telling if the league would have thrived without a pandemic forcing the league to shut down. However, with future of the league now in the hands of “The Rock”, it will be interesting to see what the third installment of XFL football will offer.

For this activity, assign students (or student groups) a city (or market) for which they would run an XFL franchise as part of the league’s latest comeback attempt. Require each group to define “quality product” and create a plan for ensuring their XFL franchise will deliver on promises to provide fans with a quality product.

2. Sports and entertainment business professionals are always critiquing the product and looking for ways to improve
 - a. After a controversial call made by a replacement referee on Monday Night Football, Green Bay Packers shareholder David Goodfriend called on the Federal Trade Commission to investigate whether the National Football League’s “deceptive” use of replacement referees has violated “consumer protection statutes.” The NFL signed an agreement soon after for the regular officials to return to the sidelines. ³⁹
 - i. Click [here](#) to read the entire letter
 - b. Feeling that “flopping” (when a player tries to deceive the referee into making an incorrect call) was detrimental to its product as a whole, the NBA implemented a system that would fine players for any play the league deemed to be a flop
 - c. A few years ago, the NCAA implemented new rule changes to help bring more excitement to the college men’s basketball game by reducing the shot clock to 30 seconds and allowing just four timeouts instead of five
 - i. According to [USA Today](#): “The measures are aimed at improving the on-court product after a regular season marked by low-scoring, slow-paced games.”
 - ii. In 2018, several sports leagues were considering “pace of play” rule changes to speed up the games and improve the overall product, including Major League Baseball, the USTA, ATP and WTA
 - d. After setting an all-time record for points scored (374) in an NBA All-Star Game, commissioner Adam Silver and several players called for a revamped, more competitive format to improve the game’s watchability
 - i. New ideas [include](#) the potential inclusion of a 4-point shot or a half-court shot worth 10 points
 - ii. In 2018, to add more excitement to the All-Star Game, the NBA adjusted the format from its traditional “East vs. West” to feature two teams that were “[drafted](#)” by team captains LeBron James and Steph Curry, regardless of which conference the players were in
 - (a) Click [here](#) to see a TNT video with the two players discussing their picks
 - iii. The format was tweaked again in 2019, but unfortunately for the league, didn’t successfully attract more viewers (the ratings were down 11% from 2018, setting record viewership lows, according to [sportsmediawatch.com](#)).
 - iv. However, as the league continued to tinker with the game format, the 2020 NBA All-Star Game produced a much-improved result when it [averaged](#) 7.3 million viewers for TNT, an 8% rise over the previous year

- (a) The ratings were bolstered by pregame coverage that featured a tribute to Kobe Bryant but overall viewership for TNT's All-Star Weekend coverage increased 15% compared to the previous year and was the biggest audience since 2017
- (b) Click [here](#) for additional information on the NBA All-Star Weekend
- e. Major League Baseball has struggled with attendance and an aging fan base in recent years, leading many to wonder if there are rule changes that could improve the product and help the sport to connect with a younger audience
 - i. In 2019, MLB introduced new rules to help increase "pace of play" in an effort to decrease the length of games while also becoming more receptive to the idea of allowing more on-field celebrations from players
 - ii. Click [here](#) for a list of rule changes that were discussed as possibilities for "testing" during a COVID-19 abbreviated season in 2020

*** DISCUSSION IDEA ***



By the 2019 All-Star game, Major League Baseball's pace-of-play rule changes had not been successful in shortening the length of games. Meanwhile, the debate raged whether the league should cater to traditionalist fans or proactively work toward attracting a younger fan base by embracing (and marketing) on-field celebrations like bat flips. Ask students what they think the league could do to boost viewership, attendance and improve the overall product.



*** ACTIVITY IDEA ***

Ratings hit a record low in 2019 for the MLB All-Star game. Viewership for the 2019 NHL All-Star game was down 10% from 2019 and ratings for the NFL Pro Bowl were low. In 2018, the MLS All-Star game suffered a massive ratings drop, declining 50% from the previous year. While the NBA's All-Star Weekend saw an increase last year, its ratings had been in decline for several years.

Divide your class into five teams and assign each group a U.S. professional sports league (NBA, MLB, NFL, NHL, MLS). Task each group with finding a solution for boosting viewership and the popularity of each respective league's all-star festivities. Consider providing cancellation as an option, recognizing that is an incredibly unlikely scenario because even with low ratings, these events still draw enough viewers to make the programming attractive to advertisers. All-Star games and festivities also provide significant opportunities to generate sponsorship revenue while providing the potential for a positive economic impact on the cities that host the events (more on that topic in lesson 3.5).



*** ACTIVITY IDEA ***

As a class, come up with at least one rule change that might improve the product for a variety of different sports leagues or events. Remind students that everyone from NASCAR to Minor League Baseball is always evaluating what changes they can make to improve the product. Then ask them how and why the rule change might help them to appease their fan base. For example, Major League Baseball, NASCAR and the NFL are all evaluating “pace of play” rule changes to speed up the game. Why? In part, to cater to a demographic (millennials) who have statistically shown shorter attention spans.

Alternatively, consider dividing your class up into pairs (or teams). Pick a professional sports league (could include MMA, NASCAR, MLB, NFL) or allow each group to select their own league and have them come up with a set of rule changes that would improve the overall product. Have each group present their ideas in class.

3. When the sport product improves, typically consumers respond by purchasing more tickets and merchandise while television audiences increase
 - a. One of the most effective ways for improving the product is to build a roster that can compete for a championship
 - i. The United States Women’s National Soccer Team (USWNT) roster for the 2019 FIFA World Cup was so talented that many analysts suggested that even its backup players would be starters for almost any other team in the tournament
 - (a) As a result, the team won the World Cup, shattering merchandise sales and television ratings records throughout the tournament
 - (i) According to a report from [ESPN](#), the women’s team’s jersey is now the number one selling soccer jersey ever sold on Nike.com in one season. Meanwhile, Fanatics reported that the uniform is the top-selling U.S. national team jersey of all-time (men’s or women’s).
 1. Nike said jersey sales surged 200% compared with the last tournament held four years ago. It said sales of women’s apparel related to the tournament were up more than 150% compared with 2015.
 - (ii) The World Cup final between the U.S. women and the Netherlands drew a massive audience and was the most-watched soccer broadcast in four years with an average audience that was 22% higher than the 2018 men’s World Cup
 - (ii) In 2018-19, the NHL’s Carolina Hurricanes were a surprise championship contender and a team well-liked by the hometown fan base, resulting in a huge uptick in sales
 - (a) Once the playoffs began, the franchise set merchandise records *every single night*
 - (i) According to a Bloomberg [story](#), Mike Forman, vice president of marketing and brand strategy, said the previous merchandise sales record for a Hurricanes home game was \$187,000
 - (ii) However, each of the team’s 2019 playoff home games – five altogether -- eclipsed \$200,000 in merchandise sales ⁴⁰
 - ii. St. Louis Blues

- (a) On Jan. 3, 2019, the Blues ranked dead last in the NHL standings. According to a bizjournals.com story, the team's TV ratings were down 17 percent compared to the previous year, and attendance was near the bottom of the league.
- (b) Miraculously, the team managed to turn things around and not only qualify for the playoffs, but beat the favored Boston Bruins to hoist the Stanley Cup championship trophy
- (c) The improved product paid dividends for the franchise from a financial perspective
 - (i) Not only is the franchise expecting near record ticket sales and sponsorship increases thanks to the team's successful turnaround, but the overall value of the franchise will likely get a significant boost
 - (ii) Consider the following data from Forbes annual NHL franchise valuations:
 - 1. The Washington Capitals, who won the Stanley Cup in 2018, saw their estimated franchise value climb from \$625 million in 2017 to \$725 million following their championship
 - 2. The Pittsburgh Penguins won the Stanley Cup in 2016 and 2017, and the team's estimated franchise value rose from \$560 million in 2015 to \$650 million in 2018
- b. Another effective way to improve the product is to add star players, often through free agency or trades, that fans want to watch play
 - i. As part of a wild free agency period that saw many stars changing teams, the Brooklyn Nets made a splash by signing Kyrie Irving and Kevin Durant ⁴¹
 - (a) As a result of the offseason moves, the New York Post reported the Nets' expected to see revenue grow by between 10-15% for the 2019-20 season
 - (b) According to a team spokesperson, the Nets had already exceeded the total ticket revenue from the entirety of previous season just one week after signing the two stars
 - (c) According to The Athletic, in that same period, the franchise added nearly 100,000 new followers on Instagram
 - (d) According to Front Office Sports, the team website saw a 675 percent increase in traffic and, that same day, the Nets' online store saw a 304 percent increase in sales vs. an average day from the previous season
 - (e) July 6-7 (the two days after Irving and Durant announced their intentions to sign with the Nets) accounted for nine of the team's most engaged Instagram posts of all time, and two of their most engaged Twitter posts of all time
 - ii. In the summer of 2019, the NHL's Phoenix Coyotes made a trade for star Phil Kessel, driving fan excitement through the roof
 - (a) The trade sent a message to fans that the franchise was committed to investing in the product, and fans responded in a way that influenced the team's bottom line
 - (b) According to an azcentral.com report, Coyotes' season-ticket sales were up 600% compared to last summer, including a 550% increase in all ticket sales
 - (c) The Coyotes reportedly also enjoyed an increase in website traffic, mobile app visits and social media engagement
 - iii. In 2020, Tom Brady departed New England through free agency and became a Tampa Bay Buccaneer
 - (a) According to Fanatics, Brady instantly became the top-selling player across all sports, and the top-three selling products were been Tom Brady jerseys, both men and women.
 - (b) Brady jersey sales spiked by 900 percent while fans scrambled to buy season tickets as soon as the news broke
 - (i) According to Sports Illustrated, fans who logged on to the team's website to try and purchase season tickets encountered a message that read, "You are

now in line. Due to demand, you may experience an extended wait time. Once you reach the front, you may begin to shop."

1. Just over two hours after the reported news, there were still 6,000 people in the queue
4. A "winning" product also leads to off-the-field success for collegiate athletics programs
 - a. [Research](#) published by an assistant professor at Harvard Business School recently suggested that "When a school goes from being mediocre to being great on the football field, applications increase by 18.7 percent. To attain similar effects, a school has to either decrease its tuition by 3.8 percent or increase the quality of its education by recruiting higher-quality faculty who are paid five percent more in the academic labor market." ⁴⁰
 - i. Click [here](#) to see how Clemson's NCAA football championship helped boost interest in enrollment
 - b. A trip to the NCAA Final Four will almost always result in a huge jump in apparel sales for participating schools
 - i. Schools participating in the 2017 Final Four all enjoyed an incredible boost in merchandise sales
 - (a) According to [Forbes](#), sales of Gonzaga gear went up 825%, South Carolina sales jumped 660%, Oregon saw sales grow by 325% and North Carolina merchandise sales increased by 110%
 - (i) Click [here](#) to see an infographic from Fanatics illustrating the top-selling Final Four merchandise sales by state
 - ii. In 2018, the University of Maryland, Baltimore County made history when they, as a sixteen seed in the NCAA men's national basketball tournament, defeated the number one-seeded University of Virginia
 - (a) Two days after the Retriever's historic win, the school's official bookstore announced that it had already surpassed its yearly online merchandise sales (via [Baltimore Sun](#))
 - iii. For collegiate athletic programs, winning can also lead to an uptick in donations
 - (a) Thanks to a Final Four appearance in the 2018 men's NCAA basketball tournament, the Loyola University athletics department enjoyed an outpouring of support from donors
 - (i) According to [Forbes](#), the Ramblers' athletic department received a 660% increase in athletics donations over the previous year
 - (ii) Click [here](#) for a graphic illustrating the boost Loyola received with its Final Four appearance
5. On the contrary, when the sports team product declines, typically consumers respond by purchasing fewer tickets, less merchandise and TV ratings drop
 - a. After claiming their first American League East title this century in 2014, Baltimore Orioles' attendance has dropped every year for the last four years as the team continues to struggle to win baseball games
 - i. According to the [Baltimore Sun](#), the team set a franchise attendance low in 2018 when they drew under 8,000 fans for an April home game (Camden Yards, the Orioles home, is one of the most historic and iconic ballparks in America)
 - ii. The struggles continued in 2019 with the franchise reaching another new attendance low at the start of season when paid attendance was [announced](#) at just 6,585 for a game in April
 - (a) Click [here](#) to learn more about the Orioles' front office plans to fix their attendance woes from the *Baltimore Sun*
 - b. As one of the most successful basketball programs over the past several decades, UConn Huskies men's basketball fans are used to seeing a winning product on the court.
 - i. Unfortunately, as the team struggled to win games the last two seasons, attendance has bottomed out. According to the [Hartford Courant](#), attendance at UConn men's

basketball games has reached its lowest point in 30 years when the average dipped below 8,000 fans per game.

- ii. Meanwhile, the Huskies' women's team continues to dominate the competition. As they continue to put a quality product on the floor, the program continues to thrive financially.
 - (a) According to the [Hartford Courant](#), the UConn women had the second highest season ticket sales in the past 10 years last season while averaging 10,096 fans per game
 - c. The Vancouver [Whitecaps](#), a Major League Soccer franchise with a tradition of fielding a competitive team, finished in last place last season, just two seasons removed from an appearance in the conference semifinals.
 - i. As a result, the team struggled to draw fans before the MLS season was postponed as a result of the COVID-19 pandemic, with massive declines in season ticket sales leading up to the season start
 - ii. Said the team's CEO, Mark Pannes, in an [press conference](#): *"Season ticket sales are down relative to where we've been at our peak," Pannes explained. "Listen, you are what your record says you are, and last year we finished in last place. Do we think we're better organization than a last place organization? Yeah, we absolutely do. I think it's evident by the talent that we're putting on the pitch, but we're also accountable. We know that at the end of last season, we took a step back. This is not an acceptable level of performance for the club. We believe you are a Whitecaps season ticket holder for a reason and we want you to reawaken that passion for the club."*
6. Like sports, a quality product draws consumers in the entertainment industry
- a. When Disney+ introduced the movie adaptation of 'Hamilton' over the 4th of July weekend in 2020, downloads of the app [spiked](#) by 74% in the U.S. and 46.6% globally
 - i. When Disney originally launched the service, it was counting on 'The Mandalorian' (a Star Wars spin-off) to deliver and it did, as the show was the [highest-streamed](#) show over the holiday season last year
 - b. In 2020, Netflix [broke](#) HBO's record for the most Emmy nominations ever, helping explain how the streaming giant has continued to grow its subscriber base
 - i. Consumers flocked to Netflix when COVID-19 forced people indoors to quarantine, helping its "Tiger King" docuseries to become one of Netflix's biggest-ever original shows
 - ii. According to Nielsen estimates, the show reached a U.S. TV audience of 34.3 unique viewers within the first 10 days of its release (March 20-29), an even bigger audience than Netflix drew for the second season of its hit show "Stranger Things"
- B. 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
 - a. Analysts at Sportz Interactive identified four major technologies that are changing the way sports are being marketed: ⁴⁴
 - i. Data-driven storytelling
 - (a) From wearables to optical tracking, more data on athletes and their performance is being captured and utilized to give fans new insight on their favorite players and teams
 - ii. Virtual Reality
 - (a) VR opens a whole new realm of possibilities on how fans consume and experience sports
 - iii. Social Media
 - (a) Fans have more access to players and teams than ever before thanks to new lines of communication that have evolved from social media
 - iv. Digital Sports Stadiums

- (a) “Smart” arenas are trending – fans can utilize their phones to order food, find their seats, interact with athletes and access unique in-stadium content
 - (i) Fan preferences continue to evolve, requiring properties and venues to adapt to the technological needs of the modern sports and entertainment consumer
 - 1. For example, a recent report from Harvard Business School suggests in-venue data consumption is increasing 70-80% depending on network, with social media activity responsible for 30% of total data use, leading to connectivity issues and impatient fans struggling to load social videos
 - a. Click [here](#) to read the full “The fan of the future requires venues to be smart” report
- b. Podcasting
 - i. 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 “pondcast”, St. Louis Blues have a “BluesCast”, Washington Capitals have a “Caps Report” etc.) ⁴⁵
 - ii. 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 Corolla 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 ⁴⁶
 - iii. The UFC launched a twice-a-week podcast that features UFC President Dana White, its fighters and celebrity fans
 - iv. Despite not ever having played in Mexico, the NFL’s Denver Broncos are determined to establish a loyal fan base in the country, an effort that began in 2016 as the organization discovered its largest concentration of Hispanic fans outside of Colorado was in Mexico, particularly around Mexico City, according to a Front Office Sports [report](#)
 - (a) In 2020, the Broncos launched a Spanish-language podcast, hosted by the team’s Spanish radio partner’s broadcaster, which the franchise expects will play a significant role in helping the team to reach more fans in Mexico
- c. Streaming audio and video capabilities
 - i. Online sports talk “radio” (ESPN Radio)
 - ii. Streaming audio (Pandora, Spotify etc.)
 - iii. Websites offering TV programming, short films, video clips and movie trailers (Hulu)
 - iv. Sirius XM satellite radio
 - v. Streaming live video events
 - (a) Most major global sporting events like Winter X Games, The Masters Golf Tournament, British Open Golf Tournament, Super Bowl, Wimbledon and NCAA Tournament are all streamed, allowing fans to watch online and/or on mobile devices
 - (i) With all the cancellations and postponements brought about by COVID-19, some industry professionals wonder how the future of how sporting events are consumed might shift if new restrictions regulate the number of fans allowed in venues and at events
 - 1. Live streams could become the most popular way for fans to watch and engage with their favorite sports teams, leagues, events, athletes and entertainers
 - (b) A 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.” ⁴⁷

- (c) Thanks to a daily three-channel live webcast straight from the festival, you didn't have to actually be out in the fields of Manchester, Tennessee to catch all the bands playing at [Bonnaroo](#)
 - (d) To help promote its annual 'Prime Day' event, Amazon [partnered](#) with Taylor Swift to headline an online concert, exclusively for Prime members
- d. "Interactive" technologies
 - i. [Shazam](#) (a mobile phone app that helps users identify music) partners with shows like American Idol, 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 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 ⁴⁹
 - 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 ⁵⁰
 - (a) Click [here](#) to see similar technology from FanZone in Winnipeg at the MTC Center (home of the NHL's Winnipeg Jets)
 - iii. When the new Green Bay Packers [Hall-of-Fame](#) opened, it featured a number of interactive elements, including a replica version of legendary coach Vince Lombardi's office, complete with a touch-screen conference table that allows fans to view dozens of archived Lombardi possessions (everything from playbooks to letters from fans)
 - iv. The New York Mets sponsorship strategy doesn't include bland PowerPoint presentations. Instead, they [partnered](#) with Sportsdigita to create interactive and customized presentations that feature high resolution images, videos, animated GIFs and infographics that showcase the team's fanbase, premium experiences and sponsorship opportunities
 - (a) This innovative technology has allowed the Mets staff to "wow" their clients with interactive sales elements to increase both sales and retention
 - v. After years of preserving its traditional brand, the Indianapolis Motor Speedway Museum "looks much as it did when it opened in its current location 40 years ago", according to a [Sports Business Journal](#) story.
 - (a) However, the museum has ambitious plans for engaging visitors. According to IMS Foundation Executive Director Betsy Smith, "*The lighting, the technology, it's vintage 1976. We're a racing museum, but nothing in here moves. Except the trophy. ... I'd like to get some interactive technology in here and some video so that visitors could really experience racing.*"
- e. 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) Streaming services (music, shows, movies etc)
 - (b) Subscriptions to listen to Major League Baseball games live
 - (c) Tickets to events
 - (d) 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 ⁵¹
 - (e) Customized jerseys from NFLshop.com or sneakers from NikeID.com
- f. Advertising and sales
 - 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 ⁵²
 - (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 ⁵³
 - (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 ⁵⁴
 - (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.
 - (d) Two years ago, ESPN [launched](#) “Live Connect” to deliver personalized banner ads to fans on ESPN.com
 - (i) The technology uses captured data to deliver specific ads based on what sports, teams and players fans prefer, delivered in real time based on event/game outcomes to capitalize on fans’ emotional connection to sport
- ii. Virtual advertising
- (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 Sportvision. 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. ⁵⁵
 - (i) Last season, 17 different NHL teams utilized virtual advertising technology in their arenas according to *The Sports Business Journal*.
 - (b) Sportvision, a U.S. based sports technology company, provides virtual advertising opportunities during broadcasts of NHL and MLB games
 - (i) The Toronto Blue Jays went one step further by partnering with Brand Brigade and placed VA spots directly on the playing field, around first and third base, and above the wall in center field
 - 1. Click [here](#) to see more from Sportvision’s website
 - (c) MLB utilized virtual advertising during last year’s World Series and All-Star game, allowing sponsors to purchase ads that were tailored to specific audiences
 - (i) Click [here](#) to read more from Fox Business as to how the strategy allows MLB to reach potential advertisers on a global scale
 - (d) With a limited number, or in many cases no fans in stadiums, teams and leagues turned to virtual advertising to recoup lost revenue and provide added value and exposure for corporate partners
 - (i) As MLS returned to play, the league placed a huge virtual Adidas logo at midfield for all its broadcasts
 - 1. According to [Navigate Research](#) based in Chicago, the estimated value of the logo was between \$75,000 and \$100,000 per match, meaning over the course of the 51-match tournament, Adidas would receive between \$3.8 million to \$5.1 million in value
- iii. Interactive “shopping” experiences

- (a) While the technology is not being used frequently, 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) provide sports and entertainment marketers with a way to communicate additional information to consumers
 - (i) 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 take full advantage of the technology, the Red Wings broadcast a how-to instructional video during timeouts on the Little Caesars Arena jumbotron.⁵⁶
 - (ii) Nike's digital push includes an opportunity for consumers to scan QR codes at displays to find it if the sizes and colors of the merchandise they want are in stock, helping boost sales and improve the customer service experience.
 - 1. According to a [USA Today](#) story, by analyzing the data, consumers will be able to help determine which products Nike will stock at retail
 - 2. The technology could change the way consumers shop
 - a. For example, if the customer wants to try on a pair of shoes or merchandise, they don't have to ask for help from a clerk. They can scan the QR code on a label and ask that the apparel be delivered to a fitting room or to them directly so they can try it on.
 - b. In the future, if they are interested in an outfit on a mannequin, they will be able to scan the code on the model and see a list of all the items and their prices. The system will also give them the opportunity order the outfit online if it is not in stock.
- (b) "Shoppable" social media applications
 - (i) In 2019, Nike introduced the first "shoppable" Snapchat lens, becoming the first brand to sell a product directly through Snapchat, when it made the Air Jordan III "Tinker" available via special Snap codes
 - 1. According to [Fast Company](#), the shoes sold out in just 23 minutes
 - (ii) Shoppable posts on [Instagram](#) are becoming a popular venue for "social merchandising" for sports teams, leagues, athletes and entertainers
 - 1. In 2020, the Los Angeles Clippers introduced "shoppable" posts, sending users to the team's online store, to sell jerseys of the team's newest stars, Kawhi Leonard and Paul George, and the franchise's Buffalo Braves-branded throwback uniforms
 - 2. Tennis star Serena Williams and her S by Serena fashion brand released a new sequin jacket that could only be purchased through Instagram's "Checkout" feature, which helped drive more than 50% of sales for the S by Serena brand in the week following the jacket's introduction, according to a Wall Street Journal [report](#)
- (c) Sport Chek, Canada's largest retailer of sporting goods, apparel and equipment, opened an interactive retail store that featured over 700 motion-activated screens
 - (i) The interactive shopping experience features holograms, a virtual golf kiosk, specialized treadmills to recommended personalized footwear, in-store tablets to help consumers find any product not physically available in the store, and shop-in-shop stations for Nike, adidas, Fitbit, GoPro, Reebok and Oakley that allowed shoppers to custom build products
- (d) Adidas shoes were featured on a "lift and learn wall" – when customers removed shoes from their platforms a digital wall/screen would update with the sneaker's specs (material, price, etc)
 - (i) Click [here](#) for a video on the lift and learn technology

- (e) Under Armour [opened](#) their 'World Of Golf' store, the first interactive retail experience dedicated to golf – featuring a VirtualGreen for putting and indoor swing simulator
- (f) Puma recently introduced an interactive soccer pitch at their flagship store in NYC, allowing fans to test shoes before making a purchase and there are also “magic mirrors” throughout the store, where shoppers can take a full-size selfie and then try clothes and shoes on virtually
 - (i) According to [CNBC](#), the store will also serve as a lab for testing what works and what doesn't, featuring additional interactive experiences, like an F1 racing experience, where customers can get inside an authentic Mercedes or Red Bull F1 racing car in the store to compete in a simulated race through the streets of Manhattan and in the basketball area, where the store offers stadium seating in front of a TV wall, where shoppers can hang out and play NBA2K
- g. Audio / Visual Enhancement
 - i. High Definition broadcasts
 - (a) In a sentiment shared by many sports consumers, popular former 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
 - (c) 4K, or Ultra HD, televisions have been deemed as the future of the high definition viewing experience⁵⁹
 - (i) Samsung offered a "Soccer Mode" feature for its 4k sets, which the company describes as "deliver(ing) crisper picture quality to ensure the viewer experiences a greener shade of grass, more lifelike details of the players, and vivid sound that makes people at home feel as if they are actually at the stadium."⁶⁰
 - (d) In 2019, Samsung [announced](#) plans to begin selling a “wall” TV with a staggering 219-inch screen that will offer 8K resolution, perhaps providing consumers with a glimpse of what the future of sports viewership from home could look like
 - ii. Facebook is launching “Surround 360” technology, a camera that will give fans a 360-degree view their favorite sporting events
 - (a) Click [here](#) to read a story from sporttechie.com on how the technology could be a game changer for fans
- h. 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
 - (a) The popular 'Madden' franchise now offers enhanced features like voice control and a virtual twitter feed
 - (b) Electronic Arts recently added a “Real Player Motion Technology” feature to its 'Madden' franchise, a new animation system that unlocks next level responsiveness and mimics the actual personalities of players in the game

- (c) Virtual Reality is taking video games to a whole new level
 - (i) According to geek.com, VR video gaming went “mainstream” in 2016 with the release of three platforms: the Oculus Rift, the HTC Vive and the Sony PlayStation VR
 - 1. Sales of VR hardware and software are expected to exceed \$30 billion by 2020
- i. Apparel/Footwear/Sporting Goods
 - i. 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
 - (a) Columbia recently launched a line of products that feature its Omni-Shade technology which uses breathable moisture-wicking fabric and reflective dots that deflect sunlight to keep consumers cooler and sun protection
 - ii. Technology can also improve production capabilities
 - (a) Adidas [announced](#) plans to open a SpeedFactory in Germany which will produce 500,000 pair of sneakers annually (versus Adidas' current production that hovers around 300,000 pairs every year)
 - (b) The SpeedFactory combines robot technology with highly skilled workers to increase production
 - 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
 - (a) Under Armour purchased MapMyFitness (the company that developed MapMyRun and MapMyRide) then purchased MyFitnessPal and Endomondo (fitness tracking technologies) for a grand total of \$710 million
 - (b) According to dcrainmaker.com, Kevin Plank, the CEO of Under Armour has a vision to “turn Under Armour into a technology company”
 - iv. According to theverge.com, Nike used their innovation to design a product specifically for people with disabilities by incorporating a wraparound zipper system that lets wearers peel open the shoe with one hand, slipping their foot in with ease. According to the Nike, the goal is to make life easier for people who have physical difficulties, including amputees, stroke victims, and Parkinson's sufferers.
 - (a) In 2016, Nike [released](#) their self-tying HyperAdapt 1.0 shoe, a battery operated sneaker that tightens and loosens by simply hitting the '+' and '--' buttons
 - 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 work out using specially designed sensors that pick up electrical signals from your heart ⁶²
 - (a) To read more about Under Armour and its commitment to innovation and technology, click [here](#).
 - (b) Click [here](#) to read about Under Armour's plans for an interactive running suit
 - vi. Ahead of the Rio 2016 Olympics, Lululemon and Whitespace lab partnered with Canada's Olympic beach volleyball team to develop uniforms designed from materials that would enhance athlete performance
 - (a) The process was so detail-oriented that they simulated Rio's temperature using “climate chamber” technology to help ensure the desired uniform fit while raising areas on the tops and bottoms that would limit areas where sand from Copacabana beach (the playing surface) could accumulate or find a way in ⁶³
 - (i) Click [here](#) to read more about the process from *Sports Illustrated's* website
 - vii. Nike [released](#) their cutting-edge Hyperforce sunglasses with trainers and baseball players in mind, with features including:
 - (a) A high-performance green-based tint that enhances the ability to track and intercept objects in bright and shifting light

- (b) An outer lens that is treated with a reflective mirrored coating that shields the athlete's eyes from opponents
 - (c) A ventilated frame to prevent fogging and rubber elements for enhanced grip to eliminate slippage caused by sweat
 - (d) A thin temple tip so the frames can fit on top or underneath a hat
 - (e) A raised top bar and a subtle nose pad that eliminates obstruction
 - (f) An auto-adaptive nose bridge and temple arms that adjust to the athlete's unique face shape
- viii. Under Armour [released](#) Gemini 3 RE “smart shoes”
- (a) The shoe eliminates the need for wearable technology as they have a fitness tracker built into the soles of the sneaker that gathers runners’ data and saves it to an app
- ix. Last year, adidas added a “sock-shoe” technology for its lineup of golf shoes, including a version that features its no-lace closure system
- i. The parkas Ralph Lauren designed for Team USA at the 2018 Winter Games incorporated a hidden heating component inside the jackets to help keep athletes warm when temperatures dipped well below freezing in PyeongChang
- (a) Click [here](#) to learn more about the technology
- ii. Nike introduced several new innovations in 2019, including a “self-fitting smart-sneaker”, an AR [solution](#) for ensuring consumers are purchasing the correct size shoe and a new approach to the construction of the sole of a running shoe called the “Joyride”
- (a) The Joyride is made up of thousands of microbeads designed to provide consistent cushioning and a shifting base that molds to and pads the athlete’s foot with every step
 - (i) Click [here](#) to read more from a Nike news release.

*** DISCUSSION IDEA ***



What is innovation? As part of their release of the new “Joyride” sneaker and the microbead technology used to create the “adaptive sole” of the sneaker, Nike’s website provides some detail behind the innovation. Consider sharing a “Sneaker Innovation” PPT with students and discussing the concept of innovation. The file is available in the Lesson 2.5 folder.

*** DISCUSSION IDEA ***



One industry expert created a list of the eleven most innovative sneakers in history. Click [here](#) to see the list at BusinessInsider.com. Review the list in class, then ask students if they can think of any other examples of sneaker innovations that could also be considered for the list. Ask them why innovation is important and what they think the next innovations might look like.



*** ACTIVITY IDEA ***

Host a shoe design competition in your classroom. However, judge the student results based on the tech features integrated within the design. Does it improve functionality? Will it be well received by consumers? Encourage creativity, and have students present their designs in class along with a sales pitch explaining why consumers will buy the product.

- 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 content on a number of devices, like Augusta National Golf Club’s “multi-platform coverage” of the Masters Golf Tournament (which included traditional television coverage on ESPN and CBS, several live video channels on the [Masters Web site](#), multiple free apps for both smartphones and tablets, and Golf Channel’s on-air coverage that featured over 60 hours of live programming)
 - (a) Said Chairman Billy Payne via press release, “Each year, our goal is to deliver meaningful content in a significant way. Fans of the Masters can experience the history, tradition and competition of the tournament in any manner they wish to receive it.” ⁶⁵
 - iv. Despite the industry’s quick adoption of 3D programming, consumers did not flock to the new format the way many analysts anticipated, resulting in a short shelf-life for the technology ⁶⁶
 - (a) Just two years after introducing its highly touted “24-hour 3D” channel, DirecTV removed it from its lineup, citing lack of content as the reason for the decision
 - (b) Meanwhile AT&T’s U-verse eliminated its 3D lineup entirely because of low customer demand
 - (c) ESPN’s 3D channel lasted less than two years, also [citing](#) a lack in viewership
 - v. Like anything else, broadcasting technology will continue to evolve
 - (a) The next wave in improved broadcast technology includes curved TVs, 4k and 8K technology (which ESPN is focusing on now in place of the 3D)
 - (i) In 2016, European satellite broadcast company Sky launched ambitious 4K broadcast plans, announcing no less than 124 Premier League matches would be broadcast live in the Ultra High Definition format (4K), along with every Formula 1 race and the world premiere of the Spectre James Bond film
 - (ii) Fox Sports’ broadcast of the Super Bowl included 4K *and* 8K cameras, augmented reality, and next-gen graphics and stats ⁶⁷
 - 1. Click [here](#) to read more about how Fox integrated tech with its coverage of Super Bowl 51

2. According to the [Sports Business Journal](#), the Pittsburgh Pirates upgraded the suites at PNC Park in 2017, adding new furniture, countertops, flooring and a 65-inch 4K television to each suite ⁶⁸
- (b) ESPN deployed a 4D Replay system at the 2018 Home Run Derby that provided viewers with 360-degree replays of homers throughout the telecast
 - (i) According to [sportsvideo.org](#), the technology relied on 60 4K cameras mounted on the concourse level behind home plate and stretching from first to third base
- (c) While Google's "glass" project might have flopped, others remain intrigued about the prospects of streaming video from the athlete or performer's perspective through a pair of technologically advanced glasses and its potential to impact the sports and entertainment consumer's home viewing experience
 - (i) Poised to potentially fill that niche is Snapchat's "spectacles" product, which can help to bring fans closer to the action
 1. MLB Network used Snapchat Spectacles to give fans a unique perspective throughout the 2018 MLB All-Star festivities
 - a. According to [sportsvideo.org](#), MLB Network analyst Harold Reynolds wore Snapchat Spectacles during the MLB Futures Game on Sunday, providing fans with unique social-first content
 - b. In addition, at the MLB Futures Game, Team USA captain Mitch Keller wore them in the dugout during batting practice, while Chicago Cubs infielder Javier Baez wore them in the batting cage to provide fans with a unique player's perspective
 - i. Click [here](#) to view MLB Network's Instagram post sharing Baez's perspective from the batting cage
- (d) Many believe the future in live sports programming may be through virtual reality
 - (i) In 2016, the NCAA [partnered](#) with Fox Sports and NextVR to offer the entire men's basketball Big East tournament in VR – the first time an entire tournament has been offered in VR
 - (ii) In 2017, ESPN broadcast the X Games live, in VR, from Minneapolis, when it streamed skateboarding and BMX racing events for its first live VR production
 1. Click [here](#) to read more about the production
 - (iii) Six Flags Over Georgia [added](#) the first North American VR roller coaster, giving fans the chance to fly like Superman or save the planet from alien invasion
 - (iv) Disney's investment in VR has yielded a significant return as the 'Avatar: Flight of the Banshee' ride has quickly become one of the most popular attractions
 1. According to [wdwnt.com](#), attendance last year at Disney's Animal Kingdom went up 15%, beating out Epcot for the first time and making Animal Kingdom the second-highest-attended park at Walt Disney World
 - (v) In 2019, [Bloomberg](#) reported that the NHL is investing heavily in technology by placing microchips in player uniforms and in hockey pucks to collect data that can help them to craft the ideal viewing experience, perhaps setting the stage for fans to experience a game from the live-action vantage point of the goalie
 - (vi) Click [here](#) to see a story from intel.com on how virtual reality is putting sports fans "in the game"
 - (vii) Remote Cheerer, a new app which plays fans' claps, cheers and chants out loud into the stadium. Users in various remote locations sent cheers, applause, jeers and club chants into the stadium via their smartphones.
 1. Click [here](#) for video describing Remote Cheerer

- (viii) The Minnesota Vikings were the first team to launch a virtual reality application for Oculus. Titled "Vikings VR", the app takes fans directly inside U.S. Bank Stadium to view 360 videos and photos from Vikings games and events.
 - 1. Click [here](#) to see information from the Vikings website
- (ix) The NBA/TNT and Intel's [True View](#) technology have partnered in hopes of changing the way we watch and broadcast sports
- (x) In 2020, just prior to the league's restart, the NBA renewed its partnership with Verizon to produce live NBA games in VR from the bubble to fans that had access to Facebook's Oculus Quest VR devices to watch
- vi. Empty stadiums as sports leagues restarted in the wake of the COVID-19 pandemic enabled teams, leagues and broadcasters to experiment with creative technological advances to try to improve the viewing experience
 - (e) Fox filled stadiums during its broadcasts of Major League Baseball games with virtual fans using augmented reality
 - (i) According to [verge.com](#), Fox Sports producers were able to control things like how full the virtual "crowds" were for a given game, what weather fans were dressed for, and what percentage of the crowd were home fans versus away
 - 1. Click [here](#) for more on how Fox implemented the technology
 - (ii) All 30 MLB teams piped in fake fan noise both in the actual stadiums (sourced from Sony's MLB: The Show video games) along with game broadcasts
 - 1. The Oakland A's brought in actor Tom Hanks, a native of the East Bay, to pre-record audio acting as a concessions vendor at Oakland Coliseum, selling hot dogs, peanuts, score cards and programs during the broadcasts
 - (iii) The NBA restart featured broadcasts with more than 30 cameras placed in new locations, including closer to the court, that (according to the league) would "showcase never-before-seen camera angles in places that are otherwise not accessible with fans in the arena."
 - 1. The league also introduced virtual fans (in partnership with Microsoft) and put an emphasis on second screens, boosting fan engagement by encouraging social media interactions during the broadcast

*** DISCUSSION IDEA ***



Ask students where they think the future of sports programming could be heading. Do they think applications like Snapchat's spectacles or virtual reality is the future of broadcasting? How can the industry embrace this new technology to offer better products for sports and entertainment consumers?

- 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. AR provides sports and entertainment companies with a creative platform for immersing fans in a more realistic entertainment experience, increasing levels of awareness, engagement and brand loyalty
 - (a) An augmented reality campaign led to significant buzz at the 2014 Billboard Music Awards when a hologram of Michael Jackson performed a previously unreleased song ("Slave to the Rhythm") on stage, helping to demonstrate the opportunity for marketers utilizing the technology
 - (i) Click [here](#) to see video of the performance
 - (b) The Pittsburgh Penguins' arena features [kiosks](#) with face-recognition and touch screen technology that allows fans to have their picture taken, then superimpose one of eight 3D "game faces" selected by the user. Fans can enter their email addresses to have their images instantly e-mailed to them so they can share through social media.
 - (c) During the NHL's two-day, family-friendly "tailgate party" events leading up to the 2017 Stadium Series game, hockey fans were [encouraged](#) to step inside an augmented reality photo booth to outfit themselves in the latest Reebok NHL gear
 - (d) In 2018, the PGA tour not only added an AR feature to its app by delivering a 3D interaction from featured holes in various tournaments to fans, but also monetized the technology by connecting a sponsor (MasterCard)
 - (e) In 2019, AR integrations were more popular than ever, with many sports and entertainment brands including the popular technology as part of their marketing campaigns
 - (i) Nike created a "shoppable" AR experience for the 2019 Women's World Cup when they introduced a one-day promotion using a Snapchat Lens that allowed fans of the U.S. women's national soccer team to try on and purchase the team's jersey (via [Fast Company](#))
 - 1. Fans could select either the home or away jerseys through an AR filter, then swipe to be redirected to the brand's website for an instantaneous purchase
 - (ii) Using augmented reality, Turner Sports [unveiled](#) a mobile game that encouraged college basketball fans to shoot virtual baskets during March Madness. Instead of tossing a basketball into a hoop, players had 20 seconds to throw as many crumpled pieces of paper (representing their "busted brackets") as they could into a digital trash can.
 - (iii) Through the team's app, the Washington Nationals [created](#) an augmented reality scavenger hunt that led fans around the ballpark with a chance to win prizes
 - 1. The app also brought bobblehead giveaways [to life](#), providing fans with an opportunity to watch game highlights and earn discounts on merchandise at the team store by simply opening the camera on their mobile device and pointing the viewfinder at the side of the bobblehead box
 - (iv) AR was also popular with movie promotional campaigns, helping films like 'Spider-Man: Far from Home' and 'Detective Pikachu' achieve success at the box office
 - 1. To promote the 4th of July release of Spider-Man: Far From Home Spider-Man in 2019, Sony [launched](#) an augmented reality app that provided fans with a unique experience to see Spider-Man visit them in their own homes
 - 2. According to [Media Post](#), Pokémon fans could customize Pokémon Go in-game avatars with movie-themed items, such as a detective hat with Pikachu ears and a T-shirt featuring the "Pokémon Detective Pikachu" logo

3. Netflix [introduced](#) an augmented reality game using Google's "Lens" technology that kept 'Stranger Things' fans engaged all summer (even after season 3 made its 4th of July debut on the popular streaming service), with an app loaded with codes and clues related to the series that were hidden throughout the real world
 4. The [Louisville Bats](#), a Triple-A affiliate of the Cincinnati Reds, encouraged fans to support local restaurants and practice social distancing during the COVID-19 pandemic by using their mobile phone augmented reality app
- k. Drone technology
- i. Brands ranging from Callaway Golf to the Dallas Cowboys are experimenting with ways drone technology can help improve their product
 - ii. Drones provide an excellent means for capturing aerial footage of live sporting events, all in high definition
 - (a) [Brandchannel.com](#) credits the World Surf League, longtime innovators with technology in sport, for creating the world's first drone capable of taking Snapchat photos and videos
 - (i) The WSL was also the first sports league to live stream on Facebook in 2015 and the first to live-stream surfing directly from the ocean via Periscope
 - iii. Intel, as part of their sponsorship of the 2018 Winter Games in Pyeongchang, deployed drones to capture footage of the Games
 - iv. Drones stole the show at the 2018 Winter Olympics in PyeongChang when they lit up the sky during the Games' Opening Ceremonies
 - (a) Click [here](#) to see the video from Good Morning America
 - v. The Sugar Land Skeeters made technology history by becoming the first pro sports team to broadcast an entire game by using drones. The "[Game of Drones](#)" broadcast used three drones that flew around Constellation Field concurrently to capture the game footage from various angles.
 - (a) Click [here](#) to see a video glimpse of that broadcast
 - vi. As stadiums around the world reopen to the public after the pandemic, they will need to place an emphasis on fan safety
 - (a) [Drones](#) are being positioned as a valuable tool to the sports and entertainment industry to maintain fan safety
 - (i) Drones can provide a less costly and efficient way to spray disinfectant throughout the seating bowl, helping to quickly sanitize venues

Lesson 2.6

Competition for the Entertainment Dollar

- A. Discretionary Income
1. **Discretionary income** is money left to spend after necessary expenses are paid ⁶⁹
 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. According to the U.S. Bureau of Economic Analysis, discretionary spending among U.S. consumers reached an all-time high in 2016 ⁷⁰
 - (a) It should be noted, however, that more discretionary income does not automatically mean more spending for U.S. consumers
 - (i) Click [here](#) to read a related story from usnews.com
 - 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 entertain 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. Redbox
 - iii. Drive-in theaters

- 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

*** DISCUSSION IDEA ***



While an individual Internet activity encouraging students to consider the idea of competition for the entertainment dollar is included with the unit 2 resources, some SCC members have suggested they prefer to tackle this as a class discussion. Using the outline format from lesson 2.6 as a template, put together a list of each segment that offers a form of entertainment in your area. Then have students compile a list in class of options in your area.

DISCUSSION STARTER IDEAS

** What is discretionary income? How do YOU spend YOUR discretionary income? How do you think marketing impacts your decision to spend your discretionary income?*

Lesson 2.7

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.”*⁷¹
 - 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.
 - ii. An excerpt from a [Forbes article](#) on NHL fan loyalty suggests that “From a marketing perspective, loyalty – because it’s a leading-indicator of positive consumer behavior correlating, highly with viewership, licensed merchandise sales and, to a more-or-lesser, degree, attendance – represents the ultimate trophy a sports marketer can win.”
 - (a) 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 property⁷²
 - (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.”*
 - iii. [MLB at Home](#) Helps Satisfy Fans’ Hunger for Baseball. The initiative encompasses the league’s robust slate of new online content, including live conversations between players and fans, classic games and original programming such as inside looks at training sessions, which have been shared across its various social platforms since the pandemic forced the suspension of live games.
 - iv. Because loyalty is so important, many sports and entertainment organizations implement “loyalty programs” to reward core customers
 - (a) The NBA’s Portland Trail Blazers offer their season ticket holders a percentage-savings based on tenure – the longer fans hold seats, the higher their discount, up to 20% off⁷³
 - (b) According to 500Friends, an agency specializing in loyalty programs, the practice of rewarding loyal fans is increasing in popularity among sports leagues
 - (i) In the English Premier League, 12 of its 20 teams offer an active loyalty program while 23 of the 32 MLB teams and 20 of the 26 NBA teams offer programs rewarding fans for their loyalty⁷⁴

- (ii) For example, the Jacksonville Jaguars offer a rewards program that provides loyal fans with cash back on purchases and exclusive discounts available only to loyalty program members and drawings to win prizes like a trip to the Super Bowl
 - 1. Click [here](#) to visit the Jags Rewards website
 - (iii) NHL teams like the Montreal Canadiens, Buffalo Sabres, Winnipeg Jets and Minnesota Wild have recently launched fan loyalty programs
 - 1. Click [here](#) for a recap of each team's program features from [hockeywriters.com](#)
 - (c) Implementation of such programs is not an inexpensive endeavor; teams can expect an investment of anywhere from \$250,000 to low seven figures to build a loyalty program (according to a [sponsorship.com report](#))
 - (d) However, in addition to building loyalty with a fanbase, these programs can provide value to the organization by creating new sponsorship opportunities along with the ever-important platform for collecting data relating to fan/consumer preferences and behavior
- c. New and emerging sports and entertainment offerings keep the marketplace in a constant state of competition and evolution
- i. Dennis Deninger, a former ESPN production executive who now teaches sports communications at Syracuse University, perfectly summarizes this concept in an interview with the [Los Angeles Times](#): “Every year, there are more entertainment options for people to fill their leisure time.”
 - ii. The rapid growth of eSports has taken the entertainment industry by storm
 - (a) Global revenue for eSports rose 51.7% to \$493 million in 2016, increased more than 200% in 2017 to \$1.5 billion, and is expected to hit \$5.7 billion by 2023 ⁷⁵
 - (b) The 16-year old winner of the Fortnite World Cup (who practices a reported 6 hours per day) earned a \$3 million prize for winning the 2019 championship
 - (i) According to [CNBC](#), Epic Games (the maker of ‘Fortnite’) handed out a total of \$30 million in prizes during the Fortnite World Cup weekend event at New York City’s legendary tennis venue, Arthur Ashe Stadium
 - 1. For comparison, winners of the Wimbledon tennis tournament bring in a little under \$3 million while Tiger Woods took the top prize of \$2 million at this year’s Masters Golf Tournament (Wimbledon and the Masters are arguably the two most prestigious events in their respective sports)
 - (ii) Several other teenagers became instant millionaires in front of sold-out crowds of nearly 24,000 who came to watch the Fortnite World Cup in person, with another two million people streaming the action online
 - (iii) In 2020, Epic Games cancelled plans for the 2020 Fortnite World Cup in response to the COVID-19 global health crisis

*** DISCUSSION IDEA ***



To further illustrate the incredible growth of esports (and more facts and figures relating to the 2019 Fortnite World Cup), consider sharing the “Fortnite World Cup by the Numbers” PPT in class.

Use the discussion questions provided at the end of the PPT to help guide your discussion. The file is available in the Lesson 2.7 folder.

- iii. Many industry analysts are beginning to ponder the growth potential of cricket globally and in the U.S.
 - (a) *Forbes* reported The Big Bash League, which features eight cricket franchises in Australia, saw average attendance increase by 22% in 2016 – TV ratings were up 11% and merchandise sales were up 44% over last season ⁷⁷
 - (b) Joe Favorito, a long time and well-respected industry expert, put it this way in a 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. 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.”* ⁷⁸
 - (i) Click [here](#) to read an interview posted on joefavorito.com the sports business impact cricket’s growth could have in the U.S.
 - (ii) Click [here](#) to read digiday.com’s story urging U.S. brands not to dismiss the growing popularity of cricket as a fad or trend
 - (b) Jay Pandya (chairman of Global Sports Ventures) [announced](#) his plans to invest \$2.4 billion in the creation of eight cricket stadiums for a professional cricket league that will begin play in the United States in the next year or two
 - (i) Mr. Pandya set the plan in motion by signing a \$70 million licensing agreement between the United States of America Cricket Association (USACA) and Global Sports Ventures, LLC
 - (ii) Mr. Pandya’s ambitious plans make this the biggest new-sport initiative in the U.S. since the launch of Major League Soccer
 - 1. Click [here](#) to read how the league is planning which U.S. cities will get new cricket stadiums as part of the league’s launch
 - (c) According to sports business website [JohnWallStreet.com](#), the Indian Premier League (IPL) generates more sponsorship revenue annually than Major League Baseball, despite its season being just 47 days long
 - (i) It took the IPL just eleven years to reach the \$1 billion in sponsorship revenue mark for a season; 12% more (\$892 million) than its baseball counterparts (founded in 1903)
 - (ii) It’s not just sponsorship dollars that are ballooning in cricket though, newly signed broadcast deals, the rising value of title sponsorship rights and the increasing brand value of the individual teams has sent the league’s valuation soaring +26% (to \$5.3 billion) over the last year
 - (d) According to the International Cricket Council, the 2019 Cricket World Cup smashed several viewership and online engagement [records](#), racking up an unprecedented 2.6 billion video views before the championship match even took place
 - (e) In 2020, cricket joined other mainstream sports around the world in becoming an esports competition, as Sports in Esports [announced](#) the launch of the Ecricket World Series, a new esports tournament
 - (i) The tournament was slated to begin on August 1st and was played online due to the ongoing coronavirus pandemic
- iv. ESPN’s action sports X Games franchise’s consumer products and licensing business does more than \$120 million in retail sales each year ⁷⁹

- v. In a sport once publicly denounced by Senator and former Presidential Candidate John McCain, Mixed Martial Arts (MMA) eventually gained mainstream appeal
 - (a) The sport is now sanctioned in every state with an athletic commission
 - (i) Click [here](#) to read more about New York lawmakers' decision to finally sanction MMA in the state
 - (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, recently stated that he is working on deals that would double that number in the near future ⁸¹
 - (d) In 2016, the most popular mixed martial arts league (Ultimate Fighting Championship) was sold for \$4 billion, the richest sale of any franchise in the history of professional sports
 - (i) The sales figure becomes even more impressive when you consider that UFC was launched in 1993 and purchased for just \$2 million in 2001 by casino operators Lorenzo and Frank Fertitta (turning \$2 million into \$4 billion is quite a profit) ⁸²
- vi. According to the [Edmonton Journal](#), curling is capturing the attention of fans throughout Canada, particularly on television
 - (a) The sport has soared in popularity, generating ratings in Canada on par with the likes of the NFL's 'Monday Night Football' and NHL's 'Hockey Night in Canada' while attracting major sponsors and advertisers like Tim Hortons
 - (i) Last year, the Tim Hortons Brier Saturday night semifinal outdid Hockey Night in Canada, drawing an audience of 896,000 compared to the Toronto Maple Leafs vs St. Louis Blues telecast that drew 743,000
 - 1. Click [here](#) to read more from edmontonjournal.com on how curling has exploded in Canada
 - (b) Thanks in part to Team U.S.A. capturing gold in the 2018 Winter Olympic Games, curling is developing a fervent following in the United States
- vii. One of the fastest growing spectator sports in England is darts, a traditional bar/pub game
 - (a) Last year, darts became the second-biggest televised sport in England, leaving many to wonder how much growth potential could be there for the sport not only in Europe but possibly in the U.S.
 - (b) The World Series of Darts was slated to be hosted in New York in 2020 before being postponed because of the COVID-19 health crisis, and was expected to help grow the popularity of the sport in the United States
 - (i) Top players on the Pro Darts Tour can earn as much as \$1.9 Million a year in prize money alone, with opportunities to earn even more through sponsorship and endorsement deals
 - 1. According to one [estimate](#), the top professional dart player in the world has a net worth of over \$6.5 Million
 - (ii) Click here to read a story examining the growth of darts, "How Darts Borrowed the WWE Playbook and Hit the Bull's-eye", from the [Ringer](#)



Refer to the “Fringe Sport Research Project” located on your flash drive and encourage students to learn as much as they can about a new sport (one that is not considered to be a “mainstream” sport like baseball, auto racing, football etc. This project can be found in the “ACTIVITIES & PROJECTS” folder on your flash drive.

*** DISCUSSION IDEA ***



As we learned in unit 1 and unit 2, the sports of rugby and cricket are both very well positioned for explosive growth in the United States. However, in addition to established leagues like NFL, NHL, MLB, NBA, MLS and NASCAR, executives promoting these sports will face increased pressure from other sports and entertainment properties competing for entertainment dollars.

Ask students what they would do if they were responsible for marketing a startup rugby, darts, curling or cricket league in the U.S. to build enough fan support for the sport to flourish.

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: ⁷¹
 - 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
 - ii. Fans also demand more access to athletes and entertainers as well as “behind-the-scenes” experiences
 - (a) A 2019 survey from Turnkey Intelligence asked fans what possible changes by the PGA Tour and LPGA would be most effective at growing their popularity. 67% of fans [suggested](#) putting microphones on players and caddies would be the most effective way to boost popularity.
 - (b) According to the [Chicago Tribune](#), after 48 years as a season ticket holder, one frustrated Chicago Bulls fan was on the fence about renewing his season tickets

- in 2019...until he was invited to have lunch with the team's head coach and to watch a team practice (he ended up renewing his tickets)
- iii. Click [here](#) for a story about some of the challenges facing broadcasters who want to provide as much behind-the-scenes access and content for viewers as possible from USA Today
- 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
 - (a) In 2012, Indianapolis Motor Speedway featured signage on the racing surface for the Indy 500 for the first time in its history
 - (b) 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."*⁸³
 - (c) Sports and entertainment brands must consider the paradox of commercialism when evaluating their marketing strategies
 - (i) When the Boston Red Sox created their loyalty/rewards program, they took a cautious approach to integrating sponsors, telling IEG Sponsorship Report in an [interview](#), *"When we launched the program, we were careful not to make it feel overly commercialized. We knew there were going to be sponsor opportunities down the road, but that was never the driving force."*
 - ii. Sports teams and leagues often face backlash and criticism from fans when a perception exists that the games or sport become too commercialized
 - (a) Click [here](#) to see a video criticizing Major League Baseball's decision to allow virtual advertising during broadcasts
 - (b) The fine line between commercialism and marketing is often on display when teams or leagues introduce new uniform designs or stadium naming rights partners
 - (i) When the Milwaukee Brewers announced this season that the stadium would no longer be known as Miller Park after a new naming rights deal was struck with American Family Insurance, many fans voiced their outrage on social media
 1. A MillerCoors spokesman said in a statement to the Chicago Tribune that American Family Insurance's offer to the Brewers was "incredibly rich," and while the team will now have an influx of cash, many fans were furious
 2. Click [here](#) to see a recap of the reaction from USA Today
 - iii. Many sports marketing executives wrestle with the decision as to whether they should sell the rights to advertise on the front of their jerseys
 - (a) The WNBA was at the forefront of the jersey advertising trend when they announced a partnership with Boost Mobile in 2015 that would place ads on the uniforms of 10 of the league's 12 teams, with the Boost corporate logo appearing on uniforms directly below the players' numbers⁸⁴
 - (i) The WNBA [announced](#) a partnership with Verizon (replacing Boost Mobile) that included ad space on the uniforms of 10 of the league's 12 teams
 1. Verizon's corporate logo was placed on jersey fronts directly below the players' numbers
 2. The league also allows for teams to sell jersey space individually, meaning some WNBA teams would have three logos on jerseys (including adidas, another league sponsor), leaving some teams with just

- a small patch displaying the team's name and logo below the left shoulder
3. According to [USA Today](#), the WNBA announced plans in 2018 to sell on-court signage at the free-throw line and also allow another jersey patch on team uniforms
- (b) 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 ⁸⁵
 - (i) A 2016 report from [International Business Times](#) suggests Major League Soccer rakes in more than \$6 million annually from league jersey sponsorship sales
 - (c) While the debate continues, sports teams who choose NOT to sell jersey advertising are passing up the potential for extremely lucrative sponsorship deals
 - (i) The NFL has suggested they have no immediate plans to explore jersey ad opportunities, despite a recent report from [Sports Illustrated](#) suggesting the league could be missing out on an estimated \$224 million in revenue
 - (ii) Internationally, some jersey deals generate huge sums in sponsorship revenue
 1. According to [the 18](#), here are five of the top uniform advertising deals with international soccer clubs and their jersey sponsors
 - a. Emirates / Real Madrid: \$80 million per year
 - b. Chevy / Man U: \$68 million per year
 - c. Rakuten / Barcelona: \$60 million per year
 - d. Emirates / Arsenal: \$56 million per year
 - e. Yokohama / Chelsea: \$51 million per year
 - (d) In 2019, Major League Baseball began experimenting with the idea of uniform advertising when a Ford logo appeared on the batting helmets of Cardinals and Reds players during their game in Mexico while Red Sox and Yankees jerseys featured a Biofreeze patch on the sleeves during the London series ⁸⁶
 - (i) One league executive suggested in a 2019 interview with [Sports Business Journal](#) that some type of advertising on MLB uniforms is "inevitable"
 - (e) Beginning with the 2017-18 season, the NBA began allowing its teams to sell jersey sponsorships
 - (i) The Philadelphia 76ers became the first franchise to embrace the concept when they sold jersey sponsorship rights to StubHub in a deal worth \$5 million per year, according to a [USA Today](#) report
 - (ii) The decision to allow jersey sponsorships resulted in the NBA's first ever year with more than \$1 billion in revenue (the league [reportedly](#) generated \$1.12 billion in sponsorship sales last season, a sizeable 31% increase over the previous season)
 1. Click [here](#) for a graphic illustrating the NBA's explosive revenue growth since 2013-14 through last season
 2. Click [here](#) for a graphic that looks at the NBA's top sponsors, team rank by jersey patch and patch placement
 3. Click [here](#) for an inside look on Rakuten's \$60 million jersey sponsorship deal with the Golden State Warriors
 4. Click [here](#) to see why Wish spent more than \$30 million to advertise on the Los Angeles Lakers' jerseys
 - (iii) By the conclusion of the 2018-19 NBA season, all 30 teams had [sold](#) a corporate sponsorship on their uniforms, generating \$150 million per year in revenue (up from the league's original estimate of \$100 million per year)



*** ACTIVITY IDEA ***

Have students get online and create a list of all the WNBA and NBA jersey patch sponsorships. Then, review which companies are sponsoring which teams. Ask students if they knew any of the sponsoring brands, then ask why do they think those brands chose to partner with each team in particular? If they were a team currently seeking a jersey sponsor, what companies or brands might provide good a fit? You might also wait on this activity until lesson 8.3 when we explore sponsorship decisions.

- (f) In 2017, NHL commissioner Gary Bettman re-affirmed his position that the NHL would not be following the NBA's decision to allow advertising on jerseys
 - a. At the 2017 All-Star game, Mr. Bettman [explained](#): "The fact of the matter is we take great pride in our sweaters. We think they're the best in all of sports, and (adding jersey ads) is not something we're running off to do. We think what we have is special. We talk about history and tradition and how special hockey jerseys are."
- (g) Despite its position as one of the most prestigious events in all of sports, Augusta National Golf Club (home to the PGA Tour's annual "Masters" golf tournament) turns down "[hundreds of millions](#)" of dollars every year in potential revenue
 - (i) By maintaining low concessions prices and broadcast rights fees, limiting the number of fans allowed in and not chasing sponsors, [Golf Digest](#) calls the Masters "perhaps the last major sporting event left where the emphasis is solely on the game"
 - 1. Compared to nearly any other major sporting event, Augusta has always maintained low prices on concessions (a *Golf Digest* report suggests they operate on a break-even or even net loss on food items at the Masters)
 - a. For example, they charge just \$1.50 for an egg salad sandwich and \$1.00 for chips, peanuts or popcorn
 - i. Compare that to concessions prices at Super Bowl 51 where peanuts cost \$7 and popcorn was \$15)
 - ii. In 2017, Callaway Golf sent a tweet from the tournament displaying concessions prices. Click [here](#) to view the tweet.
 - 2. Rather than open a bidding war for broadcast rights, Augusta National sells the rights every year to CBS on a one-year contract with a rights positioned that neither CBS nor Augusta makes money on the deal
 - 3. The popularity of the event drives up the cost for fans to attend on the secondary market, a practice the club deplores and has attempted to remedy over the years
 - a. Rather than inflating its own prices to capitalize on the strong demand, Augusta has even bought back some of the weekly passes to redistribute as more affordable daily passes in the past
 - 4. That's not to say the event isn't profitable; *Golf Digest* reports the event generates nearly \$30 million in profits each year (which is then reinvested in the golf club for course maintenance, repair, upgrades etc.)
 - (ii) Click [here](#) to read more from *Golf Digest*

- iv. 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) 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) ⁸⁷
 - (b) The NFL recently 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 ⁸⁸
 - (i) Two years ago, Maryland Live! Casino expanded its partnership with Washington, D.C.'s Verizon Center by branding a section of the arena as the Maryland Live! Casino Players Club
 - 1. According to [sponsorship.com](https://www.sponsorship.com), the members-only space features an all-inclusive menu, pool tables, TVs and end-zone viewing of NBA Washington Wizards and NHL Washington Capitals games and other sports and entertainment events that occur in the building
 - (ii) Nearly every major professional sports property has partnered in some capacity with daily fantasy websites which many would argue are already a form of legalized gambling
 - 1. In 2018, the United States Supreme Court's decision to open the door to legalized sports gambling created new revenue opportunities for sports leagues around the country
 - 2. According to [bizjournals.com](https://www.bizjournals.com), the biggest opportunity could be with sports media and sponsorship
 - a. Just months after the announcement was made to legalize gambling, the NBA signed a deal with MGM Resorts to become the official gaming partner of the NBA and WNBA
 - i. ESPN [reports](#) the three-year deal was worth an estimated \$25 million
 - ii. Click [here](#) for more details on the partnership between the NBA and MGM
 - (c) According to a [tweet](#) from sports business reporter Eben Novy-Williams, Major League Soccer lifted its long-standing commercial restrictions on liquor and sports betting partnerships in 2019, opening the door to future jersey sponsorships, naming rights deals etc.
 - (d) Several collegiate athletic programs around the country are relaxing their ban on alcohol sales at sporting events as a way to generate additional revenue
 - (i) In 2020, fans at schools like the [University of Minnesota](#), [Texas A&M](#) and [Middle Tennessee State](#) will be able to purchase beer and wine at their favorite sporting events
 - (ii) Other programs like the University of North Carolina, North Carolina State and Missouri are weighing the option, with many others likely to follow suit soon
 - (e) The practice of product placement is an oft-criticized component of the entertainment business as many consumers feel the strategy replaces the organic element of pure entertainment with an aspect of commercialism
- v. After COVID-19 kept fans at home and leagues shut down, sports teams will be forced to find ways to make up for massive amounts of lost revenue
 - (a) It was [reported](#) by Sports Business Journal that Major League Soccer will approve the somewhat controversial CBD as a new commercial opportunity

(meaning they can sell a sponsorship to CBD brands) for teams by the end of 2020

- (i) SBJ also reports that in recent years, MLS' San Jose Earthquakes had an agreement in principle with an unknown CBD brand for naming rights to the team's stadium. However, the league would not approve the deal, forcing the team to forego the sponsorship and rename the venue to "Earthquakes Stadium."
- (b) "Tarp" advertising
 - (i) The NFL allowed teams to tarp off sections of their stadiums and sell ads on that space, providing added exposure for corporate partners on broadcasts once the season resumed (marketing the first time the league allowed teams to sell "camera-visible signage to local sponsors", according to [SBJ](#))
- (c) The NFL also dropped its ban on energy drink advertising, creating a new sponsorship category that would allow the league and its teams to recoup more revenue lost from the pandemic fallout
- (d) When NASCAR returned in 2020 after a two-month shutdown, they required all staff and racing teams to wear face masks at events but allowed teams to sell sponsorships where brand logos could appear on the masks
- (e) Cardboard cutouts
 - (i) A popular trend when play resumed for some teams included the sale of cardboard cutouts of fans to be placed in the arena that would be visible during game broadcasts
 - 1. In Germany, Bundesliga's Borussia Mönchengladbach sold 23,000 cutouts, [according](#) to Be At the Game, a company who produced and sold the cutouts. At an average price of \$26, the team generated an estimated \$600,000 in revenue.
 - 2. Several Major League Baseball teams also featured fan cutouts at stadiums during the pandemic-shortened season
 - a. The Chicago White Sox "Fantastic Faces" promotion [sold out](#) in two days where the team placed 1,500 fan cutouts on the field for just three games
 - i. At a price of \$49 per cutout, (fans submitted their own pictures), the team generated \$55,000 (the team donated the money to charity)
 - b. The Oakland A's enjoyed similar success with their "Coliseum Cutouts" program, selling 1,000 cutouts in just 24-hours according to [CNBC](#)
 - i. The A's charged between \$49 and \$129, depending on the location in the stands, where the cutout would be for every game in the 2020 season
 - ii. For added fun in the promotion, the team would send the fan an authenticated ball if the cutout was hit by a foul ball during a game, and fans had the option to take home their cutout as a souvenir when the season ends

*** DISCUSSION IDEA ***



Take a moment here to engage students in a discussion about the paradox of commercialism. Be sure they understand WHY sports and entertainment companies engage in practices that have a commercial feel (perhaps reminding them that the name of this e-book is The “BUSINESS” of Sports and Entertainment). Also ask students to share their opinions about things like product placement, the introduction of new uniforms, naming rights to stadiums and advertising on jerseys.

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) Approximately 73 percent of sports fans engage with brand content online during the pre-game excitement, while 77 percent do so after the game, according to a recent Catalyst study (via a fan engagement report from the *Los Angeles Times*)
 - (i) Whether they're using smartphones, laptops or tablets, sports fans are active sharers who use game time for both watching and connecting
 - (ii) Fans use mobile devices to supplement their televised content
 - (iii) According to Catalyst, on average, sports fans use Facebook 5.8 times, Twitter 5.6 times and Instagram 4.4 times on game day ⁸⁹

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-ping-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 ⁹⁰
 - (i) According to the USA Pickleball Association, [pickleball](#) is the fastest-growing sport in the U.S., seeing a 650% increase in participation numbers over the last six years, with the majority of new participants coming from a younger demographic
 - (ii) According to the USA Pickleball Association ([USAPA](#)), there were 3.3 million pickleball players in the U.S. last year and, despite its stereotype of appealing mostly to older athletes, 44% of the core and casual pickleball players aged 34 or younger
 - (c) Cornhole, the beloved backyard game and tailgating activity, has grown into a professional sport with live telecast
 - (i) The [American Cornhole League](#) (ACL) partnered with ESPN to include nine events and 30 hours of original programming featuring matches between amateur, collegiate and professionally ranked players across ESPN's platforms

- (d) According to the Outdoor Foundation, slightly over 1 million Americans participated in stand-up paddling, also called SUP. By last year, however, the number of SUP participants in the U.S. tripled to nearly 3 million.⁹¹
 - iii. With the COVID-19 health crisis preventing people from participating in team sports, we will likely see an uptick in participation numbers for individual sports
 - 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 people⁹²
 - 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 Dallas Mavericks game. Tip-off is at 7:00 p.m. and the fan leaves work at 4:30 or 5:00 on a weeknight 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.
 - (i) As a result, some teams are shifting the start time for home to accommodate fans to help relieve the characteristic of time pressure
 - 1. According to the [News & Observer](#), the Carolina Hurricanes pushed Friday night home games last season to 7:30 instead of 7:00 in an effort to cater to the needs of fans with busy schedules
- C. Connecting with the Elusive Fan
1. Fan engagement
 - a. **Fan engagement** is a long-term relationship management strategy focused on interactions between fan (consumer) and sports property which helps strengthen the connection between the two parties and bolster levels of brand loyalty
 - b. To elevate levels of fandom, it is important for sports and entertainment business professionals to develop strategies that keep fans engaged
 2. Sports teams develop fan engagement strategies to encourage fans to interact with the franchise
 3. Fan engagement strategies
 - a. Content marketing (unique and original branded programming)
 - b. Social media marketing
 - c. Digital marketing
 - i. Apps, podcasts, augmented and virtual reality etc.
 - d. Interactive experiences
 - e. Live streams, events etc.
 - f. Behind-the-scenes access
 4. The COVID-19 pandemic upped the ante for the sports and entertainment industry, creating more urgency for engaging with fan bases to maintain relevance, interest, and enthusiasm for organizations

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

- i. According to Bizzabo's Event Marketing Report: Benchmarks and Trends report, the majority (80%) of marketers believe live events are critical to their company's success ⁹³

- (a) Visit bizzabo.com for more statistics and data relating to the future of event marketing

- 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

- c. While event marketing can provide a profitable segment for the sports/entertainment industry while creating a positive economic impact for the areas that host events, the costs associated can be significant

- i. A report by Event Farm suggests event marketing can consume 25% of a company's marketing budget ⁹⁴

- ii. According to some reports, Russia spent more than any other country in history to host both the Winter Olympics (Sochi Games in 2014 with a \$50 million price tag) and the FIFA World Cup (2018 with a [\\$15 billion price tag](#)) ⁹⁵

- (a) Click [here](#) for a slide show with details with the costs associated with each of the venues hosting matches at the 2018 World Cup

- iii. By comparison, the projected [cost](#) for hosting the 2028 Olympic Games in Los Angeles is nearly \$7 billion (a \$700 million increase over previous estimates) while a final [estimate](#) suggested Japan would spend \$26 billion (three times the original estimate) on the 2020 Tokyo Games

- (a) In a [report](#) published before the International Olympic Committee (IOC) postponed the Games until 2021, it was suggested that a postponement of the Summer Olympics would cost the Japanese economy between \$5.42 billion and \$6.32 billion

- (b) The cost of construction or renovation of the 12 venues being used for the 2020 FIFA Men's World Cup in Qatar is [estimated](#) to be between \$3 and \$4 billion – and that's just the stadium costs

- (i) Several [estimates](#) published last year suggest Qatar will spend more than \$200 billion overall to host the event

- iv. WrestleMania 32 was not only the highest grossing WWE event ever at \$17.3 million (compared to \$12.6 million at WrestleMania 31), but also set a new attendance record at 101,763 at AT&T Stadium in Arlington, Texas ⁹⁶

- v. The organizers of Montreal's International Jazz Festival operate on a hefty \$30 million budget ⁹⁷

- vi. Since opening in downtown Anaheim 26 years ago, the Honda Center arena has hosted nearly 4,000 different events and attracted over 39 million fans ⁹⁸

- d. For sports and entertainment events, event marketing can involve many 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, once one of the LPGA's most prestigious events, was eventually canceled because the event sponsor, Stanford Financial, had financial trouble and the event was unable to secure a new sponsor in their place.⁹⁹
 - ii. In 2019, one of the biggest events on the British Darts tour was [cancelled](#) after the primary sponsor decided not to renew the partnership, ending an event that had attracted the biggest names in the sport for nearly 25 years
 - b. However, when the corporate support is there for an event, the revenue results can be substantial
 - i. The 2014 Winter Games in Sochi had already inked over [\\$1 billion](#) in sponsorship revenue by 2010, four years before the games would even take place¹⁰⁰
 - ii. The 2016 Summer Games in Rio sold more than \$1.5 billion in sponsorship revenue despite all the negative publicity surrounding the event and the implementation of "Rule 40" which gave athletes more rights to monetize their participation in the games by partnering with corporations on an individual basis
 - (a) Over the past two decades, the International Olympic Committee has more than tripled the amount of money it generates from global sponsorship, according to [ibtimes.com](#)
 - iii. According to a [study](#), brands were lined up to invest a record \$5.94 in sponsorships of the Tokyo Games before they were postponed, nearly double the amount generated by the 2016 Olympics in Rio. Official partners of the IOC (Procter & Gamble, Coca-Cola, Visa etc.) were projected to spend \$1.95 billion on the event with Japanese sponsors like Canon and Fujitsu spending \$3.33 billion, a record for domestic partnerships for any Games (the London Games in 2012 generated \$1.1 billion in domestic sponsorship, setting the previous sales record).
 - iv. Many college football bowl games rely almost entirely on corporate support
 - (a) The International Bowl in Toronto failed to secure a title sponsor and had to go out of business
 - (b) The Poinsetta Bowl in San Diego was only able to launch after the San Diego County Credit Union decided to support the event as the presenting sponsor
 - c. 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
- 3. The 5 P's of event marketing¹⁰¹
 - 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) 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) As part of a cross promotion with Rugby World Cup Sevens 2018, the San Francisco Giants brought a “floating rugby field” to McCovey Cove, giving rugby teams of all levels throughout the Bay Area a chance to play games on a barge set in the middle of the cove ¹⁰⁴
 - (i) Click [here](#) for more on the Giants’ creative event activation
 - (c) Major League Baseball [announced](#) they would bring the iconic baseball field from the “Field of Dreams” film (located in a cornfield in Iowa) to life by building a temporary replica of the stadium right next to the original field
 - (i) The Yankees will take on the Red Sox for a regular season game at the Field of Dreams in 2020
 - (ii) Click [here](#) to see a story detailing how the stadium will be constructed
 - (iii) However, Major League Baseball [announced](#) that the game would be moved to a date in 2021 as the result of logistical challenges brought about by the COVID-19 pandemic
 - (d) Events like Tough Mudder, Spartan Race and Warrior Dash have drawn millions of participants over the last decade as obstacle course racing has boomed in popularity
 - (i) An [estimated](#) 20 million obstacle course racers are actively registered as OCR athletes across 138 countries with events held on every continent in the world
 - (ii) In 2010, Tough Mudder generated \$10 million in revenue. By 2015, [Business Insider](#) reported the event was generating over \$100 million annually.
 1. In 2010, Tough Mudder held three events. Two years later, in 2012, it had organized 35 around the world and by 2017, the event has a

- presence in 10 different countries which host more than 100 events each year.
2. Tough Mudder now has a partnership with British sports media giant BBC for a televised series featuring coverage of its competitions
 3. More than 3 million people have participated in Tough Mudder events, according to [USA Today](#)
 4. In 2020, Tough Mudder and Warrior Dash were acquired by Spartan Race, making it the biggest company in the obstacle course racing and endurance racing industry
- (iii) According to its [website](#), Spartan Race has more than 250 events planned this year, spanning more than 40 countries with more than 1.2 million global participants
1. The brand also enjoys more than 5 million followers on social media and has its own popular NBC television series
 2. In 2019, Spartan Race made headlines when it was [announced](#) that they would be offering \$1 million in prize money to elite athletes competing in Spartan's World Championship Event Series
- (iv) Some events have also participated in charitable commitments
1. Warrior Dash and its parent company, Red Frog Events, have [donated](#) over \$15.5 million to St. Jude Children's Research Hospital over the past nine years (the organization's goal is to raise \$25 million)
- (e) Based on the success of past shorter races (5k and 10k), many other unique racing events are now popping up, from the ["Color Run"](#), ["Slime Run"](#) and ["Bacon Chase"](#) to a [holiday lights](#) race event



*Refer to the "Event Marketing Group Project" located on your thumb drive and consider encouraging students to create their own hypothetical unique racing or obstacle course event. **Sports Business Program (and combo) subscribers**, consider using this as a project that eventually expands to an actual event that your class hosts.*

This project can be found in the "ACTIVITIES & PROJECTS" folder on your thumb drive.

- 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
 3. 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
 - (a) Click [here](#) for an infographic illustrating how the organizing committee for the 2016 Summer Olympic Games planned the venues for the competitions
 - 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
 - (a) Click [here](#) for an infographic illustrating how the organizing committee for the 2016 Summer Olympic Games developed a lodging plan for participating athletes
3. For example, while some members of the Campus Rail Jam Tour were likely tasked with marketing roles to maximize attendance and attract sponsors, event management personnel would be responsible for event logistics
 - a. Organizers of the 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. ¹⁰⁵
 - b. The event was also successfully marketed as over 6,000 spectators showed up to watch the competition ¹⁰⁶
 - c. The Campus Rail Jam Tour event managers aren't alone as often it takes some creativity to prepare an event for competition
 - i. According to NBC's broadcast of the 2018 Winter Games in PyeongChang, 99% of the snow in the cross-country ski event was man made
 - ii. It has been reported that Beijing will need to make almost ALL of the snow to be used for the 2022 Winter Olympic Games
 - (a) Click [here](#) to read how they plan to do so

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

Fan Engagement: A long-term relationship management strategy focused on interactions between fan (consumer) and sports property which helps strengthen the connection between the two parties and bolster levels of brand loyalty

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

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TEACHER NOTES

